

## Corporate Social Responsibility Practices in the Aviation Industry

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### ABSTRACT

*This research study seeks to provide an overview of Corporate Social Responsibility hereby called CSR and to examine the importance of CSR activities and practices in the aviation industry. In this context, Lebanon was chosen as an ideal background and more particularly five major airlines that provide a global perspective. Thus, it was evident to investigate the impact of the corporate image on the companies' stakeholders, more specifically to investigate the effect of CSR on their clients' purchasing decision, by gathering primary and secondary data as both were needed to create an overview of the extant situation. The empirical stage of the study was developed through a cross-sectional study based on quantitative data. This latter was collected from Lebanese travellers through an exploratory structured questionnaire. The collected quantitative data were analyzed via using the SPSS program (Statistical Package for the Social Sciences) version 21.0. Research findings show that CSR procedures for aviation industry do significantly influence the companies' corporate image. However, people who have not heard about CSR procedures are more likely to fly with the cheapest prices' companies while people who have heard about CSR procedures are more likely to fly with socially responsible companies, even if the price of the ticket is above average.*

**Keywords:** *Corporate Social Responsibility; Corporate Image; Stakeholder Theory; Aviation Industry*

### INTRODUCTION

Over the past 30 years, there has been a significant increase in the awareness of the environmental impacts of human activity. People have become tougher about social and environmental impacts of their consuming habits. There is a greater interest for the tourism industry, which on one side can offer economic and social benefits while on the other side can have a significant negative impact. In the tourism industry, the aviation industry is receiving considerable attention because of its decisive impact on the environment and society. Traditionally, corporate managers had a very difficult but limited responsibility which is to direct the enterprise toward money. But companies today usually have commitments that go beyond generating profits and include the wider community. In this case, Corporate Social Responsibility (CSR) can be rated as an essential component of the enterprise, providing the company with both image advantages as well as operational efficiency.

According to Tran (2015), CSR programs in some cases reduce the profits of the company

and do not increase the profits. However, it has been tested in some other cases that CSR assists the company to cope with the social pressure, and to have a better image (Richard, 2009).

Today the aviation industry operates in a highly competitive environment, with CSR being one of the sources of competitive advantage. This industry transacts with several negative effects like noise, carbon dioxide emissions, pollution and work practices. Corporate Social Responsibility (CSR) is a strategic business activity that can boost the sustainability of the aviation industry.

The case of aviation industry has been selected due to various factors. Recently, many companies in the aviation industry talk about their CSR activities such as improving fuel efficiency and reducing air pollution, making the company more visible and interesting in studying. There exist many research studies on the role of CSR in the airline industry; however there is little information on how CSR practices and activities impact corporate image or consumers' purchasing decision.

### RESEARCH AIM AND OBJECTIVES

This research concerns Social Corporate Responsibility (CSR) in airline industry and contains the industry's outlook. Airline companies working in Lebanon are studied in the empirical part as case companies.

The aim of this research is to prepare an overview of CSR and CSR activities in aviation industry, to examine how CSR activities impact corporate image and test the effect of corporate image by gathering primary and secondary data. Thus, in brief, this research aims to answer the following question:

*Research question is: How does image created by CSR affect clients' purchasing decision?*

Furthermore, the major dimensions to be considered are:

- Do customers care about CSR?
- Do customers realize what CSR is and which companies execute CSR?
- Does CSR affect the clients' purchasing decision?

There are two theoretical approaches that are considered to the company's responsibilities: Corporate Social Responsibility and Stakeholder Theory (Brusseu, 2011). Also, the corporate image will be taken into consideration to grasp its impact on clients' purchasing decision.

As for objectives, this research study seeks to fulfill the following objectives:

Objective 1: to evaluate and investigate if clients care about CSR and realize its importance.

Objective 2: to determine the effect of CSR on the clients' purchasing decisions in the airline industry.

And thus the following hypotheses will be tested:

Hypothesis 1: Aviation industry clients care about CSR.

Hypothesis 2: Aviation industry clients realize what CSR is and which company executes it.

Hypothesis 3: CSR affects the clients' purchasing decision.

### LITERATURE REVIEW

This part seeks to provide the theoretical basis of the present research study. Hence, it reviews the existing knowledge related to Corporate Social Responsibility in Aviation so as to identify and undertake the described research

phenomena as well as to find answers for the research questions and objectives stated previously. Consequently, it is divided into three main sections. The first section defines the Corporate Social Responsibility, describes its contribution and details the aviation industry effects as well as the air pollution and environmental reports. The second and third sections examine the existing literature in relation to the theories related to Corporate Social Responsibility being (1) Stakeholder Theory and (2) Legitimacy Theory. The fourth section presents the initial framework of the study.

### Corporate Social Responsibility in Aviation

#### Definition of Corporate Social Responsibility

In the extant era of economic globalization, national companies are calling for a new paradigm to rule their actions: Corporate Social Responsibility (CSR). For the last decade, this concept has become "modernistic" but was not given any importance, as it is a simple and universal concept. In both companies and academic world, there was uncertainty as CSR should be defined. Since there was no single definition for this paradigm, people created different approaches to CSR and this causes debate and perplexity while discussing this topic (Dahlsrud, 2006).

