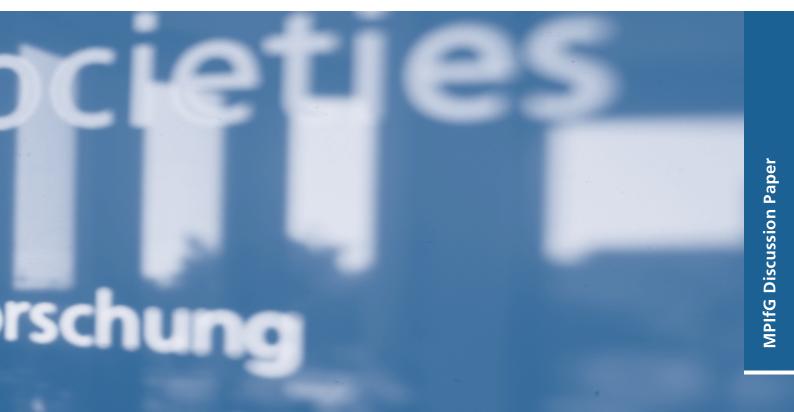MAX-PLANCK-INSTITUT FÜR GESELLSCHAFTSFORSCHUNG
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Liberalization, Hysteresis, and Labor Relations in Western European Commercial Aviation

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Abstract

Airlines have reacted in many ways to the liberalization and privatization of commercial aviation in Western Europe, one of them being outsourcing. The labor unions, for their part, have reacted in unexpected ways to these developments, not cooperating as anticipated by various political theories and, conversely, collaborating surprisingly under other conditions. The paper, adopting the "institutional logics" perspective of institutional theory, seeks to outline the developments between the Spanish Union of Airline Pilots (SEPLA) and the Spanish airline Iberia. It shows that a specific protectionist-bureaucratic institutional logic has "sedimented" into a cultural-cognitive and normative framework among pilots in the incumbent airline, which leaves them in a state of "hysteresis," unable to react adequately to the increasingly marketized institutional logic of the field. The broader scope of the argument is demonstrated by the case of Switzerland. Overall, the argument seems to apply not only to unions in commercial aviation but also to formerly public airlines and, at a more abstract level, to privatized state companies generally.

Keywords: commercial aviation, labor unions, privatization, institutional logics, Iberia

Zusammenfassung

Fluggesellschaften haben mit verschiedenen Mitteln auf die Liberalisierung und Privatisierung der kommerziellen Luftfahrt in Westeuropa reagiert, unter anderem mit Outsourcing. Die Gewerkschaften haben wiederum unerwartet auf diese Entwicklungen reagiert, indem sie nicht zusammengearbeitet haben, wo verschiedene politische Theorien es erwarten würden, dies aber unter anderen Bedingungen überraschend getan haben. Das Papier versucht, die Entwicklungen zwischen der Piloten- und Pilotinnengewerkschaft SEPLA und der Fluggesellschaft Iberia in Spanien nachzuvollziehen, indem es die Perspektive „institutioneller Logiken" aus der institutionellen Theorie heranzieht. Es zeigt sich, dass eine spezifisch protektionistisch-bürokratische institutionelle Logik als kulturell-kognitiver und normativer Rahmen unter den Piloten und Pilotinnen der etablierten Fluggesellschaft „sedimentiert" ist und sie in einem Zustand der „Hysterese" hinterlässt, in dem sie nicht angemessen auf die zunehmend vermarktlichte institutionelle Logik des Feldes reagieren können. Der weitere Anwendungsbereich des Arguments wird anhand des Falls der Schweiz illustriert. Das gesamte Argument erscheint nicht nur generalisierbar für Gewerkschaften in der kommerziellen Luftfahrt, sondern auch für ehemals öffentliche Fluggesellschaften und, auf abstrakterer Ebene, für privatisierte Staatsbetriebe allgemein.

Schlagwörter: kommerzielle Luftfahrt, Gewerkschaften, Privatisierung, institutionelle Logiken, Iberia

Contents

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1   Introduction

The Spanish airline Iberia founded a subsidiary named "Iberia Express" and outsourced a substantial share of its medium-range operations[1] to it in 2011 (Reale 2016). The intention was to increase the productivity, efficiency, and, thus, profitability of its network. More specifically, with this move, Iberia intended to compete in the "low-cost" segment that had been spreading in the sector (Harvey 2007), represented by disputed but well-known airlines such as easyJet and Ryanair (DLR 2016). The context for these developments was a thorough deregulation[2] of commercial aviation in Western Europe starting in the middle of the 1980s that permitted, for the first time since World War II, airlines other than the state-owned or strongly state-subsidized "national champions" to compete freely in the sector. Former monopolies on domestic routes were abolished alongside bureaucratic collusions on international connections (Doganis [2000] 2006). While aviation had been explicitly excluded from the efforts of the (Western) European economic integration rooted in the Treaty of Rome, intentions to form a "[Western] European Single Aviation Market" (Thomas 2017) were suddenly put into practice within just around 15 years from the middle of the 1980s. Additionally, a trend of privatizing these "national champions" started in the middle of the 1990s and spread widely throughout Western Europe so that state ownership in airlines has decreased substantially today and even vanished altogether in many countries.

These developments have confronted labor unions in the sector with profound challenges (Blyton et al. 2001). The following presentation is specifically about the reaction that SEPLA-Iberia, the collective representation of pilots in Iberia, delivered after I2 (as Iberia Express is frequently called, in keeping with its IATA code) was founded and commenced operations. Very much contrary to what might be expected and, surprisingly, given the contextual conditions, SEPLA-Iberia has completely refused to collaborate

1   Intra-European flights are typically medium-range flights, whereas domestic flights within a Western European country are usually short-range flights. Formally, "medium-range" or "medium-haul" operations are broadly defined as flights of between about 800 (Paris to Venice) and 2,000 (Lisbon to Moscow) nautical miles (EUROCONTROL 2011). Anything beyond this is regarded as a long-range flight.

2   Often (e.g., Doganis [2000] 2006, [1985] 2010; O'Reilly and Stone Sweet 1998; Doganis 1994) much less precisely termed a "liberalization."

with the pilots from I2. Instead, as of 2014, an alternative union, UPPA, has been set up and growing since. From this follows the research question of this contribution, which is: Why did SEPLA-Iberia not collaborate with the pilots from I2? My main argument – elaborated in detail in Section 2 – is based on concepts from "organizational institution-alism" (Greenwood et al. 2008) or "the new institutionalism in organizational analysis" (Powell and DiMaggio 1991). This is supposed to denote a specific, rather phenomeno-logical institutional theory (Meyer 2010) that has been developing since the 1970s, with a strong influence from Stanford University. It is based on such nearly canonical contri-butions as those by DiMaggio and Powell (1983) or Meyer and Rowan (1977) and was elaborated in the seminal work edited by Powell and DiMaggio (1991). It is more often and more prominently, but less accurately referred to as "sociological institutionalism" (Hall and Taylor 1996). Drawing both on organizational institutionalism's core distinc-tion between regulative, normative and cultural-cognitive institutions (Scott 2014) and the more recent, trending concept of "institutional logics" (Thornton and Ocasio 2008; Thornton, Ocasio, and Lounsbury 2012; Lounsbury and Boxenbaum 2013), I argue that a specific institutional framework, both cultural-cognitive and normative, within SEPLA-Iberia has been irreconcilable with the idea of collaborating with the corps of pilots at I2. The pilots at Iberia, and thus SEPLA-Iberia, displayed what might be called an "aristocratic" identity that would define the pilots at I2 as inferior and unworthy of their collaboration. This identity, as I show by following organizational institutional-ism's roots in Schutzian social theory (Berger and Luckmann 1966), is a sediment of a protectionist-bureaucratic institutional logic that has been both dominant and en-during. Borrowing from Bourdieu (1979), I then discuss the incompatibility with the deregulated environment that necessarily follows for SEPLA-Iberia as an instance of "hysteresis." Subsequently, I illustrate how the argument can be generalized by compar-ing the case of SEPLA-Iberia to the situation in Switzerland between the corps of pilots at Swiss International Air Lines (more commonly known as Swiss) and those at its subsidiary Swiss Global Air Lines – often referred to as LZ – where compatible cultur-al-cognitive and normative frameworks seem to have enabled successful collaboration even under very unfavorable conditions.

