



EWC case studies

British Airways (BA)

Company profile

The EWC

The EWC process

Outcomes and impacts

Future developments

EWC case studies are available in electronic format only.

Company profile

British Airways (BA) is one of the world's largest international airlines. The business is administratively divided into geographical regions based in: North America; Central and Latin America (plus Spain); Western Europe; North and Eastern Europe (plus the Eastern Mediterranean); Africa, the Gulf States and India; and Asia Pacific. Autonomous, but not independent, business units reflect functional differences such as cargo, engineering and maintenance, and the recently formed UK regional airline, CitiExpress.

The group corporate and operating headquarters are located at Heathrow Airport in the UK. Over 61,000 staff were employed by the group worldwide in 2001/2002, 81% of them based in the UK. In 2001 and 2002 the global airline industry experienced a sharp reversal of fortunes. This was caused by the severe world economic slowdown combined with the impact of terrorist attacks in the US on 11 September 2001. These factors were compounded by the subsequent uncertain geopolitical environment and the rise of serious competition from the introduction of the 'no frills' airlines. In response BA was forced to review the 'future size and shape' of all aspects of its business. The review was expected to reduce employment by 13,000 by September 2003.

Current employment after the ongoing process of rationalisation across Europe and the UK is around 45,000, with operations in Germany, Austria, France, Spain, Portugal, Italy, Belgium, Luxembourg, the Netherlands, Greece, Denmark, Sweden, Norway, Finland and Ireland. Many of the 'stations' in Europe, however, employ small numbers of people. Some, like Finland, have fewer than 10 people. The UK employment numbers and practices therefore tend to dominate practices and culture throughout the group.

In the UK, industrial relations traditions and culture are rooted in a strong trade union presence in what was once a public sector organisation. Over 70% of UK employees are trade union members and more than 95% are covered by the terms of formal collective agreements. Amicus-AEEU, Amicus-MSF, BALPA (British airline pilots association), Cabin Crew '89, GMB and TGWU are the recognised trades unions. National bargaining is facilitated by a number of formal structures for negotiation and consultation, ranging from local sectional 'panels' to the British Airways Trade Union Council, recently renamed the 'National negotiating forum' (NNF), where trade union officers meet the Executive management every month.

A history of largely conflictual relations continues to exert an influence on attitudes and opinions, engendering suspicions of motives and resistance to change. Management describes its overriding approach to IR as 'tactical', taking a 'partnership' approach 'when it works' and a 'management' of the trades unions while admitting varying degrees of success in different areas of the business. Works councils operate in all the EEA countries, with trade union representatives in France and employee representatives in Germany and most other countries.

In Italy the group operates stations in Rome and Milan as wholly owned units of the core airline business with about 220 employees. Until recently CISL was the only trade union representing BA staff in Italy, but currently UGL, CGIL and UIL are also represented. The wider representation of unions has led to better information although consultation remains essentially 'after-the-fact', with trade union representatives sensitive to attempts to bypass any union involvement.

The EWC

BA's EWC was established within the definitions and under the scope of Article 13 of the EC Directive of 1994-95 after some conflict between management and the trades unions. Management initially resisted the inclusion of the UK. Negotiations took place principally between senior representatives of the UK trades unions and senior European and HR management, with some employee representatives from the major European countries. They concluded the agreement

in September 1996. Legal advice sought by the company resulted in the EWC being concluded under Belgian law. However the BA EWC remains highly 'UK- centric' with the largest number of representatives, and meetings held at corporate head office at Heathrow. To maintain a European balance UK employee representatives are ineligible for the position of employee chair or spokesperson. Only the deputy position may be held by a UK representative.

The agreement was initially concluded for a fixed term of two years from 18 September 1996, to become a non-fixed term agreement automatically after the initial two-year period. Either side may terminate the agreement with six months' notice. Under the agreement, BA group:

...recognises the value of information and the consultation of its employees in conducting the management of the company and also recognises the need for employees to be informed and consulted on the activities of the group.

The BA EWC will deal with issues related to the structure of the British airways group as a whole, its performance and any decision influencing more than one country. In its meetings, the BA EWC will focus principally on the performance of British Airways (and in particular on relevant European Operations), e.g. economic and financial situation, developments in the business, broad commercial and competitive issues relevant to trans-national employees.