These definitions consistently refer to three dimensions: (1) the social dimension, (2) the economic dimension and (3) the environmental dimension (ibid.). The multiple trials to define CSR don't show any guidance on how to deal with the extent challenges of this phenomenon, but rather describes the phenomenon only. The challenge for businesses is to understand how CSR works socially in a specific context and how it should be taken into account when developing business strategies and not to define CSR (Dahlsrud, 2006).

As per Dahlsrud's article on "How to Define Corporate Social Responsibility: An Analysis of 37 Definitions", various definitions are explained. The most important and most used definition is the one set by the European Commission (2001) which defines CSR as the voluntary combination of corporate, social and environmental concerns in the business processes and the interaction of these with stakeholders. Social Responsibility is not only about fulfilling lawful commitment but also of submissiveness. CSR depends on the culture, religion and traditions of each society, for this

reason, there is no uniform definition. Another definition can be stated: “In general, corporate sustainability and corporate social responsibility refer to the company’s activities that show the inclusion of social and environmental concerns in business processes and interaction with stakeholders” (ibid.). Overall, there are still common things that help to understand what CSR is, although there is no confirmation about a true or false definition.

### *Corporate Social Responsibility Contribution*

The connotation of Corporate Social Responsibility (CSR) has been conceded as a pivotal motif for the business success. The relationship between corporate economic performance and CSR was inconclusive and inexpensive in the aviation industry. Research studies have noted the leverage of CSR on the financial performance of airlines in terms of value performance and accounting. Studies explore quadratic, linear and cubic associations between CSR and firm performance. The results do not reveal that CSR has an impact on the accounting performance of airlines but rather on support for a linear and positive leverage on value performance. The outcomes can support airlines with solid procedural knowledge, so that the strategic plans can be strategically improved while merging CSR activities.

In a view of elementary and secondary commitment, Phillips (2006) depicts CSR as both a practice and a philosophy, mostly for corporations that perform willingly in order to uphold society in constructive ways to gain objectives.

Although CSR is not carried out by all airlines, some airlines that are playing in future’s aviation business will highly undergo to the measures they are now taking to protect the economy, society and the environment. CSR depends only on the company’s decision in the implementation process because it is a voluntary initiative. Generally, CSR refers to activities that are considered to surpass consent according to legislation. In progressing countries, CSR is understood as a value generator and pledge to organizational culture (Kamran et al. 2012).

In the past years, the organization’s view has varied in terms of sustainable business activities, some due to laws and legislations and others because of stakeholders, economic and social impacts as well as environmental benefits (Hsu, 2015).

CSR was studied by Cowper-Smith and Grosbois (2011) as well. Their research exposed that airlines concentrated mostly on environmental portion as they were taking sundry actions with regard to health, integrity and welfare of employees and society. The main issue was to diminish CO<sub>2</sub> emissions, and as announced by Cowper-Smith and Grosbois, CO<sub>2</sub> emissions are the area where airlines are most often challenged (Cowper-Smith & de Grosbois, 2011, 59-77).

Though, CSR is not considered by all airlines companies. Future business actions will rely to a large extent on the actions they are taking at present to save the environment, the economy and the society.

### *Aviation Industry Effects*

Clearly, aviation as one of the growing industries has an immediate effect on the environment because of the generally recognized contribution to climate change through fuel consumption and the consequent greenhouse gas (GHG) emissions (Holden, 2006).

The proportion of pollution from airlines is increasing. Annually, millions of tons of all types of gases are transferred into the atmosphere owing to air transport. Many chemical combinations and heavy metals such as CO<sub>2</sub> and Nitrogen Oxides cross international borders without control. As far as the atmosphere grants a rapid diffusion, the impact on the environment is not fast and direct but it is a prolonged and accumulated operation.

Concerns about CSR and sustainability turned into a remarkable leading matter in diverse industries and countries. The effects of rivalry on social activities on the environment have become evident as there has been a dramatic increase in floods, earthquakes, landslides, gentle melting of ice caps and a dramatic rise in sea level toward the end of the twenty-first century.

### *Air Pollution and Environmental Reports*

Air pollution and environmental reports are due to the fact that the concepts of responsible environmental activities may reveal environmental protection. This scenario recommends that the reduction of Green House Gas (GHG) emissions can be reached by convenient use of clean energy and/or through efficient use of energy. The enormous amount of GHG on an annual basis that is fated at 15%

of total greenhouse production in the world is generated by the global transport industry. Statistics show that 23% of carbon dioxide emitted to the environment is purely from the transportation industry. Carbon dioxide emissions grew in part for almost 17 years during 1990 and 2007 (Aviation Environment Federation 2016).