Section 2 goes on to examine several consensual theories of political economy which, however, seem to fail in explaining the developments in Spain. If anything, they predict collaboration in Spain but not in Switzerland. A discussion of the theoretical framework of organizational institutionalism and its phenomenological roots then leads to three basic propositions. Section 3 offers an empirical analysis illustrating, from interview data, that the cultural-cognitive and normative frameworks of the corps of pilots at Iberia and at SEPLA-Iberia did in fact preclude collaboration with the pilots from I2. A more historical analysis demonstrates that a protectionist-bureaucratic logic has indeed "sedimented" into these frameworks. Lastly, I discuss the proposition that SEPLA-Iberia found itself in a state of hysteresis, outline ways this problem might have been solved, and briefly apply the same argument to the Swiss case to illustrate the argument's scope. The paper ends with a critical conclusion (Section 4).

2 Theoretical framework

Charles R. Perry (1997), known for his work on the influence of outsourcing on union power, assumes that "bargaining power" results not so much from the number of unionized employees but from the control that unions draw from "their location in the production or purchasing process" (Perry 1997, 527). He insists that outsourcing influences this bargaining power in two ways. First, outsourcing to another company increases the number of "replacements" or alternatives for substituting striking employees during an actual strike within the first company. Second, outsourcing makes it much more difficult for unions to "tak[e] labor out of competition," that is, to monopolize the labor supply (Perry 1997, 257). Both effects are obviously stronger the more the employees at the company to which operations are outsourced are indeed independent from the union, and the first effect is also stronger the more it is actually customary and legal to simply replace striking employees. Perry's argumentation echoes a more abstract dependency-theoretical approach to bargaining power (Bacharach and Lawler 1981; Emerson 1962), claiming that the power of a certain actor A over another actor B increases by the degree to which B depends on A in a specific regard. In this case, the employer depends on a specific labor supply, which implies that union power increases relative to its growing control of this supply. From this we may conclude that a union can only avoid losing bargaining power from outsourcing and regain control if it absorbs the employees of the company to which operations are being outsourced as soon as possible. If those employees are still un-unionized, the goal would be to incentivize them to join (Perry 1997, 533). Yet if an alternative union already represents them, any disagreements between the two unions are a source of tension, with the worst-case scenario being a war on wages or a "race to the bottom" between the two unions. Union competition would effectively help the employer to "divide and rule" the labor force in question (Bowles 1985). Walter Galenson puts forth the same argument with regard to rival unionism in the United States, insisting that rival unionism, that is, union competition, is in the best interest of employers (Galenson 1940). In that context, it appears that unions would do best to merge or cooperate extensively, or, if unable to do either, at least agree on avoiding a war on wages. Harvey and Turnbull (2012) have drawn similar conclusions while also providing a specific focus on commercial aviation.

When Iberia outsourced operations to I2, it would have made political sense for SEPLA-Iberia to manifest its control over Iberia's production processes by absorbing the employees of I2 as new members. Some of these would have already been SEPLA members through SEPLA's Vueling section (Vueling is an airline based in Barcelona), others would have been un-unionized. An alternative union was not involved in the beginning. Thus, it seems that SEPLA-Iberia had plenty of politically sound reasons and hardly any structural obstacles for absorbing the employees of I2. So why, despite these obviously beneficial conditions, did nothing of this kind happen? Instead, an employer-friendly rival union, UPPA, gradually formed and took control of the labor relations at I2 right before SEPLA-Iberia's eyes. Again, from the perspective just outlined, this is a widely irrational and thus puzzling development. In Switzerland, in contrast, there have always

been two well-established unions – Aeropers and IPG – representing the pilots of Swiss International and LZ, respectively. There, parallel unionism existed long before the outsourcing took place, but the unions were not rival unions in a competitive sense because the pilots they represented and their respective airlines did not compete. Yet when Swiss outsourced long-range routes to LZ, it outsourced operations from the corps of Swiss International directly to the corps of LZ, thereby creating a situation of competition and rivalry. This must have been in the best rational political interest of the management of Swiss. Nevertheless, and contrary to Galenson's predictions, the two unions concerned reached an agreement to merge in 2016.

Other approaches consider the properties of unions as social spaces to be of greater significance than their function as vehicles for collective policy-making. In other words, they focus on the social processes that structure unions, including their boundaries, instead of explaining unions on the basis of their functional or strategic properties in the policy-making process. Common interest and shared status may, for example, create solidarity among employees and enhance their common identity. Labor market segmentation theory (Reich, Gordon, and Edwards 1973) has discussed at length how segmenting labor markets was aimed at creating "objective divisions" that "constitute … a barrier to a unified anticapitalist working-class movement" (Gordon, Edwards, and Reich [1982] 1987, 8), implying that shared conditions would indeed constitute this movement. For example, Christopherson and Storper illustrate how union solidarity in the motion picture industry declined once skills started to diversify and thus common experiences among employees became rarer and common identification more difficult (Christopherson and Storper 1989; see Streeck, Seglow, and Wallace 1981).

Yet it seems that common interests were indeed ubiquitous between SEPLA-Iberia and the corps at I2. That routes were being outsourced from Iberia to I2 means that the employees at I2 were indeed inheriting problems from employees at Iberia who continued flying similar routes. They were facing a single common enemy, namely the management of the wider Iberia Group, which determined the strategies of both Iberia and I2, despite salient formalities about I2 being an autonomous company. One might speculate that simply instituting I2 as a separate company with its own labor market already constituted enough of a segmentation for the predictions of labor market segmentation theory to occur and to separate the corps from each other. Yet, until the Spanish Supreme Court annulled these regulations in 2014, Iberia and I2 seemed to share a common seniority list for pilots, and thus both corps formed a single labor market segment. Furthermore, one must not forget that pilots are usually attributed a strong professional cohesion in the sense of Durkheim (1957), obviously stemming from their pronounced elite status in the company (Reale 2017; Ashcraft et al. 2012; Fraher and Gabriel 2014). Political and social cleavages are therefore typically said to tend to run *around* pilots as an occupation but not *through* them, like we find here. Thus, evidently common interests and common statuses did exist. However, no substantial collaboration has resulted from this, and the question remains "why?" Again, the Swiss case is surprising from this perspective. A common seniority list was never remotely under discussion since

outsourcing operations from Swiss International to LZ had the exact aim to exploit the much more cost-efficient collective agreement in place at LZ. This also points to the fact that two very different collective agreements were very well in place in LZ and Swiss International, creating in LZ a secondary labor market in the most orthodox sense relative to the labor market in Swiss International. Nevertheless, the predictions of labor market segmentation theory did not prove true since, despite obvious segmentations, Aeropers and IPG did reach a common and solidary position, as mentioned.

