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Corporate Social Responsibility Takes Flight: An Exploration of Airline Industry CSR Reporting Practices

by

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**An Honors Thesis in partial fulfillment of the requirements
for the degree Bachelor of Science in Business Administration in Accounting.**

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Introduction

As the public's perception of big business declines, companies have been looking for effective ways to gain the trust of investors and stakeholders. One of the areas that many businesses are focusing their efforts on is the idea of corporate social responsibility (CSR). These practices can go by many names, such as sustainable development, corporate accountability, or social responsibility (Epstein-Reeves). Regardless of the name, the principles behind the label stay the same. Through corporate social responsibility, firms are seemingly altering their business practices in a way that maximizes societal benefits, while, at the same time, minimizing any risks or costs to those impacted by the business (Epstein-Reeves). As a way to communicate to their shareholders, corporations typically disclose CSR reports as a way for owners, perspective owners, or the general public to understand how the firm is performing in conjunction with its commitments and the impacts it has on both the firm and its environment (Hohnen).

This thesis presents an overview of how corporate social responsibility disclosures to the public have evolved over a span of four years, 2016 to 2019, through a sample of commercial airlines. Through my research, I was determined to measure the level of effectiveness of CSR reporting practices as techniques used have evolved in the selected time frame. The value of responsibility reporting lies in the usefulness of its users; then, it is important for companies to understand how the consumers, often current or prospective shareholders, are understanding their reporting practices. As publicized reports continually lengthen, I intended to determine if the provided information is becoming more informative, or if companies inflate disclosures with unnecessary additives to appear more socially responsible.

For this thesis, I narrowed my research on the top five performing publicly traded airlines by revenue and analyzed their respective sustainability disclosures. These firms include Delta Air Lines, Southwest Airlines, United Airlines Holdings, American Airlines Group, and Alaska Airlines (Mazareanu). By using the top five performing airline companies as my area of research, I was able to highlight an industry that is familiar to most while also impacting all the major areas of CSR, social, environmental, and economic (Corporate Social Responsibility: A Research Handbook). The commercial airline industry is constantly criticized for their environmental impact due to a history of high emissions from their planes and ground support equipment. The air transportation sector also has a substantial role socially by employing almost 750,000 direct employees and serving 2.5 million passengers daily in 80 countries in 2019, according to Airlines for America's industry review.

My research contains an overview of corporate social responsibilities and an in-depth look at sustainability disclosure standards for the airline industry created by the Sustainability Accounting Standards Board (SASB). The methodology to conduct my research will follow containing the hypothesis, an explanation of the research process, and the resulting data and conclusion. A discussion of limitations will end the study.

Corporate Social Responsibility Overview

As corporations continue operations, the basic demands for a successful company over the last decade have extended beyond normal business operations, as they have a dominant position within society. Owners and non-owners alike are becoming more concerned with the actions taken by companies who impact a large portion of their daily lives by providing

employment, utilizing natural resources and generate economic value (Corporate Social Responsibility: A Research Handbook). This response has caused a need for companies to introspectively analyze their actions to include an integrity-based CSR strategy with long-term goals that benefit the company involved and the community in its vicinity (Hohnen). CSR is often comprised of three areas of concentration: social, economic, and environmental, but there is not much agreement when identifying these categories in practice and it varies from company to company. In order for companies to accurately depict how they are impacting their community; a firm must decide what actions and metrics to highlight. Although there are three areas of concern that have become synonymous with the term corporate responsibility, there is not one correct answer to the problem companies face when deciding what to include in a CSR report. It is the responsibility of the company to disclose the necessary information to create a transparent and adequate response to satisfy capital market participants (Corporate Social Responsibility: A Research Handbook).

Organizations discuss and disclose responsibility actions through voluntary CSR reports or media releases, an imperative aspect of a successful business today (Milne, Tregida and Walton). Hence, the effectiveness of the reports and the scope of which they cover can greatly impact how the users of the reports view the subject company. The demand for transparency between firm and their stakeholders has never been more important for both parties involved. Because of the ever-present principal-agent problem, firms must effectively communicate areas of importance in every aspect of their business with their owners in an honest manner. This is achieved through mandatory filings of financial information with the Securities and Exchange Commission (SEC), or voluntary reports commonly found on the company's website under investor relations. While not mandatory, it is more commonplace for firms to willingly present information in this area for public use and is becoming a world-wide phenomenon (Goelzer and Hackett). Many accounting firms, such as Deloitte, are now providing value-added services that allow firms to provide information to their stakeholders while managing transparency. These assurance services deliver risk assessments by performing an audit of their sustainability reporting and other key performance indicators ("Corporate Sustainability Reporting Services."). There are other firms that provide assurance services like SCS Global Services, who provided verification for American Airlines' 2019 greenhouse gas emission statement (American Airlines). For the airline industry, firms can obtain greenhouse gas emission assurance services, an area viewed as an important metric for these companies in the airline industry.

