International Journal of Commerce and Management Research
ISSN: 2455-1627
Impact Factor: RJIF 5.22
www.managejournal.com
Volume 4; Issue 6; November 2018; Page No. 62-69

Perceptions about CSR among Employees of Selected Airlines Companies in India

Ankita Pareek
Assistant Professor, FMS-Wisdom, Banasthali Vidyapith, Rajasthan, India

Abstract
The study attempts to understand the level of awareness of individuals working in aviation sector towards different dimensions of CSR. Though a primary survey of employees working with different aviation companies it measures the perception towards seven CSR dimensions. Out of the seven identified themes, the study found employee wellbeing and engagement and emissions among the most important in terms of CSR. Further, the biodiversity dimension got the lowest average score. The study also revealed that the employees were not adequately aware of all the dimensions of CSR and therefore stakeholders need to be informed and made aware of different facets of CSR. Further, the results provide support for creating awareness and education to bridge the knowledge gaps among the airlines employees towards different facets of CSR.

Keywords: aviation, corporate social responsibility, primary survey, India

Introduction

Aviation industry is one of the fastest growing industries in India with a growth of 20 percent in overall departures. With regard to the domestic passenger traffic, the Economic Survey 2017-18 stated that India is the third largest civil aviation industry in the world, witnessing a growth of 23.5 per cent in domestic passenger traffic in 2016-17 [1]. The International Air Transport Association (IATA) expects India to be the largest aviation industry by 2030. The overall passenger traffic, domestic and international, have risen from 5.9 crore in 2006-07 to 15.9 crore in 2016-17 [2], 65 percent of which is by the domestic passengers. The Directorate General of Civil Aviation reported that passengers carried by domestic airlines have risen from 9.5 million to 11.4 million passengers during January 2018, growing at 19.69 percent.

The demand for airlines in terms of revenue passengers kilometres (RPK) rose by a whopping 136 percent from FY2008 to FY2017 and the Capacity of domestic airlines in available seat kilometres grew by 93 percent over the same period [3]. A MoCA report on Path Breaking and Inclusive growth in aviation released in May 2017 shows that India has witnessed a rise in number of scheduled and non-scheduled aircrafts by around 25.6 percent and 12.5 percent respectively in the last four years.

The freight traffic carried by scheduled airlines both domestic and international has been on a rising trajectory for a decade. The domestic cargo traffic rose from 368 thousand MT in 2007-08 to 638 thousand MT in 2017-18, growing at a CAGR of 6.30 percent. Complementary to this is the rise in the international cargo traffic form 1025 thousand MT to 1513 thousand MT, registering a CAGR of 4.42 percent during the same period.

Further, the Union Budget for the current year (2018-19) has stressed on augmenting domestic connectivity by announcing the development of 56 new domestic airports and 37 helipads. The Government has also planned to increase the capacity of India's 124 airports by almost five times. Taking into consideration all the recent developments in the aviation space it is quite clear that in the years to come, the number of people travelling by air will increase in India, thereby putting immense strain on the environment in terms of air, noise pollution, waste production and biodiversity etc. In the same context, to nullify the negative impact, the stakeholders of the air transportation industry need to develop a deeper understanding of the concept of CSR and adopt a proactive approach to address the challenge.

As mentioned above the need for doing socially responsible has risen, however there is considerable vacuum about the level of awareness among various stakeholders about the different dimensions of CSR is in the aviation Industry in India. In the same context, the study tries to understand the level of awareness of individuals working in aviation sector towards different dimensions of CSR.

With the help of structured interviews/ survey with employees of different aviation companies we have examined the awareness and perception towards various dimensions of CSR using a structured questionnaire.

This paper contributes to CSR research for the Indian aviation sector, which is fastest growing aviation sector of the world. The study tries to provide insights about the various CSR activities prevalent among the aviation sector in India with the aim to broaden the understanding of CSR in Indian context where limited research into CSR in aviation sector is available.

The remainder of the paper is organized as follows. Section 2 presents a brief review of literature on CSR in aviation sector

[1] IBEFReport Aviation
[2] UDAN- 3 years of Path Breaking and Inclusive growth in aviation, May 2017 Ministry of Civil Aviation.
[3] Handbook on Civil Aviation Statistics 2016-17, Directorate General of Civil Aviation

in India and abroad. Section 3 describes the data sources and the methodology adopted for estimation purposes. Section 4 presents the results. Finally, Section 5 provides a summary and concludes.

