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## **AIRLINE UNIONS SINCE DEREGULATION: THE VIEWS OF SELECTED AIRLINE UNIONS**

David A. NewMyer, Ph.D., James L. Thiesse, Ed.D., Charles N. Johnson, Robert W. Kaps

### **INTRODUCTION**

*The airline industry in the United States has passed through a crucial period of post-deregulation adjustments. One of those adjustments has been in its relationship with the unions representing a large portion of the industry employees. One view of this situation that is commonly presented is that unions are "losers" in this post deregulation period.*

*The common wisdom in the U.S. airline industry is that labor unions are the biggest losers from deregulation and the dash into consolidation. Certainly there is plenty of evidence for this view. Deregulation spawned split wage scales, futile strikes at United and Pan American, Chapter 11 bankruptcies, and the emergence of a handful of super-carriers which, on the surface at least, handed management oligopolistic bargaining powers" (Gaudin).*

*This is certainly a negative view of how unions have weathered the storm of deregulation, but is it well-founded, and is it a view shared by the airlines unions, themselves? The direction of this study is to describe the airline union viewpoint, the impact deregulation has had on their viability and on their future attitudes toward bargaining issues.*

### **THE AIRLINE UNIONS SINCE DEREGULATION**

There are at least four basic stages in the deregulation era: expansion, consolidation, concentration, and globalization (Federal Aviation Administration, 1990). Labor unions, which are a key part of the industry, have been affected by all of these stages.

In the expansion phase many "new entrant" airlines were added to the U.S. system. Because most of these were initially non-union carriers, virtually operating at a lower unit cost, their ability to provide comparable service at lower passenger prices caused a 'knee jerk' reaction, forcing incumbent carriers to follow suit. An indirect result of this increased competition was to place pressure on airline unions to agree to reduce wages, benefit levels, and work rules.

While the average employee wage plus benefits nearly doubled from 1975 to \$39,373 in 1982, and now averages

\$42,000 according to the Air Transport Association, the average wage/benefit package among the new and largely non-unionized carriers is valued at an estimated \$22,000 per year. As these new carriers begin larger scale operations, it is clear that the existing carriers will have to adapt to the new cost structures against which they must compete. (Nammack, 1984)

During the consolidation phase, as airlines moved to improve their balance sheets and reduce threats of competition, mergers and acquisitions became the norm. In 1986 alone, 25 airlines were involved in some form of consolidation movement.

Union membership either remained constant or decreased, dependent on the status of union membership of the surviving carrier. In most cases, if the surviving carrier was unionized prior to merger, the absorbed

employees remained unionized, although their representation may have changed. If the absorbing carrier was non-unionized, the presence or lack of union representation was dependent on (a) the "craft" or "class" (e.g., pilots equal one craft or class) of airline employee involved, and (b) which group, union or non-union, had the largest number of employees at the time of the merger.

Since the beginning of the consolidation phase in late 1985, the number of airline industry employees has grown 43%, to 506,728 (see Table 1).

Exclusive of the final union/non-union outcome of mergers, many contract provisions either were amalgamated with surviving unions or became totally non-existent. Airlines whose contracts were "lost to merger" after 1984 are identified in Table 2.

While many of these contracts were merged with the same union at the surviving airline, the list represents a total of 44 contracts which were lost forever

airline unions addressed the following areas:

1. Union information (address, etc.)
2. Respondents' information
3. Membership 1979 to 1989
4. Reasons for change in membership (if any)
5. Collective bargaining positions of airline unions

6. Positive and negative impacts of deregulation on their positions of airline consolidation on airline unions
7. Positive aspects of unions
8. Three most important collective bargaining issues facing airline unions

Once the questionnaire was formulated, sixteen airline unions with addresses in the 1989 World Aviation Directory were selected from a list published in the Aviation Daily dated July 27, 1989 (Ellingsworth). Of those, fourteen were mailed questionnaires in the late fall of 1989 to those unions listed in Table 3.