Corporate Social Responsibility Standards

The SASB Standards

Even though CSR initiatives have become essentially necessary for most businesses to disclose in the recent years, only a limited number of companies are hiring third-party firms to audit their voluntary disclosures to assure lack of material misstatements. There are no policies or mandates requiring companies who are not hiring additional consulting services to do so. Hence, shareholders do not always have access to standardized information to use to make well-informed investment decisions (Goelzer and Hackett). As companies disclose information regarding their CSR practices in continuously increasing amounts, there has been a push from investors to enforce a set of standards that allow for historical and cross industry analysis. Currently, there is not a statutory set of standards for sustainability reporting that would be equivalent to the generally accepted accounting principles (GAAP) for financial reporting.

However, the Sustainability Accounting Standards Board (SASB) is aiming to fill the gap by developing a framework of standards (Goelzer and Hackett). The standards framework is based on how the SASB interprets sustainability. According to their conceptual framework, the SASB's definition is the "corporate activities that maintain or enhance the ability of the company to create value over the long term," (Sustainability Accounting Standards Board (SASB)).

According to the SASB's overview of their standards, featured before each industry specific set of standards is an overview of that field, including common business models and significant segments. This allows for a well-developed and informed set of metrics to guide business when building CSR reports. In the standards, there are four areas that the SASB focuses on: disclosure topics, accounting metrics, technical protocols, and activity metrics. In order to procure individualized objectives and dependable metrics for each industry, the SASB has done extensive research using industry-specific groups of companies, auditors, investors, and analysts. The result is a well-informed framework capable of addressing CSR issues relating to a specific division of business (Goelzer and Hackett). The SASB created specific standards that fill the need with guidelines that are "metric-driven and focused on financial materiality," thus allowing companies to present their investors with sustainability reports that are analysis friendly ("Why Investors Use SASB Standards").

While the use of these standards is not mandatory, the widespread use of the SASB standards has caused them to be "functionally obligatory" for many companies across a variety of industries (Goelzer and Hackett). The increasing number of firms utilizing the standards developed by the SASB is encouraging investors to expect a holistic and reliable sustainability report from year to year, increasing the value in the information presented within them.

Airline Industry Standards

The SASB has developed a system of standards that narrowly defines industry specific problems and risks. Hence, the airline industry has a set of tailored guidelines to use in voluntary CSR reporting. The airline industry is defined as a set of companies that provide passengers with air transportation for personal and business matters. Companies in this sector include commercial airlines with regional and international focus, sometimes having cargo segments as well. Because of the individualized nature of the guidance created for each industry, firms are able to develop reports that highlight prioritized actions in their sector. The SASB has utilized their specific knowledge of airline business practices to highlight areas that are most notable for this industry to disclose to their shareholders (Sustainability Accounting Standards Board (SASB)). Companies may elect to report with the SASB standards, and out of the five airlines observed in this thesis, only three have published their sustainability reports using the SASB standards in some fashion, Alaska Airlines, Delta Air Lines and American Airlines in 2019. The latter two airlines have disclosed reports using the SASB standards, meaning these companies have utilized the SASB specific standards to create their sustainability report that is available to their shareholders and the public, while Alaska Airlines published sections using the SASB environmental and safety guidance (Alaska Airlines).

SASB Airline Sustainability Disclosure Topics

The SASB has outlined four categories to categorize disclosure metrics: greenhouse gas emissions, labor practices, competitive behavior, and accident and safety management, along with quantitative metrics to guide voluntary CSR reporting in the airline industry (Sustainability

Accounting Standards Board (SASB)). In this section, I will describe in detail aspects of these four areas from the Airline specific SASB standards.

Greenhouse Gas Emissions

Greenhouse gas emissions are a great concern for the airline industry due to the business' high reliance on hydrocarbon fuels. According to the Federal Aviation Administration, aircrafts release emissions that comprise of about 70% carbon dioxide and about 30% water vapor. Harmful pollutants, like nitrogen oxides and carbon monoxide, make up less than 1% of total emissions produced from using hydrocarbon fuels. Most of the emissions created by aircraft are produced at altitudes greater than 3000 feet, but large amounts of ground vehicles used for supporting functions, like shuttle buses and equipment, also create similar outputs with harmful side effects. Pollutants such as carbon dioxide, water vapor, and nitrogen oxides impact climate change, while others, like carbon monoxide, methane, and other hydrocarbons lead to decreasing air quality (Federal Aviation Administration).

