CONSEQUENCES OF IMPLEMENTING CSR ON CORPORATE IMAGE AND CUSTOMERS' PUCHASING DECISION IN AIRLINE INDUSTRY

Lahti University of Applied Sciences
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MOCHALOV, PETR: Consequences of implementing CSR
                                   on Corporate Image and customers'
                                   purchasing decision in airline industry

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ABSTRACT

The purpose of this thesis is to provide an overview of CSR and CSR activities in airline industry. It is important to study whether CSR could be considered beneficial and examine the influence of corporate image on stakeholders, specifically customers, by collecting primary and secondary data. The main research question is: How does image created by CSR affect customers' purchasing decision?

The primary data consists of a survey among Turkish Airlines' customers. After collecting the results of the survey, Internal Consistency Reliability was analysed in order to understand if the respondents' answers are consistent among the questions. The secondary data that the theoretical framework is based upon consists of scientific and journalistic articles collected from Google Scholar and Masto-Finna online catalogue, and the official website and sustainability reports of Turkish Airlines.

As a result of this research it can be concluded that due to the increased importance and media coverage of environmental issues, airlines are faced with increasing pressure to implement actions that will contribute to sustainable business. The main finding is that most of the respondents are price-sensitive, so neither corporate image nor CSR actions can affect significantly customers' purchasing decision.

Keywords: Corporate Social Responsibility (CSR), airline industry, Stakeholder Theory, corporate image, environmental impacts, sustainability, Turkish Airlines.

Contents

1 INTRODUCTION

1.1 Background

Over the last 30 years the awareness of the environmental impacts of human activity has significantly increased. People are becoming more stressed about the social and environmental effects of their consuming habits. There is a greater attention to the tourism industry, which while potentially bringing social and economic benefits to destinations can at the same time have a huge negative impact on destinations. Within the tourism industry the airline industry receives a notable attention because of its crucial impact on environment and the society. Traditionally, the directors of companies have had an extremely difficult but very narrowly defined responsibility: guide the enterprise towards money. But today corporations usually have obligations that go beyond generating profits and include the larger society. In this case, CSR could be considered a vital part of the organization, providing the company with both operational efficiency, as well as image benefits.

According to Tran (2015) CSR programs do not increase the company's profits, in some cases they even decrease profits. However, as examined in the case of PepsiCo, CSR helps the company deal with the social pressure, and also have a better image. PepsiCo's customers have two dimensions in their purchasing decision, price and quality. Airline industry shows similar characteristic in this manner, because of its price elasticity. (Richard, 2009)

Today the airline industry operates in a highly competitive environment, with corporate social responsibility (CSR) being one of the sources of competitive advantage. This industry deals with many negative impacts such as air pollution, noise, CO_2 emission and labour practice. Corporate social responsibility (CSR) is a strategic business activity that can enhance the sustainability of the airline industry.

1.2 Selection of the topic

The case of Turkish Airlines has been chosen due to several factors. Turkish Airlines has been awarded as the best European airlines during the last five years and the company is a member of Star Alliance, which is the world's largest network company, thereby drawing a lot of attention to Turkish Airlines activities. In addition, Turkish Airlines is the company that has been mentioning about their CSR activities like improvement of fuel efficiency and decreasment of air pollution, which makes the company more noticeable and interesting to study. There are many studies about the role of CSR in Airline Industry, but there is little information on how CSR affects company's corporate image or consumers' purchasing decision.

1.3 Purpose and objectives

The thesis concerns Social Corporate Responsibility (CSR) in airline industry and contains the industry's outlook. Turkish Airlines is studied in the empirical part as a case company.

The purpose of this thesis is to provide an overview of CSR and CSR activities in airline industry, to study how CSR activities affect corporate image and examine the influence of corporate image on stakeholders, specifically customers, by collecting primary and secondary data.

> Research question is: How does image created by CSR affect customers' purchasing decision?

Also, the main dimesnions to be considered are:

- Do customers care about CSR?

- Do customers know what CSR is and which companies implement CSR?

- Does CSR affect their buying decision?

There are two theoretical approaches that are considered to the company's responsibilities: Corporate Social Responsibility and Stakeholder Theory (Brusseau 2011). In addition, Corporate Image will be taken into account in order to understand its influence on customers' purchasing decision. The objective of the paper is to give overall impression of airline industry in general, CSR theory and its elements, and if there are strategic benefits gained through a better corporate image.

1.4   Limitations of the thesis

The thesis and the research focus is social corporate responsibility in airline industry. Social, environmental and economic aspects of corporate responsibility are included in the theoretical framework. The airline industry receives a notable attention because of its crucial impact on environment and the society.

The survey is mainly conducted among students of a Turkish University and the findings were based on 105 respondents, thereby the findings might be inconsistent with other surveys among a bigger number of people and different professions if they are conducted.

The governmental and political factors in the stakeholder theory will not be a subject to the discussion in this paper, because both factors are mutual dynamics. Meaning, the political decisions affect the governmental intervention and vice versa, and it will not add value or steer the purpose of the paper. The article basically deals with CSR in the long-term.

1.5   Research methodology

The secondary data that the theoretical framework is based upon consists of scientific and journalistic articles collected from Google Scholar and Masto-Finna online catalogue, and the official website and sustainability reports of Turkish Airlines. Stakeholder theory and Corporate Image are seen as the motivators behind Turkish Airlines' social development and environmental efforts. In order to measure the Corporate Image of Turkish

Airlines the survey was conducted. The empirical part of the thesis consists of a case study as one of the qualitative research methods.

1.6 Thesis structure

The thesis consists of introduction, theoretical framework, empirical research and conclusions.

The first chapter of the thesis introduces the background and purpose of the thesis along with its objectives and limitations. The second and the third chapters give an overview of Corporate Social Responsibility in airline industry, explain Stakeholder Theory and its elements, and provide an explanation of Corporate Image, thereby forming the theoretical framework fot the thesis. The fourth chapter is the empirical research including the case study of Turkish Airlines. The fifth part covers the methodology used in the thesis, including Internal Consistency Reliability. Cronbach's Alfa and the survey. The following chapter describes the research outcomes and findings. The final chapter shows the conclusions.

