

CHAPTER 1

INTRODUCTION

Airbus was founded in 1970 as a formation of European aviation companies to compete with McDonnell Douglas, Boeing, and Lockheed (Heppenheimer, 2009). The formation occurred due to the small sized production order from even the most successful European aviation company, despite their innovation and advanced technology (Nichols, 2001). Airbus was initially owned by Deutsche Airbus (Germany) and Aérospatiale (France), each owning 50% of the shares (Flight International, 1997). The name “Airbus” came from a term used by airlines in the 1960s to refer to a commercial aircraft of a certain size.

Currently headquartered in Leiden, Netherlands, Airbus main offices are also located in other European nations, such as in Madrid, Spain, and in Toulouse, France. Additionally, Airbus’s production lines are also located in the U.S., China, and Canada. The production systems are interconnected and Airbus’s airplane components that are made in the production line in other countries can be flown to the final production line in other countries, France (Airbus, 2016).

Not only producing civilian aircraft, but Airbus also manufactures defence aircraft under Airbus military subsidiary. For the defence sector, Airbus also a part of European Fighter Project with other companies in Europe, the project resulted in the creation of Eurofighter Typhoon aircraft, and currently, Airbus holds the majority (48%) of the ownership of the manufacturing company of the Eurofighter (Eurofighter Typhoon | The world's most advanced fighter jet, n.d.).

Since the late 1990s Airbus has succeeded in making a place for themselves in the aerospace market and became one of the largest aircraft manufacturers in the world, surpassing Boeing, in sales, a position that had been unchanged since the 1950s

(Newhouse, 2008). Leading in aircraft technology since its debut in the industry, with the introduction of fly-by-wire technology, 2-person cockpit, etc, the position of leader in the passenger aircraft industry would not likely be challenged in the near future, except by Boeing, as Airbus's only capable competitor. Therefore, to sustain its current leadership in the aerospace market, it is crucial to gain an in-depth view of the company's competitive advantages and its effort to increase social impact.

The report consisted of two parts of discussion. Part 1 is dedicated to address two questions. First, analysis on how Airbus's business activity results in gaining competitive advantages. The aim of this is to demonstrate to what extent Airbus performance in the competitive landscape. Second, to focus on what the company should consider when trying to create positive social impact. Triple bottom line and stakeholder theory was used to explain social responsibility. Part 2 discussed the strategies to enhance Airbus's business, using established literature. And the conclusion would reflect the whole analysis process.