Section 2: Literature Review

A debate concerning the legitimacy of CSR in business organizations has continued for decades however, there is currently very little research addressing CSR practice and reporting in the airline industry especially for developing economies. Some studies have focused on research on the business travel environment and determined the factors that are important in airline selection from a business traveller perspective (Fourie & Lubbe 2006; Harris & Uncles 1999; Hlekane 2009; Huse & Evangelho 2007; Leng Ong & Tan 2010). Some studies have also investigated the determinants of airline selection from a corporate management perspective (Douglas 2008; Mason & Gray 1999; Pachon *et al*. 2007). However, CSR studies involving air transportation are rare.

Chan and Mak (2005) have studied and compared the environmental reporting structures of European, Asia-Pacific and Japanese airlines, and found that airlines have started recognizing the need for environmental reporting.

Hooper and Greenall (2005) have studied the three dimensions of CSR in airline industry using quantitative data available and found it difficult to compare social and environmental performance across the industry due to variations in the exact definitions of the indicators used. The authors also highlight the importance of common reporting framework which could improve cross airline comparisons.

Edwin (2006) has suggested introduction of new modern and innovative techniques in the aviation industry to cater to the current and future CSR needs. The authors also point out that aviation management education in university lacks a discussion of CSR.

Mak *et al*. (2007), applied a modified framework by Adams (1998) and identified 16 elements relating to companies' commitment to environmental improvement and environmental improvement systems. He also reported that limited number of aviation companies in developed economies in the Asia Pacific region had environmental reports.

In the same line, Lynes and Andrachuk (2008) found that CSR in the airline industry has yet to take prominence and the current state of adoption of CSR initiatives in the airline industry is largely unknown. Further, they also confirm that in recent years an increasing number of airlines have started implementing sustainability initiatives and reporting sustainability performance in CSR reports.

According to Tsai and Hsu (2008) also in their study discuss the strategic importance of CSR programmes in airline industry especially after the rising concerns about the environmental impacts of air transport and fuel efficiency and increasing importance of green travel choices.

Smith and Grosbois (2010) identified initiatives related to corporate social responsibility (CSR) in the airline industry and studied the overall state of their adoption as reported by members of the three largest airline alliances. Out of the 41 airlines studied the authors reported only 14 firms having annual CSR reports publically available in January 2009. Further, the reports were analyzed using a qualitative content analysis approach and found a stronger focus on environmental issues (Emission reduction) than on the social or economic dimensions of CSR.

Kemp and Vinke (2012) have employed a qualitative content analysis of annual reports and corporate web sites to identify primary CSR dimensions and themes in the aviation companies in Pakistan and found Only 13 out of 39 companies (or 33 per cent) clearly identified at least one CSR dimension in their financial reporting and/or on their web site. Overall content analysis revealed prevalence of two distinct CSR dimensions, including Social and Economic as well as Environment, and eight subsequent themes.

In sum, based upon the literature review, it can be concluded that most of studies have reported that the airlines have not been following a proactive approach towards environment or CSR reporting. Further, limited research on the issue is done in case of airline companies in developing countries. Furthermore, considerable vacuum regarding the perspective of the employees towards various CSR dimensions and what they think about CSR is also present. Therefore, the research adds value to the existing body of knowledge about CSR in developing countries, especially in Indian context and studies the level of awareness as well as their perceptions towards CSR.

Section 3: Data Sources and Methodology

The main objective of the current research objective was to study the perception of employees working in the aviation sector about CSR practices. For the measuring scales, a research instrument (questionnaire) was developed starting from the discussions with executives working in the area along with the inputs from literature reviews on the same area. Based on this, nine "CSR dimensions" were identified as relevant for our construct and several items were set for each of these dimensions. To measure the importance CSR practices, we developed a five-item Likert scale (where 5 is attributed to "Very important", and 1 is attributed to "Unimportant").

The total statistical population for our research consisted of 500 professionals working in the area of aviation sector. The questionnaire used was organized in two parts: one dedicated to CSR practices relevant to aviation sector and another to the profile of the respondents. In the section for the evaluation of CSR practices 38 items were used and nine sub-dimensions were set (Emissions, Waste management, Energy conservation, Water conversation, Biodiversity, Controlling Noise pollution, Employee wellbeing and engagement, Community wellbeing, Involvement in international projects). For defining the profile of the respondents, two items were used in the questionnaire, addressing the aspects of the year of work experience, at what level respondents are employed.

