



Varieties of Industrial Relations in Aviation Lockdown

Work Package 3:

Industrial Relations pre-Covid-19 in General and in Aviation – A Comparison of Seven Countries

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September 2022

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Introduction – the Aviation Industry in the 2000's

A wave of market liberalization has consumed the world since the late 1970s, picking up speed over the last three decades. This dismantling of trade barriers has affected economies, markets, prices, wages, working conditions and much more. Perhaps most importantly, this development has facilitated investments across borders. Multinational companies (MNCs) have benefited from this economic paradigm change – this era of MNCs is, reflected in the fact that their number currently stands at around 60,000 MNCs (Navrbjerg and Marginson 2016). In addition, they are home to between 500,000 and 600,000 subsidiaries (ibid).

The modus operandi of MNCs is to acquire existing companies in other countries or establish new companies (greenfield sites), which often allows them to take advantage of the cost of labour, the existence of highly skilled employees, favorable tax benefits and access to new markets. The free mobility of capital, that is, globalization, gives MNCs the possibility to practice regime-shopping, allocating investments in countries where wages are low and industrial relations (IR) are weak, or at least in nations where social partners might be willing to accede to concession bargaining.

A branch highly exposed to globalization concerns aviation. Until the 1990's, aviation was overall a protected market, governments committed to sheltering national treasures, legacy airlines (LAs), from the harsh realities of market competition (Wilke et al, 2016; Volkens and Fifka, 2019). In many cases these LAs (Jorens et al, 2015), for example, Lufthansa, SAS, Alitalia, Air France etc. were either totally or partly owned by the State at different times in their long history. However, liberalization gave leeway to other airlines to access routes that were formerly reserved for legacy airlines (ibid). With different degrees of success quite a few airlines took advantage of this opportunity – one example that stands out in Europe is Ryanair. The business models of airlines such as Ryanair typically focus on depressing costs in an attempt to flood the market with cheap tickets. To this end, these airlines now long referred to Low Cost Carriers (LCC) (Deutsches Zentrum für Luft- und Raumfahrt, 2006), adhere to the following strategy: a reduction in services (onboard services luggage incur extra costs), less leg room to accommodate more seats, operating from regional airports, the promotion of precarious employment and a de-recognition of IR practices. As we outline in this report, such a business model represents a huge challenge for LAs, whose traditional monopoly position guaranteed employees favorable employment terms and conditions and an employee commitment to the notion of social partnership, that is, offering employee representatives rights of participation in influencing company policy.

Part of a wider EU funded project on the impact of Covid-19 on IR practices in the aviation branch of seven EU Member States, Denmark, France, Germany, Ireland, Italy, Poland and Spain, the following report focusses on IR developments in the aforementioned countries prior to the outbreak of the pandemic, i.e. pre-Covid 19. We consider that whilst traditional MNCs have been able to invest across borders, they nevertheless remain a national edifice in two important ways: The means of production and labour. In both cases, MNCs are required to respect IR practices in countries profiting from their investment. However, aviation is different, a dream scenario for any MNC investor: In aviation, both the means of production and the labour are mobile, it is not bound by national custom and practices, but by strategic decisions taken by airlines. The fact that airlines in principle can fly from any city in the world, or at least threaten to do this, means they are relieved of such national shackles. Airlines can adhere to industrial relations of their choice, this just requires them to stipulate from which country they decide to start from, which allows them to circumvent IR practices even in the countries where they are servicing passengers. Although ground-handling providers, i.e. airports, don't have the same room for maneuver as airlines as they remain firmly embedded within the realms of the nation State,

nevertheless as part of a value chain, which airlines clearly control by outsourcing costs, they are certainly not immune to regime competition.

The report highlights that to different degrees the market liberalization of the aviation industry appears to have had a more pronounced impact in countries home to regulated systems of IR, i.e. Denmark and Germany. Here, it has resulted in a deregulation of IR practices – which in turn has undermined employment terms and conditions. Although in the LAs, some semblance of an IR system remains, albeit in a weaker form, i.e. company as opposed to branch level collective bargaining, the opposite seems to be the case regarding LCCs. Overall these airlines are shown to function in an IR vacuum. While LA traditionally have adhered the national IR system, LCCs tend to go by the lowest common denominator regarding collective bargaining. Some do have collective agreements, others do not – but overall, there is a passive approach towards engaging in IR, and many demonstrate an unwillingness to partake in institutional act of mutually regulating earnings. In LCC, the culture of unitarism has traditionally prevailed – certainly since the early 2000s.

Nevertheless, it would be short sighted of us not to consider a number of important national and transnational developments. These observations suggest employees are in the process of either reestablishing traditional aspects of IR systems, as seen in the fight for branch level collective bargaining, or establishing IR systems. In the latter case, employees have successfully pressurized employers to 1) recognize unions and 2) take the first tender steps towards signing collective agreements.

The following pages are divided into three sections: Firstly, the authors begin by outlining the report's conceptual framework, an important exercise considering the comparative nature of the findings to be presented. Not only are we interested in comparing IR trends in aviation across seven EU countries, but equally there exists an awareness that any comprehension of these developments specific to this branch will require some understanding of traditional IR practices within the countries under study. Hence, the comparative element of this report occurs at two levels - a national and transnational one. Once in possession of a conceptual understanding of IR in the respective Member States, we then discuss in some depth the issue of path dependency, the idea that in each country certain institutional procedures have emerged that allow labour market actors to manage the way they deal with each other. For example, although the countries in question are home to trade unions, employers' organizations and collective bargaining, there exist a degree of disparity not only between nation States but also inside those same countries in terms of IR protagonists' role as well as their point of interaction. In possession of an IR backdrop, in part II, the focus turns to consider comparatively the State of the seven countries' IR in the aviation industry. We will conclude by offering a discussion of the main findings.

Conceptualizing Industrial Relations in Seven European Union Members States

This report represents a taximonical exercise in that it aims to categorize industrial relations developments in the aviation industry in seven European Union Member States, with a specific emphasis on actual developments following the liberalization of the market. At first sight, this should not be a difficult assignment as the countries in question, Denmark, France, Germany, Ireland, Italy, Poland and Spain have a number of things in common. Apart from their EU membership, which by default ensures their economies fall partly under the auspices of Brussels, they also represent what Hartog and Theeuwes (1993) term modern societies. A key aspect of a modern society is the existence

of labour market institutions - institutions that attempt to regulate, or as Müller-Jentsch (1997) aptly puts it, to institutionalize conflict. Certainly, each country in question is home to trade unions, employer organizations, company and site level employee representation as well as national and European IR legislation, which help facilitate interaction between the main labour market actors, employers, employees and the State in the contestation of conflict. However, a number of hurdles hinder such comparative approach. Consequently, any such analysis needs to document these and proffer solutions that make them, if not obsolete at least manageable.

Firstly, although the emergence of transnational IR in recent decades would suggest otherwise, IR is a *national* construct, borne of the nation State. Hence, when we talk of IR it is important to emphasize, as numerous writers have (Müller-Jentsch, 1996; Katz and Darbishire, 2000, Hyman 2019), the relevance of path dependency. As Michael Poole's work on comparative IR demonstrates, environmental conditions, specifically subjective and structural factors, are nationally embedded. Koch and Manzella's (2019) recent book on international comparative employee relations, takes up this very point when focussing on a key feature of a country's national character, language. For example, although social partnership can be observed in most of the countries under study, what the term means varies as IR protagonists "interpret" this concept differently. At one end of the spectrum, actors perceive it as a strength, a means to overcome problems mutually, at the other end certain actors, usually trade unions, appear traditionally wary of the concept, viewing it as a managerial tool to undermine their negotiating position.

Secondly, institutions as exemplified in the work of Habermas (1976) as well as Streeck and Thelen (2005) are susceptible to change. For although institutions set parameters within which actors are required to conform, they nevertheless are the construct of human action and interpretation, which in itself is informed by power relations. Hence, contextual changes, what we have already referred to as structural environmental factors, might result in actors undertaking institutional adjustments in light of new circumstances. A case in point concerns collective bargaining. Although as the report exemplifies, collective bargaining can be observed in each of the seven countries, government policies, technological transformation, unemployment and global competition, just to name a few of the variables at play, can alter the form collective bargaining takes. Certainly, in recent years there has been a tendency towards decentralization. Even here, though, the propensity towards decentralized collective bargaining has proven diverse, which once again shows the importance of how path dependency factors mitigate change. This point is certainly drawn out in parts I and II of this report. Hence, although the report will attempt to categorize IR in each of the seven countries under study, in the task of taxonomy, we are aware of the limitations associated with such traditional definitions, as these are susceptible to change (Whittall and Trinczek, 2019).

In attempting to address these obstacles, we apply a conceptual framework that draws heavily on the actor approach to IR analysis prevalent in the work of Poole (1986) and Müller-Jentsch (1996). We are also reliant on the work Streeck and Thelen (2005), who offer a convincing perspective on the role of actors in the process of institutional change. As indicated above, when we discuss actors we are referring to three main parties: employers, labour and the State. In the case of the first two, employers and labour, we acknowledge that these often delegate the act of representation to third parties, that is, employers' organizations, trade unions and plant level bodies such as works councils or shop steward committees respectively. It needs to be emphasized here, that the actors act, or rather interact with each other, to achieve what Strauss (1978) terms "negotiated order". In other words, employment terms and conditions are the result of such a process. Of course, negotiated order involves a process of conflict resolution as both parties vey to achieve favorable outcomes. Here, Poole's (1986) notion of "strategic choice" is very informative in that it recognizes the importance of

Handlung, i.e. that action determines what outcomes are reached, but reminds the reader that subjective decisions are influenced by contextual factors, which in turn can have a bearing on power relations. Hence, the report is aware of the need to consider specific (national) and general (Global/European) factors that have had a bearing on actors' choices in the seven countries under study. As the report will now demonstrate, a key factor involves the role of the State.

The report argues that State plays a central role in IR, in that it legally facilitates relations between employers and labour by laying down parameters, often referred to as procedures that guide, not control, how IR actors interact. As demonstrated in this report, though, the State's role varies not only between countries but over time, too. Historically, the debate surrounding State involvement in IR has oscillated between two poles, regulation and voluntarism, or as Hall and Soskice (2001) argue, coordinated market economy (CME) versus a liberal market economy (LME). In contrast to the CME LME model, widely associated with the United Kingdom until the early 1980s, sees relations between capital and labour remain "largely a private arena of social behavior" (Hyman, 1995: 30). The two parties in question are left to their own devices even though there is in practice an imbalance of power relating to the ownership over means of production. For the purpose of this report, we apply the regulated as opposed to voluntarist concept to understand IR developments. Although the degree of State involvement will be shown to vary over the seven countries under study, this leading to different IR outcomes, the report contends that the State both nationally and internationally (European Commission) is a key IR protagonist. Although the results of IR negotiations are left to employer and employee representatives to determine, to different degrees the State requires these two groups to abide by certain rules that govern the process of interaction. For example, whilst employers are required to respect employees' right to join a union and take industrial action, this does not necessarily mean employees have a freehand. They too are required to abide by the rules of the game, especially when this involves industrial action. In short, a key aspect of this report will involve the changing role the State plays in regulating IR.

In sum, the conceptual framework applied to this comparative report acknowledges the central role taken up by IR actors: specifically institutional arrangements that help employers and employees interact in their attempt to regulate employee relations. Here, the State functions as an intermediary actor in that it constructs a legislative environment that facilitates the process of interaction, be this legislation relating to collective bargaining, employee representation or mediation etc... The key point to recognize at this point, though, is that any outcomes are the result of negotiations between capital and labour, these influenced by the strategic decisions they take or are allowed to take. Furthermore, the report acknowledges that strategic choices are susceptible to contextual factors, factors that can change the balance of power, which in turn could result in some form of institutional adjustment as discussed above. Access to a non-union, often temporary labour force, for example, is likely to undermine unions' negotiating position, forcing it agree to procedural changes, the form negotiations take, i.e. decentralized as opposed to centralized collective bargaining, and substantive concessions, agreeing to a worsening of employment terms and conditions. Therefore, the mapping of IR in aviation in Denmark, France, Germany, Ireland, Italy, Poland and Spain, will be structured as follows: Firstly, a discussion of IR arrangements, negotiation procedures, i.e. the level of collective bargaining, the actors involved in and the role of the State, will be presented. This will serve as a backdrop to the second part of the report, IR in aviation pre-Covid-19. In both parts, the report will chart IR trends in aviation both specific to the countries being studied but equally convergence developments that can be observed across these seven EU Member States.

Part I: IR-Systems in Seven Countries Compared

In this section, the report considers IR practices in the seven respective Member States, Denmark, France, Germany, Ireland, Italy, Poland and Spain. We began by offering a brief understanding of the various systems, followed by comparative section that studies trends in the following areas: the role of the State, level of collective bargaining, unionization and employers' organizations and collective bargaining coverage.

IR in Denmark

The Danish IR system is highly institutionalised. This process of institutionalization can be traced back to the often referred to 1899 *September Compromise*, a compromise that laid the foundations that guide negotiations between employees and employers until today. Ultimately, it represents a set of rules designed to resolve conflict. A key aspect of this compromise involves the fact that IR are primarily regulated through collective agreements signed by the social partners. While the State takes up a relatively withdrawn role in Danish IR, nevertheless tripartite cooperation and regulation plays an important role, especially when major welfare State issues are at stake (i.e. pension, paternity leave, vocational training). Quite often, the State, employers' organisations and trade unions work out solutions that divide the responsibility between collective agreements and legislation. Consequently, legislation plays a discrete role in the area of wages and working conditions.

According to the September Compromise, it is not legal to strike (or lockout) while a collective agreement is in force – here the peace obligation applies. Hence, industrial action either in the form of strikes or lockouts can only take place during the collective bargaining negotiations. However, due notice has to be given (two weeks) and an arbitrator has to be involved before a second notification can be given. As such, the system for solving grievances is highly institutionalized and all parties, unions as well as employers' organizations, rigidly adhere to the so-called "conflict ladder" system. Here, the first rung of the ladder, that is, the place where contestation occurs, is at the bottom, namely at the workplace. In the case of an impasse, actors have the option of climbing further up the ladder, the highest point being the Labour Court.

The strength, even possible stability, of the Danish IR system is made possible by the high-density rates on both sides of isles. Whilst union density is high, around 68 per cent of all employees, employer organisations respectively organize 53 per cent of employees in the private sector and 100 per cent in public sector. Consequently, these arrangements ensure collective bargaining is high in Denmark, 83 per cent across all sectors. However, coverage varies between sectors, and while the collective agreement coverage was 100 per cent in the public sector in 2018, it was 74 per cent in the private sector. In some sectors, like cleaning, collective bargaining coverage is considerably weaker.

While the peak organisations DA (Dansk Arbejdsgiverforening - Danish Employers' Confederation) and FH (Fagbevægelsens Hovedorganisation – Danish Trade Union Confederation) have an input when it comes to general policies on the labour market, actual negotiations over wages and working conditions takes place at sector level. In the private sector, the leading organisations at sector level on the employers' side are the Confederation of Danish Industry (DI – Dansk Industri) and the Danish Chamber of Commerce (DE - Dansk Erhverv). Together, they represent almost 90 per cent of the total enterprises in private sector covered by the Confederation of Danish Employers (DA - Dansk Arbejdsgiverforening). On the union side, the private sector union, the Central Organisation of Industrial Employees in Denmark (CO-industri), which is affiliated to the FH confederation, has a lot of

bargaining leverage. CO-industri is home to some of Denmark's largest unions, such as the United Federation of Danish Workers (3F - Fagligt Fælles Forbund), the Danish Metalworkers' Union (Dansk Metal) and the private branch of Union of Commercial and Clerical Employees (Handels- og Kontorfunktionærernes Forbund, HK Privat).

As pointed out, collective bargaining occurs at the sector level. However, the Danish collective bargaining system has undergone a process of organised decentralisation in the last three decades. While the overall framework continues to be negotiated at the sector level, company level actors are offered latitude regarding how they implement such agreements. This arrangement, decentralized negotiation procedures, is made possible by the existence of a highly institutionalised IR-system built on a strong union presence and competent shop stewards who are able to negotiate with management. Hence, the emphasis placed on decentralisation being 'organised'.

In companies with five or more employees, the employees can appoint a shop steward to represent their collective interests. Works councils are quite widespread in Denmark in companies with more than 35 employees. However, the Cooperation Agreement obliges management in smaller entities to keep employees informed on major organizational changes, i.e. changes in ownership, redundancies, technical changes etc. Often, the shop steward plays a pivotal role here. Shop steward coverage was 52 % as of 2010. However, because many companies have less than five employees they are not eligible to have a shop steward.

IR in France

The French IR system has historically been described as "State-centric". In general, the system is highly institutionalised and regulated. The Government plays a fundamental role in setting the minimum wage (SMIC) and in granting, via the Ministry of Labour, to make collective agreements binding, i.e. the existence of the *erga omnes* principle. Hence, more than 90% of the workforce is covered by a collective agreement. Furthermore, the important role played by the State in IR became apparent when considering that legislators have the right to establish compulsory negotiations for a list of issues. These include remuneration, the structure of working time organisation and gender equality. The role of State regulation is best exemplified by considering the French trade union landscape. Although trade union density in France is among one of the lowest in the European Union, the overall density rate around 11%, 8.4 and 19% in the private and public spheres respectively, the fact that virtually all collective agreements at sectoral level are extended *erga omnes* by the Government explains the lack of incentive to join a union. Furthermore, this apparent weakness of trade unions must be somewhat nuanced by the fact that unions can rely on the support of elected employee representatives on works councils, which also explains employees' high participation in industrial action organized by trade unions. Here, such support seems to be based on trade unions' organising role in the first round of works elections and the election of employee delegates. Therefore, while both the union representation channel and the works council channel coexist, trade unions have a quasi-monopoly also over the latter form of representation. Even though dual channel of representation exists in France, the strong union presence within works councils neutralizes any potential conflict between these two bodies. In addition, it needs to be considered that French trade unionism is marked by a strong degree of pluralism, five main confederations organizing workers across all industrial sectors and a strong communist heritage.

On the employers' side, three main confederations can be identified, Mouvement des Entreprises de France (MEDEF) is the biggest organisation, representing companies of all sizes; the Confédération des

petites et moyennes entreprises (CPME) focused on small and medium enterprises and the Union des Entreprises de Proximité (U2P) that represents small enterprises in the artisan sector. Altogether around 25% of French companies are affiliated to one of the employers' organisations presented above. Although this figure appears quite low, it needs to be considered that these companies account for around 79% of the French workforce in the private sector.

Finally, although the sectoral level remains the most important in terms of collective bargaining, there exists an ongoing trend towards decentralisation. The catalyst for this was the 2017 ordonnances, which reversed the hierarchy of collective agreement, with the effect that company level agreements now legally take precedence over sectoral ones, unless otherwise specified by the law. According to the French team legislators' the goal was to promote an "organised decentralisation" of the French system of collective bargaining, by increasing the importance of company-level agreements at the expense of branch level negotiations.

IR in Germany

German IR is often referred to as either a coordinated market or a highly regulated system. Like in the case of a game of football German IR involves competing actors, a set of rules that players have to abide by and a referee. Concerning the rules of the game and the adjudicator, here State mechanisms play a key role as both legislator and prosecutor. Unlike in the early days of an emerging German IR system, specifically in the 1920s, the State cannot compel employer and employee representatives to utilize legislation at their disposal. In short, German IR is characteristic of an "option regime". By passing laws, especially the Collective Bargaining (1949) and Works Constitution Acts, the State indirectly encourages IR actors to interact. Overall, though the State refrains from activities that would influence outcomes. For this reason, autonomous collective bargaining is sacrilege in Germany. With exception of the minimum wage, which until it was passed in 2015 was very controversial, salaries and employment terms and conditions remain the domain of either collective bargaining parties or individual employees and employers.

The "option concept", however, means German industrial is quite diverse. The system has been susceptible to change, even erosion in recent years. For example, although the Bundesvereinigung der Deutschen Arbeitgeberverbände (BDA- Association of German Employers) lobbies on behalf of around 1 million firms, employing in the region of 30 million employees, just under 70 percent of the country's entire workforce, the spectrum in terms of collective bargaining is vast. For example, Gesamtmetall, an affiliated member of the BDA, allows the majority of its members, just under 4000, not to fall under the auspice collective bargaining. Such a discrepancy applies to the Deutsche Gewerkschaftsbund DGB (DGB- Confederation of German trade unions), too. Although its two main affiliates, the IG Metall (Metall union) and Ver.di (Public sector and service union), which organize 2 million and 1.9 million workers respectively, remain key collective bargaining actors, other unions such as the NGG (Food, Beverages and Catering Union) have to contend with employers refusing to enter into any form of collective bargaining. Consequently, a situation exists whereby the majority of German employees, around 85%, are not represented by a union. , A fact goes some way in explaining the growth in precarious employment in recent years.

