

# A Study on Airline Operations and Corporate Social Responsibilities of Air Italy

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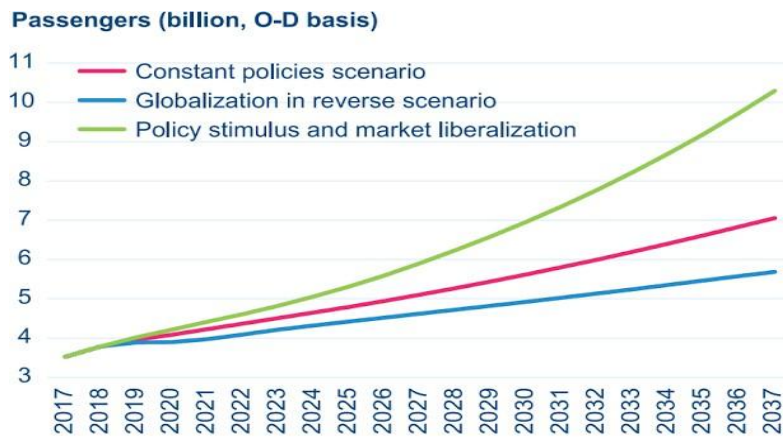
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**Abstract.** The world is becoming more connected, with the internet bringing us closer together, 24- hour news allowing us to see what is happening around the world, and more efficient planes allowing us to travel from place to place. Over the next decade, China will overtake the US as the highest source of passengers, flying to, from, and within the country, potentially rising to over 1 billion. Even if there is a downturn in productivity and restrictions in trade agreements, globally there should still be more than 6 billion passengers every year by the end of the next decade, significantly higher than today. Passengers numbering in the billions will continue to use planes, and many millions of new fliers will experience it for the first time, eventually becoming loyal customers. Job Growth: Job growth is also increasing Aviation industry growth. An increase in passengers will have a knock-on effect of stimulating more jobs in the Aviation industry. There are already 65 million jobs supported by the industry, but even more, will be needed to handle the volume of new flights. The IATA surveyed growth in the Aviation sector and found that the majority of respondents predict growth in ground operations, cabin crew, and customer service personnel jobs over the next two years, which will allow the industry to maintain its high standards. The 10 million jobs directly in the Aviation sector are around 4.4 times more productive than the average job around the world, and there will be millions more Aviation jobs created over the next decade. Supersonic Flight: New Aviation technology is emerging all the time, making flights faster, more efficient, and a more enjoyable experience for customers.

## 1. Introduction

Growth of the airline industry: India is the 5th largest market in terms of aircraft passengers (domestic and international) The civil aviation industry in India has emerged as one of the fastest-growing industries in the country during the last three years. India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air Passenger market by 2024. More Airline Passengers: The number of airline passengers is predicted to rise over the next ten years and beyond. This is in part thanks to rising levels of financial independence and a higher average GDP around the world, meaning more people can afford to take flights. The world is becoming more connected, with the internet bringing us closer together, 24- hour news allowing us to see what is happening around the world, and more efficient planes allowing us to travel from place to place. Over the next decade, China will overtake the US as the highest source of passengers, flying to, from, and within the country, potentially rising to over 1 billion. Even if there is a downturn in productivity and restrictions in trade agreements, globally there should still be more than 6 billion passengers every year by the end of the next decade, significantly higher than today. Passengers numbering in the billions will continue to use planes, and many millions of new fliers will experience it for the first time, eventually becoming loyal customers. Job Growth: Job growth is also increasing Aviation industry growth. An increase in passengers will have a knock-on effect of stimulating more jobs in the Aviation industry. There are already 65 million jobs supported by the industry, but even more, will be needed to handle the volume of new flights. The IATA surveyed growth in the Aviation sector and found that the majority of respondents predict growth in ground operations, cabin crew, and customer service personnel jobs over the next two years, which will allow the industry to maintain its high standards. The 10 million jobs directly in the Aviation sector are around 4.4 times more productive than the average job around the world, and there will be millions more Aviation jobs created over the next decade. Supersonic Flight: New Aviation technology is emerging all the time, making flights faster, more efficient, and a more enjoyable experience for customers. New supersonic planes are combining all three factors to create a new flight service exclusively for the higher- end market. Several innovative airlines are planning on having their supersonic planes travel at Mach 2.2 (1,687 mph). Some question whether the benefits of this outweigh the potential dangers, while others claim it would be hugely helpful for business. Disruptive Elements from Within the Industry: Disruptive elements might sound bad, but change can be positive, encouraging the Aviation industry to adopt new strategies or rise to meet new challenges. India's Aviation market has exploded in recent years and is set to overtake the US if it stays on its predicted course of reaching one billion flights per year. Passenger levels rose 17% last year alone, giving the Aviation market a strong base to build from. However, Indian airlines are already feeling the pressure of handling so many customers, with a shortage of pilots and aircraft engineers. Indian airlines will need to invest heavily in infrastructure and hire new roles to handle the higher volume of air traffic. Learn about other trends in the Aviation sector, or apply for jobs in this exciting and dynamic field that is growing every day.



Sources: IATA/TE

FIGURE 1. Graph Representation

## 2. Operations in the airline industry

All aspects of Flight Operations, Ground Resources, and Maintenance are covered.

- Flight Operations - These include dispatch, flight planning, flight watch, weather data provision, operations control, ground to air communications and integration with the crew, schedules, and maintenance planning. Gate allocation, slot control, ATC, and airport management can also be covered. There is increasing use of simulation and expert systems, for the management of irregular operations.
- Ground Resources - The use of management science techniques in reducing costs or increasing the effectiveness of manpower has been the concern of this group. Topics addressed include determination of operational manpower requirements, optimal task allocation, production of efficient roster patterns, planning of employment, annual leave, training, reward systems, and strategic planning of recruitment. There has been some considerable interest in personal computer applications with demonstrations of systems under development.
- Maintenance - Information systems for Maintenance & Engineering and Materials functions have been the focus of this study group. Areas of current interest include component control, aircraft records, maintenance planning, inventory systems, initial provisioning, and parts tracking.

