

# **CORPORATE SOCIAL RESPONSIBILITY FROM THE PERSPECTIVE OF COMPANIES PRODUCING COMMERCIAL PASSENGER AIRCRAFT**

**Dana Sommerauerová**

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## **Abstract**

The concept of Corporate Social Responsibility (CSR) has been a highly discussed topic lately. This concept is currently being discussed not only by researchers but also by practitioners. This is due the fact that CSR has an influence on how stakeholders see companies. The CSR concept represents voluntary integration of social and environmental aspects to strategic and everyday processes and operations of companies. The issue of CSR is increasingly important for the transport sector. This article is focused on companies producing commercial passenger aircraft. The current market of commercial passenger aircraft includes two major companies there are Airbus and Boeing. This article is focused on information about CSR that is commonly available on websites and also in publicly available documents provided by the companies Airbus and Boeing. The content of the released information is evaluated with respect to recommendations provided by the Global Reporting Initiative (GRI) in the sphere of sustainability reporting. The aim of this paper is to present and to compare approaches taken by the selected companies producing commercial passenger aircraft to CSR issues. In addition, a method of content analysis and comparative analysis will be used, where the CSR approaches of the analysed companies will be compared.

**Key words:** Corporate Social Responsibility, commercial passenger aircraft, Global Reporting Initiative, Airbus, Boeing

**JEL Code:** M14, Q56

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## **Introduction**

Business in accordance with the concept of sustainable development is a current topic. Companies in the framework of its social responsibility not only focus on their activities, but also on their employees, suppliers and other entities. The aviation industry also needs to pay attention to its environmental, social and economic impact as a result of increasing public pressure. Some activities in the aviation industry sector are difficult to implement

in accordance with the Corporate Social Responsibility (hereinafter referred to as CSR) concept. The aviation industry is bringing enormous benefits, notably improving mobility, promoting tourism and creating jobs. The aviation industry sector is however often criticized because of its environmental inconvenience. Air transport is considered an important source of greenhouse gas emissions in the atmosphere. Therefore, the goal of companies operating in the aviation industry is to produce products that are as environmentally friendly as possible while ensuring maximum air traffic safety.

In recent years, companies in the aviation industry have committed to various environmental, but also economic and social practices. Companies inform the public about all CSR activities through regular reports and statements on their websites. Companies focus within environmental impact primarily on reducing fuel consumption, CO<sub>2</sub> emissions reduction and recycling. Companies emphasize from the social perspective training programs and training for employees, diversity, equal opportunities and non-discrimination. In particular, the economic area includes transparent corporate behaviour, reporting of economic values and compliance with anti-corruption measures.

## **1 Theoretical background**

According to Hahn et al. (2015), corporate sustainability has become a popular topic in research and practice in recent decades. Increasing attention is paid to the impact on society and requires companies to be responsible for their business activities because the activities of companies affect the environment, the economy and society (Menichini and Rosati, 2014). According to Zatwarnicka-Madura et al. (2019) the development of CSR orientation is mainly due to the increasing social awareness of companies.

Cho, Furey and Mohr (2017) state that it is difficult to define the concept and practice of CSR. Dahlsrud (2008) and Cho, Furey and Mohr (2017) agree that there is no uniform or widely accepted definition of CSR. Dahlsrud (2008) notes that the current definitions of CSR are very consistent and their mismatches are mainly due to how individual companies implement CSR. Menichini and Rosati (2014) define CSR as a management approach that ensures accountability and transparency for companies seeking sustainable development. CSR is a very important topic in the global environment and its dissemination is influenced by the supply chain relationship (Chen et al., 2019). According to the authors, there are a growing number of companies that integrate CSR into their supply chain, which is very challenging to maintain a balance among profits, environmental sustainability and corporate social responsibility policy. Chen et al. (2019) point out that the implementation

of CSR is an uncertain investment for companies because they do not know what the costs and benefits of implementing CSR will bring them. But many companies are currently beginning to allocate funds for CSR strategic activities, as they realize that this will help them to improve their economic benefits (Lee, 2018).

