



EWC case studies

Air France

Company profile

The EWC

EWC process

Conclusion

EWC case studies are available in electronic format only.

Company profile

Air France is under the general control of the Ministry responsible for civil aviation and economic and financial control. The State appoints 11 of the 21 members of the Board of Directors and personnel regulations are subject to approval by the relevant Ministries.

Significant dates in the growth of the company are:

- **1933:** Formation of Air France through the merger of five French airline companies.
- **1945:** Nationalisation of Air France.
- **1992:** Merger of Air France and UTA. Air France thus holds 72% of Air France Europe by grouping UTA's shareholding with its own.
- **1997:** Acquisition merger of Air France and Air France Europe (formerly Air Inter).
- **1999:** Floating of Air France capital with shareholdings by 2.4 million private individuals, international institutions and 72% of the employees. First listing on the monthly settlement market on 22 February 1999.
- **2000:** Launch of SkyTeam and SkyTeam Cargo, alliances of which Air France is a founder member with Aeromexico, Delta and Korean Air.
- Establishment of the regional sphere through the acquisition of Regional Airlines, Flandre Air, Proteus, Brit Air and CityJet.
- **2001:** The 'open sky' agreement between France and the USA allowed the European alliance companies and Delta to obtain anti-trust immunity on transatlantic flights from the American Department of Transport. In 2001, both CSA Czech Airlines and Alitalia joined the SkyTeam alliance.

Air France has chosen to conduct a strategy based on developing its hub and strengthening its alliance policy. For full efficiency, this strategy is based on a balanced network on the three large markets:

- the long-haul market, optimised by SkyTeam;
- the European network run by subsidiaries and regional hubs; and
- the domestic network centred on the 'Navette'.

The development of this network strategy allows Air France to balance risk and take a position against competition from the 'low cost' companies and the TGV.

Activities

In 2001–02, the group had 70,156 employees and a consolidated turnover of €12,528 million, divided between business areas, as follows:

Name	Activities	Workforce	Turnover 2002 (€ millions)	% total group	Development 2002/2001
Air France and its regional subsidiaries (CAE, Brit Air, City Jet) Group subsidiaries: Fréquence Plus, Servair, Amadéus	Passenger transport		10,378	83%	
Air France Cargo. Group subsidiaries: SODEXI, Heathrow cargo handling	Freight transport	3,200	1,448	12%	
Air France Industrie (for the company fleet and 100 client companies) Group subsidiary: CRMA	Aircraft maintenance	10,000	548	4%	
Mainly Servair (catering for third parties)	Others		154		
TOTALS		70,156	12,528		+2%

Air France is the second largest European airline company (16.9 market share in Europe) and carried 43.3 million passengers during the financial year 2001–02 (+2.2) in 83 countries, serving 198 destinations. It is the third largest company in the world for international passenger transport. With a fleet of 313 aircraft in operation in March 2002, 128 of which are in its regional subsidiaries, Air France operates more than 1,200 flights daily. It is the fourth largest airline in the world for international freight and the second largest in the world for aeronautical maintenance.

The majority of its activity is concentrated in France with a spread of the workforce as follows:

Technical light personnel	4,886
Sales flight personnel	12,914
▪ in France	12,582
▪ abroad and in overseas territories	332
Ground staff	52,356
▪ in France	46,368
▪ abroad and in overseas territories	5,988

The EWC

The agreement establishing the group’s EWC was signed in 1997 and renewed in November 2001. It was signed by the six French trade union organisations, members of the Air France Board of Directors and of the EWC. It was also signed by trade union representatives from 11 countries. The agreement sets out the mission of the EWC:

The EWC mission is to develop information and social dialogue on issues under its jurisdiction and to encourage exchanges of experience between employees carrying out their professional activities in the various countries concerned.

Without, however, becoming involved in aspects that are the subjects of discussion at local level, the EWC deals with transnational issues relating to the structure of the Air France group. These are issues that seriously affect employees, particularly the economic and financial situation of the Air France group, changes in its perimeters of activity, employment and mass redundancies, substantial changes in the forms of organisation of work, the introduction of new technologies, mergers, and the closure of companies and/or plants.

The composition defined by the agreement is as follows:

There are 30 members representing the group's employees, who are divided amongst regional delegations in accordance with the group's organisation, with the objective of ensuring maximum representation per country. In this way, all the countries making up the EWC that have a workforce of at least 30 of the group's employees at 1 April have at least one member. Each Regional Delegation is represented by at least one member. Switzerland has an observer with a consultative vote and Scandinavia has an additional seat. Thus all countries outside France have 20 seats and France has 10. This spread does not correspond to equal proportions as a very large majority of employees are in France, but is the result of a desire on the part of the group to favour the European dimension. The French works committee plays a significant role for employees in France. Without this over-representation of employees outside France, the EWC could not have taken on a European dimension, since the non-French would have been in too much of a minority.

Lastly, as far as the ten French seats are concerned, these are divided into three electoral colleges:

- Ground personnel college: 8 seats, with one of them an executive seat;
- Sales flight personnel college: 1 seat;
- Technical flight personnel college: 1 seat.

Country	Unions	Number
France	CGT [General Confederation of Labour]	3
	CFDT [French Democratic Confederation of Labour]	2
	FO [<i>Force Ouvrière</i>]	2
	CGC [General Confederation of Professional and Managerial Staff]	1
	SNPL [largest Air France pilots' union] SNPNC [cabin crew union]	1 1
Greece and Cyprus		1
Benelux		2
Germany		3
Central Europe (Austria, Switzerland)		1 + 1 observer
UK and Ireland		5
Spain and Portugal		2 + 1
Italy/Malta/Albania		2
Scandinavia and Finland		3
Sub-total Europe		20
France		10
General total		30

Employees in the candidate countries will be represented under the same conditions and will be able to appoint an observer in the transition period.

