

## Impact case study (REF3b)

<b>Institution:</b> Swansea University
<b>Unit of Assessment:</b> 19 - Business and Management Studies
<b>Title of case study:</b> Promoting positive employment relations in the civil aviation industry
<b>1. Summary of the impact</b>

This case study illustrates the impact of research at **Swansea University Business School** by **Harvey** during 2005 - 2009. It focuses on the managerial response to the challenges faced by civil aviation since 2001 and their impact on employment relations. The research has raised **awareness** and increased **understanding** of the critical importance of positive employment relations and influenced **attitudes** to the priorities in meeting the challenges within civil aviation. The **impact** is evident in **international public debate on labour policies and practices**, especially the **Social Dialogue process** coordinated by the European Commission (EC) and adopted by the International Labour Organization (ILO).

<b>2. Underpinning research</b>
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Civil aviation has faced a number of crises in the 2000s. The terrorist attacks on the Twin Towers in 2001, the SARS epidemic in 2002-2003, the Global Financial Crisis in 2008-2009 and volcanic ash from Iceland that stopped air travel in Europe in 2010 have resulted in acute, if intermittent, challenges, as well as those arising from significant long-term changes in the airline industry.

These crises, combined with rising fuel costs and the emergence of competition from low-cost airlines, have put the majority of airlines under severe financial stress. The standard response to such a situation is cost cutting and active attempts to weaken trade unions. In an industry where personnel costs form 35% of the cost structure, these seem the obvious target, while trade unions are seen as a hindrance to making necessary organisational adjustments to achieve sustainability. At the same time, the airline industry is in many fundamental ways a 'people business', where human effort is a key part of the service provided and drastic changes to the working conditions have direct impact on business performance.

Research from 2004 onwards by **Harvey** [R1, R2, R3], who joined **Swansea University** in January 2005 as Lecturer, challenged the received wisdom of the standard response to financial difficulties and argued that in the specific context of airline industry such measures actually endangers the very sustainability they aim to ensure. The research established the benefits of developing positive employment relations with trade unions in the civil aviation industry and demonstrated the disadvantages of a negative relationship with trade unions.

The research established that the nature of the employment relationship is the most significant factor in determining the level of job satisfaction and organizational commitment [R2] and, most importantly, demonstrated that the **employment relationship** is a **significant determinant of airline performance** in liberal market economies, through key personnel job satisfaction, organisational commitment and discretionary effort that induce behaviour conducive to airline performance [R1]. Furthermore, the research explored the means and strategies of developing a positive relationship between management and employees/trade unions [R3]. In addition to demonstrating that it is possible to generate a very different employment relationship, the paper also illustrated the benefits of a positive relationship to the various stakeholders of airline companies.

Supporting research by **Harvey** at **Swansea** is a 2004 study by Turnbull, Blyton and **Harvey** (all at that time at Cardiff) that evinces the importance to airline management of pursuing genuine partnership relationships with trade unions, as opposed to espousing cynical and superficial rhetorical agreements. This earlier work introduces the underlying theme, namely the importance of a positive employment relationship in developing competitive advantage in airlines industry that **Harvey's** research [R1, R2, R3] has since clearly demonstrated.

The research [R1, R2, R3] involved both **quantitative** and **qualitative methods**. The large-scale quantitative study surveyed UK airline pilot members of the British Air Line Pilots Association (BALPA), including a census of all flight crew in airlines other than British Airways and a stratified sample of 30 per cent of British Airways pilots. Data from 1451 pilots were analysed using statistical analysis software (IBM SPSS Statistics) and Scheffe Multiple Post Hoc Comparison of Analysis of Variance and revealed a statistically significant correlation between the nature of the

## Impact case study (REF3b)

employment relationship and both job satisfaction and organisational commitment. Qualitative research was used to triangulate and nuance these findings and included interviews with airline management, trade union officials, airline pilots and focus groups with airline pilots. As job satisfaction and organisational commitment among pilots are important factors in determining the success of airlines (because industrial action carried out by pilots can severely hinder the operation of the airline, while labour turnover among pilots is incredibly costly to an airline), the nature of the employment relationship can have serious implications for their performance.