The airline industry is battling to minimize its effects on the environment through greenhouse gas emissions, making this area of sustainability reporting a top priority. Jet fuel consumption makes up for about 98% of Delta Air Line's 2019 carbon footprint (Delta Airlines). The SASB focuses on Scope 1 emissions, which are "direct greenhouse gas emission that occur from sources that are owned or controlled by the company" (The Greenhouse Gas Protocol). Management of these pollutants often comes in the form of increasing fuel efficiency through upgrading many areas of the business process. These upgrades include replacing fleets with more fuel-efficient planes, optimizing flight routes, and the inclusion of alternative fuels (Delta Airlines). The SASB airline standards employ three accounting metrics to quantify firms' level of sustainability in the area of greenhouse gas emissions: gross global Scope 1 emissions, discussion of strategy to manage the Scope 1 emissions and strategic performance, and metrics concerning fuel usage (Sustainability Accounting Standards Board (SASB)).

Labor Practices

With a business model heavily dependent on their staff, it is imperative for the airline industry to continue to disclose how they are satisfying their employees through fair labor practices. Labor practices encompass many essentials needed for an effective workforce. A key aspect of analyzing the labor practices of the airline industry concern the unionization of many employees of these companies. This element allows for the negotiation of safe working conditions, fair pay, and other basic rights for employees while increasing the cost of personnel on the firm (Sustainability Accounting Standards Board (SASB)). This industry employed almost 750,000 people and spent over 126 billion in wages and benefits in 2019 with a job growth trend competitive with the national average. This provides evidence of the importance of employees as a valuable asset to the companies (Airlines for America).

While unions are a benefit for employees, the firm can face financial hardships due to strikes, potential conflicts, and increasing pay. This can impact the bottom line of airlines' income statements through the potential for stoppages and lost revenue. Because the airline industry involves many unionized workers, the SASB has created metrics that disclose the percent of workers who fall under the protection of collective bargaining. It also includes the number of business halts and total days idle because of a strike. The standards consider a stoppage one where 1,000 workers or more forgo one shift or more (Sustainability Accounting

Standards Board (SASB)). These metrics are used to analyze how the airline companies are effectively managing their employees.

Competitive Behavior

The competitive behavior section of the SASB standards analyzes how the airline industry manages a business model with high fixed costs and large employee expenses. Owing to the nature of the business, the airline industry operates with a potential for anti-competitive practices, such as unreasonable pricing and alliances with competing firms. The Global Reporting Index defines anti-competitive behavior as “action of the organization or employees that can result in collusion with potential competitors, with the purpose of limiting the effects of market competition.” These actions taken by firms can impact various areas of the business from pricing, freedom of choice for consumers, and other elements necessary for an efficient market outcome. (Global Reporting Index). The airline industry is constantly under watch by antitrust authorities who criticize these actions. Merger delays, legal fees, and reputation damage can cause risk to fall back on the shareholders, increasing the importance of disclosure in this area. The predominant metric for this topic is the monetary loss resulting from legal proceedings due to anti-competitive behavior (Sustainability Accounting Standards Board (SASB)). This metric concerns the disclosure of legal actions under national or international oversight that are intended to regulate monopoly and anti-trust actions. Maneuvers taken by firms engaging in anti-competitive behavior may use quotas based on their geographic region, fix prices instead of following market fluctuations, and restricting output into their market (Global Reporting Index). In an industry that faces a high competition and comparably lower profit margins, it is becoming more commonplace to seek partnerships with competitors to keep prices high and prevent targeted actions toward other companies. Firms who participate in strategic partnerships may face a disturbance in the firm’s market performance and other punitive actions from legal bodies (Global Reporting Index).

Accident Safety and Management

Passenger safety is of the utmost importance for airline firms in order to maintain a reputable name in the industry. High safety standards are expected and prioritized in order to transport customers and cargo in a comfortable and timely manner. Plane wrecks and other related accidents, while not common, are an issue of concern for shareholders. Airlines can mitigate risks resulting from safety concerns and incidents by implementing a safety management system. Safety management is a proactive, not reactive, response to possible risks to the safety of both customers and employees alike. Implementing effective safety management systems creates efficient, process-based technique that leads to a better understanding of the safety environment (International Civil Aviation Organization). Safety for airlines also concerns the employees, pilots to flight attendants to runway crew members. In order to mitigate accidents, up-to-date safety training and continuous maintenance of aircraft is necessary for the safe keeping of all involved in operations (Sustainability Accounting Standards Board (SASB)). The effectiveness of a safety management system all depends on the safety culture from management and employees that maintain it. It is necessary for firms to instill a culture that focuses on safety to increase reporting of accidents to allow for improvement within the system (International Civil Aviation Organization).

