Chapter 7
Dependence, adaptation and survival: social dialogue in multinational corporations in Romania

Aurelian Muntean

1. Introduction

As in other countries in the region, multinational companies (MNCs) have become important agents of economic growth and development in Romania. They have also successfully pressed for changes to labour law favourable to themselves which has, in turn, led trade unions to change their demands and also their strategies and methods.

This chapter uses an original dataset compiled on MNCs in Romania (Muntean 2021) and in-depth interviews with management and workers' representatives to track the development of labour relations in MNCs in the retail and automotive sectors. It explains how differences in the fragmentation and concentration of workforces, differences in the organisation and strategies of management and workers' collective organisations and contextual factors such as workforce migration and the Covid-19 pandemic crisis affect the local, sectoral, national and transnational social dialogue.[1]

In the second section the chapter discusses the evolution of foreign direct investment and changes in employment relations. The third section presents a multidimensional framework of analysis for understanding the factors that influence social dialogue in companies, such as the strategies of social partners to adapt and survive, and the costs of different types of power and strategy. The fourth section analyses social dialogue in the retail sector while the fifth analyses the automotive sector. The sixth section presents empirical findings and conclusions.

2. MNCs and Romanian employment law

Economic reforms in the early 90s brought slow privatisation, with the substantial redistribution of state assets to crony capitalists accompanied by high levels of corruption. A second wave of privatisation from the late 90s and early 2000s led to the sale of state assets in automotives, banking, heavy industry, energy and oil. During the same period, in the retail sector, foreign companies established greenfield stores as part of their regional or global chains. The privatisation process was accompanied by the development of the services sector, but also by a strong deindustrialisation of the

---

1. During the various stages of field research and writing I benefited from the support of research project SODITREC-Social Dialogue in the Transforming Economy, VP/2018/004/0021, financed by the European Commission – DG Employment, Social Affairs and Inclusion; and the project Contribuţia statelor socialiste din Europa de Est la dreptul penal şi umanitar internaţional după 1945 - PN-III-P4-ID-PCE-2020-1337.

Romanian economy (from a 57 per cent share of GDP in 1990 to 32 per cent in 2004 and 21 per cent in 2021): an exceptional change among post-communist countries.

The number of multinational companies active in Romania increased particularly in the early 2000s. The share in total employment of newly established MNCs increased from 2.9 per cent in 1995 to 12.8 per cent in 2007, the year Romania became a member of the European Union, and topped 27.1 per cent in 2009. With regard to the total occupied workforce, measured as the proportion of employed individuals in the total active population, according to official statistics, only 0.07 per cent of workers in 2005 were employed in companies wholly owned by foreign capital. That figure reached 15 per cent in 2019. More than 90 per cent of the workforce in foreign capital companies is employed in medium and large companies (greater than 50 employees); they are part of MNCs that dominate key sectors such as manufacturing, retail, energy, banking and information technology and communications (Muntean 2021).

The regional distribution of foreign investments is highly skewed. Foreign companies preferred to establish subsidiaries in the city of Bucharest and its surrounding metropolitan area and in the central and western regions (roughly the historical region of Transylvania). Newly established branches of MNCs created far fewer jobs in the southern and eastern regions of Romania which have weaker transport links to western Europe and inferior public infrastructure (healthcare, culture and a less urbanised population). According to Fina et al. (2021), the central and western regions and the metropolitan area around the capital are the only ones with a positive balance in internal migration while the other regions, with lower levels of foreign direct investment (FDI), have a negative migration balance.

An obvious attraction for firms whose activities are export-oriented is, as in other countries of central and eastern Europe, the low level of wages relative to western Europe while retail chains have been attracted alongside rising living standards and spending power. Foreign companies from the automotive sector accounted for 33.5 per cent of total exports and contributed, with retail companies, more than 32 per cent of national GDP in 2019. This highlights the importance of MNCs from these two sectors, but also the dependency of economic development on a handful of companies and economic sectors.

Incoming MNCs played a key role in lobbying for the changes in employment law that took effect in 2011 (Delteil and Kirov 2017). Faced with a set of employer organisations that were fragmented, they used the political connections of various bilateral chambers of commerce (such as the American, the German, the Austrian and the French) to open doors and lobby for the increased flexibilisation of labour relations. In 1997, with the help of the chambers of commerce, they had already set up the Council of Foreign Investors, a consultative organisation that could articulate their demands (Interview 7.7).

The major changes carried out by the right-wing government in May 2011 on the legislative framework which regulates labour relations and social dialogue have produced seismic outcomes. The previous framework consisting of six laws was unified in one single law which addressed the social partners' organisation, interaction and outcomes. Before

2011 the law obliged companies employing at least 21 individuals to organise collective bargaining bodies and sign collective agreements. Among other changes, the 2011 law set a requirement for there to be at least 15 employees in one company before a trade union could even be established. Thus, employees in smaller companies have no right to unionise while those in slightly larger companies also face enormous difficulties when there is dissent among employees or when management opposes unionisation. At the same time, national collective bargaining was abolished so that, from 2011, no national collective agreement has existed. Even when a union organisation is in place, the 2011 law increased the formal threshold for representativity, such that a trade union formed within a company must have a membership density of at least 50 per cent plus one, an increase from the old law which required only one-third of employees.

Where a trade union fails to reach the required membership threshold for bargaining within a company, negotiations can only be carried out by employee representatives. These had been introduced by the revised law on collective work contracts, adopted in 1996, in order to secure employee representation in collective bargaining where there were no trade unions. Under that law, representatives were elected by secret ballot as long as at least half of employees across the company participated. However, such a mechanism was missing from the 2011 law, leaving the election of employee representatives at the discretion of management.

The 2011 law also increased the maximum duration for fixed term contracts from two to three years, loosened the regulation of temporary agency work and made dismissals easier. Furthermore, the national minimum wage was no longer to be established by tripartite negotiation certified by a national collective agreement but by government decision. Subsequent increases therefore depended on the complexion of the government. This is important in determining wage levels as 24 per cent of all employees were on the minimum wage in 2019, all in the private sector.

Although low wages are an attraction for MNCs, they can also pose problems in the form of high turnover and the emigration of workers, substantially to west European countries following Romania's accession to the EU. Remarkably, rather than agreeing to higher wages, companies in some sectors have lobbied for government help to retain workers by special measures and tax exemptions. Among the favourable fiscal policies established in 2003 by the left-wing government was zero income tax for IT experts, thereby transforming Romania into a tax heaven for IT companies and giving the IT sector the highest average net salary in Romania, surpassing other high salary sectors such as air transport, banking, energy and the extraction of oil and gas.

Another sector-specific measure was applied in the construction sector following a policy adopted in November 2018 by the left-wing government. Starting in January 2019, salaries in construction have zero income tax, zero contributions for healthcare, a reduction in pension contributions and a minimum gross salary of 3000 lei (600 euros, at the exchange rate in early 2022). The sector employer organisations had successfully lobbied for this policy and for an agreement with the government to keep the fiscal exemptions until 2028. The main argument supporting this policy was labour shortages in the construction sector caused by the massive emigration of skilled construction workers to western European countries since 2007.