A closer look at the collective bargaining landscape highlights diverse nature of IR in terms of density, specifically differences in form and spread. Regarding the last point, geographical variation and company size factors play a big role. Collective agreements are more prevalent in the West of the country and in large firms. Concerning density, German collective bargaining has declined drastically since turn of the new millennium, the number of employees benefitting from such negotiations down

from 73 to 52 percent 1998 to 2019. The majority of these, though, 62 percent, involve company level collective bargaining. The number of companies reliant on such a procedure growing from around 2,500 in 1990 to just under 12,000 in 2019. Even sectoral negotiations, which accounts for just over 38 percent of the total agreements signed, have built within them a decentralized element. This represents regulated decentralization. Here, central agreements possess so-called “open clauses”, clauses that allow companies under the supervision of trade unions to customize terms and conditions. It is also worth considering that geographically sectoral collective bargaining is higher in the West than the East of the country, 53 and 43 percent respectively.

Finally, the other key institution, the works council, has seen a decline in coverage, too. Again, it is worth considering geographical differences. Whilst the number of employees with access to works council declined from 51 to 41 percent in the west between 1996 and 2018, in the East it fell from 43 to 35 percent in the same period. Moreover, the works council is a fine example of the “optional character” of German IR. The foundation of such an institution relies on the discretion of the workforce, i.e. employees have to initiate the process of holding a works council election and electing a board of representatives. An increasing number of employees appear to be forfeiting this opportunity.

IR in Ireland

The Irish IR system makes a sharp distinction between *individual employment rights* and *collective employment relations*. Law heavily regulates individual employment rights as the Irish ‘Anglo-Saxon’ model is based on a legislative ‘floor of rights’ approach. In contrast, collective employment relations is described as ‘voluntarist’, in that there is little legal/State intervention in terms of collective bargaining. Although the Irish Constitution protects the right of freedom of association, Irish trade unions do not enjoy the legal rights (constitutional, legislative, or common law) which requires employers to enter into collective bargaining. Thus, while employees are free to join a trade union, they cannot insist that their employer negotiate with any union regarding their pay and employment conditions. Collective bargaining in Ireland, therefore, is seen as normative; collective agreements are usually not legally binding, as they do not generally intend to create legal relations. Overall, this voluntarist model allows little place for legally mandating worker participation in any form (there are no works councils, for example). Consequently, the emphasis on worker representation remains very much on the ‘single-channel’ road, in which trade unions, where they exist, continue to play the dominant role of representing worker interests.

The Irish IR system (pre-Covid) therefore represents a ‘floor of rights’ model in terms of individual labour law; a model of weak protection for collective labour rights; and a model of job creation heavily dependent on FDI (particularly from US-based multinationals). However, in contrast, there was also a tripartite model of national socio-economic governance (for 20 years until 2010), and regulation of employment relations in key sectors of the economy (notably, construction) by social partner engagement.

Although the IR has a clear voluntarist character, unlike in the UK there has never been a ‘Thatcherite’ attack on union rights in Ireland. This consequently explains why the trade union movement continues to play an important political role at national level (in the public service, and in the tripartite Labour Employer Economic Forum- LEEF), and at sectoral level (through participation in sectoral bodies like Joint Labour Committees- JLCs- for example).

Concerning trade union density, it is currently estimated to be approximately 26%, although it is much lower in the private sector, roughly 15 percent. This represents a huge decline compared to the early 1980s, when it stood at around 62 percent. Concerning collective bargaining coverage, this hovers around 35 percent region. The shrinking of Irish IR landscape, specifically the decline in the tripartism after 2010, is a consequence of long-term commitment to promoting free market policies as well as a response to the 2010 financial crisis.

As for employer organisations, these tend to function as policy advocates, generally not engaging in collective bargaining (which in the private sector occurs typically at enterprise level). There have been repeated Court challenges by loose groupings of small employers (not affiliated to the main employer representative bodies in the sectors in question) to any attempts to expand *erga omnes* sectoral collective agreements. We can see, therefore, a fragmentation of actors on the employer side. It is also the case that the Irish (common law) courts find it difficult to reconcile the traditional common law focus on laissez-faire and individual rights, with the field of IR. Recently, however, the Irish government convened a tri-partite High-Level Working Group to review collective bargaining and the IR landscape in Ireland, including the issue of trade union recognition and collective bargaining processes. Although the Group is due to report sometime in 2022, it remains unclear whether Irish IR will undergo an about change.

IR in Italy

IR in Italy's private sector are largely voluntaristic. While Art. 39 allows unions to register no law or article in the constitution defines a union. Furthermore, the Workers' Statute (Act 300/1970) is the most important piece of legislation regarding the rights of workers and their representatives. The Statute provides protections for specific rights of individual employees and unions and introduces a voluntary model for workplace representation (Rappresentanza Sindacale Aziendale). Finally, the right to strike in "essential public services" is regulated by Act 146/1990. Consistent with the voluntaristic regime, the regulation of the right to strike relies heavily on voluntary pacts among the social partners.

In addition, neither does any legislation nor government regulation determine the model of IR or collective bargaining, which unions may or may not participate in bargaining and who can sign contracts or participate in workplace-level representation. This is not to say regulations don't exist. On the contrary, IR are self-regulated by a series of tripartite and bipartite agreements. Very important here are the Tri-partite agreement (1993), the bipartite "Unified Text" (2014) and the "Factory Pact" (2018). In addition to the self-regulation of IR, the agreements also address more general issues of common concern like inflation, investments, industrial development priorities, skills upgrading, etc.

The main actors in the Italian system of IR on the labour side include the three largest, historically most representative labour confederations, the Confederazione Generale Italiana del Lavoro (CGIL), the Confederazione Italiana Sindacati Lavoratori (CISL) and the Unione Italiana del Lavoro (UIL). Outside of these three confederations, numerous independent union associations exist, which in specific regions, industries and workplaces play important roles. The employer side includes a plethora of representative organisations, with membership in multiple associations possible: Confindustria (large firms); Confartigianato, CNA, Casartigiani (artisan firms); Confcommercio, Confesercenti (retail, tourism, hospitality); Legacoop, Confcooperative, AGCI (cooperatives); Confagricoltura, CIA, Coldiretti (agri-business). Excluding members of the powerful pensioners unions, union density in Italy is 32.5%. On the employer side, Confindustria represents roughly 70% of large firms in Italy while Confartigianato, CNA, Casartigiani represent 30% of artisanal firms.

Workplace representation in Italy is single-channel and is based on two models, both of which can be applied to workplaces with 15 or more employees: The Rappresentanza Sindacale Aziendale (RSA) (introduced by the 1970 Workers' Statute) provides for the appointment of delegates by unions to shop steward committees, which are signatories to collective agreements applied in the specific workplaces. It is possible to have multiple RSAs in a single workplace, though. The Rappresentanza Sindacale Unitaria (RSU - introduced by the 1993 agreement and further regulated by successive agreements) is a unitary workplace representation structure, with the election of delegates on the basis of lists proposed by unions, through universal suffrage. Like the RSA, the RSU may engage in collective bargaining.

Bargaining takes place at two levels, with agreements typically lasting 3 years. Sector (industry) agreements at the national level are negotiated first to define a common floor across occupations in a given industry; these national agreements also determine the boundaries of collective bargaining at the company level; 80-90% of employees in Italy are covered either by a national or sectoral agreement (despite the absence of an *erga omnes* mechanism). At the company level these agreements are largely integrative in that they adapt national agreements to local requirements. Here, sector collective agreements are negotiated by the RSA/RSU within boundaries defined by the sector agreement. In rare cases when specified by the sectoral collective agreement, the company agreement may derogate from the national agreement. Around 30-40% of workplaces utilize this option, i.e. negotiate a company-level agreement.

IR in Poland

When discussing Polish IR it is important to recognize that the Labour Code distinguishes between two types of collective agreement: single employer collective labour agreements (zakładowy układ zbiorowy pracy, SECA), and multi-employer collective labour agreements (ponadzakładowy układ zbiorowy pracy, MECA). Single employer collective agreements are to be concluded by employers and representative trade unions, while the latter represents sectoral collective bargaining. The MECAs are sometimes incorrectly referred to as 'industry-level agreements'; however, multi-employer agreements only covers employees in companies affiliated to an employers' organisation. The state does not stimulate social dialogue, treating trade unions and employers' organizations as a 'necessary evil'. This fact is visible at two levels: Firstly, at the legislative level because when social partners are consulted in the process of issuing opinions on legal acts their proposals and proposals, their opinions are not necessarily taken into account. Secondly, in relation to collective disputes where the demands of trade unions are often marginalized or completely ignored. Consequently, IR in Poland is characterized by an ineffective social dialogue.

The number of organizations uniting employees (trade unions and work councils) is gradually decreasing, as is the number of union members. Overall, union density in Poland is around 12 percent.¹ While trade unions are one of the main actors in IR, their real impact on employment conditions remains limited. There are three nationwide trade union organizations Ogólnopolskie Porozumienie Związków Zawodowych, Solidarność and Forum Związków Zawodowych. These organizations are the main players - the three nationwide representative organizations account for 83% of all trade union members, 1.3 million members in total. However, unions are present in 60.9 per cent of all workplaces in the public sector, 8.2 per cent in the domestic private sector and 32.7 per cent in the foreign private sector. The majority of trade union members, about 66 percent, work in the public sector.

¹ <https://www.worker-participation.eu/National-Industrial-Relations/Countries/Poland/Trade-Unions>

Membership to trade unions is often more prevalent amongst older than younger workers, this having a decidedly negative impact on the degree of unionization. The degree of activity of work councils is lower, however. Since 2006, a mere 3671 undertakings have such a body in place, but works councils has disappeared many places and only some 500 is left – equalling 1.7 per cent of companies have a works council.

Under Polish law, a trade union in Poland is defined as a voluntary and self-governing organization of working people, which is established to represent and defend their rights, professional and social interests. However, trade unions are independent in its statutory activities from state and local administration and other organizations. Such a definition of a trade union (which assumes the possibility of its establishment by persons who do not have the status of employees), as a result of a judgment of the Constitutional Tribunal, led to sanctioning the possibility of establishing trade unions by self-employed persons. Considering that the majority of employees in Poland don't have an employment contract, most employees are forced into the status of being self-employed.

Collective bargaining plays a marginal role, both in terms of the number of collective agreements and the total of employees covered. Furthermore, collective bargaining tends to be decentralized. Decentralization of Polish collective bargaining system is illustrated by the supremacy of single employee collective agreements in the total volume of agreements in force, in terms of both number and coverage. By the end of 2015, 8,032 SECAs had been registered, covering nearly 1.8 million workers, of whom slightly above 1 million were employed in the public sector, and nearly 800,000 in the private sector. At the same time, there were 86 multi-employer collective agreements covering 390,000 employees.

The de facto absence of collective bargaining seriously hampers the efficiency of the IR system, which is extremely fragmented. This explains why Poland's unionization rate is among the lowest in the EU, at roughly 12 per cent and why a mere 20 percent of firms are affiliated to an employers' organisation. The low level of unionisation is the result of a number of complex economic and political reasons. In the period of systemic transformation, the new government elite, emerging from *Solidarność*, effectively abandoned their earlier demands (introduction of a social market economy), i.e. the nationalization of large enterprises, increased empowerment of workers and self-government, in favor of a much more liberal market economy. This caused a shock amongst the working class and to some extent reduced their willingness to join trade unions in the first period of transition. Later on, the same factors appeared in the Polish economy that reduced the power of the unions. The rapid decline of employment in industries that traditionally accounted for the majority of trade unionists (mining, metallurgy etc.) and the increase in the number of workers employed in small and medium-sized enterprises, part time workers, etc. further saw union members decline. In addition, unions had to contend with anti-union strategies adopted by Polish private entrepreneurs and by managers in charge of larger enterprises, not least including foreign ones².

In Poland, social dialogue has to a large extent been modelled on other countries rather than being developed in an evolutionary way with consideration for local peculiarities - as was the case in Western European countries. The State maintains its dominant position, and while the State is in this dialogue consulting the social partners, it does not really constitute a real social dialogue. Due to the lack of structures and many imperfections of social dialogue, Polish trade unions look for support from political parties. This becomes a double-edged sword, though. On the one hand, it provides them

² Gardawski J, Spadek poziomu uzwiązkowienia w Polsce – przyczyny i próby wyjścia z impasu [The decline in unionisation in Poland - causes and attempts to resolve the impasse], <http://www.nzzk.nw.pl/pdf/PL0208105FPL.pdf> (01/07/2022)

with limited access to decision-makers. On the other hand, it makes them beholden to political parties³.

The one area where the State plays an important role in Polish IR concerns setting minimum wage mechanisms. This is undertaken by the The Social Dialogue Council (Rada Dialogu Społecznego). The task of the Council is to conduct social dialogue in order to determine the conditions for proper socio-economic development and to increase the competitiveness of the Polish economy and social cohesion. Members of the Council represent the main (national level) trade unions, representative employers' organisations and public authorities' representatives. The minimum wage is negotiated on an annual basis within the Council and must be agreed by 15. July of each year. In the case that no agreement has been reached within the Council by this deadline, the matter passes to the Council of Ministers, which sets the minimum remuneration by way of statutory order. This has been the case for many years now and in reality, the government plays a major role in setting the minimum wage. Therefore, the national-level legislation (at the Minister responsible for Labour order) remains the basic reference point for setting minimum wages.

IR in Spain

Spain is characterized by a strong degree of State intervention in the configuration of the IR system, both from an individual and collective perspective. The general features of the system are laid down in the Spanish Constitution of 1978. Its legal development has been influenced by two basic regulations: *Estatuto de los Trabajadores* (first version 1980), which sets minimum employment standards, and *Ley Orgánica de Libertad Sindical* (1985). Consequently, State legislation regulates the basic institutions of collective law, namely freedom of association, participation and representation in the company, collective bargaining, strike and collective conflict measures as well as mediation and arbitration procedures for resolving collective conflicts. This model has maintained a high degree of stability since its creation to date. This arrangement might also explain why strikes are rare and not very long. Here, autonomous systems of collective dispute resolution through voluntary mediation work quite effectively.

The two main Spanish trade union confederations are the Confederación Sindical de Comisiones Obreras (CCOO) and Unión General de Trabajadores (UGT), which in recent decades have been known to act jointly. The CCOO is the leading trade union in Spain in terms of both membership, 976,910 members, and the works council delegates, 97,086. Seven trade union federations across all sectors of economy are affiliated to the CCOO. As for the UGT, it has a membership of 94,485, plus it organizes around 87,663 works council delegates. Like the CCOO, UGT is home to seven federations spanning numerous sectors of the economy. Like in other EU countries, the affiliated federations are responsible for undertaking collective bargaining. The influence of these two confederations is reflected in the number of works council delegates the CCOO and UGT organize, 60 percent in total, 35 and 32 percent respectively.

As for employers, the Confederación Española de Organizaciones Empresariales (CEOE) represents the private business community, from large to small companies, across all productive sectors and territories. It works on behalf of more than 240 business associations that account for more than two million companies. In addition, the Confederación de la Pequeña y Mediana Empresa (CEPYME) and

³ Związki w kryzysie [Unions in crisis], <https://nowyobywatel.pl/2018/01/22/związki-w-kryzysie/> (01/07/2022)

the Asociación de Trabajadores Autónomos (ATA) are part of the CEEOE, respectively representing small to medium size firms and a large number of self-employed individuals.

Collective bargaining assumes a complementary role to the law, improving the working conditions established by law and adjusting to the needs of each company or sector of activity. Spain accounts for one of highest collective bargaining coverage rates in Europe, above 90 percent. Furthermore, sectoral collective bargaining remains the dominant form of setting pay and employment terms and conditions. Although the 2012 labor law reform was intended to strengthen the weight of collective bargaining at the company level, its impact has been quite weak. Ten years on company-level collective bargaining agreements account for barely 8% of workers, while sectoral (provincial or national) collective bargaining accounts for around 90%. Again, the sectoral bargaining tradition is helped by the *erga omnes* concept, a fact which explains the high collective bargaining coverage.

Workers' representation at the company level involves a dual model, *comités de empresa* (works council) and *delegados sindicales* (trade union). Although both forms of representation coexist, the works council is predominant. This does not mean that the trade union has no influence over works councils. On the contrary, many works council delegates are trade union members and furthermore because of the 1980 and 1985 law pertaining to trade unions, unions play a key role in centralized collective bargaining.

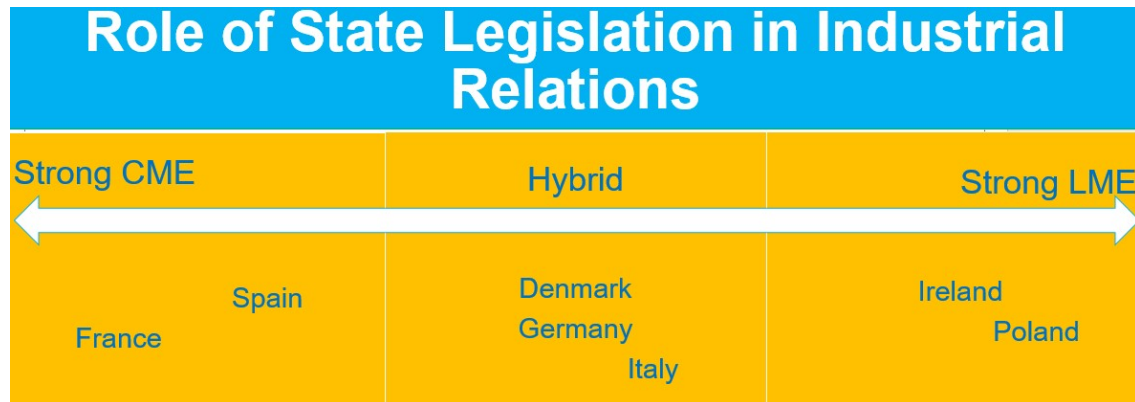
Finally, it needs to be noted that Spain has witnessed a large increase precarious employment. The high rate in temporary and other forms of atypical work is especially widespread amongst women, young people and migrant employees.

Trends: Convergence and Divergence

Role of State Legislation in Industrial Relations

As indicated above, the report applies a coordinated (CME) and liberal (LME) market economy conceptual framework. This represents a spectrum that measures to what extent State legislators influence IR procedures, that is, the way in which employer and employee representative bodies interact, as well as outcomes relating to employment terms and conditions. At one end of the spectrum, what we might want to term strong CME, the role of the State in the area of IR and employment standards is ever-present. This scenario is quite contrary to a situation whereby the balance of power between opposing IR actors is exclusively influenced by free market forces. Studying IR in the seven respective EU Member States, with a particular awareness that each countries' IR systems have had to contend with exogenous factors that have affected traditional arrangements, the report has modified the CME/LME model to incorporate a number of categories. One is the hybrid option, along the CME and LME spectrum, which has the benefit that it can accommodate a certain degree of fluidity present in the seven countries. This more granular approach is able to take into consideration what might appear to be conflicting tendencies, that is, competing regulation and deregulation tendencies in Denmark, France, Germany, Ireland, Italy, Poland and Spain. For example, although we will demonstrate Ireland and Poland lean far more towards the LME pole of our spectrum than the five other countries, it would be short sighted of us not recognize that LME factors nevertheless play out in different ways in Ireland and Poland. Likewise, while Denmark is often considered a CME country, traits of liberalism are to be found in market driven legislation around the issue redundancies, which are far stricter than in say, Germany.

Applying the CME and LME spectrum as outlined in the table below, three clusters can be observed. These involve 1) a strong State presence, 2) a limited role for legislators and 3) a hybrid of both tendencies. As will be demonstrated, though, none of the seven Member States, even the two clusters at either end of the spectrum, can be considered to fall purely under the influence of a CME or LME regime. Varying contextual tendencies appear to push and pull countries in different directions.



At one end of the spectrum two countries, *Ireland and Poland*, veer towards the LME form of State involvement. Although both countries legally recognize the right to freedom of association, that is, the right to set up and join a union, and in the case of Poland union's independence of government control is guaranteed, plus the commitment to minimum wage, the emphasis is very much on a floor of individual as opposed to collective employment rights. Neither country dictates which parties have the right to negotiate collective agreements, as is the case in Germany. In many respects, the State could be considered a simple bystander. As will become apparent below, though, there also exist differences between both countries with regards LME tendencies. Ultimately, neither country can be placed at the extreme end of the LME spectrum.

The next cluster involves *Denmark, Germany and Italy*, which to varying degrees encompasses aspects of the CME and LME models, the so-called hybrid form of IR relations. To understand the hybrid constellation there is need to differentiate between the idea of decree and option. In the first case, State legislators are ever-present in the question of IR governance, setting down rules that control how employer and employees representative bodies interact. In the case of Denmark and Germany, for example, respectively a set of rules and laws have been concluded, especially those relating to industrial action; that encourage industrial peace. This in fact helps explain the strong sense of social partnership in both countries. Whilst such tendencies appear less pronounced in Italy, legal parameters do exist that guarantee workers certain rights, rights that 1) protect unions and 2) make union members the signatories of collective agreements at plant level. In all three cases, however, such legislation is not mandatory, it is option, or as some contributors suggest, a voluntary approach. Namely, there exists a legislative framework that more or less directly guides IR actors in the way they interact. As will become apparent in the next section, such a legal construction explains the disparities concerning the degree and level of collective bargaining as well as why not all employees have access to plant level representation. Hence, although the shadow of the law implies the prevalence of CME variables, certainly at a procedural level, the fact that the State refrains from 1) influencing the outcomes of negotiations, this is left to the social partners, and 2) has refrained from making labour law mandatory, allows liberal market forces to influence nature of IR in these countries, too. Therefore, the reason behind referring to this constellation as a hybrid model.