The questionnaire was distributed both in printed format or online format. We collected 169 valid questionnaires proper for statistical analysis. The data were collected during 7 months (October–March 2016), and analysed using a statistical analysis software package, SPSS 21.0.

As a sample construction, we used snow ball sampling and convenience sampling technique. Our sample of respondents were either referred by the first set of respondents which were known to us and from other peers working in the same

industry.

We conducted a confirmatory factor analysis using the Kaiser–Meyer–Olkin (KMO) indicator (that measures the intensity of the existing correlations the items of a construct) and the Bartlett's test of sphericity (that indicates to us the existence or the non-existence of significant correlations between the items of a construct). Secondly, a confirmatory factor analysis was done (limiting the number of factors to one) for each defined CSR dimension. Finally, a factorial analysis was conducted for the entire "social responsibility" construct using the principal component analysis method because the entire variance of the variable was decomposed. Using the factor analysis, factor loadings were calculated for each of the defined environmental dimensions and each item included in these dimensions.

Further, to test that each of the practices identified as being the most important one for each CSR dimension we applied Friedman test to see if there were overall significant statistical differences from a statistical point of view between the perceptions of respondents for these Furthermore, to compare the importance associated to the CSR practices with the highest means for each dimension (shown in the synthesis table as the first two lines for each dimension),we have used the Paired-Samples t-test to identify whether or not the CSR practice with the highest mean is statistically more important than the rest of the practices included in that dimension;

Section 4: Results and Discussion

The current section presents the results of the data collected from the designed questionnaire using the methodology discussed in the section above. The objective focused on determining the CSR perceptions of employees working in the Aviation sector. The means and standard deviations for each analysed CSR dimension and the items associated are presented using graphs below.

Starting with the demographic profile of the respondents around 44% of the total 169 respondents were working at middle level management in the aviation sector. Almost an equal number (42%) came from middle level management. On the other hand 14% of them were working at senior level positions. In terms of number of years of work experience in the aviation sector, 64% had experience of 1-5 years, followed by 27% with 5-10 years of experience and the rest 9% were having more than 10 years of work experience in the aviation Industry.

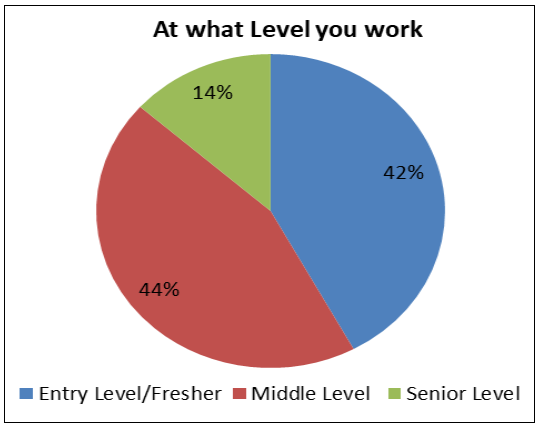

Fig 1

Fig 2

The questionnaire had identified 7 broad themes related to CSR on the basis of literature review. Out of the seven identified themes, the respondents considered Employee wellbeing and engagement and emissions among the most important in terms of CSR. The other aspects related to environment friendliness including water conversation, waste conversation, Energy and Noise management got average score. The questions related to biodiversity got the lowest average score.

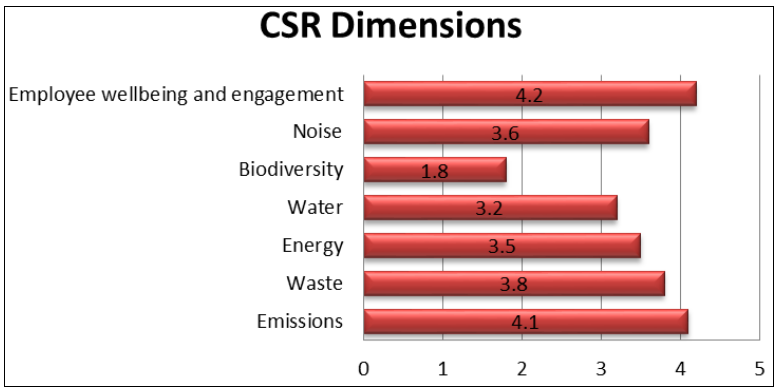

Fig 3

Among the parameters on emission norms introduction of new fuel efficient aircrafts emerged as one of the most important parameter followed by optimization of operations and sponsoring of scientific research. Further, replacing ground equipment with electrically powered equipment, reduction of chemical substances and introduction of new technology engines also scored above 4 on the scale of 5.