2   CSR IN AVIATION

2.1   Definition of Corporate Social Responsibility (CSR)

In the current phase of economic globalization transnational companies claim that all their actions must be governed under a new paradigm: Corporate Social Responsibility (CSR). During the last decade this concept has become "fashionable" but it was not given a concrete meaning, being an inevitably abstract and generic concept. In both, corporate and academic world there is uncertainty as how CSR should be defined (Dahlsrud 2006). As there is no single definition for this area, people have different approaches to CSR and this causes controversy and confusion while discussing the subject (Dahlsrud 2006).

These definitions are constantly referring to three dimensions which are: the social dimension, the environmental dimension, the economic dimension (Dahlsrud 2006). The CSR definitions are describing a phenomenon, but do not have any guidance how to handle challenges within this phenomenon. Thus, the challenge for business is not to define CSR, but to understand how CSR is socially constructed in a specific context, and how to take this into account when business strategies are being developed (Dahlsrud 2008).

According to the article of Dahlsrud about "How Corporate Social Responsibility is defined: an analysis of 37 definitions" some of them are set forth below: The Green Papers of the European Commission (2001) defines "CSR is voluntary integration, by companies, social concerns and environmental in their business operations and their interaction with their stakeholders. Be socially responsible does not mean only fulfilling legal obligations, but also go beyond compliance". "It depends on the culture, religion and traditions of each society, that's why there is no single definition of what CSR is" (Stigson 2005). Another definition is "In general, corporate sustainability and CSR refer to company activities demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders" (Van Marrewijk 2003). Overall, it can

be seen that there is no right or wrong definition, but still there are common things that help us understand what CSR is.

2.2 The contribution of CSR

The notion of corporate social responsibility (CSR) has been acknowledged as a vital ingredient for the business triumph. The connection between companies' economic performance and CSR has been indecisive and hardly inspected in the aviation industry. The research studies observed the impact of CSR on aviation companies' financial performance in terms of value performance and accounting. Studies explore quadratic, linear and cubic associations between CSR and firm performance. Findings reveal support for a linear and positive effect of CSR on value performance but not on accounting performance for aviation companies. The results can help airline companies with solid practical knowledge, so that they could strategically improve industry plans while integrating CSR activities (Lee & Park 2009).

Only a few innovative businesses emerged due to the imminent awareness of CSR and the effect that the aviation has on the global environment. In a view of primary as well as a secondary obligation, Phillips (2006) describes CSR as both a practice and a philosophy, mostly for corporations that act willingly in order to support society in constructive ways to get profit objectives.

Though CSR is not executed in all the airlines, the part airline operatives are playing in future's aviation business will highly subject to the actions they make now in order to safeguard economy, society and the environment. CSR is a voluntary initiative that only depends on company's decision whether to implement it or not. Usually CSR refers to activities that are considered to exceed compliance according to law. In developed countries it is understood as a value generator and commitment to organizational culture. (Kamran et al. 2012.)

In the past years the view of organization in terms of sustainable business actions has changed, some due to laws and regulations and others due to stakeholder, economic and social effects as well as environmental interest (Hsu 2015).

Cowper-Smith and Grosbois (2011) were the ones who studied CSR-related actions in the field of aviation. Their study revealed that airlines were taking several actions concerning health, safety and wellbeing of employees and society, but they focused more on the environmental aspect. The main aspect was the reduction of CO2 emission, and as declared by Cowper-Smith and Grosbois (2011) CO2 emission "is the area in which the airlines are challenged most often". (Cowper-Smith & de Grosbois 2011, 59-77.)

Although, CSR is not implemented in all the airlines. Future trade actions will depend largely on the actions they take nowadays in order to protect society, economy and environment.

2.3   The influence of aviation industry

The aviation as one of the growing industries obviously has a direct impact on the environment due to commonly recognized contribution to climate change by fuel consumption and the consequential greenhouse emission (Holden 2006).

The percent of pollution from airlines is growing. Air transport annually releases millions of tons of all types of gases into the atmosphere. CO2, NOx, heavy metals and other chemical components cross international borders without control. In as much as atmosphere allows a fast diffusion, the effect on the environment is not quick and direct but is a long and cumulative process.

During the last few decades, fears about the corporate social responsibility and sustainability of corporations have become an extraordinary leading issue in various industries and countries (Campbell 2007, 946-967). The adversarial effects of social activities on the environment have become

obvious as there is a huge increase in floods, earthquakes, landslides, gentle melting of glacial ice caps and the immense rise in sea level towards the expiration of the 21st century.

2.3.1 The air pollution

It is owing to the fact that the notion of responsible societal activities was unfolded by environmental preservationists. This perception recommends that the decrease of greenhouse gases can be attained by proper usage of clean energy and/or through effective usage of energy. The overall transport industry creates a momentous amount of greenhouse gases on an annual basis estimating nearly 15% of the total production of greenhouse in the world. Statistics reveal that 23% of all the carbon dioxide emitted into the environment is purely from the transport industry. Carbon dioxide releases have been witnessed to grow partially in a period of almost seventeen years during 1990 and 2007. (Lee 2009.)

The public has badly criticized public noise disclosure and the despoiled air quality nearby airports since this industry's commenced. Lately, however, the attention shifted to the influence of aviation on the worldwide climate (Dallara 2011). This industry is significantly contributing to greenhouse effect and is truly considered as one of the major causes of global warming. Precisely, the atmospheric levels of carbon dioxide are ever-increasing. It is one of the numerous greenhouse gasses (GHGs) and causes severe damages to the environment. Aviation industry makes climate change not only by releasing carbon dioxide, but also by the discharges of water vapors and nitrogen oxides.

2.3.2 Environmental report

The European environment and aviation agencies made a report and they found out that the growth in European air traffic has outstripped technological and operational improvements over the past 25 years, leading to increased environmental pressure and intensifying until 2035 (Aviation Environment Federation 2016). Between 1990 and 2005, the

extent of environmental impacts like CO2 emissions, noise and air pollution and the number of flights grew at similar rates. Starting from 2005 a major change has occurred in the airline practices: the percentage of passengers increased by 25% between 2005 and 2014, while the actual number of flights declined by 0.5%. (Aviation Environment Federation 2016.)