In sum, identity as the critical criterion for membership in a given union predicts patterns of membership and exclusion that are essentially different from political rationality in strategic bargaining, as discussed earlier. Simply speaking, members who might be worth absorbing on the grounds of sharing the relevant common identity are not necessarily those who hold decisive positions in the production process. Conversely, those who should be absorbed because they hold decisive positions in the production process do not necessarily share the common frame of identity. It will be hypothesized shortly why, in SEPLA-Iberia's case, cooperation still did not take place although the corps of I2 obviously mostly met both criteria. In contrast, neither condition was apparently met in the case of Swiss, but IPG and Aeropers succeeded to collaborate nonetheless. Table 1 summarizes this in terms of conditions and outcomes.

Table 1   Comparison of relevant conditions and outcomes
between the Spanish and Swiss cases

Condition/outcome	Spain	Switzerland
X1: Rival unionism	No	Yes
X2: Labor market segmentation	No	Yes
Y: Collaboration	No	Yes

What stands out in the case at hand is that commonalities of interest and a shared status are not the sole aspects of identity. Reducing identity to these components would be a materialist interpretation, suggesting that commonalities in objectivized socio-economic conditions are the main factor integrating collective representation, at the expense of other factors (see Barbalet 1996). What actually seems much more crucial from a constructivist perspective is the *perception* of commonality. For instance, Levesque and Murray (2010) explicitly discuss "internal solidarity" as a critical "power resource" for unions. Internal solidarity, they argue, is based on "cohesive identities" among members, that is, "a *perception* of shared status or relation" which may be, they add, "either imagined or experienced directly" (Lévesque and Murray 2010, 337; my emphasis). Hyman (2001; my emphasis) similarly states: "Solidarity implies the *perception* of commonalities of interest and purpose which extend, but do not abolish, consciousness of distinct and particularistic circumstances." Kelly (1998, 30–31) also discusses identity or, as he calls it, "social identification" as a decisive factor in union power. Frege and Kelly (2004, 40; my emphasis) conclude that:

> Union identity refers to the collective identity of the union movement, defined as the *shared definition* among its members of what the organization stands for, an attribute that is shaped by the historical legacies of the labour movement. Identity becomes embodied in structures, that is, the horizontal and hierarchical organization of the union movement.

What thus seems to create identity among members, new and old, of a union or between unions is a shared frame of making sense of the world – especially the social world – that surrounds them (Seeliger 2016). Scott (2001) speaks of *cultural-cognitive institutions* in which "shared conceptions that constitute the nature of social reality and the frames through which meaning is made" (Scott 2001, 57) are inscribed (see Zilber 2008). He explicitly refers to a Schutzian phenomenological tradition in the sociology of knowledge (see Scott 1987), extending most notably through Berger and Luckmann (1966; see Meyer 2008), when he defines cultural-cognitive institutions as collectively shared and generally self-evident systems of knowledge and symbols by which the members of a given collective structure the world and communicate about it (see also notably Searle 1995). It is these cultural-cognitive institutions which define entities and then ascribe subjectivity and agency to them. These ascriptions are a precondition for any comprehensible political process (Meyer and Jepperson 2000). If we pursue a Schutzian paradigm further in defining cultural-cognitive institutions, it follows that "[i]dentity, with its appropriate attachments of psychological reality, is always identity within a specific, socially constructed world. … One identifies oneself, as one is identified by others, by being located in a common world" (Berger 1966, 8; emphasis removed). It is worth noting that cultural-cognitive institutions are but one *type* of institution for the organizational institutionalists, while Berger and Luckmann (1966) consider common frames of knowledge to be the very definition of institutions. In any event, common meaning or shared frames take the form of "mindsets" (Wicks 2001), "myths" (DiMaggio and Powell 1983), "templates" (Scott 2001), "scripts" (Barley and Tolbert 1997) and the like, which structure how actors see the world and, especially, themselves and others. *Normative institutions*, on the other hand, contain shared understandings of what, given a specific cognitive structuring of the world, should or should not be done from a moral perspective. They contain generalized common evaluations of behavior with regard to both values and norms. Values define preferable or desirable ends, while norms define adequate relations between possible ends and possible means (Scott 2001, 54–55). Focusing on the normative aspect of institutions stems from a tradition in institutionalist thinking that has continued to emphasize the "social obligations" (Scott 2001, 56) that institutions pose (e.g., Durkheim 1912; Parsons 1990).

Identity among two groups seems to require that their cultural-cognitive and normative institutions be compatible. First, they must share both cultural-cognitive and normative institutions regarding the rest of the social world: who is who and defined how, and what morally constitutes adequate behavior towards them and by them. Secondly, however, their respective cultural-cognitive and normative institutions must also narrate or depict the respective other group as *worthy of their solidarity*. For example, a radical communist union on the one hand and a left-wing liberal union on the other

might find each other worthy of their solidarity for the sake of representing employee interests, even though their cultural-cognitive descriptions of the social world and their normative views about who might legitimately do what to whom differ widely. In this case, the second criterion is met but not the first. In the case of SEPLA-Iberia and the corps at I2, however, it was, as I shall hypothesize, the other way around. Similarly, John Kelly argues that group identity in unions is based on "outgrouping" others – or "othering" them (Reuter 2002) – using symbolic-normative discursive devices such as stereotypes. Hyman's proposition that union boundaries are always instruments of both inclusion and exclusion echoes this perspective (Hyman 2001). Yet, Kelly mainly discusses stereotypes towards management, that is, towards the immediate political opponent. This concerns the first of the two criteria and means that in order to join, potential union members simply need to subscribe to the set of stereotypes of some third group within the union's identity. Nevertheless, Kelly's and Hyman's propositions may very well also affect other groups *of employees* who are socially excluded, who are "othered," even though they might be generally worth including on the basis of a political rationale if the necessary stereotypes exist. In that sense, it seems reasonable to conclude that solidarity between unions, or between a union and a separate collective, depends on whether *mutual legitimacy* (Scott 2001, 59) is cultural-cognitively and normatively institutionalized.

The members of SEPLA-Iberia seem to have shared a cognitive frame that defined them as superior to the colleagues at I2, in fact superior to any other corps of pilots in Spain. This *cultural-cognitive* frame implied *normatively* that it was not legitimate to collaborate with the pilots at I2 on collective interest representation. Following Streeck, Seglow and Wallace's (1981) interpretation of Eric J. Hobsbawm (1972), one might say that their self-perception was "aristocratic" in that they deemed themselves as a privileged group by tradition and inheritance, not accepting any other group besides themselves. Outsiders would read the behavior resulting from this "mindset" as arrogance or condescension. This produced a defensive reaction in the pilots from I2 condescended upon, so much so that SEPLA-Iberia's unilateral, aristocratic disdain became mutual. What follows is the first proposition:

1. **SEPLA-Iberia did not absorb the employees from I2 because an aristocratic institution within SEPLA-Iberia cultural-cognitively narrated the other pilots as inferior and thus normatively defined them as unworthy of SEPLA-Iberia's solidarity.**

The next question which arises is where the cognitive-cultural institution central to the whole mechanism, SEPLA-Iberia's self-perception, comes from. Thornton et al. (2012) suggest examining the *institutional logics* that have shaped the identities of the actors in question (see Thornton, Ocasio, and Lounsbury 2012, 84–86). Institutional logics can be defined as "frames of reference that condition actors' choices for sensemaking, the vocabulary they use to motivate action, and their sense of self and identity" (Thornton, Ocasio, and Lounsbury 2012, 2). The approach assumes – and contradicts orthodox

theories of isomorphism (Beckert 2010) in saying this – that every organization, or any collectivity for that matter, usually finds itself subject to different intersecting and contradicting institutional logics. Building on a contribution by Friedland and Alford (1991; Friedland 2013) but also echoing Boltanski and Thévenot (2006) implicitly and explicitly, Thornton et al. (2012) present different fundamental "institutional orders" in society, each of which possesses different sources of authority, identity, and legitimacy, different symbolic frames, specific rationalities (Friedland 2013) and so on. They name (a) the family, (b) the community, (c) religion, (d) the state, (e) the market, (f) the profession and (g) the corporation. Each of these institutional orders subjects actors to a different, specific institutional logic. Now, while organizations are usually subject to a variety of intersecting institutional logics simultaneously, these logics differ by the severity of their respective effect.