The agreement covers the entire employed workforce of the BA group in at least all EEA countries. A formula laid down in the agreement results in a total of 21 employee representatives, six of whom represent the UK. There are insufficient employees in any other Member State to trigger the 10% of the community-scale undertaking requirement for an additional representative. Therefore the distribution of representatives remains as follows:

Austria	1	Luxembourg	1
Belgium	1	The Netherlands	1
Denmark	1	Norway	1
France	1	Portugal	1
Finland	1	Ireland	1
Germany	1	Spain	1
Greece	1	Sweden	1
Italy	1	UK	6

EWC representatives currently comprise 16 men and five women (none from the UK) and do not reflect the diverse racial and ethnic groups employed, particularly at Heathrow. There is, however, a representation of all functions across the airline, including pilots, cabin crew, engineering, ground handling, sales and check-in personnel. Key features of the agreement are:

- it is without prejudice to the existing information and consultation structures existing at national level;
- it recognises the need to develop dialogue and mutual understanding between management and employees on the transnational aspects of the group;
- provision for extraordinary meetings to be convened no later than 10 working days after the company announces significant transnational changes such as mergers, relocations, collective redundancies or restructuring - the spokesperson or deputy to be informed the same day as the announcement is made;
- representation for each establishment or group of establishments per Member State with a formula for additional mandates according to the percentage of total employees of the group (currently ensuring a majority for the UK);

- the BA EWC will be chaired by a BA representative of senior management level or above with European responsibilities or his or her deputy;
- central management will be represented by appropriate BA managers or their nominated deputies;
- assistance for the employee side from two of their own experts at the preparatory meeting, the general meeting and the following meeting, and the facility to co-opt other persons as may be agreed from time to time;
- employee representatives to serve normally for a period of three years;
- two meetings per year, normally within one month of the announcement of BA's half-yearly and end of year results;
- the secretariat is responsible for coordinating the agenda, advising all parties, preparing and distributing the minutes;
- employee representatives have to appoint a spokesperson and deputy spokesperson 'to be a point of reference for the chairman';
- the working language of the BA EWC is English, with facilities for translation available if necessary;
- there are arrangements for time off from normal duties for employee representatives to attend meetings, attend agreed training courses and for minimum necessary travelling time;
- the BA EWC meeting will normally last three hours with facilities available for employee representatives and their experts and agreed co-optees to meet the day before the general meeting, and the afternoon after the general meeting;
- confidentiality applies to information supplied as such by management, with the obligation continuing after the representatives' terms of office and any breach considered a disciplinary offence;
- management are entitled not to provide information deemed confidential or prejudicial to any other party;
- a joint written statement outlining the key points arising from the meeting will be circulated by the secretariat to all appropriate locations for onward briefing.

Since its inception the EWC has met twice per year. If required, extraordinary meetings could be called, but only on management's initiative in the event of developments of the magnitude of 11 September 2001. After this event some meetings were called but these only involved members of a select committee called 'the bureau'. A full general meeting is considered unwieldy and too difficult to convene at short notice. Furthermore the established information and consultation machinery would in most cases be considered most appropriate to handle corporate-wide issues in extraordinary circumstances. In any case management would be required to inform and consult via the NNF. For example, during the course of this research the war with Iraq was taking place. The company chose to raise issues relating to the war at a meeting of the NNF, to which the employee spokesperson (or chair) was invited.

The bureau is not formalised in the EWC agreement, but was established some 18 months to two years later, when it was recognised that there were some more detailed discussions that needed to take place that could not be effectively handled by the larger forum. It is a select committee of management and employee representatives, normally comprising seven to nine people, including the EWC chair (a senior European manager), the employee chair (a Dane), and his deputy, and a senior HR manager. A total of four employee representatives plus two experts might attend meetings. Unlike the full EWC the bureau tends to reflect a more European bias with more employee representatives and managers from Europe. The bureau has two meetings per year, in addition to the two full EWC meetings, but members may communicate more frequently as required.

The EWC process

Resources

The EWC has no designated office. The trade unions in the UK have offices but offer no special support to the EWC. The company HR department provides the secretariat. Individual ERs have access to email, internet and intranet facilities, and telephones, as an integral part of their employment. Representatives are advised that email can be monitored (except in Germany and Holland), and believe that it is. However, the company is unable to release lists of names and numbers on distribution lists because of data protection legislation and is reluctant to place the EWC newsletter in the HR or IR sections of the intranet.

While there is an entitlement to the services of a translator, it is not generally considered necessary. English is the prescribed language of the EWC in the agreement and command of English is a qualification for selection as a representative. This is not a particular problem given the nature of the airline industry where English is widely used and spoken, although European representatives might experience problems with detailed and technical presentations should they not receive the information in advance of the meetings.

There is no separate budget allocated to the EWC but the company pays for all travel tickets, hotel accommodation and expenses. Representatives are allowed, and paid for, time off work to attend meetings. Time to attend to related activities is at local management's discretion and it is clear that the employee chair spends a great deal of time on EWC-related business. Access to other sites is not considered a problem if required. Training of new representatives is currently under review and talks are progressing over the format such training might take.