## 3. Essence of the airline industry

An airline can be defined as a company that offers regular services for transporting passengers or goods via the air. These companies are said to make up the airline industry, which is also regarded as a sub-sector of the aviation sector and the wider travel industry. In this post, you will learn everything you need to know about airlines. Aviation provides the only rapid worldwide transportation network, which makes it essential for global business. It generates economic growth, creates jobs, and facilitates international trade and tourism. According to recent estimates by the cross-industry Air Transport Action Group (ATAG), the total economic impact (direct, indirect, induced, and tourism-connected) of the global aviation industry reached USD2.7 trillion, some 3.5 percent of the world's gross domestic product (GDP) in 2014. The air transport industry also supported a total of 62.7 million jobs globally. It provided 9.9 million direct jobs. Airlines, air navigation service providers, and airports directly employed over three million people. The civil aerospace sector (the manufacture of aircraft, systems, and engines) employed 1.1 million people. A further 5.5 million worked in other on-airport positions. 52.8 million Indirect, induced and tourism-related jobs were supported by aviation. These estimates do not include other economic benefits of aviation, such as the jobs or economic activity that occur when companies or industries exist because air travel makes them possible, the intrinsic value that the speed and connectivity of air travel provides, domestic tourism, and trade. Including these would increase the employment and global economic impact numbers several-fold. One of the industries that rely most heavily on aviation is tourism. By facilitating tourism, air transport helps generate economic growth and alleviate poverty. Currently, approximately 1.2 billion tourists are crossing borders every year, over half of whom travel to their destinations by air. In 2014, aviation supported over 36 million jobs within the tourism sector, contributing roughly USD892 billion a year to global GDP. Air transport is a driver of global trade and e-commerce, allowing globalization of production. The small volumes of air cargo amount to big values in world trade. In 2014, USD6.4 trillion worth of goods were transported internationally by air, representing 35 percent of world trade by value, despite representing only 0.5 percent by volume. Aviation's advantage over other modes of transport in terms of speed and reliability has contributed to the market for "same-day" and "next-day" delivery services and transportation of urgent or time-sensitive goods. Some 87 percent of business-to-consumer (B2C) e-commerce parcels are currently carried by air. The e-commerce share of scheduled international mail tone kilometers (MTKs) grew from 16 percent to 83 percent between 2010 and 2016 and is estimated to grow to 91 percent by 2025.

**Importance of Social Corporate Responsibility**

- It aims at consumer protection.
- It aims at the protection of the local and global environment.
- It ensures respect for human rights.
- It results in avoiding bribery and corruption.
- It promotes adherence to labor standards by companies and their business partners.

**Benefits of Corporate Social Responsibility**

- **Productivity and Quality:** Improved working conditions, reduced environmental impacts, or increased employee involvement in decision making which leads to – increased productivity and defective rate in a company.
- **Improved Financial Performance:** Socially responsible business is linked to positive financial performances. Improved financial results are attributed to a stable socio-political-legal environment, enhanced competitive advantage through better corporate reputation and brand image, improved employee recruitment, retention, and motivation, and a more secure environment to operate in.
- **Brand Image and Reputation:** A company considered socially responsible can benefit both from its enhanced reputation with the public as well as its reputation within the business community, increasing the company's ability to attract trading partners.
- **Access to Capital:** The growth of the socially responsible investing concept means companies with strong CSR performance have increased access to capital that might not otherwise have been available.

**Driving factors of the airline industry**

- Rising Passenger. Demand and. Rebounding Cargo. Volumes. Boost from. ...
- Rising Passenger. Demand and. Rebounding Cargo. Volumes.
- Boost from Higher. Capacity Addition.
- Improving. Operational Metrics.
- High Load Factors. Driving Revenue.
- Intensifying. Competition from. LCCs and ULCCs.
- Ancillary Revenue. Opportunities Gaining. Center Stage.

Inflation pressures are starting to emerge at this late stage of the economic cycle and airlines are facing significant pressures from rising fuel and labor costs in particular; Full-year average cost of Brent Crude projected to be USD70/barrel. This is up from USD54.9/barrel in 2017 (+27.5% year-on-year), as well as up from IATA's previous 2018 expectation of USD60/barrel. Jet fuel prices are expected to rise to USD84/barrel (+25.9%). Fuel costs will account for 24.2% of total operating costs in 2018, up from a revised 21.4% in 2017. Overall unit costs are forecast to rise 5.2% in 2018, after a 1.2% increase in 2017. This is a "significant acceleration" according to IATA. Revenues: A strong revenue environment is providing some offset to accelerating costs. Demand from passengers and shippers continue to expand well above trend, and pricing has turned positive. Overall revenues are expected to rise to USD834 billion, up 10.7% from USD754 billion in 2017. Unit revenues are expected to rise by 4.2% in 2018, lagging the 2018 5.2% rise in unit costs. This will squeeze profit margins according to IATA. Demand: Passenger air travel is forecast to expand by 7.0% in 2018, down from 8.1% in 2017, but still faster than the 20-year average (of 5.5%) for the sixth consecutive year. Demand is getting a boost from stronger economic growth and the stimulus from new city-pair direct services stated IATA. Capacity: ASKs expected to grow 6.7%, matching the pace of 2017. Passenger load factor is expected to be 81.7%, up 0.2%. Total passenger numbers are expected to rise to 4360 million, up 6.5%. Yields: Passenger yields are expected to grow by 3.2% in 2018 after a 0.8% decline in 2017. IATA reported this will be the first year for strengthening yields since 2011, driven upwards by the 5.2% rise in unit costs. Cargo: Expected to grow by 4.0%, a "major drop" from the 9.7% growth experienced in 2017. 4% growth is in line with the 20-year trend growth rate. Cargo demand has benefited from the largely unexpected acceleration in the growth of the global economy over 2017. As businesses rushed to respond, they turned to air transport to replenish inventory, producing strong air cargo growth in 2017. That restocking cycle has come to an end. Total cargo carried is expected to increase to 63.6 million tons (from 61.5 million tons in 2017). Pharmaceuticals, e-commerce, and other premium cargo services are expected to lead growth in 2018. Cargo yields are expected to improve by 5.1% (8.1% growth in 2017). Cash Flow: Higher capital expenditure, with over 1900 aircraft expected to be delivered to airlines in 2018, is up from 1,722. Free cash flows are expected to fall to around USD4 billion. Cash from operations will be squeezed by accelerating costs and capital spending is rising. Key balance sheet ratios, such as net debt adjusted for operating leases/EBITDAR, have improved significantly since 2014. Further debt reduction is expected to be sufficient to stabilize this ratio in 2018. Risk factors: Growing uncertainty in the direction by which global affairs will evolve could present risks to the industry's outlook. These include the advancement of political forces pushing a protectionist agenda, uncertainty following the US withdrawal from the Iran nuclear deal, lack of clarity on the impact of Brexit, numerous ongoing trade discussions, and continuing geopolitical conflicts. Role of the airline industry in the Indian economy: The aviation sector in India currently contributes \$72 billion to GDP. It is necessary to rise in demand in the development of the ecosystem and the government policies. Furthermore, through the National Civil Aviation Policy 2016 (NCAP), the Indian government takes initiative for flying to the masses. It does it by enhancing its affordability and affordability. Additionally, they also promote business, deregulation, simplified procedures, and e-governance. In the fiscal year 2021, India's air traffic stood at approx 115.37 million. Due to the covid-19 pandemic, domestic and international air passenger traffic fell at a compound annual gross rate (CAGR) of -9.02% in the fiscal year of 2016 and - 28.64% in the fiscal year of 2021. In the fiscal year 2021, "Airports in India pegged the domestic passenger traffic