Unluckily, relatively shocking estimates assessed global harm to society and the environment owing to increasing level of aviation. CO2 releases will be doubled to 1229 Mt and the quantity of emanations of nitrogen oxides will rise from 2.5 million tons to 6.1 million tons during 2025 (Aviation Environment Federation 2016). Hence, additional emanations will be released into the atmosphere particularly adjacent to the airports. To decrease these emissions aviation operators would have to capitalize a huge quantity of money which would definitely dissatisfied shareholders than and cost the overall 20% of profitability.
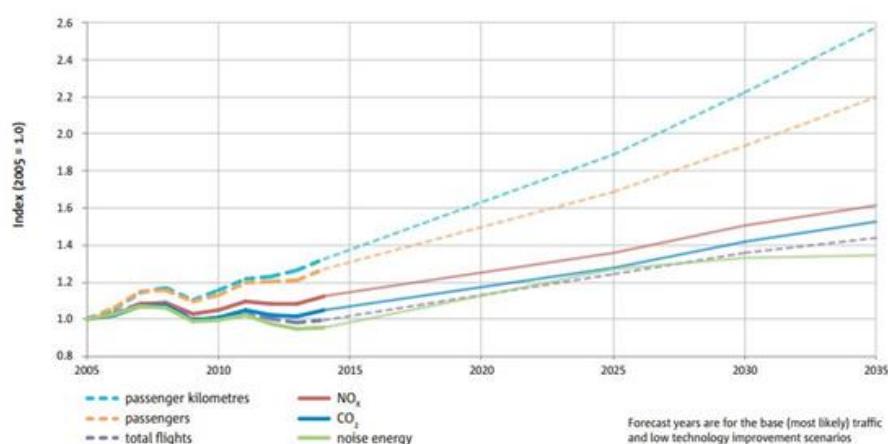
Figure 1. Comparison of trends (since 2005 and up to 2035) in noise, CO2, NOx, passenger number, and flights (European Aviation Environmental Report 2016)

The next years the overall flight traffic is going to increase tremendously, and carbon emissions, consumption of raw materials and overall pollution will continue rising to new levels. Hence, actions have to be developed that support and fulfil stakeholder expectations, as well as taking care of the environment.

Numerous airlines are thus, likely to take serious actions to curtail emissions but the reality seems opposite. One major way of improving the ecological influence is the so-called carbon offsetting. The biggest and grave challenge hereby is to develop the sense of awareness regarding the customers. It is quite vague whether the carbon equalizing is compulsory or voluntary or not. As per Antilla (2010) the key issue relating to carbon offsetting is the point that non- CO_2 releases, such as nitrogen and contrails that have a straight effect on the environment are not involved in the offsetting enumerations. Consequently, the passengers are not capable to balance all releases. In Australian market, offsetting of carbon is used as a defense against different governmental limitations. Hence, the original purpose of ecological responsibility is not obvious anymore.

3   STAKEHOLDER THEORY

3.1   Definition

Stakeholder theory is one of the theoretical trends in management, that models and explains the strategy of the company's development from the point of view of the interests of so-called stakeholders. Fundamentals of the theory began to form in 60-ies of the 20th century as applied to business. But the modern form of "stakeholder theory" that we use nowadays started to spread from the mid 80-ies of the 20th century when the work of Edward Freeman, "Strategic Management: A Stakeholder Approach" came out. The author introduces the concept of "stakeholder", gives its definition and proposes to consider the company's original model. Freeman's idea is to present the company, its internal and external environment as a set of interested parties in its activities, interests and demands that the firm managers should take into account and satisfy. Freeman stated that companies should not be responsible only to their owners, but to "any group or individual who can affect or is affected by the achievement of the firm's objectives" (Freeman et al. 2001, 89). What's certain is that stakeholder theory obligates corporate directors to appeal to all sides and balance everyone's interests and welfare in the name of maximizing benefits across the spectrum of those whose lives are touched by the business (James Brusseau 2011).

3.2   Stakeholders

Stakeholder theory and stakeholders can be defined in different ways, but what is common about the definitions is the level of stakeholders' involvement within companies and their level of impact on the company. Anyone who has some kind of interest in the company can claim to be a stakeholder, but the problem is that every stakeholder has a different level of involvement. Shareholders probably have a bigger interest in the company's development than the customers. Stakeholders are commonly thought to include shareholders, government, suppliers, customers,

creditors, employees, media, industry associations and local communities. (Solomon 2007.)

3.3 Stakeholder grouping

As mentioned previously, stakeholders have different level of impact on the company. Obviously some of the stakeholders have a stronger relationship with the company, therefore can influence on the company, and are affected by the company in a more intense way. Also each stakeholder has a different interest in the company. Thereby we can suppose that depending on the relationship with the company, each stakeholder belongs to different groups. Werther and Chandler (2011) have divided a company's stakeholders into three separate groups: organizational stakeholders which are internal to the firm, and economic and societal stakeholders which are external to the firm. The following picture represents these groups.

Figure 2: A firm's stakeholders (slidesharecdn 2017)

3.3.1 Organizational stakeholders

Organizational stakeholders are those who hold a position inside the company. A company's employees are first and foremost organizational stakeholders. They are also occasional customers of the company, as well as being members of the society in which the business operates (Werther & Chandler 2011). Organizational stakeholders are engaged in the "politics" of the company, aiming to acquire, enhance and reach the goals of the organizational decisions.

3.3.2 Economic stakeholders

Werther and Chandler (2011) claim that the firm's economic stakeholders represent the interface between the organizational and societal stakeholders. A firm's customers are first and foremost economic stakeholders of the firm, being the part of the society within which the firm operates. Also economic stakeholders include shareholders, who risk their capital to gain dividends, lenders who provide loans against interest, suppliers who provide raw material and services against current prices. Economic and organizational stakeholders are considered to be "primary stakeholders", as they have a direct impact on the company and its success and therefore are influential. (Werther & Chandler 2011.)

3.3.3 Societal stakeholders

Societal stakeholders are usually considered to be "secondary stakeholders". Social stakeholders include communities, advocacy and special interest groups, government and regulators, NGOs, media and the environment. These stakeholders have more a representational interest of public than direct. Social stakeholders can be impactful, affecting the reputation and image of a company (Werther & Chandler 2011). Environmental issues can include climate change, pollution and many others. Today the environmental interests are represented by organizations and media, which should be taken into account because of the increased awareness of public.