Agenda

The agenda focuses on company results and strategy, including items such as plans for aircraft and how management perceive the future of some sectors. Concerns that the company has for South America have been raised as these will inevitably result in some cutbacks in operations in this area. Competition on the North Atlantic routes, cutbacks in the USA as a result of the war, and how the company can compete for corporate business, are issues for discussion. Discussion in meetings is not and will not be confined to BA in Europe, but will encompass the global context for operations. Changes made in the engineering services that affected people working in engineering across Europe were an example of this. The process of consultation had to respect national representative structures and procedures and therefore consultations would always take place at works councils across Europe - particularly in Germany - and at the UK trades union panels and forums, before any discussion could take place at the EWC.

So UK representatives, in particular, claim that they have all the information passed to the EWC long before the EWC members. There would be difficulties with local consultative arrangements if any employment or human resource policy were to be raised at the EWC. So far this has not occurred. Such issues are ring-fenced for negotiation at local level, and as such are not for the EWC. Local negotiators firmly police their areas of responsibility and would not countenance any infringement of their business by the EWC.

However, this does not mean that there are not grey areas or issues that cause both sides some difficulty. The implications of the Working Time Directive have been raised by the ERs although management maintain that while the company operates in an excluded sector, working time is for local negotiation only. The regulations did not apply to ground staff until September 2003, and to flight staff until December 2003. There are, too, varying definitions of what is 'transnational' in nature with ERs arguing that anything that happens abroad, because it is controlled by BA in the UK, is automatically 'transnational'. Employee representatives are interested in including some consideration of employment policies as part of the EWC agenda. There is little likelihood of this as the employment policy development committee, a sub-committee of the NNF in the UK, consults on all employment policy and policy changes in 'an extremely

proactive' manner and there are national differences in employment regulations. So far the EWC has been unable to take a specifically European level approach on employment policies.

It is unlikely that the ERs will ever be entirely satisfied with either the adequacy or timing of the information they receive. Their judgement of the information's adequacy appears to vary, with much depending on the prior knowledge of the representatives. The inclusion of the employee chair on the NNF as an observer has been helpful in this respect, because the UK representatives tend to receive more information, and more quickly. On all occasions, because of prior consultations and negotiations, as well as management prerogative, information always refers to decisions already made. No account tends to be made of employee views, as illustrated by the announcement of the FSAS review

Role of the bureau

The bureau is smaller and more informal and meets more frequently than the full EWC, but was not established in the original agreement and has not been formalised since. There are two bureau meetings per year in addition to the two EWC meetings. Additionally the employee chair is in frequent contact with the chair, HR members and other employee members. The group operates as an executive committee empowered to conduct business for the EWC where it believes such business is crucial or controversial. It will nonetheless refer back to the full EWC for opinions. The bureau is privy to information unavailable to the EWC because of confidentiality considerations, and may hold ad hoc meetings if there is a significant issue to be raised and any that might require a quicker reaction. Additionally the bureau will consider and help decide agenda items for the main meetings.

The employee chair plays a pivotal role both in ensuring the cascade of information from the bureau to the EWC members, and in acting as the key contact for management. Information will be cascaded down, often in the form of written reports, to the other members of the EWC if it is considered interesting or significant. Communications and contact tend to be channelled through the employee chair with all members of the Council maintaining some personal contact. However, an ER reported that a 'significant' number of the members had no personal email, frustrating the EWC desire to establish their own network. Some nervousness in using the networks was reported due to the ER belief that the company actively monitors them.

Communication

There is no formal mechanism by which EWC members may inform or interact with the whole workforce, other than through management chains of communication. In many of the countries served by the EWC, the numbers of employees are small so informal communications are sufficient. But elsewhere the extent and nature of any form of information sharing relies on the discretion and responsibility of individual members. The UK ER is able to use the email system for communicating with people in the same area of the business (engineering) but lack of access to other distribution lists frustrates attempts to widen access to information emanating from the EWC. A wide variation is reported in the nature and quality of onward communications. Many employee members of the Council conscientiously email details of EWC meetings to all staff in their area, while a small minority appear to make little effort to report back and some do not report back at all.

Experts

An officer from BALPA is available as an expert to the EWC and normally attends both the full meetings and the meetings of the bureau. Additionally a representative from the International Transport Federation, based in Brussels, is available to the full EWC meeting. The experts respond to questions asked of them and do not proactively introduce subjects for discussion. Their contribution tends to focus on benchmarking for which they are highly valued, and information, particularly on legal aspects of the issues arising. They play a supportive role, guiding the members on new and changing European and national policies, solely reacting to questions asked of them and not raising items or issues. The role played by the experts is highly valued by both employee and management representatives.

Management will use the services of their internal legal department if required but have not sought any external legal advice since consulting on the company's obligations under the directives and on where to base the EWC. There has been no participation in any EWC-specific events, but the company participates in a number of inter-company forums within the industry, including IATA and the Airline Personnel Directors Conference, where an exchange of experiences may take place.