to be 105.2 million, a 61.7% decline, and international passenger traffic to be 10.1 million, an 84.8% decline, over the fiscal year ended March 31, 2020. In March 2021, the average daily passenger traffic stood at 546702.90.” Aircraft movement declined at a CAGR of -7.79% from 1.60 million in FY16 to 1.20 million in FY21. From FY16 to FY21, domestic aircraft movement decreased at a CAGR of -6.44%, and international aircraft movement declined at a CAGR of - 18.52%. India’s domestic and international aircraft movements reached 1,062 thousand and 135 thousand, respectively, in FY21. The expenditure of Indian travelers is expected to grow to Rs. 9.5 lakh crore (US\$ 136 billion) by 2021.

#### 4. Corporate Social Responsibility

Concept of corporate social responsibility: Corporate social responsibility (CSR) is a company’s commitment to managing the social, environmental, and economic effects of its operations responsibly and in line with public expectations. It is part of a company’s approach to corporate governance and often touches every part of the business—operations, human resources, manufacturing, supply chain, health and safety, and more. CSR activities may include: Company policies that insist on working with partners who follow ethical business practices Reinvesting profits in health and safety or environmental programs Supporting charitable organizations in the communities where a company operates Promoting equal opportunities for men and women at the executive level Some aspects of CSR may be required by law. For example, banks and hospitals are legally required to protect people’s private information. Others are voluntary. The benefits of CSR are many. Companies establish good reputations, attract positive attention, save money through operational efficiency, minimize environmental impacts, attract top talent and inspire innovation. Public companies often report on their CSR performance in their annual reports. CSR matters for companies because if the community does not approve of how they do business, they may lose customers or see their reputations suffer. The news media and activist groups often watch companies closely and are quick to publicize instances of irresponsible behavior. History of Corporate Social Responsibility With the introduction of the 2013 Companies Act, Corporate Social Responsibility (CSR) became the buzzword of business in India. For the first time in the history of the country, the donations private corporations to social welfare mandatory. As per it , all companies with a net worth above Rs 500 crore, turnover over Rs 1,000 crore, or net profit over Rs 5 crore are required to spend at least 2 percent of their annual profits (averaged over 3 years). Section 135 of the Act which mandates the CSR donation also asks companies to establish a CSR committee to oversee the spending. But have you ever thought over how the term CSR came into existence? Though, stories of corporate donating for social causes are centuries old. Many corporate cum philanthropists have left their mark on society by their efforts. They believed that they had special responsibility towards society because they earned from it, but it was not like ‘CSR’ as it looks now. The term was coined first in 1953. In his publication named Social Responsibilities of the Businessman, American economist Howard Bowen coined the term and he is often referred to as the father of CSR. In India, there are sufficient anecdotal facts available giving us a sense of how corporate groups were engaged in building universities, hospitals, etc. During the freedom struggle, they have played a crucial role in funding the freedom movement. Mahatma Gandhi, father of the nation was closely associated with several businessmen cum philanthropists. But, most of the donations were going through religious institutions to help the dispossessed. The Term Was Coined First In 1953. In His Publication Named Social Responsibilities Of The Businessman, American Economist Howard Bowen Coined The Term And He Is Often Referred to As The Father Of CSR. On the international front, philanthropic activities by industrialists can be traced back to the Industrial Revolution. By the mid-to-late 1800s, there were growing concerns regarding workers’ wellbeing. Many reformers were raising the issues of the emerging factory system, working conditions, and the condition of laborers. Whether connected or not but this was the time when the rise of philanthropy can also be traced. One industrialist named Andrew Carnegie donated large portions of his wealth to causes related to education and scientific research. He had made most of his fortune in the steel industry. Many other industrialists followed in his footsteps. Like John D. Rockefeller, who is widely considered the wealthiest American of all time, and the richest person in modern history donated more than half a billion dollars to religious, educational, and scientific purposes. He had made his fortune in the oil industry. But it was all informal. It was American economist Howard Bowen who gave it a clear identity. However, a question remains unanswered: how does the term get accepted in the whole world? After the effort of Howard Bowen, there was a sort of lull period for the next few decades. But in 1990s, many other economists focused on it. In 1991, University of Pittsburgh professor Donna J. Wood published Corporate Social Performance Revisited. He expanded and improved on early CSR models by providing a framework for assessing the impacts and outcomes of CSR programs. In the same year, another professor at the University of Georgia Archie B. Carroll published an article named ‘The Pyramid of Corporate Social Responsibility. Since then, the term ‘CSR’ has become an essential strategy for many organizations. India moved ahead and brought a legal framework to ensure big corporate don’t forget their social responsibilities. India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance. Amid the COVID-19 (coronavirus) outbreak, the Ministry of Corporate Affairs has notified that companies’ expenditure to fight the pandemic will be considered valid under CSR activities. Funds may be spent on various activities related to COVID-19 such as the promotion of healthcare including preventive healthcare and sanitation, and disaster management. Follow the latest India COVID-19 updates here. Corporate Social responsibility (CSR) is continuing commitment by businesses to integrate social and environmental concerns in their business operations. Changes in the global environment increasingly challenge businesses around the world to look beyond financial performance, and to integrate social and environmental concerns into their strategic management. Before the Companies Act 2013, CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was believed that every



company has a moral responsibility to play an active role in discharging the social obligations, subject to the financial health of the company. In the early '90s, Mahatma Gandhi introduced the concept of trusteeship helping socio-economic growth. CSR was influenced by family values, traditions, culture, and religion. India became the first country to legislate the need to undertake CSR activities and mandatorily report CSR initiatives under the new Companies Act 2013. This is the beginning of a new era for CSR in India Every company has:

- Net Worth of Rs.500 Crore or More
- Turnover of Rs.1000 Crore or More
- Not Profit of Rs.5 Crore or More (Net Profit before Tax)

during the immediately preceding financial year shall establish a Corporate Social Responsibility Committee of the Board involving of three or more directors, out of which at least one director shall be independent. Provided that where a company is not required to appoint an independent, it shall have in its Corporate Social Responsibility Committee two or more directors. Suggested Areas of Activities for companies to implement their CSR in PROJECT MODE are: (as per Schedule VII) Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to: •

Eradicating hunger, poverty, and malnutrition, 'promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.

- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently able and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centers, and such other facilities for senior citizens, and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining the quality of soil, air, and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga.
- Protection of national heritage, art, and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- Measures for the benefit of armed forces veterans, war widows, and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympics sports, and Olympic sports
- Contribution to the prime minister's national relief fund or any other fund set up by the central govt. for socio-economic development and relief and welfare of the scheduled caste, tribes, other backward classes, minorities, and women;
- Rural development projects
- Slum area development.
- Explanation- For this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- Disaster management, including relief, rehabilitation, and reconstruction activities

While there may be no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability, and business responsibility. This is evident in some of the definitions presented below: The EC defines CSR as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" The WBCSD defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." According to the UNIDO, "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental, and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense, it is important to distinguish CSR, which can be a strategic business management concept, and charity, sponsorships, or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR goes beyond that." From the above definitions, it is clear that: The CSR approach is holistic and integrated with the core business strategy for addressing the social and environmental impacts of businesses. CSR needs to address the well-being of all stakeholders and not just the company's shareholders. Philanthropic activities are only a part of CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

## 5. CSR in the airline industry

In the extant era of economic globalization, national companies are calling for a new paradigm to rule their actions: Corporate Social Responsibility (CSR). For the last decade, this concept has become "modernistic" but was not given any

importance, as it is a simple and universal concept. In both companies and the academic world, there was uncertainty as CSR should be defined. Since there was no single definition for this paradigm, people created different approaches to CSR, and this caused debate and perplexity while discussing this topic (Dahgsrud, 2006). These definitions consistently refer to three dimensions: (1) the social dimension, (2) the economic dimension, and (3) the environmental dimension (ibid.). The multiple trials to define CSR don't show any guidance on how to deal with the extent challenges of this phenomenon but rather describe the phenomenon only. The challenge for businesses is to understand how CSR works socially in a specific context and how it should be taken into account when developing business strategies and not to define CSR (Dahlsrud, 2006). As per Dahlsrud's article on "How to Define Corporate Social Responsibility: An Analysis of 37 Definitions", various definitions are explained. The most important and most used definition is the one set by the European Commission (2001) which defines CSR as the voluntary combination of corporate, social, and environmental concerns in the business processes and the interaction of these with stakeholders. Social Responsibility is not only about fulfilling lawful commitment but also submissiveness. CSR depends on the culture, religion, and traditions of each society, for this reason, there is no uniform definition. Another definition can be stated: "In general, corporate sustainability and corporate social responsibility refer to the company's activities that show the inclusion of social and environmental concerns in business processes and interaction with stakeholders" (ibid.). Overall, there are still common things that help to understand what CSR is, although there is no confirmation about a true or false definition.

## 6. Organizational Structure of the Company

**Business Operations Of The Company:** Milan-based Air Italy will cease operations and liquidate, the airline announced on Tuesday. Air Italy began flights in 2018, with a 49% ownership stake by Doha-based Qatar Airways. Flights will end after February 25, 2020. Passengers booked after that can request a refund. Visit Business Insider's homepage for more stories. Less than two years after launching its first flight, Italian airline Air Italy announced on Tuesday that it would liquidate. The airline said it would continue to operate flights through February 25. Anyone with flights after that will receive a refund after requesting one from the airline. Passengers scheduled to travel before February 25 can also request a refund instead of traveling. Air Italy is the latest airline to collapse, following 2019's bankruptcies of Iceland-based Wow Air, British travel company Thomas Cook, Indian airline Jet Airways, and French budget carrier XL Airways. Air Italy was effectively a rebranding of legacy Italian regional carrier Meridiana, which was itself the product of mergers with several other small Italian carriers. Qatar Airways acquired a 49% stake in Meridiana in 2017, overhauling it and rebranding as a long-haul airline using a traditional hub-and-spoke model. The airline used Milan Malpensa airport as its hub, differing from Rome-based Alitalia, the Italian flag carrier. The airline reportedly lost 164 million euros in 2018 and 200 million euros in 2019, or \$179 million and \$218 million, respectively, at current exchange rates. It had 20 737 Max aircraft in its fleet for regional connections out of Milan Malpensa, but those planes have been grounded since March 2019, forcing the airline to reconfigure its flight schedule. It leased Airbus A330 aircraft from Qatar for long-haul flights. Qatar could not increase its investment or inject cash into the airline as it struggled due to European Union laws, which limit foreign ownership of companies to a minority stake. Alitalia has also faced financial difficulties, relying on repeated rescue efforts from the Italian government. In a statement, Qatar Airways suggested that the airline's other owners were unwilling to continue operating at a loss: Since the acquisition on 28 September 2017 of a minority stake in Air Italy, Qatar Airways has strongly believed in the company and its potential, supporting management's proposed business plan to improve Air Italy's growth and job creation, with the addition of long-haul routes and numerous in-flight service improvements, in line with Qatar Airways' globally renowned high standards. Despite our minority shareholder's role, Qatar Airways has continuously provided all possible support to Air Italy right from the beginning, from releasing aircraft from our fleet and ordering new aircraft for Air Italy, to backing management choices and injecting capital and investment as required and permitted. Even with the changing competitive environment and the increasingly difficult market conditions severely impacting the air transport industry, Qatar Airways has continually reaffirmed its commitment, as a minority shareholder, to continue investing in the company to create value for Italy and the traveling public and to provide support for Air Italy and its staff because for Qatar Airways the focus on employees is a core priority in its strive for excellence - in addition to supporting local communities and other stakeholders. For that reason, Qatar Airways said it was "ready to once again to play its part in supporting the growth of the airline." But that, according to the statement, "would only have been possible with the commitment of all shareholders." SEE ALSO: I flew in business class on Italy's struggling national airline and was blown away by the comfortable seat and almost-perfect dinner