3. Social dialogue in MNCs: dependence, adaptation and survival outcomes

Social dialogue in MNCs, the organisation of the actors, the processes that regulate social dialogue and the outcomes of bipartite or tripartite relations in companies have been studied around several different themes. One involves integrating the issue into a study of national social dialogue, explaining social dialogue at local and sector level in relation to changes in national employment regulation and also in terms of the power of local trade unions and their independence from sector and national collective bargaining actors (Marginson and Meardi 2006; Bechter et al. 2012; Adăscăliței and Guga 2016). Other studies have focused on the dependence of the effectiveness of social dialogue on ideologically driven policy changes and on the political alliances that trade unions and employers have established with party elites. Unsuccessful alliances are likely to have eroded the organisational fabric of union membership (Muntean 2011) while successful ones have boosted economic opportunities and increased the flexibility of employment relations for the benefit of employers (Trif 2013; Adăscăliței and Guga 2015). Meanwhile, continuing decline in the associational and organisational power of trade unions has limited the main voice supporting social dialogue at times when employer organisations were similarly weak and with few incentives to support national collective bargaining.

When analysing social dialogue in foreign companies, previous studies (Geppert et al. 2014; Pulignano and Waddington 2020) have conjectured that differences in the organisation of MNCs and their strategic adaptation to national frameworks have fragmented social dialogue. Another explanation for the changes has focused on transnational social dialogue and MNCs as important gears in a complex multinational economic arrangement, arguing that external formal regulations can improve national models (da Costa et al. 2012; Köhler et al. 2015; Begega and Aranea 2018; De Spiegelaere and Jagodziński 2019). In trying to bridge these strands of literature, various studies have explained the role of integrating factors such as union power and resources in influencing the success of social actors in collective bargaining (Lévesque and Murray 2010; Mrozowicki 2014; Adăscăliței and Muntean 2019).

This chapter adds empirical evidence to this debate, analysing social dialogue in MNCs from a multidimensional perspective. It shows that external and internal factors interact with each other in varied ways. External factors include transnational social dialogue in European Works Councils (EWCs), the global union organisations and the pressure of international stakeholders; while internal factors speak to the strategies of trade unions, the preferences of local management, the national legal framework and the institutional transfer of know-how between union organisations. They influence not only the quality of social dialogue but also changes in social actors' forms of organisation.

The effectiveness of social dialogue can be better understood when looking not only at the strategies of the social actors but also at their main sources of power, the key agents involved, the costs of the tools employed and the outcomes. To do this, this chapter builds on the theoretical framework developed by Adăscăliței and Muntean (2019). When the high costs of union action meet hostile regulation, and when employers and corporate governance are dependent upon HQ decisions, trade unions must adapt their strategies by mixing less costly associational and logistical power with high cost organisational and institutional power.

The international contacts and organisational resources that trade unions may deploy in supporting their actions can increase the pressure on the managements of MNCs. These are less costly in terms of the required resources but can be highly costly if used to undermine the bargaining partner. Appeals to the media or to consumers are, therefore, strategies that are sometimes used by trade union leaders. However, according to our information, these are deemed rather nuclear options because they can undermine the bargaining channels that trade union leaders prefer to keep open in their relationships with HQ managements.

When lacking substantial power resources in relation to employers, union strategies are often aimed at organisational survival. This is different from the familiar alternatives of the exit, voice or loyalty strategies used by employees in organisations (Hirschman 1972). Strategies that ensure survival are used in times of difficulty and weakness by trade unions; that is, when raising a voice inside a company leads to greater costs than potential benefits.

4. The retail sector

In the late 90s, various multinational companies opened chains of shops in urban areas of Romania, initially in Bucharest then in other major cities across the country. They were attracted both by the rising purchasing power of consumers and by the cheap labour released from failed privatised companies. Among them, in the order of the opening of their first store, was Metro (1996), Billa (1999) and Profi (2000), followed by Carrefour, Selgros and Penny Market (all 2001), Praktiker (2002), Cora (2003), Auchan (2006) and Decathlon (2009). A notable retailer in the sector is Mega Image, established in Romania in 1995. Its chain of shops was bought in 2000 by the Belgian company Delhaize. In 2021, there were over 880 000 employees in the retail sector of which 115 000 (fewer than 15 per cent) were in retail chains owned by MNCs while the rest were employed in small retail shops. Retail contributes 18 per cent of Romania's GDP.

The retail sector in Romania is highly fragmented (see Table 7.1) but dominated, in terms of turnover and employees, by multinational retail companies from Germany, Belgium, France and the Netherlands. The market is highly competitive because different ownership chains do not cooperate, for example in procurement, as retail chains often do in Germany or Switzerland. Competition between the largest retail chains is focused on market share and keeping workforce costs low. They are experiencing labour shortages because of increased migration, especially after 2007, due to the very low wages compared to other economic sectors. The retail sector has also witnessed mergers and acquisitions of store chains and even bankruptcy, making it highly volatile.

Union density is very low, standing at 1.7 per cent. There are no inherited trade unions since all major retail companies were established in the Romanian market as greenfield companies but unionisation rates vary considerably. Among larger companies, domestic owners are often openly hostile to trade unions such that one of the first messages that new employees receive is that they should not attempt to organise a union. There is also considerable variation in unionisation levels in branches of MNCs. Only four of the leading 26 retail MNCs in Romania have trade unions, some accepting unionisation only after facing pressure from the national retail trade union supported by international organisations such as UNI Global.

Ever since 1991, Romanian trade unions formed at company level have joined together to form sector trade unions. Federația Sindicatelor din Comerț (FSC; Trade Union Federation of Commerce) covers the whole sector with members in Carrefour, Selgros and Metro alongside four other minor affiliated trade union organisations from car dealers, bookshops and logistics. With a total of around 15 000 members, FSC does not reach the representativity threshold under which union members must consist of at least 7 per cent of all employees in the sector, as set out in the 2011 law on social dialogue.

Before the 2011 law, employees in the retail sector were covered by a sector agreement, but none has been signed in the following years. This has led to highly fragmented wage policies with the ultimate protection of the national minimum wage. According to data collected by a national trade union confederation, all the collective agreements valid as of 2021 in the retail sector (a total of 1950) were signed at company level (BNS 2022). Considering the low unionisation rate in retail companies and the lack of representative trade unions, we can conclude that these collective agreements were likely to have been unilaterally imposed by management to fulfil formal demands and signed by employee representatives rather than by trade union leaders. According to the BNS data, out of all the active collective agreements in 2021 in Romania, 84 per cent had been signed with employee representatives while only 13 per cent were signed with trade unions at company level and just 3 per cent with sector trade unions.

Retail companies have managed to establish a representative organisation, Federația Patronală a Rețelelor de Comerţ (FPRC; Employer Organisation of Large Retail Chains) incorporating all the top retail companies listed in Table 7.1. This does not reflect an openness towards collective bargaining as many of the leading companies have adopted anti-union stances. They are rather motivated by the structural and institutional power that they can use in lobbying the government and other state institutions. They can also use this organisational framework to coordinate their strategies on social dialogue and to embed the decentralisation of collective agreements.

Social dialogue in the retail sector is severely hampered by the high rate of employee turnover. No official data are available but, according to interviews with trade union leaders, a regular employee in retail shops tends to stay in the same workplace no longer than nine months on average (Interview 7.1). It is, therefore, harder for trade unions to build long-term membership relations with workers and convince new employees of the long-term benefits of collective action. Jobs in the retail sector tend to be rather entry-level ones, for students, than a job with which to build a career.

The organisational fragmentation of the sector also affects employee evaluations of alternative strategies for finding better jobs. The higher the level of fragmentation, the greater the opportunities for finding alternative jobs, making exit a more attractive strategy. At the same time, more fragmentation sees lower opportunities for trade unions to establish solidarity across a sector and to push for a balanced social dialogue.