3.4   Corporate image

Corporate image is defined as "The impression of the policies, personnel, and operations of a corporation that is imparted to its employees and the public" (Dictionary.com 2015). To put it simple, corporate image is what the stakeholders feel when the corporation is mentioned.

The concept is usually associated with large corporations, but small businesses also have a corporate image even if neither their owners nor customers think of it that way. Management, however, may actively attempt to shape the image by communications, brand selection and promotion, use of symbols, and by publicizing its actions. (inc.com 2017.)

Corporate image is, of course, the sum total of impressions left on the company's many publics. In many cases a brief, casual act by an employee can either lift or damage the corporate image in the eyes of a single customer or caller on the phone. But the overall image is a composite of many thousands of impressions and facts. There are several major elements of image that have to be mentioned: financial performance of the company, reputation and performance of its brands, and external relations with customers and community (Hayward 2005). The single most important factor in the corporate image is company's core business performance, meaning financial results. A growing, profitable corporation with a steady earnings history will, for these reasons alone, please its customers, investors, and the community in which it operates. Graham claims that there are social and environmental factors that may influence the corporate image through interpersonal or mass media communication (Dowling 1986, 109-115). Usually, corporations evaluate or measure their corporate image by conducting a survey. That is why in order to evaluate the corporate image of Turkish Airlines the survey was conducted mainly among its customers.

4   CASE STUDY ANALYSIS

4.1   Turkish Airlines background

The "State Airlines Administration" was founded in 20th of May, 1933. The initial budget of the organization headed by one of the First Turkish aviators Mr. Fesa Evrensev was 180 thousand Turkish Liras (55.814,56€) and the organization employed a total of 24 personnel. The first fleet comprised of three different kind of planes and total of 28 seats.

In 1945, with the addition of more planes, the number of aircraft in the fleet reached 52 and the seating capacity has been increased to 845. Thus, the number of cities flown to, which was three at the time, has increased to 19 cities. As the years went by, there was a number of improvements: the air fleet was growing, different types of aircraft and others. Emphasis has been placed on advertisements and promotions to increase number of passengers.

In 1955 the title of the company was changed to "Turkish Airlines". And in 1956, Turkish Airlines Inc. was established with a capital stock of 60 million Turkish Liras (TL) (18.600.493,03€). During 1967-1980 the demand for fuel, which was supplied by a foreign company, began to be supplied by a Turkish company called Petrol Ofisi through a new agreement. The company that started with just a total of 24 people became a large family with 4,437 members. And of course, the number of passengers carried in only 6 years increased from 528 thousand to 2.5 million.

In the end of 1993, 23 domestic destinations and 55 international were served and the capital stock value was increasing every year. One of the first CSR activities was set up in 2004 when Turkish Airlines inaugurated the "Customer Relations Online Service Centre" where customers could register their opinions and complaints using the airline's website. The company became a member of Star Alliance, which is the world's largest network company. Turkish Airlines had been awarded as the best airline in

Europe for the last 5 years. They became an airline that covers the most countries among other airlines in the world. (Turkish Airlines 2017.)

4.2 Turkish Airlines and the environment

Turkish Airlines is doing much to fight environmental changes. By promoting the European Emissions Trading Scheme (EU ETS), turning its fleet into fuel-efficient aircraft and providing with a carbon calculator. Under this EU ETS, airlines are bound by EU regulation to buy Carbon Credits in the market in situations where they exceed the maximum carbon emission limit prescribed by the authorities to which they are responsible. Further on, the most noticeable topics will be discussed like fuel efficiency, air pollution, waste management and other CSR activities done by Turkish Airlines. (Turkish Airlines 2017.)

4.2.1 Fuel efficiency

The company is working to decrease carbon emissions in many ways. One attempt in this regard is to show the pilots graphs of the harmful effects of flying while using extra fuel. Pursuing for the technically feasible biofuels. Additionally, the company has planted over than 500.000 trees as a strong commitment to the Environment. Airline's fuel consumption has been reduced; it has set a new goal to lessen more by 2025. Turkish airlines is using energy efficient technology on ground. (Turkish Airlines 2017.)

Turkish Airlines have created smart fuel incentive, focusing on fuel conservation. A fuel conservation task force is formed to implement smart fuel initiative, and it flies on the most efficient routes at computer determined maximum speed to be fuel efficient. (Turkish Airlines 2017.)

The diagram below indicates the fuel efficiency improvement by Turkish Airlines.
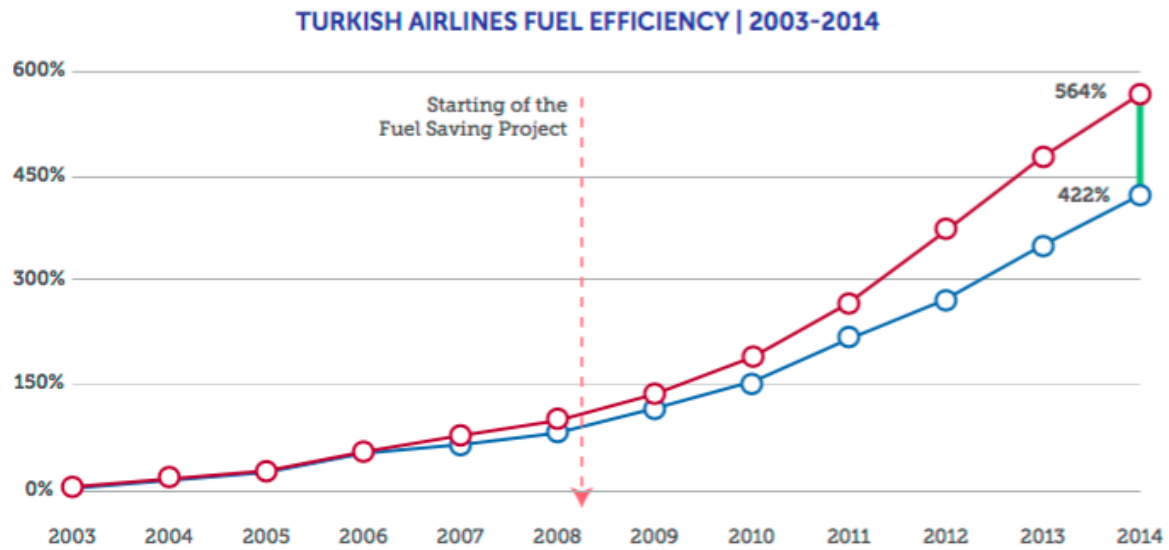
Figure 3. Turkish Airlines Fuel Efficiency 2003-2014 (Turkish Airlines, 2017)

4.2.2   Waste management

The airline's flight attendants started an aluminum can recycling program that benefits the environment by reducing waste material. Other recycled materials are plastic bottles, trays, beverage cups, newspapers and magazines and also aircraft's carpets to reduce waste production.