## 7. Corporate Social Responsibility of the Company

**Better Public Image:** Each firm must enhance its public image to secure more customers, better employees, and higher profit. Acceptance of social responsibility goals leads to improving public image. Conversion of Resistances into Resources: If the innovative ability of business is turned into social problems, many resistances can be transformed into resources and the functional capacity of resources can be increased many times. Long Term Business Interest: A better society would produce a better environment in which the business may gain long-term maximization of profit. A firm that is sensitive to community needs would in its self-interest like to have a better community to conduct its business. To achieve this it would implement social programmers for social welfare. Avoiding Government Intervention: Regulation and control are costly to businesses both in terms of money and energy and restrict their flexibility of decision making. Failure of businessmen to

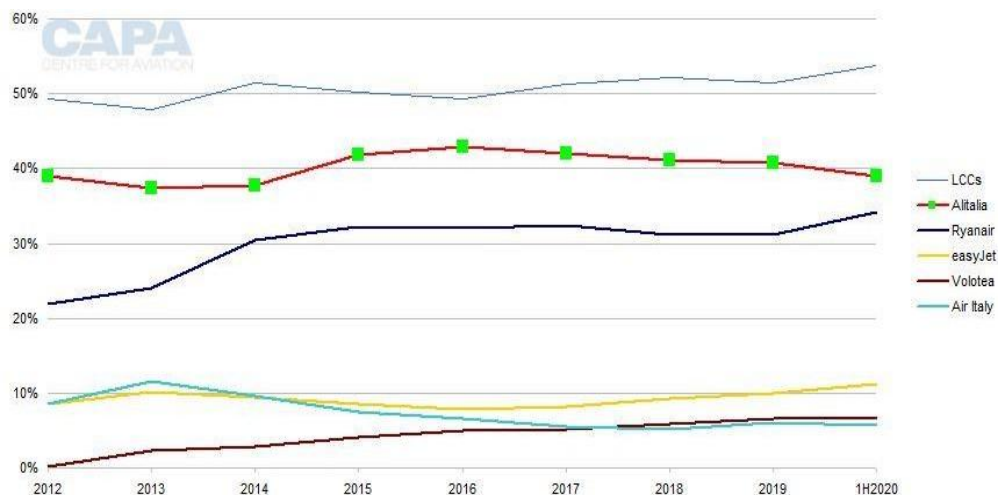
assume social responsibilities invites the government to intervene and regulate or control their activities. The prudent course for business is to understand the limitations of its power and how to use that power carefully and responsibly thereby avoiding government intervention. Corporate Social Responsibility at Air Italy is understood to be an effective management tool that contributes to the sustainable development of the society in which we live and work. By way of the CSR Policy, we seek to integrate the vision, mission, and values of corporate social responsibility as a cross-cutting element throughout all areas of the company. The Policy covers all the activities undertaken by Air Italy, taking into account: economic, social, and environmental factors — the three major aspects — to promote responsible behavior and regulatory compliance. To consolidate corporate social responsibility, Air Italy joins the United Nations Global Compact in 2013 and publishes its Sustainability Report each year, reaffirming its commitment to sustainability and best business practices. Market Share: Air Italy liquidated; fails to fulfill Qatar Airways' expansion aims On 11-Feb-2020 Air Italy announced that its shareholders Alisarda and Qatar Airways, operating through AQA Holding SpA, had resolved to liquidate the airline. Operations are to be suspended from 26-Feb-2020. Formerly operating as Meridiana, it rebranded in Mar-2018 as part of a restructuring plan following the sale of a 49% stake to Qatar Airways in Sep-2017. The plan included fleet modernization with aircraft procured from Qatar Airways and an expansion of the fleet from 11 aircraft in 2018 to 50 by 2022. It also aimed to reverse the airline's years of decline as Meridiana and for Air Italy to carry 10 million annual passengers by 2022 (versus 2.4 million in 2017). Sadly, none of its ambitions were fully realized. It refocused from its Olbia base on Sardinia to Milan Malpensa and launched new long-haul services to New York, Miami, San Francisco, Los Angeles, and Toronto. However, other long-haul services came and went and a second hub at Rome Fiumicino failed to take root. The 737 MAX grounding certainly did not help, but Air Italy simply did not reach sufficient scale (its network continued to shrink), it struggled with LCC short-haul competition, and could not achieve profitability. Air Italy capacity based on planned summer schedule before the 11-Feb-2020 liquidation announcement. CAPA - Centre for Aviation, OAG. and has the smallest Italian registered passenger fleet in service. According to the CAPA Fleet Database, it had a fleet of six aircraft in service on 10 Feb-2020, comprising four Boeing 737-800s, one 737-700, and one A330-200, with four more A330-200s in storage. In addition, Air Italy had four grounded Boeing 737 MAX-8 aircraft. The MAX groundings hurt the airline's cost base in 2019 since it had to wet-lease replacement capacity. This contributed to further losses in 2019. Qatar Airways provided Air Italy with its MAX equipment and also its A330s (before the investment by Qatar Airways, Air Italy's widebody fleet consisted of Boeing 767-300ERs). It was planning to replace the A330s with 787s. As recently as Oct-2019, Air Italy was reiterating plans to expand its fleet to 50 aircraft by 2022 from the current total of 13 (including grounded/stored aircraft). Air Italy is fifth by domestic seats, but its share has halved since 2013 Air Italy ranks more highly in the Italian domestic market, where it was fifth by annual seats in 2019. However, although its domestic seat share grew from 5.2% in 2018 to 6.0% in 2019, it had approximately halved from 11.6% in 2013. More than two-thirds of Air Italy's capacity was domestic. In its planned summer 2020 schedule, 68.8% of Air Italy's seats were domestic, with 31.2% on international routes (week of 22-Jun-2020, source: OAG). Its biggest external market was North America, accounting for 65.8% of its international seats. Its only other foreign markets were North Africa (17.8% of international seats) and Central/Western Africa (16.4%). Air Italy: planned international capacity share\* by destination region, week of 22- Jun-2020 Air Italy faced competition on 14 of its 19 summer routes Air Italy's planned summer 2020 schedule had 19 routes (week of 22-Jun-2020, source: OAG), of which 13 were operated year-round and six were summer only. All but two of the routes were to/from Milan Malpensa. Six were wide-body operations and 13 were narrow body. The summer-only routes were Milan Malpensa to Toronto, Los Angeles, and San Francisco (wide-body services); and Olbia to Bologna, Milan, and Verona (narrow-body services). Five of its 19 summer routes were monopolies, but they were all ranked among its smallest six routes by seat capacity. These services on which it faced no competitors were: three wide-body routes, Milan Malpensa to Los Angeles, San Francisco, and Dakar; and two narrow-body African routes, Milan to Accra and Lagos. Air Italy faced competition on 14 of its 19 summer routes and more than one competitor on seven routes, including six out of its top nine routes by seat numbers. Out of 11 routes to Europe or North Africa, it competed with LCCs on eight of them. Air Italy was the leading operator by seats on only four of its 14 competitive routes. Air Italy: routes ranked by planned seat capacity, summer 2020

