



Motivations and barriers for corporate social responsibility reporting: Evidence from the airline industry



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ABSTRACT

Corporate social responsibility (CSR) has become a popular topic, as related research saliently suggests that CSR reporting has positive impacts, including improving corporate reputation, achieving employee trust, and enhancing customers' satisfaction. Consequently, in the past few years, companies have increasingly begun to report their CSR initiative outcomes, while the majority struggles to adopt similar initiatives. The research presented herein investigates motivations and barriers for reporting CSR outcomes by providing evidence from airline companies to investigate this disparity. Data collected through survey and confirmatory interviews indicates that respondents believe that government is the most important reader (or customer) of CSR reports. Similar to other industries, CSR reporting's major motivations are related to reputation and brand value, employees' CSR awareness, communication with stakeholders, management systems, management culture, market share, and transparency with the government. An enhanced understanding of related barriers and motivators should assist policymakers and company executives in their strategic decision-making regarding CSR reporting, thereby contributing to advancement toward sustainability.

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1. Introduction

The number of regularly released corporate social responsibility (CSR) reports has dramatically increased across industries in the past decade (Chen, 2013; Duff, 2014; Hou and Reber, 2011; Morsing, 2006). Although companies may receive both positive and negative responses to publishing such CSR reports, most scholars note CSR reporting's benefits as a competitive advantage (Coombes and Holladay, 2012; Jiraporn et al., 2014; Jo and Harjoto, 2014; Matute-Vallejo et al., 2011; Tang et al., 2012).

Specifically, prior relevant tourism industry literature has also addressed the importance of publishing CSR reports (Abaeian et al., 2014; Calveras, 2015; Wells et al., 2015). The airline sector in the tourism industry has received notable attention from both academia and the public. The term "sustainable aviation" has become commonplace (Daley, 2012) because aviation has a key role in illustrating sustainability as an important source of economic

growth and environmental impacts (Budd et al., 2013; Upham, 2003). As a result, an increasing number of airlines have implemented CSR initiatives (Ayuso, 2006; Chen et al., 2012b). The airline industry's adoption of CSR is still relatively slow; the number of airlines formally and consistently reporting CSR information for more than ten years is small relative to the size of the sector (Cowper-Smith and de Grosbois, 2010). Andersson and Jabkowski (2013) proposed that airlines' awareness of sustainability topics began to especially receive attention during the last decade. The 2014 Dow Jones Sustainability Indices (DJSI), which recently surveyed 16 airlines (62% of the 26 airlines invited to participate), indicated that the sampled airlines exhibited a market capitalization of 66%. Further, the airline industry's average score was the lowest of all participating industries (Robeco, 2015), indicating that the airline industry's CSR performance should be improved.

This study investigated the factors that motivate airlines to undertake CSR reporting, as well as barriers to this reporting. The literature review, which provides the foundation for this research, also offers concrete insights into social and environmental reporting in the airline industry. Potentially influential factors for CSR reporting in the airline industry were specifically identified, and

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their significance was also examined. An enhanced understanding of related barriers and motivators should assist policymakers and company executives in their strategic decision-making with regards to CSR reporting.

The data was collected through a questionnaire completed by airline executives. The same questionnaire was sent to both CSR reporting airlines and their non-reporting counterparts to arrive at a balanced accounting of motivators and barriers. This study investigated the motivating factors that drive airlines to undertake CSR reporting, as well as their barriers. We specifically focused on:

- (1) Identifying the target readers (or consumers) of a CSR report in the airline industry;
- (2) Highlighting the primary motivations to publish a CSR report in the airline industry, and the goals that are associated with these motivations;
- (3) Discovering the perceived barriers that companies face in CSR reporting within this industry;
- (4) Discerning the relationship among target readers, motivators, and barriers to reporting CSR outcomes in the airline industry; and
- (5) Presenting the differences between those airlines that publish CSR outcomes and those that do not.

We identified salient items, in light of our aforementioned intent, from lists of potential motivations, barriers, target readers from related published research; we then developed a survey instrument. Data collected using the survey instrument was then analyzed using statistical methods to ascertain the factors' significance. The use of statistical methods was then followed by confirmatory interviews. Therefore, our purpose and chosen methods were not designed to “measure” motivators and barriers; instead, we sought to identify their significant barriers and motivators. Section 2 presents a brief literature review of CSR reporting, and its motivations and barriers. A methodology for the study, research results, and conclusion are provided in the remaining sections, respectively. Finally, conclusions are provided.