The research has allowed **Harvey**, together with Turnbull (Cardiff), to **work closely with key parties** that lead the **critical public debate** on international labour policies and practices, such as the **EC Directorate-General for Mobility and Transport** (DG MOVE), the **ILO**, the **International Transport Workers' Federation** (ITF) and the Air Traffic Management Committee (ATM) of the **European Transport Workers' Federation** (ETF), and through the **tripartite Social Dialogue** process, a number of government authorities and employers' associations. This engagement has taken the form of widely adopted reports as well as high-level conferences that form part of the Social Dialogue process (see Section 4).

**Reference to related non-Swansea research (not listed in Section 3):**

Turnbull, P., Blyton, P., and Harvey, G., (2004) 'Cleared for Take-Off: Management-Union Relationships in the European Civil Aviation Industry', *European Journal of Industrial Relations*, 10(3), November, pp. 281-301. DOI: 10.1177/0959680104047022.

### 3. References to the research

- R1. **Harvey**, G. (2009) 'Employment Relations in Liberal Market Economy Airlines', *Employee Relations*, 31(2), pp. 168-181. DOI: 10.1108/01425450910925319
- R2. **Harvey**, G. (2007) *Management in the Airline Industry*, London: Routledge. ISBN 0-415-39078-8.
- R3. **Harvey**, G. and Turnbull, P. (2006) 'Employment Relations, Management Style and Flight Crew Attitudes at Low Cost Airline Subsidiaries: The Cases of British Airways/Go and bmi/bmibaby', *European Management Journal*, 24(5), pp. 330-337. DOI: 10.1016/j.emj.2006.07.002

Practitioner oriented reports based on R1, R2 and R3:

- R4 **Harvey**, G., and Turnbull, P. (2012) 'The Development of the Low Cost Model in the European Civil Aviation Industry'. S.I: European Transport Workers' Federation. (Available at [http://www.etf-atm.org/attachments/190\\_Final%20Brochure%20LFAs%20220812.pdf](http://www.etf-atm.org/attachments/190_Final%20Brochure%20LFAs%20220812.pdf))
- R5. **Harvey**, G. and Turnbull, P. (2010) 'Contesting the Financial Crisis: Aviation Industrial Relations and Workers' Federation, London. (Available at [http://www.havais.org.tr/eng/\\_files/content/62/ITF\\_Contesting\\_the\\_crisis\\_2\\_report.pdf](http://www.havais.org.tr/eng/_files/content/62/ITF_Contesting_the_crisis_2_report.pdf))
- R6. **Harvey**, G., and Turnbull, P. (2009) 'The impact of the financial crisis on labour in the civil aviation industry', International Labour Office, Geneva. (Available at <http://www.ilo.org/sector/activities/topics/crisis-recovery/lang--en/index.htm>)

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### 4. Details of the impact

**Global** (ILO, ITF) and **European** (ETF) organisations have adopted **Harvey's** and Turnbull's research findings as an **authoritative analysis** of the importance of positive industrial relations for both airline companies and their employees. It is already clear that the research has contributed to **critical public debate** at the **international level**. The research has been influential in **changing awareness** and **understanding** of the importance of positive employment relations and in shifting **attitudes** to priorities in forging a sustainable civil aviation industry. Specifically, the research has **created critical public debate** on the reduction and prevention of the negative effects of industrial actions, poor work motivation and impaired management-employee relations in the sector.

The organisations with which **Harvey** and others have been working closely over a number of years play key roles in influencing labour standards and policies internationally. The ILO is a specialist tripartite agency of the United Nations with representation from governments of over 183 member States, employers' associations and trade unions that jointly shape labour policies and

## Impact case study (REF3b)

programmes. The ITF represents several million workers in over 100 countries and promotes their interests by bringing international unions together to share information and build common strategies. The ETF represents 2.5 million transport workers in 41 countries. The ETF coordinates trade union policy, organises coordinated industrial activities, and provides education and training. The ETF is also a Social Partner in European Social Dialogue (coordinated by the European Commission) representing the interests of transport workers across Europe.