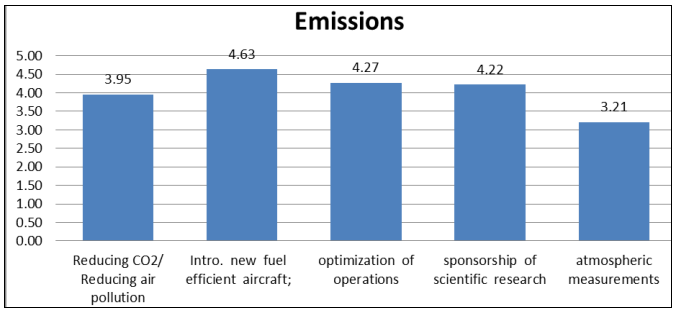

Fig 4

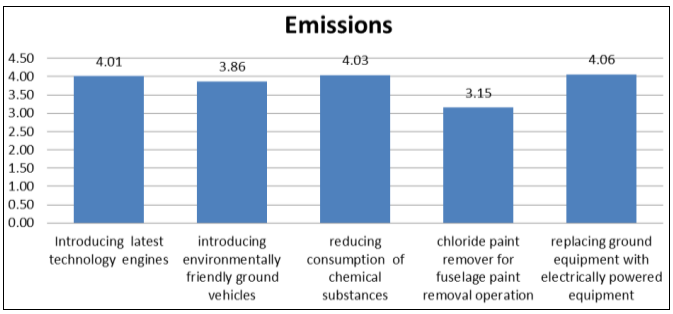

Fig 5

In case of our next sub component measuring perception towards waste management as an aspect of socially responsible behavior, recycling onboard waste got the highest score followed by reducing number of paper boarding passes of tickets. Recycling of aircraft parts and converting onboard documentation to electronic documentation got low score of 2.86 and 3.01 respectively.

The other components of waste management which received low score were operating a waste classification facility, inflight customer education about onboard waste management, reducing waste generated onboard, green purchasing.

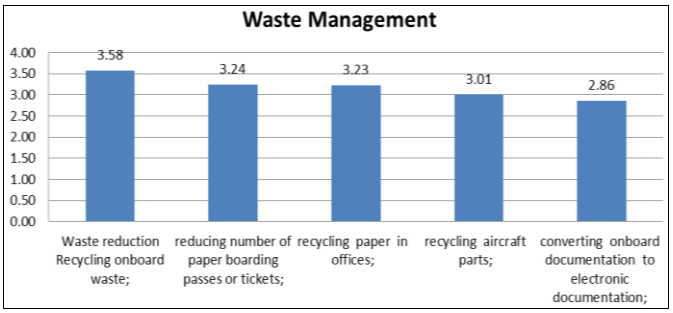

Fig 6

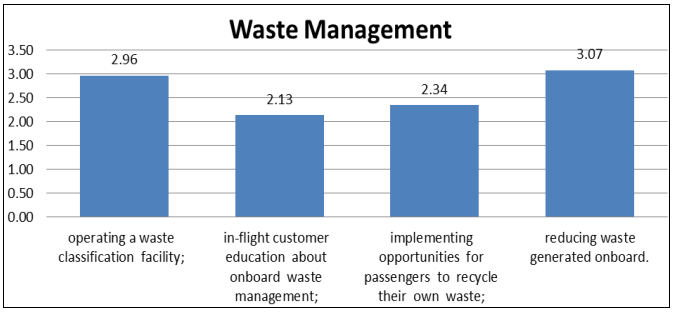

Fig 7

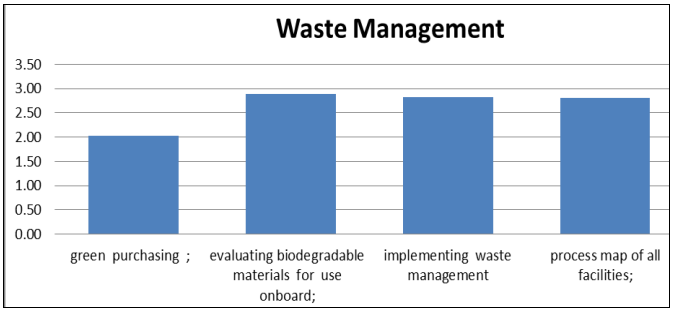

Fig 8

In case of water conversation, using rain water got the highest score followed by reducing water pollution and reducing discharge from maintenance facilities. Other components like reduction of water pollution, onboard water usage analysis, reducing discharge from maintenance facilities received an average score.