Hahn et al. (2015) states that companies must focus their economic sustainability equally on economic, environmental and social aspects, and that one aspect cannot be prioritized over others – although this often brings tensions and conflicts. As reported Menichini and Rosati (2014), the CSR performance depends on those dimensions and stakeholders that are actually affected by the company's activities. Lee (2018) reports that most CSR researches focuses primarily on customer relationships, and employee relations remain largely unexplored. According to the authors, the perception of CSR activities by employees is very important for workplace relationships, but also for company performance, because employees who perceive CSR favourably have a positive attitude to organisation in many areas.

The implementation of CSR by Zatwarnicka-Madura et al. (2019) influences the overall marketing communication of the company at both strategic and operational levels. At present, it is important that companies behave in accordance with CSR principles, but also communicate their activities towards the public (Cho, Furey and Mohr, 2017). Sustainability reporting is, according to Menichini and Rosati (2014), a key activity in maintaining an effective relationship between society and stakeholders. Cho, Furey and Mohr (2017) point out that many companies have significant gaps in CSR communication, and very often include internal feedback in CSR communication. Different standards have been developed to enhance the credibility of CSR communications, with the Global Reporting Initiative (hereinafter referred to as GRI) standards among the best known and most comprehensive, requiring companies to report on the economic, environmental, and social dimensions of sustainability (Menichini and Rosati, 2014).

## **2 Material and methods**

Commercial passenger aircrafts are produced by two companies in the world. These companies are Airbus and Boeing.

Airbus is the largest aeronautics and space company in Europe and a worldwide leader. The main activity of Airbus is manufacture and design commercial aircraft, helicopters, military transports, launch vehicles and satellites. The company is an international pioneer in the

aerospace industry. Airbus has aircraft and helicopter final assembly lines across Asia, Europe and the America. Airbus is considering the environment in its facilities around the world. The company’s latest products, for example the A320neo, A350 XWB, A380 and A330neo are all highly fuel-efficient, delivering savings to operators while also reducing CO<sub>2</sub> emissions. In 2018, Airbus delivered a total of 800 commercial aircraft to 93 customers worldwide. Currently Airbus manufactures commercial passenger aircraft A220 Family, A320 Family, A330 Family, A350 XWB Family and A380 (see Table 1).

Boeing is the world's largest aerospace company and America’s largest exporter. It has a long tradition of aerospace leadership. Boeing supports airlines and U.S. and allied government customers in more than 150 countries. The company is organized into three business units: Commercial Airplanes, Defense, Space & Security. Boeing manufactures commercial and military aircraft, weapons, satellites, electronic and defence systems, advanced information and communication systems and launch systems. Currently Boeing manufactures commercial airplanes the 737, 747, 767, 777 and 787 families of airplanes and the Boeing Business Jet range and new products, as Boeing 787-10 Dreamliner, the 737 MAX, and the 777X (see Table 1).

**Tab. 1: Products portfolio of commercial passenger aircraft of Airbus and Boeing**

| Products portfolio of Airbus |            | Maximum seats | Products portfolio of Boeing |           | Maximum seats |
|------------------------------|------------|---------------|------------------------------|-----------|---------------|
| A220 Family                  |            | 100–150       | Next-Generation<br>737       | 737-700   | 149           |
| A320 Family                  | A318       | 100–240       |                              | 737-800   | 189           |
|                              | A319       |               |                              | 737-900   | 220           |
|                              | A320 (neo) |               | 737 MAX                      | 737 MAX 7 | 172           |
|                              | A321 (neo) |               |                              | 737 MAX 8 | 210           |
| A330 Family                  |            | 250–400       |                              | 737 MAX 9 | 220           |
| A350 XWB<br>Family           | A350-900   | 250–400       | 737 MAX 10                   | 230       |               |
|                              | A350-1000  |               | 747-8                        |           | 410           |
| A380                         |            | 853           | 777                          | 777–200LR | 317           |
|                              |            |               |                              | 777–300ER | 396           |
|                              |            |               | 777X                         | 777-8     | 350–375       |
|                              |            |               |                              | 777-9     | 400–425       |
|                              |            |               | 787                          | 787-8     | 242           |
|                              |            |               |                              | 787-9     | 290           |
|                              |            |               |                              | 787-10    | 330           |

Source: author based on Airbus (2019) and Boeing (2019)

