

# Labor-Management Relationships: Now and in the Future





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# Using the Power of Relationships to Achieve High Performance

Global Pilots' Symposium  
14 April 2016

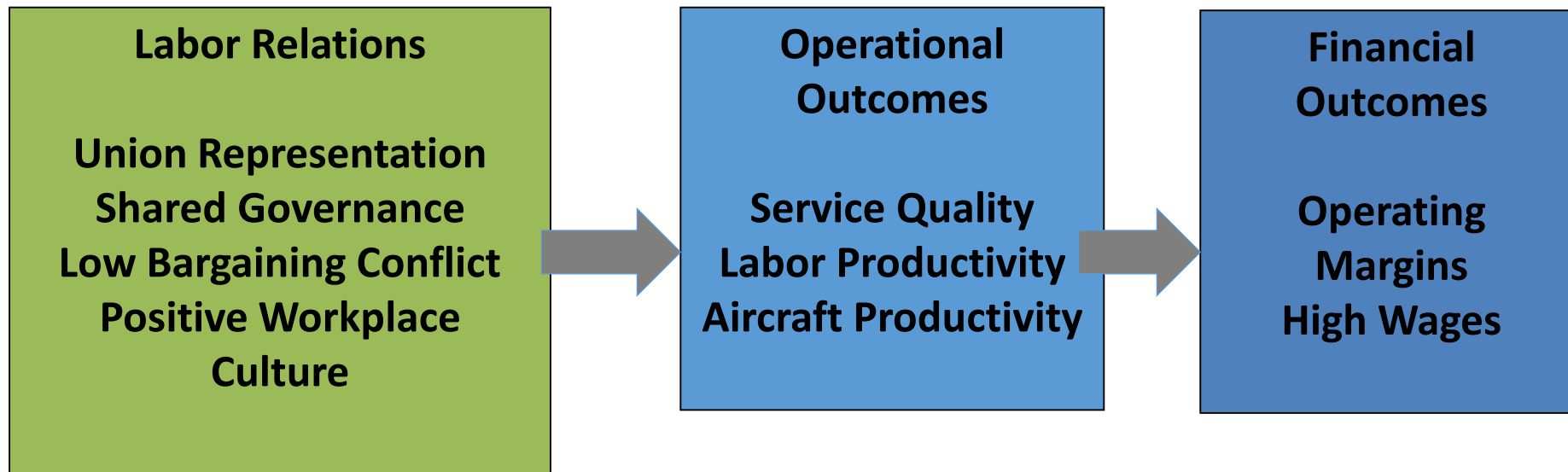
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# What we expected to find



1987-2000 quarterly data for domestic operations of all US major airlines

Gittell, J.H., von Nordenflycht, A., Kochan, T.A. (2004). "Mutual Gains or Zero Sum? Labor Relations and Firm Performance in the Airline Industry," Industrial and Labor Relations Review, 57(2): 163-179.

# What we found

	High Wages	Service Quality	Labor Productivity	Aircraft Productivity	Operating Margins
Union Representation					
Shared Governance					
Low Bargaining Conflict					
Positive Workplace Culture					