**Table 3**  
**Surveyed Airline Unions**

AFA	Association of Flight Attendants	FEIA	Flight Engineers International Association	ROPA	Ramp Operations Provisioning Association
AFFA	Association of Professional Flight Attendants	IAM	International Association of Machinists	SAEA	Southwest Airline Employee Association
ALPA	Airline Pilots Association	IBT	International Brotherhood of Teamsters	TWU	Transport Workers Union
APA	Allied Pilots Association	IFFA	Independent Federation of Flight Attendants	UFA	Union Of Flight Attendants
ATDA	Air Transport Dispatchers Association	PAFCA	Professional Airline Flight Controllers		

### RESULTS OF THE SURVEY

Five of those surveys were returned completed, a return rate of 31.25%. A subsequent follow-up mailing received no additional returns. Upon analysis of questions 2 and 3 it was noted that the returned surveys represented 164,652 airline employees, which is 39.9% of all airline employees. More important, it represents 55.1% of all unionized airline employees and 72.6% in the craft and class to which the respondent union's members belong (Table 4).

The crafts and classes which responded were heavily represented by pilots, flight engineers, flight attendants, and aircraft mechanics/aircraft service personnel. Further, the number of contracts represented within these crafts and classes as of the time of the survey was 50 of 59 contracts. This was 84.7% of the available contracts at the major and national airlines in these crafts and classes at the time of the survey (Ellingsworth).

Questions 4, 5, and 6 gave the organizations an opportunity to

quantify and qualify the changes in their memberships over the past eleven years. Of the five unions responding, three reported gains, and two reported losses, for a net gain of 23,852 union members (Table 5).

The national unions that gained members attributed these increases to the initiative of the local unions in their quest to "organize the unorganized" within the industry (Table 6). The IAM specifically focused their recruiting efforts on newly hired persons after aircraft numbers

**Table 1**  
**Airline Industry Employment Since 1978**

<b>Craft/Class</b>	<b>1979</b>	<b>1985</b>	<b>1989</b>
Pilots and Co-Pilots	29,936	32,960	43,671
Other Flight Personnel (largely Ft Engineers)	7,141	7,193	8,070
Flight Attendants	52,694	63,496	77,771
Mechanics	44,801	42,781	57,282
Aircraft and Traffic Service Personnel	97,953	100,875	225,166
Office Employees	71,374	75,839	42,717
All Other Employees	36,797	31,969	52,051
<b>Totals</b>	<b>340,696</b>	<b>355,113</b>	<b>506,728</b>

Source: Air Transport Association of America (1990)

in terms of their respective peculiarities and positions.

**Table 2**  
**Merged Airlines and Number of Labor Contracts**

<b>Merged Airline (Mergers after 1984)</b>	<b># of Contracts Lost</b>
Republic	5
Western	5
AirCal	3
Air Florida	3
Capitol	4
Flying Tiger	5
Frontier	5
Ozark	5
Piedmont	4
PSA	5

Source: Ellingsworth (1989)

The result of these mergers is the concentration of more airline business at fewer total airlines. This unprecedented expansion has not only increased non-union employee classifications, but has also increased the ranks

of unions holding union employee contracts with the surviving, growing carriers.

The globalization phase gives both airlines and unions a further opportunity to increase their numbers. Generally, international travel has grown at a faster rate than domestic traffic; consequently, for carriers with the correct fleet mix there will be more international service and dated growth in employment. Although international operations will do little to increase union influence, the support operation within the United States will require additional employees. This in turn affects the unionized positions for the internationally minded carriers.

The deregulation period has, for some, been a time of mixed blessing. Once relatively stable labor relationships have given way to extreme negotiations and demands. The future appears bright for those airlines that have been able to negotiate these

uncharted waters and adapt to a variety of unknown variables. On the labor scene, this has meant changes and measures, as evidenced by corporate belt tightening and new approaches to old business.