**TABLE 1.** Airline, seat share and percentage

Rank	Airline	Seat Share, Percentage
1	Ryanair	22.3%
2	Easy Jet	12.4%
3	Alitalia	12.2%
4	Vueling	4.1%
5	Wizz Air	3.2%
6	Lufthansa	3.1%
7	Volotea	2.8%

Week of 22-Jun-2020, based on a schedule planned before the 11-Feb-2020 liquidation announcement Equal seat capacity. Source: CAPA - Centre for Aviation, OAG. and on all of its 17 winter routes. In the current winter season, it has operated 17 routes, all to/from Milan Malpensa, and faced competition on all but three of them. Six were wide-body operations and 11 were narrow body. Four services are winter-only and all launched at the start of winter 2019/2020: Milan

Malpensa to Male, Mombasa, Tenerife-Sur, and Zanzibar. All four have competitor airlines (more than one on three of them). Air Italy has struggled financially. In 2018 Air Italy made a loss of EUR164.2 million on 2018 revenue of EUR283.8 million (a decline of 21.3% from 2017's revenue). This was its first year after the investment by Qatar Airways and its rebranding from Meridiana. Losses were attributed to costs associated with the prelaunch and some failed long-haul routes, such as Mumbai, Delhi, and Bangkok. For 2019, it reportedly made a loss of more than EUR200 million, burdened by the 737 MAX grounding. Its annual capacity grew in 2019, but was still 30% below its 2013 level. In 2018, the last year for which traffic numbers are available, Air Italy carried 1.91 million passengers – a decline of 21.7% from 2.44 million in 2017. Traffic figures for 2019 are not available, but OAG data indicate that the airline increased its annual seat capacity by 16.0%. Despite the capacity increase in 2019, the route network continued to reduce. Its summer 2019 total of 23 routes compared with 27 in summer 2018 and as many as 90 in summer 2017 when it was still operating as Meridiana. Between 2013 and 2018 the annual seat count had dropped by 39.9% and, despite the return to growth in 2019, capacity was still below its 2017 level and 30.3% below its 2013 peak. According to OAG, Air Italy's winter 2019/2020 seat numbers were due to increase by 10.9% year-on-year, but summer 2020 capacity was set to fall by 8.2% Air Italy: annual seat numbers, 2012 to 2019 Source: CAPA - Centre for Aviation, OAG. Alitalia has operated in administration for longer than Air Italy's rebranded life. Air Italy's demise will have a small impact on the Italian market overall, particularly in the domestic market where its seat share was approximately 6%, and in the Italy- North America market, where its share was approximately 7%. However, the wider landscape of European consolidation will not look very different. In summer 2019 Air Italy had just 0.2% of all seats



to/from/within Europe. The investment in what was then Meridiana and the subsequent rebranding as Air Italy took place in the 12 months after Italy's national airline Alitalia went into special administration in May-2017. Meridiana to pursue growth, rebrand as Air Italy; Meridiana has previously been shrinking Air Italy leads Europe's national airline branding. What's in a name? Air

FIGURE1.GraphRepresentation

Italy and its minority shareholder Qatar Airways sensed an opportunity to fill the 'flag carrier' brand gap expected to open up upon Alitalia's demise. For Qatar Airways, Air Italy's liquidation will be a painful lesson as the first failure of an airline in which it has taken a stake. However, it was not prepared to invest further funds without a similar commitment from the other shareholder. Alisarda, which owns 51% of Air Italy, has links to the Aga Khan, who originally founded the airline in 1963 to promote tourism in Sardinia. It seems that Alisarda has finally lost enthusiasm for Air Italy after more than five decades. The Italian government has called the liquidation unacceptable and is attempting to persuade the shareholders to suspend the decision, although there may not be much that it can do. Ironically, Air Italy is entering into liquidation while Alitalia is close to entering its fourth year of operating while in administration.

## 8. The Company Contribution towards the Economy

Italy Sets New Path for National Airline Alitalia Italy's new flagship airline takes to the skies on Friday with the travel industry still reeling from the coronavirus crisis and low-cost rivals targeting its home market in a bid to lure away passengers. The tough operating conditions mean Italia Transport Aero SpA faces trying times from day one as it replaces fallen national icon Alitalia, which ended flights Thursday after decades of losses and numerous brushes with bankruptcy. State-backed ITA will use planes from Alitalia and be armed with its well-known name, after securing the brand's purchase for 90 million Euros (\$104 million) on the eve of its debut. But the new airline will employ only around 2,800 of its predecessor's 10,000-plus staff, operating a simplified network to keep down costs and help it turn a profit once demand recovers from the pandemic. Alitalia - Società Aerea Italiana S.p.A., operating as Alitalia (Italian pronunciation was an airline which was once the flag carrier and largest airline of Italy. The company had its head office in Fiumicino, Rome. The airline was fully owned by the Government of Italy since 17 March 2020. The airline operated a fleet of Airbus A319, Airbus A320, Airbus A321, Airbus A330-200, and Boeing 777-200ER aircraft to over 34 scheduled domestic, European and



intercontinental destinations. The airline operated from its main hub at Leonardo da Vinci–Fiumicino Airport. The airline was a full member of the Sky Team alliance and it had codeshare agreements with 42 airlines. In 2018, the airline was the twelfth-largest airline in Europe.