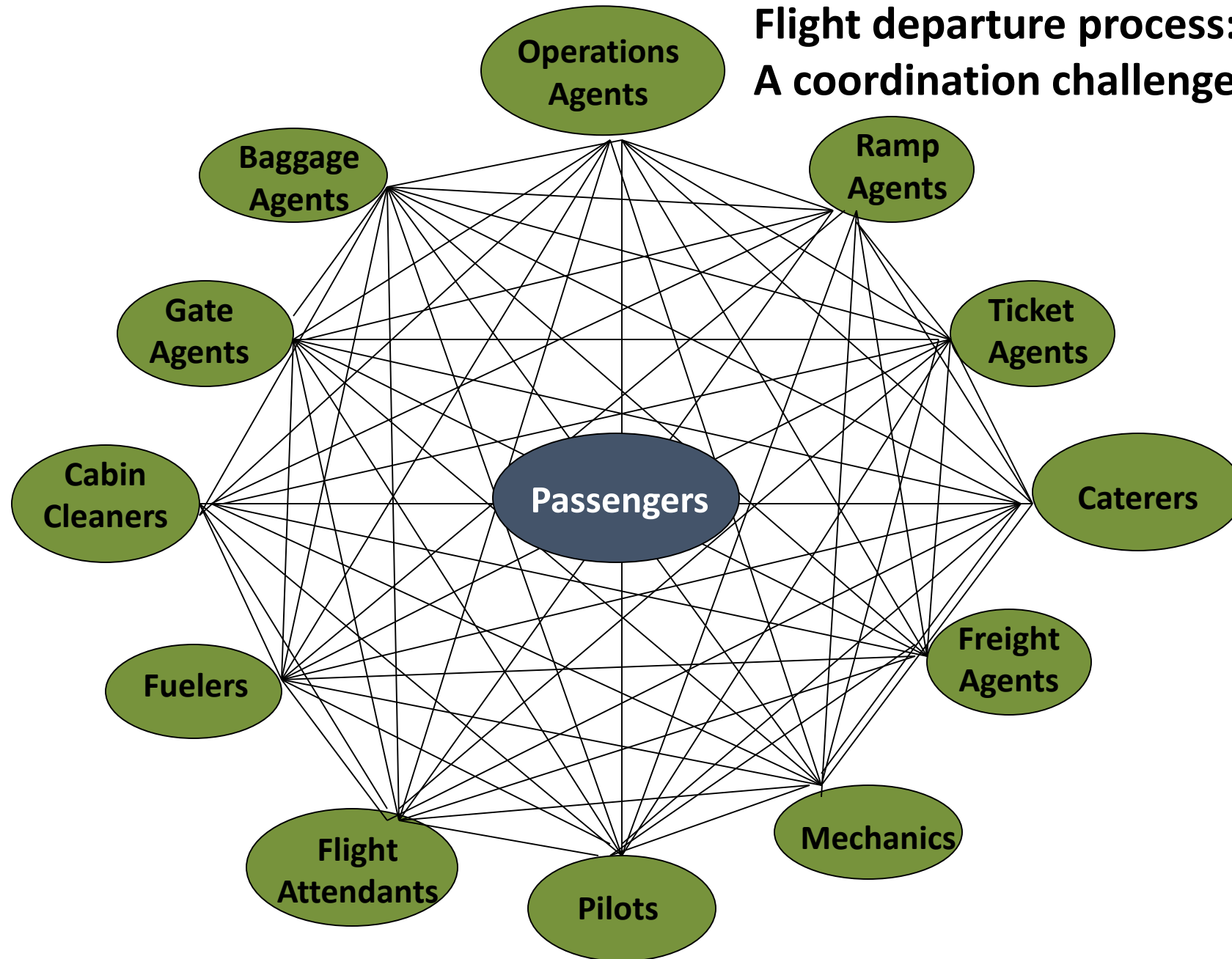
1987-2000 quarterly data for domestic operations of all U.S. major airlines

