



A YEAR OF CHANGE?

Ryanair's industrial relations a year after
its big announcement

Ryanair announced it would recognise trade unions a year ago. Ever since, headlines have swung between deals with unions, industrial action and the continuation of Ryanair's punitive, anti-union behaviour. Ryanair workers have won improvements in some areas. However, many of the issues that led to repeated industrial action over the summer period have not been resolved.

It is in this context that this report addresses three critical questions:

1. How has Ryanair approached industrial relations across its network?
2. Has Ryanair done enough to avoid another year of destabilising industrial action?
3. Does Ryanair have the governance and management structure to deal with the issues it faces?

HOW HAS RYANAIR APPROACHED INDUSTRIAL RELATIONS ACROSS ITS NETWORK?

Union negotiations: A fractured landscape

Many unions across Europe, whilst welcoming the announcement that Ryanair would change its policy and recognise unions, and enter into negotiations at the national level, quickly realised that Ryanair had a very specific approach to industrial relations, and many have found the process more difficult than anticipated.

So much so that a year after its announcement, Ryanair has signed deals in eight out of the twenty one countries where its crew are based. This has afforded approximately 50% of its workforce access to freedom of association (an ILO minimum requirement) yet only the deals signed in Italy constitute changes to crew's working conditions. Even there, two confederations are challenging Ryanair's compliance with national law. In all other jurisdictions, Ryanair is either still negotiating, in dispute or yet to initiate negotiations over working conditions.

The workforce covered by the deals varies across countries ([see table on page 4](#)). Ryanair's approach to collective bargaining means that there are usually three stages of announcement before there are material changes to employment conditions. These include:

- acknowledgement of particular trade union/s as bargaining partners (Ryanair calls this recognition)
- agreement on bargaining issues ¹
- collective bargaining agreement

¹ In Germany the cornerstone agreement, in Italy the principles agreement

COUNTRY	DIRECT- HIRE PILOTS	DIRECT- HIRE CABIN CREW	CREWLINK CABIN CREW	WORKFORCE CABIN CREW
United Kingdom	Recognition	Recognition	Recognition	No deal
Italy	Collective bargaining agreement	Collective bargaining agreement	Collective bargaining agreement	Collective bargaining agreement
Spain	Recognition	No deal	No deal	No deal
Germany	Bargaining issues	Bargaining issues	Bargaining issues	Bargaining issues
Ireland	Partial collective bargaining agreement	Recognition	Recognition	Recognition
Portugal	Partial collective bargaining	Application of national law	Application of national law	Application of national law
Sweden	No deal	Recognition	No deal	No deal
Belgium	Application of national law	Application of national law	No deal	No deal
Greece	No deal	Recognition	No deal	No deal
Poland	No deal	No deal	No deal	No deal
Hungary	No deal	No deal	No deal	No deal
Czech Republic	No deal	No deal	No deal	No deal
Romania	No deal	No deal	No deal	No deal
Malta	No deal	No deal	No deal	No deal
Slovakia	No deal	No deal	No deal	No deal
Bulgaria	No deal	No deal	No deal	No deal
Croatia	No deal	No deal	No deal	No deal
Cyprus	No deal	No deal	No deal	No deal
Morocco	No deal	No deal	No deal	No deal
Malta	No deal	No deal	No deal	No deal
Netherlands	No deal	No deal	No deal	No deal

Many of these steps are not required by law in the countries where Ryanair operates. For example, while recognition is a legal requirement in the UK and Ireland, it does not exist in most other European countries including Spain, Italy, Sweden and Germany. Ryanair itself accepts that many of the deals it signs are not meaningful in the national context.²

HAS RYANAIR DONE ENOUGH TO AVOID INDUSTRIAL ACTION?

While the company has announced progress in its relationship with trade unions, the punitive management style and anti-union behaviour has in a number of significant instances continued. Such behaviour is a serious threat to achieving industrial peace, and, could provoke more industrial action toward the end of 2018 or even through the 2019 summer period.

This section highlights three ways in which Ryanair continues to pursue an autocratic, punitive and anti-union management style:

- Ryanair disincentivises independent reporting, punishes whistle blowers and crew who highlight and oppose poor labour practices
- Ryanair implements union busting techniques and models in new markets
- Ryanair violates the right to strike

Punitive management style

Ryanair continues to promote a culture of fear amongst its workforce. There have been two major incidents covered by the media concerning cabin crew whistleblowers in the last six months. In July, Ryanair fired four cabin crew for raising concerns around fatigue.³ Ryanair followed up on this incident by issuing a memo to all cabin crew actively disincentivising fatigue reporting. In October, it fired six cabin crew who drew attention to the inadequate rest facilities provided to crew during an unexpected overnight stay outside their base. Both cases highlight Ryanair's punitive approach towards whistleblowing.

