

**Sustainability of the aviation industry: The Key to Success in the
Aviation Industry**

(Presented by ERA)

Introduction

ERA (European Regions Airline Association) is the trade association representing more than 58 airlines and over 160 associate members, including manufacturers, airports, suppliers, and aviation service providers, across the entire spectrum of the aviation industry.

ERA works on behalf of its members to represent their interests before Europe's major regulatory bodies, governments and legislators to encourage and develop long-term and sustainable growth for the sector and industry, and championing green and sustainable air connectivity and European air transport. ERA members service the European regions airline sector in through the protection and development of regional economies and local communities.

Our sector is an essential and crucial element of European air transport and regional aviation makes a significant contribution to the economic growth and development of many regions in Europe and around the world. It plays a vital role in connecting people and businesses, supporting industries, and driving tourism. However, a skilled workforce is essential to meet the demands of the rapidly changing aviation industry, one where the regional carriers are at the forefront of technological and sustainability changes.

A shortage of skilled workers can lead to a ripple effect on various aspects of regional aviation, which can ultimately impede the sector's growth and development.

Background

Regional aviation refers mainly to passenger air transportation services connecting smaller communities or regions with larger cities. It is operated mainly by regional airlines and usually serves fewer passengers than legacy and low-cost carriers but remains an essential mode of transportation for many communities.

It is critical because it connects people and goods to the global economy, supports growth and development in smaller regions, and enhances tourism. It enables people to move quickly, efficiently, safely, and affordably across regions and nations, thereby increasing productivity and enabling businesses to expand their markets.

However, the regional sector is under significant pressure, particularly when speaking about environmental sustainability. ERA members are at the forefront of the investing in sustainable technologies and regional aviation cannot grow and be fit for purpose without such investments, and it is therefore vital that we continue to highlight the value that regional aviation brings to communities in tandem with having long term benefits for the environment. At our recent Regional Airline Conference held in Nice, over 275 representatives from the association came together to discuss not just environmental sustainability, but also economic and social sustainability, recognising that each area has cannot move forward at the expense of the others. Skills, experience and attracting talent is at the forefront of our thinking and we are delighted to have to be able to discuss this topic in this paper.

Skills Shortages in Regional Aviation

Skills shortages are becoming increasingly prevalent in the aviation industry and are being keenly felt by the regional sector. There are several reasons for this:

Firstly, the impact of an aging workforce is resulting in

many skilled and experienced pilots and engineers retiring.

Secondly, the rapid growth of aviation technology requires a more specialized skill set, resulting in not enough skilled workers to meet demands.

Thirdly, the availability of training programs for aviation professionals has been low, meaning that there are not enough qualified candidates to fill the positions that are available.

Finally, the impact of the COVID-19 pandemic has been significant. Over the past three years, a good percentage of staff, particularly, although not exclusively limited to the lower end of the wage scale, have reassessed their work / life balance resulting in many deciding to leave the industry and look for other opportunities. The industry lost a lot of talented people to other progressive sectors as a result.

While people that exist in aviation typically do so because of the passion they hold for it, that is quickly outweighed by the fact that the industry is always the first hit by crisis and normally the last to recover.

Impact of Skills Shortages on Regional Aviation

The shortage of skilled workers affects several aspects of the sector, with potential major impacts on safety, economics, and maintenance.

Safety

One of the most significant impacts of skills shortages is on safety. The aviation industry is highly regulated, and any shortage of skilled workers can compromise the safety of passengers and crew. The pool of available pilots, engineers, and technicians is shrinking, meaning that airlines may have to stretch resources by working their professionals longer hours, which increases the risk of human error. The consequences of accidents and incidents can impact the reputation and financial stability of the entire regional aviation sector.

ERA is therefore proud to co-sponsor the 2023 Safety Forum in conjunction with the Flight Safety Foundation and EUROCONTROL, which will focus this year on “Knowledge, Skills and Experience for Safe Operations” The issue affects everyone – people in flight operations, maintenance, ground handling, air traffic control and airport personnel, as well as management and others.