**Relationship quality matters!**

**At the bargaining table  
And in the workplace**

***How do workplace  
relationships drive value?***

## Flight departure process: A coordination challenge

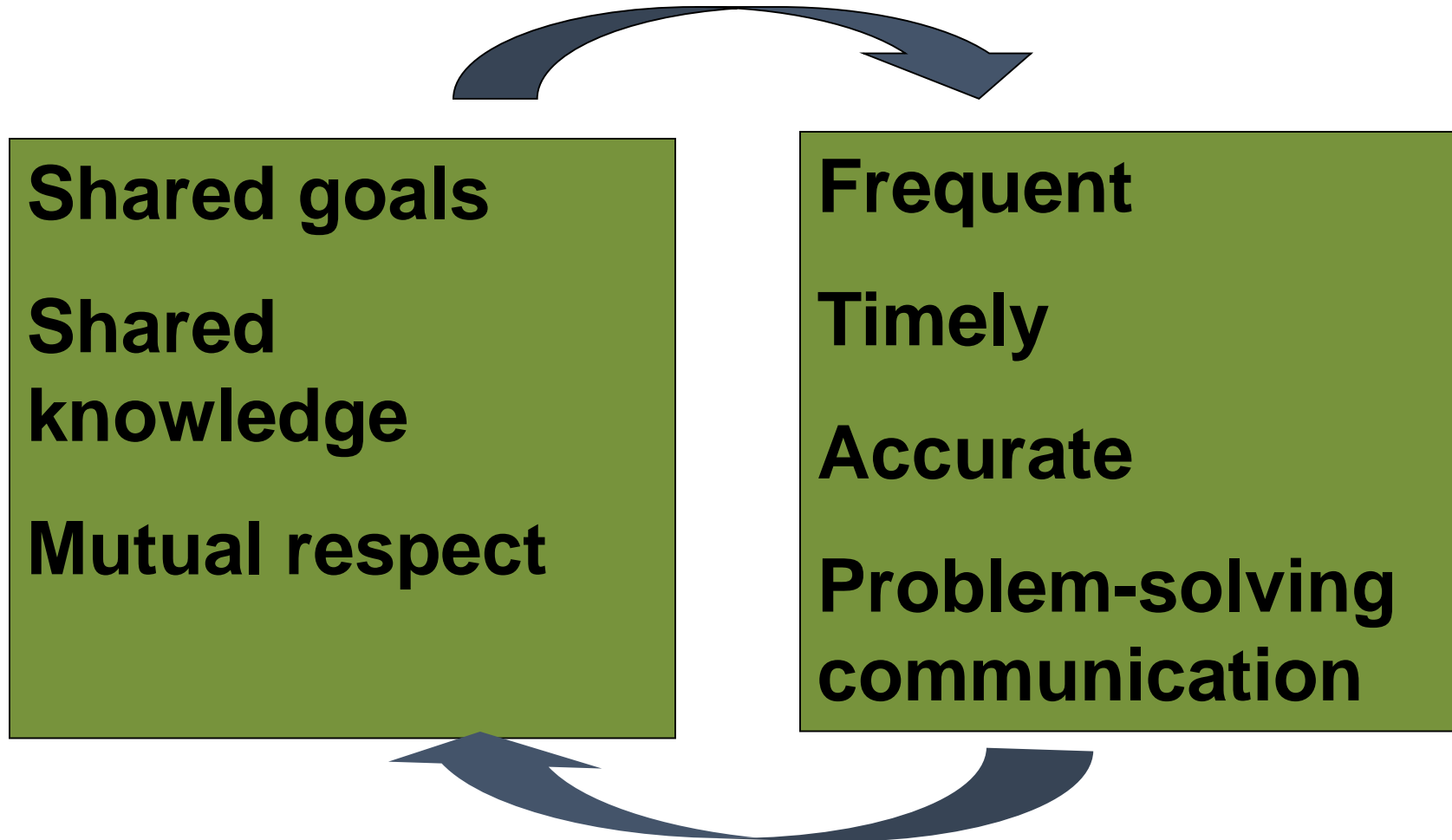


**Relationships shape the  
communication through which  
coordination occurs ...**



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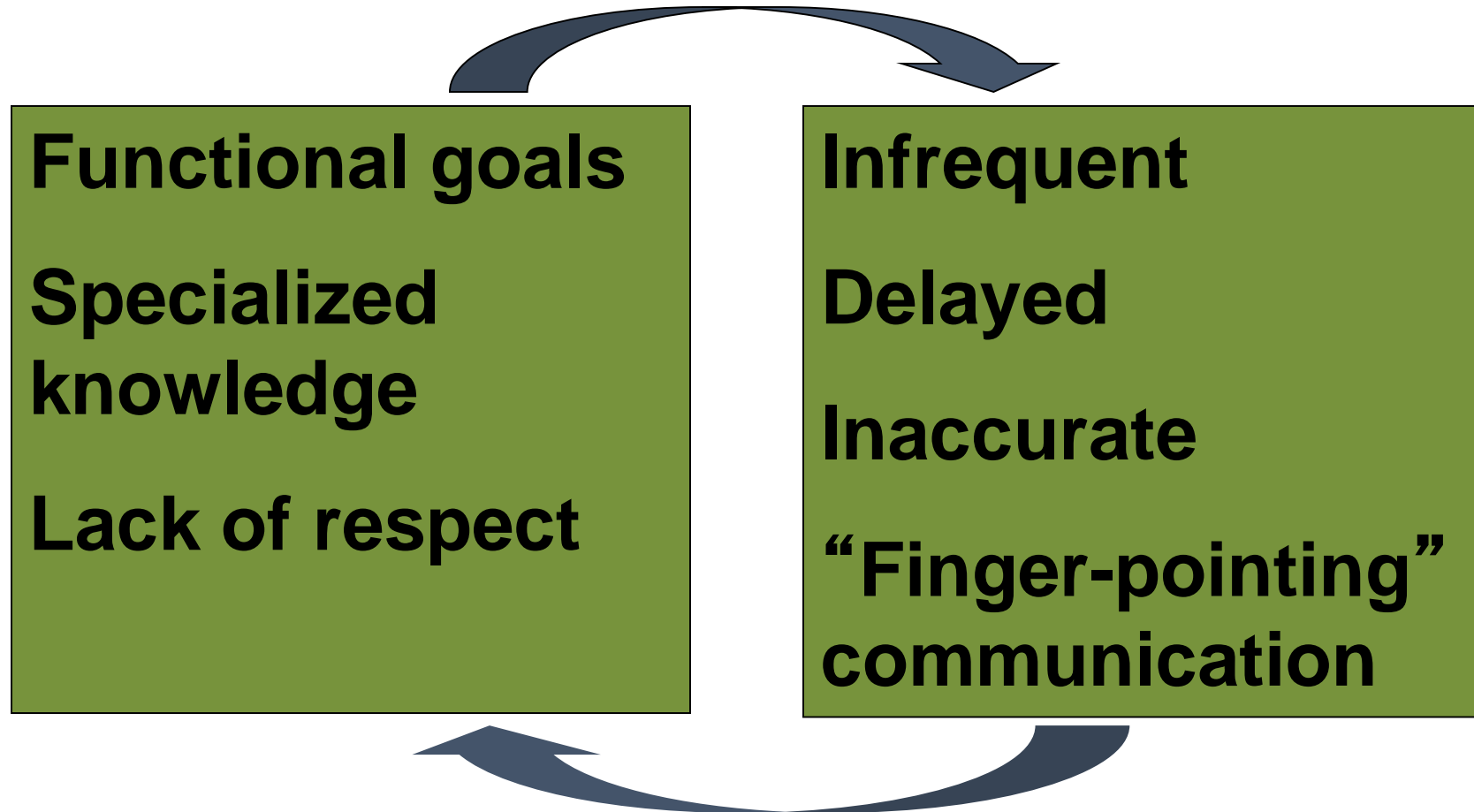
# For better...



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**... or worse**



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**This process is called**

**relational coordination**

**“Communicating and relating  
for the purpose of task integration”**



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**Does relational  
coordination matter for  
performance?**



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# Investigated performance effects of relational coordination

- ◆ Nine site study of flight departures over 12 months of operation at Southwest, American, Continental and United
- ◆ Measured quality and efficiency performance, adjusting for product differences
- ◆ Measured relational coordination among pilots, flight attendants, gate agents, ticket agents, baggage agents, ramp agents, freight agents, mechanics, cabin cleaners, fuelers, caterers and operations agents



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# Survey questions

RC dimensions	Survey questions
1. Frequent communication	How <i>frequently</i> do people in each of these groups communicate with you about [focal work process]?
2. Timely communication	How <i>timely</i> is their communication with you about [focal work process]?
3. Accurate communication	How <i>accurate</i> is their communication with you about [focal work process]?
4. Problem solving communication	When there is a problem in [focal work process], do people in these groups blame others or try to <i>solve the problem</i> ?
5. Shared goals	Do people in these groups <i>share your goals</i> for [focal work process]?
6. Shared knowledge	Do people in these groups <i>know</i> about the work you do with [focal work process]?
7. Mutual respect	Do people in these groups <i>respect</i> the work you do with [focal work process]?