Ryanair issued a memo (see Annex 1) to all cabin crew in July informing them that reporting fatigue that led to schedule disruption was 'unacceptable and intolerable.' This was after it had fired four cabin crew for raising these concerns. The memo made the point that only the captain of an aircraft could exercise discretion. This memo was misleading and compromises safety culture. Ryanair's own policy on commanders' discretion includes consultation with all affected crew. However, the memo also included the possibility of dismissal. Incidents such as this reinforce perceptions that Ryanair is a punitive employer and promote worker discontent.

Six cabin crew were fired in October for highlighting inadequate rest facilities provided by Ryanair during an unexpected overnight stay outside the crew's home base.⁴ The crew had gone public about not being given accommodation overnight when their flight was diverted because of weather. In response Ryanair terminated the workers and released footage of them to the public. The crew are currently appealing their termination.

In October 2018, Ryanair announced it would be shutting down bases at Eindhoven and Bremen and downsizing at Duesseldorf Weeze.⁵ Crew could choose between available transfers or redundancies. While Ryanair claimed it was for operational reasons, trade unions saw this as punishment for strike action. The trade unions' perspective has since been confirmed with

³ <https://www.rte.ie/news/ireland/2018/0713/978358-ryanair/>

⁴ <https://www.theguardian.com/business/2018/nov/07/ryanair-sacks-six-cabin-crew-after-staged-photo-sleeping-on-malaga-airport-floor>

⁵ <https://www.irishexaminer.com/breakingnews/ireland/ryanair-blames-base-closures-on-market-875971.html>

a Dutch court stating that it appeared the base closure at Eindhoven was a retaliation for the Europe-wide strikes ⁶. Earlier in the year, Ryanair had announced downsizing the Dublin base after pilots took strike action.⁷ This was resolved after the trade union and Ryanair reached agreement following mediation.

These incidents together paint a grim picture. Ryanair terminates workers who raise concerns internally, warns crew off reporting and then terminates workers who become whistleblowers publicly. They threaten to or actually close bases where crew exercise their right to strike or take legal action against the company.

This is contrary to the progress Ryanair has made in improving industrial relations in other areas.

Union busting

Ryanair cabin crew in Poland are being forced onto self-employment contracts after they set up a trade union to represent themselves. In order to ensure that the workforce had access to union representation, the formation of a new union together with the necessary papers were presented to Ryanair management on 13 September 2018. Since announcing the trade union to Ryanair, there has been no acceptance of the union and, running parallel to this process, the crew are now faced with a choice: self-employment contracts; transfers out of Poland; or termination.

To become self-employed and accept Ryanair's proposal, cabin crew across Poland would need to set up their own businesses and then contract their services to Warsaw Aviation. Warsaw Aviation will contract their services to Ryanair Sun. They will then operate flights for Ryanair Sun on the same routes that they operated while being Ryanair employees. Both Ryanair Sun and Warsaw Aviation are wholly owned by Ryanair. While Ryanair claims this is in line with Polish national law, the move is aimed at removing Ryanair's responsibility towards crew, reducing costs and minimising the crew's right to freedom of association and collective bargaining.

Ryanair's treatment of its crew in Poland after they exercised their rights to freedom of association and collective bargaining angered crew across Europe. This behaviour raised further questions about whether Ryanair is committed to genuine change.

Violation of the right to strike

Ryanair cabin crew went on strike in March/April, July, August and September 2018. During each of these periods of industrial action Ryanair interfered with crew's right to strike. The International Transport Workers' Federation (ITF)/European Transport Workers' Federation (ETF) received over 550 reports of Ryanair's interference in crew's right to strike. The incidents reported included:

- Surveying crew on their intention to strike
- Changing duty rosters, replacing days off with standby to increase ability to replace striking crew

⁶ <https://www.reuters.com/article/ryanair-hldgs-netherlands/update-2-ryanair-sticks-to-plans-to-close-eindhoven-base-idUSL8N1XC4CH>

⁷ <https://corporate.ryanair.com/news/ryanair-to-cut-dublin-based-fleet-by-20-from-30-to-24-for-winter-2018/>

- Surveilling picket lines
- Sending letters indicating indicating strike action would affect decisions on transfers and promotions
- Recording legal strike action as an unauthorised absence on crew's attendance records

Spain found Ryanair guilty of violating cabin crew's right to strike. Ryanair called and emailed crew based in Spain to find out if they would be taking industrial action on July 25 and 26 and September 28. The Spanish labour inspectorate found that these actions infringed on crew's right to strike.⁸

Under pressure from trade unions, Ryanair issued memos to retract its statement on including strike action in decisions on transfers and promotions. However, Ryanair has continued with all other practices. This contradicts the spirit of Ryanair's announcement to recognise trade unions.