Under the SASB standards for airline industries, the firm should disclose a description of their safety management system and how effective it is. Accident and safety management also

concerns the numbers of aviation-related accidents reported along with the number of actions the government has taken regarding aviation safety regulations (Sustainability Accounting Standards Board (SASB)). Many firms in this research take great pride in reporting how much their employee reporting ratings have improved from year to year, as well as the number of severe accidents that have occurred or mitigated. These actions by the airlines help instill a culture that promotes safety for the employees and customers alike.

Methodology

Hypothesis

For this exploration into the reporting practices of five major United States airline companies, I employed a cross-sectional analysis technique, comparing the companies to their industry competitors, as well as a horizontal approach to compare each airline's own reporting actions from 2016 to 2019. My main points of focus were on the SASB specific topics that I could identify within the reports, as well as reporting practices overall, observing how the individual companies presented data and the topics included. When looking at each company, my goal was to determine which areas of CSR were featured more heavily than others to understand where each unique airline puts their focus. The areas firms report on presumably reflects their sustainability goals to the reader (e.g., shareholders), and I intended to observe how the areas of importance for each airline changed, or remained static, over four years. I expect the reporting practices to increase or remain consistent in each area of CSR over the four-year period.

Because of the increasing importance of social responsibility practices, from my own observations, the trend appears to increase the disclosure of information and create larger, more well-designed reports as years pass. Another goal of this thesis was to determine if companies were disclosing lengthier reports in an effort to truly provide more information to the report consumer or increasing the page count to appear more sustainably orientated. I expect there to be an overall direct relationship between the number of pages included in each report, and the amount of quality data presented to readers.

Research Procedures

In order to gain a more in-depth understanding how the shareholders of these corporations are receiving information about sustainability practices, I have analyzed the public sustainability reports from the five previously mentioned firms using the industry specific SASB standards. From each of the airlines' 2016 and 2019 reports, I have highlighted the CSR goals and initiatives and divided them into one of the five categories using the SASB standards as a guide. The categories include: Greenhouse Gas Emissions, Labor Practices, Competitive Behavior, Accident and Safety Management, and Other (Sustainability Accounting Standards Board (SASB)). The other category contains CSR initiatives that include community engagement, customer service and other related programs, awards, and spotlighted actions that

do not fall within the categories set by the SASB. Figure 1 contains the five categories along with examples of CSR practices from company reports.

Category	Greenhouse Gas Emissions & Other Environmental Impacts	Labor Practices	Competitive Behavior	Accident & Safety Management	Other
Example	Delta Air Lines saved 33 million gallons of fuel and 325,000 metric tons of CO2 emissions through fuel saving initiatives in 2019.	Southwest Airlines introducing six-week paid parental leave for parents of children born or adopted after January 1, 2019 .	Alaska Air Group had no monetary losses due to competitive behavior in 2019.	American Airlines was the first adopter of Aviation Safety Action Program and reported 11,952 reports in 2019.	Since 2015, United Airlines has operated as the official airline sponsor of Global Glimpse.

Figure 1

In an attempt to create a holistic analysis of the CSR reports, I expanded each SASB-created topic to account for practices not specifically addressed in the standards. The standards heavily focus on metric driven data, such as gallons of jet fuel used or number of days idle resulting from collective bargaining agreements (Sustainability Accounting Standards Board (SASB)). While these airline companies were reporting such items in their reports, they were also disclosing policies and behaviors that align with the identified SASB categories but were not specifically mentioned in the standards. For example, the SASB standards on labor practices focus heavily on labor unions, but I found many practices that involved employees that expanded beyond collective bargaining. Focusing only on metrics that align with unions and collective bargaining agreements limits the scope of the analysis because not all employees are union members. American Airlines reports the highest number of unionized workers at 85% (American Airlines) while Delta identifies only 16% as unionized in 2019 (Delta Airlines). Along with the labor union metrics, I included in the labor practice section actions that benefit employees and centered around providing an enriched work environment, such as paternity leave (Southwest Airlines) and business resource groups (United Airlines). From this approach, I created a set categorizes that account for a more complete look at the CSR reporting done by these airline companies.