The data in Table 7.1 show that retail is much more fragmented than automotives, a result of the very large number of small and medium-sized retail companies and a homogeneous regional distribution, increasing the opportunities for job seekers in this specific sector. In comparison, the automotive sector is more concentrated. Although the number of large companies is greater than in retail, a heterogeneous regional distribution and the high vertical dependency of companies on car manufacturers reduces the possibilities for employees to find many alternative jobs in companies that are competing with each other for employees.

Table 7.1 **Top10 retail and automotive companies in Romania by country, employee representation, employees and turnover, 2020**

Retail Company	HQ	Trade union/ EWC	Employees (January 2020)	Annual turnover (January 2020, million lei
Kaufland Romania SCS/ Lidl Discount SRL	Germany	No/No	20 000	11 877
Profi Rom Food SRL	Romania	No/No	16 277	7 264
Carrefour Romania/ Artima/Supeco	France	Yes/Yes	14 400	8 160
Dedeman SRL	Romania	No/No	12 000	8 217
Auchan Romania SA	France	Yes/Yes	11 000	5 480
Mega Image SRL/Ahold Delhaize N.V.	Netherlands	No/Yes	9 000	6 650
Penny Market - REWE Romania SRL	Germany	No/No	4 716	3 961
Selgros Cash & Carry SRL	Germany	Yes/No	4 460	3 831
Cora - SC Romania Hypermarche SA/Groupe Louis Delhaize	Belgium	No/No	3 500	1 723
Metro Cash & Carry Romania SRL	Germany	Yes/Yes	3 400	5 824
Total top 10 companies			**98 753**	**62 987**
Total sector			**887 000**	**671 873**

Automotive company	HQ	Trade union/ EWC	Employees (January 2020)	Annual turnover (January 2020, million lei
Continental Automotive/ Contitech/Vitesco	Germany	No/Yes	18 119	15 474
Groupe Renault Romania	France	Yes/Yes	17 900	31 199
Sews Romania SRL/ Sumitomo Electric Bordnetze SRL	Japan/ Germany	Yes/Yes	12 413	1 982
Leoni Wiring Systems SRL	Germany	Yes/Yes	11 842	2 723
SC Draxlmaier Automotive SRL	Germany	Yes/No	10 007	984
Autoliv Romania SRL	Sweden	No/Yes	8 581	3 899
Bosch Automotive/Bosch Services	Germany	No/Yes	8 520	6 529
Yazaki Romania SRL	Japan/ Germany	No/Yes	8312	2 677
Adient Automotive Romania SRL	USA/Ireland	No/No	5 437	1 948
Ford Romania	USA/ Germany	Yes/Yes	5 300	10 305
Total top 10 companies			**106 431**	**77 720**
Total sector			**225 000**	**127 493**

Source: Data compiled from National Institute of Statistics (http://statistici.insse.ro:8077/tempo-online/), Ministry of Finance (https://mfinante.gov.ro/domenii/informatii-contribuabili/persoane-juridice/info-pj-selectie-dupa-cui), the National Trade Register Office (compiled from risco.ro) and ETUI Brussels (www.etui.org).

4.1 Real (Auchan Romania): Survival of social dialogue during merger and acquisition

One acquisition that has had important effects on labour relations is the case of Real retail shops. Formerly a subsidiary of Metro AG, a German company with retail activities, Real owned 25 shops in Romania with a total of about 9000 employees at its height. More than half of Real's employees were organised in a trade union, making it one of the most powerful such organisations in the retail sector in 2010. However, in 2012, Auchan Group, a French retail chain, acquired 91 Real shops, with over 20 000 employees, in Poland, Russia, Ukraine and Romania. At the moment of the acquisition of 20 Real shops from Romania (the rest having been closed down), Auchan Romania's employees were no longer organised in trade unions because the local management of the subsidiary opposed any form of collective bargaining (Interview 7.1). Integrating unionised employees in Real shops into the non-unionised retail chain of Auchan would have meant opening the doors to unionisation for all employees, a step that the management of Auchan was unwilling to accept after the acquisition.

Therefore, the prior existence of a strong trade union is by no means an assurance of union survival during anti-union mergers, despite evidence elsewhere that employees have greater opportunities to join unions in already unionised companies that are part of privatisation, mergers or acquisitions deals. The existence of an organisation representing workers is, in general, perceived by local managers as a hindrance to their capacity to reach the economic targets established by headquarters because they perceive higher costs to arise from collective bargaining. Management's preference is to control social dialogue by nominating employee representatives and formally obtaining employee approval for them. In the words of one specialist:

> The local management reaches more easily the targets if there is no trade union around, only employee representatives which are nominated by the local management and elected by employees. This allows collective bargaining to take only two hours to be completed, farewell lunch included, while trade unions would negotiate for a much longer time and much harder. (Interview 7.1)

The acquisition of the Real shops by Auchan very soon changed the social dialogue preferences of the management of Real shops in Romania once they had fallen under the supervision of Auchan's country managers.

Soon after the acquisition, union leaders were dismissed and the trade union thus dismantled. Former union members who did not leave the company continued their struggle for collective action to reorganise their union. With the help of FSC, they approached UNI Global Union which hired a labour relations specialist to investigate the case and also submitted a report to the World Bank, which had provided loan capital of 340 million dollars to Auchan for its expansion programme (Macvicar 2014). Facing the anti-union stances of the local management, and without any substantive support from national institutions or from a law supporting unionisation or protecting union organising initiatives and union representatives against managerial retaliation, the strategy was to find external allies. International trade unions, such as UNI, were more effective in putting pressure on the national management of Auchan by appealing to influential stakeholders and international organisations (Interview 7.1).

Members were successful in forcing the company to accept the creation of a trade union, but they have had limited success in developing solidarity and increasing membership. As of 2021, fewer than 100 employees out of about 11 000 had joined the revived trade union. It was impossible to contact and interview non-unionised employees, so we can presume that one possible explanation for the small number of members stems from the previous anti-union campaign and the pressure that the local managers were able to mount.

International framework agreements can provide additional support for employees in MNC subsidiaries. For example, Auchan signed an international framework agreement in 2017 with UNI Global. The agreement included institutional mechanisms for informing all local managers and heads of subsidiaries of the company's acceptance of new social dialogue rules which would allow collective bargaining and freedom of association. Yet, local trade union leaders and employees complain about being seldom informed of these global framework agreements that oblige signatory MNCs to expand the social dialogue model and employment standards to employees in all subsidiaries.

Having a trade union in the company does not necessarily translate into higher wages. It can provide greater job security but, in a highly volatile and competitive sector, any large company, even if non-union, which pays better salaries can reduce the appeal for employees to join trade unions. According to a retail labour relations specialist (Interview 7.1), the existence of a trade union does, however, provide greater freedom to employees. They are no longer submissive to managerial abuses. Retail companies in Romania (such as Carrefour, Metro and Selgros) which do allow employees to unionise trade low wages for job security. In contrast, retail companies that adopt anti-union attitudes (such as Kaufland and Lidl, Auchan and Dedeman) tend to pay better salaries but, on the other hand, they overwork employees who develop work-related health problems. This might translate into a lower employee retention rate compared with that in union-friendly companies.

Trade unions have to adapt their strategies to conditions of high employee turnover. However, this can have high costs in terms of mobilisation, the coordination of membership and the potential for management retaliation because of the involvement of external supporters.

Employees in the Romanian shops send one delegate, a local trade union leader, to the Auchan European Works Council. However, social dialogue within the company is conditional on a change of preferences among local management and on a successful transnational social dialogue in the EWC. It is also dependent on recovering the trust of employees that they will not face retaliation if they join a trade union or take part in employee collective action.