The final cluster involves *Spain and France*, two countries in which the tendency towards State involvement suggests the propensity is stronger than in the other countries. For example, in Spain even though collective bargaining partner have leverage to alter basic working conditions set by the State, minimum standards, legislators apply the *erga omnes* principle to once the partners have signed an agreement. Similarly, the State-centric character of the French regime, allows the ministry of labour to make collective agreements binding across workplaces irrespective of a strong trade union presence.

Unionization and Employers' Organizations

As we shall see in the proceeding paragraphs, the variation in State regulation throws up some interesting facts, even contradictions, with regards union and employer density levels, collective bargaining coverage and where collective bargaining takes place. For example, what explains the situation whereby collective bargaining coverage in France remains high although union density is one of the lowest in Europe? In terms of high union and employer organization, Denmark stands out as having the highest density rates of any of the seven countries, with 68 percent of employees carrying a union card. Even the number of firms affiliated to an employers' organization is impressive, 53 and 100 percent in the private and public sectors respectively. In the case of Italy, a slightly different picture emerges in that firms' membership to their respective organization is nearly twice as high as union membership, 60 as opposed 32.5 percent. Ireland too makes for interesting reading in that union membership, 26 percent, is a lot higher than a hybrid country like Germany, where a mere 18 percent of employees belong to a union. Interestingly, however, the majority of German employees, a colossal 68 percent, work for a company that is a member an employer association: many of which though are not necessarily part collective bargaining procedures. Many of these German employer organizations merely function as lobbying bodies. A similar picture emerges in Spain. Although, union density is relative low, estimated to be around 17 percent in 2019, like in France this does not negatively affect collective bargaining.

In sum, a degree of caution needs to be applied when studying density rates – low or high-density figures appear to say very little about power relations between capital and labour in the seven EU Member States. For example, although Danish workers are seven times more likely to favor joining a union than their French and Polish counterparts; union density in France and Poland around 11 percent and 12 percent respectively, contrary to the situation in Poland this does not appear to negatively affect collective bargaining coverage in either country. In both countries, the number of firms affiliated to employers' organizations is in the region of 20 percent. Similar anomalies prevail in the case of Germany, too, where collective bargaining coverage continues to be relatively high even though union membership declined quite drastically in recent decades.

Collective Bargaining Coverage

With the exception of Ireland and Poland, two countries where the LME culture dominates, collective bargaining ranges from high to very high. In Denmark, France, Italy and Spain, for example, collective bargaining coverage is reported to between 90 and 80 percent, namely high. In the case of France and Spain, the State's ability to make agreements binding, that is, the prevalence of *erga omnes* factor, explains why so many workers' employment terms and conditions benefit from collective bargaining. As for Italy and Denmark, two members of the hybrid cluster, a number of factors need to be considered. In Denmark, strong trade union membership suggests employers continue to see the value in collective bargaining. In Italy, two issues are worth mentioning. Firstly, unions' still appear able, especially in former nationalized industries, to mobilize workers, i.e. a strong tradition of industrial action continues to prevail. Secondly, even though there is not an *erga omnes* mechanism

for extending collective agreement to all employees like in the two other Latin countries, labour courts often refer to the minimum wage levels set down in industry-wide collective agreements when they are asked to judge on individual cases.

As for Germany, although collective bargaining has had to contend with a considerable decline since the late 1990s, falling from 73 to the 52 percent, there is strong argument to suggest the current 52 percent, especially when compared to Ireland and Poland, falls into the high category. Certainly, collective bargaining coverage in the staple industries, i.e. metal and chemicals, but also the public sector remains very high, this helping to pull up the overall level of collective bargaining. Lastly, within the LME group of countries a degree of disparity prevails here too. Although collective bargaining in Ireland is lower than in Germany, approximately 35%, it is nevertheless considerably higher than in Poland. In the former Eastern Bloc country, government ambiguity, the fact that the government is supportive of “decent remuneration” and market flexibility appears to explain why collective bargaining coverage hovers around 14 percent.

Level of Collective Bargaining

Although traditional dependency paths seem to suggest 1) a degree of IR stability within the seven EU member States regarding State intervention, union and employer density and collective bargaining coverage and 2) continued variation, i.e. divergence across the CME/LME spectrum, in terms of the level of collective bargaining, i.e. where it takes place, some convergence is to be observed. This concerns what is widely referred as *Verbetrieblichung*, the decentralization of collective bargaining, the process of customization whereby sectoral agreements are able to accommodate requirements at the local level. A number of developments are worth noting here: Firstly, even where sectoral collective bargaining and State intervention remains strong the application of negotiated agreements leaves differing degrees of maneuverability in terms of applicability. Whilst in Spain the State with the use of the *erga omnes* principle, it needs to be noted that local collective bargaining actors at the regional level have much room for maneuverer modifying parameters to meet the needs of business. This goes some way in explaining the decentral character of collective bargaining in Spain in recent years and a reason the country is closer the hybrid option than say France. In France, a similar development has occurred. In 2017, legislators passed a law that deemed company collective agreements can supersede those negotiated by sectoral partners. Hence, even the centralized tendencies of these two strong CMEs countries have undergone some form adjustment.

In the hybrid countries, Denmark, Germany and Italy, IR actors have responded to increased market competition by taking the initiative themselves. In Italy whilst sectoral collective bargaining, as in Denmark, remains the dominant sphere where social partners meet, the prevalence of company collective bargaining, which involves local actors complimenting what is agreed at the sector, should not be underestimated. In Italy, it is estimated that between 30 and 40 percent of companies signed such customizing collective agreements. In Germany, not only do so-called *Haustarifverträge* account for 62 percent of all agreements, but also sectoral agreements often have built into them what are termed open-clauses. Again, this involves providing local actors with much room regarding how they implement sectoral collective bargaining policies. As for Ireland and Poland, their LME heritage means that the role of sectoral bargaining remains the exception to the rule, company negotiations continue to the dominant choice of interaction.

Summary of part I

Even though traditional IR appears robust, especially when considered in terms of collective bargaining coverage in Denmark, France, Germany, Italy and Spain, some element of change appears to be at play, too. In each country, for example, a tendency towards the decentralization of collective bargaining, albeit at different speeds and levels of exposure, is to be detected irrespective of whether State regulation provides a possible security net to buffer against the impact of market forces, i.e. in the form of a minimum wage or with the help of the *erga omnes* principle. This observation helps to demonstrate why even countries such as Spain and France, both with strong CME leanings, are not immune to market pressures. Regulators in these countries have also built some scale of flexibility into their IR systems.

In those countries belonging to the hybrid cluster, Denmark, Germany and Italy, and the LME cluster, Ireland and Poland, the challenge posed by market pressures seems to be most pronounced. Even here, though, there exist noticeable differences. In the case of Ireland and Poland, for example, Poland appears to remain hostage to the LME regime and as a consequence is home to a weak IR system. Whilst a long history of tripartism, recent legislative developments, i.e. the strengthening of the EU minimum wage directive as well as the current government's commitment to review union recognition and collective bargaining practices might imply Ireland is slowly drifting away from the LME model. As for Denmark, Germany and Italy, new developments can be observed. Specifically a decline in union density, even though this remains slight in Denmark and the growth in decentralized and concession collective bargaining, has created a sense of insecurity amongst employee representatives. Compared to Denmark and Germany, however, in Italy the process of decentralization entails what the Italian team terms a "disorganized" process as against the northern European preference for a regulated approach.

In this section of the report, the so-called backdrop to the next section, we have attempted to offer a snapshot of IR systems in the respective EU Member States under study. Although we have been able to locate each country along the CME-LME spectrum, we have also acknowledged that traditional IR systems have had to accommodate a degree of change caused by fluctuating contextual factors in recent decades, particularly market liberalization. Since the 1990s, the deregulation of the European aviation represents the epitome of such a liberalization process, one that has created a price war between airlines and airports. Consequently, such a development raises an important question: To what extent have national systems of IR responded to increased competition in the aviation industry in Denmark, France, Germany, Ireland, Italy, Poland and Spain? The report will now attempt to answer this question.

Part II: IR Systems in Aviation in Seven Countries Pre-Covid-19

Industrial Relations in a country might entail a certain degree of convergence. This does not exclude the fact that there might be considerable differences across sectors and branches, though. For example, the public sector has in many countries a high collective bargaining coverage compared to private sector. Likewise, the industrial sector is often more unionized than, say, the cleaning sector.

The aim of this part of the report is to consider the following questions:

- 1) Does IR in the aviation industry deviate from national IR practices?
- 2) To what degree have LCCs such as Ryanair affected IR in the seven countries under study?

This part of the report is structured as follows: Firstly, building on the first part of the report we look into each country's IR system in general as well as in aviation specifically with the aim of identifying whether aviation IR deviates from national practices. If this should be the case we try to explain the causes for such divergence. Next, we aim to shed light over similarities and differences across countries: to this end, we try to consider to what extent national IR systems are able to withstand the pressure of possible alternative employment relations practiced by foreign carriers, especially LCCs. In short, we want to consider to what extent national IR practices are immune to foreign competitors precarious business models (country-of-origin effect).

While we do analyze IR in aviation, we have to be aware that considerable differences between IR in airline companies versus IR among ground crew is to be expected. While airline personnel can be exposed to fierce competition as the means of production (airplanes) as well a labour (cabin crew and pilots) are highly movable, ground personnel are more, well grounded, and as such should be expected to be better protected national IR-systems than cabin crew and pilots.

As this report is comparative, there a limits to the depth and details of the analysis. Hence, we advise readers to consult the country reports that offer a more nuanced understanding of such developments.

IR in aviation in Denmark

The Market

Economically, the aviation sector in Denmark sector has been under considerably strain over the first two decades of the 21st century. Fierce competition from low cost airlines has forced the legacy airline SAS as well as other airlines to implement business models more akin to the business models of low cost airlines.

While SAS originally was a company owned by three States Norway, Denmark and Sweden, from 1994 and onwards, stocks were sold to private investors, too. Since 2019, the Swedish and the Danish States have owned 14.8 % and 14.2 % of SAS respectively, with the remaining shares in the hands of private investors.⁴ However, SAS has consistently benefitted from financial support provided by various Nordic governments, and as such the States have played a major role in aviation in Denmark and the other Nordic countries. An argument repeatedly voiced by LCCs is that the legacy airline seems have received special treatment.

All in all Danish airports had some 36 million passengers in 2019. That equals six passengers per capita in Denmark. The main airport in Denmark, Copenhagen Airport had 30 million passengers in 2019. Copenhagen Airport was owned by the State until 1994. From 1994 onwards Copenhagen Airport became joint stock owned. Initially Macquaries, an Australian based hedge fund with a huge portfolio in airports, became the main investor until 2017. In 2017, a Danish pension plan group ATP (Arbejdsmarkedets Tillægspension) bought the last of Macquaries stocks. Since 2021, though, Copenhagen Airports Denmark (CAD), a company effectively controlled by the Canadian Ontario Teachers' Pension Plan and ATP, owns 59.4 per cent of the stocks. The other shares are in the hands of the Danish State, 39.2, with the rest, 1.4 per cent in private hands.

Industrial Relations

While negotiations on the Danish labour market generally are between sector level unions and employers organisations, in aviation company agreements are widespread. That also goes for the legacy airline, where company agreements have been the *modus operandi* since the very start. SAS is member of the employers' organisations DI (Confederation of Danish Industry), while the pilots' and the cabin crew belong to in-house SAS unions: Danish Airline Pilots Union (Dansk Pilot Forening, DPF) and Cabin Attendants Union (CAU). This set-up is rather unusual in Danish IR, where the majority of unions are sector based. These SAS specific unions have historically been quite strong, and from 1960s though to the 1990s were able to negotiate very good wages and working conditions. Other pilots and cabin crew members, non-SAS employees, are represented by FPU (Flight Personnel Union) which is part of FH (Danish Trade Union Confederation).

As international competition became more fierce from the mid-1990's onwards, constant restructuring (read: cuts in wages and personnel) took place within SAS, this resulting in recurring conflicts between SAS' management and pilots as well as cabin crew. However, it should not be forgotten that SAS is traditionally a very family like company, which placed a lot of emphasis on high trust and loyalty. SAS had some 35,000 employees at the beginning of 1990's; this number dropped to about 10,000 in 2019 – with a quarter of the SAS fleet made up of wet leasing.

⁴ In 2021, under the impression of C-19, SAS recapitalized and as of 2022, the Danish and the Swedish State owns 21.8 % each.

In the mid 2010's low cost airlines slowly moved in on the Danish market, and began to attract some attention. In 2014, a report on forum shopping in aviation was published in 2014 and a follow-up report on possible actions was published in 2015.⁵

While all low cost airlines have put SAS and other traditional airlines under pressure, most attention has been on Ryanair as Ryanair in a very visible way has challenged the Danish labour market model more than any other LCC. Ryanair set up a base in Billund, Denmark's second largest airport in 2012. It did this without signing collective agreements. Three years later, in 2015, Ryanair started flying out of Copenhagen. This saw Danish Trade Union Confederation (back then LO, today FH) going to the Labour Court in attempt to ensure Ryanair comply with collective bargaining practices. LO/FH union represents FPU (Flight Personnel Union). Ryanair lost the court case, the Labour Court deciding that Ryanair had to engage in collective bargaining if it wished to have a base in Denmark. Ryanair made it very clear that they did not want to engage in collective bargaining and consequently it shut down all its Danish bases. However, this did not stop Ryanair operating out of Denmark. Instead, Ryanair started serving the Danish market from bases in Lithuania and Poland. As of 2019, Ryanair was the third largest airline in Copenhagen after SAS and Norwegian, servicing some 2 mio. passengers. Furthermore, although Ryanair once again has base in Billund, this time using bogus employment practices, i.e. individual contracts with pilots and cabin crew, it still works outside the collective bargaining parameters.

As mentioned, SAS pilots and cabin crew have had company-specific unions for many decades. While the unions were initially able to secure very favorable conditions for its members, fierce international competition from LCCs like Ryanair has forced SAS to restructure and unions to engage in successive bargaining rounds where strikes have been a recurrent issue. For example in 2019, the SAS union Danish Airline Pilot's Union (DPF) used the opt-out possibility in the three-year collective agreement and terminated the collective agreement with SAS after only two years. The pilots demanded a 13 per cent pay raise, arguing that SAS came out with a result of more than 1 billion DKK (135 million Euros) and referred to the fact that pilots had taken severe pay cuts throughout the years when SAS was going through a lean period. The tone was pretty relentless, SAS arguing that such wage demands were irresponsible in times of fierce international competition.

No negotiations took place and the strike commenced 26. April 2019. After 7 days, an arbitrator settled the dispute. The settlement awarded the pilots 3.5 per cent wage increase in 2019, 3 per cent in 2020 and 4 per cent in 2021. The strike resulted in 4.000 cancelled flights, affecting 370.000 passengers – an estimated loss of 453 million DKK (60 million euro), making the SAS CEO Rickard Gustafson predict it very difficult to reach a positive result for SAS in 2019. However, SAS came out of 2019 with a plus of 440 million DKK (60 million euro) as oppose to 1 billion (133 million euro) in 2018.

This is but one example of conflicts between SAS and their counterparts in the trade unions. Over the years conflicts have unfolded between the cabin crew union and SAS and between the pilot's union and SAS, indicating that although these unions have a specific allegiance to SAS (in-house union), they have by no means been in the company's pocket.

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https://selvbetjening.trafikstyrelsen.dk/civilluftfart/Rapport/Rapport_om_Social_Dumping_indenfor_luftfart_Dansk.pdf

Ground staff are inscribed in the national IR system, which is based on sector agreements. As mentioned in part I, the Danish IR system is based on centralized decentralization, i.e. while the sector agreement sets the base there is quite a lot of latitude to account for local negotiation at the company level. All ground crews are covered by collective agreements; the dominant union here is 3F (United Federation of Danish Workers), organizing luggage and firefighters. Generally, the ground crew unions' density rate is very high. Hence, the unions have a strong bargaining hand at Copenhagen Airport, especially because they play a pivotal role in the functioning of the airport. As for employers, in the most part they are members of an employers' organisation.

Sometimes, ground staff engage in conflicts, too. They are often solved quite fast in accordance with the Danish institutionalised conflict IR resolution model, where one of the main pillars is the peace obligation, i.e. the fact that no industrial conflict is allowed while the collective agreement is in place.

IR in aviation in France

The Market

The main relevant trend concerning French carriers during the pre-COVID period is the slow but constant erosion of their market share compared to companies with non-French license. While companies operating with a French license controlled 60 % of the market in 2010, their share dropped down to 43 % just before COVID-19. The increased presence of foreign carriers, and the use of practices to reduce labour costs such as the recourse to (bogus) self-employed and wet leasing, represent the main competition pressures faced by the French companies. The sector has a long tradition of social dialogue, especially within Air France. Hence, the reduction in employment following the loss of market share has generally come through voluntary redundancies and the non-replacement of retired personnel and combined with an expanding market for the whole of aviation. As such, the consequences for employment levels has been limited. Nevertheless, just before the start of the COVID-19 crisis, two French aviation companies, Aigle Azur and XL Airways, declared bankruptcy, this leading to around 1700 redundancies.

Industrial Relations

Overall, the unionisation of aviation in France is markedly higher than unionisation in France per se.

On the employers' side, the FNAM is the main actor, organising a number of companies covering around 95% of employees in the civil aviation sector. On the pilots' side, the main trade union is the SNPL, which only represents pilots. Interestingly, the second largest group in SNPL are pilots employed by Ryanair. The unionisation rate for pilots stands on average at around 74%. Trade unions affiliated to the main French confederations CGT, CFDT, CGT-FO and so on represent employees from cabin crews. The unionisation rate for air crews is between 60% and 70%. A trend can be observed that LCC employees join unions in France as means of obtaining information and support to enhance working conditions. Unions have accommodated this trend by proposing different trade union fees and even waiving fees altogether to help workers facing the worst conditions.

Workers' representation at company level in the sector is not different from the general organization of employees' representation under the French system of industrial relations. The French legislation mandates for the creation of representative bodies once given company passes a certain thresholds in terms of number of employees.⁶ Trade unions can enforce this. This was the case in certain judicial procedures initiated by trade unions against Ryanair, following which Ryanair did establish a Social and Economic Committee and organised the first personnel elections in December 2019.

There is a sectoral collective agreement for the aviation sector, but this only covers ground staff. Hence, a major part of aviation is not covered by a sectoral collective agreement, a fact which is usual for the French industrial relations model. Because of this, it is hard to assess the precise coverage of collective agreements. However, most aviation companies are covered by a company agreement, while some ultra low-cost companies, such as Ryanair, do not negotiate agreements and are, as such, not covered by any collective agreement.

⁶ Setting up the representative body (Social and Economic Committee – CSE) is an obligation for companies with at least 11 employees. However, prerogatives and functions vary on the basis of the size of the company, notably in light of two additional thresholds, respectively at 50 and 300 employees.

Attempts to negotiate a collective agreement covering pilots and cabin crews have so far failed. One reason for that is that the French government aim to reduce the overall number of sectoral collective agreements, therefore favouring broader collective agreements covering a large industrial sector. In the context of the aviation industry, this entails a pressure to negotiate a single collective agreement covering all the different categories of personnel: pilots, cabin crews and ground staff. But as pilots and cabin crews will be marginal in quantity compared to ground staff, their influence will be equally limited and as such it will be unlikely that a collective agreement will take into account the specificities of aviation when other groups are dominating. Hence, collective agreements for pilots and cabin crews are only negotiated and signed at company level. However, most companies in France is covered by a collective agreement.

Although the French State has a 15 % stake in Air France, the company is still operated like a private entity. While this might be the case on paper, i.e. Air France is a privately operated company, some observers point out that employees might feel somewhat 'protected' from international competition due to the State owning a part of the company. This means that not only is concession bargaining less accepted by employees but equally Air France staff might be more likely to engage in industrial conflict. Traditionally, the wages and working conditions in Air France have been comparatively good. There exists evidence, though, that in response to competition from LCCs employers aim to test employees' resolve.

The State guarantees institutionalised Industrial Relations in France generally and in aviation specifically – but to what degree? The case of Ryanair shows that while the system has been quite good at opposing precarious business models, unions have been quite successful in getting courts to force Ryanair to recognise unions and establish representative bodies. As such, the French IR-system has shown some resilience vis-à-vis multinational LCCs such as Ryanair.

The balance of power between unions and employers seems to have remained essentially stable during the decade preceding the COVID-19 crisis. The high unionisation rate ensures a relatively equal power, notably when it comes to pilots and air crews, whose threat of collective action is generally considered as credible and, hence, remains a powerful tool in the hands of the unions in times of more confrontational negotiations. However, some employers have been known to deploy strike-breaking tactics, by replacing the personnel on strike with workers, notably air crews, from other bases situated in a different Member State. Further *wet leasing* and the general introduction of alternative employment conditions through foreign companies tend to put pressure on the bargaining power of unions.