The public has badly criticized public noise disclosure and the despoiled air quality nearby airports since this industry's commenced. But recently, attention has shifted to the impact of aviation on the global climate. The industry will contribute significantly to the impact of global warming and is really regarded as one of the main causes of global warming. Specifically, the levels of carbon dioxide in the atmosphere are constantly increasing. It is one of many greenhouse gases (GHGs) and causes serious damage to the environment. The aviation industry also makes climate change by the discharge of water vapor, not just by releasing carbon dioxide.

As for the environmental reports, the European Environment and Aviation Agencies reported that growth in European air traffic has surpassed technological and operational improvements over the past 25 years, leading to increased environmental pressures and intensification until 2035 (Aviation Environment Federation, 2016). Between 1990 and 2005, the range of environmental impacts such as carbon dioxide emissions, air pollution, noise and number of trips increased by a similar rate. As of 2005, there has been a major change in aviation practices: the actual number of flights decreased by 0.5%, while passengers increased by 25% between 2005 and 2014 (ibid.).

However, the appalling estimates assessed the global damage to society and the environment by the increased level of aviation. CO<sub>2</sub> emissions will double to 1229 metric tons (Mt) and the amount of Nitrogen Oxides emissions will rise from 2.5 million tons to 6.1 million tons in 2025 (ibid.). Thus, additional emissions will be released into the atmosphere, especially near airports. To reduce these emissions, aviation operators will have to invest large amount of money that would definitely upset the shareholders of the total cost of 20% profitability.

In the coming years air traffic in general will increase dramatically, raw material consumption, carbon emissions and total pollution will continue to rise to new levels.

Thus, actions must be developed that support and meet the expectations of stakeholders, as well as the environmental care.

Many airlines are likely to take serious action to reduce emissions but the reality seems the opposite. One of the main ways to improve ecological impact is so-called carbon offsets. The considerable and most serious challenge is to enhance a sense of consciousness towards customers. It is very unclear whether the carbon equation is mandatory or voluntary. According to various scholars, the main issue of carbon offsetting is the point that non-CO<sub>2</sub> releases, such as nitrogen and specimens that have a direct environmental impact, do not participate in the clearing censuses. Thus, the passengers are not able to balance all emissions against various government restrictions. Thus, the main aim of the ecological responsibility is no longer clear.

### Stakeholder Theory

#### Definition

The theory of stakeholders has been widened since the 1970s. It states that companies are more than just independent actors and play a role in society that sets expectations, obligations and responsibilities. Companies can be portrayed as citizens of a society and are therefore subject to social control and restrictions on their actions. Overtime, the role of companies has gained rising attention, with its impact on the environment, its employees, communities and other stakeholders, to become the focus of discussion. The cause for this growing debate has been the growing size of companies and, consequently, their growing influence on society. The influence of corporations on society has become so pervasive that it must fulfill the accountability of more community actors that community contributors (Solomon, 2007, pp. 231- 232).

#### Stakeholders

There are various ways to identify the theory of stakeholders. There is one common aspect with all stakeholders' definitions, which is the recognition of stakeholders' participation in the "exchange relationship" with companies (Solomon 2007, p.22). The freeman announced that companies should not only be responsible for their owners, but "for any group or individual that could affect or be affected by achieving the company's goals" (Freeman et al. 2001, p.89)

There is a clear problem with this definition. It is often described as somewhat obscure. Anyone can aim to be a stakeholder in the company. A better definition of stakeholder identification should therefore be applied. When looking at the origin of the word, stakeholder indicated that it refers to the person who owns a stake in an issue. According to this, it can be said that one must have some crucial property, assets or interest in the business in order to be a stakeholder. It is usually believed that stakeholders include government, creditors, suppliers, employees, customers, industry, media, association and communities (Solomon 2007, p.22).

### *Stakeholder's Grouping*

There are different levels of influence that the stakeholders have on the company. Clearly, several stakeholders have intensive relation with the company and consequently can influence the company, and are influenced by the company in a more thorough way. Every stakeholder has various standards of realizations, because he has a different interest in the company. This drops the query of whether the stakeholders belong to specific groups relying on their relationship with the company.

As Werther and Chandler (2006, p.4) argue, companies have three types of stakeholders: (1) Organizational stakeholders which are internal to the company, and (2) economic and (3) societal stakeholders which are external to the company, with the environment, as a non-entity, belonging to the societal group, pictorially represented as the outer circle around the company's core.

### *Organizational Stakeholders*

Organizational stakeholders are composed of individuals holding positions within the company. These ones are presented as boards of directors, proprietors, managers, employees and the unions they are related to. Participation of organization stakeholder in the company's "policy", aimed at obtaining, strengthening and using power to obtain the preferable outcomes in the regulatory decisions. These policy measures aim at influencing budget decisions, allocating resources, shaping objectives, strengthening or resisting staff changes, identifying crisis resolution, and gaining greater power and influence on the organization. (Harrison & Shirom, 1999).