In the context of similar acquisitions in the Romanian retail sector, social dialogue has apparently been more easily established elsewhere. The example here is the Billa chain, a member of REWE Group, the second largest German retail chain. Carrefour acquired the Romanian shops of Billa in 2015. In contrast to Auchan, employees in Billa shops, already unionised, managed to maintain collective organisation after the acquisition. However, this was not done without management's initial attempt to dismantle the trade union by laying off union members. Based on the Auchan experience, FSC swiftly appealed to UNI Global which had better connections at the headquarters of Carrefour.

In conclusion, this case study shows how an MNC can take advantage of weak legal protection. The absence of a functional model of labour relations, the fragmentation of social actors, the low costs of local management's adaptation to the national model and the high costs of employees to organise collectively all reduce the role and effectiveness of company and sector collective bargaining. The result is poor job protection, lower wages and managerial retaliation against a unionised workforce. The strategy employed by the trade union focused on making alliances with national and international supporters and developing the organisation's internal solidarity, thus ensuring the survival of the union movement in the company.

4.2 Selgros Romania: Adaptation social dialogue

Selgros is a retail chain that operates cash and carry hypermarkets in Switzerland, Germany, Romania, Poland, France, Austria and Russia. The stores are operated as a subsidiary of Transgourmet Holding AG, headquartered in Germany, although Selgros Romania is fully owned by Coop Switzerland, a privately owned cooperative society and the sole shareholder in Transgourmet. Transgourmet has about 27 000 employees across all its operating hypermarkets. Second only to the German chain of the subsidiary, the Romanian chain had more than 4600 employees in 2020. The competitive success of Selgros Romania is highlighted by it being the only Transgourmet subsidiary in which new jobs were created in 2020 despite the economic restrictions of the Covid-19 pandemic.[2]

Between 2001 and 2008, social dialogue in Selgros was characterised by simulated collective bargaining controlled by local management, with no collective action organised by employee representatives. Since 2008, however, employees have been organised. The largest union with members in the company, Sindicatul Național Selgros (SNS; Selgros National Trade Union), had in December 2021 a membership of about 3500; thus a unionisation rate above 75 per cent. It is the second largest trade union member in FSC.

The 2011 law put pressure on trade unions to reorganise themselves in order to reduce fragmentation and to be able to renew their representativity in accordance with the tougher new laws. The threshold unionisation rate of 50 per cent+1 for company-level representativity has, on the one hand, created the context for union fragmentation to be reduced. In addition, it has increased the pressure on smaller trade unions either to increase their membership, merge with larger unions or perish. Nonetheless, a negative outcome has been that representative trade unions must keep their membership levels constantly high in order to retain representativity. Any new competitor trade union could undermine this. That is why it is reported by various trade union leaders that managements have made efforts to organise ‘yellow’ trade unions. The double impact of this would be a loss in membership and representativity for existing trade unions, alongside the creation of more management-friendly trade unions.

SNS set up diverse strategies in order to retain its representativity under the new law and, thereby, to access an openness to negotiations for a collective agreement on the part of the company management. The union focused on increased internal democracy and the information and consultation of members by email and post but also intensified the mobilisation of members in protest activities. These strategies increased internal solidarity within the union and membership trust in its leaders, while shielding the organisation and its leaders regarding conflicts with local management. In addition, the strategies improved the legitimacy of collective actions and increased organisational and associational power.

---

2. According to data from the Romanian Registry of Commerce and the 2020 Coop Switzerland Annual Report (https://report.coop.ch/app/uploads/Coop_GB20_en.pdf).

Selgros employees are covered by a collective agreement initially signed in 2008, an outcome of the successful sector collective agreement. Ever since, the coverage of collective bargaining has been 100 per cent as, under collective bargaining law, the benefits of collective agreements cover all employees in the company, not only union members. The collective agreement has been subsequently extended each year since 2010, the year when the last sector agreement was signed by FSC and the employer organisations. All the agreements have covered working conditions, working time, rules establishing the work schedule, wage increases in accordance with the seniority of employees, paid leave premiums, food vouchers and double time being paid for working on national holidays.

SNS leaders have attempted to set up collaborations with their peers in other subsidiaries and to institutionalise transnational social dialogue through the European Works Council. However, this has met with only lukewarm support. The leaders decry the lack of transnational solidarity, the lack of an openness towards collaborating with trade unions from other countries within the same multinational and the protectionist attitudes of subsidiaries and even unions in those subsidiaries. According to one specialist:

> Transnational solidarity is higher when all the stakeholders are fine. When some of them feel weaker, there is no room for solidarity. When there is a crisis, solidarity is gone. (Interview 7.4)

SNS was faced with a complex situation during negotiations to renew the collective agreement in early 2020. The Covid-19 state of emergency, declared by the government on 16 March 2020, resulted in the previous collective agreement being extended. Company management offered quick ratification of a new collective agreement in exchange for accepting minor improvements in employment: a wage increase of around 10 per cent, a small increase in the value of meal vouchers and annual renegotiation of the collective agreement. More than 80 per cent of trade union members rejected the company's offer, having anticipated a rather larger increase in wages. Management therefore withdrew it, making use of the favourable context determined by the state of emergency which, amongst others, suspended collective bargaining rights.

According to the specialist, many Selgros employees regretted their initial rejection of the company's offer as management used the state of emergency to reinforce its tough bargaining strategy by pressing for changes in working hours without prior consultation and a reduction in bonus payments for overtime during holidays. The trade union faced pressure from management and from union members who demanded an active response.

The solution was to build a hybrid and flexible strategy that used associational and logistical power aimed at getting members back onside and management into the negotiation room. Members received emails and letters from union leaders, stating the reasons for the block in bargaining. Additionally, leaders sent a letter to senior headquarters management providing information on employment problems in the Romanian subsidiary. The union also appealed for external mediation although this was rejected. None of these actions were successful in determining a favourable change in local management's bargaining position, so the trade union organised a protest in the summer of 2020, in front of a Selgros shop, when a Swiss executive was visiting shops in Romania. According to the specialist, the chair of the board was shocked at the protest, yet he assessed favourably the decision of the trade union not to invite the media to the protest but to maintain it on an in-house basis.

> This strategy was decisive. It showed the CEO that the local trade union leaders are reasonable people. He appreciated that employees wanted to solve problems in a private and calm manner. (Interview 7.4)

The protest gathered more than 150 trade union members from Selgros and 20 supporters from the Carrefour trade union. As a result, the local management was instructed by senior managers to negotiate a collective agreement, which process was completed in October 2020. The agreement offered employees a wage increase in two tranches, a year-end one-off salary bonus, a holiday bonus and consultation concerning overtime.

In conclusion, internal solidarity within the trade union, strategies to control communication with members, the support of peer trade unions and the complex tactics used by the union leadership to mobilise various union power resources triggered a favourable response from headquarters. Although these factors produced a positive outcome for the social dialogue within the company, this case study highlights a dependency on the presence of resilient, flexible, determined and capable leaders, high internal solidarity and an openness among senior management. Additionally, it reveals that a functioning social dialogue is sensitive to corporate procedures and the support of national regulations and institutions of social dialogue. The costs of the union strategy were high in terms of mobilisation, the time required to coordinate and organise hybrid strategies and, also, the high risk of breaking the law, especially during the pandemic-induced state of emergency. Employing flexible strategies, although costly, nevertheless allowed the trade union to compensate for the costs by accessing membership support as well as management cooperation.