Economics

Skills shortages can also have significant impacts on the economics of regional aviation. The shortage of skilled workers can lead to higher wages and salaries, as airlines compete to attract the best professionals, leading to the increased cost of operations. This increased cost is eventually passed onto the consumers leading to higher ticket prices, which can lead to reduced demand for regional services, affecting revenues and profitability all those in the regional eco-system.

Maintenance

Maintenance is an essential aspect of aviation; it ensures that the aircraft remain airworthy and safe for passengers and crew. The shortage of engineers and technicians can lead to delays in maintenance schedules and repairs, which can cause more downtime for the aircraft. This can result in disruptions to the regional aviation service, leading to cancellations, lower seat capacity, and reduced profitability.

Efforts to Address Skills Shortages in Regional Aviation

To address skills shortages in regional aviation, several proposals and potential initiatives have been put forward by members. Areas of focus should include training and education, wider collaboration with the industry, public policies and programs, as well as a concerted efforts to ensure retention of existing staff.

Training and Education Programs

Training and education programs aim to develop a pool of skilled workers in regional aviation. Many universities and colleges are offering aviation programs that provide students with the required skillset to be successful in the industry. Aviation training institutes and schools are also providing various training programs for pilots, engineers, technicians, and other professionals. These programs should be supported by governments or be industry sponsored. Fully or partially supported costs of training, either through mounting special training courses at in-house academies or external training courses. However, care needs to be taken that contracts have suitable clauses that limit the possibility to terminate the contracts following successful completion of training. A minimum period of employment should ideally be agreed to mitigate resource leakage to other companies.

In terms of attracting new talent, members are competing with other sectors that younger generation probably find more appealing, such as technology and sustainability, however these areas are not promoted as widely as they should be given they are intrinsic to aviation as we move forward. The sector has historically and currently is not gender balanced, female presence is still very low, most especially in technical jobs across the entire eco-system. Role models should be promoted to encourage more female presence in the industry at all levels and starting from the very early stages of education and the more junior roles. Expanding gender and ethnic diversity in aviation can only lead to improving the skills and talent pool, and should be encouraged by all stakeholders.

Collaboration with the Industry

Collaboration with the industry is also an effective way to address the skills shortages. These collaborations can take various forms, such as internships and apprenticeships, industry-led training programs, and partnerships with aviation institutes and schools. Collaboration with the industry allows employees to learn on the job, providing hands-on experience and training to new hires. A member airline noted that 'aviation organisations should target talented, multiskilling people. Training and peoples' development should be promoted during the recruitment process and therefore the recruitment process should not be an HR only initiative and must involve company management and departments' specialists. Aviation was always perceived as an attractive, extrovert industry but should be able to learn from other sectors who often have different and innovative

methods in this area'. Companies could work together by prioritizing and integrating different perspectives into collaborative targets with goals and leverages aligned. Establishing collaborative networks, workshops and sharing views and feedback is seen as essential, and working hand in hand with new technologies, environmental protection, and community inclusion.

Public Policies and Programs

Governments and policy makers also play a crucial role in reducing skills shortages in regional aviation through the implementation of policies and programs that encourage education and training. Governments can provide subsidies, tax incentives, and other benefits to institutions providing education and training for aviation professionals. They can also provide funding to aviation institutes and schools to improve their programs and facilitate research and development efforts aimed at reducing skills shortages.

Lobbying and advocacy with governments is required to assure programs and financial incentives for teenagers (scholarships) that might be interested in aviation careers, making note that these are very difficult and important technical careers for the country. Pilots training for instance, in many states, is very expensive, which results in being a very elitist career only available to those families who have generous incomes. This balance needs to be addressed, and through diversity programmes make the industry attractive to those minorities not currently well represented.

Some states also have a very high tax policy for specialised and high income professionals such as pilots, making them uncompetitive countries when it comes to procuring pilot talent. For example, in Portugal, the tax burden for pilots is on average around 50% of the gross wage and the airline has an additional burden of 23.75%. The problem for European regional operators is that the skills shortage issue is a global one. Governments need to be made fully aware of the looming pilot shortage crisis and look to explore how they can retain the existing talent that is fundamental in serving their communities and population.

