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## France: Mia Electric

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### About

Case study name:

[The greening of industries in the EU](#)

Country:

France

Organisation Size:

100-499

Sectors:

Automotive

*Mia Electric took over production on an existing site of a bankrupt car supplier in 2010 in order to create a fully electric car. The green restructuring of the company is characterised in particular by its supplier network being based locally, which aims at reducing transport emissions. To meet the needs of the new product line, the company requires skilled employees, which are rare in the local labour market, which makes training an important issue. Working conditions and industrial relations are characterised by a high degree of continuity.*

### Introduction

In 2010, employment in vehicle manufacturing accounted for about 1% of total employment in France. This is slightly below the European Union average, which was at 1.3% in the same year.

Mia Electric was created and financed by the German pharmaceutical company Kohl-Gruppe, the German energy trading company ConEnergy and the Poitou-Charentes region. The latter invested €5 million and is a minority shareholder of Mia Electric. The company's capital is €53,010,000. Its main shareholders are Professor Edwin Kohl, with 88%, and the Poitou-Charentes region, with 12%.

The Mia Electric plant is located in Cerizay in the Poitou-Charentes region. The current owner took over the production site from bankrupt Heuliez in 2010 and relaunched production in July of the same year. In November 2011, there were about 300 employees on the site.

The plant produces the Mia electric car. According to company information, the Mia car reaches a top speed of 100 kilometres per hour and its operating range is 125 kilometres. The regular version costs about €17,786 (with the increase in the ecological bonus to €7,000 in France) plus €49 for battery hire. Across a total market of 2,865 units, Mia has registered 256 vehicles. This figure puts Mia Electric in third position in the French market for the electric car, behind the Bluecar and the C-Zéro. At the end of July 2012, the total number of Mia sales across Europe exceeded 1,000 units.

This company was chosen as a case study because it combines restructuring geared towards the production of an innovative green product with the implementation of a green production process.

### Drivers and motivations

For Mia Electric, the most important environmental contribution is the production of a fully electric car. The company's strategy is to reduce the car's weight as far as possible to minimise its production costs and energy consumption, which is reported to be half as much as its competitors. The low energy consumption, in turn, also reduces the car's battery charging time.

The initial motivation behind the green restructuring was the will of all actors involved to preserve employment at the former Heuliez site. 'We tried to preserve a company, rather than to see it closing', said the vice-president of the Conseil Général and CFDT Employee Representative for the French Democratic Confederation of Labour (Confédération française démocratique du travail, [CFDT](#)) at Mia Electric. 'As a trade union, we've done everything so that the company could resume production in difficult times.'

Second, because the company chose to produce an emission-free car, green restructuring was driven by the motivation to enter an emerging market that deals with products that help to fight urban pollution (in terms of noise and air pollution) and to reduce greenhouse gas emissions. For this reason, public buyers, such as communities that use the cars for car-sharing schemes, are expected to be important

customers of Mia.

## Green business practices

The new owners of Heuliez aimed to produce a fully electric car and so drew a distinction between themselves and those manufacturers that produce hybrid engines, consisting of both a conventional and an electric engine. The group neither had the industrial means nor the technical know-how to make that choice. Rather, the new owners drew on Heuliez's competencies in the field of carriage construction and vehicle architecture, as well as its experience in transforming conventional cars into electric ones. Mia Electric chose the fully electric car estimating that there was a sufficient market for it, as it assumed that the battery capacity of its cars would be sufficient for around 90% of all non-holiday car journeys.

Besides the production of a green product, the company also pursues a strategy of green manufacturing that aims at reducing the carbon emissions associated with the production process. Suppliers based as close as possible to Mia Electric's site have been chosen in order to minimise transport time and costs. Heuliez, the other group that has taken over (and kept the name of) previous production on the same site, supplies the chassis. The provider of electric engines, Leroy Somer, is also close to Mia's production site. The latest lithium batteries are produced in Asia, because, according to the product director, 'the natural resources [necessary for the production of these batteries] are located in this region. The aim is, however, to establish the entire production in Europe, and to import the resources only.'