The lack of established transnational social dialogue mechanisms and bodies to monitor labour relations in subsidiaries reduces the predictability of the future success of social dialogue at that level. The lack of functioning and efficient EWCs and international agreements between unions and companies, together with monitoring mechanisms to ensure their effectiveness, gives room for managerial arbitrariness in dealing with the demands of subsidiary employees.

4.3 Metro Romania: Dependence social dialogue

Metro Romania was established as a greenfield company in 1996; owned by the German company Metro AG, it was the first major western European retailer to open subsidiaries in post-communist Romania. By January 2022 it owned 30 retail cash and carry supermarkets[3] and, as of 2020, it employed some 3400 employees in Romania out of a group total of 98 000 people in 23 other countries including, alongside Germany, most notably France, Russia, Italy, Spain, Ukraine, Turkey, Poland, Czechia and Hungary.

Attempts to establish social dialogue bodies in the Romanian subsidiary go back to the late 90s, soon after the opening of its first outlets. Employees from Metro Romania had earlier tried setting up a trade union but management was categorically opposed. Being aware of a list of employees who wanted to establish a trade union, management proceeded to dismiss all of them (Interview 7.5). This was a significant choice, especially during those times in which trade unions enjoyed political support as well as a more favourable atmosphere of employment and trade union regulation. This goes contrary to the assumption that, before 2011, Romanian social dialogue was much easier to establish than after 2011 under the new law.

It may be only one example, but it does provide insight into the informal support (or, at least, a closed eye to irregularities) that foreign companies received from politicians and central institutions before 2011. It also reveals the ineffectiveness of the institutions, rules and organisations that were in charge of setting up a balanced labour relations model amidst public complacency about support for employment rights. Previous empirical studies (Muntean 2003, 2011) have shown that labour relations in Romania are particularly imbalanced in greenfield companies, irrespective of the source of their capital (domestic or foreign). Managements press employees not to unionise, organise 'yellow' trade unions, simulate the fair election of employee representatives and encourage excessive fragmentation in order that trade unions are non-representative.

Metro Romania is one such greenfield company in which the in-country management has adapted to the informal nature of the institutional reality and the rule of law by suppressing employment rights. As a result, unionisation initiatives have been highly dependent upon the subsidiary management's strategies, senior management's decisions and the lack of institutional support at national level.

It was only after ten years that Metro Romania employees managed to unionise. In 2008 and 2009, they requested support from FSC which had powerful support from UNI Global. This, and the contacts that UNI Global had at the headquarters management of Metro AG Germany, was key to a radical change in the social dialogue in Metro Romania. According to our interviews, the green light sent by the headquarters changed the local management's approach on social dialogue, allowing employees to unionise in 2009. However, this did not change the long-term reluctance of local management to work cooperatively with the trade union.

Since 2009 there has been one trade union in Metro Romania. As of 2021, it has about 1700 members, thus barely meeting the legal threshold for representativity. Consequently, the social dialogue is under constant pressure of being blocked. Furthermore, substantial volatility in the workforce and strong competition in the retail sector among large multinational companies looking for skilled workers puts pressure on the company which transfers this to employees and their representatives. Furthermore, the decline

3. https://reports.metroag.de/annual-report/2020-2021/servicepages/downloads/files/entire-metro-ar21.pdf in the employee retention rate means that even union leaders could exit the company in search of better salaries. In Metro Romania, as in Selgros Romania, union leaders are not paid by the trade union nor are they given paid release from workplace duties to manage the union; they tend to organise the trade union in their free time, after working hours, or take unpaid leave. This translates into insecurity in the organisational leadership of the union. As one interviewed union leader commented, when a local leader from a regional shop quits for better conditions in another multinational retailer, the trade union loses membership in that regional shop. Therefore, since Metro Romania has a high regional fragmentation of its shops, employees and trade union leaders have supplementary barriers to their collective action and organisation.

High turnover rates which hamper union organisation are a reflection of working conditions and pay although they vary across the country. Here, a union representative referred to the 'increased overload of employees' after Metro Romania made a particular set of changes to working conditions. Required to handle large quantities of products in the store, and without automation and mechanical support, 'they tend to develop professional healthcare issues'. In addition, they are now required to carry out the tasks of a cashier while tired after handling heavy loads, when they are more prone to error at the checkout, leading to substantial financial penalties. In regional shops in the west, more colleagues left the company after these changes for jobs in other retail chains, as did colleagues in Bucharest and in the Transylvanian counties. However, 'in the shops in the north very few colleagues left because they had fewer alternative jobs' (Interview 7.5).

Since 2010, collective agreements at company level have followed the same standards established in the last sector collective agreement from 2010. Apart from working time and job security issues, the 2020 collective agreement included wage increases, overtime payments, yearly performance bonuses, financial support for special social cases, holiday vouchers and a holiday bonus. Thus, the trade union tried to negotiate compensation for wages being lower than in other large competitors in the retail sector (e.g. Schwartz Group subsidiaries Kaufland and Lidl) which aggressively promote their better salaries to attract skilled workers. The lack of a sector collective agreement provides little or no incentive for companies to cooperate in order to reduce the wage differential between them. The very high fragmentation of the sector, as underlined by Table 7.1, makes it impossible for sector agreements to be negotiated unless the thresholds in the 2011 law are first reduced.

Transnational social dialogue is secured in Metro AG by meetings of the company's European Works Council. Employees from Metro Romania have two delegates on the EWC. However, they evaluate the effectiveness of transnational social dialogue less favourably than expected. One specialist told us that EWC meetings have very little effective impact on employees in the subsidiaries as the EWC is too focused on reaching consensus on issues across diverse subsidiaries. However, each of them has specific issues at company or national level which are often determined by contextual factors specific to the economy and market in which the subsidiary operates. Our study collected multiple evidence from trade union leaders and labour specialists that, in various EWCs (Metro included), local issues are not addressed at all; they are purposely left to the local country management. Nevertheless, since EWC delegates are raising issues that have not been dealt with by local management in the first instance, it is hard to believe that local management will be able or willing to resolve employee issues afterwards.

In addition to the low effectiveness of EWCs in dealing with local issues, delegates criticise the attitudes and lack of cross-national solidarity among peer union leaders from subsidiary countries who often take stances aiming to protect the interests of their own members even at the cost of people in other countries. Low wages in subsidiaries in new-wave periphery countries, the absence of proper workplace security and the lack of effective rule of law and labour monitoring institutions represent several local issues that are not easily understood by west European representatives on the EWC. In the words of one union representative:

> [The] EWC is not helpful at all for local issues. It is a formal badge that the company is complying with the directive. No local issues have been solved at these meetings in the last nine years. (Interview 7.5)

To conclude, Metro represents a case of a multinational corporation in which the management of the Romanian subsidiary has adapted to the national model of labour relations. The trade union is highly dependent upon the social dialogue framework determined by the headquarters and the local management, but also upon the high levels of employee turnover. Therefore, trade union leaders have adopted strategies aimed at reducing the costs for the leadership and the membership, such as gaining support from international unions and direct negotiations with the subsidiary management.

5. The automotive sector

The automotive sector was transformed during post-communism but the historical legacies prevailed long after the regime change. The history of domestic Romanian car producers dates back to 1957 when the communist regime produced Aro, an off-road model imported from the USSR. Subsequent cooperation with French manufacturers in the 1960s and 1970s led to the production of Dacia vehicles, under licence from Renault, and the Oltcit marque, produced under licence from Citroen.

