



Motivations for corporate social and environmental responsibility: A case study of Scandinavian Airlines

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ABSTRACT

The term *corporate social and environmental responsibility* (CSER) is gaining popularity with some studies attempting to escape narrow definitions of corporate responsibility. This paper aims to develop a model that illustrates how various external, sector-specific and internal influences for CSER are interpreted, and then shaped into action at the level of the firm. Using an in-depth case study approach, this model is then applied to one firm – Scandinavian Airlines (SAS). Developing an understanding of the figurative black box of SAS's motivations contributes to unlocking the reasons why corporations are choosing (or not) to commit to CSER. If these reasons are known, they can be used to develop appropriate mechanisms to ensure that CSER is an important aspect of a company's decision-making regime. Findings of the case study provide further evidence that motivations cannot be looked at in isolation of sectoral and cultural contexts. Secondly, it was seen how catalysts – the lens through which a firm sees and interprets motivations – can have an important impact in its level of commitment to CSER.

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1. Introduction

Over the past few years the Canadian documentary *The Corporation* has been making waves at business schools throughout North America and beyond. Corporations are made up of individuals whose values, goals and ideals often clash with the rigour and inflexibility set in laws and institutional structures that guide the operation of corporations (Bakan, 2004). It is within this context that the issue of corporate social and environmental responsibility sits, torn between social consciousness and shareholder profits. Increasingly, however, corporations are realizing – for varying reasons – that being environmentally and socially conscious makes good business sense.

Numerous studies have examined motivations for environmental responsibility (e.g. Annandale and Taplin, 2003; Bansal and Roth, 2000; Khanna and Anton, 2002) as well as the motivations for social responsibility (e.g. Anderson and Bieniaszewska, 2005; Bendell et al., 2005; Bichta, 2003; Tullberg, 2005), and there is increasing trend in looking at corporate social and environmental responsibility (CSER) in unison (e.g. Egri et al., 2004; Lund-Thomsen, 2004).

This paper builds upon the existing literature by, firstly, developing a model that illustrates the relationships between various influences on CSER, and, secondly, exploring how this model applies to one firm, Scandinavian Airlines (SAS), by using an in-depth case study approach. This model-case study approach is used to explore the following questions:

1. *What internal, sector-specific and external factors influence the interpretation of a firm's motivations and, ultimately, its level of commitment to CSER?*
2. *How do the motivations for social and environmental responsibility of a firm compare in terms of similarities and differences?*

Testing the model on one firm allows us to look at the relationship between the influences on CSER and how they are interpreted within the organization. Prakash (2000) cites that there is an inadequate understanding of the internal processes that

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lead a firm to adopt, or not adopt, environmental policies, arguing that an examination of intra-firm dynamics is required to supplement the existing literature on external pressures that firms face (see also Gilley et al., 2000). Developing an understanding of the figurative black box of SAS's motivations contributes to unlocking the reasons why corporations are choosing (or not) to commit to CSER. If these reasons are known, they can be used to develop appropriate mechanisms to ensure that CSER is an important aspect of a company's decision-making regime. Although some studies have looked at a survey of sectors or cross-sectoral companies (e.g. Egri et al., 2004; Lund-Thomsen, 2004), few studies have examined motivations for CSER in depth with one company. This is the first study to look at CSER in relation to the airline industry.

The airline industry provides an appealing backdrop to this paper. To date, much of the literature concerning the motivations for CSER concentrates on heavy industries such as the mining, chemical and energy sectors; moreover, there is a paucity of research on CSER in the service sector (i.e. Céspedes-Lorente et al., 2003; Kirk, 1998). Although commercial aviation is part of the service sector, it possesses several characteristics similar to those of manufacturing industries, including intense regulation, high entry barriers, high capital costs, and tendencies towards oligopolies (Clancy, 2001). The airline industry thus presents an interesting juxtaposition between these two sectors. Furthermore, air emissions, the largest environmental impact of aircraft, are often excluded from regulatory attempts at controlling environmental impact, thus, demonstrating a need for CSER in the airline sector.

2. Defining CSER: various interpretations of one common goal

Corporate social responsibility (CSR) can be defined in basic terms as the voluntary commitment of a firm to contribute to social and environmental goals (European Commission, 2002). Under this definition, environmental responsibility is an implied part of social responsibility, even if the word 'environment' is not included in the CSR acronym. Indeed, numerous studies use the term CSR in discussions on corporate greening (Graff Zivin and Small, 2005; Fig, 2005; Tschopp, 2005). One argument for this is that the natural environment is considered one of many stakeholders, and thus, if a firm is acting socially responsible to its stakeholders, being accountable to the natural environment is a part of this larger responsibility. In recent times, the term *corporate social and environmental responsibility* (CSER) has gained popularity with some studies that are attempting to escape narrow definitions of corporate responsibility (Egri et al., 2004; Lund-Thomsen, 2004; McIntosh, 2003; Rosenberg, 2004; Schaefer, 2004). The definition of CSER is similar to CSR, in that it refers to the commitment of firms to contribute to both social and environmental goals. Common themes emerge from the literature that help further define CSER, including: regulatory compliance, voluntary initiatives, accountability, communication and transparency as well as institutionalization of environmental and social issues (based on discussions by Fischer and Schot, 1993; Garsten, 2003; Gibson, 1999; Lund-Thomsen, 2004; Lyon, 2004; McIntosh, 2003; Oketch, 2004; Prakash, 2000; Rondinelli and Berry, 2000; Welford and Starkey, 1996). Our use of the term CSER is intended to draw out content from the literature that explores the relationships between motivations for both social and environmental responsibility.

2.1. Developing a model of motivations for corporate social and environmental responsibility at the level of the firm

What drives a firm to be committed to social and environmental issues can be unpacked into dynamic layers of internal, sector-specific and external influences. While many studies provide descriptions of a firm's CSER motivations both within and across sectors (e.g. Bansal and Roth, 2000; Egri et al., 2004; Henriques and Sadosky, 1996; Sharma, 2000), there is a need to bring this literature together in a way that addresses, in a systematic way, the interaction of these influences at the level of the firm. Based on an extensive review of the literature, we have developed a model (Fig. 1) to illustrate how a firm first processes and interprets motivations derived from external and sector-specific influences, and then make decisions regarding its level of commitment towards social and/or environmental issues.

There are four parts to the model. Part I introduces four broad external and sector-specific systems of influence (market systems, political systems, social systems and scientific systems) that impact how a firm operates (Renn, 2001). Part II lists a firm's possible motivations for CSER, based on combinations of the four systems of influence. Part III proposes ways in which motivations are mobilized within a firm through various catalysts such as internal leadership and the financial position of the organization. Part IV presents the resulting level of commitment to CSER that a firm demonstrates based on its interpretation of Parts I–III of the model. The four components of this model provide a systematic approach to analyzing motivations for CSER at the level of the firm and will be used in this as a basis for discussing the results of the SAS case study.

2.1.1. Part I: the four systems of influence

Firms are influenced by a variety of external and sector-specific factors such as available technology, political leadership, the state of the economy, industry standards and agreements and so on. These influences can be more broadly described in terms of four systems of influence (Renn, 2001: 428–9):

- The market system – where policy development is based on a cost–benefit analysis of the advantages to the company within the marketplace.
- Political–institutional system – where policy development is based on the political culture and system of government within which the business operates.
- Scientific system – where policy development is made based on scientific knowledge of cause and consequence.
- Social system – where policy development is made as a result of the sharing of knowledge about market, political and scientific systems.

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