# Relational coordination drives flight departure performance

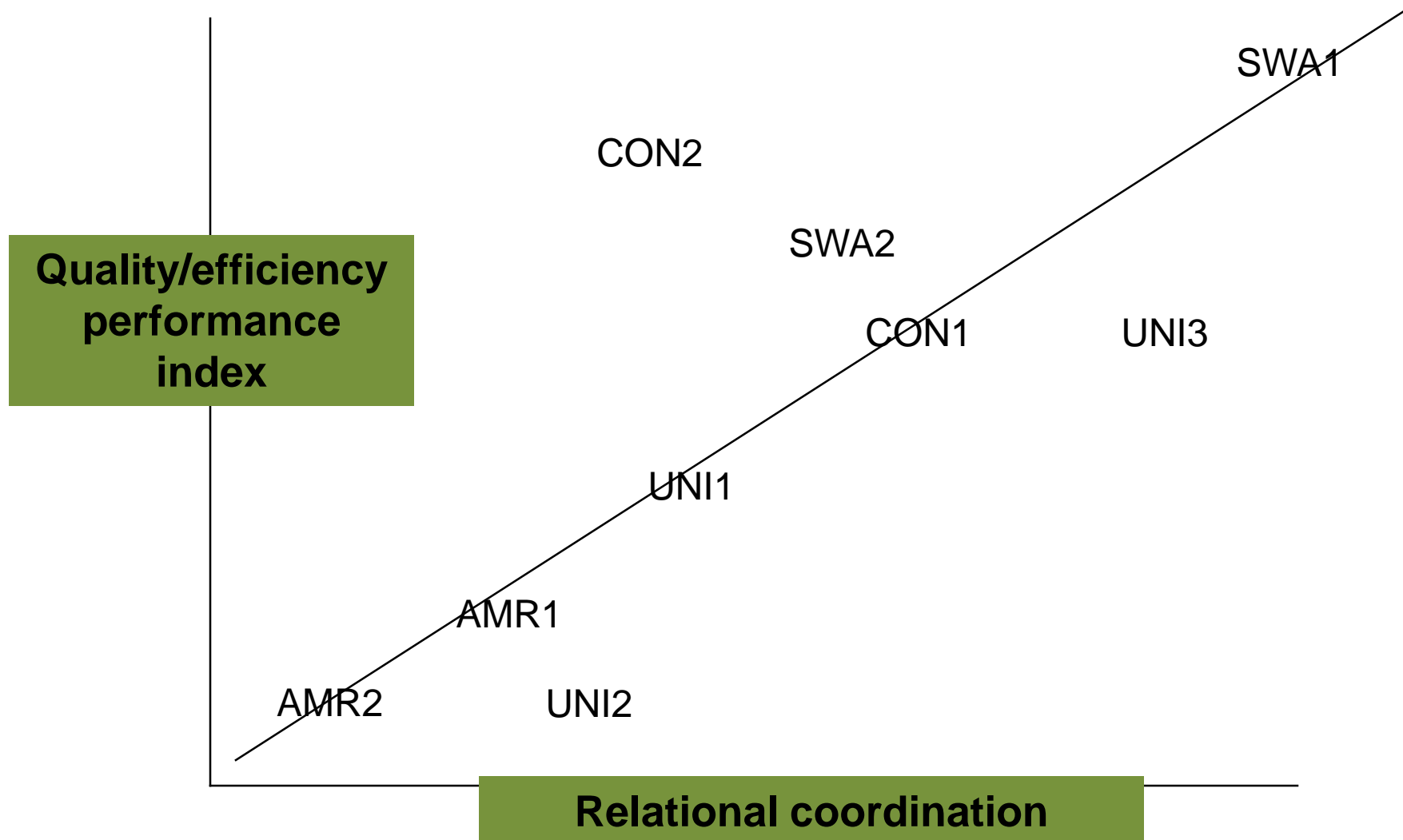
	Efficiency		Quality		
	Gate time/ flight	Staff time/ passenger	Customer complaints	Lost bags	Late arrivals
<b>Relational coordination</b>	<b>-.21***</b>	<b>-.42***</b>	<b>-.64***</b>	<b>-.31*</b>	<b>-.50**</b>
<b>Flights/day</b>	<b>-.19****</b>	<b>-.37***</b>	<b>-.30***</b>	<b>.13</b>	<b>-.22+</b>
<b>Flight length, passengers, cargo</b>	<b>.79***</b>	<b>.45***</b>	<b>.13</b>	<b>.12</b>	<b>-.54**</b>
<b>Passenger connections</b>	<b>.12**</b>	<b>.19**</b>	<b>.09</b>	<b>.13</b>	<b>.00</b>
<b>R squared</b>	<b>.94</b>	<b>.81</b>	<b>.69</b>	<b>.19</b>	<b>.20</b>

Observations are months (n=12) in airport locations (n=9). Standardized coefficients are shown.