2. Literature review

2.1. Corporate social responsibility (CSR) reporting

“Corporate social responsibility” (CSR) is defined as “business' continuing commitment to act ethically and contribute to economic development while improving the quality of life for their workforce and their families, as well as of the local community and society at large” (WBCSD, 1998). This reporting was introduced in the beginning of the 20th century (Kannekanti and Muddu, 2008) and originated in environmental disclosures. With governments' increasing awareness of the value of CSR reports, many governments now require CSR disclosures regarding social aspects (O'Rourke, 2004). This type of information includes “companies' economic, legal, ethical, and philanthropic responsibilities towards society in general, and their range of stakeholders in particular” (Carroll, 1999). Documents that include this information are referred to as CSR, sustainability, corporate responsibility, and triple bottom line reports, without significant differences among these terms.

Previous research has studied companies' motivation, contents, and benefits in publishing CSR information (Bonsón and Bednárová, 2015; Fort, 2014; Yu and Choi, 2016). For example, Young and Marais (2012) observed CSR reporting in France and Australia to compare state-led and liberal market economies, and between high- and low-risk industries. They found that CSR reporting is stronger in high-risk industries than in low-risk industries.

Skouloudis et al. (2012) assessed the comprehensiveness and quality of CSR reports based on concept of the triple bottom line in the airport industry. Tewari and Dave (2012) benchmarked the performance of the top 100 Indian companies and multinational companies operating in the information technology (IT) sector through their sustainability reports. Their findings suggested that the number of companies publishing sustainability reports is small, yet the reports' quality meets global standards; Global Reporting Initiative (GRI) benchmarks are achieved by almost all Indian companies in the IT sector.

Most companies use the CSR report as a communication tool to improve stakeholders' understanding and perception of corporate actions (Albu and Wehmeier, 2013; Arvidsson, 2010; Dando and Swift, 2003). Typically, companies communicate with shareholders and investors by focusing on the annual report, which includes financial data (Chen and Gavius, 2015; Du et al., 2010). Additionally, companies can attract media attention to their CSR programs through press releases or information sharing with their employees through email, newsletters, and internal web portals. The effects of CSR on companies' performance have also been studied by researchers (Henderson (2005); Jensen (2001)).

Bonsón and Bednárová (2015) investigated factors that influence the extent of CSR reporting. They analyzed not only the extent to which Eurozone companies report on CSR indicators, but also the factors that influence CSR's use, based on annual sustainability reports from Eurozone companies' websites. Font et al. (2012) study, which benchmarked corporate social responsibility policies and practices for ten international hotel groups, found that corporate social responsibility policies and practices differ widely. Further, the environment and customer engagement present the greatest disclosure-performance gap. Ailawadi et al. (2014) studied two types of CSR activities' impacts on consumers' attitudinal and behavioral loyalty toward retailers. After finding that not all CSR efforts garner equal rewards from all consumers, they highlighted implications for how a retailer can best manage and communicate its CSR initiatives. Their results revealed the influence of both sector and DJSI listing on the extent of reporting. Relevant research papers are organized based on the research foci in Table 1.

2.2. Previous research on motivations for reporting CSR information

Firms consider CSR an important tool to manage external appearances and control their reputation among customers, employees, suppliers, and others, which ultimately affects their legitimacy (Hughey and Sulkowski, 2012). Publishing a CSR report or an annual report is a beneficial method of improving a company's relationship with stakeholders, as many investors, creditors, environmental groups, and governments have recently and primarily relied on the annual report to obtain companies' financial and non-financial information (Neu et al., 1998).

Aside from the value of CSR information, academic studies have been conducted with only small differences in terminology, such as those used for determinants, motivations, and incentives, to understand what factors compel a company to engage in the CSR reporting trend. A company can be encouraged to publish a CSR report for a variety of reasons, as discussed by Deegan and Samkin (2006), Ramdhony and Oogarah-Hanuman (2012), Idowu and Papisolomou (2007), Archel et al. (2009), Mäkelä and Näsi (2010), Reverte (2009), Reynolds and Yuthas (2008), Ehmer (2011), Bonsón and Bednárová (2015), Hopwood et al. (2010), Belal and Cooper (2011), Kolk (2004), Dobbs and van Staden (2012), Morsing (2006), and Lynes and Andrachuk (2008). These reasons include:

- Market and financial strategies
- Stakeholder pressure

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