A representative of the European Transport Federation, affiliated to the ETUC, attends the various meetings with a consultative vote and has the same facilities as those granted to the personnel representative.

The group's chairman and CEO appoints a chairman and vice-chairman for the EWC.

EWC process

The Air France EWC was established on a strategy based on social demand rather than as a means of coming into alignment with the European directive and thus the employees' representatives play a very active role. This usefulness has strengthened over time. The chronology of the facts indicates a change in the nature of the workers' participation and a gradual learning process.

In 1999, the management of Air France wanted to group in London. The members of the EWC learned of this by accident. It concerned gathering together 11 establishments spread throughout Europe and setting up a single call-centre, based in London. It involved creating a new structure of 250 people. The management's project was presented to the EWC who, in turn, launched an expert appraisal to be carried out by the firm Secafi to obtain information and an independent analysis on the economic relevance of the project. This is the only expert appraisal launched by the EWC. Following this appraisal, two EWC working groups were set up.

Social Charter

On 25 June 2001, the chairman of Air France, the secretary of the EWC and a representative of the ETUC signed the Air France Social and Ethical Charter. This was a significant and innovative action in French social practice. The text is directly inspired by the International Labour Organisation's Charter of Fundamental Rights and the Social Charters of the European Union and Council. Air France clearly confirmed its acceptance of these charters and made them part of its identity. The text directs its social and ethical policy. The agreement of 10 July 2002, called 'Agreement to make progress together', is directly inspired by it. It forms a new basis for a large part of Air France's social policy in France. In addition, it is used as a reference by the subsidiaries.

This charter also 'encourages a new climate of confidence and greater mutual respect in the working environment, where any form of discrimination and harassment is prohibited'. As a result, it forms a standard for desired working relationships. It is a significant management action, particularly since the charter is distributed to all employees.

Various themes are included, such as fundamental and social rights covering child employment; disabled workers; trade union law in all countries; health, safety and dignity at work; employment status such as safety and security; social dialogue including information consultation and financial participation; mobility solutions to obstacles; training; equal opportunities; sub-contractors; and the right to fundamental social rights within these companies.

The EWC monitors the application of this charter and discusses it once a year. At the same time as considering that national rights are applicable in the various countries where Air France employees work, such a charter leads to the convergence of social policies beyond national social models.

Pensions

The initiative on pensions is one of the numerous initiatives taken by the EWC. As one of the pinpointed brakes on geographic mobility, the question of compatibility of pension schemes is important. In most countries, there is a compulsory basic scheme. Supplementary schemes are, on the other hand, governed by quite different rules. The EWC has had a study carried out on this subject in order to encourage mobility. The study was subsidised by the European Union and an audit firm and actuary are working on the subject. The study has not, however, made it possible to design a short-term development for one company.

KLM

The mergers taking place in air transport are changing the organisation of the companies. The growth of 'low cost' companies is making competition more acute by bringing flight prices down. The national company model is in the process of considerable change. The time has come for a regrouping around several large companies, such as SkyTeam, for example, which is led by Air France. Infrastructure is used mutually and fixed costs are reduced. Having attempted a merger with British Airways, KLM is seeking to form an alliance to limit its financial losses.

Aware that the merger with British Airways had in part failed because the Dutch social model is based on a high level of employee participation, the Dutch employees' representative at the Air France EWC made contact with his colleagues at KLM. Meetings were held between the EWC and the national works councils. Six working groups were set up, related, among others, to freight, maintenance and communications.

A European vision of social dialogue

The story of the establishment of the Air France EWC is a European story based on European convictions. It was given impetus by workplace opportunities and integration, which allowed contacts to be made. The initiatives taken by the French trade union organisations as a result of the European directive raised hopes. The social complexity of the company and the need to involve all the French trade union organisations in the process could explain why the EWC was only initiated in 1997. Several factors indicate the changes in attitude.

The EWC journal News is widely read, particularly abroad. Various themes are tackled such as privatisation, service quality and training, indicating the scope of the initiative and the independence of thought within the EWC and the extent of the subjects studied. All this is carried out with a level of thought that exceeds the French vision.

The Air France Social and Ethical Charter negotiated within the EWC builds on social principles based on the European social model, which recognises a social regulation through consultation and agreement. The EWC also takes part in social appeasement in a company in which there is a strong conflict culture. Trade union practices are changing, giving priority to consultation. Lastly, what was described in the Air France/KLM contracts is completely new to the French social scene. The anticipation of economic developments is very strong.

Conclusion

Constructed on the basis of a studied strategy by the two parties, the EWC is an interesting subject for study. It is a vector for change in the culture of the company, accompanying the Europeanisation of capital and markets through merger strategy. It also participates in changes in social relations, particularly on the French side. It demonstrates the importance of initiative and innovation in social interactions.

On a European level, although the level of direct visibility by the employees is not very strong at present, it forms a factor in the construction of the Europe Union with balance on both an economic and social level.

Through its concern to model the EWC correctly and not to lose sight of the nature of the business of an airline company that is strongly open to the outside world, the Air France EWC appears to be worthy of specific interest within the context of forming a benchmark.

July 2003