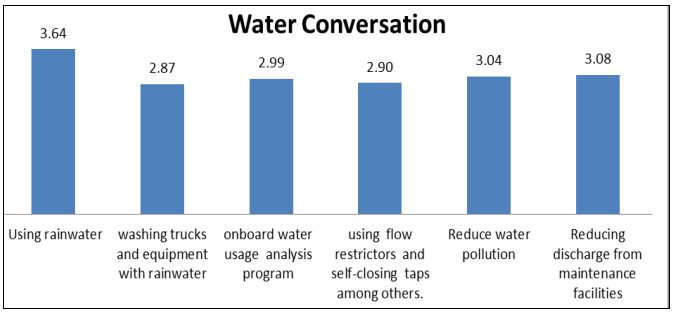

Fig 9

Similarly, in case of perception of professionals working in the aviation sector towards energy conversation as a socially responsible behavior, energy conversation using LED bulbs in aircrafts got the highest score on the other hand other variables departmental energy saving training programs, programming equipment to automatically turn of, using sea water for conditioning got below average score from the respondents.

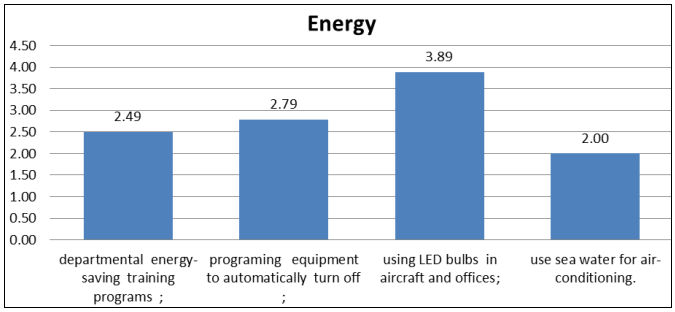

Fig 10

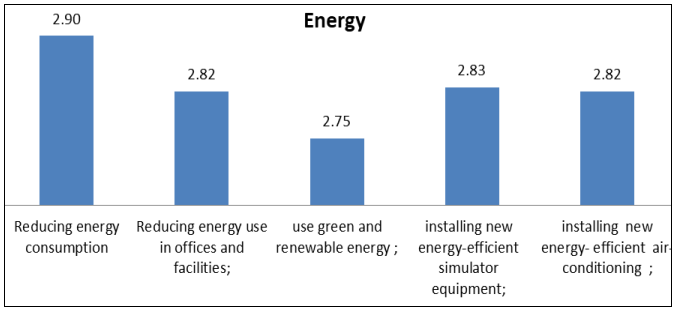

Fig 11

For biodiversity component, employee tree plantation initiatives, involvement in environmental conversation projects, sponsoring of avoidance of deforestation got above average scores, other indicators like supporting oil spills, reporting of wild fire program, funding research scholarships got low overall scores.

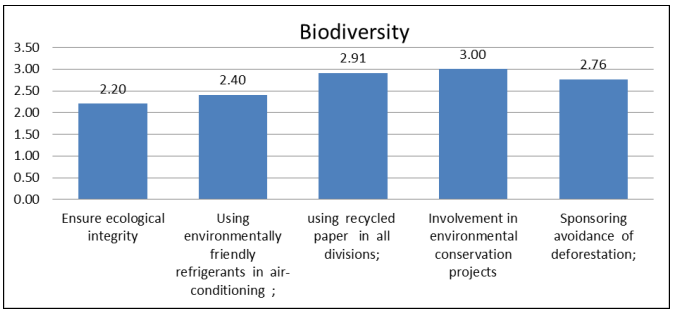

Fig 12

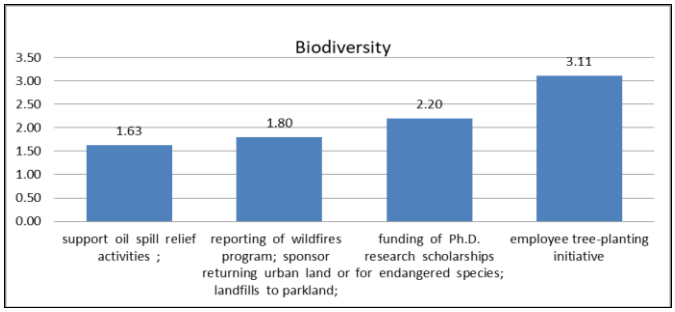

Fig 13

For our noise pollution reduction component testing new operational procedures and developing environmental indexes got score above 3. However, other components like obtaining ISO 14001, sponsoring environmental organizations got low scores.