Low product quality, a lack of resources and know-how to keep pace with technological advances and the release of models that performed rather poorly in foreign markets, as well as the increase in imported second-hand cars in the 90s, put pressure on the three national car producers Dacia Piteşti, Oltcit Craiova and Aro Câmpulung (for a detailed history, see Egresi 2007). Failed attempts successfully to privatise Aro led to its bankruptcy in 2006 in spite of the efforts of employees and the trade union to purchase the company. The impact of this failure was covered widely and was so relevant to the failed privatisation process that the story has been dramatised in an acclaimed movie *Despre oameni și melci* (*Of Snails and Men*).

Foreign direct investment in automotive assembly accounted for about 9 per cent of total FDI stock in 2020. When adding other companies from the dense network of suppliers providing electronics, wires and tyres, the share of FDI stock is almost doubled. Foreign investments by supplier companies have increased the embeddedness of companies in the automotive sector in Romania (Egresi 2007; Drahokoupil et al. 2019) with 58 different suppliers operating across 100 manufacturing plants. However, the sector is dominated by a handful of major companies notably Renault, Ford, Continental and Leoni. The industry is geographically highly concentrated with clear regional differences and clustering of automotive companies. Of the top 20 suppliers of automotive components used in European car assembly factories, according to an *Automotive News* report (Chappell 2018), all have production facilities in Romania as well as in other countries in the central and east European region.

The automotive sector is one of the success stories of the economic development of Romania since the early 2000s. Dacia has been transformed by Renault after its 1999 acquisition into a cheap mass producer with considerable success in the EU. It is the largest company in the automotive sector in terms of turnover and the main pillar company in embedding local automotive production. Dacia and the other large multinational corporations in automotives (i.e. with more than 250 employees) account for 97 per cent of the sector's exports.

In the 2016 to 2018 period, the sector had almost 240 000 employees but saw reductions in 2019 due to lower external demand and structural changes such as the increasing focus on developing electric or hybrid vehicles. There have also been quality issues for some component producers leading to product recalls which have increased the financial pressure on suppliers. Mergers and acquisitions are determined by market pressure, bankruptcy and increased demand for components to be used in new electric powered vehicle models, but also by high levels of competition. These create further uncertainties for employment relations with changes in the model of labour relations, social dialogue bodies and job security.

Automotive companies active in Romania have made great use of the flexible labour relations set up by the 2011 law by employing a temporary workforce, thus having fewer constraints on lay-offs. For example, the German company Kromberg & Schubert, supplying spare parts for all major vehicle producers, employed almost 10 000 workers in 2016 in four plants and one research and development centre in western and central Romania. Three years later, at the end of 2019, its total number of employees was down to 4200 in the same production facilities. Delphi Technologies followed a similar path. In 2019, it employed 2600 employees whereas, three years earlier, it had employed over 10 000. Thus, a reduction in the workforce of more than 50 per cent, which by all circumstances would qualify as a collective redundancy, was not accompanied by active employment policies and compensation. This was in line with the increased flexibilisation of labour relations set down in the 2011 law.

The unionisation rate in the automotive sector is about 20 per cent, based on the estimates of national trade unions and the numbers declared in the representativity files submitted to the courts, which may be biased upwards (see for example Guga and Constantin 2017). There has been no sector collective bargaining nor agreement since 2010. In the automotive sector, employees are largely organised in IndustriALL-BNS, formerly called Automobilul Românesc (Romanian Automobile Trade Union), which has about 30 000 members including large organisations in Renault, Ford, Adient, Timken, Magnetto Wheels, Componente Auto SA and UAMT Oradea. In Leoni, the trade union – with 5000 members in 2020 – chose to join Federaţia Naţională a Sindicatelor din Industrie (National Industry Trade Union) instead of IndustriALL-BNS. The trade unions established by employees in two other automotive companies, SEWS-Sumitomo and Draxlmaier, with fewer than 4000 members together, have not joined either of these national trade unions. This fragmentation inevitably weakens social dialogue in the sector and collective agreements at group level.

Several automotive MNCs active in Romania have established EWCs. Compared to the lower number of EWCs established in the retail sector (fewer than half the number in automotives), we can conclude that automotive employees should have a reasonable level of access to corporate decisions and the opportunity to establish international contacts and develop international solidarity with their peers from other subsidiaries.

This is not always the case, however, as was highlighted by our interviews with trade union specialists and European Works Council delegates. International solidarity seems to be rather difficult to grow when headquarters and local managements prefer to maintain EWCs as rather formal, and ineffective, social dialogue bodies. Where EWC delegates are employee representatives (sometimes imposed, or at least suggested, to employees by management), and not trade union leaders, opportunities to build international solidarity between employees and organise social dialogue in subsidiaries decrease because they have fewer contacts with international trade unions and lower levels of collaboration with national trade union leaders. This reflects the position in subsidiaries in which managements have developed anti-union stances. Moreover, when local issues are not accepted by headquarters management as a subject for discussion at EWC meetings, which is more often the case, according to our interviews, employees from local subsidiaries and home country factories are rather incentivised to compete with each other in respect of higher profitability, higher productivity, higher competitiveness and lower wage demands. These factors increase the divisions between subsidiaries and make international solidarity hard to establish and develop.

The Covid-19 pandemic increased stress not only for car manufacturers but also for their suppliers. In spring 2020 supplier companies applied for partial unemployment payment measures, while temporarily closing production in many plants, under the Romanian government's subsidy plan.

The 2011 reforms have produced another important, and more insidious, effect. Specifically, the 1996 collective agreements law set down that it was the responsibility of the social partners that were negotiating national agreements to determine how the sectors in which sector collective agreements were applicable were to be constituted. These sectors were used as benchmarks for evaluating the representativity of sector and national trade unions and employer organisations. After the 2011 law, however, it is now the government which decides how each sector is constituted. Therefore, the government has diluted the homogeneity of sector agreements. For example, the benchmark used for evaluating the representativity of trade unions and employer organisations from the automotive sector includes not only car manufacturers and their suppliers but also boat and shipbuilders, central heating systems manufacturers, planes and spaceship manufacturers and companies that produce various other tools and machines (e.g. tractors and lathes). In addition, it does not include companies that are making tyres (Continental, Michelin and Pirelli) which are officially included in the chemical industry together with companies that make fertilisers.

5.1 Ford Romania: Adaptation social dialogue

In 2007, Ford Motor Company bought the state-owned shares (over 72 per cent) of Automobile Craiova for 57 million euros. This followed the sale of a majority share in the former producer of Oltcit vehicles to the South Korean company Daewoo and then partial renationalisation when Daewoo collapsed, with other parts of its motor vehicle operation taken over by General Motors. Ford Romania was officially established in early 2008, when the company took control of the former Daewoo plant. The same year, the European Commission determined that the Romanian government had offered Ford illegal indirect state support amounting to about 27 million euros for buying the shares in Automobile Craiova at a discounted price in return for increasing the total number of employees to 7000. When Ford bought Automobile Craiova, about 4000 people were employed but, as of January 2022, numbers had increased to about 6200. The annual production capacity of the plant increased from 50 000 vehicles in 2015 to 163 000 in 2021.

Since the Ford plant in Romania was not a greenfield company, social dialogue in the new company inherited established trade unions and collective bargaining bodies. Two representative trade unions were active in Daewoo Romania, signatory parties to the collective agreement which was valid at the moment Ford bought the plant. Employees then formed a new, unified trade union, Sindicatul Ford Automobile Craiova (SFAC, Trade Union Ford Craiova), which had about 5700 members in 2021. The unionisation rate is thus over 90 per cent.

Compared to sector collective agreements, the company agreements signed after 2010 saw reduced benefits for employees, including experience-dependent premiums and workload-related differences in retirement contributions and benefits. According to the local specialists we interviewed, the bargaining position of the trade unions has weakened in the company since 2011 (Interview 7.6).

