



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

VIRAL PROJECT

EXECUTIVE SUMMARY

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

At the end of the VIRAL project, the research team, coming from seven different countries (Denmark, France, Germany, Ireland, Italy, Poland and Spain), draws some conclusions and recommendations from the national reports on the impact of the Covid-19 pandemic on industrial relations in aviation and its value chain. The in-depth analysis led in the case-studies and the discussion with number of institutional and social stakeholders strengthen the proposals drawn by the post-Covid experience in the field of industrial relations (IR).

The interdisciplinary team shares the vision of industrial relations as a necessary tool to foster innovation, competitiveness, economics, social and environmental sustainability in order to realize a just transition.

The “conclusions drawn for the future” focus on the necessity for aviation to learn from good practices during the pandemic crisis in order to strengthen the resilience of the sector in view of future crises.

The first conclusion is that the role of the State is fundamental, in particular concerning wage subsidies and support schemes, also if we observed that many of these aids were directed to support the flight carrier without conditionality and this is no more appropriate for managing future crises.

Another common conclusion is about the necessity to support social dialogue for the future, as a factor able to produce positive results in aviation. The fact that the recovery of the sector was especially due to tourism air traffic, but not in business air traffic (this seems a long-term trend) increases the need to find shared solutions among the social partners. The dependence upon tourism has implications for legacy airlines and for airports, as we consider that secondary airports – which serve tourism and where low cost carriers (LCC) are very present – are growing. This proves the importance of the different typologies of airports in recovering from the crisis.

As for airports, almost all of them public entities, are crucial as they are “ecosystems” that interconnect the value chain of the air transport sector. A lot of airports’ workers are below the value chain and experiment bad working conditions. Here the sectoral approach could work. However, we have to cope with the competition between airports and carriers for the shortage of workforce in some countries and with an intra union competition.



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

For this reason, the coordination of unions is pivotal, at least facing the legacy airlines low-cost subsidiaries. We must note the evolution of Ryanair industrial relations system from the “waste land” model of 2017 to a different model where some trade unions are recognised, collective bargaining begins to be present, most workers are directly hired by the company and the national law where the work is done (not necessarily Irish law) is applied to the employment relationship, due to public and unions pressures.

There should be more social conditionality relating to States aids: we have to consider that today we have the Adequate Minimum Wage Directive as well as the Guidelines on collective agreements by solo self-employed people. These new factors offer tools that may be used.

Finally, we have even to think how to cope to the environmental crisis, something that has to be faced at sectoral level. The implementation could be decentralised but not the objectives, the aims and the overall purposes which have to be centralised.

Suggestions from case-study review

The Viral team thinks a number of potential suggestions emerge from a careful reading of the case-studies.

A Move toward More Centralized and Sectoral Bargaining Approach

Some “best practices” emerge as labour relations in the sector move toward more centralized and sectoral bargaining approaches. Currently in a large number of Member States the aviation functions on the basis of company level bargaining (or outright company level setting of working conditions). While this might have seemed mutually beneficial in times of expansion, the Covid-19 crisis has reinforced the demands for minimum standards in the form of sectoral collective agreements, and more in general in a move toward more centralized and inclusive labour relations.

These tools appear to be invaluable to avoid a race to the bottom of working conditions which would ultimately also pose a threat to safety. As such, the present times might represent a window of opportunity to fully explore the possibility of (re)introducing this form of collective bargaining in the aviation value chain. More centralized approaches to bargaining can be more inclusive and help establish a common floor across the sector (e.g., in handling), limiting social dumping and making the sector more attractive to job seekers. Greater centralization can help to avoid the fragmentation inherent in the sector as well as reduce competition among unions. This implies a stronger role for confederal unions within the sector and is consistent with recent recommendations from the European Commission on strengthening social dialogue. Centralised bargaining also represents a positive arena for addressed complex and cross-cutting issues like the Just Transition.



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

An important theme of collective bargaining and social dialogue needs to be efforts to make the sector more attractive, overall, to workers. This theme seems to imply more collaborative models of industrial relations, as some employers (as evidenced by the case study) are increasingly realizing the need for this priority. This includes better wages and working conditions, addressing the type of shifts and strategies for maintaining employment through the ups and downs of the business cycle. This theme is intimately connected to the previous recommendation, and links also to the next.

Managing the Cyclical Nature of Aviation Industrial Relations

There is an important element of “structural cyclicity” within the air transport sector, which requires policies and practices that can support labour “overcapacity” during downturns and crises, to ensure staffing levels are capable of supporting recovery. Yet companies and public actors appear to find it difficult to plan ahead, in terms of workforce and skill needs of the sector. This is largely due to short term competitive and/or budgetary pressures to cut costs and avoid slack. However, this poses a fundamental threat to the very functioning of the sector. On this background, regulation seems to be required to incentivise these actors into maintaining workforce levels during crisis and keep investing in training of future cohorts of workers. Business reaction times necessitate adequate response times in the internal labour market, which are not always aligned. This need was highlighted by the cases focused on handling services as well as ATM. To this end, it is important to develop European-wide practices, specific to the sector, capable of guaranteeing continuity of wages and employment capable of managing ups and downs of the business cycle (along the lines of the Italian Solidarity Fund for the Air Transport Sector or the ERTE system in Spain).