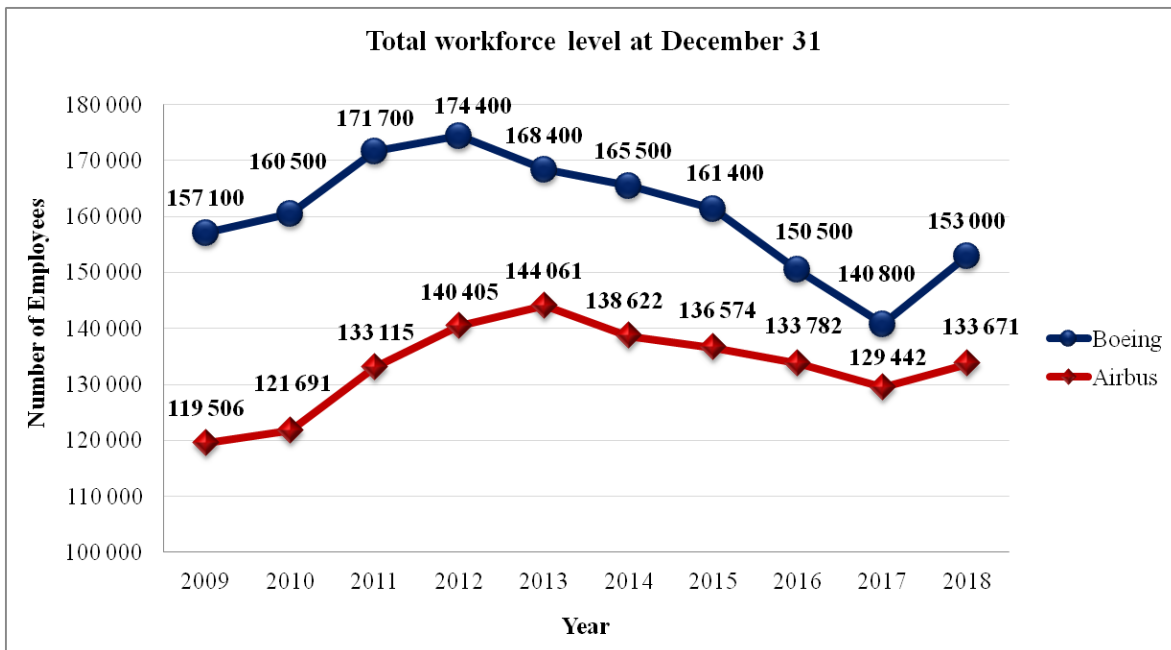
The A220 is the ideal complement for the A320 Family. The engines feature 20 % lowers fuel burn per seat than previous-generation aircraft, half the noise footprint, and decreased emissions. The A320 is the longest-range single-aisle aircraft. It takes off or lands

every 1.6 seconds. The A330neo is an example of a highly-innovative aircraft that delivers superior quality and efficiency. It burns 25% less fuel burn than the previous generation A330. The A330neo and the A350 XWB deliver a 25% saving in fuel consumption when compared to previous generation aircraft. The A350 XWB benefits from being built with over 70% advanced materials. The A380 is the largest and the most spacious passenger aircraft. It is a modern icon, that carried over 190 million passengers. This includes more than 300 commercial flights per day. A380 take off or land around the world every two minutes.

Boeing manufactures airplanes that fly farther on less fuel, reduce airport noise and emissions and provide passenger-preferred comfort. More than 10,000 Boeing-built commercial jetliners are in service worldwide, which is almost half the world fleet. The Next-Generation 737 provides fuel efficiency and high-value returns. The 737 MAX is the fastest-selling airplane in Boeing history with about 5,000 orders. The 747-8 enables airlines to offer passengers high comfort. The Boeing 777 combines outstanding fuel efficiency and passenger-preferred comfort. The cabin interior of the 777X is inspired by the comforts of the 787 Dreamliner.

Boeing employs more staff than Airbus. The number of employees has developed very similarly in the last ten years (see Figure 1). Total number of employees was 133 671 in Airbus in December 31, 2018. Airbus workforce consists of more than 130 nationalities. Total workforce level was 153 027 in Boeing in January 1, 2019.