In 2017, a protest was organised by the trade union in order to push local management to offer a higher increase in wages. The protest was primarily caused actually by the government's plan to transfer the payment of social contributions from employer to employees. According to news reports (Dobrescu 2017), employees believed the company wanted to condition increases to the gross wage on lower overtime payments and performance bonuses as a result of the renegotiation arising from the transfer of contributions. In addition, some employees demanded that union leaders no longer be on paid release by Ford but hired and paid exclusively by union members as a means of increasing accountability and cutting any potential strings attached by management to trade union leaders. After fresh negotiations, company management accepted the demanded increase in wages in exchange for signing a two-year collective agreement.

Our interviewees highlighted that, in terms of social dialogue, the company decided all the measures to be taken in the plant for workplace security during the Covid-19 pandemic only after consulting union leaders. They also commented that, as regards transnational social dialogue, Ford senior management did encourage trade union leaders in subsidiary companies to put local issues on the agenda of the EWC, to which Ford Romania sends two representatives.

In early 2022, Ford Motor Company announced that Ford Romania would be sold for 575 million euros to Ford Otosan, a joint venture from Turkey in which Ford Motor Company and Koç Holding both owned 41 per cent, the rest being held by small shareholders.[4] The transaction was presented as a transfer of assets to improve production (the Ford Courier van would be moved to Craiova) and competitiveness (via plans to build electric vehicles), but there are uncertainties concerning employment relations. It is not yet clear what will happen in respect of social dialogue within the company, whether the local management will be changed, whether the place of Ford Romania in the Ford EWC will be maintained and whether Ford Romania employee representatives will be consulted by the corporate governance bodies of Ford Otosan.

In conclusion, the adaptation of Ford to the social dialogue and labour relations which were already established in the Craiova plant produced effects for employees that were rather positive. Trade unions also had to adapt, in order to make better use of transnational social dialogue, even though agreements were not always accepted by the membership without internal debate and opposition. Trade unions made use of their active membership and the rather low levels of employee turnover in the automotive sector to develop successful social dialogue strategies. Therefore, although their strategies increased costs due to active bargaining tools such as protests, but also as a result of potential internal dialogue, trade unions were successful in adapting to corporate change in the company.

5.2 Michelin Romania: Dependence social dialogue

Michelin Romania was established in 2001 after the French company bought two domestic tyre factories from Tofan Group. As of January 2022, it owns three plants (two produce tyres while a third produces metal wiring for the cords used in tyre production) and employs about 4400 workers. It produces tyres as components for all major car manufacturers but also as aftermarket spares. Michelin Romania is part of the Michelin Group which has about 127 000 employees worldwide.

Employees at Michelin Romania are organised in four trade unions. This high fragmentation is determined by different regional locations and specialisations in the activities of local factories, personal disputes between trade union leaders and

4. https://www.reuters.com/markets/europe/ford-sell-romanian-plant-turkish-jv-2022-03-14/

management's strategies to keep employees fragmented. Together, the four trade unions had about 2350 members in 2021 with none thus satisfying the legal threshold for representativity. The 800 white collar employees in the management offices (in the capital city) have not joined any blue-collar trade unions but, instead, elected employee representatives. Some of the blue-collar unions were established with the judicial help of and consultation with national trade union leaders because the local management was otherwise reluctant to allow employees to unionise.

> They [the country manager] told us and the national union leader who accompanied us that we [the employees] do not need a trade union because we have all the employment rights we can have even without a union. In addition, the country manager and the human resource manager refused to exempt union leaders from regular job-related activities. The French managers showed clear anti-union attitudes. The company management supported one member of the trade union executive committee to quit and establish a new trade union. They tell us that we cannot receive higher salaries because the wages set-up is in accordance with average salaries in Romania. (Interview 7.3)

The subsidiary management has thus successfully adapted to the local model of labour relations. With weak trade unions lacking representativity, social dialogue is controlled by management. The conditions of employment are, therefore, largely determined by management goodwill and seem to be inspired by the desire to keep production costs low, including by keeping employee benefits at the lowest possible levels. However, keeping wages low – the minimum salary is only 200 lei larger than the national minimum salary – increases the turnover of workers. According to our interviewees, younger/new employees stay with the company for only a few months before leaving either for other local companies or migrating to western countries. The low employee retention rate negatively influences the stability of union membership, making collective action, such as a strike or protest, almost impossible to realise.

Employees in the subsidiary are represented on transnational social dialogue bodies, such as the EWC, by three delegates who represent the management of the subsidiary and two of the three local plants. The utility of the meetings is deemed by some local union leaders who are not members of the EWC to be minimal. It is reported that local EWC delegates have frequently refused to share information from EWC meetings on the grounds of the confidentiality of the discussions. Additionally, local union leaders complain about the lack of transnational solidarity from trade union leaders in other Michelin subsidiaries, which hampers effectiveness in resolving local issues at transnational level on the EWC.

> When we wanted to start conflicts at Michelin Romania, trade unions from Michelin France, Germany or eastern European subsidiaries refused to help us. Union nationalism is evident both among the core and periphery trade union leaders we met in the group. (Interview 7.3)

In conclusion, social dialogue in Michelin Romania tends to be highly dependent on management goodwill. This dependency is increased by the fragmentation of employees and their union representatives. Local employment relations are entirely dependent upon corporate strategies and local management's pressure for the increased profitability of the plants of the subsidiary. Trade unions have adapted to this context of high intra-group competition; they prefer to use strategies with rather low costs, such as cooperating with the membership and with the local media, as well as gaining the support of the national trade union federation during collective negotiations.

6. Conclusions

The Romanian economy is still highly dependent on foreign direct investment. At the start, MNCs often did their best to adapt to the employment relations practices of the Romania of that time, but later they were more likely to try to bend the social dialogue and labour relations model to fit their economic interests. In 2011 they successfully used the anti-crisis context to convince the government and politicians to make labour relations much more flexible, meaning the reduction of employee protection, fewer trade union rights and the decentralisation of social dialogue and collective bargaining. Their domination of finance, markets and know-how in almost all economic sectors, barring the public sector, has enabled them to establish a firmly dominant position in social dialogue.

It is only in privatised formerly state-owned companies, and in public institutions, that labour relations could encompass functioning social dialogue bodies. Prior establishment of trade unions is a determinant of the success of social dialogue in both private and public companies. However, the evolution of social dialogue and the organisational development of trade unions (as well as employer organisations) has not been homogeneous. Instead, there are large variations in strategies and representation. Economic conditions can fluctuate, with regions and economic sectors also observing the long-term fragmentation or, otherwise, concentration of companies.

Using data from in-depth interviews with union specialists and employer representatives, this chapter has examined the variations in unionisation and in union strategies. It employed case studies to look at the details of multinational corporations in the retail and automotive sectors, explaining the role that economic, institutional, organisational and structural factors play in changing the attitudes of multinational corporations towards social dialogue in their subsidiaries.

High fragmentation in an economic sector enhances the substantial effects of employment being volatile as a result of low employment protection. Economic fragmentation reduces the prospects for trade unions to organise. It also increases the free-riding effects of anti-union companies that do not invest in employee protection through social dialogue but simply attract a skilled workforce through the offer of higher wages.

MNCs do their best to create the most favourable economic ecosystem and to introduce their own corporate governance and social dialogue model which they know and can control. Yet, as these case studies have shown, when bending the rules frequently is the rule, MNCs prefer to adapt their corporate governance to the national model of labour relations. In cases of reorganisation, merger or acquisition, social dialogue and labour relations in MNC subsidiaries are often revisited and periodically reset. Trade unions have to adapt their strategies continually to evaluate the best path to negotiate and develop effective relations with the new management.