The Turkish airlines has a more energy-efficient fleet of aircraft that has winglets, and it is also working to decrease plane weights. This is done by using light-weight paints and using carbon fiber instead of metal where possible. The firm is suiting a recycling program. Moreover, it provides magazines during the flight with less papers to avoid waste, as it is better to reduce waste than recycling it. While on the ground, it uses renewable energy and buys energy saving devices to conserve energy. It has started to replace 2,614 baggage containers with their composite equivalents along with 2,500 light pallets and 3,000 light nets which will enable us to save 3,000- 3,500 tons of fuel per year. The illustration below shows the amount of waste sent to recycling in 2014. (Turkish Airlines, 2017.)
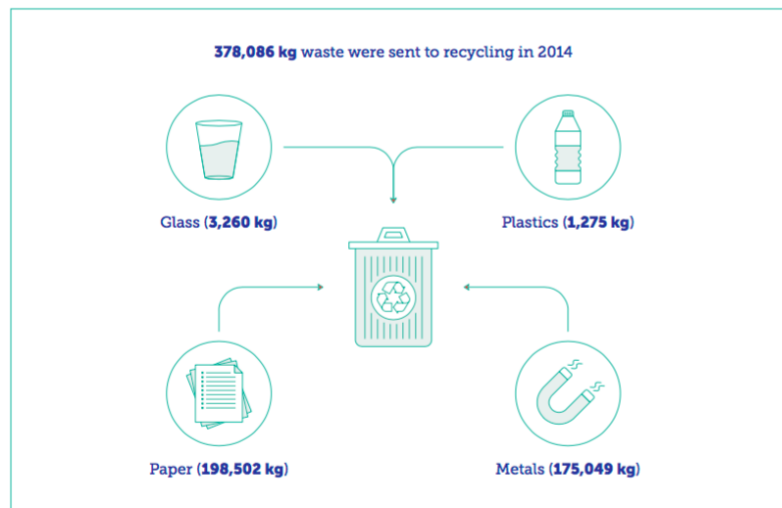
Figure 4. Waste management by Turkish Airlines (Turkish Airlines, 2017)

4.3 Other CSR activities

Turkish Airlines has many sponsorships and they have launched many campaigns and projects, but also they are engaging their employees in campaigns. One of the initiatives they have is "One Team" with the Euroleague Basketball. The initiative consists of reaching out people wwith special needs. As a founding partner of the project Turkish Airlines and basketball players spend their time to reach out to people who are often overlooked by society and use their skills while learned on the court to brighten their lives. The basic principle of the project "One Team" is that it focuses on life skills and not on sports skills. (Turkish Airlines 2015.)

They also have other projects like "Turkish Airlines Open 2014" and "Promoting Bicycles as a Sport Branch in South Africa". (Turkish Airlines 2015.)

"Supporting Forests" is the title of another project. The airline has been planting young trees for each baby passenger who has flown in their airline since 2012. In 2014, in 19 different countries they created memorial forests with 500.000 planted trees. The target was 1 million saplings to plant in 2015. These kind of activities are organized with the full support of Turkish Airlines' employees. (Turkish Airlines, 2015.)

"Humanitarian Response":

In 2011 there was an earthquake in the region of Van, Turkey. Turkish Airlines from the beginning has organized and mobilized all their resources to help Van. They delivered 300 tons of aid materials as well as search and rescue operations, and medical teams to the region. (Turkish Airlines 2015.)

"Supporting Social Development in Turkey":

One of the objectives of Turkish Airlines is to contribute to the society in which it operates beyond its commercial interests (Turkish Airlines, 2015). The most important issue in Turkey is the education, which is the reason why Turkish Airlines support more than 10.000 children in 100 village schools with educational supplies. (Turkish Airlines 2015.)

"Supporting Communities at Our Destinations":

"As the airline brand that flies to the most number of destinations in the world, we contribute to the normalization processes of countries that are going through difficult times and help people of those lands stay in touch with the rest of the world" (Turkish Airlines 2015). Turkish Airlines have helped children in some developing countries like Afghanistan, Niger, Pakistan, Senegal and Bangladesh. They signed an extraordinary aid campaign in order to bring stable economic revenue for the families of orphans, they were giving gifts, soaps, toys, medicine, education, food, etc. The flight crew is always thinking about new ideas, new projects in their destinations keeping in mind that "even though that something is small for us, it means a lot to those people". (Turkish Airlines 2015.)

The airline company will continue to lead the corporate social responsibility projects in various areas and categories during the next years.

5   METHODOLOGY

The survey was conducted among Turkish Airlines customers and is used as primary data. The secondary data that the theoretical framework is based upon consists of scientific and journalistic articles collected from Google Scholar and Masto-Finna online catalogue, and the official website and sustainability reports of Turkish Airlines. Stakeholder theory and Corporate Image are seen as the motivators behind Turkish Airlines' social development and environmental efforts. In order to measure the Corporate Image of Turkish Airlines the survey is used.

The purpose of this survey was to analyze the effect of corporate image on customers. As this variable is not directly measurable, it had to be operationalized, meaning that it was needed to divide the general concept into dimensions and elements to be able to measure.

The dimensions are:

- Do customers care about CSR?

- Do customers know what CSR is and which companies implement CSR?

- Does CSR affect their buying decision?

The survey was sent to Turkish university students, because they are most likely to have flown with Turkish Airlines and students are inherently more aware of the phenomenon like CSR. They are also up-to-date than the older generations. And lastly, they are easier to reach regarding the survey.

5.1   Structure of survey's questions

Some of the questions have reverse coding, meaning that the question will be formed to ask the opposite of what is measured. The purpose to do this way is not letting the respondents just picking the "right" option. If all of the

questions were formed as Company A is good and Company B is bad, then respondents would be more likely to pick Company A.