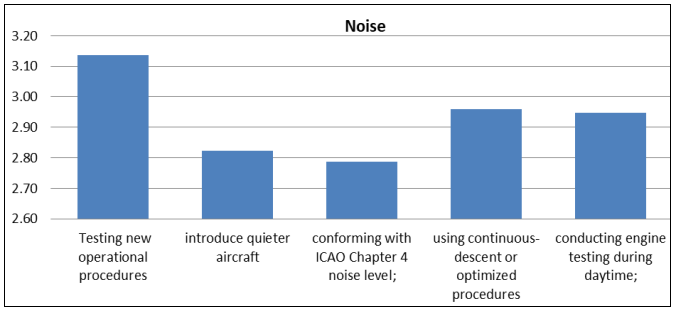

Fig 14

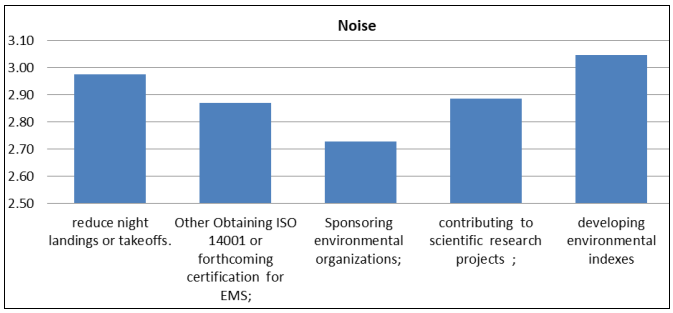

Fig 15

Table 1

S. No	CSR Dimension	X^2	SL	SSDD (YES/NO)	CtV
1	Emissions	98.432	0.000(<0.05)	Yes	4.1
2	Waste	63.816	0.000(<0.05)	Yes	3.8
3	Energy	60.554	0.000(<0.05)	Yes	3.5
4	Water	55.809	0.000(<0.05)	Yes	3.2
5	Biodiversity	4.513	0.070(>0.05)	No	1.8
6	Noise	61.209	0.000(<0.05)	Yes	3.6
7	Employee wellbeing and engagement	99.745	0.000(<0.05)	Yes	4.2