Early on, the proponents of deregulation stated there would be only a handful of survivors when the "dust" settled. To be one of these survivors, extreme measures had to be taken. Among them were two-tier labor agreements, salary "give-backs" and "productivity improvements," which usually meant more work time for the money paid by the airline. In this quest, the airlines may have subscribed to the approach of the legendary coach of the Green Bay Packers, Vince Lombardi: "Winning isn't everything, it's the only thing."

The purpose of this study is to explore what the airline unions think of these events and issues.

#### **STUDY METHOD**

A questionnaire mailed to

**Table 4**  
**Unionized Airline Employees by Craft/Class**

Airlines	* 1979	* 1985	* 1989	** Number Unionized	Representative Number/Percentages Surveyed
Mechanics	44,801	42,781	57,282		
A/C Service	97,953	100,875	225,166		
<b>TOTAL</b>	<b>142,754</b>	<b>143,656</b>	<b>282,448</b>	<b>136,364</b>	<b>90,000</b>
Capt, 1st Officer	29,936	32,960	43,671		
Other Flight	7,141	7,193	8,070		
<b>TOTAL</b>	<b>37,077</b>	<b>40,153</b>	<b>51,741</b>	<b>47,151</b>	<b>41,652</b>
<b>FLIGHT ATTENDANT</b>	<b>52,694</b>	<b>63,496</b>	<b>77,771</b>	<b>43,421</b>	<b>33,000</b>
<b>GRAND TOTAL</b>	<b>232,525</b>	<b>247,305</b>	<b>411,960</b>	<b>226,936</b>	<b>164,652</b>
Unionized as percent of workforce				55.1%	39.9%
Surveyed as percent of unionized					72.6%

Sources:       \* ATA - Air Transport Association of America  
                 \*\* FAPA - Future Aviation Professionals of America

**Table 5**  
**Union Membership Gains/Losses and Net Change**

Members	IAM	ALPA	AFA	IFFA	FEIA
1989	90,000	41,000	25,000	8,000	652
1979	70,000	40,000	21,000	9,000	800
<b>CHANGE</b>	<b>+20,000</b>	<b>+1,000</b>	<b>+4,000</b>	<b>-1,000</b>	<b>-148</b>

were increased during 1988. In spite of the increases shown, each national union cited the impact of consolidation as having a major negative effect on membership. Those who gained believed that there would have been a much larger total had it

not been for the tumultuous climate of the airline industry.

Table 7 shows these negative aspects a little more clearly. The unions were asked to rank four statements with respect to the activity which caused the most negative organizational impact,

with a rating of 1 identifying the most impact and a rating of 4 identifying the least impact.

Three unions with a total of 123,000 members ranked "management's changes in attitudes" as the primary factor of negative unionism.

**Table 6**  
**Reasons Reported for Membership Change**

UNION	REPORTED REASON
IAM	Organizing the unorganized within craft and class, airlines' acquisition of aircraft in 1988
ALPA	Little change, lost to business tactics, gained through aggressive organizing effort
AFA	Organizing effort offset by loss to mergers and bankruptcies
IFFA	Hiring of replacements during strike
FEIA	PAA * business problems, downsizing, no domestic routes

\*Pan American Airlines

The second most negative aspect chosen was "individual airline bankruptcies." An interesting write-in was the "PATCO strike" and comments that government's reaction seemed to 'make it 'okay' to

aggressively replace the general workforce." This belief apparently indicates a climate that does nothing to further labor's trust in management, particularly when this climate is believed to have been initiated by the Federal

government.

The four items were also ranked with respect to positive effects on unionization. No union attributed any positive effects to these same items. One union believed management learned a

**Table 7**  
**Impact on Organization**

ACTIVITY	IAM	ALPA	AFA	IFFA	FEIA
Management's changes in attitudes	1	3	1	1	*
Individual airline bankruptcies	4	2	2	*	2
Airline consolidations/mergers	2	1	3	*	*
Hub and spoke operations	3	4	*	*	*

\* Not rated or no answer

valuable lesson in using "yield management and rational route system" as opposed to "cut-throat competition."