At the recent ERA CEO meeting, it was also clear that some airlines are looking for more flexibility in the context of retirement age limitations for pilots, with EASA having a key role to play in this topic.

Programs can and should also be encouraged and coordinated at European level (through the Social Dialogue platforms in place) and we look forward to the outcome of the European Year of Skills.

Staff retention

Those in membership that specialise in recruitment services are working closely with member airlines and have identified three main pillars when it comes to addressing retention of staff. These can be summarised as follows:

Security & stability – Aviation is a very cyclical Industry and is subject to various external pressures and forces that typically result in occasional periods of significant downturn. As alluded to previously, the pandemic was by far the worst crisis that the industry has faced, and the industry lost a lot of talented individuals to other sectors as a result. While people that exist in aviation typically do so because of the passion they hold for it, that is quickly outweighed by the fact that the industry is always the first hit by crisis and normally the last to recover. Therefore, it is vital that strategies and initiatives are put in place to mitigate these downturns. Naturally, with such a broad range of

member states from across the EU and in some third countries, one size does not fit all and therefore in line with a wider collaboration with industry, partnership with subject matter experts in the field should be encouraged. To retain employees, opportunities should be provided that facilitates a continuous learning process is seen as essential. Only through development will valuable skills of the employees be improved and will also ensure a better level of support to the company.

Work/life balance – The airline business is a fragile one with profit margins very low when compared to overall turnover. Therefore, it is understandable that airlines are constantly evaluating how to maximum flexibility with their personnel that allows the optimum levels of productivity and maximum efficiency. However, in some cases, this comes at the cost of the employee whose ability to plan and enjoy a quality personal life can suffer. In the past, many people accepted that in order to work in the industry that they are passionate about. But events such as the pandemic, the ongoing cosy of living crisis combined with a fading of industry attractiveness generally bought about in part by the ultra-low cost (LCC) model that is now commonplace across the world, has increased the level of competition for LLC's, legacy/flag carriers and regionals alike. The impact of this is flexible rosters planned to minimum rest, multi-sector days with regular discretion have become the norm for flight crew and in some cases creates an environment which encourages existing experience to seek an alternative career path.

Pay & benefits – Given the acute skills shortage that spans all areas of the industry, the current market is probably the most competitive that has been seen in decades. When combined with record high inflation and cost of living increases and the fact of the matter is that if airlines and aviation businesses want to attract and retain their people they will have to be extremely competitive with the remuneration offering. This is not necessarily all about salary as taking into consideration the above pillars should alleviate the need to be the highest payer on the market, which is never going to be the case given the regional business model. But there it is becoming obvious that some remuneration increases will be needed in the short to medium term. This doesn't need to be in terms of direct salary and could come in different guises to help airlines avoid front loading the cost, such as improved pensions, retainment bonuses or similar.

One member airline commented that they would be open to exploring flexibility clauses in the agreements with labour unions in order that the quality of living is addressed and improved. For example, crews that are requested to operate a block of days outside their base, can have improved number of rest days at home.

ERA sits on the EU sectoral Social Dialogue platform with both representatives from employer and employee associations, and whilst not mandated to speak or negotiate on our members behalf, we work closely with our

partners on the platform to articulate and understand the needs on all sides in an effort to address and share best practices.

Conclusion

In conclusion, skills shortages in regional aviation can have severe long-term impacts both on the regional sector and the wider industry. It can affect the safety of passengers and crew, its economics

and maintenance, leading to lower profitability and reduced demand for regional aviation services. Addressing skills shortages through training and education programs, collaboration with the industry, and government policies and programs can lead to the development of a skilled workforce that can meet the growing demand for regional aviation services.

However, it will take time and concerted efforts from all stakeholders to overcome these shortages, and progress should be closely monitored to ensure that it meets the needs of the aviation industry.

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