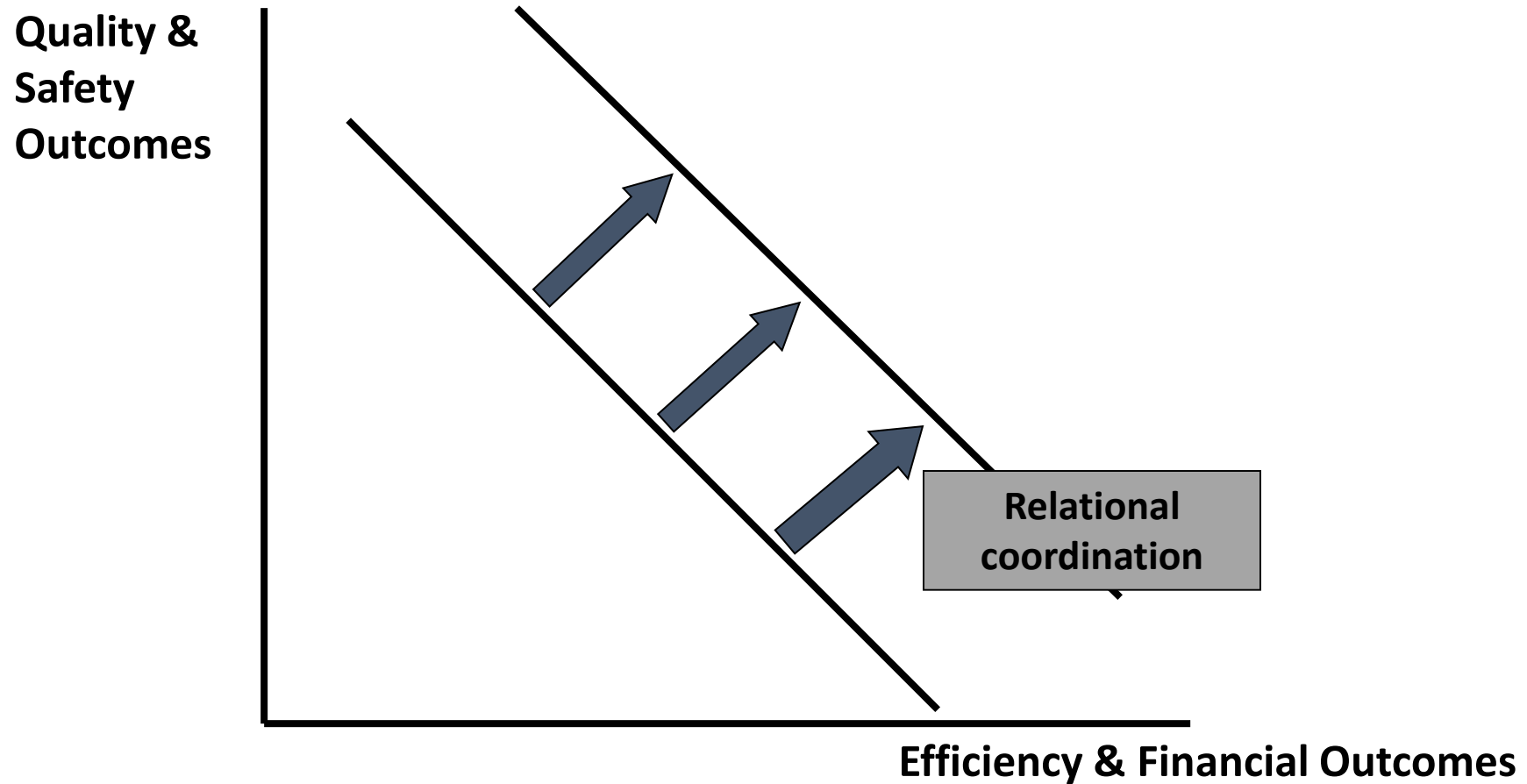


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# Relational coordination drives flight departure performance