Coordination across Boundaries

Liberalization and privatization have resulted in a high degree of fragmentation, so coordination across firms is essential for the effective and safe functioning of the sector. Labour relations can help facilitate greater coordination and communication, across functional and firm boundaries, by leveraging, for example, the theme of safety. While organizational boundaries and legal regulation often constitute a barrier to cross-functional and cross-organizational coordination, European regulation and member-state laws create the opportunity for precisely enable this type of coordination and communication, as evidenced by the Marconi Airport of Bologna case study.

In general, the role of state support emerges as a success story throughout the case studies (when present): schemes for partial unemployment, short-time work, suspension of employment contracts and so on have proved themselves to be a very effective instrument in achieving a number of goals (highlighted in the previous recommendations) such as a) providing incentives for participating in social dialogue; b) providing the environment for consensual solutions in negotiations; c) preserving skills and competences and avoiding future skill shortages; d) allowing a quicker ramp up of activity at the end of the crisis. As such, the introduction and/or continuation of similar schemes represents a way to ensure the resilience of the sector in the face of possible future crises.

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Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

In the light of the above considerations, the Viral project partners address to the actors of industrial relations systems at European, national and local level the following

Recommendations

To Public authorities

At European Union level

- recognizing that across the European Union social dialogue was at the forefront of the design and implementation of policies limiting the impact of the pandemic, the EU institutions should ensure and strengthen tripartite social dialogue on policy-making processes, including those of a technical nature concerning air transport and its value chain that have a relevant impact on employment and working conditions in the aviation sector.
- fulfill the commitment made in the Commission Communication (COM 2023/40 final) to assign the role of Social Dialogue Coordinator in each Commission service in order to promote the dialogue with social partners on relevant sectoral and intersectoral topics, including mobility policies.
- ensure timely, complete and comprehensive information to the sectoral social partners so that the social dialogue process is effective and allows the sectoral representative social partners to express positions that the institutions have to take into account in the decision-making process.
- continue to support the bilateral social dialogue in a balanced manner through logistical, administrative, technical and financial support for the representative social partners at European level which are members of the sectoral social dialogue committees.
- respect the Treaty provisions on the autonomy of the social partners, fostering the reaching of voluntary agreements, guidelines, action programs and other joint texts to be implemented autonomously through national procedures and practices. Where appropriate, support their transposition through a proposal for a directive at the joint request of the signatory parties in order to give general application to European framework agreement under Article 155 TFEU.
- provide financial support for programs aimed at fostering mutual learning, exchange of information and good practices in the field of industrial relations.



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

- reiterate in every action of the European Union the respect for fundamental social rights provided for in the Charter of Fundamental Rights, the European Convention of Human Rights and the European Social Charter, recalling member states' obligation to respect and implement the fundamental ILO conventions, in particular on freedom of association and the effective right to collective bargaining, basic rights for IR systems that are often disregarded or openly violated in some national systems.

At national level

- ensure and strengthen tripartite social dialogue through appropriate institutions and consultation practices with representative social partners under national legislation.
- involve the social partners in decision-making processes concerning air transport as strategic sector to ensure territorial continuity, intermodality, social sustainability and just transition.
- anticipate and provide for future crises in the sector by building on the pandemic experience setting up wage subsidies and support schemes for companies and workers in the aviation and its supply chain in order to maintain and retrain the workforce and avoid mass redundancies with subsequent skill shortages in the recovery phases.
- supporting industrial relations from a qualitative point of view by ensuring the prerogatives of genuinely representative organizations, exerting pressure to encourage the timely renewal of collective agreements, enforcing domestic labour law for foreign companies operating in the country, mediating labour conflicts.
- foster collective bargaining at sectoral level to ensure adequate minimum wages and fair working conditions in civil aviation and its value chain to overcome the fragmentation and loss of attractiveness of the sector.
- implement the Adequate Minimum Wage Directive n. 2022/2041 through action plans that progressively extend the collective bargaining coverage rate to at least 80% of the sector's workforce.
- support the implementation of the EU guidelines allowing collective bargaining for the solo self-employed, broadly present in some countries in the aviation not only among ground staff but also among pilots, cabin crew and air traffic controllers.
- ensure that public funding and loans to companies in the sector include social conditionalities on maintaining employment and decent working conditions.
- give clear guidance to all stakeholders to combat in some countries false self-employment and the supply of labour through agencies, which lead to a race to the bottom in working conditions, social dumping and a threat to aviation safety.

- enforce social clauses in procurement contracts, requiring that third parties service providers apply collective agreements negotiated by truly representative trade unions in accordance with objective criteria.
- ensure sound and collaborative industrial relations in public or state-controlled companies by providing guidelines for public management.

