

Social dialogue and collective bargaining in the civil aviation sector during the COVID-19 pandemic

Introduction

This report analyses the role of social dialogue and collective bargaining in addressing the challenges in the civil aviation sector during the pandemic. It also explores any changes to existing social dialogue and/or collective bargaining processes at national level in response to COVID-19. The research involved a literature review to characterise and contextualise the structure of the civil aviation sector when the pandemic hit, and an analysis of information collected through the Network of Eurofound Correspondents.

Policy context

The COVID-19 pandemic has hit the EU civil aviation industry particularly hard in terms of business operations, employment and working conditions. In many Member States, the pandemic has shed light on the often precarious employment relationships and working conditions of the aviation workforce, an ongoing issue since the liberalisation of the European civil aviation industry in the 1990s. The liberalisation of the sector unleashed a new competitive environment, which made it necessary for all market participants to reduce costs, and in particular labour costs.

In the passenger air transport subsector, increased competition has given rise to low-cost airlines with business models primarily aimed at cutting labour costs and streamlining operational procedures. National airlines have had to consolidate their operations, often through mergers and acquisitions and internal restructuring. These developments have contributed to the emergence and spread of atypical forms of employment, including bogus self-employment, temporary agency work, zero-hour contracts and pay-to-fly schemes. These types of

employment are often associated with negative effects on pay and working conditions. The diverse activities and occupations in the sector and the corresponding fragmentation of collective interest representation and industrial relations have made it difficult to develop sector-wide regulations.

Key findings

Following the onset of the COVID-19 pandemic and the introduction of public health restrictions, social dialogue intensified in order to lessen the negative effects on employment and on the civil aviation industry as a whole. Social partners' involvement in the policies introduced to deal with these challenges has varied across European countries. In countries with well-established industrial relations institutions and long-standing traditions of cooperation between social partners, social dialogue and collective bargaining have proved effective. This is particularly true of the countries representing the organised corporatism cluster¹ (Denmark, Finland, Germany, Norway and Sweden) and the social partnership cluster (Austria, Belgium, Luxembourg and the Netherlands). In these countries, the social partners have contributed to safeguarding companies and employment in the civil aviation sector by jointly preparing rescue packages and employment retention schemes, often tailored to, and adequately implemented, in the sector.

Similarly, in some of the countries representing the state-centred associational governance cluster (France, Italy, Portugal, Slovenia and Spain), stable social dialogue structures in the sector have facilitated positive outcomes. For instance, various short-time work schemes were implemented in France and agreements on employment safeguards were concluded in Spain.

¹ Differences between countries in industrial relations patterns have been analysed through typologies relying on theoretical approaches focusing on national production and employment regimes (Visser, 2009) and on typologies exploring diversity specifically between countries in terms of industrial democracy (Eurofound, 2018). The latter classification is based on a combination of 'normative' indicators (the amount of information provided to employee representatives) and 'contextual' indicators (state intervention in collective bargaining) and is used when differentiating national industrial relations regimes. More details on this can be found in section 2.

Some countries with less developed industrial relations structures, such as Bulgaria and Croatia, were also able to use social dialogue to implement effective employment retention measures. However, in several countries social dialogue did not contribute to mitigating the negative impacts of the pandemic. In Greece and Hungary, social dialogue at industry or company level was significantly weakened or did not take place at all because the social partners were sidelined by the government and unable to participate in the decision-making process. In Estonia and Lithuania, there is a lack of social partners at sector level, representing both employers and workers, and therefore effective social dialogue could not be achieved.

The study did not identify any substantial changes in terms of new social dialogue institutions or processes. However, what can be observed in many countries is that social dialogue deals with a broader range of subjects than those traditionally within its scope, such as pay and working time. Since the beginning of the pandemic, social partners have been involved (either through regular consultation, active negotiation or at the implementation stage) with measures to promote job retention, including short-time work schemes; to maintain the liquidity of companies substantially affected by the crisis; and to support workers in the event of inevitable collective redundancies. The complex issues involved in short-time work and other job retention schemes have often been negotiated in a tripartite setting, thus utilising the branch-specific expertise of the social partners.

Finally, despite often well-functioning and productive social dialogue, the bargaining power of civil aviation employees has largely diminished during the pandemic. In times of economic crisis, the power balance between the two sides of industry tends to shift towards the employers, who can consequently force the employees into concession bargaining. This shift in the balance of power, combined with the gradual establishment of the low-cost business models in the sector, has encouraged the unions to pursue a more conflictual strategy, even in countries with

long-standing traditions of social partnership and social peace. The effect of these changes on the industrial relations landscape and their role in the future of social dialogue in the sector are not entirely clear at this stage. This report shows that social dialogue has been quite effective at averting immediate threats posed by the pandemic; however, it has not addressed the fundamental issues related to the precarious working conditions resulting from a changing business environment in the sector.

Policy pointers

- The unprecedented challenges posed by COVID-19 have proved that social dialogue and collective bargaining can have a positive influence on issues not traditionally within its scope, such as job retention, collective redundancies and maintaining the liquidity of companies affected by the pandemic. Unions and employer organisations should, therefore, also be involved in drafting policies that address crucial issues such as the future orientation of the industry or reforming regulations in terms of social and ecological sustainability and working conditions.
- The pandemic has exacerbated the existing precarious employment and working conditions in the civil aviation sector, reducing the attractiveness of the sector to potential workers. Collective bargaining and social dialogue at national level can contribute to addressing this issue.
- The pronounced fragmentation of the industrial relations and social partner landscape in the sector, including through rivalries between trade unions in some countries, has proved detrimental in the extraordinary context of the COVID-19 pandemic. Reducing the inequalities in employment and working conditions in the sector can contribute to reducing fragmentation and strengthening the coordination of social partners' strategies to tackle crisis situations.

Further information

The report *Social dialogue and collective bargaining in the civil aviation sector during the COVID-19 pandemic* is available at <http://eurofound.link/ef22023>

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