### *Economic Stakeholders*

The connection between the company and economic stakeholders can be described as a

relationship that contains some of the economic exchange and risk relationships between them. Economic stakeholders include shareholders who risk capital for profits, suppliers providing raw materials and services for current prices, lenders providing interest-rate loans, and customers who risk economic loss due to defective products or services (Jeurissen, 2007). Economic stakeholders, as well as organizational stakeholders, are "primary stakeholders" because they have a direct interest in the organization and its success and therefore have a significant impact (Sims, 2003).

### *Societal Stakeholders*

According to most CSR supporters, corporate responsibilities do not cease to shoulder their economic responsibilities. While organizational and economic stakeholders can be considered as "primary stakeholders", social stakeholders and the environment pointed to as "secondary stakeholders". Social stakeholders can also be influential, and their impact usually affects the reputation and prestige of the organization, but its share in the company is more representative of public or private interests than direct representation (Sims, 2003). Social stakeholders include communities, advocacy, special interest groups, government, regulators, NGOs, the media and the environment. Issues affecting the environment such as stakeholders can include such things as climate change, deforestation, pollution, extinction of species, and the extinction of natural resources. The environment as a shareholder is, of course, powerless, but environmental interests are presented by organizations such as Greenpeace and the World Wildlife Fund.

### *Corporate Image*

The company's image is known as "the policy impression, employees, and company processes that are communicated to its employees and the public" (Hayward, 2005). To describe a simple picture, the company image is what stakeholders feel when mentioning a company.

This notion is usually connected with major corporations, but small businesses also have an institutional image even if their owners or clients do not think this way. However, the administration may actively try to organize the image by communication, brand selection and promotion, the use of symbols, and the announcing of its actions (ibid.).

The company's image represents the total number of impressions for a large audience. In

many cases, the short or occasional work of a staff member can raise the image of the company or harm it in the eyes of one customer or callers on the phone. But the picture is a mix composed of several thousand effects and facts.

They are many key elements of the picture to be mentioned: the company's financial performance, reputation and performance of its brands, and external relations with customers and the community (Hayward 2005). The single most important factor in the corporate image is company's core business performance, which means financial results. A growing profitable corporation with a fixed earnings history will, for these reasons only, please its customers, investors and the community in which it operates. Graham claims that social and environmental factors may affect the company's image through interpersonal communication or the media (Dowling, 1986). Typically, companies evaluate or measure a company's image by conducting a survey among its customers' community. For this reason, in order to assess the corporate image of the Lebanese Airlines industry, the survey was mainly collected among its customers.

### Legitimacy Theory

The basic assumption of the theory of legitimacy is that a finite entity is constantly involved to operate within limits and standards of the society in which it operates. Thus, it is closely related to the concept of social contract, best summed up by Shocker and Sethi (1874), which is often quoted in literature (e.g. Deegan & Unerman, 2011; Beesley & Evans, 1978):

Any social institution, business is no exception, works in society through a social contract, explicit or implicit, where the survival and growth depend on: (1) distribution of economic and social activities and political benefits of the groups from which derive their strength, and (2) providing some of the desired social ends of society in general. In a dynamic society, the sources of institutional authority and the needs of its services are not permanent. Thus, the institution must continually meet the dual needs of legitimacy and appropriateness by demonstrating that the community requires its services and that the groups that benefit from it receive community approval.

When it comes to contract parts (explicit or implicit to the contract), Gray, Owen and

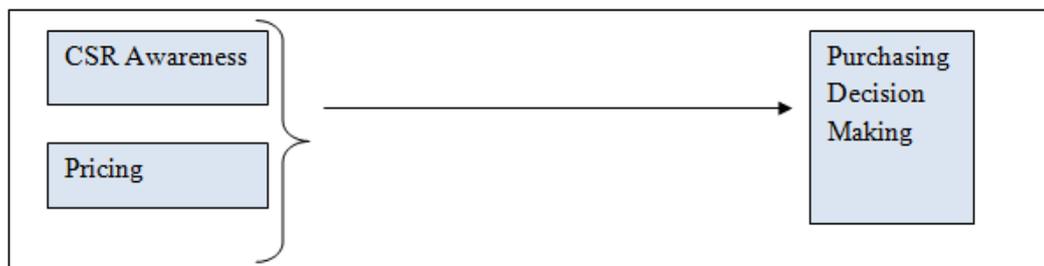
Adams (1996) suggest that legal requirements form the expressed parts of contribution while social expectations form the implicit parts. Taking into account the hierarchy of social responsibility of Carroll (1991), one can take the two lesser obligatory responsibilities (economic: being profitable, and legal: obedience of the laws) and consider them explicit. The other two responsibilities (ethical: moral, and philanthropic: being a good citizen) could be considered then as implicit. As for other influences, Shocker and Sethi (1974), define the social contract as a relative concept of time and place (Deegan & Unerman, 2011). The concept of legitimacy illustrates this well. As long as there is a difference between the beliefs of the community and its expectations about how the entity works and how it worked, there is a legitimate gap. This may result from the change or evolution of expectations within the community or from unknown information about becoming a public company (Deegan & Unerman, 2011). Based on Lindblom's (1993) results, Deegan and Unerman (2011) include four courses to reform, maintain, or acquire legitimacy:

- Seek to report changes in entity processes to align the company's activities with the group's relevant expectations;
- Seek to change the concept of the relevant group without making any changes ;
- Seek to change the concept of the relevant group by drawing the attention to issues other than the issue in question; and
- Seek to change the concept of the relevant group and align it with current activities of the entity.