At local level

- Local authorities in many countries have the power to manage airport infrastructure, licenses to low-cost airlines, intermodal services, tourism and local development policies, matters closely related to air transport. At this level, the involvement of social partners in decision-making processes is recommended as good practice, taking into account the fragmentation of representation and conflict settlement in the local branches of the air transport value chain. The public authority at this level plays an important role as mediator and trustee of the agreements reached through memoranda of understanding, territorial pacts and other public/private coordination instruments.

To social partners

At European Union level

- tripartite social dialogue: social partners in the aviation sector are informed and consulted by the EU institutions on different topics affecting issues ranging from industrial, energy, transport, green and digital transition policies. However, it is only in the field of social policy that they have a formalised consultative role, with Articles 154-155 TFEU requiring the Commission to consult the social partners twice. It is important that organisations of business and labour, the European social partners, are able to express their views in all fields of economic and social life, when the issues in question have significant impact on employment and working conditions. The Commission's commitment to appoint a social dialogue coordinator in each Commission service is an opportunity not to be missed for the social partners to make their voice heard in areas other than social policy.
- bipartite social dialogue: the sectoral social dialogue as a forum for discussion and dialogue between organisations representing business and labour at European level should regain its ambition to be the most important crossroads not only to express joint opinions on decisions of public institutions,



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

but also to seek agreements on challenging issues such as skill-shortages, working hours and shifts, measures to face aggressive passengers, digital work, work-life balance, so as to show the added value of the European social dialogue for the national member organisations.

- in order to strengthen quality development of the sectoral social dialogue provide organisations at European level with a mandate to negotiate in view to reach agreements to be adapted to the different national/local contexts and monitored in the implementation phase. The articulation of the sectoral social dialogue committee in the civil aviation into sub-sectors can facilitate reaching specific agreements or guidelines to be implemented in the different systems according to national traditions and practices, giving guidance to national/local IR actors.
- enhance social dialogue within transnational companies through the establishment and trade union coordination of European Works Councils whenever possible to promote workers' information and consultation rights across national borders.
- due to the global nature of aviation, both the business and labour organisations should give a proactive contribute to deepening points of understanding in technical meetings at the ILO aimed at elaborating an international instrument -as was the case for the Maritime Labour Convention, 2006- to implement the decent work agenda in the aviation sector, whose working conditions have deteriorated also in Europe as a result of liberalization processes.

At national level

- Promote dialogue between the different components of the air transport value chain in joint discussion forums to focus on the potential for synergies on issues of common interest.
- Testing forms of alliance between trade unions and between employer organisations to tackle the sector's organisational fragmentation that is detrimental to a coordinated approach to the sector's problems.
- Provide negotiating tools for anticipating changes and managing crises impacting on the aviation sector by strengthening the information, consultation and participation rights of workers and their representatives at all levels.
- Provide wage subsidy negotiation measures, supplementing or replacing public ones, in the event of a reduction or suspension of activity due to force majeure (climatic events, war, etc.) accompanied by instruments aimed at maintaining/improving workers' skills in order to avoid skill-shortage phenomena when activity resumes.



Varieties of Industrial Relations in Aviation Lockdown



VS/2021/0188

- Provide for negotiated instruments to invest in training, retraining and upskilling of workers in order to improve skills, ensure safety and foster the attractiveness of the sector.
- Experimenting with forms of coordination of collective bargaining at sectoral level, particularly for the components of the air transport value chain rooted on a territorial basis in order to combat unfair competition between airports and between handling service providers with a race to the bottom in wages and working conditions.
- Meet the challenge of the Adequate Minimum Wage Directive to raise the coverage rate of collective agreements to at least 80 per cent of workers, in particular in emerging business sectors not covered by collective bargaining, and by reviewing worker classification systems and related wage scales starting from the basic level corresponding to the minimum wage, whether determined by law or by collective bargaining itself.
- Negotiate sector-wide climate change adaptation and mitigation measures that are systemic in nature and protect the health and safety of workers and passengers throughout the air transport service cycle.

At local level

- Collective bargaining in air transport in almost all European countries takes place at a decentralised level, particularly at company level or, more innovatively, within the entire airport chain seen as an ecosystem. The territorial dimension also with the presence of the public actor should be encouraged because it offers social actors a wider forum for discussion with a view to finding solutions to issues concerning the labour market (skill shortage/skill retain), intermodality, public/private collaboration, infrastructure and services, digitalisation and green transition.
- The territorial dimension also appears to be a suitable forum with regard to climate change issues, which require coordinated solutions at territorial level, especially for areas exposed to extreme weather events that prevent the smooth running of air transport services and the adoption of contingency plans.
- Territorial-level bargaining is recommended to ensure the coordination of health and safety measures on the ground, coordinated schedules and shifts between airlines and ground staff, ancillary services to and from airports, cleaning and maintenance, commercial establishments, etc.
- Bargaining at company level as a means of competition between airlines should not undermine minimum conditions of worker protection and trade union viability in the company according to national regulations.