Table 2

CSR Dimension	Items	DM	IM	SD	KMO	BTSL
Emissions	Reducing CO2/ Reducing air pollution	4.1	3.95	0.921	0.953	0
	Introducing new fuel efficient aircraft;		4.63	0.721		
	optimization of operations		4.27	0.654		
	sponsorship of scientific research		4.22	0.632		
	atmospheric measurements		3.21	1.01		
	Introducing latest technology engines		4.01	0.91		
	introducing environmentally friendly ground vehicles		3.86	1.012		
	reducing consumption of chemical substances		4.03	0.984		
	chloride paint remover for fuselage paint removal operation		3.15	1.126		
	replacing ground equipment with electrically powered equipment		4.06	0.842		
Waste	Recycling onboard waste;	3.8	3.58	0.934	0.832	0
	reducing number of paper boarding passes or tickets;		3.24	1.025		
	recycling paper in offices;		3.23	1.045		
	recycling aircraft parts;		3.01	1.237		
	converting onboard documentation to electronic documentation;		2.86	1.452		
	green purchasing;		2.03	0.874		
	evaluating biodegradable materials for use onboard;		2.89	1.543		
	implementing waste management		2.83	1.653		
	process map of all facilities;		2.81	1.782		
	operating a waste classification facility;		2.96	1.98		
	in-flight customer education about onboard waste management;		2.13	1.01		
	implementing opportunities for passengers to recycle their own waste;		2.34	1.76		
	Reducing waste generated onboard.		3.07	1.326		
Energy	Reducing energy consumption	3.5	2.9	1.219	0.798	0
	Reducing energy use in offices and facilities;		2.82	0.987		
	use green and renewable energy;		2.75	2.126		
	installing new energy-efficient simulator equipment;		2.83	1.84		
	installing new energy- efficient air-conditioning;		2.82	1.907		
	departmental energy-saving training programs;		2.49	1.267		
	programing equipment to automatically turn off;		2.79	0.987		
	using LED bulbs in aircraft and offices;		3.89	0.674		
	Use sea water for air-conditioning.		2	0.859		
Water	Using rainwater;	3.2	3.64	1.067	0.804	0
	washing trucks and equipment with rainwater;		2.87	1.108		
	onboard water usage analysis program;		2.99	1.034		
	Using flow restrictors and self-closing taps among others.		2.9	1.764		
	Reduce water pollution		3.04	1.843		
	Reducing discharge from maintenance facilities		3.08	1.257		
Biodiversity	Ensure ecological integrity	1.8	2.2	1.904	0.648	0.07
	Using environmentally friendly refrigerants in air-conditioning;		2.4	0.854		
	using recycled paper in all divisions;		2.91	0.84		
	Involvement in environmental conservation projects		3	1.127		
	Sponsoring avoidance of deforestation;		2.76	1.684		
	support oil spill relief activities;		1.63	1.956		
	reporting of wildfires program; sponsor returning urban land or landfills to parkland;		1.8	0.878		
	funding of Ph.D. research scholarships for endangered species;		2.2	0.908		
	employee tree-planting initiative		3.11	1.125		
Noise	Testing new operational procedures;	3.6	3.14	0.764	0.873	0
	introduce quieter aircraft;		2.82	0.968		
	conforming with ICAO Chapter 4 noise level;		2.79	1.376		
	using continuous-descent or optimized procedures as established procedure on all flights;		2.96	1.117		
	conducting engine testing during daytime;		2.95	0.782		
	Reduce night landings or takeoffs.		2.98	0.969		
	Other Obtaining ISO 14001 or forthcoming certification for EMS;		2.87	1.709		
	Sponsoring environmental organizations;		2.73	1.605		
	contributing to scientific research projects;		2.89	0.905		
	developing environmental indexes		3.05	0.941		

Notes: DM = Dimension mean; IM = Item mean; SD = Standard deviation; KMO = Kaiser–Meyer–Olkin indicator; BTSL = Bartlett test significance level; FL = Factor loadings.

Table 3

S. No.	CSR Dimension	CSR Dimension Items Means Category: Entry Level, Middle Level, Senior Level	P-Value
1	Emissions	4.1, 3.88, 4.2	0.05
2	Waste	3.6, 2.4,3.2	0
3	Energy	2.9,3.5,4.01	0
4	Water	3.2,2.9,3.56	0.027
5	Biodiversity	1.8,1.9,2.3	0
6	Noise	3.6,3.1,3.7	0.032
7	Employee wellbeing and engagement	4.2,4.1, 3.9	0.012
8	Universal accessibility for customers and employees	2.9,3.8,3.4	0
9	Community wellbeing;	3.2,3.1,3.12	0.08
10	Involvement in international projects	2.56,2.54,2.7	0.07

Section 5: Summary and conclusion

In this paper we tried to identify the perception of individuals working in aviation sector towards different dimensions of CSR.Out of the seven identified themes, the respondents considered employee wellbeing and engagement and emissions among the most important in terms of CSR. The other aspects related to environment friendliness including water conversation, waste conversation, energy and noise management got average score. The questions related to biodiversity got the lowest average score. Among the parameters on emission norms introduction of new fuel efficient aircrafts emerged as one of the most important parameter followed by optimization of operations and sponsoring of scientific research. Further, replacing ground equipment with electrically powered equipment, reduction of chemical substances and introduction of new technology engines also scored above 4 on the scale of 5.

Overall, important finding which emerged from the analysis was that the stakeholders need to be informed and made aware of different facets of CSR. As from the results, it appeared that the employees were not adequately aware of all the dimensions of CSR. Since, the survey was undertaken on individuals who were working in the aviation industry and may take up higher future managerial positions. Therefore, necessary training for them is essential so that they know how CSR can play an important role in avoiding conflicts and improve relationship with stallholders.

As the score for such non- conventional methods were low for many important items, awareness towards such non-conventional methods i.e. CSR dimensions which are important but are not very popular among respondents should be increased. The employees should be made aware of other important components especially other than environment and employees.