Analysis Process

To begin categorizing each of the reports, I created an Excel workbook to house the data extracted from the reports, creating a separate spreadsheet for each airline and year for a total of ten spreadsheets. Each spreadsheet contained identical headings for each category included in the SASB standards with another column for notes. While each report was unique in design and content, each company divided its report into categories based on areas of CSR that mattered to that company. For this research, I defined activities as any unique policy, workshop, accomplishment, or other action that signal unique CSR practices for the company. I searched each report for metrics, quantitative or qualitative, that identify a CSR activity. Some companies provided a highlights report, a small sample of the actions in various categories that the airline wanted report users to quickly identify. For firms that disclosed that section in the beginning of the report, I first pulled data from it, gaining an understanding of how that company presents its metrics and actions before looking at the report as a whole. Many of the companies begin with a letter from the CEO or president of the company, giving an executive summary of significant items presented in the report. Often, it is followed with graphics highlighting the most

noteworthy metrics, awards, and goals that the company met in the year. These first few pages held the bulk of CSR actions for the company, with the remainder of the reporting giving more detail on the achievement of those metrics. When reading reports, I targeted action words, such as “implemented,” “partnered,” and “launched” to easily spot initiatives. I also focused on graphics, employee anecdotes, and highlighted text to spot activities throughout the body of the report as well. This process allowed me to scan the reports effectively while narrowing in CSR initiatives of importance.

Data

Gross Scope 1 Emissions (thousands of metric tons)						
	2016 Emissions	2016 Revenue (In Millions)	Tons Per Revenue	2019 Emissions	2019 Revenue (In Millions)	Tons Per Revenue
Alaska Airlines	5,087	5,900	0.862	8,267	8,781	0.941
American Airlines	41,801	40,180	1.040	41,143	45,768	0.899
Delta Air Lines	35,060	39,639	0.884	38,162	47,000	0.812
Southwest Airlines	19,665	19,800	0.993	20,532	22,400	0.917
United Airlines	31,447	36,558	0.860	N/A	43,259	N/A
Average	25,403		0.945	27,026		0.892

Figure 2

After collecting all necessary data from the company reports, I began organizing data into tables, focusing on SASB specific metrics, as well as other significant data such as philanthropy efforts. Some tables contain a percent change metric to compare 2016 to 2019.

As a part of my analysis, I compiled available environmental metrics from the SASB standards to compare the airlines against each other to determine how the airlines’ environmental impact changed. Looking at the numbers at face value, it was difficult to compare the airlines to each other due to vastly different business sizes. To create a more comparable metric, I divided the total amount of scope 1 emissions by the total amount of revenues earned for the fiscal year. Because I compared scope 1 emissions relative to revenues earned in millions, a metric available for every airline, I could determine which company was releasing the most emissions per million of revenue earned. To compare the airlines’ scope 1 emissions more accurately, I calculated the

Employees Under Collective Bargaining Agreements										
	Alaska Airlines		American Airlines		Delta Air Lines		Southwest Airlines		United Air Lines	
	2016	2019	2016	2019	2016	2019	2016	2019	2016	2019
Trade Union/Collective Bargaining	11,736	17,929	88,796	123,310	15,984	13,771	44,435	50,437	70,223	N/A
% of Total Employees	74%	74%	85%	85%	19%	16%	83%	83%	80%	N/A
Total Employees	15,859	24,134	104,466	145,070	84,245	91,000	53,536	60,767	87,779	N/A

Figure 3

ratio of emissions to full time employees in figure 2. This table allowed me to more easily analyze the emissions created by each airline relative to its competitors.

Figure 3 compares the rate of employees covered by collective bargaining agreements across the five airlines, as well as 2016 to 2019 comparison. This table allowed me to easily compare the SASB metric for labor practices.

Philanthropic Actions											
	Funds and Like-Kind Donations (Millions)			Volunteer Hours Donated			Number of Full Time Employees		Number of Volunteer Hours Per Full Time Employee		
	2016	2019	% Change	2016	2019	% Change	2016	2019	2016	2019	% Change
Alaska Airlines	13.5	15.3	13.3%	27,000	41,000	51.9%	15,859	24,134	1.70	1.70	-0.2%
American Airlines	23.5	33.0	40.4%	37,000	157,000	324.3%	104,466	145,070	0.35	1.08	205.6%
Delta Air Lines	38.0	59.0	55.3%	520,660	N/A	N/A	84,245	91,000	6.18	N/A	N/A
Southwest Airlines	25.0	24.3	-2.8%	149,695	200,000	33.6%	53,536	60,767	2.80	3.29	17.7%
United Airlines	22.3	N/A	N/A	57,006	N/A	N/A	87,779	N/A	0.65	N/A	N/A
Average	24.5	32.9		158,272	132,667		69,177	80,243	2.34	2.02	

Figure 4

Lastly, figure 4 outlines the ratio of volunteer hours and full-time employees for each airline. I included this chart to highlight important metrics in the “other” category. Almost every airline included donation data in their reports every year, allowing me to accurately measure how the airlines compare when giving back to the community, in this manner, where they operate.