## 9. Italian Airways plans a 2018 launch

The Milan Bergamo-based charter airline Italian Airways plans to operate 340 seats Boeing 777-200ER aircraft and to form a feeder agreement with Ryanair, which is the leading airline in Italy. Italian Airways' founder and CEO are Giuseppe Gentile, the founder of the old Air Italy and former CEO of the Meridiana-Air Italy merger. Italian Airways' initial network will operate from Italy to five or six currently unnerved long-haul destinations. After delays to the airline's expected to launch in 2017, summer 2018 is now thought to be its aim. Air Italy is the rebranded Meridiana Air Italy is the only one of the new breed of nationally named airlines that is fully up and running. In Oct-2011 the formerly named Meridiana Group acquired Air Italy, which had been set up in 2005 under private ownership. It operated to mainly leisure destinations in Europe, Africa, the Indian Ocean, and the Caribbean. The acquisition of Air Italy by Meridiana took place at a similar time to Alitalia's acquisition of Air One. Following its integration, Air Italy operated under the code and brand of Meridiana. The Air Italy name then lay dormant until Meridiana rebranded under this name in Mar-2018 as part of a restructuring plan following the sale of a 49% stake in the group to Qatar Airways in Sep-2017. Meridiana to pursue growth, rebrand as Air Italy; Meridiana has previously been shrinking Air Italy is still cutting capacity, particularly in the summer. Operating as Meridiana, the Olbia-based group cut its annual seat capacity by 27.5% between 2013 and 2017. According to data from OAG, its seat numbers will be cut by 27.5% year-on-year in summer 2018 (operating as Air Italy), following a 15.5% cut in winter 2017/2018. The deeper cut in Air Italy's summer capacity compared with winter will reduce its seasonal bias towards the summer. However, its schedule is still very seasonal, with the winter accounting for only 28% of its seats in the 12 months to the end of summer 2018. This proportion has increased from 22% for the 12 months combining summer 2017 and winter 2017/2018 but is still much less than the average of 34% for airlines in Europe. But Air Italy's fleet is growing after years of decline. According to the CAPA Fleet Database, Air Italy has a fleet of 11 Boeing aircraft in service on 24-Apr-2018. This comprises one 737-700, seven 737-800s, and three 767-300ERs. The fleet has an average age of 18.0 years (16.6 years for the 737s and 21.8 years for the 767s), highlighting the need for renewal. Air Italy plans to withdraw its 767 fleets by the end of 2018. Eight new aircraft are to be added in 2018, comprising three Boeing 737 MAX and five A330-200s. According to Air Italy's social media accounts, it revealed its first MAX in its new livery on 21-Apr-2018. Starting in Apr-2018 Air Italy will receive 20 new 737 MAX aircraft over three years from Qatar Airways, from whom it will also receive the A330s until they are replaced with 787s, starting in May-2019. The fleet additions mark the reversal of a previously shrinking trend. The Meridiana Group fleet consisted of 38 aircraft at the end of 2012, although this had fallen to 29 by summer 2014 and 12 at the end of 2017. Air Italy plans to operate 50 aircraft by 2022. Air Italy operates from 25 airports in summer 2018 vs 49 in summer 2017. For a long time based at Olbia Costa Smeralda Airport, Air Italy will have a new life focused on Milan Malpensa as its main base, with Rome Fiumicino and Olbia serving as secondary bases. The airline's summer 2018 schedule, with the significant capacity-cut noted above, marks a period of network rationalization before it pursues its planned new growth ambitions. According to OAG, Air Italy will operate to/from 25 airports in its peak capacity week of 20-Aug-2018, compared with 49 airports in the same week of summer 2017. Olbia remains its biggest airport this summer, but with a capacity cut of 8.7% year on year. Milan Malpensa becomes its number two airport (up from third), with a capacity increase of 61.1%, and Rome Fiumicino moves to third from fourth, following an 18.0% increase in seats. Milan Linate falls from second to fourth after a 33.0% reduction. Air Italy operates 27 routes in summer 2018 vs 90 in summer 2017. Air Italy's route network is reduced from 90 routes in the week of 21-Aug-2017 to just 27 in the week of 20-Aug-2018. The domestic network falls from 24 to 14 routes, while domestic seat numbers fall by only 6.1% as the airline refocuses on larger routes and axes smaller ones. Rome Fiumicino-Milan Malpensa is a new domestic route this summer, while Malpensa replaces Linate on routes from Milan to Naples and Catania. In this schedule, 11 domestic routes are cut entirely. The international network falls from 66 routes to 13, with seat numbers being reduced by 56.3%. Milan Malpensa to New York JFK and Miami is new this summer, while 55 international routes are cut. There is strong capacity growth on routes from Malpensa to Moscow Domodedovo, Mombasa, Zanzibar, Havana, Lagos, and Accra. Of the 13 international routes, 11 are from Malpensa and just two are from Olbia (to London Gatwick and Moscow). In summer 2017 Air Italy operated international routes from 14 Italian airports and included a large number of leisure destinations in the Mediterranean that are dropped this summer. Air Italy plans to launch a four times weekly Milan Malpensa-Bangkok service from Sep-2018, adding a third new long-haul route. The airline will also launch another "long range destination" from Rome Fiumicino Airport in 2019. Air Italy aims for more than 50 year-round routes by 2022, based on networks from Milan Malpensa and Rome Fiumicino. Its historic Olbia base will continue to operate with a more seasonal schedule. Air Italy aims to return to growth and replace Alitalia as the national airline. Air Italy's capacity cuts over several years have led to a drop in its share of all seats in Italy from 4.9% in summer 2013 to 2.0% this summer (based on the week of 20-Aug-2018). However, this summer's cuts appear to be aimed at refocusing its network for a new period of growth, as signaled by its Qatar Airways-backed fleet plans.

