

Does success have a bitter taste? The case of HRM practices in the Dacia Renault factory in Romania



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Research Questions

- ❑ What strategies do unions and management use in order to influence plant level HRM practices?
- ❑ What factors account for the success of Renault's investment in Romania?
- ❑ What new challenges and threats does the trade union at the Dacia plant currently face?

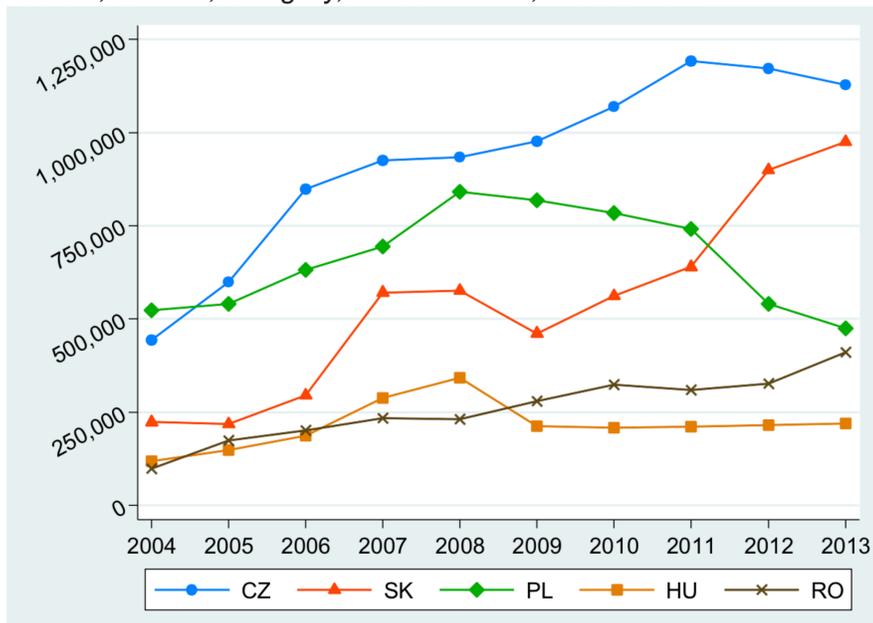
Research Design and Data

- ❑ Biggest investor in the automotive sector in Romania, with operations extending to assembly, production and research and design.
- ❑ In depth case study of industrial policies since privatization
- ❑ Database on protest events.
- ❑ Interviews with trade union leaders and management.
- ❑ Data gathered from secondary sources: national and local newspapers, plant reports.

Automotive Production in Eastern Europe

- ❑ Initial relocation strategies from Western Europe driven by cost incentives.
- ❑ Low-road strategy: car assembly plants based on former state-owned enterprises with imported parts from Western Europe.
- ❑ Towards the end of the first decade of transition, car assemblers were followed by components manufacturers that slowly became the most important companies in the region both in terms of employment and share in total exports.
- ❑ The region became the power-house of Europe, specializing in small engine cars and components manufacturing
- ❑ A testing ground for employment policies to be implemented in other parts of the world

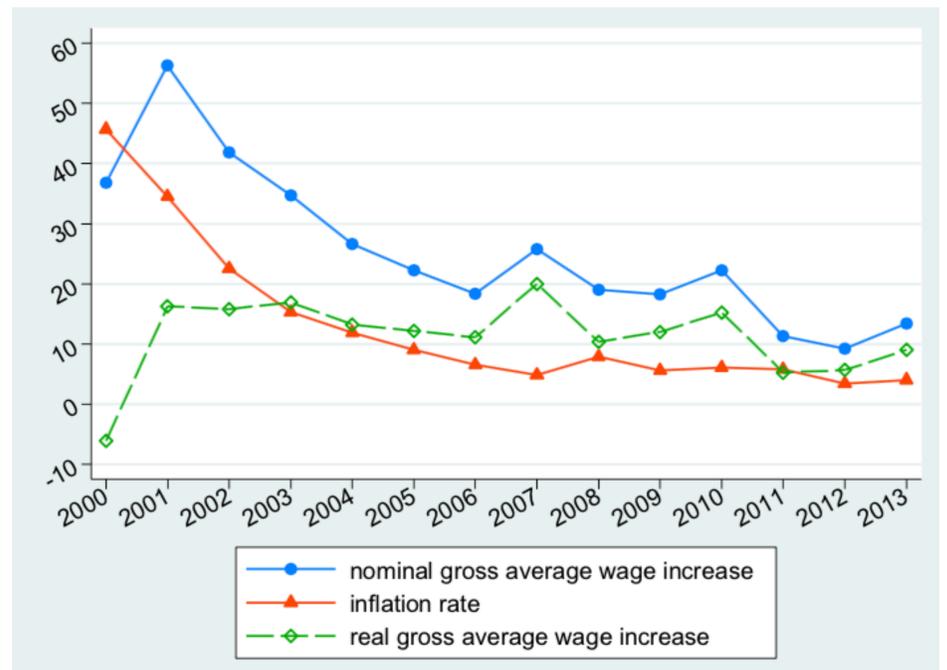
Figure 1. Passenger car production (units) in the Czech Republic, Slovakia, Poland, Hungary, and Romania, 2004–2013.



The Case of Dacia Renault

- ❑ Renault turned towards a productive model based on innovation and flexibility in the early 1990s.
- ❑ The epitome of this shift was the '5000 Euro car' - a means for conquering the growing markets of postsocialist countries
- ❑ All stages of the project, from design to manufacturing and sales were targeted for cost cutting. This involved new approaches to R&D, project management, flexibilization and rationalization of production, a tough approach in relation to suppliers, and strict control over costs and quality in production.
- ❑ Despite a substantial restructuring program, no major conflict between management and union from 2000 to early 2003.
- ❑ Between 2003 and 2008 union negotiated moderate wage increases and better working conditions.
- ❑ From 2008 onwards a wages-for-productivity bargain and peripheral Fordism.

Figure 2. Nominal and real wage growth (% of previous year) at Dacia, 2000-2013



New Threats and Challenges

- ❑ Wages-for-productivity bargain looks unsustainable in the long run.
- ❑ Management updated its strategies of threatening unions in order to contain wage increases.
- ❑ Direct threats with relocation are perceived as implausible but competition with other low-cost sites, such as Morocco is considered essential.
- ❑ The plant union has shifted its approach in negotiations with management. In the last years it has borrowed the productivity and competitiveness discourse while preferring closed doors negotiations instead of strikes.