

# British airways employment relations analysis management essay

[Environment](#), [Air](#)



One of the largest industries in the global market is the airline industry. The airline industry is part of a business environment that constantly changes because of rapid technological development and the high competitiveness between the airline companies. Even though the influence of technology is more powerful than before it sometimes takes over the power of the workforce in companies, by changing the work structures and jobs descriptions, people will always be the principal factor in the development of companies because of the fact that without people, technological advantages would not be fully exploitable. That is why employment relations are so important for the company's wealth and future development.

Advantages of healthy employment relations are improvement in productivity, better company performance and also problems in workplaces are easier to be resolved. Additionally, extra resources and support are provided to management, employers and the unions on situations that occur within the workplace.

One of the largest companies in the airline industry that comes to mind while discussing employment relations is British Airways. BA is one of the largest Airline companies in the world and the largest in the United Kingdom, flying to over 550 destinations worldwide. Since the founding of the company, the increasing levels of market share and company development have been common to the eyes of the owners and the CEO's of the company over the years. BA employs approximately 40. 000 people worldwide. Therefore good employment relations are essential if the company wants to avoid industrial action that will interrupt its operations. As we will see in the following chapters, BA has not only got problematic employment relations but the

current situation of the company might be proved fatal to the company's future.

## **2.0 EMPLOYMENT RELATIONS KEY FACTS**

It is not a simple procedure when trying to give a definition to what employment relations is. According to Ed Rose, employment relations is the "regulation of the employment relationship between employer and employee, both collectively and individually, and the determination of substantive and procedural issues at industrial, organisational and workplace levels." (p. 6 Ed Rose. 2001). According to Ed Rose and the definition above, we can see that employment relations is essential for companies in order to keep the relationship between the employer and the employee in harmony urging the workers to work on a top level, in order for the company to have a positive outcome and fulfil the goals set by the company. A balance between the needs of an employer and employee will conclude into a good relationship and in its turn maximize productivity, the workplace environment will be more pleasant, the opportunity for employees to develop their skills further will be increased as well as job satisfactions and they will gain more job security if the relationship is good as a result of voice initiatives.

According to Salamon (2000), " a trade union is any organization, whose membership

consists of employees, who seek to organize and represent their interests both in the workplace and society and, in particular, seeks to regulate the employment relationship through the direct process of collective bargaining

with management". It can be argued that the above definition describes with some accuracy what " Traditional British Industrial relations" is all about. In other words British Industrial relations have traditionally been constructed as revolving around the institutions (company and unions) and processes (collective bargaining).

Nowadays there has been a significant change in employment relations when speaking of the role and power of trade unions. Union memberships have fallen to approximately 7 million in the current workplace, from 12 million members in the past. Also, apart from the decrease in the union memberships, the focus of unions has also been changed as shown in the Workplace Employment Relations Survey. Pay and working conditions are not the basic focus of Unions, which spend most of their time supporting complaints and grievances that concern mostly individual workers.

Such developments raise questions about the ability of trade unions to maintain their role as collective bargaining institutions.

It is in this development that " partnership at work" might have a role to play. " Partnership agreements" or Social Partnership can be defined as an " an attempt to define a role for trade unionism which balances its central concern to represent employees' interests with a productivist appeal to employers and government" (Claydon, 1998). Social partnership, according to the Trade Union Congress (TUC) is based on four main elements. These elements are: 1) employment security in return for acceptance of new working practices 2) collective employee voice in organisational decision-

making through wider consultation 3) fair financial rewards 4) investment in training (Claydon, 1998, Monks, 1998) The idea of a partnership is that the concerns of both employers and employees are addressed. Employers and employees can then identify the issues that are common goals, to create a 'win-win' situation. They can also negotiate conflicts, for example by workers accepting new working practices in return for higher employment security etc. The more formalized the partnership deal, the more constrained the trade union influence. The most promising approach seems to be where an employer and a trade union can work through informal relations and cooperations in developing a genuine partnership strategy. (Taylor 2000)

The prime issue for managers is "focus". Managers should direct their attention to issues that directly affect workers performance. It is a fact, that positive psychological bonding with employees has as an outcome increase in the economic performance of the company.

### **3. 0 BRITISH AIRWAYS EMPLOYMENT RELATIONS ANALYSIS**

British Airways is one of the largest airline companies in the world with thousands of employees worldwide. Staff who are employed by BA have many representatives regarding trade unions. A sample of the trade unions associated with BA are BALPA, which is the representatives of pilots, BASSA and Unite the Union which represents the cabin crew members and all the other employees of the company.