The protectionist-bureaucratic institutional logic that has characterized SEPLA-Iberia's organizational field (DiMaggio and Powell 1983; Bourdieu and Wacquant 1992), particularly, has been very *dominant* relative to other logics, while this dominance and thus its influence have also been especially *enduring*. Especially market logics have been suppressed systematically and thoroughly in the organizational field. These protectionist-bureaucratic logics have combined and merged with narratives of national progress and, sometimes, patriotism that were ubiquitous in commercial aviation after World War II. Following again Berger and Luckmann (1982, 72–76) inspired by Alfred Schutz and Edmund Husserl, one might say that these institutional logics have sedimented over decades into the institutional frameworks in place now. Raynard, Lounsbury and Greenwood (2013) have proposed to speak of "sedimentation" when analyzing the long-term effects of institutional logics in their contribution to one of the major works on the topic (Lounsbury and Boxenbaum 2013). From this follows the second proposition:

2.   **This aristocratic cultural-cognitive institution has developed as the sediment of a patriotic, protectionist, bureaucratic institutional logic that has characterized SEPLA-Iberia's specific organizational field for decades.**

Deregulation and privatization have *marketized* the sector (see Ebner 2015), that is, they have replaced this institutional logic with a competitive market logic altogether. The state was suddenly replaced by the market, to pick up a common phrase in economic sociology. Meyer and Hammerschmid (2006) find very similar developments when the Austrian state substituted a "legalistic-bureaucratic" institutional logic with a "managerial" logic in public administration through "new public management." Inspired by March and Olsen's (1989) distinction between a "logic of appropriateness" and a "logic of consequence," they write that typical public sector logics rely on obligation, appropriateness, duties, and procedures, whereas a managerial logic is characterized by efficiency concerns, "anticipatory action" (Meyer and Hammerschmid 2006, 101), and profit orientation (Meyer et al. 2014). Now, linking single institutional logics to logics in March and Olsen's terms is something which the major proponents of the institutional logics perspective actually suggested to avoid (Thornton, Ocasio, and Lounsbury 2012,

29–30), since each institutional logic, corresponding to an institutional order in society, has specific norms but also rationalities. Meyer and Hammerschmid's general argument, however, remains convincing. Their observations relate to the question at hand also because Meyer and Hammerschmid observe that public sector employees form "hybrid identities" that reflect a certain inertia in identity-building. In other words, cultural-cognitive and normative frameworks *lag behind* regulatory reforms such as, in their case, managerializing formal bureaucratic structures and processes. In the terms of Raynard et al. (2013), "legacies" of past "displaced" institutional logics remain. Meyer et al. (2014, 877) also refer to the historical-institutionalist concept of "layering" (Heijden 2011; Mahoney and Thelen 2010) in describing how the new institutional logic they discuss only slowly started to sediment into actual institutions, often even leaving the basis of the old institutions in place, sedimenting, so to speak, "onto" them. One might suggest that Mahoney and Thelen argue within an ontology different from the one in organizational institutionalism from which Meyer et al. draw their main concepts (Hay and Wincott 1998). Yet the authors' rhetorical figure remains clear that installing a new market or "managerial" institutional logic through legislative power by no means transfer directly and *coherently* into the normative and cultural-cognitive framework of the organizational field in question.

Instead, hybrids, layers, or "bricolage" (Campbell 2004), to borrow yet another term (Lévi-Strauss 1962), seem to occur, which reflects insecurity and hesitation among subjects and inertia in structures. In fact, deregulating commercial aviation in Western Europe has been, as the term suggests, a regulative act, as was the privatization of national champions transforming them into legacy carriers. In short, a few regulative acts sufficed to switch the dominant institutional logic of the field from a bureaucratic logic to a competitive market logic. Yet, a purely regulative reform by definition leaves the cultural-cognitive and normative institutional frameworks of the organizational field untouched. If anything, they might change as a secondary or side effect, as a corollary to changing regulative circumstances, whereby totally different processes would be needed to align them with the more narrowly regulative developments. Unless the agents reforming the regulations also induce specific normative and cultural-cognitive institutional change – assuming they can – the organizations are, for the moment, thrown back to a state of what Bourdieu calls "hystérésis," that is, an incompatibility of the (changing) logics of the field with the (obsolete) habitus of the organization (Bourdieu 1979; see Boyer 2008). This state stems from the inertia that is inherent to the habitus in question (Suderland 2009). McDonough and Polzer (2012) for their part, largely unaware of the work of Meyer and Hammerschmid, find convincing evidence of hysteresis between the identities of public service employees and the changing institutional logic of the public service sector when the administration of Greater Toronto introduced governance mechanisms of new public management.

This hysteresis must have affected SEPLA-Iberia, but it also necessarily affects every organization that is sufficiently bound to the old logics in terms of its own cultural-cognitive and normative framework. That means that any organization in commercial

aviation that has been subject to the protectionist-bureaucratic logic long enough and strongly enough to build up cultural-cognitive and normative frameworks that coherently relate to it will necessarily find itself in a situation of hysteresis after deregulation. For the case at hand, the third proposition follows:

3. **A time lag between the marketization of the organizational field and learning processes within SEPLA-Iberia left the union stuck in a state of hysteresis.**

The following Section 3 provides an empirical analysis and assessment of each of these propositions.

3   Empirical findings

The following empirical analysis re-evaluates data drawn from expert interviews and presented in Reale (2016). Collected between 2014 and 2015, the interviews were originally designed to test a different hypothesis, namely that a specific causal mechanism linked the digitization of cockpits spearheaded by Airbus on the one hand and specific institutional dynamics on the other. For a more thorough critical assessment of the data collection, see Reale (2016). The discussion of the empirical findings will proceed by examining the above-mentioned propositions one by one for the case in question. A shorter summary of the situation in Switzerland will then put the findings for Spain into perspective.