The funnel technique is used in designing the questions, which means starting with a general question, continuing with deeper ones and ending with few general questions and demographics.

The question about the recent scandal in Volkswagen is used in the beginning in order to get attention of the respondents and to understand their awareness of environmental issues. The company had admitted that they have cheated in the emissions tests in the U.S. and the cars they were advertising emphasizing on their low emission pollution have actually failed to pass the test. About 11 million of their cars were admitted to be issued to this scandal. (Russell 2015.)

5.2 Internal Consistency Reliability (ICR)

After collecting data the Internal Consistency Reliability is analysed. It is important to know whether the respondents' answers are consistent among the questions. Cronbach's Alpha is used as an indicator and SPSS as a software.

"Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A "high" value for alpha does not imply that the measure is unidimensional. If, in addition to measuring internal consistency, you wish to provide evidence that the scale in question is unidimensional, additional analyses can be performed. Exploratory factor analysis is one method of checking dimensionality. Technically speaking, Cronbach's alpha is not a statistical test - it is a coefficient of reliability or consistency. (IDRE 2017.)

5.3   Survey

The link of the survey is http://goo.gl/forms/BC1r8OpI3d. The survey was conducted through Google forms. Convenience sampling method was used, meaning that the survey was distributed to potential respondents, but not entirely selectively.

The first question is "If you were to buy a car now, would you take the recent scandal of Volkswagen into consideration?".The following 3 questions are Likert Scale questions to measure the dimension whether customers care about CSR.The next 3 questions are to see how much the respondents fit to the expected sample, and to measure their knowledge about CSR and the Airline company.

The case questions are about the buying decision dimension. Company B is the price related company in the first and third questions. The question "Company A does tests on animals, whereas Company B is known to be strongly against it. But you believe Company A's products are better. Which one would you prefer?" has reverse coding.

5.4   Preparing for data analysis

There were 105 respondents to the survey, most of them were Turkish and 86.7% have flown with Turkish Airlines before. The survey was sent to a FaceBook group of a one University in Turkey.

The results were exported from Google Forms to an excel document, and imported into SPSS in order to measure Internal Consistency Reliability for the questions of the dimension "Do customers care about CSR?". The Cronbach's Alpha was found to be .642 which is lower than the expected value of 0.7 but due to the fact that there are only three questions measured by this indicator the resuts are considered relevant. The table can be seen in Appendix 1.

5.5   Correlations

Some recoding was done to analyze correlation between some variables in SPSS. A validity analysis was done to see whether the questions are correlated among each other as they are supposed to be.
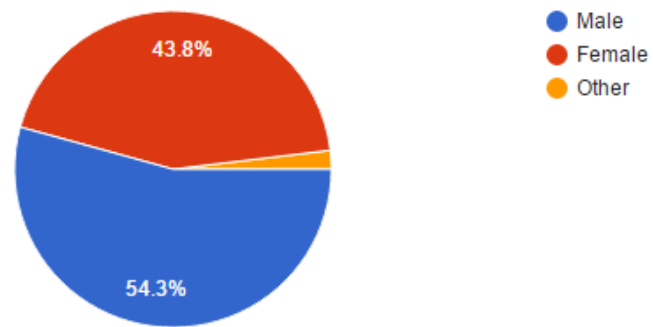
SPSS software automatically flags the correlations. Correlation is a statistical technique that can show whether and how strongly pairs of variables are related. For example, height and weight are related; taller people tend to be heavier than shorter people. The relationship isn't perfect. (Surveysystem 2017.)

The results show that the questions are correlated. If a person answered 5/5 for the question "I care about recycling and environment in general" than the same person is likely to answer high on the questions "I can name companies that abuse their workers and damage the environment" and "I can name companies that are responsible towards environment and social issues". The table of correlations can be seen in Appendix 2.

6   FINDINGS OF THE SURVEY

6.1   Demographics

Gender (105 responses)

Legend:
- Male
- Female
- Other

43.8%

54.3%

Age (105 responses)

Legend:
- Less than 18
- 18-25
- 26-35
- 36-45
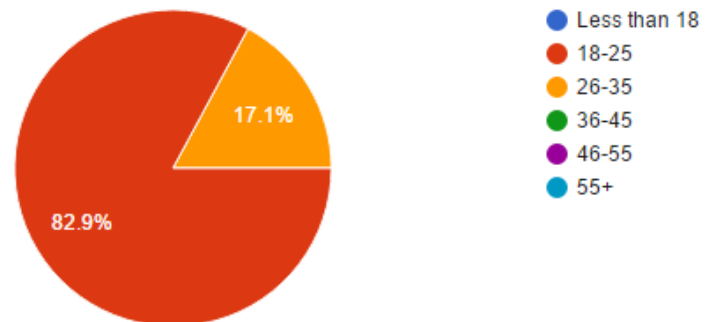- 46-55
- 55+

17.1%

82.9%

Figure 5. Demographics (Google Forms 2017)

The demographics show that 54.3% of the sample is male, 43.8% is female. 82.9% was aged between 18 and 25. The rest was aged between 26 and 35.

6.1.1 Whether customers are aware of their CSR Actions made by Turkish Airlines

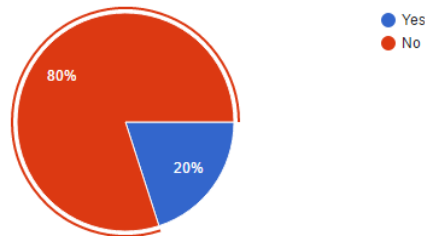Have you heard of Turkish Airlines' CSR Actions ? (105 responses)

Figure 6. Have you heard of Turkish Airlines' Actions? (Google Forms 2017)

80% of the customers are not even aware of Turkish Airlines' CSR Actions.That is an interesting finding.

How often do they fly?

How frequent do you fly in a year ? (105 responses)
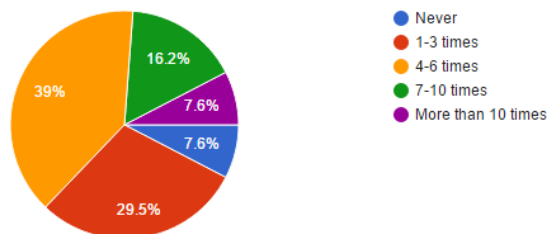
Have you ever flown with Turkish Airlines ? (105 responses)

Figure 7. Questions (Google Forms 2017)

The question "Have you ever flown with Turkish Airlines" show the result of 86.7%, which makes the responsdents answers relevant for the study.