From the side of the company, a management committee has been set up in order to carry out the employment relations plan that has been developed by

the company, by communicating, consulting and negotiating the changes directly with the employees representatives from the different trade unions. In order for the consultation plan to be successful the company also makes practice visits to monitor the performance of plans launched by other companies, so they can develop the best possible strategy in introducing employment relations issues.

In 2005 British Airways because of some incidents affecting the operations carried out in Heathrow Airport that had to do with the ground support staff, the company launched a scheme called Industrial Relations Change Programme in order to prevent further disruptions. This specific program focused on the relationship between managers and Trade Unions and had as main objective to reduce the communication barriers between the two sides, in order to improve their relationship and increase understanding concerning issues that came to the surface. More than 1800 managers and approximately 220 Trade Union representatives attended the seminars to improve relationships. This had all the characteristics of a partnership agreement. As it has been defined previously.

The present BA employment relations situation is far from good. Constant strikes, disagreements between management and employees have lead the company into a deadlock. The company's relationship with the Unite that represents the cabin crew members has obviously been disrupted because of the fact that the company is making changes to staff contracts and is constantly cutting jobs in order to cope with the crisis that the global market is facing without consulting the employees and the unions.

Since the beginning of the strikes on December 22nd 2009, BA had not faced any similar incidents for over a decade pointing out the good relationship between employees and managers until recently. As stated in the “Telegraph” online web page, there is deep unhappiness among the cabin crew staff of BA for these reasons:

Cost cutting, i. e. reducing the number of cabin crew from 15 to 14 on long distance flights.

Reduce wages, i. e. The Company argues that the wages of the cabin crew staff in long distance flights is extremely high as well as pensions for this period of time when going through a global economic crisis.

Re-structuring of contracts and the fact that BA have frozen pay.

Although strike action is the last resort Unite feels that it is the only solution.

After all, overwhelming majorities in two strike ballots left no choice.

Successful negotiations between the two sides have not yet been accomplished but Unite is optimistic that the outcome will be beneficial for both British Airways and the employees too.

Most of the companies in the elite of the Global market have been affected by the economic crisis resulting into financial difficulties as well as workplace disruptions. Measures are being taken from companies such as BA in order to strengthen labour relations and also re-develop workplace innovation schemes to minimise the effects of the global economic crisis. Since the company is positioned in the public sector, BA has developed characteristics

of a public company such as unionized actions and the development of a traditional employment relations strategy increasing relationships with the government and tighter relationship with companies in the public sector. In order for BA to “crawl” out of this crisis they have to develop modern workplace strategies to top the market and sustain their brand name.

BA should develop high performance work practises in order to develop a healthy workplace environment. Practises that the company could adopt are:

High levels of performance by creating value and implemented regarding of new capital and technological developments.

Development of human capital which will result in increased employee skills and improved customization of services.

Engagement of employees in problem solving issues and performance improvements.

Building of organisational social capital to ease knowledge sharing and coordination off work.

Research in settings especially for airlines have demonstrated the advantages to firms – in terms of improved efficiency, quality and financial performance – of work practices that encourage the simultaneous development of human capital and social capital. Workers benefit from improvements in skills and social capital, and more than 70 percent prefer these work systems over either traditional union or non-union systems.

Unions are important for employee voice which improves the productivity



effects of High Performance Work Practices (HPWP). For workers, the combination of union representations with HPWP tends to be associated with higher wages, some of which are achieved through mutual gain-sharing or similar compensation practices.

## **CONCLUSION**

As mentioned earlier, a relationship of mutual trust between Trade Unions and management is essential. Especially in BA's current situation, an agreement with Unite would terminate the conflict and redeem BA's losses of 531m pounds announced by the company's boss Willie Walsh.

In essence we can see that good employment relations will help the company to accomplish the objectives set and carry out successfully the services the company offers.

“ Together with our customers and colleagues, we are determined to lead the industry towards finding innovative solutions. We will continually review how we fly, what we fly and what we buy to ensure we are the most efficient and responsible airline in operation” as stated on the companies official website.

It is unreal to see in companies like BA a situation where the work place will be dominated by the interests of the employees at the expense of the employers. It is also very unlikely to see a non- union situation. It is true that Traditional British Industrial Relations is almost a thing of the past. It is also unreal to see the role of trade unions as sole “ partners of companies in assisting to bring about improvements in productivity, competitiveness and

profitability". What is probably needed is a new Partnership Agreement based on mutual trust and also on principles like having an interesting job, job security, good working conditions, having a feeling that they contribute to something positive at work and to the future of the company.