Results

Cross-Sectional Analysis

Through my research, I found that environmental impacts are one of the greatest concerns of the airline industry in the United States. This can be seen through continuous efforts to reduce carbon emissions and jet fuel usage while increasing recycling programs found in each of the airlines observed. The disclosure of carbon emissions and fuel consumption reveals how these companies are achieving their goals to reduce their impact on the planet. American Airlines claimed the most scope 1 emissions in both 2016 and 2019, despite not being the largest company in earnings in 2019. Delta Air Lines was the only airline to reduce their greenhouse gas emissions overall, while other airlines in this study increased their gross amount. All airlines except Alaska Airlines reduced their carbon emissions relative to their revenues. This coincides with efforts made by the firms to gradually reduce the amount of greenhouse gas emissions produced through operations to reduce their impact on the environment.

The SASB labor practices metrics heavily concern the unionization of workers in the airline industry. In figure 3, it is easy to see that unions are a large concern for most of the airlines observed in this thesis. With Delta Air Lines being the exception, a vast majority of people employed by the firms benefit from collective bargaining. American Airlines, according to their 2016 and 2019 CSR reports, has the largest percentage of unionized employees at 85%, while Southwest Airlines stands at 83% (Southwest Airlines). From this analysis, it appears that all airlines included in this study, except Delta Air Lines, embraces the use of collective bargaining for the gain of their employees and maintains a steady level of unionization in their business. Delta Air Lines is doing the opposite, reducing the percentage of employees unionized, thus subject to collective bargaining.

All airlines involved in this study placed a large emphasis on their community efforts. In figure 4, the involvement of volunteerism related activities in all aspects increased from 2016 to 2019. Delta leads with the greatest number of volunteer hours per employee in 2016 (Delta Airlines), while American Airlines' hours per employee increased the most between 2016 and 2019 (American Airlines). I found that the trend in hours volunteered and amount of donations trends upwards from 2016 to 2019, as well as the number of hours donated per employee. Therefore, reported data in this area suggests that these companies are continually putting more efforts towards enriching the surrounding community.

Alaska Airlines

In 2016, Alaska Airlines presented its sustainability report as an interactive website, instead of a downloadable report, with sections titled overview, planet, people, and performance. The firm's largest category of activities from my analysis was environmental impacts. Some of the efforts published reduced jet fuel consumption by switching from glass bottles to aluminum beer cans and also mitigated effects on the planet. These efforts included switching to tablets to save 100 pieces of paper per departure and replacing light fixtures with LED lamps at its flight training center. The airline also emphasized labor practices and safety management in their people centered section. Alaska Airlines disclosed several efforts concerning veteran employees like the Camo2Commerce program and disclosing its proportion of veteran employees to non-veterans. In the safety management subsection, Alaska Airlines included numerous metrics on its safety management system that was the first accepted by the Federal Aviation Administration (FAA) and the increased accident reporting numbers by employees (Alaska Air Group).

In 2019, Alaska Airlines changed its reporting style by using a downloadable file format and included a section at the end of the report for SASB specific environmental and safety concerns. The airline reduced the number of activities classified into the environmental impact group, disclosing generic environmental metrics concerning reducing emissions, paper consumption, and jet fuel usage. Alaska Airlines continued to report metrics regarding its safety management system, causing their accident and safety disclosures to remain constant. Labor practices reporting also shifted to highlight more diversity and inclusion metrics, such as including that their board of directors was majority female. Overall, Alaska Airlines' reporting methods improved, but the amount of information reported in all categories stayed relatively consistent between 2016 and 2019.

American Airlines

American Airlines in 2016 focused heavily on labor and community focused initiatives. The largest category in my analysis was labor practices, while the other category overflowed with volunteering projects and customer service focused actions. The airline created many opportunities in 2016 to allow for a more diverse workforce, hosting an inclusion summit and participating in supplier diversity events. They also received awards from the Disability Equality Index, Corporate Equality Index, and America's Diversity Advisory Council. In the 2016 report, only a few initiatives concerning environmental violations, investments in more fuel-efficient aircraft and introduction of first in-flight recycling program were included in their report (American Airlines).