Spain

First, some results from the data support the general arguments on union power and political rationality that have been presented above. Regarding rival unions, one of the interviewees (MADR-04) points out that "union plurality creates disorder," that is, "chaos," and that "IB's [=Iberia's] interest is chaos" because "[then] they can do what they want." Moreover, I2 could also obviously function as a replacement for striking employees at Iberia (MADR-05), reducing SEPLA-Iberia's control over the labor process even further, as discussed above. Another interviewee suggests that "I2 was created to avoid SEPLA" (MAJA-03). Concerning the effect of labor market segmentation, one interviewee (COLO-04) states that "divided, differentiated employees make it very easy for management" and points out that the staff at Air Berlin's subsidiary NIKI "have been contract workers until recently [from the perspective of June 2015]." This statement underscores the argument that labor market segmentation is indeed in the interest of the employer as much as it corroborates another interviewee's assessment that Iberia's corps "need[s] to merge with [the] I2 corps" (MAJA-03). A different interviewee (MADR-04) points to

Lufthansa's and Germanwings' "single seniority list." They wonder why nothing like this has endured in the Iberia Group, that is, at least between Iberia and I2. They state that a "single list would have prevented deunionization!" Perhaps by "deunionization" they mean the union rivalry very well in place at the time of the interview, or they might be referring to a loss of members in general, although they do not explicitly mention this. They mention Vueling, pointing out that "[the] progression in Vueling is much faster than in IB [=Iberia]," which "creates envy [and] destroys solidarity." They repeat this statement later when they say that the single seniority list shared with I2 – the result of the arbitration – was an adequate compromise. Generally, the data supports the main arguments on the determinants of union power and the implications for union strategy cited above. Yet, this only underlines the puzzle at hand.

Identity

Some interviewees state that "every Spanish pilot wants to be in IB [=Iberia]" (MADR-03) or that "everybody wants to work with IB [=Iberia]" (MAJA-03), while another interviewee says that "IB [=Iberia] is very reputed as an employer" (MADR-04). Yet another interviewee points out that "being a pilot in IB [=Iberia] is very prestigious in ES [=Spain]" (MADR-01). They continue to explain that "I2 and VY [=Vueling] pilots are those who failed the tests with IB [=Iberia]" but that flying for I2 would be an "easy way to fly an IB [=Iberia] code nonetheless." These statements reflect both a perception of high prestige associated with being a pilot at Iberia and a clear condescension towards the pilots of I2, insofar as the latter are assumed to be envious about flying "Iberia codes," that is, flights designated as being operated by Iberia, and as this envy is considered to be their main motive for working for I2. The interviewee also explicitly refers to "failing the tests," thereby presenting something like an objective measure for the others' inferiority. These statements underscore the proposition that there is indeed an aristocratic identity among the pilots at Iberia and that this identity translates into, or is related to, an explicit condescension towards I2 pilots.

Yet, the intuition that the attitude that "everybody wants to fly for Iberia" depends on the background of who is being asked is confirmed by observations drawn from another interview (MADR-02). Here, the interviewees critically state that it is merely an idiosyncratic "SEPLA attitude" to assume that "being a pilot in Spain means being a pilot in IB." SEPLA, they say, "tries to diffuse an 'IB-pilotness' to other Spanish companies," which they call an attempted "hegemony" based on SEPLA's "flag carrier mentality." Another interviewee (MADR-05) openly states that "people are not in I2 because they want to be in IB [=Iberia]," meaning that wishing to join Iberia in some way or the other is not the main motive for pilots to work in I2. This directly contradicts the statements cited above. These discussions refer more to the *reaction* of I2's pilots to the identity in SEPLA-Iberia, but the data also points to some characteristics of the specific identity in I2. The same interviewee (MADR-05) just cited in fact explains that the actual reason for pilots to join I2 is that "[they are] expecting a flexible, familial company."

Indeed, when the airline was founded, its management recruited its pilots mainly from Vueling (MADR-05; MAJA-03), another airline that now also belongs IAG.[3] An interviewee states that recruitment focused on two specific individual criteria: that the pilots be young and that they live in Madrid. The interviewee explains the second criterion with the fact that Vueling's main base is in Barcelona-El Prat airport, whereas I2 is based in Madrid. Switching to I2 would essentially move their base closer to home, thus incentivizing them rationally to join I2. Yet, much more important for the case at hand is the first criterion, youth, especially since another interviewee (COLO-04) points out that "the new generation of pilots thinks differently." They are "dynamic" and "flexible" and appreciate spontaneity. This description insinuates an entrepreneurial, individualist identity among younger pilots and thus, if they comprise the majority of the I2 corps, of the corps itself.

By and large, the data just discussed demonstrates that the corps represented by SEPLA-Iberia share an aristocratic identity which, in turn, was read by the rest of the pilots as condescension. Among the I2 pilots, a liberal, flexible identity prevailed. These two identities are obviously incompatible. If we view the entire conflict as cultural-cognitive dissonance, a major symbolic dimension becomes evident: It was about fighting over the right and wrong representation and description of the social world. The Iberia pilots, and thus SEPLA-Iberia, deemed Iberia itself a symbol to be protected and of which, first of all, everybody would have to prove worthy. The symbolic conflict that emerged from this is even more obvious from the emotional reaction of many of the Iberia pilots. Quite a few interviewees unanimously report that Iberia pilots have personally harassed their colleagues from I2 (MAJA-02; MAJA-03; MADR-05). For example, they would block frequencies so that I2 flights would have to communicate with air traffic control on emergency frequencies (MADR-05), distribute pamphlets suggesting passengers avoid I2 (MADR-05) and stickers debasing I2 (MAJA-03), and even harass family members of I2 pilots (MADR-05). I2 pilots even went so far as to break the custom of walking the airports in uniform because they needed to remain anonymous if they wanted to avoid harassment from Iberia pilots (MADR-05). Captains of Iberia declined to "jump-seat" (free-ride) I2 personnel on their flights although custom would have called for it and regulations would have allowed it (MAJA-02). These examples of name-calling, stigmatization and punishment can be read as an attempt by the Iberia pilots to exclude others from their inner circle and to protect their integrity as "the chosen ones."

What is noteworthy is that the management of the Iberia Group has made a considerable effort to not only build a specifically flexible, liberal culture in I2 and to defend it but also to exacerbate the clash between I2 and Iberia pilots through strategic discourse politics. An interviewee reports that management had specifically promised the

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3   British Airways and Iberia merged in 2011, which effectively means that they are now owned by a holding called International Airlines Group (IAG). Shares in either of them have been transformed into shares in IAG. IAG has since also acquired other airlines such as Vueling and the Irish flag carrier Aer Lingus.

pilots from I2 that they would indeed "'be the new, more modern IB [=Iberia] pilots!'" (MAJA-03). This utterance does two things: it clearly separates the corps of I2 and Iberia cognitively, and it constructs the I2 pilots as normatively superior. Another interviewee states that I2 pilots had "[a] good quality of life" and that the airline's modern and flexible human resource management (HRM) and personnel planning effectively made "I2 [the] best thing ever in terms of HRM." This might have been an intentional effort by the management of I2 to further manifest the flexible yet familial culture at I2 that an interviewee cited above referred to. On a more political note, an interviewee reports that they were personally impressed (MADR-05) that IAG chairman Willie Walsh personally visited the employees at I2, "thanked them" for their good work and "told them not to join IB" (during a period when this was open for discussion). This can be interpreted as another attempt to establish or maintain a personal "open door" atmosphere in I2 while, at the same time, using it directly as a political resource.