Industrial conflicts are generally – if at all – taking place when collective agreements expire, i.e. they are clustered around a date of expiry (typically a collective agreement runs 3 to 5 years); this is the time where both employers and trade unions try to obtain concessions and leverage their power resources.

One notable moment of conflict occurred in 2014. It concerned the creation and development of Transavia, a low-cost subsidiary of Air France. Another conflict involved the pension reform announced by the French government in 2019, which threatened the specific schemes of pilots and crews. These schemes have historically been run as autonomous schemes and trade unions favoured not merging these into the "general" pension scheme, due to the risk that their positive financial situation would have been used to negatively finance the general scheme.

IR in aviation in Germany

The Market

As in other EU countries, the process of market liberalization, specifically the entry of low cost carriers (LCC) and State sponsored carriers such as Qatar Airlines, has had far-reaching consequences on the topography of the German aviation industry. Although privatization helped boost the market prior to C-19, the number of passengers flying from German airports rising from 140 million to nearly 248 million between 2001 and 2019, reflected in these figures is the increase in price competition for passengers, not least initiated by low cost carriers and their business models. The legacy airline Lufthansa is the dominating airline in Germany, servicing 145 mio. passengers in 2019 and employing more than 138,000 workers, but is under pressure from LCCs. Unlike in other EU Member States the German government relinquish all its shares in the legacy airline, i.e. Lufthansa, in 1997. In terms of ranking Lufthansa dominates the German market followed by Eurowings and Ryanair respectively.

From 2016 to 2019 alone, LCC doubled their routes from Germany – from 435 to 940 routes. The biggest operator among the LCCs was Eurowings with more than 50 percent, followed by Ryanair (17.9 percent) and EasyJet (16.5 percent). Although Eurowings is owned by Lufthansa, employees working for this subsidiary have to contend with poorer terms and conditions than their Lufthansa colleagues. Hence, unions are critical of what they term internal whipsawing within the LG. What is more, such a price war has had a major bearing on salaries, employment terms and conditions as well as the German industrial relations system. The aggressive business models of LCC forced Lufthansa to operate differently, creating low cost companies and using wet leasing practices to stay competitive, and as such created a creative mosaic of business models within the same business group.

Industrial Relations

In response to competition from LCCs such a Ryanair, the Lufthansa Group has become a complex web of network carriers, i.e. former legacy airlines such as Swissair, and LLCs such as Eurowings and Germanwings. Moreover, Lufthansa has used the last decades, specifically the period 2012-2016, to promote a new mindset amongst employees, one that promotes the ideal of free market competition as opposed to the civil servant mentality the existed prior to privatization. As a result, the culture of social partnership once closely associated with this German flag carrier seems to be a thing of the past. Add to this the Wet Lease option; such a business strategy has led a compartmentalization of industrial relations. Even though Lufthansa is a member the Arbeitgeberverband Luftverkehr (which it can call upon for support when in negotiations), an organization it helped set up in 2010, recognizes trade unions and is supportive of collective bargaining, it favors company, or rather brand as against sectoral procedures to regulate salaries and employment terms and conditions, namely the Modell Deutschland Light scenario. By default, this promotes internal competition between pilots, cabin crew and ground staff working for the different carriers that make up the Lufthansa Group. For example, pilots at Lufthansa and Eurowings are privy to different agreements. This differentiation is also reflected in the fact that Lufthansa is not home to the principle of one union one site, the traditional arrangement in German IR, but three, the Vereinigung Cockpit Gewerkschaft (VC - Pilots Union), the Unabhängige Flugbegleiter Organisation (UFO - Independent Cabin Crew Organization) and Ver.di (Public Sector and Service Union). A differentiation that occasionally results in inter-union competition. For example, whilst VC organizes pilots within Lufthansa, Ver.di negotiates on behalf of Eurowings cockpit employees. Lufthansa's push to cut costs also resulted in a spike in industrial action between 2008 and 2016, quite uncharacteristic for the industry and German IR generally. The union's density rates, between 50 and 90 percent, plus the fact they have the status of functional elites, a term applied to demonstrate union's ability to bring companies to a standstill, went some way to cushioning Lufthansa's cost cutting demands. Nevertheless, these periods of turbulence appear to have created a degree of mistrust between management and trade unions.

The mosaic that makes up IR inside Lufthansa is even more complex within the airport value chain, this the result of airports either setting up subsidiaries to provide services, or outsourcing tasks to third parties. A key difference to be considered involves the issue of ownership. Although some airports, see Munich, remain a State holding, the public-private construct, especially amongst the more regional airports is widespread. Public ownership, though, is no guarantee against a depreciation in working conditions or for that matter a deregulation collective bargaining. For example, Munich airport, a wholly publicly owned airport, has an in-house service provider Areoground. Areoground not only provides amenities in Munich but in Hamburg and Berlin, too. Such a strategy has been applied by third party companies such as WISAG as well, a holding home of various subsidiaries. Such complexity means that Ver.di, which organizes ground-handling staff, is required to negotiate not only numerous agreements in one company, namely site agreements, but faces the challenge of having to negotiate agreements with a multiplicity of contactors at each of the individual airports where it has members. Ver.di, however, is committed to reestablishing sectoral collective bargaining. To this end, it has been successful in convincing third party ground-handling providers, specifically AHS, Losch, Swissport-Losch, Wisag, Aviapartner and Acconia of the need to set up an employer association. In 2019, these firms founded the Arbeitgeberverband der Bodenfertigungsdienstleister der Luftverkehr. Today the Arbeitgeberverband der Bodenfertigungsdienstleister der Luftverkehr sees sectoral collective bargaining as an important means of creating a united front against airlines and airports set on externalizing cost pressures brought about by increased competition.

Any attempt to overcome company, brand and site level collective bargaining has seen VC, UFO and Ver.di, even with the support employer associations as in the case of the Arbeitgeberverband Luftverkehr, to try address the aggressive employment strategies of LCC such as Ryanair. The second largest LCC after Eurowings, Ryanair pilots have often been forced into self-employment, that is, bogus employment. With the exception of Berlin and Hamburg, Ryanair mainly flies out of regional airports such as Frankfurt Hahn and Munster, airports where union organization has traditionally been weak. Moreover, prior to 2018, Ryanair often threatened to abandon these regional routes when faced by union attempts to organize workers. A strategy that caused trepidation amongst the workforce as well as local politicians. Between 2018 and 2019, however, VC and Ver.di made some noticeable inroads, Ryanair respectively agreeing to recognize unions and sign collective agreements to increase salaries as well as guarantee employees a set number of working hours per year. Moreover, employees are now in possession of a German contract, which means they are covered by German employment law.

In sum, privatization, specifically access to the German market, resulted in a degree of competition that has had a lasting effect on employment conditions and industrial relations within the aviation branch. The impact has been far from lineal, though. At one level German employers, airlines and the airports' push to cut costs has led to a dismantling of sectoral collective bargaining. Furthermore, this shift in the balance of power has seen unions agree to concessions as in the case of pension rights they would never have countenanced in the 1990s. Acceding to management's demands would appear to have won the unions' valuable time, though, time they have used to regroup and reassess the situation. For example, the three unions in question, VC, UFO and Ver.di, not only continue to organize the majority of the employees within German aviation companies, but they have made key inroads in organizing employees working for non-German LCCs such as Ryanair.

IR in aviation in Ireland

The Market

As an Island nation, civil aviation is vital to Ireland (Ireland is also home to Ryanair, Europe's largest airline).

Ireland has three main State Airports (Dublin and Cork, both operated by Dublin Airport Authority – DAA- and Shannon) which are commercial Semi State Companies (owned by the State, but technically commercially run).⁷ In 2019, before COVID-19, Ireland was the 16th largest aviation market in Europe in terms of seat capacity, significantly above its ranking in terms of population, Europe's 26th largest nation. Dublin Airport hosted 32.9 million passengers during 2019, more than 6.6 passengers per capita, and in 2019 it was the tenth largest airport in Europe. Furthermore, Dublin is an important transatlantic connection.

Aer Lingus was established as Ireland's national flag carrier in 1936. The State maintained almost total control of the airline until 2006 when it was floated on the stock exchange, and in 2015 Aer Lingus became a wholly owned subsidiary of International Airlines Group (IAG). Aer Lingus was one of the few (State-owned) companies in Ireland with worker directors; this no longer pertains after privatisation.

Ryanair was founded in 1985, and is headquartered in Dublin. It has become one of the largest carriers in Europe, and has transformed the European civil aviation industry with its 'low cost model'.

It is estimated (by IATA) that airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers employ 39,000 people in Ireland. Dublin Airport Authority (Daa) has 3,000 employees working in airport management and operation, domestic and international airport retail management, and aviation consultancy service. It is estimated that about 21,500 jobs are directly related to Dublin airport operation in areas such as airport security, airline operations, ground handling firms, immigration, customs and air traffic control. Aer Lingus has approximately 4,000 employees. The number of direct employees Ryanair has based in Ireland is difficult to estimate, 2,500 is a figure that is often highlighted, small compared to its worldwide workforce of around 17,000.

Thus, the story of aviation in Ireland pre-Covid is one of rapid, and intensive, growth (most obviously in Ryanair, and Daa, but also, to a lesser extent, in Aer Lingus, after a difficult restructuring process). This growth is somewhat lopsided in geographical terms; while Dublin Airport has grown significantly, there has been less growth in Cork and Shannon airports (in terms of direct employment, and routes).

Industrial Relations

IR in the aviation sector broadly follows the national model. There is no specific overall representative body for employers in the aviation industry in Ireland, and no compulsory membership in the trade unions in the aviation sector. Employers in Ireland have no legal obligation to recognise or collectively bargain with trade unions. There has always been a strong tradition of trade union membership in the

⁷ There are also three small, regional airports; Kerry (owned by a private company; operates flights to Dublin, the UK and limited destinations elsewhere in Europe), Ireland West Airport Knock (owned by a private company controlled by a trust; operates flights to Dublin, the UK and limited destinations elsewhere in Europe), and Donegal (owned by a private company; operates flights to Dublin, with the State subsidies). k

State-owned airports, and in Aer Lingus. However, precise figures on union density in aviation are difficult to ascertain. There is a tradition of trade union membership in Aer Lingus and Daa (given their State-owned history).

The Fórsa trade union represents pilots in Aer Lingus and Ryanair, and the services and enterprises division of Fórsa, represents most unionised cabin crew at Aer Lingus and Ryanair. Ireland's largest union, SIPTU represents a broad range of employee categories, including most unionised ground staff in Aer Lingus. Both Fórsa and SIPTU are members of the Irish Congress of Trade Unions (ICTU); however, the pilots (through the pilot's branch, IALPA) traditionally conduct negotiations separately to the other ICTU unions.

There is no overall sectoral employer representative body, although Aer Lingus is an Ibec member. As a result, it is difficult to ascertain collective bargaining coverage in aviation in Ireland. This was traditionally relatively high in Aer Lingus and Daa, and non-existent in Ryanair until very recently. Estimates as of early 2020, pre-pandemic, seemed to suggest that roughly 60% of ground staff (including air traffic management) in the sector were covered by collective agreements. For pilots and cabin crew, the coverage was estimated at about 80%. Therefore, of course, we can infer density levels are lower than these coverage figures (these figures would exclude Ryanair, of course). Prior to Covid, bargaining in the Daa and Aer Lingus was largely conducted via the 'Group of Unions' (all the unions recognized by the employers) under the auspices of ICTU.

Levels of industrial action in Ireland are relatively low by European standards. At Aer Lingus, the IAG takeover in 2015 prompted fears of outsourcing, but, by and large, recent disputes (on 'bread and butter' issues over working conditions, like rostering, cabin crew structures, and so on) have been resolved (often with the aid of the State's third-party dispute resolution bodies). The issue of 'bogus self-employment' has been the focus of considerable attention in recent years. Some of this has focused on Ryanair's model of employment, whereby only 25-30% of its Irish pilots are directly employed. Some are engaged via personal service companies or employment agencies.

There has not been a significant change in the relationship between employers and employees over the past decade, where unions were traditionally engaged in collective bargaining. This has largely continued (in a traditional, rather adversarial fashion). In Ryanair, there has been a seismic and fundamental shift from the airline refusing to negotiate with trade unions, to it entering into collective agreements with Fórsa. It is not yet clear, however, given the intervention of the pandemic, how successful the engagement will be.

Generally, there has not been a significant change in the relationship between employers and employees over the past decade, where unions were traditionally engaged in collective bargaining - with the exception of the case of Ryanair (see below).

However, at both Aer Lingus and Daa, unions have, especially earlier in the decade, been fighting a rear-guard action, with a number of restructuring and recovery plans put in place (following engagement with worker representatives) At Aer Lingus, an Internal Dispute Resolution Board (IDRB) was established in 2016. This private dispute resolution mechanism, comprised a three-person panel to mediate, and issue non-binding findings on collective disputes. However, relations do not seem to have markedly improved.

The special relationship - Ryanair in Ireland

It is important here to linger on the role of Ryanair, which has been extremely significant in Irish IR in general (not just in the aviation sector).

Ryanair was (seemingly) implacably opposed to collective bargaining in Ireland. Indeed, a seminal Supreme Court decision regarding collective bargaining (in 2007) was taken by Ryanair (against the Irish Labour Court). The case centred on the *Industrial Relations (Amendment) Acts 2001-2004*. These provided a route for workers, whose employer did not engage in collective bargaining, to have their union refer disputes on pay and conditions to the Labour Court. The Labour Court ultimately had the power to issue a legally binding determination on pay and terms of employment. Under the Acts, therefore, an employer could be compelled to grant union representatives the right to represent unionized employees on specified workplace issues relating to pay and terms and conditions of employment, but could not be forced to make arrangements for collective bargaining.

The Ryanair case centered on a dispute between a number of pilots, members of IALPA, who sought to have the union negotiate with Ryanair about various issues on their behalf. Ryanair refused to negotiate and, as a result, the union invoked the procedures under the Acts. When both the Labour Court and the High Court found against it, Ryanair appealed to the Supreme Court. Ryanair contended that it did engage in 'collective bargaining' as employees, including pilots, elected employee representatives to Employee Representative Committees (ERCs), which negotiated directly with the company on an on-going basis in relation to all terms and conditions of employment. The Supreme Court (without deciding the issue) felt that this *could* amount to collective bargaining; if machinery existed in Ryanair whereby the pilots had their own independent representatives who sat around the table with representatives of Ryanair with a view to reaching agreement if possible. The Court found that this would seem to represent collective bargaining within an ordinary dictionary sense of the meaning. In an *obiter dictum*, which has proven to be hugely influential in Irish IR for the last 15 years, one judge noted that it was 'not in dispute that as a matter of law Ryanair is perfectly entitled not to deal with trade unions nor can a law be passed compelling it to do so'.

The case was sent back to the Labour Court for a final decision, but was never re-heard. The Supreme Court decision, though, seemed to emasculate the legislation; almost no cases were taken until the legislation was revised in 2015 (and very few cases have been taken under the revised legislation). Symbolically, the decision was seen as a significant defeat for the union movement in terms of attempting to organize in a high-profile 'non-union' company, and for hopes of strengthening Irish law on collective bargaining rights. In terms of Ryanair itself, the company was adamant, for the next decade, that its ERCs were the only mechanism by which it would negotiate with its employees. This was certainly the public reaction of the company to industrial unrest in 2017, when some groups of pilots (based throughout Europe) called on Ryanair to recognize an 'European ERC (EERC)'. As a result of the company's refusal to engage with either an EERC, or locally with IALPA, some directly-employed Dublin based pilots served notice of strike action in December 2017.

Ryanair performed a dramatic about-turn after this notice, and announced it would engage in collective bargaining with trade unions. This was initially in respect of directly-employed pilots, but the company has entered into collective bargaining with the Fórsa trade union in respect of cabin crew, too. In 2018, Fórsa signed a recognition agreement with two cabin crew *agencies* which provide cabin crew to Ryanair. In early 2018, Ryanair signed a formal trade union recognition agreement with the British Airline Pilots' Association (BALPA), making the union the sole representative body for the company's employed pilots in the UK, and signed a recognition agreement with Unite, in respect of cabin crew, in mid-2018.

The initial negotiations between Fórsa and Ryanair were not smooth, with both sides struggling to even conclude a formal recognition agreement, but throughout 2018, each party continued to engage in collective bargaining negotiations. Nonetheless, the first ever pilots' strike at Ryanair took place in July 2018 (it is estimated that approximately 100 out of the 350 pilots employed in Ireland took part

in the action) and a further four days of strike action followed over the summer months. A recognition agreement was finally reached, for cabin crew, at the end of August 2018. At the same time, with the aid of an independent mediator, an historic collective agreement was reached in relation to other matters (including the fraught issue of pilot seniority).

The relationship has remained rocky. In the summer of 2019, strike notice was served by pilots in respect of a dispute over pay and conditions. Ryanair sought, and was granted, an injunction restraining the strike (the Irish High Court concluded it could not be certain that legislative provisions relating to strike ballots had been fully observed). As the pandemic broke out, Ryanair was engaged in court proceedings for damages against Fórsa and several named pilots, arguing that it lost €13.7m as a result of the proposed 2019 strikes.

Summing up, the threat of strike action by unionised Ryanair pilots in December 2017 is widely seen as influential in the airline's decision to recognise trade unions in Ireland. The focus here on Ryanair is not to underplay other issues in the aviation sector in this period. However, the situation at Ryanair is of huge significance, not only to the parties themselves, and the sector, but it is a 'paradigmatic dispute' in Irish IR as a whole. It has also significant implications for IR at the company in other European countries. Ryanair illustrates the transient nature of the sector and is a prime example of an airline that insists that its employees throughout Europe are employed on contracts governed by Irish law (which, as noted above, is relatively weak in terms of EPL, and collective labour law protection). This issue has been the subject of many court challenges throughout Europe; however, it illustrates the crucial issue of 'regime 'regime-shopping' in the sector, which is one that will undoubtedly emerge upon further investigation.

IR in aviation in Italy

The Market

After EU liberalization of the domestic and intra-EU air transport market at the end of the '90s, intra-EU passenger traffic for Italy rapidly increased. The fast growth of the Italian market is due to several concomitant factors:

1. The weakness of the legacy carrier, which prior to privatization was prevented from growing due to constraints established by the EU as a condition for increased State aid, with later growth held back by successive private managers low propensity to re-invest;
2. The fragmentation among airport operators;
3. The massive and rapid penetration of low cost carriers, favoured by the two previous conditions.

Passenger volume doubled between 2004 and 2019, increasing from 100 to 200 million. During that same period there was an explosion in the share of the volume covered by Low Cost Carriers (LCC), from just over 6% in 2004 to 55% in 2019. As of 2018, the total turnover in the Italian Air Transport sector was €9.2 billion, or roughly 3.6% of the Italian GDP (based on industry estimates). In terms of employment, based on NACE codes, the sector employed 20,195 in 2018 (down from 25,240 in 2011). Total airport-based employment in Italy is the 120,000, a number that increases to 880,000 if we consider indirect employment, too.

Italy's system of airport management is the most decentralized in Europe. Competition can be fierce among airports, as 49% of Italians located in one airport's catchment area have at least one alternative airport within a 90 minute drive. Of the 120 total airports in Italy, 44 are certified by the Italian Civil Aviation Authority as commercial passenger airports. 38 of these are of 'national interest,' including three international hubs. Airports in Italy are managed by private, joint-stock companies. Most are majority-publicly owned, with only a limited number all-private or all-public. (It is interesting to note that the size of the airport does not appear to be correlated to the mix of ownership: for example *La SEA*, Italy's second largest operator, is majority-owned by City of Milan.)

Generally speaking, the aviation industry in Italy—as is the case in all the other European countries—has experienced radical changes over the last 30 years. The industry is under constant restructuring due to the privatization of the State-owned airline company Alitalia, liberalisation of the sector, which began in the '90s, and the emergence of low-cost airlines, primarily Ryanair. The main factors, then, driving industrial relations dynamics in the industry are: increased fragmentation, unregulated competition among airports, a shift in terms of economic resources or added-value from airlines to airports, and downward pressure by low-cost carriers on wages and working conditions. These factors have profoundly transformed industrial relations: new actors have emerged on the employer side, while traditional labor federations have become more inclusive, now representing almost all employees within the sector. This has led to a cross-occupational bargaining approach – at the expense of autonomous professional associations.

The Industrial Relations

In its heyday, Alitalia was the leading carrier in Italy's air transport industry, and the cornerstone of the entire aviation value chain. As a consequence, industrial relations in the sector were mainly determined by the balance of power among social partners within the flagship carrier at a given time. All of this changed following Alitalia's 2008 privatisation, an event that one union leader termed 'our

September 11th. Prior to 2008, collective bargaining was highly fragmented and revolved around negotiations with Alitalia, which set the tone for the entire industry. To a degree, as a publicly-owned company, Alitalia 'stood in' for the Transportation Ministry in terms of industrial planning and bargaining. Prior to 2008, the professional unions (e.g., pilots, flight attendants) led on the labor side with traditional confederations representing mostly lower-skilled employees.