The majority of the respondents fly 1-6 times a year. The ones who fly more than 10 times and the ones who never fly are 7.6% each. In this question, it is clearly seen that the sample is relevant.
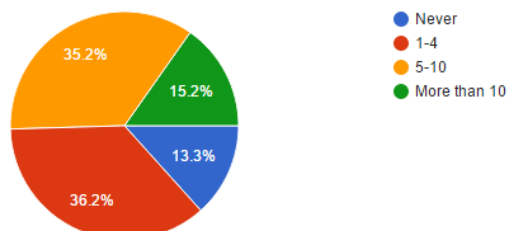
6.1.2 Do customers care about CSR?
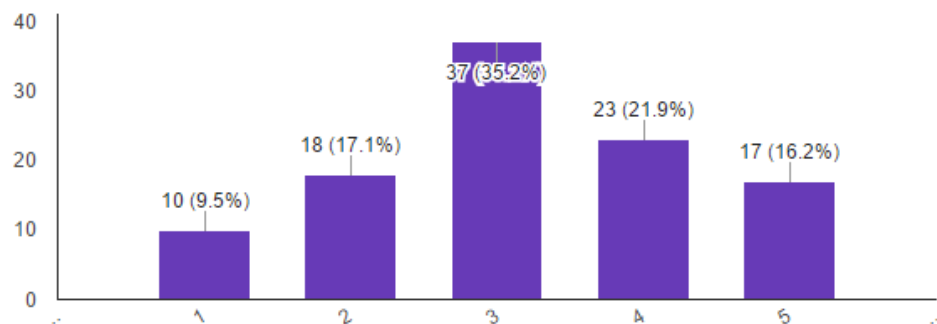
Figure 8. Statistics (Google Forms 2017)

In this and further questions scale 1 stands for "disagree" and scale 5 for "agree". 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.
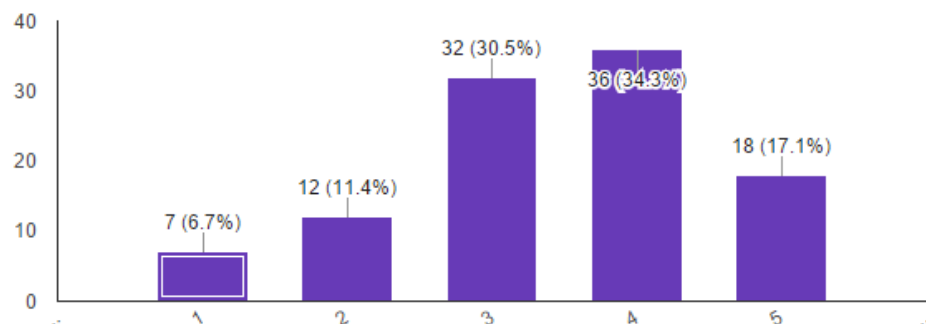
Figure 9. Statistics (Google Forms 2017)

Interestingly, this question had more positive answers than the previous one. Respondents are more likely to have heard negative things about company's image than positive ones.
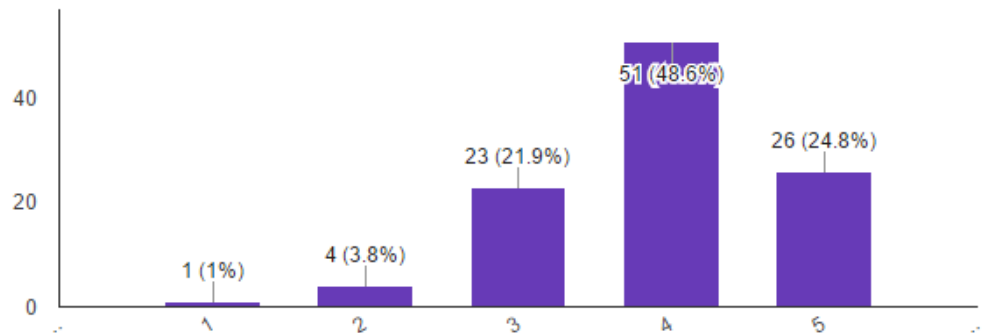
Figure 10. Statistics (Google Forms 2017)

This question had the most positive answers among the dimension, only 4.8% 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.

6.1.3 Does CSR affect their decision to purchase?

Figure 11. Statistics (Google Forms 2017)

1. Company A is known to be socially responsible and Company B does not care at all. However Company B 's price is 50 Euros whereas flying with Company A costs 100 euros You are choosing among these 2 companies to fly with.

2. Company A does tests on animals, whereas Company B is known to be strongly against it. However you think Company A's products are better. Which one would you prefer?

3. Company A is Turkish Airlines, it costs 70 Euros. Company B is another airline company that costs 50 Euros. Which one would you choose?

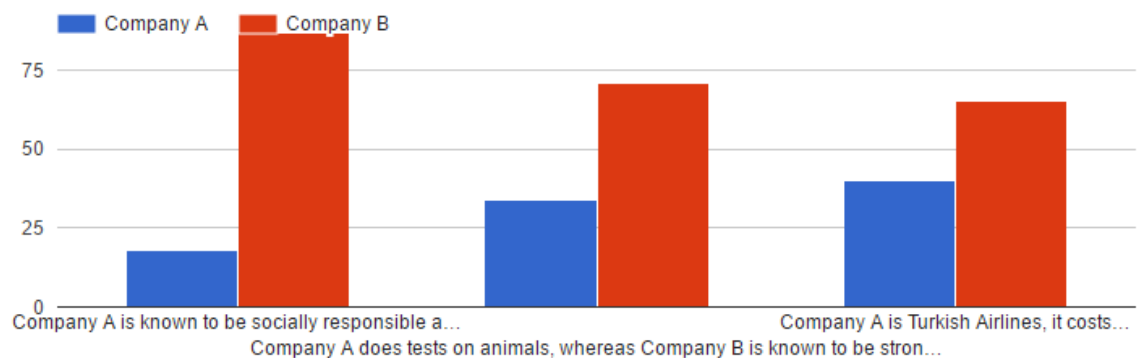According to the results, it can be said that the good corporate image does not influence majority's buying decision when it concerns the price. But if people are choosing between products or services of the same price, the corporate image has an influence on the buying decision.