**Harvey** and Turnbull have generated two key reports for the ILO [R6] and the ETF [R4] based on their research. The ILO has used the first report [R6] to formulate its response to the financial crisis in the civil aviation sector. It is a key document informing the tripartite resolution 'Recovering from the Crisis: A Global Jobs Pact' [C1] by the 98<sup>th</sup> Session of the International Labour Conference. As a result of the impact of the report at the conference, it was presented to the ILO Governing Body, responsible for ILO policy, at its 306<sup>th</sup> Session in November 2009. Most recently, the report has been cited extensively in an ILO issues paper, 'Civil aviation and its changing world of work' [C7], developed for discussion at the ILO Global Dialogue Forum on the Effects of the Global Economic Crisis on the Civil Aviation Industry in February 2013. Importantly, the report [R6] is available on the ILO Sectoral Activities Department (SECTOR) website [C2] as the **only**, authoritative '**Sectoral Assessment**' of the impact of the financial crisis on civil aviation industry and has been used as the key reference in its framing of the issue [C3].

The International Transport Workers' Federation (ITF) has also drawn on the research in the development of its work programmes and organizing strategies. It has also publicized the research and the reports [R4, R5] widely [C4]. European trade unions are aware of the research and the key findings, for example Hava-Is in Turkey [see link to R5]. Harvey's research has had a **direct and material impact** also within ITF. According to the Civil Aviation Secretary of ITF, the research '*has been influential in the design of [ITF's] civil aviation section strategy and instrumental in achieving policy objectives ... Harvey's ongoing research into employment relations within civil aviation is an invaluable resource for the Federation and for our members, and is instructive for airline management as it illustrates the ways in which both employers and employees might benefit from sophisticated employment practices.*' [C10a]. An amended version of the 2009 report [R6], was prepared specifically for the ITF [see, R5]. The report '**forms the basis of a stakeholder dialogue**' within the industry [C6]. The report was cited in a letter from the General Secretary of ITF to the Secretary General of ILO that called for such a stakeholder dialogue involving the ILO and employers' associations in order to discuss the '*important and pertinent findings*' of the study [C9]. Moreover, the report '*provided empirical evidence used by the ITF during the recent ILO Global Dialogue Forum (Geneva, February 2013), thereby influencing discussion between labour representatives, employers and national governments*' [C10a].

Another report, 'The Development of the Low Cost Model in the European Civil Aviation Industry' [R4] was conducted on behalf of the European Transport Workers' Federation (ETF) and sponsored by the EC through DG MOVE (Directorate-General for Mobility and Transport). According to the Political Secretary of the ETF, '*This work provides empirical evidence to support the political aims and objectives of the ETF and has enabled the civil aviation section to define its lobbying and industrial strategies*' [C10b]. The research findings that underpin the report were featured as a **keynote** presentation by **Harvey** and Turnbull at the European Commission Civil Aviation Social Dialogue Committee in June 2012, attended by members of the EC Directorate General for Employment, Social Affairs and Inclusion and Directorate General for Mobility and Transport. Crucially, the meeting was also attended by the Executive of the European Transport Worker's Federation (representing around 2.5 million transport workers) and the Secretary General of the Association of European Airlines (representing 33 airlines, including Lufthansa, International Airlines Group and AirFrance/KLM and employing some 390,000 employees).

The **sustained and increasing impact** of the research by **Harvey** and Turnbull is further evidenced by the fact that the two reports [R4, R6] **set the agenda** [C5] for the discussion at the **tripartite ILO Global Dialogue Forum** on the Effects of the Global Economic Crisis on the Civil Aviation Industry held in Geneva in February 2013 [C5, C7]. The conference resulted in tripartite consensus, calling for continued social dialogue and recognition of the importance of positive employment relations [see, C8, Point 3].

## Impact case study (REF3b)

According to the Specialist on Manufacturing and Civil Aviation (and the author of the ILO discussion paper [C7]) **Harvey** and Turnbull's research has '*contributed to our understanding of the nature and extent of the impact of the crises on employment in civil aviation and [has] informed ILO facilitated tripartite discussion of airline best practice response to the crises*' [C10c] This statement is corroborated by the ETF: '*Following the discussions and taking into account the conclusions of the ILO Global Dialogue Forum on the effects of the crisis in civil aviation (Geneva, February 2013), the social partners [organized labour and management associations] have jointly presented a project on the new forms of employment in the sector*' [C10b]. The ILO Governing Body will discuss the conference report and the recommended future actions in its meeting in October 2013.