Today we see a much more rationalized system. Unique to the Italian IR system, each part of the aviation value chain has its own national-level collective bargaining agreement (carriers, airports, ATM, handling and catering), organized as separate and independent agreements under one common, introductory 'general part'. The framework of a 'Value-Chain Collective Agreement' (concept used by the social partners themselves) has each sector (airport operators, domestic carriers, foreign carriers, air traffic management (ATM), handling, maintenance, catering) represented by independent contracts under the umbrella of a general section. This unique model represents the social partners' aim of developing a collective bargaining approach that covers the entire air transport value chain ('air transport CBA'). Now, the aviation value chain is mainly driven by the role of airports and the public/private airport management companies following the decline of Alitalia.

One of the peculiarities of the industrial relations system in the air transport industry is the employment composition by professional profile: while there are medium-to-low skilled work profiles among the ground staff, compared to other industries the sector is characterized by a large share of highly skilled workers (pilots, ATM and maintenance). However, the traditional labor confederations, not professional associations, are the signatories to the Value-Chain collective agreements. This is partly a result of federations' refusal not to work together with professional associations. Another dynamic we observe is the tendency for labour confederations to represent a greater number of higher-skilled employees (e.g. pilots, flight attendants) along with the professional associations, too. UGL, a right-aligned confederation, is also a signatory to the Value-chain CA along with CGIL, CSIL, UIL.

The system marked the end of a model driven by the role of autonomous craft unions in the sector, and the move toward a confederal model, more typical of IR in Italy's private sector, in which the different occupational groups, together, in a sector are represented by a single trade union organization. At the national level, the collective bargaining in the sector is conducted only by union federations affiliated to national confederations.

In the air transport industry, there are also forms of rank-and-file unionism ('autonomous' or 'base' unions, unaffiliated the main confederations and not organized on the basis of craft) that, thanks to their intersectoral structure, are able to spread and activate more quickly in times of tension and conflicts. The autonomous unions adhere to national collective agreements even though they are not signatories. If they do participate in collective bargaining, it is only at the company level.

Currently, the Air Transport collective agreement covers about 1/3 of the 120,000 workers directly employed in the value chain. The Air Transport collective agreement covers all ITA (ex-Alitalia) employees as well as the ground services and catering employees described above (about 28,000). The remaining employees (which include services like security, cleaning, duty free, etc.) are covered by other industry-wide collective agreements, primarily the national multi-service collective agreement²⁴, or are not covered by any industry-wide agreements.

This Value-Chain collective agreement appears from a research perspective to represent a *significant innovation* in labor relations in the sector. Under the new framework, IR in the sector is less anomalous and more in line with the traditional IR framework in Italy. There has been increased attention paid to second level, or company bargaining within the framework of a second tier agreement that is "integrative" with respect to the floor set by the national agreement. There has also been an

expansion is so-called second level contracts that derogate with respect to the national agreement. Hence, we can speak of forces that promote greater a greater degree of decentralization but not at the expense of abandoning the national and sector-wide agreements.

The new framework also involves greater rationalization to IR in the sector as a result of increased fragmentation and competition, with the new framework institutionalizing the roles of traditional labor confederations and employer associations, as well as reciprocal respect among social partners. The percentage of total employees covered by the value-chain collective agreement is high in all areas, with the exception of the carriers: here the agreement essentially only covers employees of ITA (former Alitalia). The remaining carriers either do not apply the sector-specific collective agreement, preferring instead to apply unilaterally company employment policies or to conclude company-level agreements with one or more of the unions. In the cases in which a LCC does participate in collective bargaining, the relevant national-level collective agreement for the sector is not applied; rather a company-specific agreement is negotiated (see EasyJet and Ryanair).

In terms of the strengths of this new framework, the Value-Chain Agreement appears to be an important tool in combatting social dumping among the more recently liberalized sectors (e.g., handling, catering) where the risk of 'pirate contracts' could be high. That said, the system is not without significant weaknesses. As already noted, the sector remains highly fragmented (in terms of both airports and carriers). Limited regulation, no national industrial planning and intense competition—especially among airport operators for LCC routes—contribute to a “race to the bottom” dynamic. The carriers remain the ‘weak link’ in the value-chain collective agreement: only the carrier-specific portion of the agreement; and among low-cost carriers covers ITA employees, Ryanair as well as EasyJet have company-level collective agreements outside of the value-chain framework. For example, the EasyJet agreement includes the three main signatories to the value-chain agreement but only covers flight attendants, as the Ryanair contract was signed only by CISL and the two main professional associations (ANPAC e ANPAV). This is the reason why under pressure from the national Union Federations, and as a reaction to the social dumping practices of low-cost operators, the Government (Conte Government II) introduced law n. 77 of 17 July 2020, art. 203. This requires that all air carriers operating in Italy guarantee their employees a remuneration no lower than the minimum hourly rate set down in the relevant national collective agreement signed by the respective national representatives on both sides of the employment isles. This important as there no legal minimum wage law in Italy even though constitution guarantees one. Instead, applying Art.203, judges refer to existing collective bargaining agreements should an employer fail to abide by the rate outlined in the agreement. Hence, this explains how minimum rates vary across sectors.

(see you a deeper analysis of the law in WP4).

Because no law governs collective bargaining in Italy's private sector, it is difficult to locate reliable data in terms of IR indicators, since there are no standard criteria to follow when determining the representativeness of trade unions or employer organisations. What is available largely comes from what each single social partner officially declares; hence, an estimation is that union density in the sector is high: 75%-80% among the flight related employees and 60% among the ground operations staff across occupations. Despite Ryanair's hostility to unions and collective bargaining, union Density - though lower than the sectoral average - is relatively high, at about 50%, at the low-cost market leader.

Summing up, recent decades have seen profound changes in the Italian airline sector, with equally profound transformations in the IR system. The primary focus of bargaining in the sector has shifted from Alitalia to the airport operators, while new employer associations covering different sectors along the value chain have emerged, and the IR system has become more inclusive and coordinated. On the labor side, the role of autonomous professional unions has diminished since 2008, with an increase in the importance and representativeness of the main sector-based labor federations. At the same time, the policies of low-cost operators with regards to employment and collective bargaining have exerted downward pressure on wages and working conditions, and have attempted to push the focus of bargaining toward the company level.

IR in aviation in Poland

The Market

The number of passengers served and operations carried out in domestic and international traffic - regular and charter in Poland has been constantly growing up until the C-19 pandemic. In 2016, the number was 34 million passengers, while it had increased to 49 million in 2019

Warsaw Chopin Airport (WAW) is Poland's most important airport. It handled 18.3 million passengers in 2019. The second biggest airport, Modlin (WMI), some 40 km from Warsaw center, handled 3.1 million passengers in the same year and this airport is only operating Ryanair. The presence of low-cost carriers serving Warsaw doubled between 2010 and 2015 thanks to the entry of Ryanair at WMI airport. In turn, the share of low-cost carriers at WAW has remained stable over the past 5 years.

The development of Ryanair at WMI airport since 2012 has also supported overall air traffic to/from Warsaw. Between 2004 and 2007, Warsaw Chopin Airport benefited significantly from the entry of Wizz Air, which started operations in 2004 and immediately established one of its main bases at the Warsaw Chopin Airport.⁸In the past years, significant investments were made in infrastructure and systems related to air traffic management in the Polish airspace. The total value of investment outlays of the Polish Air Navigation Services Agency and implemented in the period 2015-2019 amounted to more than PLN 940 million – 200 million euros.

While the competitive position of the legacy airline LOT Polish Airline (est. 1928) at Warsaw Chopin Airport has weakened in recent years as a result of increased competition from low-cost carriers, as well as measures required by the EU to offset State aid received for restructuring in 2012, LOT is still an important player in Polish aviation. An estimated 30,000 jobs are dependent on LOT. However, LOT has been under financial strain for many years and over the period from 2004 to 2020, the company received State aid of the amount of PLN 1,011,102,595 – or 215 million euros. The most critical time was in 2012-14, where the bail-out of the State was decisive for the survival of LOT.

The financial help was conditioned by recurrent restructuring i.e. cuts and lay-offs. This entailed a termination and renegotiations of collective agreements in the company. The Supreme Chamber of Control (NIK) criticized the restructuring process of LOT, in particular the actions of the Management Board and the Minister of the Treasury supervising the company in the period preceding the granting of State aid in December 2012. Revenues and costs were planned unrealistically, and successive restructuring programs were drawn up without in-depth analysis of the reasons for earlier failures of measures. The company covered its losses every year by selling off its assets, and eventually, when these assets no longer existed, Lot's creditors kept it afloat.

LOT's expansion has strongly contributed to the growth of domestic traffic at Warsaw Chopin Airport, especially in the connecting traffic segment, as LOT has strengthened this service. Although Ryanair unsuccessfully attempted to enter this market in 2018.⁹

On the international market, LOT controls just over half of the market share (53%). The second largest low-cost carrier is Wizz Air, offering 16% of seats on international flights, followed by Lufthansa,

⁸ Data: Civil Aviation Authority; <https://www.ulc.gov.pl/pl/regulacja-rynku/statystyki-i-analazy-rynku-transportu-lotniczego/3724-statystyki-wg-portow-lotniczych>.

⁹ Data: Ministry of Infrastructure Policy of civil aviation development in Poland until 2030 (with an outlook until 2040) (Draft of 5.07.2021),

Smartwings Poland, as well as Air France, Qatar, KLM and Aeroflot, which account for between 2 and 4% of seats. The remainder of the market consists mainly of traditional carriers as well as EasyJet and Norwegian Air.

For years, the industry has experienced a shortage of staff, not only among pilots and cabin crew, but above all ground handling staff and qualified technicians. This coincides with a relatively low level of interest in this sector among young people.

The Industrial Relations

Polish aviation is characterized by a system of multi-stakeholders, both at the level of entities belonging to the broadly understood State apparatus, as well as entities qualified as social partners.

The State is a main actor in Polish aviation as almost all companies within aviation are managed by State entities. For years, State control bodies have been pointing out numerous irregularities in the functioning of the Polish aviation industry, including in particular the desire to circumvent the regulations imposing the use of employment contracts (by using forms of bogus self-employment) and insufficient number of employees trained to perform specific jobs (especially in relation to air traffic controllers).

While industrial relations in Poland in general are characterised by weak unions, low union density and low level of collective bargaining, the airline industry has had a number of trade unions for years. A study from 2014 estimated the collective bargaining coverage as high as 80% - way higher than generally on the Polish labour market. The stronger foothold of Industrial Relations in aviation in Poland is partly due to the fact that the aviation sector is a publicly managed sector. In the public sectors the social dialogue generally is more widespread. However, in the aviation industry, as in other sectors of the Polish labour market, workers councils are marginal

The long-lasting financial difficulties of the aviation industry in Poland have exacerbated the imbalance of negotiating powers between employee representatives and employers. Since 2010, LOT have tried to force a policy of unilateral suspension of collective agreements and other elements of their contractual obligations towards their employees, such as the remuneration regulations. Between 2010 and 2013, this led to an estimated reduction of overall pay for cabin crew including flight attendants by around 30%. As the company informed at that time, restructuring of employment conditions was one among several necessary conditions for the EC to accept public aid for LOT – an aid that in effect saved the company from bankruptcy.

At the end of 2015 LOT's then acting President Marcin Celejewski, through negotiations with trade unions, signed an agreement that suspended the company's collective negotiations that had lasted for nearly two years. Temporary salary regulations were introduced, which were to take effect in 2016. It assumed increases for employees in the total amount of PLN 12 million (2.5 million euro). The unions called off the then planned strike warning, but in the following years, several cases went to court.

On 26 March 2019, the Management Board of LOT and representatives of the Trade Union of Flight and Airline Personnel and the Transport Pilots Trade Union reached an agreement on the financial terms of the new Remuneration Regulations, which was approved by the company's supervisory board. The signed agreement was a consequence of the strike of pilots and cabin crew at LOT Polish Airlines that ended on 1 November 2018. The parties met several times thereafter, negotiating changes to pay conditions. The agreement allowed for the introduction of significant pay rises for cabin crew and pilots. They were to amount to around PLN 1,000 gross in the basic part of their salaries, depending on their grades/ranks. As agreed by both parties, basic salaries and variable salary

elements increased. The parties pledged to ‘maintain social peace’ for at least 36 months. The first paragraph of the agreement reads that it ends the collective negotiations that have been ongoing since 19 November 2013.

The situation in the airlines had been under the attention of the Ombudsman for a long time. In 2018, the Ombudsman alerted the Chief Labour Inspector (state official) about the dismissals of PLL LOT employees and asked him to investigate whether trade union freedoms were being violated. Employees had been on strike for a week, and as management claimed the strike to be illegal, they dismissed people who were taking part in it.

Unprecedented in Polish social dialogue is the establishment of a kind of tripartite bodies – called sectoral teams. In 2016, the *Tripartite Industry Team for Air Transport and Airport Services* was established with the aim to conduct a social dialogue in order to reconcile the interests of the parties, maintain social peace, and recommend and develop solutions beneficial to the functioning of the aviation industry. The Sector Team consists of representatives of the government side and the side of employees and employers related to air transport. Hitherto, the Teams practical impact on industrial relations has been negligible.

LCCs in Poland: Wizz Air and Ryanair

Historically, Wizz Air has been the leading low-cost airline operating international flights from Warsaw Chopin Airport. Wizz Air began operations in 2004 and immediately established one of its main bases at Warsaw Chopin Airport, the airline serving 2.8 mio. passengers. In the past, the second largest airline, Norwegian, gradually reduced its presence at Warsaw Chopin Airport, while Ryanair tried to attack Wizz Air’s position several times. In 2013, Ryanair attempted to enter Warsaw Chopin Airport, serving almost 1 million passengers, but then withdrew again, focusing its offerings at WMI. This Irish low-cost carrier made another such attempt in 2017, serving 0.7 million passengers, but decided to pull out again in 2019. Since then, the competition at Warsaw Chopin Airport has been very limited. In 2018 Ryanair Sun was launched in Katowice, Poznań and Wrocław (base for 1 aircraft in 2018, 3 aircraft in 2019 and 5 aircraft in 2020 at each airport). From January 2019, charter carrier Ryanair Sun took over all of Ryanair’s Polish bases, along with aircraft and cabin crews

In early September 2018, Ryanair recognized four trade unions in Italy, on the very same day it refused to accept recognize of the CWR Cabin Crew Union in Poland (*Międzypokładowa Organizacja Związkowa NSZZ “Solidarność” Personelu Pokładowego CWR*). A Ryanair trade union was set up on 10. September 2018 on behalf of Solidarność, under Polish trade union law, with the cooperation of the ITF and ETF.¹⁰ Its coverage includes Ryanair DAC, Crewlink Ireland LTD and Workforce Int. Contractors LTD. On 12 September, the trade union was officially registered in the National Court Register (KRS): the CWR Cabin Crew Union - affiliated to the NSZZ Solidarność. Workers launched the union in pre-scheduled meetings with Ryanair management, collectively withdrawing from the company’s employee representation system and demanding that management negotiated with unions on their behalf. However, in a rather surprising turn, Ryanair immediately took steps to deny the Polish staff trade union rights. Under Polish law at that time, self-employed workers were not permitted to become members of trade unions (such a possibility started being in force at the beginning of 2019).

Ryanair has obliged its employees to become self-employed and sign a cooperation agreement with Warsaw Aviation. This meant depriving on-board crew members, among other things, of social

¹⁰ <https://www.solidarnosc.org.pl/en/archiwum-aktow-prawnych/item/17971-pracownicy-personelu-pokladowego-maja-swoj-zwiazek>

protection from their current employer and drastically reducing future pension benefits. Members of the trade union who, in order to keep their jobs, belatedly decided to sign the unfavourable agreement for them, were refused to work by the employer. According to a member of the union's board it was an attempt to liquidate the trade union in the company.

Ryanair and connected companies has been under scrutiny from public authorities in Poland concerning employment contracts – or more precisely bogus employment. For several years, employees of LOT Polish Airlines have been vigorously resisting a policy of introducing unstable, extra-labour code forms of employment and a general degradation of standards, in particular with relation to pay.

Summing up, the industrial relations in Poland is less than ideal. The general picture is an almost non-existent social dialogue; politicization of trade unions; weak unionization; low level of trust in unions; scarce collective bargaining coverage; and wide-spread social acceptance of alternative forms of employment without regulation. However, the industrial relations operating in the aviation industry look somewhat different. Firstly, there is relatively significant unionization in the aviation sector. Secondly, the collective bargaining coverage is estimated to be rather high. Thirdly, this is related to the dominant role of the State as an employer in the aviation sector.

However, there are pathologies in labour relations in aviation. Industrial Relations in the aviation sector have been adversely affected by the financial problems the airline industry has faced for nearly 15 year, long before the outbreak of the COVID-19 pandemic. Trade unionists accuse companies of being unwilling to engage in social dialogue and even failing to inform them about key issues affecting workers. At the same time, the ultra-low-cost carriers are constantly pressuring workers on wages and working conditions, using social dumping tools. The above has an impact on other airlines, including the big-budget airlines, which have to contend with competition by also reducing labour costs in order to remain price-competitive.

IR in aviation in Spain

The Market

In 2019, the Spanish air transport sector employed 34,169 people directly in aviation, which represented an increase of more than 1,600 workers compared to 2018.

No State-owned airline operates in Spain, nor are the most important airlines owned by Spanish shareholders. In this sense, no legacy carrier operates in Spain. Some companies are clearly low cost, although the rest are not strictly traditionally managed this way, as they either have low cost subsidiaries (Iberia Express) or members of consortiums with other low-cost companies for certain routes. The top five airlines by passenger volume in 2019 were Ryanair (18.9%), Vueling (12.5%), Iberia + Iberia express (10%), Air Europa (5.6%) and Easyjet (4.7%). The total number of passengers for the same year was 231.5 million, equaling about five per capita

Iberia and Vueling belong to the IAG group, although they act as fully autonomous companies.

During the last decades of the last century, the Spanish government privatised most of the large companies that were part of the public sector, including IBERIA. Notwithstanding the above, public aid has had an important promotional function in aviation and has reached all companies in the sector, including low-cost airlines. However, the vast majority of air traffic control activities, as well as the ownership and management of airports for commercial aviation, remain in the hands of the State.

The liberalization of the sector, the privatization of the legacy airline (IBERIA) and its incorporation into the IAG group, together with the emergence of low-cost airlines, have led to a substantial transformation of the sector during this century. This evolution has led to the disappearance of 20 airlines since 2000. In terms of employment volume, there has been a strong recovery, although not yet to the numbers recorded in 2007.

Industrial Relations

Unlike the general picture of industrial relations in Spain, the structure of collective bargaining in aviation is based on separate company collective agreements for each occupational group (pilots, cabin crew, maintenance staff, air traffic controllers) where the leading role is played by unions organized along professional lines. However, these negotiations and agreements are based on sectoral agreements for all workers in those areas where the leading role is taken by general unions: handling activities, ground activities and the rest of the value chain. The absence of sector-wide collective agreements in aviation means that the collective bargaining system is extremely decentralized, with two main axes. On the one hand, company collective agreements, which affect ground staff workers and, in some cases, cabin crews; on the other hand, there are collective agreements for pilots, and in some companies also for cabin crew, which only covers employees in this particular company.

Unlike the general model, the aviation sector is characterized by the predominant presence of trade unions for each profession: pilots (SEPLA), cabin crew (STAVLA, SITCPLA), air traffic controllers (USCA and others). The general unions (UGT, CCOO) maintain a high degree of representativeness among ground and handling staff. Union density in the aviation sector as a whole is much higher than in other sectors, especially among pilots and air traffic controllers. On the employer side, the airlines created ALA (Asociación de Líneas Aéreas). However, ALA does not participate in collective bargaining; collective bargaining is always conducted at the company level. ASEATA is an employers' organization that brings together companies dedicated to providing handling services for third parties, while ENAIRE is a public company that manages air traffic control and the management of its staff.

Also union density in the aviation sector is considerably higher than in other sectors on the Spanish labour market. Among the pilots, the union density in some companies such as IBERIA reaches 100%. In the most other professions, the union density is also very high; an example is IBERIA, where the ground crew reaches densities of 63.55%, while the cabin crew shows a much lower rate at 33%.

The high rates of union density and the specificity of the structure of collective bargaining encourage a high degree of collective bargaining coverage, as high as 100% of companies and workers – very much due to the *erga omnes* principle prevailing in Spain. As an exception to this, Ryanair remains in conflict with the union representatives even though it has reached an agreement with the pilots.

The huge changes in the sector, with the entry of new low-cost companies and the privatization of IBERIA, have brought about an unprecedented transformation. Under the threat of competition, the traditional companies have undertaken major cost-cutting plans that have had a huge effect on the working conditions that IBERIA workers previously enjoyed. In this context, the strong trade union membership has allowed the development of numerous negotiation processes that have enabled a broad restructuring process to be tackled without major conflicts. At the same time, the emergence of new companies, with clearly lower standards of working conditions, has been helped by the lack of workers' representation and the high degree of decentralized collective bargaining.

