As in contracting, market forces will solve the British Airways crisis, but at a cost

I’m was deeply regretting my decision to place seasonal travel plans in the hands of British Airways, and wishing that our national flag carrier invested in contractors, rather than allowing itself to be held to ransom by ‘embedded’ employees.

Our family tradition of coming together from the four corners of the globe to meet in Seattle for Christmas was threatened by the possibility of strike action by British Airways cabin crew. And we are not alone; if the strike had gone ahead, many families would have been forced to spend this special time apart.

According to BA, independent industry benchmarks show that BA’s cabin crew cost twice as much as those working for its competitors. Yet despite this, and massive problems currently facing the airline industry, the workforce seemed hell-bent on pushing BA to the brink.

Could this scenario have arisen in contracting? Absolutely not, for the simple reason that market forces would not allow it.

This was amply demonstrated in the dotcom crash in the late 1990s. We saw contract rates halved when the dotcom bubble burst, because supply vastly outstripped demand. We’ve seen market forces at work again over the last turbulent 18 months. Many contractors, those that are in work, have been asked to take cuts of 10-20% and more as the recession has deepened.

What we did not see was the contracting workforce turning around and saying: “Drop our rates by 20% and we’ll all stop work for 12 days during one of your busiest periods and potentially destroy your business.” The response from any contractor client would legitimately have been: “Fine, you go ahead, we won’t pay you for those 12 days. Oh, and by the way, don’t come back. And another thing, we’ll see you in court for breach of contract.”

The client would simply go to the marketplace and find equally qualified and experienced replacements from the many contractors between contracts and able to start immediately. And, lest we forget that we are in the middle of the deepest recession since the Second World War, the client might even find better contractors for less money!

Contractors are in business and get paid the going rate. Rates can go down, as well as up, according to market forces. No contractor is owed a living by their clients, which means that most contractors are constantly improving their skill set to ensure they are not only meeting market demand, but are also able to enjoy the highest rates when they are in contract.

If British Airways survives the recession, its possible merger with Iberia and any industrial action by its cabin crew, the airline may well consider that the greater flexibility of contract cabin crew is what it must have for the future.

Contractors may not be the answer to all the economy’s woes, but their flexibility may be what gets UK PLC through the worst of the current crisis.

Published: Friday, December 18, 2009

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