### 5. Sources to corroborate the impact

- C1. ILO (2009) 'Recovering from the Crisis: A Global Jobs Pact'. International Labour Organization. Available at [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_115076.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_115076.pdf)
- C2. ILO, Sectoral Activities Department (SECTOR) (n.d.). *Crisis recovery*. International Labour Organization. Available at <http://www.ilo.org/sector/activities/topics/crisis-recovery/lang-en/index.htm>.
- C3. ILO Global Jobs Crisis Observatory Team (2009). 'Civil aviation: the impact of the crisis on a troubled industry' (Feature Story). ILO Global Jobs Crisis Observatory, International Labour Organization. Available at [http://www.ilo.org/dyn/jobcrisis/f?p=jobcrisis:51:3607523854582701:::P51\\_CONTENT\\_ID:24947](http://www.ilo.org/dyn/jobcrisis/f?p=jobcrisis:51:3607523854582701:::P51_CONTENT_ID:24947)
- C4. ITF publicize **Harvey** and Turnbull
- ITF's invitation: 'Let's solve aviation crisis together' (ITF press release, 29 January 2010) <http://www.itfglobal.org/press-area/index.cfm/pressdetail/4119>
  - Unions set out challenge on airline crisis (ITF media release, 13 November 2009) [http://www.alpa.org/portals/alpa/fastread/2009/docs/ITFrelease\\_11-13-09.pdf](http://www.alpa.org/portals/alpa/fastread/2009/docs/ITFrelease_11-13-09.pdf)
  - Union Calls On Air Freight And Passenger Transport Bodies To Act On IATA Report (Handy Shipping Guide, 29 January 2010) [http://www.handyshippingguide.com/shipping-news/union-calls-on-air-freight-and-passenger-transport-bodies-to-act-on-iata-report\\_1227](http://www.handyshippingguide.com/shipping-news/union-calls-on-air-freight-and-passenger-transport-bodies-to-act-on-iata-report_1227)
- C5. ILO, Sectoral Activities Department (SECTOR) (2012) Global Dialogue Forum on the Effects of the Global Economic Crisis on the Civil Aviation Industry. International Labour Organization. Available at [http://www.ilo.org/sector/activities/sectoral-meetings/WCMS\\_181294/lang-en/index.htm](http://www.ilo.org/sector/activities/sectoral-meetings/WCMS_181294/lang-en/index.htm)
- C6. Foreword by Civil Aviation Section Secretary of ITF to **Harvey**, G. and Turnbull, P. (2010) 'Contesting the Financial Crisis: Aviation Industrial Relations and After the Financial Crisis', International Transport Workers' Federation, London. [R5] Trade Union S
- C7 [http://www.ilo.org/sector/Resources/publications/WCMS\\_201282/lang-en/index.htm](http://www.ilo.org/sector/Resources/publications/WCMS_201282/lang-en/index.htm). Webpage link to Seligson, D. (2013) 'Civil aviation and its changing world of work: Issues for discussion at the Global Dialogue Forum on the Effects of the Global Economic Crisis on the Civil Aviation Industry', International Labour Office, Geneva. ISBN 978-92-2-126566-6 (print) and 978-92-2-126567-2 (web pdf).
- C8 International Labour Organization (2013). Global Dialogue Forum on the Effects of the Global Economic Crisis on the Civil Aviation Industry: Points of Consensus. Geneva.
- C9 Letter from General Secretary of ITF to Secretary General of ILO (29 January 2010).
- C10 Letters of reference for **Harvey** from
- (a) Civil Aviation Section Secretary of ITF (n.d [July 2013]),
  - (b) the Political Secretary of ETF (30 July 2013) and
  - (c) from Specialist on Manufacturing and Civil Aviation, International Labour Office, International Labour Organization (16 August 2013).