The respondents' views of the positive and negative effects of airline consolidation or mergers are shown in Table 8. Each union saw great upheaval in diversification and consolidation after deregulation, yet each believed consolidation had both

positive and negative effects.

The positive effects seemed to center on survival; while consolidation threatened a loss of equilibrium, any form of stability resulting from that consolidation was perceived as beneficial. One union's statement that their members who were working for financially unstable carriers suddenly found they were working for strong, viable carriers,

suggested that some unions believe that stability through consolidation is more desirable than unstable status quo. However, consolidation also brought difficulties in negotiations, a loss of membership through layoffs and representation elections, a loss of bargaining power, a loss of contracts (see Table 2), and increased stress in merging different workforces.

The respondents next identified the three most important collective bargaining issues facing their organization over the next year. The most important

issue dealt with wages, either with the two-tier wage scale or with the need to remain concession free. These responses are a direct result of management's

perceived need to cut labor costs to remain economically sound. "We've given enough" seems to be the attitude of unions today.

**Table 8**  
**Airline Consolidations's Impact**

Union	Positive	Negative
IAM	New aircraft, more mechanics and service personnel	Merger and acquisitions made negotiations difficult
ALPA	Merger and acquisitions helped airline stability	Dual scale representation
AFA	Mergers brought larger bargaining units	Merging those workforces
IFFA	New policies on seniority list integration	Loss of bargaining units to other airlines
FEIA	None	None

**Table 9** lists the reported bargaining issues. The unions believe that Labor Protective Provisions, provided for under the Deregulation Act but not yet in full force, are necessary to maintain labor's impact in the

marketplace. Without those provisions, the belief is that consolidations or mergers will be used to eliminate collective bargaining.

The last question asked the unions to identify five positive aspects of their future marketing

strategy in recruiting new airline employees. All five referred to some aspect of the union's size, its ability to provide employee representation to management, its good reputation, or some other positive characteristic.

**Table 9**  
**Three Most Important Bargaining Issues**

Union	1	2	3
IAM	Concession free	Two tier wages	Labor Protective Provisions
ALPA	Two tier wages	Industry-wide standard contracts	Labor Protective Provisions
AFA	Negotiate 10 new contracts	Avoid concessions in sound airlines	none
IFFA	Work rules	Retirement benefits	Reinstate wage losses
FEIA	Two tier wages	Pay decreases (avoid concessions)	Small union

Individually, IAM takes a traditional approach, referring to its size, its services, and the pace it sets in collective bargaining.

ALPA, takes an almost argumentative approach, boasting of its resources, its lobbying system, and its work rules. AFA,

IFFA, and FEIA seem to take a membership support approach, i.e. "We're here to help you." Table 10 reports these results.

**Table 10**

**Positive Aspects of the Union Organization as Perceived by Each Union**

Union	Positive Aspects
IAM	A. Democratic organization B. Largest and number one union within the air transportation industry C. Representatives came up through the ranks D. Services that are provided to our members E. IAM sets the pace in collective bargaining
ALPA	A. Working under a contract. Guaranteed rights and benefits B. 40,000 strong, resources (air safety budget, PAC Fund, accident investigation) C. ALPA representation against FAA enforcement actions D. Voice on Capitol Hill E. Flight time/duty time rules F. "War chest" of millions of dollars to fight abusive management
AFA	A. Contract protects against arbitrary management actions B. Gives employee a legal voice with management C. Works to protect employee rights D. Lobbies for employee interests in congress and with FAA E. Services provided include: Employee Assistance Program (EAP), support after accidents, advice on health benefit and retirement issues, and newsletters/magazines to keep employees informed
IFFA	A. Impossible to have individual voice heard except through the union B. Career, wage, and ultimate retirement benefits are all enhanced C. Camaraderie gained from joint action in common cause D. Provides increased awareness of health, safety, and other job aspects E. Satisfaction of being a part of a movement that effects constructive changes and social and economic progress
FEIA	A. Small organization can represent each member better B. Management respects FEIA