For 2019, American Airlines utilized a SASB approach to build its report, creating sections for SASB topics. The firm made the most improvement within their environmental impacts category between 2016 and 2019. Eighteen pages in its report were devoted to environmental disclosures. The company also increased reporting in its labor practices section, continuing to create a culture surrounding diversity and continuous improvement for their employees. In 2019, American Airlines included a section devoted specifically to accident and safety management, disclosing improvements to their safety management system and efforts to keep their labor force safe on the job. The company improved every aspect of its reporting process between 2016 and 2019 by expanding the amount of information provided through its report. The 27-page 2016 CSR report delivered more surface level information when compared to the 62-page 2019 report where the airline went into more detail of their CSR actions.

Delta Air Lines

Delta Air Lines remained consistent in its reporting over the four-year period observed in my research. I found that the company provided readers of its reports with a vast amount of information in every category in the SASB standards, except competitive behavior. As a way to divide its report, Delta has a section for environmental, employee and community related disclosures for both years, and in 2019 Delta added a section specifically for safety initiatives.

In 2016, I identified the most labor practice related activities over any other category. Delta disclosed copious amounts of information regarding employee benefits, trainings, and profit-sharing amounts. However, the largest category for 2019 switched to environmental practices with more emphasis on disclosures pertaining to emissions, carbon offsetting, and recycling programs. The company still provided detailed information in every other category; hence a robust accident and safety management section was present for analysis. The airline also disclosed extensive information about their community involvement for both 2016 and 2019, detailing how their efforts impacted many organizations. Delta's reports were the most in-depth out of all the reports analyzed, helping readers understand the information presented using multiple mediums. It also consistently created well-designed, visibly pleasing reports that made for easy understanding of their CSR priorities. While there was not much volatility in Delta's reporting practices, this analysis brought light to the company's insistence on reliable transparency to their report users.

Southwest Airlines

Southwest Airlines makes its priorities known through the sections used to divide their report for both 2016 and 2019: performance, people, and the planet. This was reflected the amount of reporting I categorized in each section. Environmental disclosures were heavily disclosed in 2016, highlighting initiatives to reduce its impact on the planet through jet fuel reduction efforts and heightened recycling practices that kept 3,348 tons of waste out of landfills. In 2019, Southwest Airlines continued reporting high amounts of information on its environmental efforts, devoting an entire section of their reports to planet centered actions. Many of the actions in 2019 were a continuation of initiatives that had begun in prior years, like an in-flight recycling program and on-going efforts for reduced carbon emissions (Southwest Airlines).

In 2019, Southwest joined the effort towards sustainable aviation fuel (SAF) by committing to purchase 3 million gallons. Southwest Airlines also showed a commitment to their employees and customers through the people section. In my analysis concerning labor practices,

Southwest disclosed about the same number of initiatives in 2016 and 2019 and the reporting topics also remained consistent. Southwest disclosed profit-sharing amounts and training hour totals for employees in both years, but also included new policies such as paid leave for new parents in 2019 and tuition reimbursement in 2016 (Southwest Airlines).

In comparison with other airlines, Southwest Airlines lacked reporting on accident and safety management actions in 2016, including only the number of hours employees trained within the report, and did not improve disclosures in 2019. Southwest Airlines instead focused an entire section to financial disclosures, filling numerous pages with performance data tables and financial statements. Southwest remained relatively stable in the number of activities per category due to a consistent reporting style and section headings 2016 and 2019 (Southwest Airlines).

United Airlines

Just like Alaska Air Group, United Airlines used a website to house their CSR reporting. The website has four tabs that consolidates data from several years, with a fact sheet that denotes important metrics such as greenhouse gas emissions and workforce numbers. From the information that was available, I was able to determine that environmental issues and labor practices were areas they focused the most resources on and page space towards. Many of the actions highlighted in their report concern initiatives to become a more environmentally friendly airline. This includes efforts to accelerate the development of sustainable aviation fuel (SAF) by donating \$40 million in 2019 and purchasing 10 million gallons from World Energy over 2019 and 2020, making up 50% of commercial aviation's agreement to use SAF (United Airlines).

In 2019, United Airlines was recognized for continuous effort to create a great place to work for their employees, earning numerous awards recognizing the company for efforts in inclusion and employee well-being. Most of the items classified as labor practices concern awards for great efforts in creating a great place to work for its employees. Overall, there was not much information posted about safety management, except the usage of an Aviation Safety Action program and employee injury rates (United Airlines). United Airlines has not updated this website to reflect the most recent data, so it was difficult to compare their efforts in 2016 to 2019. This also showed that CSR reporting was not a great concern for United Airlines, or their shareholders are not demanding this information. If United was insistent on providing their investors with up-to-date, high quality data, it would publish reports similar to those of other firms included in this thesis.