One common way to launch these strategies is to legitimize accounting reports, as discussed in the section 2.1.1 related to CSR objectives and sustainability reports.

### Initial Framework Development

Based on the aforementioned critical literature review, due to the fact that CSR activities and regulations are deemed to affect most stakeholders' decisions, and for the purpose of this research study, a simplified framework is created aiming to test the strength of the relationships among clients' CSR awareness, pricing and clients' purchasing decision.



**Figure1.** Initial Framework Development (author)

As shown in figure 1, this research study will assess the effect of CSR awareness and pricing on the Clients' decision making while buying airline tickets. The objective is to understand the client behavior toward a very important issue which is being considered worldwide.

### RESEARCH METHODOLOGY

The present chapter describes the research methodology applied for carrying out this research study. It begins with a discussion of the adopted research approach that guides this research. Then, based on this, an inclusive description of the chosen research process is conducted, followed by a discussion of research design and data collection process, along with quality issues and ethical considerations.

#### Research Approach

The general approach of this study directs towards the quantitative approach which is believed to allow the gathering of more reflective findings related to the subject of study, and the analysis of the relationship between variables using statistics allowing results that can be generalizable for large population. More particularly, this research chose quantitative methodology for several reasons:

Most research carried out to investigate the relation between CSR and the customer's purchasing decision applied quantitative approach. Besides, research studies, especially those related to CSR in general, are mostly tested using quantitative approach. Thus, for a better coverage of the subject of this study, quantitative approach is then to be applied on airline companies' clients from Lebanon allowing a representative sample of this big population and help testing the present study's hypotheses and analysing results through statistical processes.

#### Research Design

The current research adopted the survey method for the quantitative approach for it is mostly

used in business research as it is a very effective technique allowing gathering huge quantities of data from a big population through using mainly questionnaires, and carrying out quantitative analysis.

#### Selection and Justification of Main Respondents

The selected participants were chosen for the following reasons:

First, clients of airline companies working in Lebanon are considered for the purpose of the study as those who have bought the ticket to travel through using the official airport of Lebanon. These clients must be Lebanese for the purpose of the study as well.

Through analyzing the data collected, an identification of how clients are affected by the CSR regulations followed by the airlines companies is then to be reached in addition to an investigation on how strong is this relationship.

#### Sampling Methods, Sampling Size and Procedures

The current research followed the random sampling technique during the procedure of choosing the main participants for the quantitative research. A random sample is selected.

The determination of the appropriate sample size for this sample requires the identification of the accurate number of main participants for the quantitative research.

The sampling for this quantitative research was all about finding the accurate group size to survey, which is adequate enough to allow valid generalizations from the population on the basis of the sample. Indeed, the sample size was decided on two hundred ten participants as it is a statistical representation sample of the Lebanese travelers.

An overview of the key characteristics of the main participants for the quantitative research study is revealed in the table below.

**Table1.** Key Characteristics of Main Participants for Quantitative Research

Nationality	Lebanese
Number of key participants	210
Area of Residence	Lebanon
Condition	Holder of an airline ticket

Seeing that it is proved by the characteristics of the participants as shown in the table above, this study was able to reach considerable differences within the sample. Participants are expected to be of different gender, age, and educational level allowing gathering rich and in-depth information with various insights about the subject of study.

**Data Collection Technique**

The survey was conducted among people who were randomly selected at the airport and is used as primary data.

The aim of this survey was to test the impact of corporate image on customers. Since this variable is not directly measurable, it must be activated, which means that it was required to divide the general concept into dimensions and measurable elements.

The Dimensions are:

- Do customers care about CSR?
- Do customers realize what CSR is and which companies execute CSR?
- Does CSR affect the customers’ buying decision?

250 respondents out of it 210 agreed to fill the questionnaire and were selected randomly after making sure that they are eligible for the survey since they are (1) Lebanese and (2) and hold an airline ticket, thus giving a response rate of

**Table2.** Reliability Statistics

<b>Cronbach’s Alpha</b>	<b>N of items</b>
<b>.689</b>	<b>3</b>

**Table3.** Internal Consistency and Reliability for Instrument Scales

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach’s Alpha if Item Deleted
I care about recycling and environment.	6.15	4.015	.310	.715
I can name companies that care about environment and social issues.	7.15	2.226	.522	.415
I can name companies that mistreat their workers and harm the environment.	7.05	2.458	.515	.455

84%. The aim of the questionnaire remains to help accept or reject the following hypotheses:

Hypothesis 1: Airline companies’ clients care about CSR.

Hypothesis 2: Airline companies’ clients realize what CSR is and which company executes it.

Hypothesis 3: CSR affects the clients’ purchasing decision.