As such, there is a trend towards a decline in working conditions in the sector compared to those previously enjoyed. Labour disputes have been very prominent in the sector, although with a very low number of strikes. Industrial action has been more prominent further down the value chain: airport cleaning, passenger security control, etc. The air traffic controllers' conflict in 2010 was emblematic, leading to the closure of airspace. For a certain time the control towers were put under military control, which eventually forced air traffic controllers to return to work. This job function, which remains almost entirely in the hands of the public sector, was the protagonist of a tough conflict that ended in an arbitration. The agreement led to a significant reduction in salaries and working conditions.

Ryanair has also experienced conflicts. Ryanair is trying to avoid the application of Spanish labour regulations by locating its activity in Ireland and applying Irish legislation. However, the Spanish trade unions in Ryanair has shown fierce opposition, even with the support of the Ministry of Labour. In some cases, pilots' unions from different European countries have managed to sign agreements, although the rest of the pilots' unions have not been able to achieve their demands to date. In September 2019, Ryanair embarked on a nationwide restructuring process in which it decided to close four bases, effectively making 150 pilots redundant. The SEPLA union responded by calling several days of strike action. The same company was involved in another conflict with the cabin crew during the summer of 2018 and the month of January 2019. On this occasion, the employees requested the application of Spanish labour legislation. The unions achieved some of their objectives. Nevertheless, unions have continued to organize industrial action in an attempt to negotiate collective agreements for Ryanair cabin crews.

Summing up, the liberalization of the sector, the privatization of IBERIA, and the emergence of low-cost airlines have led to a total transformation of the sector in this century. This development has led to the disappearance of 20 companies since 2000, with the consequent loss of employment. The incorporation of new companies and the growth of the market have made it possible to maintain part of the employment. However, the working conditions in aviation today are inferior to the ones of prior years. Ryanair's prominence, and its resistance to apply Spanish labour legislation, creates a downward pressure on working conditions in the sector as a whole.

While the general picture of industrial relations in Spain is based on collective bargaining by sector unions, the aviation sector is characterized by the prevalence of unions serving pilots', air traffic controllers' and cabin crew unions respectively. General unions' scope for power is reduced to ground staff in a broad sense. As a result, the structure of collective bargaining in airlines has pivoted around company collective agreements. However, such an arrangement coexists with specific arrangements, made possible by Spanish law, for a restricted group of employees, i.e. technical professionals such as pilots, cabin crew or air traffic controllers at the company level.

Trends: IR in Aviation Pre-C-19

The purpose of this part of the report is to identify similarities and differences in industrial relations in aviation across seven EU Member States pre-COVID-19.

As pointed out in more detail in other parts of this project, liberalization of aviation in the 1990's meant that legacy airlines (LA) lost a de facto monopoly on many routes, and alternative airlines got the opportunity to operate still more routes. Until then, the monopoly status of LA ensured that they could ask pretty much any price for their tickets. This was also reflected in the wages and working conditions of employees in the legacy airlines that were considered quite generous.

The liberalization of aviation allowed low cost carriers (LCC) or ultra low cost carriers (ULCC) to operate routes formerly out of their reach. Over the last two decades, LCCs have gained a considerable market share, based on a different business model traditionally applied by legacy airlines. LCC took advantage of the fact that labour could be easily recruited from many different countries. Plus, bases could be placed pretty much anywhere wherever the airline chose to land and fly from. This led to a due diligence of industrial relations, labour costs, infrastructure and so on, that is, an analysis to determine where they could undertake business with a limited amount of external interference. As such, today aviation is probably the most internationalized business sector imaginable. While multinational companies might invest in production facilities in different countries, which makes it prisoner to a certain degree to the geographic position in that country, and with this the price of labour. Not so in aviation. With the exception of airport infrastructure, and even here there is some room for negotiation, labour (cabin crew) as well as the means of production (airplanes) are highly mobile.

In short, national Industrial Relations systems in the aviation sector might have been heavily affected by alternative labour market and business models. As pointed out in part I of this report, different Industrial Relations practices across the seven countries investigated can be identified. These ranging along a coordinated and liberal market spectrum. However, the national labour market models including Industrial Relations are... exactly *national*. This raises the following two questions: Firstly, are Industrial Relations in the aviation sector able to withstand the pressure of internationalization and adhere to traditional national IR-systems? Secondly, can a special kind of convergence across the countries be identified that transgress national borders and overrides local national employment relations and practices?

The role of the State – airports, legacy airlines and Industrial Relations

In all the countries involved, the State has played a pivotal role in aviation throughout the 20th century. Aviation remains a vital infrastructure of a country, more so the more isolated the country is (with Ireland as the prime example of the seven countries in this analysis). Hence, some countries have been quite reluctant to privatize such an important infrastructure. However, with liberalization of aviation specifically and international market generally, the State has stood back in many countries. Where its presence can be observed such involvement has been much reduced, and where it exists, many States have tended to promote a public-private arrangement. *Airports* is a classic example of an important infrastructure. The State or regional government in the whole remains a major or in some cases a decisive shareholder.

The rollback of the State can also be detected in the case of *legacy airlines* in the majority of the countries under study. Among the countries here, we have three groups:

Totally State-owned:

- LOT Polish Airlines, Poland

Public-Private constellation:

- SAS (Denmark) (2019: 14.8 % owned by Swedish State, 14.2 owned by Danish State)
- Air France (France) (28.6 % French State, 9.3 % Dutch State)

Private (often stock market):

- Lufthansa (Germany)
- Aer Lingus (Ireland)
- Alitalia (Italy)
- Iberia (Spain)

Across the nations, all legacy airlines have been in trouble pretty much since the turn of the century following the liberalization of aviation and the arrival of low cost carriers' business models. These factors helped create a highly competitive market. This has produced a trend whereby legacy airlines have had to be bailed out by the State on numerous occasions – a fact confirmed by many of the national reports. Here a pattern can be observed prior to Covid, that the more State has a share interest in an airline, the more likely it is to bail the airline. In contrast bailing out seems to diminish dramatically in cases where the State has no financial stake in a company.

An important factor for the State's interest in bailing out legacy airlines is the sheer size of the airlines; they are big companies and the more passengers, the more connected jobs and the more propensity for the State to help a company in financial strain. However, while the legacy airlines might have been the dominant airlines two decades ago, things has changed dramatically since then. Today, in many cases low cost carriers are as important if not more important for employment along the value chain than legacy airlines and hence, the State will often have a strong incentive to bail out any important player irrespective of the ownership constellation. Hence, evidence uncovered by this report, certainly prior to Covid, implies that once legacy airlines become a) private entities and b) of secondary importance job-wise and economically, the State's interest in saving the company might erode. For example, while SAS in Denmark is without comparison the biggest airline with almost a third of all passengers *and* owned partly by the State, the case is different in Spain where Grupo Iberia today is privatized and now is only the 4th biggest airline. Here, Ryanair, Vueling and EasyJet are now the big

players and as such, ones the State would be expected to support in a time of crisis so as to secure jobs rather than Iberia.

In States where the legacy airlines are dominant and partly State owned, the inclination to support the airlines is bigger. The other concept for legacy airlines, 'flag carrier', i.e. the airline that carries the country's flag, seems to make the relationship between the airline and the State (and the general population) a 'special relationship' in which special considerations might be taken so as to secure further investments and perhaps better wages and working conditions than seen within other airlines. The flag carrier's special status' might be used indirectly by management – and/or employees - to argue for special treatment. Unions might appeal to the State that there must be limits for how much concession bargaining the employees have to accept, even though the market competition from low cost carriers might require concessions. This can be observed in France and in Denmark. It should be noted that the legacy airlines in most cases offer the best wages and working conditions in aviation, even after low cost carriers became a serious competitors.

On a higher level, our analysis in the first part of this report shows that the role of the State with regards to labour market regulation differs quite a lot across the seven countries. But as we will see, the kind of general IR-regulation seen in each country are not necessarily replicated in aviation; rather, we find a different set-up of Industrial Relations in most countries than seen on national level.

Unionization and employers' associations

While *the union density* varies considerably at the national level in each country – from around 11 % in France to almost 70 % in Denmark, this is not replicated within aviation. *In aviation, unions' density is higher than the national average*, and in many countries considerably higher. An extreme example is France, where the general union density is 11 % - but pilots have a union density of 74 %. In some companies, the union density is as high as 100 % (Iberia in Spain, SAS in Denmark).

In some countries, pilots and cabin crew are members of unions that are affiliated to a certain company, i.e. company unions. This is often the case for legacy airlines. Meanwhile, pilots and cabin crew in other airlines might be organized in other unions. In effect that means that there is not necessarily one union organizing pilots or one union organizing cabin crew and as such, we find that multi-unionism exists. While this situation might not always lead to inter union-rivalry, the signing of different agreements appears to create turmoil as employees undertaking similar jobs experience different wages and working conditions – especially in countries with tradition of single union representation within the workplace. In other countries, like Ireland, multi-unionism is generally more common; however here we find that aviation is different. A single union tends to represent a specific group of employees. As such, we find a patchwork of different union set-ups across the countries under study.

Despite the high union density rates in legacy airlines, as we will see *unions have had to accept concession bargaining*, – and as such, high union density is no guarantee of that they will have a strong bargaining hand, especially if the company faces fierce international competition. While legacy airlines have a tradition of very high union density, the situation is quite different in the case of LCC. Ryanair is an extreme example of a company that has tried to avoid any kind of negotiations with unions for almost 30 years. However, over the last five years Ryanair has been forced to recognize unions after a spate of industrial action in some countries, for example, in Italy, Spain and Germany. Also, poor publicity has required the Irish airline to consider its employee relations practices.

The liberalization of aviation and the subsequent new business models introduced by low cost carriers and to some degree adapted by legacy airlines are not only affecting relations between employers and employees. This has also impacted relations between unions, which has brought about changes in Industrial Relations practices in aviation. When employees experience very different working conditions, especially in the area of collective agreements, it raises doubts whether unions can function as a 'common force' able to unite employees vis-à-vis the employers. An example is Germany where pilots in Lufthansa are organized in one union, VC, while their counterparts at Eurowings are organized by another representative body, Ver.di. At SAS, the pilots have their own company union (DPF – Dansk Pilot Forening), while other pilots are in a union for airborne personnel (FPU – Flyvebranchens Personale Union). This can constitute a competition between unions, though in the German case the relevant parties, VC, UFO and Ver.di, appear able at times to address this inter-union competition: 'We march separately, but strike together'. However, it is not always the case that legacy airline employees have their own union and other airlines have other unions. Certainly, in Ireland, multi-unionism is currently not a problem. Pilots working for both Aer Lingus and Ryanair are organized by one union, Fórsa.

On the employers' side, the organization rate is estimated to be quite high too, in many cases over 80 %, especially in the traditional companies like legacy airlines tend to be members of an employers' organisation. However, their engagement in collective bargaining varies and often employers' organisations play a drawn-back role as company bargaining, not sector bargaining is most common in aviation.

IR in aviation - level of collective bargaining and alternative employment models

At the national level across the countries, a trend toward decentralization of the bargaining system has taken place over the last two decades as still more negotiations take place a local level. In some countries, the decentralization is organized (Denmark, Germany and Italy), in others it is more or less disorganized (Poland). In Ireland, the negotiations have never been centralized. In France the system appears quite centralized (event 'Statecentric') and as such tends to be highly regulated. In Spain, while the social partners have the power to alter standards set by the State, the State in return tends to apply the erga omnes principle to the signed collective agreements.

Organized – or regulated - decentralization is characterized by a central regulation of the labour market, either via law or via sector agreements between unions and employers' organisations. However, in the regulation exists a certain - and over the last decades still bigger – possibilities for local negotiations that complement the frameworks set by the central agreement. Dis-organized decentralization is characterized by a *laissez-faire* decentralization, with limited or no control by unions and as a result, cooperation between social partners is virtually non-existent; often negotiations, if there are any at all, take place at company level in which the employer takes the lead.

This trend towards decentralization can also be identified in aviation – however, the decentralization seems to differ from general trends seen at national or cross-national level. That relates to the second point here, namely that the level of collective bargaining at national level is not necessarily replicated in aviation – rather aviation in many aspects follows its own path:

Firstly, there seems to be limited sector level negotiation in aviation; rather, company level bargaining seems to be widespread. Working conditions differs markedly across employees in aviation, especially between ground handling and flight personnel (pilot and cabin crews). As the airborne staff is significantly outnumbered by ground handling personnel and hence could be overruled by the interests of ground handlers, a reluctance to engage in sectoral bargaining is to be expected from

pilots and cabin crew, as we see in France. Hence, we find a '*division of Industrial Relations*' as airborne personnel often engage in company bargaining while ground handling staff seems often to be inscribed in the general national IR system and as such often sector bargaining with, to varying degrees, a measure of local negotiations. However, also here we find that fierce competition pushes boundaries and precarious work is becoming more prevalent in some airports. As such, a rather fragmented Industrial Relations picture exists in aviation as a whole. An exception to this trend towards fragmented bargaining structures is to be found in Italy, where a convergence toward a single sectoral collective bargaining system that organizes under a common, general collective agreement is adhered to by the social partners.

Secondly, we find in most countries a different power balance in aviation than in the general Industrial Relations system. As mentioned, we find a considerably higher union density within aviation than seen in most other parts of the labour market in each country. In principle, this should strengthen employees and their unions, vis-à-vis employers. However, airlines have been under considerable strain due to fierce international competition. Consequently, concession bargaining has become quite common, especially among the legacy airlines where wages and working conditions for many decades have been quite good. While the employees in legacy airlines have effectively become a functional elite due to their ability to at least cushion cutting demands, they are by no means invincible even given their high union density rates. This is not the case amongst low cost carriers. Although some low cost carriers have signed collective agreements, these are much inferior, sometimes extremely inferior to those of traditional airlines. Others – the ultra low cost carriers (ULCC) like Ryanair - try to avoid any kind of collective bargaining if possible.

The reason why the strong union density is not capitalized 1-to-1 into a strong bargaining position is very much due to the extreme internationalization of aviation. Low cost carriers and especially ultra low cost carriers have led the way by implementing a business model where airlines have the option to establish bases in countries or areas of their choice, hence effectively shopping for the IR-system they prefer to push down employment conditions.

(Ultra) low cost carriers have furthermore employed alternative employment practices. Most notable are so-called *bogus self-employment*, i.e. the employee is forced into self-employment. By forcing this form of employment onto workers, airlines abdicate any responsibility in the area of national insurance contributions and other social responsibilities. Naturally, they are also able to circumvent collective bargaining. Such a business model is one very much applied by Ryanair. In Ireland, only 25-30 % of Irish pilots are directly employed in Ryanair, while the remaining are self-employed, in some cases via personal service companies or employment agencies. In the case of Poland, public control bodies have pointed out such irregularities, and especially in the case of Ryanair have been under scrutiny and for good reasons. When employees at Ryanair tried to establish a union in 2019, they were dismissed on the grounds that they were self-employed and as such according to Polish law at the time were not allowed to be members of a union.

We find a spill-over effect from (ultra) low cost carriers to legacy airlines as, for example also in Poland, employees in the legacy airline LOT are continuously fighting trends toward employment arrangements offering worse working conditions and pay. As such, the legacy airlines are under constant pressure to adjust to the business models of low cost carriers. While it would in many cases be highly problematic for legacy airlines to engage directly in for example bogus self-employment, other measures are used. In some cases, the legacy airlines start up or buy in to a low cost carrier. Lufthansa practices such a policy, Eurowings being its low cost alternative. Another option is *wet leasing* which has become quite widespread, also amongst legacy airlines. Wet leasing is a leasing arrangement where one airline provides an aircraft, crew and maintenance to another airline. Often,

the aircraft is painted in the colours of the lessors brand and the crew wears the uniform of the company applying such a strategy, i.e. crew members adorned in a Lufthansa uniform although they are not employed by the German airline. Engaging in such a practice, the mother-company is not directly responsible for working conditions and wages amongst employees in the company. This practice is now a common practice of legacy airlines, as seen in the case of Lufthansa. SAS's fleet, though, was made up of 25% wet leasing in 2019.

While these arrangements are legal, they no doubt affect the power balance between employees and employers in the favor of the latter as alternative arrangements are constant threat to employees and unions.

Airports are involved in price war too, often underbidding each other in their attempt to encourage airlines to direct planes to their base. Obviously, this could affect industrial relations in the value chain of the airport. In the case of Germany, we find a mosaic of subsidiaries delivering services, in some cases outsourcing to third parties. This constitutes a major challenge for unions, who have to negotiate numerous site agreements in one company at each airport. Such a situation, however, has sparked a response from unions, their main aim the signing sector agreements.

Collective bargaining coverage

As pointed out in part I of this report, collective bargaining coverage in general varies considerably across countries. However, also here aviation varies from the general Industrial Relations in the analyzed countries. In those countries where estimations are accessible, the collective bargaining rate within aviation is comparatively high in comparison to the general average for the country. For example Poland has an estimated collective bargaining rate in aviation of 80 % (as of 2014), which is much higher than the national average – and despite a quite weak Industrial Relations system at the national level. France appears to be the real anomaly because although the national union density rate is a mere 11 %, collective bargaining coverage is an impressive 90 %. This only goes to show that low union density rate does not necessarily result in low collective bargaining coverage if other State institutions promote some kind of erga omnes.

Summary of part II

Liberalization of the aviation section has had a profound impact on industrial relations in all seven countries under investigation. With liberalization, low cost carriers have seen their share of the market grow exponentially, allowing them to dominate the market today. Before liberalization, the legacy airlines were home to comparatively high wages and very good working conditions. Incrementally, these conditions have deteriorated as the legacy airlines have had to cut costs, forcing unions into concession bargaining. Nevertheless, in many cases, legacy airlines have ended up in deep financial troubles and the State has had to bail the companies out. In some cases, the airlines and their employees seem to have taken advantage of the fact that legacy airlines are 'flag carriers'. This means that the airline is carrying the flag of the country and is as such the pride of the country, implying that the airline a) will probably not be allowed to default and b) will be unable to sign collective agreements that involve too low wages and poor working condition. Such subtle strategies can be found in companies like SAS, Air France and to some degree LOT, where management as well as employees seem – in subtle ways – to expect special treatment. Sometimes successfully, sometimes not.

In some countries, the State has decided to privatize legacy airlines all together. As an effect, the interest in saving and/or investing in legacy airlines has diminished. Rather, as (ultra) low cost carriers

have become major players in aviation and as such important to the economy as such, the State will have to reckon with them – despite questionable employment practices. In such a case, legacy airlines might have to accept that their special status will not be guaranteed in the future.

Today, most of the legacy airlines are publicly traded even though the State continues to have a controlling interest in some airlines. As such, nation States are often in a limbo between private and public ownership: On the one hand the State has a political responsibility for employment at airports and legacy airlines. On the other hand, by putting the legacy airlines on the public stock market, the State is committed to privatization along the aviation value chain and as such requires companies to be profitable, thereby potentially undermining wages and working conditions along the value chain.

While we see these trends across countries, timing can vary. For example, Lufthansa in Germany went public and took measures to adjust to market pressures by setting up low cost subsidiaries way before, say, SAS in Scandinavia. While the State might be an important back-up for partly State owned companies in trouble, it is also a constraint as the flag carriers have to live up to certain standards for employment relations. Consequently, from pure business perspective State involvement might represent a brake against airlines and airports responding to market competition, a failure that could eventually see the undertaking fold or constantly dependent on State aid.

A trend across countries can be identified in that Industrial Relations in aviation differs from national Industrial Relations practices. While in many countries sector bargaining is often the rule of the game at the national level, in aviation company agreements are quite widespread. In many cases employee organizations in legacy airlines take the form of in-house unions, and this, combined with generally favorable conditions for pilots and cabin crew, suggests they are a kind of functional elites within the aviation IR chain. However, as competition from low cost carriers put pressure on legacy airline, cuts and lay-offs have become more prevalent, even these privileged employees feel the market pinch, which wears on culture of special partnership once so characteristic of legacy airlines.

Aviation seems to have taken a step even further in the direction of decentralization than we have seen in most countries over the last two decades. This has been necessary so that negotiations at company level can accommodate the highly volatile aviation market. However, it is interesting to consider the form of decentralization, whether it is organized (regulated) or disorganized. We see a division here within aviation as legacy airlines typically adhere to a kind of regulated decentralization, with an ongoing reference to the IR of the country, while accepting some concession bargaining. This often mirrors similar developments within their respective Industrial Relations systems, but with some deterioration in conditions, i.e. a weakened form of Industrial Relations protection as seen in the German case. Then exists a group of low cost carriers that sign collective agreements, but whose point of reference is international competition and as such, the collective agreements are often in accordance with low cost carriers LCCs in other countries –with wages and working conditions below the level of legacy airlines. Finally, we have the ultra low cost carriers, most prominent among those are Ryanair, others involve the likes of Wizz and Volotea. Ryanair has for more than 30 years tried to avoid any form of collective bargaining and today Ryanair only reluctantly engage in such endeavors when placed under pressure due to poor PR or industrial action. Bogus self-employment is used a lot in a ultra low cost carriers , and while legacy airlines do not apply such measures, wet leasing is another way that legacy airlines seek to reduce costs.