Quality vs Quantity: Report Lengths

The expanding size of reports published in 2016 compared to 2019 reflects the natural progression of increasing information to investors. One of the objectives of this exploration was to analyze the changes in reporting over the years observed, this includes report presentation. American Airlines created a 27-page report in 2016 but increased the size of its 2019-2020 report to 62 pages (American Airlines). The quantity and quality of data presented in 2019 greatly increased and allowed for users of American Airlines' reports to have a larger amount of information concerning the company's CSR goals and achievements. Meanwhile, Delta Air Lines decreased the size of its reports from 107 pages in 2016 to 88 pages in 2019 (Delta Airlines). These numbers include cover pages and appendices.

However, the number of pages included in the report is trivial when compared to the content presented on them. Delta, in my observations, was able to create two reports in 2016 and 2019 that accurately presented its position in the CSR space despite a de-escalation in the number of pages used. On the other hand, robust reports with many pages does not always coincide with quality reporting. Southwest Airlines publicized a 103-page CSR report in 2019. When reading this report, I found information was often repeated throughout the document. For example, Southwest Airlines showcased statistics found in graphs and graphics at the beginning and then repeated them several times further into the report. There were often large blank spaces after sections, enlarging the page numbers but adding no value to the reader (Southwest Airlines).

CSR Report Page Total									
Alaska Airlines		American Airlines		Delta Air Lines		Southwest Airlines		United Air Lines	
2016	2019	2016	2019	2016	2019	2016	2019	2016	2019
Website	22	27	62	107	88	99	103	Website	Website

Figure 3

In my research, I observed that the number of pages included does not definitively conclude that there was an increase in high quality information provided in the report. As page numbers increased, reports included information that was not strictly metric driven, such as personal stories from employees or highlights on humanitarian efforts. Like in Southwest’s 2019 One Report, page 29 showcases anecdotal examples of employees providing exceptional customer service, and they also included many pages of financial statement data in its reports. In Delta Air Lines’ 2016 report, pages 72 to 88 spotlight through employee stories the ways Delta gives back to the community they operate in through donations and volunteerism. It reduced to 7 pages in the 2019 report. The SASB metrics do not include these topics, though important to CSR practices, and give additional length to the reports. One thing seemed clear to me, that is the quality of reporting for all airlines, except for United Airlines, improved from 2016 to 2019. The companies incorporated more intuitive presentations of their data, including more graphics, charts, and year-to-year comparisons that allowed the reader to easily identify key metrics.

Limitations

Within my research, many factors led to limitations. The first concerned United Airlines. The airline did not have specific reports covering their CSR practices for 2016 or 2019 at the time of this research. Instead of publishing a report every year, United Airlines posted to a webpage left untouched since June of 2019. The letter from the CEO is dated 2018. On their website, United posted graphs, and charts with data from 2016-2018 and sometimes June 2019. Since there is no specific report for each year, it is difficult to determine when initiatives are beginning and ending and what is being done in each specific year. It was difficult to find initiatives completed in 2016, causing the data to come from 2019 almost entirely. This placed a limitation on the cross-section analysis that was possible using United Airlines for comparison and prohibited any cohesive time series data for this firm.

Another limitation presents itself with the use of the SASB industry specific standards. While the SASB standards give a great framework for companies to analyze metric driven data on areas that are important to the airline industry, it lacks guidance on customer service or

philanthropic efforts. The SASB does not suggest how to display and report data on volunteerism, the donation of funds and like-kind donations, or community focused actions. This caused me to create a fifth category for my research for an “other” category because there was no topic provided by the SASB that covers those actions. The SASB standards put a large emphasis on competitive behavior, devoting an entire section of their standards to its reporting. However, many airlines do not report on monetary losses because of these actions, or they do not have any losses to report, like American Airlines and Alaska Airlines in 2019. Most of the firms observed disclose training for their management and relevant employees on competitive behavior matters, such as Southwest Airlines in 2019 and Delta Air Lines in 2016.

Lastly, there is room for human error in this research. There is the possibility that I missed important CSR initiatives when reading through the reports and documenting actions. Because of this, there is a possibility that the observations and conclusions herein reflect incomplete data. When scanning reports for metrics for time-series or cross-sector analysis, I was not able to find all the data needed to have a complete analysis of all five firms over the time observed. Slight differences in wording between firms and alternative CSR indexes used to create the reports could have caused this limitation.

Conclusion

As a result of this research, I found that corporate social responsibility reporting has grown in importance for the airlines observed through increased CSR initiatives and information availability in publicly available responsibility reports. From 2016 to 2019, the trend for these companies is to continually provide additional information in categories concerning the environment, labor practices, accident and safety management and competitive behavior to their stakeholders in the effort to become more environmentally and socially viable.

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