It is also remarkable that the corps of I2 is represented by UPPA by now. When SEPLA-Iberia did not step in for the interests of the I2 corps, UPPA, consisting of unsatisfied "old SEPLA members" (MADR-02), stepped in and claimed their representation. UPPA, not SEPLA-Iberia, thus signed the first ever collective agreement for the pilots at I2 in 2014 (Unión Profesional de Pilotos de Aerolínea 2014). Interestingly enough, UPPA is openly spoken about as being "more management-friendly," a yellow union ("amarilla"), and that "UPPA members are chosen by management" (MADR-05). The union, another interviewee points out, "agrees to everything management commands" (MADR-02). Nevertheless, UPPA is accepted widely enough among the I2 pilots, which may be attributed to the fact that SEPLA-Iberia has been so offensive and exclusive that the "new philosophy" and "new ideology" of being "more flexible" emanated by UPPA (MADR-02) has seemed to be an acceptable alternative. In short, regardless of their inclination towards the interests of management, UPPA simply succeeded in filling a gap that had existed before but was widened both by SEPLA-Iberia's reaction and management's discourse politics.

Historical development

Reconstructing the history of Iberia before deregulation is quite difficult. The only comprehensive history of the company has been presented in Spanish by Vidal Olivares (2008), whose book serves as the main basis for the following presentation. Iberia was founded in the late 1920s, primarily with capital from the Weimar Republic. This was only one example of a broad involvement of Weimar-German aviation companies such as Junkers and the historical Deutsche Luft Hansa *(sic)* in the Spanish aviation sector. In general, the sector was only just developing, with the first Spanish airline, CETA, having been founded in 1921 as a parcel service. Although the majority of the capital was Spanish, the economic interests of Deutsche Luft Hansa dominated Iberia's development. Iberia then remained widely autonomous throughout both dictator Primo de Rivera's efforts to merge all Spanish airlines into CLASSA (Compañía de Líneas Aéreas

Subvencionadas) as well as CLASSA's subsequent collectivization in the Second Spanish Republic of the early 1930s. CLASSA's later liquidation left Iberia existing only formally, before the Francoist regime revived it with substantial help from (the orthographically revised) Deutsche Lufthansa in 1937. An agreement in 1939 between Francoist Spain and the National-Socialist *Third Reich* subjected Iberia to the interests of Deutsche Lufthansa even further despite Spain's general and enduring interest in adopting state ownership of the airline. Only in the early 1940s could Iberia gain economic independence from Deutsche Lufthansa, though it was still technologically very dependent on Deutsche Lufthansa's support with their fleet of German "Junkers" aircraft.

The looming defeat of the *Third Reich* in World War II brought the United States into the focus of Iberia's strategy. It was the US who flew Spain into the negotiations over the Chicago Convention – the major multilateral convention on commercial aviation of the twentieth century – in 1944, while Iberia bought seven Douglas DC-3 and three DC-4 aircraft from the US in return. The American manufacturer Douglas would continue to be a close partner of Iberia for decades to come. Around the same time, Iberia was conclusively made a state airline and incorporated into INI (Instituto Nacional de Industria), the national holding of the Francoist state founded in 1941. In 1946, Iberia operated its first flight to Buenos Aires in Argentina, laying the groundwork for Iberia's remarkable market position in Latin America that lasts until today. The Douglas aircraft generally allowed Iberia to serve longer international routes, yet this theoretical capacity collided with the restrictive foreign policy of the Francoist regime, which was aiming for autarky. Iberia also turned out to be crucial in connecting Spain with its colonies in the territory of today's Equatorial Guinea (independent from 1968) and in the western part of the Sahara. In the late 1940s, Iberia used substantial savings it had accumulated to buy a diverse set of American aircraft built by Convair, Douglas, and Lockheed, among them the state-of-the-art Lockheed Super Constellation. Opening a route from Madrid to New York City opened and connected Spain to the West. Yet, the massive overcapacities resulting from this technological expansion took away significantly from the efficiency of the airline.

Just about when the expensive Super Constellations were paid off around the end of the 1950s, Iberia was forced to buy its first turbojet aircraft, the DC-8 model from Douglas. These turbojet aircraft were faster and much more efficient when crossing the Atlantic as well as on other long distances, which is why almost all of the Northern Atlantic airlines, like Iberia, ran up major debts to buy them in order to remain within the technological state of the art. Turbojets broadened Iberia's influence not only in North America, but also especially in Central and South America. The decisions within the airline, however, continued to depend heavily on the Ministries of Foreign Affairs and of Industry. In 1962, Iberia acquired several French Sud Aviation Caravelles, a turbojet aircraft for shorter distances. These were integrated into the commercial strategy much more easily than other politically motivated purchases made before. Iberia grew to be one of the four biggest airlines in Europe. It was restructured several times during the 1960s and 1970s but, Vidal Olivares points out, in an inefficient and often improvised

way (Vidal Olivares 2008, 132). Leading positions in Iberia were increasingly filled with executives from INI from the early 1970s onwards. The expanding airline recruited more and more pilots, most of them from the Spanish Air Force. A military *ésprit de corps* would remain important throughout Iberia's corporate history.

Iberia continued to suffer from severe overcapacities throughout the 1970s and 1980s. In the early 1970s, it started to increase its influence on Latin American airlines with substantial help from INI. The Latin American countries usually rewarded these investments with concessions on flyover and landing rights. On the other hand, Iberia's involvement and identification with the Spanish state is quite obvious, as evidenced by the fact that Mexico and some Western European countries boycotted the airline in 1975 to protest against the executions ordered by the Francoists (Spiegel, 1975). In 1978, Iberia yet again bought aircraft for political reasons, signing a contract for four Airbus A-300 aircraft from the new multinational Airbus consortium. In 1981, the airline purchased some other Airbus A-300/Bs, prompted less by motives of efficiency and more by INI's intention to further establish the Spanish manufacturer CASA within the Airbus consortium and by Spain's ambition to join the European Economic Community. In fact, the A-300s turned out to be substantially inefficient in Iberia's route network (El País, March 13, 1981). CASA's involvement in Airbus was also the main reason for Iberia to buy twelve Airbus A-320s around 1990. INI's pressure trumped the opinion of most experts, who would have preferred Boeing's B-737 model instead. Shortly afterwards, Iberia was confronted with the deregulation that had been looming already for some years.

It seems quite obvious that Iberia has been influenced heavily by the interests of the Spanish state since its foundation, that is, for about 70 years. State interests trumped economic efficiency and concerns of profitability on more than one occasion. A recurring theme is Iberia being used as a strategic instrument in global politics, for example buying aircraft from several countries not because they suited Iberia's economic strategy or improved its efficiency but simply because this served wider strategic purposes of the Spanish state in international relations. Especially during the forty years of Francoism, Iberia was strongly linked not only to national but also nationalist ideologies. The airline also played a significant role in administering what Spain had left of its former colonial "empire." Moreover, recruiting a wide share of its pilots from the armed forces cultivated an *esprit de corps*, that is, pride, honor, comradeship, a sense of duty and probably patriotism among the corps. These Spanish idiosyncrasies are compounded by the general and widespread protectionist-bureaucratic logic of the aviation sector in Western Europe, from which Spain was not exempted (Reale 2016; O'Reilly and Stone Sweet 1998; Doganis [2000] 2006, [1985] 2010). Like many other countries, Spain had a single national champion, Iberia, comparable to Air France, Lufthansa in Germany, Alitalia in Italy, Sabena in Belgium, KLM in the Netherlands, Swissair in Switzerland, and so on (Dienel and Lyth 1998; Kassim 1995). These airlines used to work within an artificial monopoly in their domestic markets that was established regulatively. Internationally, states had to negotiate bilateral agreements (Lawton 1999) that would almost always

establish a collusion between the respective national champions. As a result, there was absolutely no market competition be it domestically or in the international markets until the early 1990s. The airlines where run as public sector agencies, while the monopoly in the product market, for its part, translated into a monopsony in the labor market, with pilot unions enjoying the luxury to negotiate public sector wage schemes. This culminated in a protectionist-bureaucratic institutional logic across Western Europe to which the Spanish situation in particular added elements of nationalism, imperialism and military honor. Eventually, around 1994, the domestic market in Spain became deregulated and Iberia lost its monopoly. By 1997, EC regulations granted all airlines registered in any member state "ninth freedom rights" (ICAO 2004, 4.1–10) within the entire community, that is, complete commercial freedom. It was in that context that Iberia eventually became privatized in early 2001.