# Relational coordination *pushes out* the quality/efficiency frontier to increase value creation



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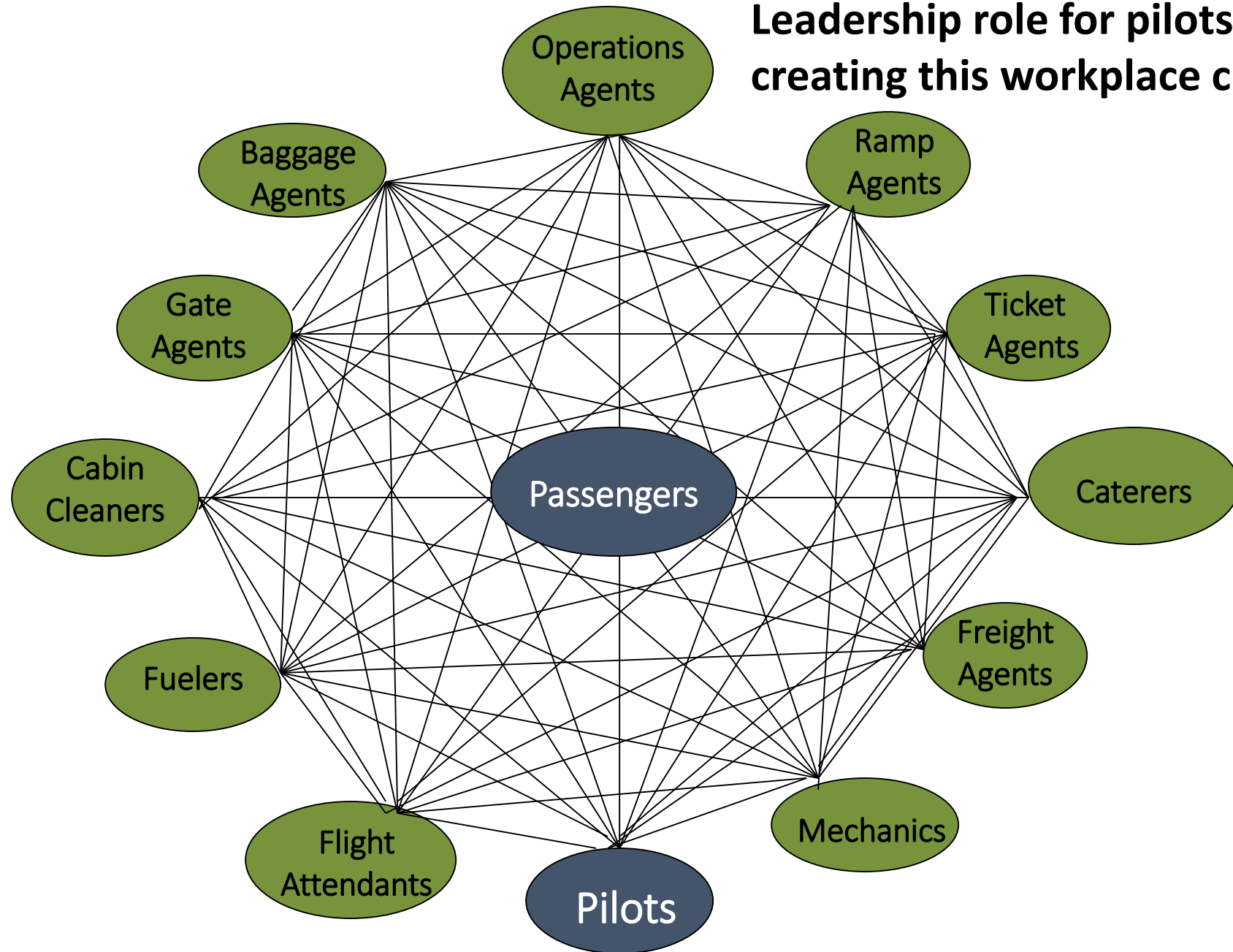


# Relational coordination is a positive productive workplace culture

	High Wages	Service Quality	Labor Productivity	Aircraft Productivity	Operating Margins
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Positive Workplace Culture					

1987-2000 quarterly data for domestic operations of all US major airlines

## Leadership role for pilots in creating this workplace culture?



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