**Survey’s Questions Structure**

Several Questions have some inverse encoding with cross-conversion style. The aim is not to allow the respondent to just choose the “correct” option (Russell 2015).

**Content Validity**

The content validity of the questionnaire has been examined and assessed by a panel of two experts who consented and agreed that it fits the subject of study and that its items were convenient, relevant and suitable to be examined.

**Internal Consistency Reliability**

After data collection, the Internal Consistency Reliability is analysed. It is significant to know whether the respondents’ responses are harmonious among the questions. Cronbach’s Alpha is used as an indicators and SPSS as software (IDRE, 2017).

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Items proved to have high reliability (Cronbach's alpha 0.689) and it ranged from 0.415 ("I can name companies that care about environment and social issues") to 0.715 ("I care about recycling and environment"). All the results are presented in Tables 2 and 3 above.

It should be mentioned that Item analysis proved that all the items contributed to the high reliability of the instrument since if any item was to be deleted from the scale, the alpha turned to be more or less lower or exactly equal to when all items were included except for item

no. 1. The corrected item-to-scale correlations and Cronbach's alpha if item is deleted are presented in Tables 2 and 3 above.

Thus, the instrument is valid and reliable. It can be safely used to all airline companies' clients to evaluate their perceptions of CSR and its effect on their purchasing decision making.

### Correlations

To analyse correlations between some variables in the questionnaire through using SPSS, some recording was done.

**Table4.** Intercorrelations among Instrument Scales – Part I

	I care about environment and recycling	I can name companies that care about environment and social issues	I can name companies that mistreat their workers and harm the environment
I care about environment and recycling	-	.268**	.372**
I can name companies that care about environment and social issues	.268**	-	.590**
I can name companies that mistreat their workers and harm the environment	.372**	.590**	-

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Correlation is a statistical technique that shows a mutual relationship or connection between two or more variables (Survey System, 2017). The outcomes indicate that the questions are highly significantly correlated. If a person answered 5/5 for the question "I care about recycling and environment" than the same person is likely to answer high on the questions "I can mention companies that mistreat their workers and harm the environment" and "I can mention companies that care about the environment and social issues". Table 2 above presents these intercorrelations.

### Demographics

The characteristics of the sample as shown in Table 4 show briefly that the mean age of the respondents was 29.26 years (SD 0.022) and ranged from 18 to 60 years old. The final sample included 210 respondents. The majority of these respondents were females (61.9%), and single (71.4%). No missing data were yielded; therefore, the data always sum to 210. In consideration to the social class to which respondents belong, the majority of the respondents belong to the middle class (80.9%).

## RESEARCH OUTCOMES

**Table5.** Characteristics of the Sample (n=210)

Demographic Variable	Frequency	%	Mean	Standard Deviation
Age (in years)			29.26	0.022
Age (grouped data)				
18 – 25	92	43.8		
25 – 40	88	41.9		
40 – 60	30	14.3		
Gender				
Male	80	38.1		
Female	130	61.9		
Marital Status				
Single	150	71.4		
Married	50	23.8		
Other	10	4.8		
Number of Children				

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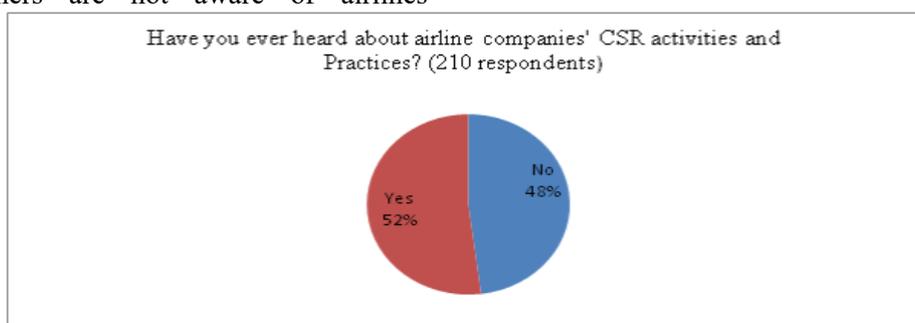
No Children	163	77.6		
One	12	5.7		
Two	15	7.2		
Three or more	20	9.5		
Social Class				
Lower Class	26	12.4		
Middle Class	170	80.9		
Upper Class	14	6.7		

### Descriptive Statistics

#### *Respondents' Awareness of the airlines' companies CSR Activities and Practices*

As shown in the Figure 5 below, only 48% of the customers are not aware of airlines'

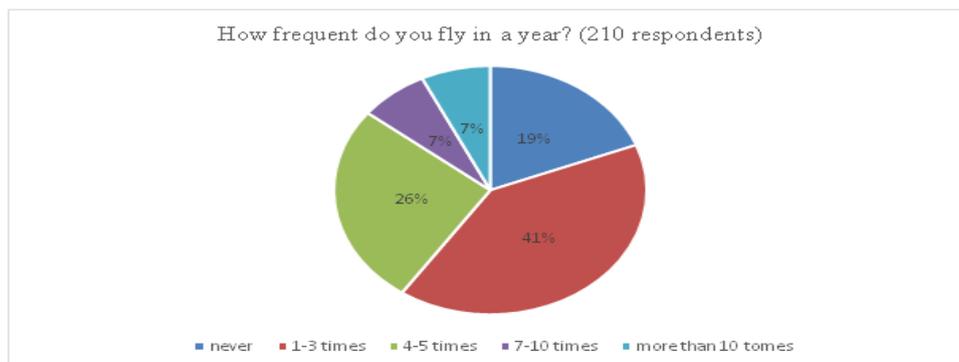
companies CSR activities and practices. That is an interesting finding showing a good strength for the subject of study and revealing a clearly enough media stress toward this issue.