Thus, given that for some seven decades being a pilot in Spain meant "being a pilot at Iberia," it is no surprise that this narrative has sedimented into the collective identity of the pilot corps at Iberia as a cultural-cognitive institution. Decades of narratively connecting Iberia to the pride and progress of the Spanish nation have successfully made it an icon, that is, a symbol of this progress. Apart from these special features of the Spanish case, the protectionism that characterized the entire sector for decades contributed to Iberia's distinct and uncontested position as well. In other words, the symbolic reverence and economic monopoly enjoyed by the airline for decades naturally extended over to its pilots. As new and overwhelming as it was to see Iberia in an unprecedented and, before recently, unthinkable competition, it was also overwhelming and challenging for its pilots to accept that their own iconic position was at stake. Recent talk of I2 becoming a "new Iberia," as outlined above, as well as concrete steps in this direction invariably produced a symbolic clash that, in turn, elicited a "spiteful" reaction from Iberia pilots.

Hysteresis

In one of the interviews, some interviewees point out, and repeat, that "SEPLA does not understand liberalization" and that "SEPLA does not understand that IB [=Iberia] is now private." Another interviewee literally describes SEPLA-Iberia's political strategy regarding the outsourcing as "rubbish" (MADR-04). "Now [from the perspective of November 2014]," this person says, "catching up [is] necessary" while "seven years of unionism [are] lost." Only lately does SEPLA-Iberia's othering seem to have switched its focus from the pilots at I2 towards the management of the Iberia Group, says an interviewee (MAJA-03): "[Y]ou think [the pilots in I2] are taking your job" and "you do not realize that management are the ones to blame." On a broader scale, and given that Iberia had been privatized around the year 2000, an interviewee says that "the actual privatization is happening now [from the perspective of December 2014] in IB [=Iberia]," pointing to a substantive lag in reacting to the regulative privatization. Only now is Iberia reforming its "'old school' processes and procedures," "giving passenger

experience courses" and "modernizing [its] corporate culture and HRM" (MAJA-03). Pilots at Iberia have been reluctant to adapt to these changes but they "needed to accept that IB [=Iberia] had to be restructured" (MAJA-03). More recently, the conflict between the pilots at Iberia and their colleagues from I2 has substantially calmed down and Iberia pilots have actually apologized for their harassments (MADR-05). An interviewee reports an increasingly perceived "need to 'merge' with [the] I2 corps" (MAJA-03). This may be tentatively interpreted as learning processes starting to set in in Iberia's pilot corps and in SEPLA-Iberia, slowly reducing the hysteresis. Since the interviews were conducted around the end of 2014 and I2 was founded in early 2011 (and envisioned even earlier), one might conclude that it took the corps of Iberia about three years to start overcoming the strongest dissonances between their cultural-cognitive frameworks and the institutional logics surrounding them.

In the following, the argument will briefly be applied empirically to the Swiss case as well. Table 2 summarizes the main differences between Swiss International and Iberia with regard to their corporate history. Discussing them below, I intend to show that the Swiss case lacks any sediment of a protectionist-bureaucratic logic and that, thus, cultural-cognitive and normative compatibility or, less technically speaking, mutual legitimacy is indeed the decisive explanatory condition.

Table 2 Comparing the corporate histories of Iberia and Swiss International

	Iberia	Swiss International
Founded	1927	2002
Predecessor organization	None	Crossair
Ownership	Public (1927–2001) Private shareholders (2001–2011) Private: IAG (since 2011)	Private shareholders (2002–2007) Private: Lufthansa AG (since 2007)
Public ownership	74 years	None
Domestic routes	Monopoly (until 1994) Competition (since 1994)	Competition
Intra-European routes	Collusion (until mid-1990s) Competition (since mid-1990s)	Competition

Source: Author's compilation.

Switzerland

While the situation in Switzerland is comparable, the outcome is quite different. To understand this, we must distinguish between certain key aspects. Indeed, Switzerland had a national champion just like Spain, and much like any other Western European state, namely Swissair. Swissair operated within a protectionist-bureaucratic logic, much like Iberia and the other national champions. Yet, Switzerland has been much less nationalist, autarchic, and imperialist than Spain. Thus, Swissair was never subject

to or an element of discourses on national pride, dominion, and progress as Iberia has been. But this is almost irrelevant, since, more importantly, Swissair – the very Swiss post-war national champion – *went bankrupt in the early 2000s* as a consequence of deregulation and some subsequent misinvestments (Suen 2002). All that survived was its regional subsidiary, Crossair, from the remains of which a new Swiss flag carrier was then built and named "Swiss International Air Lines" (Maier, Esch, and Knörle 2009). The German flag carrier Lufthansa acquired Swiss in 2007 (Welt, June 22, 2007). Hence, the history of the national flag carrier in Switzerland is associated less with pride and progress than with a major disaster followed by a modest restart on the basis of what used to be a subsidiary. This has some implications for a possible "flag carrier mentality." For example, the pilots of Swiss International comprise pilots from both Crossair and Swissair. But whereas the former have been flying for a subsidiary and not a flag carrier anyway, the latter have much less to be proud of than their counterparts in Spain, given that their own icon of Swiss aviation has failed and they themselves were even saved by their very own subsidiary. Any sediment of a protectionist-bureaucratic logic is thus missing in the cultural-cognitive frameworks among the pilots in Swiss International. Given this and the fact that Swiss International was founded well after deregulation and was a private company from the beginning, there is no basis for expecting any kind of hysteresis with regard to the relation between the institutional logics of the field and the cultural-cognitive and normative frameworks in Swiss International.

When, in 2015, Swiss European Air Lines (LZ), founded in 2005 as a regional subsidiary of Swiss International Air Lines, was renamed Swiss Global Air Lines (Swiss International Air Lines 2015) and given long-range aircraft to serve routes that used to be the responsibility of the parent company, history more or less repeated itself – except that this time the parent company was still very well in place. In any event, it seems that without the aristocratic identity that SEPLA-Iberia demonstrated concurrently in Spain, Aeropers, representing the pilots from Swiss International, could much more easily accept the legitimacy of IPG, which represented the pilots from LZ. Given a general mutual and institutionalized legitimacy, it was merely a question of political hindsight to realize what Galenson had already pointed out (Galenson 1940), namely that union competition was the major situation to avoid. This apparent political rationality led Aeropers and IPG to find a bureaucratic compromise that would integrate their segmented labor market. Furthermore, and together with EPA representing the pilots from Edelweiss Air (also a part of the Swiss Group), these two unions have even successfully *merged*, building the new comprehensive Swiss pilot union AEROPERS (AEROPERS 2016).

