



## Lufthansa: Good jobs for Germany

Issues of social responsibility are on every political agenda around the world. As such, the EU Commission presented its pillars of social law at the end of April. These focus on equal opportunity, fair working conditions and social protection – issues which also characterize the social market economy. The Lufthansa Group, which this year has welcomed over 3,000 new employees, has always engaged in this debate, and takes social responsibility – something which is not a given in global aviation.

### The Munich example

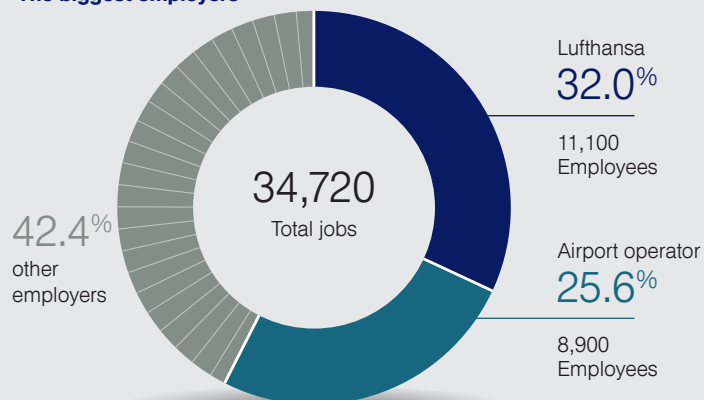
Germany's hubs provide as many jobs as entire industrial estates do elsewhere. Figures for Munich Airport

#### Airport employees



Source: Munich Airport, 2015 employee survey

#### The biggest employers



### The Lufthansa Group as a strong employer

Germany's airline industry has for years been under significant competitive pressure. Nevertheless, the Lufthansa Group invests in good jobs out of conviction. In 2006, the Group employed 95,000 staff worldwide. Today, this is more than 128,500, around 68,000 of whom are in Germany. Key cornerstones of the staffing policy:

- **Collective bargaining partnership:** Collective bargaining coverage in Germany has dropped to less than 50 percent of employees across all industries. The Lufthansa Group, on the other hand, believes collective bargaining partnerships are the right approach for a fair balancing of interests. While the viewpoints of employers and employees at some European airlines seem to be irreconcilable, Lufthansa and the Vereinigung Cockpit trade union managed to agree on significantly reducing cockpit unit costs in March. And a long-term peace agreement between bargaining parties was concluded with the cabin crew union (UFO) as early as summer 2016 with the help of mediators Platzeck and Wowerit.

- **Old-age pension:** The policy rightly attributes considerable importance to company old-age pension schemes. 57 percent of employees across Germany receive relevant entitlements. This figure is much higher at Lufthansa.
- **Training:** The Lufthansa Group trains more than 1,000 young people in currently 34 professions. Coupled with this is pilot training and development. Lufthansa Aviation Training – with twelve training centres, including those at the Berlin, Bremen, Essen, Frankfurt, Munich, Cologne und Rostock facilities – runs one of the world's biggest simulator fleets, training pilots from more than 200 airlines.
- **Diversity:** The Lufthansa Group wants to employ more women in managerial roles. In some areas, the company is considered one of the pioneers, such as for the number of women on the supervisory board and executive board: According to the "Women-on-Boards Index", sponsored by the Federal Ministry for Family Affairs, Lufthansa is ranked seventh among the top 100 listed companies.



Lufthansa has also set itself ambitious targets. By the end of 2021, the number of women on the first management level below the executive board of Deutsche Lufthansa AG is to increase from a current 10.1 percent to 20 percent, and on the second management level from 25.5 percent to 30 percent.

Lufthansa is successfully embracing the social partnership. Passenger numbers are increasing, and the economic results are enabling further investment in digitisation and fleet up-grades. The company believes a partnership between employer and employee is key here.

### Employee rights not a given, and often jeopardised

This perspective is not a given. Many airlines whose crews do not enjoy even vaguely comparable employee rights fly to Germany. See the national Gulf airlines, for example. For Emirates, Germany's social partnership is indeed a source of mockery. At the end of 2015, coinciding with the start of Lufthansa's massive strikes, the Gulf carrier launched full-page ads saying "You can always rely on us (...) 365 days a year." Dubai, the home Emirate of Emirates Airlines, does not have trade unions, workers' councils or the freedom to strike. Workers' rights have also been massively restricted in Turkey, which is building a 150-million-passenger airport in Istanbul (as a comparison: Frankfurt recorded around 60 million passengers in 2016).

Germany's social market economy rightly pursues a different course. And Lufthansa is sticking with it, even if this involves tremendous constraints in highly difficult situations. As such,

the strikes between 2014 and 2016 cost the group around 400 million euros.

### "At others' costs – not low costs"

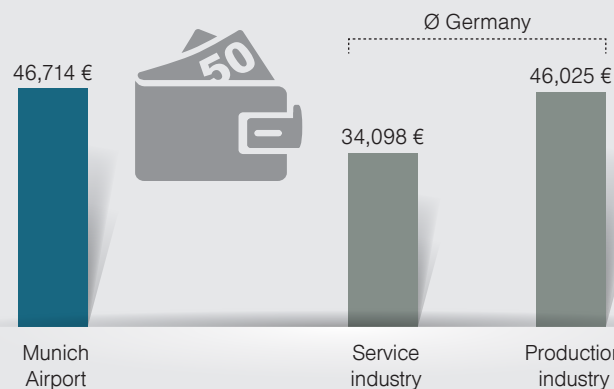
Fierce competitors also include those from other EU countries, who officially have to uphold employees' rights, but seek dubious constructs to evade obligations. As such, the practices of an Irish price-dumper are constantly triggering crackdowns and legal processes across Europe. It is accused of tax and social-security fraud, with pilots being hired as pseudo self-employed people. "At others' costs" is no doubt a better way to describe these airlines than "at low costs", particularly given they also pocket millions in subsidies as lures at numerous airports – and no longer just at small airports; lately this has also been happening at hubs. This would be unthinkable at Paris-Charles-de-Gaulle or London Heathrow.

### Politics can support good jobs

Politics can significantly contribute towards supporting good jobs in aviation. Competition-distorting subsidies generated by fees at German airports – whether it be small airports or major hubs – to favour foreign dumping airlines are unacceptable. As the federal states are often the airports' main owners, they have considerable scope. Air-traffic laws are another important factor for non-EU airlines. As part of the Europeans for Fair Competition (E4FC) alliance, dozens of European trade unions are once again calling for fair, verifiable air-traffic agreements with third-party states to reduce dumping competition which disadvantages employees.

### Above-average pay

34,720 people work at Munich Airport, and their pay is constantly rising: From 2006 to 2015, gross wages rose by 46 percent per employee, making their earnings above average.



Source: Munich Airport, 2015 employee survey

### Lufthansa a popular employer

Reputable employer rankings regularly place Lufthansa among the leaders. According to the trendence Graduate Barometer, for example, the Lufthansa Group was among the six most popular employers for German economics graduates in 2016. Lufthansa received 110,000 applications last year.

