Virgin: Corporate Social Responsibility Case Study

Feb 2017
Version 1.0

Introduction

“Can you imagine what a different world we will live in when businesses do what’s right for the communities and the environment in everything they do?” (Richard Branson)

Corporate Social Responsibility (CSR) is a very broad concept that has many definitions and different approaches. However, most business models of CSR involve similar activities that include environmental considerations, philanthropic activities, ethical practices and volunteering. Due to the increasing recognition that CSR can be instrumental to business success, organisations strive to embed CSR principles within their strategic business plans in order to maximise long term profits and shareholder trust by taking responsibility for corporate actions. Organisations are embracing those activities that have a positive impact on society, the environment and the economy.

CSR Principles

Core principles of CSR addresses many areas such as human rights, governance and ethics, community involvement, environmental impact, transparency and compliance to International Standards. Organisations adopt these principles within polices, practices, and investments.
Examples of which can include the following:

- Issuing Ethical Codes of Practice
- Developing equal employment opportunity policies and practices
- Conducting Ethical Audits
- Developing formal CSR systems and roles to support CSR behaviour e.g. creating Environmental Champions and Green Teams
- Reducing energy, waste and paper through recycling and energy saving initiatives.
- Using video conferencing and webinars to reduce carbon footprint.
- Investing and donating in community projects and charities
- Giving back to the community by providing free services and attending events without expecting anything in return.

It has been increasingly evident that by undertaking CSR initiatives the tangible benefits to an organisation can be seen in reducing cost and risks, gaining competitive advantage, building a strong reputation and satisfying stakeholder demands.

Four Case Studies on Corporate Social Responsibility:
Do Conflicts Affect a Company’s Corporate Social Responsibility Policy?

Case study - Mapping CSR activities to stakeholder requirements. Virgin Atlantic Airways

Virgin Atlantic Airways was founded in 1984 by the entrepreneur Richard Branson. From small beginnings, with one aircraft flying from London Heathrow to Newark in the US, it has since become one of the world’s leading airlines with a fleet of 39 aircraft serving 30 destinations. (Virgin, 2016)

VA’s sustainability programme called ‘Change in the Air’ focuses on the environment and the community. This programme won VA the best CSR programme in the 2016 Business Travel Awards and has been a contributing factor in profit growth after three years of losses with registered pre-tax profits of £14m for 2014 (Guardian, 2015). In analysing how VA fulfilled stakeholder demands to achieve their overall three goals which were to ‘get back into profit, preserve the magic for our people, and improve customer experience’ it is evident that CSR initiatives played a crucial role.

Video – Virgin: Changes in the air!
Virgin Atlantic Stakeholders:

Mapping CSR Activities

**Customers:**
- In creating the perfect customer experience VA partnered with the Sustainable Restaurant Association (SRA) to provide sustainable food and drink on board their services. Their catering operations offered Fairtrade products, sustainably sourced fish products and using alternative products to beef, soy and palm oil to reduce the impact of reforestation.
- Offer customers the opportunity to offset their carbon footprint by funding a scheme that supports Natural Capital Partners which finance renewable energy and resource conservation projects.

**Community:**
- The Virgin Atlantic Foundation, a registered charity supports a range of children charities.
- Partnered with Free the Children charity to raise £4.5m for projects in the UK and overseas. (Annual Report, 2015). Funds were raised by the ‘Change the Children’ on board charity appeal and provided financial support for UK and overseas initiatives in providing educational resources, staff training and facilities.
• Free the Children's International Programme ‘Adopt a Village’ is supported through helping several communities across the globe including Kenya, India and China. Investing in water and sanitation, education, health and income generating projects.
• Finance research and education into developing commercially sustainable renewable energies and technologies for the future.

**Suppliers:**
• Suppliers must sign a ‘Sustainable Procurement Policy ‘covering all aspects of people, animal and environmental welfare.
• They have an ‘Ethical Carriage of Cargo Policy ‘which complies with conventions on international trade. The airline refuses to carry commodities such as ivory, fur products and shark fins.

**Employees:**
• VA offer a fair and supportive work environment for employees developing a diverse and inclusive work place.
• Encourage VA staff to volunteer for charity events to help raise money through adventure challenges such as climbing Mount Fiji or cycling across India.

**Governing Bodies:**
• VA provide comprehensive training for employees and have transparent compliance protocols and practices in place to meet compliance with:
  1. regulatory authorities and governing bodies e.g. Civil Aviation Authority to ensure that safety, ownership, and financial health of the organisation meet the regulatory criteria;
  2. airline regulations that relate to safety, security, airspace, airport slots and government taxes.;
  3. anti-bribery and corruptions laws.
• A ‘Fuel and Foreign Currency Risk Management’ policy was approved by the Directors to provide a clear framework for financial risk management in 2015.

By embracing CSR and embedding principles within their organisational culture, operations and supply chain management Virgin Atlantic has been seen as a business role model for the rest of the Virgin portfolio.

**Website - Read more here**

**Conclusion**

CSR has been continuously evolving, since it’s conception in the 1960s, as a response to organisations becoming more socially aware of their impact. The concept has in the last decade been driven by economic considerations and the need for creating added and shared value. CSR is transforming in to a core business function with measurable payoffs that not only benefits the organisation but also the wider global environment.
Case Study Discussion Questions:

1. What are the key tangible benefits of CSR activities for an organisation?

2. How has CSR activities enabled VA to gain a competitive advantage over their rivals?

3. How does embedding CSR activities and practices enhance company reputation and legitimacy?

4. How does VA use ‘corporate philanthropy’ to influence the competitive context of an organisation?

5. What are the key drivers of corporate social responsiveness?