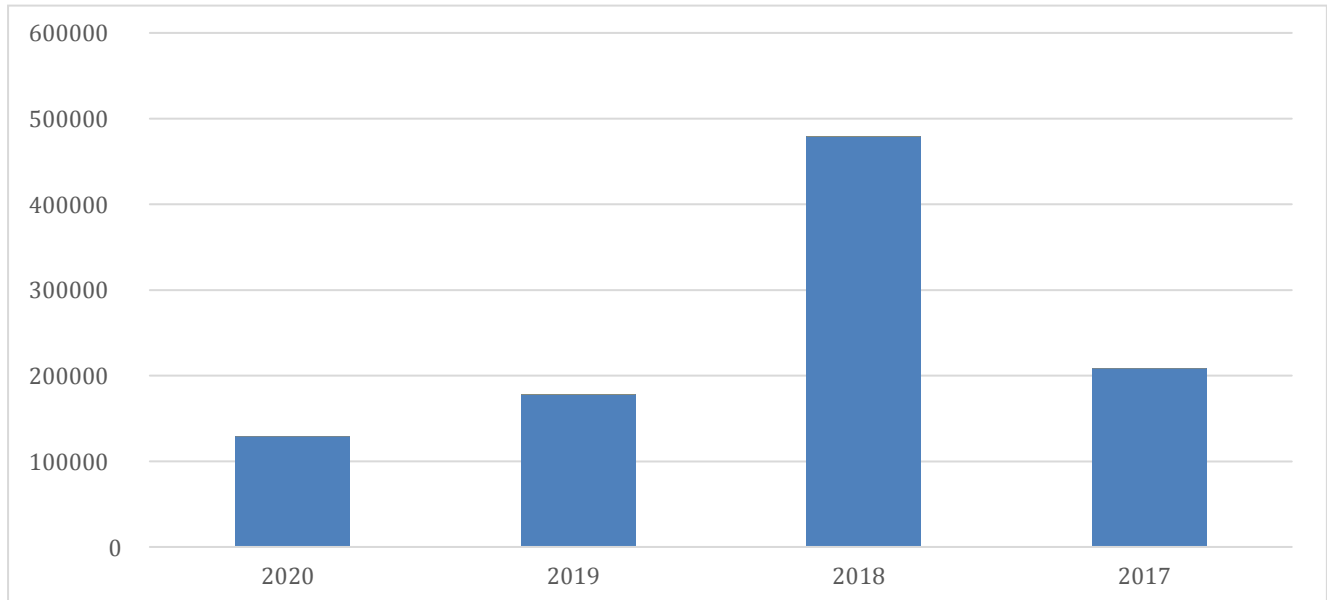
## 10. Data Analysis and Interpretation

Consists of table, analysis, graph and interpretation of the data gathered related to operational and CSR activities of Air Italy.

**TABLE 1.** Profit of last 5 fy of air italy.

Years	Profit (euros)
2017	208000
2018	478900
2019	178000
2020	129000

As can be seen from the graph below, Air Italy revenue in FY 2017 was 208000 euros and climbed by 478900 euros in FY 2018. The firm saw a huge decrease of 178000 euros in 2019, but a downfall of 129000 euros the following year. The company's sales dropped completely in the year 2020.



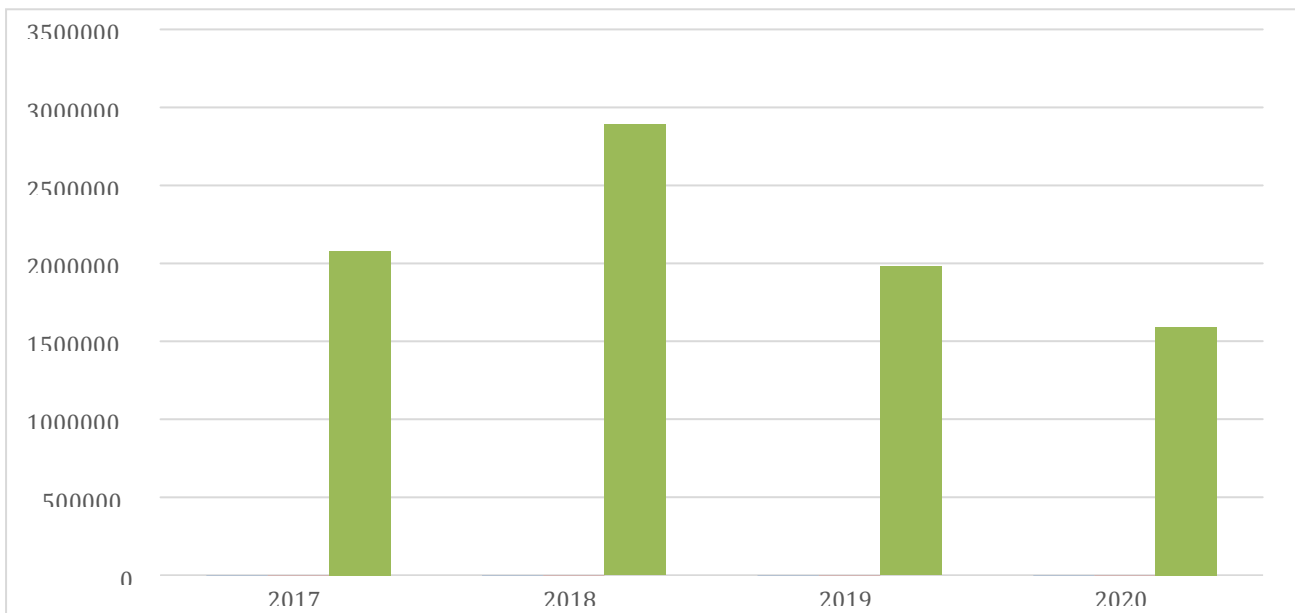
**FIGURE 2.** Profit Earned By Air Italy In 4 Years

From the above graph shown the profit earned by the Air Italy which is increasing in the initial stage and then decreasing in the profit earned from last two years

**TABLE 2.** Cost Incurred On Various Expenses

Year	Cost (euros)
2017	2078900
2018	2890400
2019	1980060
2020	1590400

From the below graph we can observe the cost incurred in various expenses done by the Air Italy which is 2078900 euros in the FY 2017. And the cost incurred started increasing in the next year by 2890400 euros and in 2019 it decreased by 1980060 euros Again there was a huge decline in cost incurred which were 1590400 and there was a fall in cost incurred by various expenses in the year 2020.



**FIGURE 3.** Various Expenditure by Air Italy

From the above graph we can see that the cost incurred on various expenditure done by Air Italy which is increasing in the beginning stage and then had a fall in the year 2020.

### 11. Conclusion

When the Aviation industry have been introduced at that time for the common people air travel was not affordable. And in the present era also for some of the common people or some low-class families or some middle-class families, air travel is not affordable. Due to the pandemic crisis in between air travel fares used to get increase. Due to pandemic tourism have been reduced and restriction has been increased due to which air travel has been decreased and the economy of the airlines also have been in decline. Air Italy's problem is with flight re-timings, flight cancellations, and revised routings that are affected on aircraft. These adjustments must satisfy maintenance requirements, station departure curfew restrictions, and aircraft balance requirements, particularly at the beginning and end of the recovery period. From this study I have learned about the history of the aviation industry, introduction to the aviation industry and how airlines have been affected due to Covid pandemic and also got to know the destinations through which it travels, various types of facilities provided. The main conclusion of this study of AIR ITALY is On 11 February 2020; Air Italy ceased all its operations and went into liquidation, announcing that all routes would be served until 25 February 2020 by third-party carriers.

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