

BOOK REVIEW

Up in the Air: How Airlines Can Improve Performance by Engaging Their Employees, Greg J. Bamber, Jody Hoffer Gittell, Thomas A. Kochan, and Andrew von Nordenflycht (Ithaca, NY, ILR Press, 2009, 240 pp., \$29.95 (U.S.))

reviewed by David Walsh[†]

This book is a fruitful collaboration by four scholars from the United States, Canada, and Australia. It should be welcomed by academics, industry practitioners, policy-makers, and others that share the authors' concern for the future of a vital industry. Combining quantitative data with interesting case studies, the authors provide as good a picture of the state of the airline industry (up to early 2008) as can be found in any single source. *Up in the Air* poses a number of important questions about the airline industry, the most basic being whether the economic forces originally unleashed by deregulation mean that airlines are destined to continue to fail, workers to see their wages and working conditions precipitously decline, and customers to experience poor service quality on over-booked flights. The authors believe that a brighter future is possible through management practices that fully engage employees and achieve genuine partnerships with their unions. While the authors are principally concerned with addressing the plight of the U.S. airline industry, they draw widely upon the experiences of airlines throughout the world. By situating their work in a global context, they provide a useful corrective to what has been a pronounced tendency, particularly among labor relations scholars, to focus narrowly on the airline industry in the United States.

There are seven chapters in this book. The first chapter briefly outlines the turmoil in the industry and then sketches out an analytical framework. In terms of competitive business strategies, the authors employ a framework based on "strategic position" ("legacy" or "new entrant" carrier) and "cost competitiveness strategy" ("wage minimization" or "productivity" enhancement). Employment relations strategies are differentiated according to the type of "relationship with unions" maintained by a carrier ("avoid," "accommodate," "partner") and the nature

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of its “relationship with employees” (emphasis on “control” or “commitment”). These two frameworks, particularly the latter, are employed throughout the book, as particular airlines are characterized in terms of their strategies. The second chapter tracks developments in the U.S. airline industry, providing some historical perspective and documenting the increasing volatility of the industry and the varied responses of carriers to deregulation. Chapter Three places the discussion in a global context. Airlines are grouped according to whether they are based in countries with “liberal market economies” (e.g., British Airways, Aer Lingus), “coordinated market economies” (e.g., Lufthansa, SAS), and “Asia and the Middle East” (e.g., Malaysia Airlines, AirAsia, Emirates). Given this geographic breadth, discussion of these airlines is necessarily limited to thumbnail sketches, but these descriptions are still sufficiently substantive to convey important differences in national context and carrier strategy. The authors acknowledge the importance of national context in shaping the strategies adopted by airlines (e.g., coordinated market economies are more conducive to labor-management partnership), but maintain that these contexts are not so constraining as to determine strategy. Chapter Four introduces data (some, but not all of which, are cross-national) on labor and other costs, productivity, service quality, and employee morale. A key point is that despite major cuts in pay and benefits at the U.S. legacy carriers and a significant narrowing of the labor cost differential between legacy and new entrant carriers, total unit costs have risen for both types of carriers, but even more so for the legacy carriers. Thus, the depressing news is that painful pay cuts have not rendered the legacy carriers more competitive.

The fifth chapter is devoted to case studies of new entrants. Southwest Airlines and Ryanair are treated at greatest length, but the likes of AsiaAir, Virgin Blue, EasyJet, Air Tran, and Jet Blue are also considered. The contrast drawn between Southwest Airlines (with its focus on productivity improvement, service quality, high employee commitment, and partnership with unions) and Ryanair (intent on minimizing wages, providing bare bones transportation, controlling workers, and avoiding unions) is stark. Insofar as both airlines have impressive records of financial performance, the authors allow that “it is not yet clear whether the Southwest or Ryanair model will prove to be more influential or more sustainable than the other.” But the authors make very clear their strong preference for Southwest’s approach and its salutary effects on employees and customers. Chapter Six deals with the range of approaches used by legacy carriers, ranging from Frank Lorenzo’s union suppression efforts to seats on boards in exchange for concessions and the creation of low-cost entities within existing carriers (e.g., Ted, Song). Continental Airlines in the post-Lorenzo era, with its

human resource practices aimed at eliciting employee commitment and its accommodation of unions emerges as the star of this chapter. In the final chapter, the authors review their main findings and reiterate their view that greater competition and affordable fares do not automatically translate to low quality jobs and a race to the bottom.

Any work this ambitious presents opportunities to quibble. The final chapter is somewhat scattered, straying from the book's central message regarding carrier employment strategies to counseling greater inter-union cooperation and more centralized bargaining, suggesting some form of increased government involvement with the industry, making a general plea for reform of executive pay practices, encouraging industry-level dialogue on the problems faced by airlines, and taking a final foray into current developments in the industry. I very much agree that the problems of the airline industry are more systemic than a focus on the strategies adopted by individual carriers would suggest, that airline unions should cooperate with one another more, and so forth. But the treatment of these issues is tepid and—for the most part—without foundation in the body of the book. Even taking into account the license enjoyed by authors to expand, speculate, and generally dream in the final chapters of books, I found the discussions of these various and sundry matters in the final chapter unsatisfying.

Up in the Air focuses on employment relations and evinces the authors' genuine concern for the wellbeing of airline workers. However, this book emphasizes the strategic choices available to airline managers, rather than the labor side of the relationship and the collective bargaining process. Unions are not neglected, but they are hardly in the foreground of the analysis. There is some justification for this, insofar as airline labor has been on the defensive since deregulation and largely found itself in the position of reacting to the latest management cost saving initiatives. But the actual and potential role of airline unions in shaping the industry's future and nudging it in the direction of greater fairness to the people who do the work, is not given much play. In line with this, the conceptual framework used to describe carriers' employment relations strategies differentiates between carriers' orientations to unions and to their employees. The explicit implication of this framework is that employers can be "pro-employee," but "anti-union." As a description of what many employers say and attempt to do, the distinction has some validity. But on a normative level, the proposition that union busting and genuine concern for employees are entirely compatible can and should be questioned.

At bottom, the many examples of airlines and their employment practices contained in this book reduce to the essential contrast between Southwest Airlines and Ryanair. This distinction between "high road" and "low road" employment strategies is a familiar one in the human resource

management literature. References to “universal best practices” notwithstanding, there does not appear to be one best way to compete and manage that is inherently superior with respect to financial outcomes. It is gratifying that there is available a model that appears to produce good outcomes for airline owners, employees, and customers, although it is sobering that Southwest Airlines is the only true exemplar of a high road approach to both employee and labor relations to which the authors can point and its record of superior financial performance has been tarnished somewhat in the current recession. But if the owners and managers of airlines do not particularly care about employees and customers or sustainability over the long term, no amount of academic jawboning based on the evidence in this book will persuade them to adopt the more progressive course. For that, I would still rely far more upon airline workers and their unions.