6.2   Correlations

Correlation between caring about CSR and having a buying decision related to it.

There is no statistically significant correlation between knowing companies that are responsible towards the environment and getting affected by the image created by doing tests on animals or not. This findings are interesting, because doing tests on animals would create a bad image for the company, and the people who are more aware of the company activities would be expected to choose another company. However, there is no statistically significant correlation between these two variables. The table can be seen in Appendix 3.

Correlation between having heard of Turkish Airlines' CSR Actions and choosing a company because of good image.

There is a statistically significant correlation between having heard of Turkish Airlines' CSR Actions and choosing the company that does much CSR over the one that does not care at all. So people who have heard of Turkish Airlines' CSR actions are more likely to fly with the company that is socially responsible but the double price. This is very important for the final conclusions.

Another interesting finding is that there is no statistically significant correlation between having heard of Turkish Airlines' CSR Actions and choosing Turkish Airlines over another company that is cheaper. So the good image of Turkish Airlines is not only about CSR. Appendix 4 shows the table of correlations.

6.3   Limitations and future research

Based on the results achieved through the survey, a new research regarding the influence of corporate image on profitability of a company in airline industry can be conducted.

The governmental and political factors in the stakeholder theory were not a subject to the discussion in this paper, because both factors are mutual dynamics. Meaning, the political decisions affect the governmental intervention and vice versa, and it will not add value or steer the purpose of the paper. The article basically deals with CSR in the long-term, which could be a substantial dispute with the period of governance (which is basically limited by time). However, the article treats the issue from an entrepreneurial level without touching the governmental and political part of the theory.

7   CONCLUSIONS

The thesis was set out to explore the topic of Corporate Social Responsibility (CSR) in the airline industry. The objective of this thesis was to provide an overview of CSR and CSR activities in airline industry, to study how CSR activities affect corporate image and examine the influence of corporate image on stakeholders, specifically customers, by collecting primary and secondary data.

The purpose of the thesis was to answer the main research 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. Stakeholders, such as governments, NGO's and consumers require increasingly higher transparency and traceability from companies.

After reviewing an extensive amount of corporate social responsibility literature and theories on possible benefits and value increase good corporate image could generate, the author can say that investing in CSR is investing on the profitability in the long-run. Overall theoretical framework proposes competitive advantage as a strategic benefit gathered through CSR.

As a result of this research it can be concluded that due to the increased importance and media coverage of environmental issues, airlines are faced with increasing pressure to implement actions that will contribute to sustainable business.

It is worth mentioning that out of 105 responses, 80% of the customers are not even aware of Turkish Airlines' CSR Actions. This is crucial, because this means that CSR actions of Turkish Airlines do not significantly affect Corporate Image of the company in this case. But people who have heard

of Turkish Airlines' CSR actions are more likely to fly with the company that is socially responsible, even if the price is higher than the average.

When we think about CSR effect in general, not taking Turkish Airlines into account specifically, the good image created by CSR becomes a very significant motivator for a customer when it is a matter of choosing a better product or service of the same price. Overall it happened that most of the respondents are price-sensitive, so in this case neither corporate image nor CSR actions can affect significantly customers' purchasing decision.

The author was able to provide answers to the research question along with some suggestions and topics for further research. The author believes that the thesis and the findings provide good background for an organization hoping to improve their corporate social responsibility.

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APPENDICES

Appendix 1.

Internal Consistency Reliability

Case Processing Summary

		N	%
Cases	Valid	105	100.0
	Excluded[a]	0	.0
	Total	105	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.642	3

Item-Total Statistics

	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 in general	6.62	4.046	.318	.700
I can name companies that are responsible towards environment and social issues	7.36	2.425	.543	.404
I can name companies that abuse their workers and damage the environment	7.10	2.691	.524	.435

Appendix 2.

Correlations

		I care about recycling and environment in general	I can name companies that are responsible towards environment and social issues	I can name companies that abuse their workers and damage the environment
I care about recycling and environment in general	Pearson Correlation	1	.295**	.263**
	Sig. (1-tailed)		.001	.003
	N	105	105	105
I can name companies that are responsible towards environment and social issues	Pearson Correlation	.295**	1	.540**
	Sig. (1-tailed)	.001		.000
	N	105	105	105
I can name companies that abuse their workers and damage the environment	Pearson Correlation	.263**	.540**	1
	Sig. (1-tailed)	.003	.000	
	N	105	105	105

Appendix 3.

Correlations

Correlations

		I can name companies that are responsible towards environment and social issues	Please select your opinions about cases below. [Company A does tests on animals, whereas Company B is known to be strongly against it. However you think Company A's products are better. Which one would you prefer ?]
I can name companies that are responsible towards environment and social issues	Pearson Correlation	1	.072
	Sig. (2-tailed)		.467
	N	105	105
Please select your opinions about cases below. [Company A does tests on animals, whereas Company B is known to be strongly against it. However you think Company A's products are better. Which one would you prefer ?]	Pearson Correlation	.072	1
	Sig. (2-tailed)	.467	
	N	105	105

Appendice 4.

Correlations

Correlations

		Have you heard of Turkish Airlines' CSR Actions ?	1	2	3
Have you heard of Turkish Airlines' CSR Actions ?	Pearson Correlation	1	.278**	-.112	.049
	Sig. (2-tailed)		.004	.256	.619
	N	105	105	105	105
1	Pearson Correlation	.278*	1	.045	.059
	Sig. (2-tailed)	.004		.650	.547
	N	105	105	105	105
2	Pearson Correlation	-.112	.045	1	-.128
	Sig. (2-tailed)	.256	.650		.194
	N	105	105	105	105
3	Pearson Correlation	.049	.059	-.128	1
	Sig. (2-tailed)	.619	.547	.194	
	N	105	105	105	105

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

- Company A is known to be socially responsible and Company B does not care at all. However Company B 's price is 50 Euros whereas flying with Company A costs 100 euros You are choosing among these 2 companies to fly with.

- Company A does tests on animals, whereas Company B is known to be strongly against it. However you think Company A's products are better. Which one would you prefer?

- Company A is Turkish Airlines, it costs 70 Euros. Company B is another airline company that costs 50 Euros. Which one would you choose?