DOES RYANAIR HAVE THE GOVERNANCE AND MANAGEMENT STRUCTURE TO DEAL WITH THE ISSUES IT FACES?

There has been significant shareholder discontent regarding governance within Ryanair. The shareholder advisory firms Glass Lewis, ISS and PIRC have all raised serious concerns regarding the company's corporate governance. The Chairman of Ryanair's board, David Bonderman, has been in position for 22 years, leaving no semblance of independent challenge at the boardroom. The ITF/ETF and trade unions across Europe, have long raised similar concerns and called for change in leadership. In September, Mr Bonderman was re-elected but with a significantly reduced majority. He is now the least popular chair on the ISEQ20.

This lack of independent oversight is a significant issue in the current transformational process that Ryanair is engaging with in respect of labour relations. The company does not have a management structure that can reconcile its business model with the new industrial relations reality and internally mediate on the associated issues.

In fact, this problem has a wider reach within Ryanair as it also impacts on operation and passenger issues, as exemplified in the changes in hand luggage policy.

As such the company faces a number of risks.

FUTURE RISKS

Agency employment

Ryanair refuses to recognise cabin crew as a single workforce. This is a major issue for cabin crew across the network and is subject to an investigation by the labour inspectorate in Spain. Ryanair cabin crew called for the elimination of agency employment in the Ryanair Crew Charter. This demand recognises the fact that, regardless of formal employer, cabin crew's working patterns and conditions are controlled by Ryanair.

⁸ <https://www.rte.ie/news/2018/1126/1013514-ryanair-spain/>

Ryanair employs the majority of its cabin crew through agencies, predominantly Crewlink and Workforce International. All cabin crew must start their careers at Ryanair through an agency. They may then be hired into Ryanair. Agencies have no meaningful role in the management process. Crew wear Ryanair uniforms, exclusively operate Ryanair flights and have their work patterns and employment conditions determined by Ryanair. Operationally, this means a four member team working together on a Ryanair aircraft may have different employers and very different employment conditions. Ryanair cabin crew see past the artificial structures and are demanding common employment structures.

Ryanair has made some progress in committing to transition crew in some countries, but the multi-tiered employment model has yet to be properly articulated within the context of collective bargaining arrangements that cover either all workers, or through which such workers will raise common demands.

Turnover

High turnover is another direct consequence of the labour model Ryanair operates. In addition it is also the very real fallout of management style and slow progress of change. Ryanair does not report its cabin crew turnover, but anecdotal reports from cabin crew describe a ‘revolving door’ of crew. In particular in open or relatively ‘tight’ labour markets crew simply signal their discontent through leaving the Ryanair. In particular most airlines offer a clear salary and career progression as well as stable and direct employment. Ryanair’s decision to stop charging for training is also indicative of this problem. The inability to retain crew puts stress on operations, crew and potentially passenger safety.

Industrial action and passenger bookings

Industrial peace is still at risk. Despite progress, Ryanair’s inability to conclude collective bargaining agreements, and its continuation of a punitive management style, risks provoking further industrial action. Trade unions have already indicated there may be industrial action over the Christmas period.⁹

However as a number of unions have indicated it is not just reaching agreement on pay, terms and conditions that is critical to achieving industrial peace, but a sustained and meaningful engagement and change in culture. Currently there isn’t the confidence in either the commitment or the capacity of Ryanair to deliver.

Ryanair’s passengers are starting to lose faith in the airline. Ryanair itself admitted that industrial action has affected Ryanair’s forward bookings and pricing.¹⁰ Fears over future industrial action are made worse by Ryanair’s refusal to pay passenger compensation for cancellations, claiming strikes are ‘beyond the airline’s control’.¹¹ As a result, Ryanair has issued a profit warning, downgrading its expected profit guidance by 12%.¹²

⁹ <https://www.lavanguardia.com/economia/20181018/452420658081/ryanair-huelga-navidad.html>

¹⁰ Ryanair Holdings FQ¹ 2019 Earnings Call. 23 July 2018

¹¹ <https://www.thetimes.co.uk/article/ryanair-defies-watchdog-over-compensation-for-strike-chaos-gwlr5qqmk>

¹² <https://www.bloomberg.com/opinion/articles/2018-10-01/at-least-ryanair-used-to-get-you-there>

Legal challenges

A class action has recently been filed against Ryanair and Michael O’Leary in US courts. The class action¹³ relates to the company’s behaviour with its workers and its misreporting on the issues to shareholders. Cases such as this risk significant costs and reputational damage to the company.

