Collective Bargaining: Magic Carpet Airlines

Magic Carpet airlines (MCA) was a regional airline that eventually grew to serve 18 cities by 1987, MCA purchased a smaller regional airline, known as River City Airlines (RCA), which at the same time had grown to 12 cities. Before both these companies came into a merger, problems surfaced between management and employees, therefore action was taken and negotiations had risen in spite of the issues. The flight attendants being ununionized at the time, lead to worries about the way MCA management resolved personal issues. MCA did not take the league of flight attendants (LFA) negotiations seriously, which lead to strategies being make up to enhance negotiations. During the negotiation process there are certain types of bargaining methods used in order to reach an fair and timely agreement.

Magic Carpet Airlines major goals is to keep their costs as low as possible whist trying to keep the customers happy and provide a respectable service. MCA focused on cutting areas around the business such as wages for the employees and avoided many benefits as well. This caused more harm to the company that they would have anticipated as it directly indicates towards the flight attendants that they were not valued, nor did they deserve benefits. Job motivation is defined as “the willingness to exert and maintain an effort towards organisational goals”,(Mathauer, Imhoff, 2006). LFA having injustice feelings towards their job, will severely decrease motivation which means they are not likely to perform at the best which is impactful for the airline. These discrepancies where personal issues for employees, and where large enough to cause serious tension within the organisation. Having increased tension between employees and management makes it considerably harder to negotiate the terms as you are more emotionally involved. “angry expressions convey the negotiator’s intention to attack or hurt the counterpart” (Van Kleef et al. 2010, p.207), having bitter emotions and tension invested into your negations will not help in reaching a viable solution and not an effective way to negotiating, you want to lead yourself to a more integrative negotiation method whereby both parties can achieve their objectives a maintain a working relationship.

As negotiations were not taken seriously by Magic Carpet airlines, therefore the league of flight attendants had to come up with a strategic plan to upscale their concerns so they could be taken more genuinely. The LFA came with four strategies to try and sway the company for achieving its objectives through different bargaining strategies, which is a very effective way to increase exposure. Three out of the four strategies were related to social bargaining, whereby “the involved parties must successively learn to anticipate the other’s interests and act strategically to satisfy their own benefits” (Behrens, Hunt & Rushworth 2009, p. 1160). By the LFA negotiation committee keeping members informed of the negotiation process, getting the union members involved and convincing the company that the union’s demands were serious, MCA realised that they needed to take this serious and eventually did come up with an offer. The unions proposed strategic plan was too increase base wages, have duty rig pay, some sense of security due to the merger and proper usage of sick leave days. The union expresses their demands though a spokesperson Deborah Lee. Having only one spokesperson was the tactic that the committee used so that communication and discussion was clear and consistence whereby only one person would be talking and everyone listening. “a conversion requires a balance between talking and listening”(TED Talks 2016), by having the spokes women do this, it allows to understand more information and also what each parties are asking in the

negotiation process, therefore this is an effective way tactic in reaching a resolution and assisting the negotiation process.

When it comes to negotiation, there are two certain approaches that LFA committee and also MCA company negotiating team use, however each have their own perspective on it, and one may be more viable then the other. As negations continue between the two, MCA is seen to take more distributive bargaining approach to begin with, whereby there can only be one winner. After the LFA makes a proposal, Bill Orleans who is the director of HR makes snide and inappropriate comments whilst rejecting all proposals and being completely unreasonable. This competitive aspect of negotiation tries to claim the largest possible outcome and have the most individual gain. (Neale & Bazerman, 1991). Having Orleans take this approach lead to frustrations and no progress with negotiating the terms that the LFA committee wanted, this approach was very ineffective in the way it was used. In doing so the LFA stepped back and took a different approach in order to try and sway the MCA in hopes of making a proposal that would be justifiable. The LFA committed decided to take a more Integrative bargaining approach which attempts to find outcomes and goal attainment for both parties, without future complications. “The common element in such integrative agreements is that parties identify common interests and make trade-offs” (Bazerman & Neale, 1983), by the LFA committee doing this in a coherent and organised way, they were able to persuade the MCA, in making a proposal and after agreeing and discussing certain terms of each request being made, each party eventually came to impartial agreement and got the outcome that both parties desired, therefore leading to an effective way in which a bargaining tools can be used.

As far as negotiations go, Magic Capet Airlines and River City Airlines, know all too well what it takes to reach a fair and justice outcome. Upon the merger of the two companies, RCA had felt that their personal issues where not being accounted for and voiced their opinions about this. Whilst doing so they had to be very elegant in the way they strategized, in order to reach their end objectives. By understanding and acknowledging different bargaining techniques used by each party, eventually, there will be a successful outcome, whilst maintaining a positive relationship for the future.

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