In sum, the cultural-cognitive and normative frameworks in SEPLA-Iberia precluded a collaboration that was both reasonable as well as feasible with regard to rival unionism and labor market segmentation. In contrast, the Swiss case illustrates that the effect of a common identity in cultural-cognitive and normative terms overcompensates the causal effect of both rival unionism and labor market segmentation, as illustrated by Table 3.

Table 3 Revised comparison of relevant conditions and outcomes between the Spanish and Swiss cases

Condition/outcome	Spain	Switzerland
X1: Rival unionism	No	Yes
X2: Labor market segmentation	No	Yes
X3: Mutual legitimacy	No	Yes
Y: Collaboration	No	Yes

4 Conclusion

The analysis shows that SEPLA-Iberia has not absorbed the pilots from I2, even though this would have been reasonable from a power perspective and regarding common interests, because an "aristocratic" normative and cultural-cognitive framework defined the pilots from I2 as unworthy of their solidarity. This framework is the sediment, or the result, of decades of economic protectionism combined with enduring narratives of national pride and progress. The cultural-cognitive and normative framework has left SEPLA-Iberia lagging, unable to react adequately, in a political sense, to the dynamics in institutional logics which were shifting from a protectionist-bureaucratic to a marketized institutional logic, in short: it left SEPLA-Iberia in a state of hysteresis. In contrast, because Swiss International Air Lines does not have a protectionist-bureaucratic corporate history, its corps of pilots is not encumbered by an aristocratic cultural-cognitive and normative framework. The resulting mutual legitimacy between the union of Swiss International Air Lines and that of its subsidiary LZ has successfully compensated for potential union rivalry and existing labor market segmentations and has led these unions to a bureaucratic and organizational compromise that bolsters their political power when they are confronting Swiss.

At a conceptual level, a major conclusion seems to be that *incumbency implies hysteresis.* This is a major extension of Fligstein's (2001) argument that incumbency is indeed a power resource in organizational fields under most conditions. Yet, if the institutional logics within a field change too rapidly, incumbent actors will be stuck with their corresponding cultural-cognitive and normative frameworks, needing long and painful learning processes, while new actors have the advantage of starting from scratch. Metaphorically speaking, sediment turns into drift sand, to expand the geology of the matter. In the commercial aviation sector, this is not only true for the unions discussed here or for unions in general; every kind of organization that has had time to accumulate some sediment from the dominating protectionist-bureaucratic logic can expect to find itself in some kind of specific hysteresis. For instance, former national champions like Lufthansa and Air France will have major processes of organizational learning to go through in order to adapt to the new marketized institutional logic that characterizes the organizational field. This argument goes counter to, for example, Doganis' (2006)

widely accepted view that former national champions suffer from various structural inefficiencies very much related to bureaucratic management, and that privatization is a cure for this. His optimism is most evident when, discussing several elements of the organizational change he deems necessary, he devotes only one page to what he calls "change of culture" (Doganis [2000] 2006, 235). The other adaptations he mentions remain more or less structural and regulative in nature. In fact, regardless of whether they consider privatization and deregulation to be the cure or the problem, most authors agree that (a) adapting airlines to them is a matter of rationalizing processes or structures but not a matter of organizational learning at the normative and cultural-cognitive levels, and (b) that this can thus be done quite voluntarily and quickly without requiring long, complex, open-ended and experimental learning processes. Yet, a much broader perspective including lags in organizational learning and in adapting normative and cultural-cognitive frameworks is likely needed to grasp the whole spectrum of challenges facing these organizations. The concept of hysteresis appears adequate for getting a hold of these issues. It also seems that this argument can be generalized to a broad set of instances of the privatization that has been trending in Western Europe over the course of the past two decades (Jackson and Deeg 2012).

Dissolving the monopsony in the labor market that had existed as a corollary to the monopoly in the product market has confronted pilot unions with major internal challenges. For one, they had to find an arrangement for the corps of pilots who were being recruited by the new entrant airlines. A strong general tendency for pilots to form professional unions (Harvey 2007; Harvey and Turnbull 2012), much like physicians, train drivers, or lawyers (Kalass 2012; Keller 2008), would seem to imply that the incumbent union and the new pilots requiring union representation would strongly stick together since they are members of the same profession. Yet, despite the strong professional cohesion attributed to pilots in the literature, this assumption neglects the different histories that the groups in question have and the sedimented identities they have developed. Moreover, deregulation and privatization seem to have left airlines and unions alike in a state where, simply put, they did not *know* how to deal with the competitive and differentiated situation they were suddenly facing and the diversity within the corps. In other words, acting politically rational and like a coherent profession does not necessarily or automatically result from the structure or status of a group of employees at a certain point in time. It must be *learned* first, and this learning depends on contextual factors that are more than just marginal scope conditions. The differing historical backgrounds of the groups, as the case of Iberia and I2 has shown, may well prevent the expected cohesion, leading us to paint a completely different causal picture of the political economy of labor relations. This insight that "history matters" effectively introduces a crucial element of path dependency (Mahoney 2000) into the political economy of professional unions and of pilot unions in particular.

Of course, criticism can readily be raised against the argument just presented. For one, it borrows from organizational institutionalism and explains the behavior at SEPLA-Iberia from the perspective of commonly shared frames, which makes it almost bru-

tally structuralist (Hay and Wincott 1998). The paper demonstrates that a structural account focusing on the effects of institutions on behavior but not *vice versa* goes a long way toward answering the question at hand; but of course approaches that consider institutional dynamics and individual or collective influence on institutions are readily available. Organizational institutionalism itself contains various approaches to the matter, be it on "institutional entrepreneurship" (Garud, Hardy, and Maguire 2007; Levy and Scully 2007; Beckert 1999), "institutionalization" (Barley and Tolbert 1997; Zucker 1977) or, most recently, "institutional work" (Lawrence, Suddaby, and Leca 2009; Zilber 2013). Others have started to integrate organizational institutionalism with structuration theory (Barley and Tolbert 1997) or with pragmatist approaches (Boxenbaum 2014) with the same aim. Taking questions of institutional dynamics seriously is especially crucial with regard to cultural-cognitive frames of knowledge, because it is important to prevent the development of a totalitarian argument (Lawrence, Suddaby, and Leca 2011). Moreover, at a broader ontological level, the argument could fall victim to what one might call the "institutionalist fallacy": observing that both a structured pattern of action and an institutional framework prescribing this pattern exist in a collective, and then concluding from this that the actions are indeed structured as they are *because* of the institutional framework. This is a disposition of institutional theory that had been deeply inscribed into the definition of "institution" itself when early institutionalist thinking developed as a response to behavioral theory (Scott 2008). Thirdly, processes of organizational learning are said to be starting within SEPLA-Iberia, yet they are not analyzed any further here. This is because this paper has mainly aimed at demonstrating a state of hysteresis and its effects but not its commencing solution or dissolution. Again, an entire branch of literature is dedicated to this (Levitt and March 1988; Haunschild and Chandler 2008).

Further research now seems necessary. The processes of learning that slowly reduce the state of hysteresis should be of particular interest in order to gain a more complete picture. Other research could include applying the argument to other unions of the sector or specifically to privatized airlines, in order to examine whether they too have been struggling with a similar sort of hysteresis. Yet another avenue of research could be to generalize the argument more systematically with regard to privatized companies generally and across sectors. Summing up, it seems that an "institutional logics" perspective, together with a certain sensitivity for the hysteresis that dynamics in institutional logics may produce in incumbent companies, is a fruitful approach to understanding privatization of former public enterprises and deregulation in general.

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