Ryanair is also now under pressure from the European Union and national governments to abide by national law. The EU Transport Commissioner, Violeta Bulc, and the EU Employment Commissioner, Marianne Thyssen, have weighed in on the issue and stated that Ryanair must abide by the laws of the country where crew are based.¹⁴ Ryanair has stated it would do this from 2020 but both the EU and trade unions do not consider this good enough. Ministers from five governments in Europe have also warned that Ryanair risks legal action if it continues to ignore labour laws.¹⁵

Ineffective approach to collective bargaining

Whilst Ryanair’s country-by-country approach to collective bargaining is sustainable in a number of larger markets and on certain issues, there are significant problems with dealing with all matters on a national basis. Ryanair has a highly centralised operations and management model. This means that crew across the network facing similar issues can only resolve them on a transnational basis. For example, crew from multiple countries can apply for a transfer to another base in the same or a different country. There is currently no transparency on how these are evaluated. For Ryanair to provide any transparency it would need to have a transnational model for evaluation (for example in a seniority list). However, Ryanair’s ideological opposition to transnational engagement means it refuses to approach such issues on a logically coherent and cost/operationally effective basis. At best it replicates bargaining on the same issues in each of the 21 jurisdictions.

CONCLUSION

Ryanair’s workers and the trade unions continue to demand change, and Ryanair has made progress in certain areas in certain markets.

However the majority of its workforce is yet to see real sustained change in their working conditions, the nature of which will create a platform for stable future growth. The company’s current governance and management structure is such that it continues to use a punitive style which raises serious concerns around the viability of its current industrial relations model.

Despite progress, Ryanair has much to achieve before it can put the risk of industrial action, falling passenger confidence, workforce turnover and associated legal challenges behind it.

A year ago Ryanair said it would make immediate and swift progress in recognising unions and collective bargaining, but the progress has been unnecessarily slow and painful for workers, passengers and shareholders.

¹³ <https://www.rte.ie/news/2018/1107/1009388-ryanair-lawsuit-new-york/>

¹⁴ https://elpais.com/elpais/2018/09/20/inenglish/1537429541_211407.html

¹⁵ <https://phys-org/news/2018-11-ryanair-respect-national-labour-laws.html>

ANNEX 1: COMPANY MEMO ON DISCRETION

Memo



To: All Cabin Crew
From: Andrea Doolan
Date: 11th July 2018
Re: Refusal to complete Duty

Dear all,

Over the last couple of weeks, a number of Cabin Crew have refused to complete their duty on the uninformed assumption that they have 'discretion'. This behaviour has resulted in delayed/cancelled flights, aircraft out of position, and unacceptable delays and inconvenience for our passengers.

This behaviour is unacceptable and cannot be tolerated. Cabin Crew do not have "discretion" under the Ops manual to decide what flights they are not going to operate. On the rare occasion where there is an issue of operating into discretion, the commander makes that decision for all the crew. The Commander of the Aircraft is the only person who can exercise discretion.

As Cabin Crew operate a fixed roster of 5 days on 3 days off the issue of fatigue arises very rarely, **and was not a factor in any of the recent events.** We have had cabin crew deciding to inconvenience our passengers by cancelling flights because they made a judgment on how much food is on board, or the level of air conditioning, etc. If there is any doubt about environmental factors, then they should be addressed to Operations. It is the job of the Operations department to make these judgments not individual Cabin Crew, and instructions from Operations must be carried out.

The needs of our customers and their convenience comes first, and we will not allow their travel plans be disrupted because a tiny number of Cabin Crew refuse to operate flights. Please be advised that any such refusals will be dealt with through the disciplinary procedure up to and including dismissal.

I have written to you recently regarding the delays caused by ATC staff shortages \ strikes this summer and I appreciate the hard work and dedication of our cabin crew who experience these issues on the "front line" every day, however we are in the travel industry and dealing with delays is part of the job. If a crew member thinks that disrupting flights, cancelling people's holidays is acceptable behaviour then they are not suited to this industry.

I know that the vast majority of you would not condone such behaviour and I'm sorry to have to bring this to your attention but there are small number of crew who think that their comfort and convenience comes before our passengers. Our passengers and their convenience always comes first.

Thank you for your continued hard work and if anyone has any queries regarding the above, please do not hesitate in contacting me directly.



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