### **SURVEY FINDINGS**

A key finding is that it is very difficult to obtain survey responses from airline unions. Even so, the responses obtained in this survey represent:

- 164,652 airline employees or 39.9 percent of all airline employees
- 55.1 percent of all unionized

airline employees

- 72.6 percent of employees in the "crafts and classes" to which the respondent unions' members belong (pilots, flight engineers, flight attendants, mechanics/aircraft service personnel)
- 84.7 percent of contracts at major and national airlines in

these classes and crafts at the time of the survey

Even with the fairly broad coverage of the unionized workforce represented, the lack of coverage of certain classes and crafts is an important limitation affecting the conclusions of this study.

Other key findings of the survey were:

- Among the classes and crafts responding there was a net gain of 23,852 members since deregulation.
- Three of the five responding unions reported a gain in membership, while two reported losses since deregulation.
- All three unions reporting gains cited aggressive organizing efforts, especially among the unorganized, as a key reason for the gains.
- The post deregulation activity cited the most negative impact on airline unions was "airline managements' change in attitude" toward unions and collective bargaining. The second activity cited was "airline bankruptcies."
- The respondents cited expansion of the overall workforce, increased airline stability, larger bargaining units, and seniority list integration as advantages of the consolidation stage of deregulation.
- Issues related to increased difficulties in collective bargaining were identified as disadvantages of the consolidation stage. Examples were "merging workforces" and "dual scale representation" as well as the loss of bargaining units or contracts in the merger process.
- The two most important collective bargaining issues identified by the respondents were (a) two-tier wage structures reinstating wage losses (ranked first by two respondents, second by one, and third by one), and (b) remain-

ing concession free/avoiding concessions (ranked first by one respondent, and second by two others).

- Two other top bargaining issues were "work rules" and the volume of contracts (negotiating ten new contracts).
- Regarding union offerings to new recruits, all five respondents identified their representation of employees to management. They also cited management's respect for unions a positive characteristic.

### CONCLUSIONS

Conclusions are limited to the airline employee classes and crafts represented by the respondents: pilots, flight engineers, mechanics/aircraft service personnel, and flight attendants. Deregulation has had both positive and negative impacts on the unions represented in this study. Positive impacts identified by the respondents were: increased membership, increased airline stability among merger survivors, larger bargaining units, and advantages in seniority list negotiations. Negative impacts were: loss in the total number of contracts, two-tier wage structures, wage losses, work rule/productivity changes, and increased difficulties in negotiations. The deregulation events which had the most overall negative impact on the respondent unions were "airline management's change in attitude" (toward unions and collective bargaining) and airline bankruptcies.

Airline unions have weathered more than a decade of post deregulation changes in the industry. As a result of recent growth in the airline community, airline unions have not only survived deregulation, some have grown and continue to grow. These organizations represent a significant segment of the industry's employees and appear to be growing without significant threat from management.

In order to maintain this level of membership and success, airline unions will be forced to follow the trends of the airline industry. As stated early in this article, aviation has begun a movement toward globalization. These worldwide markets will create new stateside opportunities for airline union membership growth. Whether or not this becomes a reality will depend on the union's ability to adapt to new bargaining environments.

This research determined that 58.2 percent of U.S. scheduled flight personnel and mechanics belonged to a union in 1989. With the Federal Aviation Administration forecasting an annual domestic airline industry growth rate of 4.2 percent through the year 2001, what can the unions' future be in these latter stages of deregulation? The answer lies in the hands of the unions. In view of the emerging prosperity of the surviving carriers, coupled with the perpetuity of contracts under the Railway Labor Act, union growth should continue to parallel airline growth.

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