Ground staff on the other hand benefit most often from sectoral collective bargaining, but even here there are some quite obvious differences between countries. Certainly, in Germany site collective bargaining remains the dominant form of bargaining, this having negative consequences for employment terms and conditions along this part of the value chain.

Summing up, we can conclude that

- 1) Ground handling is inscribed in classic (CME) pluralist IR, however with pockets of precarious work in some countries
- 2) Legacy airlines and some low cost carriers are often inscribed in an 'IR light' way, unions trying to adhere to aspects of national industrial relations
- 3) Ultra low cost carriers are inscribed in non-cooperative IR (hard LME) and are as such detached from national IR-systems.
- 4) The business models of low cost carriers and ultra low cost carriers have a strong spill-over effect to other airlines, including legacy airlines. While ultra low cost carriers are making use of bogus self-employment, other airlines tend to find other solutions like wet leasing to avoid social responsibility and collective agreements. This is also seen in legacy airlines.

Appendix I: Table of IR in Aviation Pre-Covid 19 for Seven Countries

CA = Collective Agreement CB = Collective Bargaining EO = Employers' Organisation

VIRAL IR in aviation pre-Covid-19		Denmark	France	Germany	Italy	Ireland	Poland	Spain
1	The main actors in aviation	<p>The State: CPH airport: Owner till 1994 – as of 2019, the State owns 39.2 % of CPH SAS: The State was owner (w/Sweden and Norway) until 2001, after that owner of stocks in SAS (Denmark 14.2 % – Sweden 14.8 %, Norway is out)</p> <p>Employers' organisations: Confederation of Danish Industry (Dansk Industri, DI): Est. 20 member companies in aviation, covering est. 35,000 employees</p> <p>Trade unions aviation: Union of Airline Staff (Flyvebranchens</p>	<p>FNAM (Fédération Nationale de l'Aviation et de ses Métiers) main employers' association</p> <p>SNPL (Syndicat national des pilotes de ligne) main pilots' trade union</p> <p>SNPNC (Syndicat National du Personnel Navigant Commercial) flight crews trade union</p> <p>UNPNC-CFDT (Union Nationale du Personnel Navigant Commercial) flight crews trade union</p> <p>UGICT-PNC (Union Générale des Ingénieurs, Cadres et Techniciens – Personnel Navigant Commercial) flight crews trade union</p>	<p>The State: Until 1997 Lufthansa was partly State owned, now totally privatized. In the case of airports, a more complex picture emerges, with all the main hubs only partly privatized. The local Länder (States) remain the majority shareholder. Interestingly, though, on average around 20 of ground services are provided by third parties.</p> <p>Trade unions: Aviation is home to a new development in German IR, employees</p>	<p>The State: The State has, and continues, to play a weak role. Post 2008, there is effectively no flagship carrier. Airports compete with one another in an unregulated fashion, with non overall guiding principles or coordination from the State.</p> <p>Trade Unions: Prior to 2008, the most important actors were Alitalia and the craft unions representing the most skilled occupations. The number of employer associations was limited and the historic labor confederations represented</p>	<p>The State: <i>Airports:</i> Ireland has three State Airports - Dublin, Cork and Shannon Airports which are commercial Semi State Companies (owned by the State, but technically commercially run). Daa (Dublin Airport Authority) owns and manages Dublin and Cork airports (Daa also has international airport operations and investment, and a travel retail subsidiary with outlets across the world).</p> <p><i>Flagship carrier:</i> Aer Lingus was established as</p>	<p>The State: PLL LOT - Polskie Linie Lotnicze "LOT" S.A. [LOT Polish Airlines] Polish national airline, established on 29 December 1928.</p> <p>Polska Grupa Lotnicza - PGL [Polish Aviation Group] The largest airline company in Poland, based in Warsaw, owner of LOT Polish Airlines S.A., LOT Aircraft Maintenance Services sp. z o.o. (LOTAMS), LS Airport Services SA. (LSAS) and LS Technics sp. z o.o. (LST).</p> <p>Polska Agencja Żegluga</p>	<p>The State: The exit of IBERIA from public capital, and its integration into the IAG group, means that there are no flag carrier airlines in Spain. Notwithstanding the above, public aid has had an important promotional function and has reached all companies in the sector, including low-cost airlines. However, the vast majority of air traffic control activities, as well as the ownership and management of airports for commercial aviation, remain in the hands of the State.</p> <p>Trade unions:</p>

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p><i>Personale Union, FPU)</i> Pilots and cabin crew, from nine airline; est. 1,500 members, 70% organization rate Density with regard to the union domain 70 % Estimated 1,500 members</p> <p><i>Danish Air Traffic Controllers Association (Dansk flyvelederforening, DATCA)</i> Est. 300 members, organizational rate 100 %</p> <p><i>Cabin Attendants Union (CAU)</i> Est. 1,550 members SAS cabin crew; pursers, stewards and stewardesses, organizational rate 95 %</p> <p><i>Danish Airline Pilot's Union (Dansk Pilot Forening, DPF):</i> SAS-pilots, 600 members, SAS pilots,</p>		<p>organized in professional unions in some branches – aviation being one such branch. The two main unions are VC (pilots) and UFO (cabin crew mainly within the Lufthansa Group). The other union, Ver.di organizes a limited number of Lufthansa cabin crew, has been quite successful at organizing Ryanair cabin crew. Ver.di is also the union that organizes airport ground staff. With regards the employer side, Condor, Tui, Lufthansa, Lufthansa Cargo and Eurowings are members of the Bundesverband der Deutschen Fluggesellschaften (BDF). The BDF is not a collective</p>	<p>primarily lower-skilled occupations. The Alitalia CA set the tone for the entire industry. Post 2008, craft unions have lost the leasing position within the sector to the traditional confederations. The main actors are now the traditional unions, with the focus of bargaining now the airport, not the airlines:</p> <p>FILT-CGIL FIT-CISL UIL Trasporti UGL Trasporto Aereo ANPAV ANPAC</p> <p>Employer Organizations: Post 2008, association of airport operators appears to be the most important organization. New associations have emerged, following liberalization and privatization in the</p>	<p>Ireland's national flag carrier. The State maintained almost total control of the airline until 2006 when it was floated on the stock exchange. The State's stake was reduced to 25%. In 2015 Aer Lingus became a wholly owned subsidiary of International Airlines Group (IAG).</p> <p>Employers: Ryanair was founded in 1985, and is headquartered in Dublin. It has become one of the largest carriers in Europe, and has transformed the aviation industry with its 'low cost model'. Ryanair tried, unsuccessfully, to buy Aer Lingus on a number of occasions</p>	<p>Powietrznej [Polish Air Navigation Services Agency]</p> <p>Urząd Lotnictwa Cywilnego [Civil Aviation Authority]</p> <p>Przedsiębiorstwo Państwowe „Porty Lotnicze” ["Polish Airports" State Enterprise] A Polish State-owned company involved in the construction, modernisation and operation of airports and aviation ground facilities, including ground handling of aircraft at Warsaw Chopin Airport.</p> <p>UNIONS: Związek Zawodowy Nziemnego Personelu Lotniczego [Aircraft Maintenance Staff Trade Union]</p>	<p>CCOO and UGT have a significant presence in the value chain of the sector, although with little representation in the airlines themselves, where the unions of pilots and flight crews have more influence.</p> <p>SEPLA due to its status as the majority union in the group of airline pilots, has union sections in all the airlines.</p> <p>STAVLA the most representative airline in some airlines such as Iberia and Vueling. The field of air traffic control is highly fragmented and there are a variety of unions (OCCA; SPICA), but by far the most representative is USCA.</p>

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p>organizational rate est. 100 %</p> <p><i>United Federation of Danish Workers (Fagligt Fælles Forbund, 3F)</i> Est. 5,000 members in the sector; transport workers, handling assistants in airports; organizational rate est. 75 %</p> <p><i>Danish Metalworkers' Union (Dansk Metalarbejderforbund, Dansk Metal)</i> Technicians and flight mechanics; organizational rate est. 80 % (estimated); est. 1,000 members (new development in 2021: Many SAS pilots now also members of Danish Metalworkers' Union)</p> <p><i>Union of Commercial and Clerical Employees in Denmark (Handels- og</i></p>		<p>bargaining body, though. Its main task is lobbying.</p> <p>Airports: Arbeitsgemeinschaft Deutscher Verkehrsflughäfen represents the interests of German airports (21 City airports and 8 regional airports). Again, though, its main task involves lobbying on the airports behalf. The Arbeitgeberverband der Bodenfertigungsdienstleister der Luftverkehr (ABL). ABL lobbies on behalf of private third party companies that provide ground services at airports. ABL has 6 members AHS, Losch, Swissport-Losch, Wisag, Aviapartner and Conconia.</p>	<p>sector, to represent each sector in the industry. Airline association appears to be the weakest, as it only represents ITA, no longer the market leader. Main actors:</p> <p>Assaeroporti (Airport operators) Assaero (Domestic airlines) Assohandlers (Ground handling) Assocontrol (ATM) Federcatering (Catering) Fairo (Foreign airlines)</p>	<p>between 2006-2015. When Aer Lingus was sold to IAG in 2015, Ryanair had a stake of over 29% in Aer Lingus. Ryanair's offer to the State to build, and operate, a new terminal at Dublin Airport in 2006 was rejected, and the Irish airports remain under State control.</p> <p>Trade Unions: There is no compulsory membership in the trade unions in the aviation sector. There has always been a strong tradition of trade union membership in the State-owned Daa, and in Aer Lingus. Strong resistance towards trade union membership was traditionally evident in</p>	<p>Związek Zawodowy Pracowników Lotnictwa Cywilnego [Civil Aviation Workers' Union]</p> <p>Związek Zawodowy Kontrolerów Ruchu Lotniczego [Trade Union of Air Traffic Controllers]</p> <p>Ogólnopolski Związek Zawodowy Służb Ruchu Lotniczego [Polish National Trade Union of Air Traffic Services]</p> <p>EMPLOYERS REPRESENTATION : Związek Pracodawców Lotnictwa i Dronów [Aviation and Drone Employers Association]</p> <p>JOINT REPRESENTATION</p>	<p>Employers' organisations:</p> <p>ALA Although it groups most of the airlines, it is not involved in industrial relations. The leading role in industrial relations is played by companies</p> <p>ASEATA is an employers' organization that brings together companies dedicated to providing handling services for third parties. The main companies in the subsector, such as IBERIA and GROUNDFORCE, form part of this association. Other airlines, RYANAIR and EASYJET, would be the main operators in the self-service format.</p> <p>ENAIRE is a public company that provides air navigation services</p>

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p><i>Kontorfunktionærernes Forbund, HK)</i> Est. 1.950 members in the sector (members of HK/Private); salaried employees, white-collar, commercial and clerical workers; Merged with <i>Federation of Salaried Employees in Air Transport (Luftfartsfunktionærerne, LFF) in 2008.</i> organizational rate est. 45-50 %</p> <p><i>Danish Union of Electricians (Dansk El-Forbund, DEF)</i> 76 members, according to administrative data; organizational rate est. 80 %</p> <p><i>Danish Association of Managers and Executives (Ledernes hovedorganisation, Lederne)</i> Est. 600 members in Copenhagen Airport. (The members in the others Danish</p>				<p>Ryanair, until the company decided to recognise trade unions for the first time in late-2017.</p> <p>The Fórsa trade union was established in 2018 following the amalgamation of three unions (the Irish Municipal Public and Civil Trade Union (IMPACT), the Civil, Public and Services Union (CPSU), and the Public Service Executive Union (PSEU)). The Irish Airline Pilots' Association (IALPA) is a branch of Fórsa and represents unionized pilots in Aer Lingus and Ryanair. The services and enterprises division of Fórsa, also represents most unionized cabin crew at Aer</p>	<p>Zespół Trójstronny ds. Transportu Lotniczego i Obsługi Lotniskowej [The Tripartite Sectoral Team for Air Transport and Airport Services]</p>	<p>in almost all Spanish airports.</p> <p>Airlines by volume of passengers in 2019 would be the following: RYANAIR (43.704.621) Grupo IBERIA (16.982.210 + 6.238.218 Iberia Express) VUELING (29.076.503) EASYJET (17.860.171) AIR EUROPA (13.075.556) TUI Group (10.150.729) Norwegian (8.333.619) Jet2.com (8.035.409) Eurowings (5.617.964)</p>

VIRAL IR in aviation pre-Covid-19		Denmark	France	Germany	Italy	Ireland	Poland	Spain
		airports are registered under a single group called 'transport', which means that they cannot be registered separately). Lederne has an estimated 600 members in all other airports in Denmark. Thus, in total, it has an estimated 1,200 members in the sector.				Lingus and Ryanair. Ireland's largest union, the Services, Industrial, Professional and Technical Union (SIPTU) represents a broad range of employee categories, including most unionized ground staff in Aer Lingus. Both Fórsa and Siptu are members of the Irish Congress of Trade Unions (ICTU); however, the pilots (through IALPA) traditionally conduct negotiations separately to the other ICTU unions.		
2	2a: Financial situation in aviation	From mid-90's onwards fierce competitions, especially putting	Period of crisis from around 2008. Then recovery, interrupted by the arrival of	Lufthansa Group controls the largest share of the German	Between 2004 and 2019, passenger traffic doubled in Italy. In 2019, low-	As an Island nation, civil aviation is vital to Ireland. Ireland is	The financial situation of Polish aviation has been very difficult for	Ryanair closed the year 2019 with profits 4.2% higher than the previous

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p>pressure on the dominating legacy airline SAS. Prices on airline tickets have gone down, and recurrent saving plans have been implemented from mid-1990's onwards. At the same time, CPH Airport has grown from 18 million passengers in 2002 to 30 million per year. CPH is an important hub in Scandinavia, not least for connecting flight, and CPH Airport has prospered. CPH Airport was privatized in 1994 and SAS in 2001.</p>	<p>COVID-19. However, constant shrinking of the market share of companies with a French license, going from 60% (2010) to 43% (2019).</p>	<p>passenger market, 56%, followed by Ryanair, 8.4%. Lufthansa transported over 145 million passengers in 2019. Combined, other key players, these include Qatar, Emirates, United, China Air and Turkish Air, control 27.9% of the market. Personal costs represent 23% of Lufthansa's total costs. Twice as high as Ryanair, 11%. The basis salary of Lufthansa cabin crew is 20.000 Euro, Ryanair 12,000 Euro. In response to such competition, the Lufthansa Group now owns low-cost airlines such as German and Eurowings. Also, wet and dry leasing is an integral part of</p>	<p>cost carriers covered 55% of total traffic, with Ryanair flying 21% of passengers. The Italian market is primarily European, with within-EU flights accounting for 77% of the total. The domestic market is likewise dominated by low cost operators, which fly 57% of passengers. Italy counts 120 operating airports across all regions. 29 are considered "of national interest", with 10 being "strategic" and three serving as international hubs (Venice, Roma Fiumicino, Milano Malpensa). Airports fall under the purview of the regional governments, and may be operated private, publicly or by public-private partnerships. Airports, in the Italian air transport</p>	<p>also home to Ryanair, Europe's largest airline, which has its HQ in Dublin. In 2019, before COVID-19, Ireland was the 16th largest in the aviation market in Europe by total seat capacity (source: CAPA, OAG), significantly above its ranking as Europe's number 26 nation by population (source: CAPA; worldometers.info). Ryanair, with its low-cost model, has transformed civil aviation in Ireland (and Europe). Aer Lingus was privatised in 2006, underwent significant restructuring, and became part of the IAG group in 2015.</p>	<p>almost 15 years. It is necessary to continuously apply subsidies to the industry from the State budget.</p>	<p>year. Obtained a net profit of 88 million euros in the last fiscal quarter of 2019 (from October 1 to December 31, 2019)</p> <p>VUELING achieved profits of 132 million euros in 2019, compared to 149 the previous year.</p> <p>IBERIA achieved profits of 497 million euros, an increase of 60 million over the previous year.</p>

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
			<p>Lufthansa's strategy.</p> <p>In terms of airports, Frankfurt, the home of Lufthansa, is Germany's largest airport. In 2019, just under 5 million passengers either flew from or landed in Frankfurt. Altogether over 243 million passengers travelled to and from German airports – just under three times the people living in Germany and nearly double the number of passengers in 2021.</p>	<p>value chain, have significant resources, including public funding.</p> <p>Turnover was €9.2 billion in 2018, or about 3.6% of national GDOP</p>	<p>Dublin Airport hosted a total of 32.9 million passengers during 2019, setting a new record for traffic at the airport. In 2019, it was the tenth largest airport in Europe, and the fifth largest transatlantic connectivity (dublinairport.com). A significant factor is the availability at Dublin (and Shannon) Airport of 'immigration pre-clearance' for flights to the US. A second terminal (T2) was completed in 2010.</p>		
2b: Employment in aviation	<p>As of 2019, some 25,000 are employed in CPH airport including all support functions. The airport is servicing some 30 million passengers/year.</p>	<p>Relatively stable levels of employment during the decade preceding the COVID-19 crisis. However, two traumatic bankruptcies in 2019, leading to 1700 redundancies.</p>	<p>According to the Bundesverband der Deutschen Fluggesellschaften 825,000 employees are employed in the German aviation industry, of which</p>	<p>On the basis of occupation codes, 20,195 are employed in the air transport industry, down from the 2011 high of 25,240. Total airport-based</p>	<p>It is estimated (by IATA) that Airlines, airport operators, airport on-site enterprises (restaurants</p>	<p>Employment levels in the industry have been steadily declining due to two factors. The first is frequent layoffs of a group nature. The</p>	<p>In 2019, the Spanish air transport sector employed approximately 34,169 people within the Spanish market, which represented an</p>

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p>An est. 1600-1700 employees are working in Billund Airport. The airport itself employs app. 800 and 800-900 are employed in other companies active in the airport. The airport serves 3.6 million passengers as of 2019</p> <p>While SAS had some 35,000 employees in the start-1990's, in 2019 some 10,000 was employed in SAS and ¼ of the routes were wet- or dry-leased abroad.</p> <p>As Ryanair has no bases, they have no employees in Denmark.</p>		<p>the Lufthansa group employ just over 130,000 people.</p>	<p>employment is about 120,000, 30% of whom are on furlough.</p> <p>Considering the industry multiplier, direct and indirect employment in the sector is 880,000.</p>	<p>and retail), aircraft manufacturers, and air navigation service providers employ 39,000 people in Ireland.</p> <p>Daa has 3,000 employees working in airport management and operation, domestic and international airport retail management, and aviation consultancy service. It is estimated that about 21,500 jobs are directly related to Dublin airport operation in areas such as airport security, airline operations, ground handling firms, immigration, customs and air traffic control.</p> <p>Aer Lingus has approx.. 4, 000 employees. The</p>	<p>second is the expectation of B2B contracts instead of employment contracts (this particularly applies to cabin crew and pilots).</p>	<p>increase of more than 1,600 workers compared to 2018.</p> <p>VUELING employed 3,278 people, a figure that increases by 204 those employed in the previous year.</p> <p>IBERIA employs 17,458 people, a figure that increases by 490 those employed in the previous year.</p>

VIRAL IR in aviation pre-Covid-19		Denmark	France	Germany	Italy	Ireland	Poland	Spain
						number of direct employees Ryanair has based in Ireland is difficult to estimate with certainty, but seems approximately 2,500 (it employs approx. 17000 in total).		
3	Form of employee representation a) Union rep b) Works councils c) Both?	Most companies in aviation are large and fulfill the requirements to a) have a shop steward (five employees or more and/or b) to have a cooperation committee (works council). Hence, most employees in companies and airlines with bases in Denmark have trade union representation as well cooperation committees.	Both, however works councils are dominated by trade unions.	Within the Lufthansa Group and main hub airports (key German cities) union and works council representation is widespread. In the case of Ryanair and regional airports Ver.di and VC have had some success in achieving union recognition and setting up works councils. Such an arrangement appears fragile, though, as Ryanair in response to such	The most common form of employee representation is the RSA, a type of works council whose members are directly appointed by labor organizations.	Employers in Ireland have no legal obligation to recognise/collectively bargain with trade unions. As noted, employees in Aer Lingus and DAA have traditionally been represented by trade unions. Ryanair was traditionally a non-union company, until late 2017, when it announced it would recognize pilot trade unions, and enter into collective	The aviation industry, because of its dominance by public sector operations, has numerous unions.	Although the general rule of predominant representation through work council, with strong union influence, is followed in the sector as a whole, there is significant union representation among pilots, cabin crew and air traffic controllers.