**Fig. 1: Total workforce level (2009 – 2018)**



Source: author based on Airbus (2019) and Boeing (2019)

The aim of this paper is to present and to compare approaches to CSR communicated by the companies Airbus and Boeing on their relevant websites. The content analysis method is used to analyse company websites here and the qualitative comparative analysis method is used to compare information from company websites. The method of content analysis is a research technique for making replicable and valid inferences from texts or other meaningful matter to the context of their use (Krippendorff, 2003). The method of qualitative comparative analysis is a data analysis technique for determining which logical conclusions a data set supports (Ragin, 1987).

Based on the analysis of individual companies' websites, their individual activities are identified using the Global Reporting Initiative (GRI) standards. GRI standards are the first standards for sustainability reporting (GRI, 2019). Companies use GRI standards to report their economic, environmental and social impacts (GRI, 2019). GRI standards are divided into four subgroups, see Fig. 2.

**Fig. 2: GRI standards**



Source: author based on GRI (2019)

### 3 Results and discussion

An analysis of the Airbus website revealed that Airbus is committed to supporting the development of a sustainable future. As part of its business, it pays great attention to CSR. Airbus strives to produce safe products, adhere to ethical practices, promote strong working relationships, comply with regulations, promote diversity in corporate culture, provide employees with a safe workplace and support responsible practices throughout the supply chain. Airbus pays close attention to all stakeholders. The company is interested not only in its employees, but also in its customers, suppliers, non-governmental and governmental organizations, investors, the local community, etc.

Airbus has been a signatory to the United Nations Global Compact since 2003. UNGC is the world's largest corporate sustainability initiative. The United Nations defined a set of Sustainable Development Goals at the end of 2015. This set contains global priorities and aspirations for 2030. The sustainable development strategy (hereinafter SDG) includes a universal approach to the sustainable development agenda. Airbus adopted the SDGs

as a framework to align their responsible and sustainable contributions in December 2015. The Airbus website was analysed in 2016. The analysis confirmed that Airbus is now actively contributing to: Quality education, Gender equality, Decent work and economic growth, Industry, innovation and infrastructure, Responsible, consumption and production, Climate action, Peace, justice and strong institutions and Partnerships for the goals (Airbus, 2019).

Airbus provides information about approaches to CSR on its website. Its corporate social responsibility activities are based on GRI standards. It lists table of GRI standards on its website, which includes the extent to which GRI indicators are taken into account. The table contains GRI indicators and a link where the indicators appear on the website, or a link to the annual report. Boeing communicates only with sub-areas of CSR on its website. It does not provide a comprehensive overview of its approaches to sustainable development and social responsibility. Attention is paid to particular aspects of economic, environmental and social issues. Boeing focuses primarily on its suppliers, customers, investors, the environment, human rights and security. Reports on CSR using GRI standards do not appear on their website, but there is possible to trace individual GRI indicators.

Airbus also pays attention to the universal GRI standards on its website. Standards General Disclosures and Management Approach are reported in accordance with GRI standards. It informs in standard GRI 101 Foundation only about Airbus Foundation and their activities. Boeing does not pay attention to the universal GRI standards on its website.

The company Airbus informs also about its economic, environmental and social activities. Airbus reports on three economic GRI standards on its website. It only informs about the total number of suppliers in standard Procurement practices. Boeing only informs about standards Indirect economic impacts, Procurement practices and Anti-corruption.

Airbus pays great attention to the environmental area. It reports standards Energy, Water, Emissions, Effluents and waste and Supplier Environmental Assessment in accordance with GRI standards. It strengthens commitment to biodiversity, but Airbus does not report it in accordance with GRI standards. It does not communicate standards Materials and Environmental Compliance on its website. Boeing informs about standards Energy, Water, Emissions, Effluents and waste and Supplier Environmental Assessment on its website.

Both companies also communicate their social activities on their websites. Airbus reports six GRI standards and it only informs about two standards from the social area. Boeing informs about ten standards.

Airbus is paying more attention to CSR than Boeing based on the analysis of the Airbus and Boeing websites. Table 2 presents approaches on CSR using GRI standards.