Outcomes and impacts

Management

Central management see the EWC as having fulfilled its purpose in enabling a high level consultation on strategic and company direction. The weakness of the EWC is its remoteness, particularly for those large sections of the business with strong negotiating forums. While this is particularly true for the UK, it is also evident in countries such as Germany with a well-established national works council. The 'outside' manager in the UK welcomed the concept of an EWC as a 'really good idea'. However, in practice, he thinks it is both highly bureaucratic and political, mainly because UK EWC representatives, who are trade union representatives at the same time, do not want the EWC to make inroads into their national power base.

Management do not appear to have changed the way they shape their decisions but have changed the way they approach consultation and information processes. They now have to consider major questions such as 'whether an issue is genuine EWC business, is it transnational and is it sufficiently important?' Where there are both local and Europe-wide implications, managers have to ensure that the item does not go before the EWC before it has appeared at the appropriate local negotiating forum. Management's central strategy in relation to the EWC focuses principally on not confusing issues for negotiation.

While there is no suggestion that the EWC has had any impact on the nature of a transnational business decision, consultation requirements may nonetheless have at least slowed the speed of implementation, in the short term.

The EWC has had some impact on managers, particularly in mainland Europe, who have been forced to focus on a Europe-wide approach, and to act more coherently and generally. Before the EWC, it was reported, they were more likely to take a local or national decision on an ad hoc basis. Central management believe that the EWC has been a force for good in terms of making managers aware of the different cultures in which they operate, and has been particularly good for the European managers.

The EWC has had no impact in terms of definite outcomes, changes to policies, management practices and governance of the company, although there has been some influence on managers when forced to acknowledge and consider the implications of European employment Directives such as the Working Time Directive.

Employee representatives

The employee representatives 'inside' the EWC generally believe that it has achieved the objectives set out in the original agreement to establish a high level of information and consultation, but the emphasis is on information rather than consultation.

Transnational relationships have been built on the employee side, notwithstanding frequent changes in personnel, and they have developed an understanding of the difficulties faced by management. While a 'definite maturing' of the Council is discerned, they believe that it might take a long time for the process, although imperative, to become embedded in BA culture. Their strategy and philosophy is to put forward positive ideas and suggestions, and they see no advantage in continually focusing on the negative.

Representatives have noticed an improvement in the extent, quality and relevance of the information provided by management, although infrequent meetings and the predominance of local negotiating forums mean the timing of information remains problematic.

There has been some help in facilitating international contact between employee representatives both inside and outside the EWC. The ERs tend to know people they can telephone directly to talk about Europe-wide issues, and because the EWC employee chair has attended meetings of the UK NNF, he has become well known to the trade union representatives.

Overall there has been a negligible impact on established roles and practices among trade union representatives in the UK. While the insiders would like to feel that they have had some little influence on decisions made, there is no evidence to suggest that any policy changes have been made, or that any policies have resulted from the EWC process.

However, the advantage of the EWC, as expressed by an ER, is that it allows comparisons to be made between the employment situations in Europe, enabling them to demonstrate to the company what the common issues are.

Future developments

The central tenet of the BA EWC is to avoid all issues that rightfully belong to national bargaining groups. The predominance of the UK and their strong trade union structures have governed the scope and nature of EWC business. Consequently both management and employee respondents acknowledge that as an information-only forum the EWC is restricted to an essentially passive role.

However, management's aim to provide full and high-level information on transnational issues has evinced a level of empathy from the employee side of the company. While management effectively controls the EWC process there is nonetheless an evident maturation on the employee side with members attempting to make a positive and 'professional' input.

Crossover communication channels between negotiation forums and the EWC are suggested by management and the employee side both within and outside the EWC, as desirable future developments to enable the EWC to have more relevance and to limit the current duplication of consultation activities. The employee respondents would also welcome more opportunities for employee-only meetings.

It is not thought that EU enlargement will significantly affect the BA EWC other than adding to its size and bureaucracy, possibly making it more unwieldy. In consequence the smaller bureau might assume a more emphatic and vigorous role. The UK representatives will still make up the largest national group with the EWC and continue their current dominance. It is hoped that the training currently planned for employee representatives will help new members quickly assume their roles and contribute regardless of their culture. The nature of the industry ensures that English will remain the preferred language.

The most significant issue for the EWC is that it has effectively been imposed on a company with strong, established consultation and negotiation machinery, alongside which it must operate in parallel. Because such a large majority of BA group employees operate from the UK, the structure of the Council is skewed to favour the UK, whose trade unions remain both sceptical of its relevance and protective of their traditional roles and structures.

July 2003

EF/05/71/EN - 1