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				moves has switched operations outside of Germany – the point in case here being Bremen.		<p>agreements. Previously, Ryanair had insisted it negotiated only with its Employee Representative Committees (ERCs); these are non-union, bodies comprised of employee representatives, selected by the employees. Since this decision, Ryanair has begun negotiating collective agreements with cabin crew (represented by Fórsa).</p> <p>Internal Dispute Resolution Boards (IDRBs) established in Aer Lingus and Daa.</p>		
4	Union density	<p>Aviation: SAS-unions: 95-100 % Other companies/unions: 10-90 % Ryanair employees: N/A</p>	<p>Pilots: 74% Flight crews: between 60% and 70%</p>	<p>Aviation: High, above 80% amongst pilots (VC) within all airlines and possibly even higher amongst Lufthansa pilots.</p>	<p>All figures are estimates, since no official statistics exist.</p> <p>Among pilots and cabin crew, density is 75-80%. Among</p>	<p>Precise figures on union density in aviation are difficult to ascertain. There is a tradition of trade union membership in</p>	<p>No data available.</p>	<p>Union density in the aviation sector is much higher than in other sectors.</p> <p>Among the pilots, the union density, in some companies</p>

VIRAL IR in aviation pre-Covid-19		Denmark	France	Germany	Italy	Ireland	Poland	Spain
		Ground staff: 50 to 80 % (See 'Actors' above)		Cabin crew, UFO, has a density rate of around 25% across all airlines, is specifically higher, above 70% within the Lufthansa Group. Within non-German airlines, e.g. Ryanair it is low. Ver.di, though, appears to have made some in-roads, although limited, in organizing Ryanair cabin crew. Ground staff: Ver.di's organization of ground staff is reported to be above 50% nationally, and at the larger airports above 60%.	ground services, the number is around 60% across occupations. Within Ryanair estimates are about 50%.	Aer Lingus and Daa (given their State-owned history). In very recent times, trade unions have been recognised by Ryanair.		such as IBERIA, reaches 100%. In the rest of the professions, the union density is also very high, although these figures are not reached. As an example, also in IBERIA, the ground staff reaches densities of 63.55%, while the cabin crew TCP shows a much lower rate of 33%.
	Employers' organisation rate	High 80-100 percent	90+%	High 80-100 percent	High, nearly 100%	As noted above, there is no overall sectoral employer representative body, although Aer Lingus is an Ibec member.	No data available.	The structure of collective bargaining, geared towards the company level, reduces the relevance of employers' organizations. A notable exception

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							occurs with respect to Handling companies, the majority grouped around the ASEATA organization. Something similar happens with the sectoral negotiation of private air traffic control, negotiated on the business side by APCTA.
Collective bargaining coverage	High 80-100 per cent in aviation as well as ground staff Ryanair: 0 per cent	Difficult to determine exactly. There is no sectoral agreement covering pilots and flight crews. However, most carriers have a company-level agreements apart from those who are opposed to any form of social dialogue	Within Lufthansa high, 80-100%. Ryanair low. In terms of pilots, cabin crew and ground staff company level collective bargaining is the dominant form. Huge discrepancies prevail, though. Within partly State owned airports, collective bargaining remains solid. Also in the non-low-cost airlines unions are	The Air Transport CA covers about 40,000 out of 120,000 total employees in the industry. This number includes 100% of Alitalia employees. The remaining employees not covered by the Air Transport CA are covered under other CAs, like the national multi-service CA, or are not covered by any industry-wide CBAs. Ryanair recently signed a company-level CA with CISL and several craft	As a result, it is difficult to ascertain collective bargaining coverage in aviation in Ireland. This was traditionally relatively high in Aer Lingus and Daa, and non-existent in Ryanair until very recently. Estimates as of early 2020, pre-pandemic, seemed to suggest that roughly 60% of ground staff (including air	It is indicated that 80% of those employed in the public aviation sector are covered by collective agreements.	The high rates of union density and the specificity of the structure of collective bargaining help to guarantee a high degree of coverage of collective bargaining, which reaches 100% of companies and workers. As an exception to this, Ryanair maintains an open conflict with the union representatives of the majority of the workforce, although it has reached an agreement with the pilots.

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				recognized as bargaining parties, here collective bargaining is solid, too.	unions. EasyJet recently signed a company-level CA with the main confederations.	traffic management) in the sector were covered by collective agreements. For pilots and cabin crew, the coverage was estimated at about 80%. Therefore, of course, we can infer density levels are lower than these coverage figures (these figures would exclude Ryanair, of course). Prior to Covid bargaining in the Daa and Aer Lingus was largely conducted via the 'Group of Unions' (all the unions recognised by the employers) under the auspices of ICTU.		
5	The role of the State in aviation	State has limited influence on IR in aviation. However, the State has had considerable	The State has a considerable role in industrial relations as it is generally the case in France.	In response to the EU's liberalization of aviation, the State oversaw the full privatization	The State plays a minimal, and passive, role in terms Competition among airports is	In response to the EU's liberalization of aviation, the State oversaw the	The State plays a key role in the aviation sector. It manages the largest	The vast majority of air traffic control activities, as well as the ownership and management of

VIRAL IR in aviation pre-Covid-19	Denmark	France	Germany	Italy	Ireland	Poland	Spain
	<p>influence on aviation as infrastructure until 1990's. CPH Airport owned by the State until mid-1990's – then sold as stocks to among other equity fond SAS owned by Denmark, Sweden and Norway 2001, when it became a joint stock company, however still owned 50 % by the three States.</p>	<p>In the specific case of aviation, the presence of the State as shareholder in the main company with a French license (AirFrance) has an impact which is not always easy to gauge.</p>	<p>of Lufthansa. Regarding airports, a public/private approach was mainly adhered to, with the States appearing to retain a controlling stake in the main hubs, Berlin, Hamburg, Frankfurt, Dusseldorf and Munich. In the case of Frankfurt, Fraport Plc, the following arrangement exists: Hessen 31%, City of Frankfurt 20%, 49 % in private hands – 5% of which Lufthansa controls.</p> <p>The ownership structure of Munich is an interesting case, though. The State the sole owner; Bavaria 51%, City of Munich 23% and the German Government 26%</p>	<p>unregulated. Airports themselves are the competency of regional governments. There is evidence of “race-to-the-bottom” competition to attract low cost routes. Airports may be operated publicly, privately, or through public-private partnerships.</p> <p>The Transportation Ministry is largely absent in IR and indeed has not formal structures to support IR or industrial planning in the sector. This role was traditionally played by Alitalia, when it was the State owned flagship.</p>	<p>full privatization of Aer Lingus.</p> <p>The State retains control of the key airports (at Dublin, Cork, and Shannon) although these are managed by the semi-State Daa.</p>	<p>incumbents and is the largest employer.</p>	<p>airports for commercial aviation, remain in the hands of the State.</p>

VIRAL IR in aviation pre-Covid-19		Denmark	France	Germany	Italy	Ireland	Poland	Spain
				- 100% State owned.				
6	Legislation that affects aviation	Legislation is comprehensive regarding the formal rules and procedures for aviation but very little legislation affecting working conditions in the Danish aviation industry as this is governed in the collective bargaining system.	2006 Reform of the concept of “operative base” to ensure the application of French labour legislation to companies having a structural presence in the country.	In 2019, the State altered the Works Constitution Act to allow employees working for airlines to set up works councils. Prior to 2019, seafarers and aircraft crew were only allowed access to such a body if negotiated by collective bargaining, a strange anomaly of the German IR system.	2001 reform of Title V of the Italian Constitution, granting authority over airports to regional governments. 2003 agreement between unions and the Authority on Strikes in Essential Public Services. Law n. 77 of 2020 to combat social dumping among low-cost operators.	There is no specific legislation applying to industrial relations in Aviation.	The most important the peri-legislative action is the establishment of The Tripartite Sectoral Team for Air Transport and Airport Services (Zespół Trójstronny ds. Transportu Lotniczego i Obsługi Lotniskowej) which was established by the Minister of the Family, Labour and Social Policy, pursuant to Article 40(3) of the Act of 24 July 2015 on the Council for Social Dialogue and other institutions for social dialogue , as an implementation of Resolution No. 16 of the Employees’ and Employers’ side of the Council for Social Dialogue of	There are non-strictly labour regulations for the sector that indirectly affect the management of the sector from this perspective, for example, regulations on occupational risk prevention and safety or regulations on academic qualifications for those who have to perform certain tasks in commercial aviation (pilots, air traffic controllers), regulations on compulsory retirement of pilots, regulation on working time, etc)

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							14 July 2016 on the establishment of a team for conducting sectoral dialogue for air transport and airport services.	
7	Organisation of collective bargaining (sector/branch/company)	<p>Aviation: While the labour market in Denmark generally is dominated by branch and sector unions, in <i>aviation</i> there are a mix between branch unions and kind of company unions. 'Company unions' exist in legacy airline SAS, As such, union structure in aviation is somehow fragmented, but still adhering to the Danish IR model with unions negotiating on behalf of staff. <i>Ground staff</i> is organized along traditional branch/sector lines.</p>	<p>Company level due to the inability of social partners to negotiate a sectoral collective agreement and the will of the government of not allowing the multiplication of sectoral agreements in order to have separate agreements for the different categories.</p>	<p>Aviation: Company level, the opposite of traditional arrangements within German IR, is where CB takes place within airports and airlines. Airports. Although employer association membership is high, these organizations play a lobbying and not negotiating role.</p>	<p>Since 2010, bargaining in the sector has been coordinated among 4 labor confederations (CGIL, CISL, UIL, UGL) and the relevant employer associations covering airport operators, Airlines, catering, handling, and ATM.</p> <p>A general, or introductory, part of the contact is first negotiated, with separate, independent CAs negotiated successively for each sector (airports, airlines, catering, etc.) Typically the airport CB is negotiated first.</p>	<p>As is the usual case in Ireland, collective bargaining takes place at company/enterprise level.</p>	<p>LOT negotiates directly with trade unions. In Poland, LOT employees are covered by a single company-level collective agreement.</p>	<p>With the exception of the sectoral agreement in the handling activity and in the activity of air traffic control by private companies, collective bargaining in this area shows an almost exclusive prominence of company agreements, pilot agreements, cabin crew agreements, and traffic control agreements.</p>

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					Following the signing of the national CAs, company-level CAs are then negotiated.			
7a	Ryanair's approach to collective bargaining	Ryanair have never engaged in collective bargaining in Denmark. Even though having a base in Billund 2012-15, Ryanair has denied engaging in CB. After a ruling in Labour Court forcing Ryanair to engage in CB in CPH, Ryanair withdrew from BLL as well as CPH. As of 2019, Ryanair still had not engage in CB, though discussion is taking place with FPU.	Refusal, although court cases have forced the company to organise elections for employees representatives and establish representative bodies.	Mixed. Have signed a few collective agreements acknowledging Ver.di (cabin crew) and the VC (pilots) bargaining partners.	Until recently, Ryanair has refused both to engage in CB and to apply the relevant national-level CA for the industry. Instead, Ryanair had chosen to apply its own employment policies unilaterally, including a clause banning any contact with labor organizations and its employees. Unions sued Ryanair, with the courts requiring that Ryanair apply the aviation contract, which they have so far refused to do. In 2018 Ryanair signed a CA with CISL and 2 craft unions, the contents of which are not publicly available.	Ryanair was (seemingly) implacable opposed to collective bargaining in Ireland. Indeed, a seminal Supreme Court regarding collective bargaining (in 2007) was taken by Ryanair (against the Irish Labour Court). The company performed a dramatic about-turn at the end of 2017, and announced it would engage in collective bargaining with trade unions. This was initially in respect of directly-employed pilots, but the company has entered into	In early September 2018 Ryanair accepted the formation of four trade unions in Italy, on the very same day it refused to accept the appointment of the CWR Cabin Crew Union in Poland (<i>Międzyzakładowa Organizacja Związkowa NSZZ Solidarność CWR Poland</i>) to negotiate on behalf of Polish staff. Ryanair's trade union, was set up on 10 September 2018 on behalf of Solidarność, under Polish trade union law, with the cooperation of the ITF and ETF.	Have signed a collective agreement with pilots.

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						collective bargaining with the Fórsa trade union in respect of cabin crew also. In 2018, Fórsa signed a recognition agreement with two cabin crew agencies which provide cabin crew to Ryanair.		
8	Balance of power between employee representatives and employers? (agreements, possible concession bargaining - differences btw. legacy airlines and Ryanair)	<p>Aviation: Fierce international competition has forced airlines to employ recurrent saving plans and hence unions to accept successive concession bargaining rounds, especially in the legacy airline SAS. However, as airlines are under constant pressure, employers are not getting stronger vis-à-vis unions. While not having bases in Denmark, Ryanair is never the less flying in and out of CPH with some 2.4 million passengers (2019),</p>	<p>Power remains relatively balanced due to high unionization rates.</p> <p>Ultra low cost companies such as Ryanair have recourse to personnel from other Member States in case of collective actions in order to replace workers on strike, thus limiting the power of trade unions.</p>	<p>Aviation: Balance of power seems to constantly swing back and throw between employers, certainly in the case legacy airlines, in the last twenty years. Although in the early 2000s VC, Verdi and UFO recorded significant wins, mainly involving Lufthansa, regarding union recognition, pay and terms and conditions, between 2012-2014 employers appear to have</p>	<p>The main trend here seems to be of the strengthening of the historic labor confederations (plus UGL) in terms of representativeness, at the expense of craft unions, and a shift in the focus of negotiations away from airlines to the airports.</p> <p>The privatisation-bankruptcy of Alitalia, along with increased fragmentation among carriers and downward pressure on wages by low cost operators, has led to a general</p>	<p>Aviation: Aer Lingus underwent a period of significant restructuring during the early 2000s, which resulted in a survival plan (the 'Greenfield Plan') being agreed by management and unions in 2010. The plan included voluntary redundancies, pay cuts, a pay freeze, new rosters and new work practices. Fortunes improved at the company over subsequent years,</p>	<p>Given that the State is the main actor in aviation relations, the equality of the relationship is highly skewed. Even when collective bargaining agreements (including industry agreements) exist, they are terminated and working conditions are changed to the disadvantage of employees.</p>	<p>The strong trade union membership has allowed the development of numerous negotiation processes that have enabled a broad restructuring process to be tackled without major conflicts. At the same time, the emergence of new companies, with clearly lower standards of working conditions, has been favoured by the lack of workers' representation and the high degree of decentralisation of</p>

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	<p>making Ryanair the 3rd biggest airline operating in CPH, thereby and showing unions that Ryanair can operate just fine w/o conceding to CB.</p> <p>Ground staff: Ground staff are much less exposed to international competition and are not engaging in concession bargaining.</p>		<p>crawled back some of their earlier losses, especially in the area pensions. Certainly, the bitter battles with Lufthansa has undermined the German notion of social partnership. Relations remain quite frosty. Regarding Ryanair relations have never been anything else than arduous, Ryanair refusing to recognize unions or concede to the setting up of works councils. More recently, though, both Ver.di and VC have made some slight inroads, sitting down with the company to discuss union recognition and the possibility of entering into negotiations. Interestingly m,</p>	<p>weakening in bargaining power on the part of labor vi-a vis carriers, with consequent deterioration in wages and working conditions for airline employees.</p>	<p>although cost-cutting measures continued to be a recurring and IR remained poor. There was initial resistance to the IAG takeover, and concerns linger about outsourcing plans.</p> <p>The situation in Ryanair was transformed utterly by the decision of the airline to recognize trade unions in 2017; after a virulently non-union stance had been adopted until that point. The negotiations between Fórsa and Ryanair have not been smooth, but both sides are still attempting engaged in collective bargaining negotiations.</p> <p>A bitter dispute over a huge deficit in the</p>		<p>collective bargaining.</p>

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				<p>Ryanair has insisted these negotiations take place in Dublin.</p> <p>Ground staff: In the case of ground staff at airports, many who work still work for partly State owned enterprises, relations appear to have remained cordial. It is even hoped that the employers will soon agree to enter into some form of branch level collective bargaining.</p>		<p>pension fund of employees of Daa and Aer Lingus was a point of some controversy for many years (with a court ruling on one aspect of the issue delivered in 2020, despite legislation to address the issue being introduced in 2014).</p> <p>Ground staff: Relationships between the main union, Siptu, and the employers (Daa and Aer Lingus) have often been adversarial (as is typical of the Irish model).</p>		
9	Tensions and conflicts in aviation pre-2020	<p>Aviation: The recurrent saving plans especially in SAS led to recurrent conflicts and strikes, though very short and often solved quite fast. Generally, the trust level between</p>	<p>2014 industrial conflict due to the creation of Transavia as a low cost subsidiary of AirFrance</p> <p>2019 threat of collective action due to the potential impact of pension</p>	<p>As indicated above relations between union and airlines, including the Lufthansa Group have been marked by a long series of industrial disputes. In fact, the spike in</p>	<p>The sector has been characterized by significant tensions and a high degree of conflict, primarily centering around attempts to privatize Alitalia, its successive bankruptcy and relaunch as ITA</p>	<p>Industrial Disputes: Levels of industrial action Ireland are relatively low by European standards. There have been relatively few</p>	<p>For several years, employees of LOT Polish Airlines have been vigorously resisting a policy of introducing unstable, extra-labour code forms of employment and a general</p>	<p>There have been recurrent conflicts in the major airlines and, to a lesser extent, in the new entrants. In any case, the toughest conflict was led by air traffic controllers in 2010.</p>

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	<p>employees and management in SAS has deteriorated ever since beginning of 2000's due to constant cuts in wages and working conditions.</p> <p>Ground staff: From time to time, luggage handlers have been on strike, but most often for just a few hours. However, mostly, industrial peace prevails in ground functions.</p>	<p>reform eliminating specific pension schemes for pilots and flight crews</p>	<p>strikes in Germany in recent years can in part has been put down to tensions within the aviation industry.</p>	<p>(with employment at the flagship carrier dropping from 22,000 in 2008 to 10,000 today).</p>	<p>large- scale disputes, but the threat of strike action by unionised Ryanair pilots in December 2017 is widely seen as influential in the airlines decision to recognize trade unions in Ireland.</p> <p>(In 2010, the ICTU lodged a complaint with the ILO centred on alleged anti-union behaviour and refusal to engage in good faith collective bargaining by Ryanair, and the failure of Irish law to address these issues).</p> <p>At Aer Lingus the IAG takeover in 2015 prompted fears of outsourcing, but, by and large, recent disputes have been resolved (sometime with</p>	<p>degradation of standards, in particular with relation to pay.</p>	

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						<p>the aid of the State's third-party dispute resolution bodies- The Workplace Relations Commission and the Labour Court).</p> <p>Other tensions: The issue of 'bogus self-employment' has been the focus of considerable attention in recent years. Some of this has focused on Ryanair's model of employment, whereby only 25-30% of its Irish pilots are directly employed. Some are engaged via personal service companies or employment agencies; the former issue, in particular, has come under some scrutiny.</p>		
10	Changes from	Aviation:	Relatively stable power balance	The arrival of Ryanair and State	Here conflicting trends seem to be	There has not been a significant	Trade unions in Poland are in	The 2012 labour reform, which,

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<p>2010 to 2020</p> <ul style="list-style-type: none"> • Power balance btw. employers(' organisation) and unions) • Centralization/decentralization 	<p>The balance btw. employers and unions has not changed significantly over the last decade until 2020. Both have been under pressure, and while unions have engaged in concession bargaining, employers do not seem to have profited from this as they have been forced to engage in saving plan.</p> <p>Ground staff: Power balance is unchanged from 2010 to 2020.</p>	<p>Relatively stable decentralization due to the pre-existing lack of a sectoral collective agreement</p>	<p>owned airlines, which has meant increased competition, to an extent has seen the aviation industry break with the traditional components of German industrial relations model, centralized collective bargaining, industrial piece/stability, influential works councils and a culture of working together.</p>	<p>the big headline. On the one hand, the move toward coordinated, industry-wide bargaining at the national level indicates increasing centralization. In terms of resources, the airport has become the main focus of CB in the sector. In this context the historic labor confederations have gained in power, importance and representativeness at the expense of craft unions.</p> <p>The situation concerning the airline contract appears to be chaotic, with the national CA only applying to former Alitalia employees. Ryanair has only recently begun to engage in CB at the company level, but only with CISL and two craft unions.</p>	<p>change in the relationship between employers and employees over the past decade, where unions were traditionally engaged in collective bargaining. This has largely continued (in a traditional, rather adversarial fashion). However, at both Aer Lingus and Daa, unions have, especially earlier in the decade, been fighting a rearguard action, with a number of restructuring and recovery plans required.</p> <p>In Ryanair, there has been a seismic and fundamental shift from the airline refusing to negotiate with trade unions, to it entering into collective</p>	<p>crisis (unionisation barely exceeds 10 per cent) - the blame for this lies largely with them: they are passive and opportunistic. The most numerous of them, Solidarity, has become an appendage of the current government and often an executor of its orders (e.g. when the strike at LOT Polish Airlines was ongoing in autumn 2018, the company's "Solidarity" signed an agreement with the company's management). Yet, the condition of the other headquarters - OPZZ and FZZ - is equally bad.</p>	<p>among other matters, modified the legal regulation of the structure of collective bargaining, has not had a significant effect in this area, as it was already a sector with a high degree of decentralisation.</p> <p>Within this framework of transformation, both the emergence of new companies and the disappearance of the dominant position and privatisation of the public company that for many years almost monopolised the airline industry, has facilitated the loss of the intense bargaining power that for years the trade union organisations that form part of this sector have exercised.</p>

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					EasyJet now bargains at the company level with the main confederations and there is hope that this operator will soon be covered by the national CA.	agreements Fórsa.		