On the other hand, management often tries to shape the (im)balance of power and procedures to its advantage or to eliminate trade unions altogether. This strategy has greater chances of success in Romania because of the social dialogue and labour relations rules which are more favourable to employers than to unionised employees. On top of this, since bending the rules is not an exception in Romania employers systematically push to change these to fit their own interests.

Inter-sector solidarity between trade unions and employees disappeared after 2011. On the one hand, the new regulations pushed trade unions to the brink of survival, giving substantial bargaining edges to employers, and moved the key locus of bargaining to the level of the company. On the other, the new context has put pressure on local trade unions to try to reinvent themselves with strategies including increased internal democracy, finding opportunities where they can and developing new strategies that combine costly tools such as protests and alliances with less costly ones, such as support from international unions and public media campaigns. The former strategies and outcomes seem to perform more effectively in less hostile companies, while the latter ones tend to be more useful in firms with anti-union management stances.

References

Adăscăliței D. and Guga S. (2015) Negotiating agency and structure: trade union organizing strategies in a hostile environment, Economic and Industrial Democracy. https://doi.org/10.1177/0143831X15578157

Adăscăliței D. and Guga Ș. (2016) Taking stock of the crisis: A multilevel analysis of the Romanian trade union movement, Discussion Paper No 39, Central European Labour Studies Institute (CELSI). http://celsi.sk/media/discussion_papers/CELSI_DP_39_3.pdf

Adăscăliței D. and Muntean A. (2019) Trade union strategies in the age of austerity: The Romanian public sector in comparative perspective, European Journal of Industrial Relations 25 (2), 113–128. https://doi.org/10.1177/0959680118783588

Bechter B., Brandl B., and Meardi G. (2012) Sectors or countries? Typologies and levels of analysis in comparative industrial relations, European Journal of Industrial Relations 18 (3), 185–202. https://doi.org/10.1177/0959680112452691

Begega S.G., and Aranea M. (2018) The establishing of a European industrial relations system: Still under construction or chasing a chimera?, Employee Relations, 40 (4), 600–616. https://doi.org/10.1108/ER-07-2017-0151

Berend I. (2009) From the Soviet Bloc to the European Union: The economic and social transformation of Central and Eastern Europe since 1973, Cambridge University Press.

BNS (2022) Analiza diagnostic a dialogului social in Romania, Blocul National Sindical.

da Costa I., Pulignano V., Rehfeldt U. and Telljohann V. (2012) Transnational negotiations and the Europeanization of industrial relations: Potential and obstacles, European Journal of Industrial Relations, 18 (2), 123–37. https://doi.org/10.1177/0959680112440756
De Spiegelaere S. and Jagodziński R. (2019) Can anybody hear us? An overview of the 2018 survey of EWC and SEWC representatives, ETUI.
Delteil V. and Kirov V. (2017) Building and reshaping social dialogue in CEECs: from formal Europeanization to new dependencies in Bulgaria and Romania, in Delteil V. and Kirov V. (eds.) Labour and social transformation in Central and Eastern Europe: Europeanization and beyond, Routledge, 185-206.
Dobrescu P. (2017) Protest spontan al angajaților Ford Craiova, nemulțumiți de negocierile din contractul colectiv de muncă. Libertatea, 21.12.2017. https://www.libertatea.ro/stiri/protest-spontan-al-angajatilor-ford-craiova-nemultumiti-de-negocierile-din-contractul-colectiv-de-munca-2085158
Drahokoupil J., Guga Ș., Martišková M., Pícl M., and Pogátsa Z. (2019) The future of employment in the car sector, Friedrich Ebert Stiftung.
Egresi I. (2007) Foreign Direct Investment in a recent entrant to the EU: The case of the automotive industry in Romania, Eurasian Geography and Economics, 48 (6), 748–764.
Fina S., Heider B., and Raţ C. (2021) România inegală. Disparităţile socio-economice regionale din România, Friedrich Ebert Stiftung. http://library.fes.de/pdf-files/bueros/bukarest/18051-20210623.pdf
Geppert M. et al. (2014) Industrial relations in European hypermarkets: Home and host country influences, European Journal of Industrial Relations, 20 (3), 255–271. https://doi.org/10.1177/0959680113519186
Guga S. and Constantin C. (2017) Analiza impactului noii legislaţii a dialogului social adoptate în 2011, Ediția a II-a, Asociatia Conect.
Guga Ș., Spatari M., and Chelaru D. (2018) Situatia salariatilor din Romania, Syndex.
Hirschman A. (1972) Exit, voice, and loyalty: Responses to decline in firms, organizations, and states, Harvard University Press.
Köhler, H-D., Begega S. G., and Aranea M. (2015) Three decades of European works councils: A quantitative evaluation, Warsaw Forum of Economic Sociology, 6 (1), 49–74.
Lévesque, C. and Murray G. (2010) Understanding union power: resources and capabilities for renewing union capacity, Transfer, 16 (3), 333–350. https://doi.org/10.1177/1024258910373867
Macvicar S. (2014) Auchan expansion programme gets World Bank backing, Business Investor Guide, 05.06.2014. https://businessinvestorguide.com/countries/russia/auchan-expansion-programme-gets-world-bank-backing/
Marginson P. and Meardi G. (2006) European Union enlargement and the foreign direct investment channel of industrial relations, Transfer, 37 (2), 92–110. https://doi.org/10.1111/j.1468-2338.2006.00392.x
Mrozowicki A. (2014) Varieties of trade union organizing in Central and Eastern Europe: A comparison of the retail and automotive sectors, European Journal of Industrial Relations, 20 (4), 297–315. https://doi.org/10.1177/0959680113519314
Muntean A. (2003) Romanian labor movement between workers' padded coat and European values: New perspectives on Romanian trade unions, in Voicu B. and Rusu H. (eds.) Globalization, integration, and social development in Central and Eastern Europe, Sibiu, Psihomedia.

Muntean A. (2011) Trade unions and labour relations in post-communist Romania. PhD thesis, National University of Political Studies and Public Administration.
Muntean A. (2021) Dataset on multinational companies in Romania: Workforce, trade unions and European works council, National University of Political Studies and Public Administration.
Pulignano V. and Waddington J. (2020) Management, European works councils and institutional malleability, European Journal of Industrial Relations, 26 (1), 5–21. https://doi.org/10.1177/0959680118824512
Trif A. (2013) Romania collective bargaining institutions under attack, Transfer, 19 (2), 227–37. https://doi.org/10.1177/1024258913480600
Trif A. and Stoiciu V. (2017) Turning crisis into an opportunity: Innovation within the Romanian trade union movement, in Bernaciak M. and Kahancová M. (eds.) Innovative union practices in Central-Eastern Europe, ETUI, 161–77.

All links were checked on 03.10.2022.

Annex

List of interviews

ID	Position/organisation	Sector/level	Date of interview
Interview 7.1	President/trade union	Retail, national	24 March 2021
Interview 7.2	President/trade union	Automotive, both local and national	24 March 2021
Interview 7.3	President/trade union	Automotive, local	25 March 2021
Interview 7.4	President/trade union	Retail, local	9 April 2021
Interview 7.5	President/trade union	Retail, local	31 March 2021
Interview 7.6	Vice president/trade union	Automotive, local	1 April 2021
Interview 7.7	Director/employer organisation	National	20 July 2021