The implementing organizations at the same time should also encourage the involvement of employees in the CSR initiatives so that they are not only informed about the CSR activities of their organizations' but also actively contribute towards the same.

Further, the results also provide evidence that there existed considerable knowledge gaps among the airlines top management and employees towards different facets of CSR which were hampering the growth of CSR practices in the industry.

References

1. Casado AB, Nicolau JL, Ruiz F, Sellers R. Industry specific effect of CSR initiatives: Hotels and Airlines'. Department of Marketing, Faculty of economics, University of Alicante, Spain, 2014.
2. Coles T. Corporate Social Responsibility among Low-fare Airlines: Current Practices and Future trends.' Economic and Social Research Council, 2009.
3. UDAN-3 years of path breaking and Inclusive Growth in Aviation, MCA, 2017.
4. Moon J, Lee WS, Kim I. Effect of Corporate Social Responsibility on Airlines', International Journal of Transport Economics, ISSN 0391-8440, E-ISSN 1724-2185. 2016; 43:1-2.
5. Mochalov P. Consequences of implementing CSR on corporate image and customer's purchasing decision in airline industry.' Lahti University of Applied Sciences, Faculty of Business and Hospitality Management. Degree Programme in International Business, 2017.
6. Lee S, Park SY. Financial Impacts of Socially Responsible Activities on Airline Companies', Journal of Hospitality and Tourism Research. 2009; 34(2):185-203.
7. Lee Seok W, Chulwon K, Joonho M, Hyejin Y. Impact of Airline Top Management Teams on Corporate Social Responsibility'. Tourism Analysis. 2017; 22(1):19-29.
8. Palmer HJ. Corporate Social Responsibility and Financial Performance: Does it pay to be good?, 2012.
9. Freeman RE, Liedtka J. 'Corporate social responsibility: A critical approach' Business Horizons. 1991; 34(4):92-98.
10. Balabanis G, Phillips HC, Lyall J. Corporate social responsibility and economic performance in the top British companies: are they linked?' European Business Review. 1998; 98(1):25-44.
11. Muhasebe Dergisi F. Corporate Social Responsibility and Financial Performance Relationship: The Case of Turkey' The Journal of Accounting and Finance, 2012, http://journal.mufad.org/attachments/article/641/10.pdf
12. Mann P. CSR-Key Issues and Challenges in India', International Journal of Science, Environment and Technology. 2014; 3(6):2038-2045.
13. Chang DS, Chen SH, Hsu CW, Hu AH. Identifying Strategic Factors of The Implantation CSR In The Airline

Industry: The Case Of Asia Pacific Airlines', Sustainability, 2015.
14. Asatryan R, Brezinova O. Corporate Social Responsibility and financial performance in the airline industry in Central and Eastern Europe', Acta Universitatis Agriculturaeet Silviculturae Mendelianae Brunensis. 2014; 62(4):633-639.
15. Scholtens B. 'A note on the interaction between corporate social responsibility and financial performance'. Ecological Economics. 2008; 68, 1-2, 46-55.
16. Smith AC, Grosbois DD. The adoption of corporate social responsibility practices in the airline industry' Journal of Sustainable Tourism. 2009-2011; 19:1.
17. Anttila T, Kretzschmar A. Application of CSR programs in the airline industry'. Bachelors' thesis. Saimaa University of Applied Sciences. Lappeenranta, Finland, 2010.
18. Rapti E, Medda F. Corporate Social Responsibility and Financial Performance in the Airport Industry' QASER Laboratory, University College London, UK, 2010.
19. Selvarajh T, Munusamy J, Chelliah S, Pandian S. *An* empirical study on corporate social responsibility in Malaysian aviation industry: A case study'African Journal of Business Management. 2012; 6(8):2919-2930.
20. Abbott WF, Monsen RJ. On the measurement of Corporate Social Responsibility: Self-reported disclosures as a method of measuring corporate social involvement'. Academy of Management Journal. 1979; 22(3):501-515.
21. Kuoa TC, Kremerb GO, Phuonga NT, Hsu CW. 'Motivations and barriers for corporate social responsibility reporting: Evidence from the airline industry.' Journal of Air Transport Management. 2016; 57:184-195.
22. Upadhaya B, Rahat M, Blount Y, Su S. Diffusion of corporate social responsibility in the airline industry,' International Journal Of Operations & Production Management. 2017; 38:4.