**Tab. 2: The results of the CSR aspects analysis of the Airbus and Boeing websites**

| Universal Standards     |  | Airbus | Boeing |
|-------------------------|--|--------|--------|
| GRI 101                 | Foundation                                       | ○      |        |
| GRI 102                 | General Disclosures                              | ●      |        |
| GRI 103                 | Management Approach                              | ●      |        |
| Economic standards      |  | Airbus | Boeing |
| GRI 201                 | Economic performance                             | ●      |        |
| GRI 202                 | Market presence                                  |        |        |
| GRI 203                 | Indirect economic impacts                        | ●      | ○      |
| GRI 204                 | Procurement practices                            | ○      | ○      |
| GRI 205                 | Anti-corruption                                  | ●      | ○      |
| GRI 206                 | Anti-competitive Behavior                        |        |        |
| Environmental standards |  | Airbus | Boeing |
| GRI 301                 | Materials  |        |        |
| GRI 302                 | Energy   | ●      | ○      |
| GRI 303                 | Water  | ●      | ○      |
| GRI 304                 | Biodiversity                                     | ○      |        |
| GRI 305                 | Emissions  | ●      | ○      |
| GRI 306                 | Effluents and waste                              | ●      | ○      |
| GRI 307                 | Environmental Compliance                         |        |        |
| GRI 308                 | Supplier Environmental Assessment                | ●      | ○      |
| Social standards        |  | Airbus | Boeing |
| GRI 401                 | Employment                                       | ●      | ○      |
| GRI 402                 | Labor/management relations                       |        |        |
| GRI 403                 | Occupational health and safety                   |        |        |
| GRI 404                 | Training and education                           | ●      | ○      |
| GRI 405                 | Diversity and equal opportunity                  | ●      | ○      |
| GRI 406                 | Non-discrimination                               |        |        |
| GRI 407                 | Freedom of association and collective bargaining | ●      |        |
| GRI 408                 | Child labor                                      |        |        |
| GRI 409                 | Forced or compulsory labor                       |        |        |
| GRI 410                 | Security practices                               |        |        |
| GRI 411                 | Rights of indigenous peoples                     |        |        |
| GRI 412                 | Human right assessment                           | ●      | ○      |
| GRI 413                 | Local communities                                |        | ○      |
| GRI 414                 | Supplier social assessment                       | ●      | ○      |
| GRI 415                 | Public policy                                    |        | ○      |
| GRI 416                 | Customer health and safety                       | ○      | ○      |
| GRI 417                 | Marketing and labeling                           | ●      | ○      |
| GRI 418                 | Customer privacy                                 | ○      | ○      |
| GRI 419                 | Socioeconomic Compliance                         |        |        |

Notes: ● Reporting in accordance with GRI standards  
○ Inform about CSR aspects

Source: author based on GRI (2019), Airbus (2019) and Boeing (2019)



Boeing appeals to Non-discrimination, Child labor and Forced or compulsory labor and it recognizes Freedom of association and collective bargaining, but it does not show any cases from this area. The company solves a problem in the social area in the present time, specifically Occupational health and safety, Training and education and Customer health and safety. Two 737 Max 8 aircraft crashed in the last six months. Both aircraft crashed shortly after take-off. Boeing addresses the issue of technical issues or poorly trained personnel now.

## Conclusion

Companies producing commercial passenger aircraft apply the CSR concept. The company Airbus pays more attention to CSR than Boeing based on the analysis results of the Airbus and Boeing websites. Both companies pay attention to the economic, but as well to the environmental and social aspects of their activities. Airbus reports its CSR activities in accordance with GRI standards. Boeing does not provide a comprehensive overview of its approaches to sustainable development and social responsibility concepts. It communicates only with sub-areas of CSR on its website. With respect to the importance of the aviation sector and the environmental, social and economic aspects and impacts, CSR can be expected to pay even more attention. Communicating CSR aspects is important for companies, because companies can influence stakeholders' perceptions. It can be assumed that CSR will become more important in the future and companies will pay more attention to this area.

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### Contact

Dana Sommerauerová  
Faculty of Transport Engineering, University of Pardubice  
Department of Transport Management, Marketing and Logistics  
Studentská 95, 532 10 Pardubice  
dana.sommerauerova@student.upce.cz