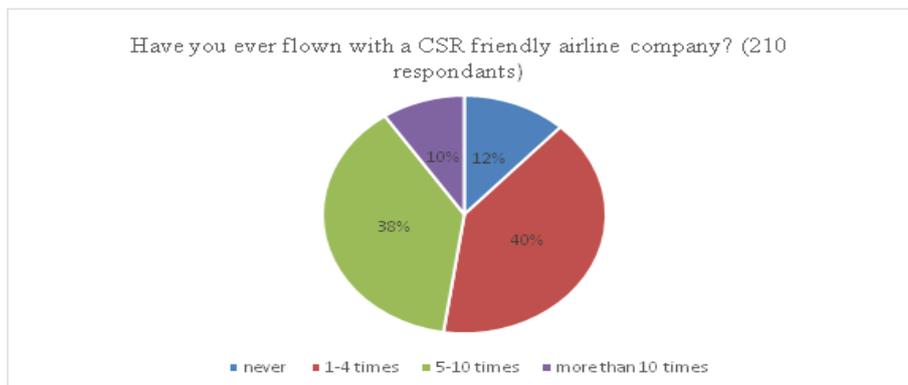
**Figure5.** *Have you ever heard about Airline Companies' CSR activities and practices? (Author)*

As for the second question:

How often they fly?



**Figure6.** *How often you fly? (Author)*



**Figure7.** *Have you ever flown with a CSR friendly airline company? (Author)*

This question shows the result of 88%, which makes the respondents' answers relevant for the

study. The majority of the respondents fly 1-7 times a year. The ones who fly more than 10

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times are 10% and the ones who never fly are 10%. In this question, it is clearly seen that the sample is relevant.

### Respondents' Care about CSR

Through this section, respondents' care about CSR is analyzed.

The first assumption is:

*"I can name companies that care about environment and social issues"* (210 respondents)

Answers varied from 1 to 5 where 1 is strongly disagree and 5 is strongly agree.

**Table6.** Assumption 1 Analyzed

Answer	Percentage
1	9.5%
2	17.1%
3	35.2%
4	21.9%
5	16.2%

The median for this question is neither Agree nor Disagree. However there are more people that can name companies that are responsible towards environment and social issues than those who cannot.

As for the second assumption:

*"I can name companies that mistreat their workers and harm the environment"* (210 respondents)

### CSR and the Decision to Purchase

**Table9.** Respondents' Choices between Company Alpha and Company Beta (n = 210)

	Company A	Company B
Company Alpha is recognized to be socially responsible and Company Beta does not care at all. Nevertheless Company Beta's price is USD 60 whereas flying with Company Alpha costs USD 120. You are choosing among these 2 companies to fly with. Which one you choose?	60	150
Company Alpha harm the environment, whereas Company Beta is known to be strongly against it. However you think Company Beta's services are better. Which one would you prefer?	80	130
Company Alpha is well reputed, it costs USD 100. Company Beta is another airline company that costs USD 60. Which one would you choose?	50	160

According to the results, as per Table 8, the good picture of companies does not affect the majority buying decision when it comes to price.

But if people choose between products or services of the same price, the reputation of companies will have an impact on the purchasing decision.

**Table7.** Assumption 2 Analyzed

Answer	Percentage
1	6.7%
2	11.4%
3	30.5%
4	34.3%
5	17.1%

Interestingly, this assumption had more positive answers than the previous one. Respondents are more likely to have heard negative things about company's image than positive ones.

As for the third assumption:

*"I care about recycling and environment"* (210 respondents)

**Table8.** Assumption 3 Analyzed

Answer	Percentage
1	1.0%
2	3.8%
3	21.9%
4	49.6%
5	24.8%

This assumption had the most positive answers among the dimensions; only 1% said they do not care about recycling and environment in general. It seems that when it comes to a personal relation to the subject of "caring about environment and recycling" people are eager show that they care.

### Correlations

First the relationships between CSR interest and procurement decision were tested.

First, as Table 9 shows, the relationships between listening to the social responsibility procedures of airline companies and choosing the company because of the good picture were tested.

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**Table10.** *Intercorrelations among Instrument Scales – Part II*

	I can name companies that care about environment and social issues	Please select your opinions about cases below (Company Alpha harms the environment whereas Company Beta is known to be strongly against it. However you think Company Beta's services are better. Which one would you prefer?)
I can name companies that care about environment and social issues	-	.499**
Please select your opinions about cases below (Company Alpha harms the environment whereas Company Beta is known to be strongly against it. However you think Company Beta's services are better. Which one would you prefer?)	.499**	-

\*\* Correlation is significant at the 0.01 level (2-tailed).

Second, as Table 10 shows, there is no statistically significant correlation between the companies responsible for the environment and the impact on the image resulting from harming the environment or not. These results are interesting because harming the environment would create a bad image of the company, and people who are more familiar with the activities of another company are expected to choose. However, there is no statistically significant correlation between these two variables.

Third, as Table 10 shows, there is a statistically significant correlation between hearing corporate social responsibility procedures and

selecting a company that does a lot of corporate social responsibility that does not care at all. So people who have listened about companies' CSR procedures are likely to fly with socially responsible company but double price. This is very significant for final conclusions.

Another interesting finding is that there is no statistically important correlation between listening to airline companies' social responsibility procedures and choosing one company over another cheaper company. So the good image of the company is not just about corporate social responsibility.

**Table11.** *Intercorrelations among Instrument Scales – Part III*

	Have you heard about airline companies' CSR actions?	1	2	3
Have you heard about airline companies' CSR actions?	-	.289**	-.105	.050
1	.289**	-	.048	.062
2	-.105	.048	-	-.130
3	.050	.062	-.130	-

\*\* Correlation is significant at the 0.01 level (2-tailed).

## CONCLUSIONS

### Summary of the Main Research Findings

This research study explored the topic of Corporate Social Responsibility (CSR) in the aviation industry. The purpose was to provide an overview of CSR and CSR activities in aviation industry, to examine how CSR activities influence the corporate image and to examine the impact of corporate image of

stakeholders, in particular clients, through primary and secondary data collection.

The aim of the thesis was to answer the major question, which was:

*How does image created by CSR affect customers' purchasing decision?*

Three theoretical approaches were considered in the thesis: Corporate Social Responsibility, Stakeholder Theory and Corporate Image and were found appropriate for the case company.

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Stakeholders such as NGO's, government and consumers request increasingly higher traceability and transparency from companies.

After reviewing a large amount of literature and CSR theories about the benefits and potentials value that a good corporate image can generate, one can say that investment in CSR invests in long-term success. The general theoretical framework proposes a competitive advantage as a strategic benefit collected through CSR.

As a result of this research, it can be concluded that, given the increasing importance and coverage of environmental issues, airlines are increasingly under pressure to implement actions that will contribute to sustainable business.

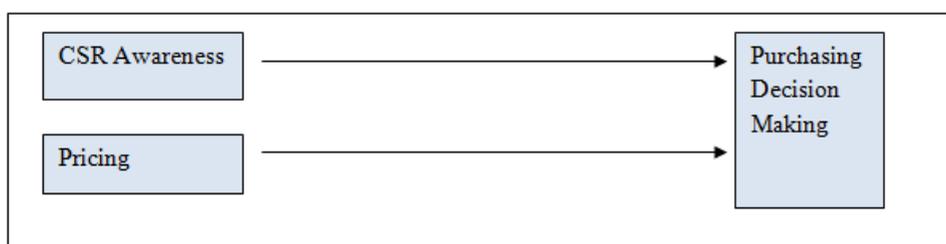
It is important to mention that, of the 210 respondents, only 48% of clients do not know about airline companies' CSR activities and practices. This is meaningful, because this means that CSR activities and practices do significantly influence the company's corporate image in this case. However, people who have

not heard about CSR procedures are more likely to fly with the cheapest prices' company while people who have heard about CSR procedures are more likely to fly with socially responsible companies, even if the price of the ticket is above average.

When one thinks about the impact of CSR in general, the good image created by CSR becomes a very important incentive for the customer when it comes to choosing a better product or service at the same price.

This research was able to provide answers to the research questions as well as some suggestions and topics for further research. Thus, this research provides a good background for an organization hoping to improve its Social Corporate Responsibility.

Finally, the initial framework of the study was approved and CSR awareness as well as Tickets' prices proved to have an effect on Clients' purchasing decision. Thus the resultant framework is as follows:



**Figure8.** Final Version of the Framework (author)

### Contribution to Practice

This study significantly adds to practice through providing managers and business practitioners with an in-depth understanding of customers' thoughts, beliefs and attitudes regarding CSR in the airlines companies in which they buy their tickets to travel from one country to another and helps them to create a better consciousness about the factors that should be particularly given a great attention in order to increase this interest in CSR.

Besides, this research study offers the chance to public and private forces to understand the great need to collaborate all together hand by hand for setting the rules that should be applied in both public and private organizations and which takes into consideration the understanding of CSR. More particularly, based on the evaluation of this research study's findings, and knowing that the aim and objectives of this study are not of academic significance only, but they also concern governments and organizational

practitioners, allowing enhancing the extant knowledge of elaborating successful strategies to increase CSR awareness.

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