In addition, the company is committed to the recycling of packaging by using solid materials instead of cardboard boxes. 'We try our best to recycle as much as possible in order to achieve the objectives of ISO 26000', explained the CFDT employee representative.

Before being taken over by Mia, Heuliez Electric had received subsidies of €5 million for the development of a prototype. Mia Electric was able to take over these funds, but in exchange had to accept the region as a shareholder until 2013.

## Anticipation and management of the impact of green change on quantity and quality of jobs

### Impact on quantity of jobs

Mia Electric started operations in July 2010 with a staff of 35 people and has recruited steadily ever since. In March 2012, the total headcount was about 280 employees, of whom roughly two-thirds were former employees of Heuliez, and one-third had been hired since the relaunch. Some 200 workers were formerly employed at Heuliez. One of the core motivations for the green restructuring, namely to preserve employment after Heuliez' bankruptcy, has thus been achieved. Most new employees have university degrees or have graduated from technical schools. Usually, new recruits work on a six-month temporary contract before being made permanent. If Mia's products prove to be successful in the market, there are plans to hire new staff in order to change from a two-shift to a three-shift system.

Employment structure has changed substantially since Heuliez was taken over by Mia Electric, due to the technological challenges of the new product line. Notably, there are more white-collar workers now. In particular, R&D activities, commercial services and after-sales services have been substantially extended.

### Impact on quality of jobs

Overall, working conditions changed only marginally after the takeover. Working time is organised on the basis of 40 hours per week. To respect the statutory regulations of an annual average 35-hour week, employees can take days off. Currently, the plant works on a two-shift system, but might change this if its cars are successful.

With regard to occupational health and safety, employees deal with lighter parts than previously, which, among other positive effects, favours the employment of women and older workers in manufacturing. The shop steward interviewed for this study, however, expressed criticism that employee representatives were not consulted before the installation of the new equipment in order to make sure that it met the ergonomic requirements of the employees.

In order to facilitate the employment of disabled workers, the plant has special workplaces adapted to the needs of employees with disabilities, who make up around 6% of the total workforce.

## Employment relations

Continuity of working conditions following new ownership and green restructuring is thanks partly to continuity in important industrial relations institutions. After the partial takeover, the new company remained bound to the same sectoral collective agreement as the old one (the national collective agreement for the metal industry) and also continues Heuliez's company agreements.

Similarly, important areas of workplace-level industrial relations are characterised by a high degree of continuity. In order to create the organisational culture of an innovative company, Mia's management has agreed to establish three different kinds of institutionalised employee representatives, namely shop stewards (*délégués du personnel*), a works council (*comité d'entreprise*), and a hygiene, safety and working conditions committee (*comités d'hygiène, de sécurité et des conditions de travail*, CHSCT). The strongest trade union is the CFDT, with 11 employee representatives, followed by the French Confederation of Professional and Managerial Staff – General Confederation of Professional and Managerial Staff (CFE-CGC), with 4 representatives. No other trade unions are considered as representative. According to the CFDT employee representative, 'There is, just as at Heuliez, a culture of cooperative social dialogue. The social relations remain good, as at Heuliez, without there being much improvement.'

In addition, a range of changes regarding employment relations have been implemented, which have an impact on the quality of employment. In order to implement the overall far-reaching changes and to anticipate the evolution of Mia's activities, management communicated with its employees in meetings or through newsletters. 'In contrast to Heuliez, where there was no communication with the workforce, the management of Mia Electric communicates a lot in order to convey its message', says the CFDT employee representative. He adds, however, that this new means of communication, which emphasises communication with the employees directly and not necessarily through the unions, represents competition for the trade unions in the plant. These changes are examples of more recent models of individual 'employee empowerment' that have been introduced after the takeover.

According to management, the overall social atmosphere is better now than before. Management believes that the transformation of a large workplace with numerous activities employing 3,300 workers to a small start-up with, in the beginning, 35 employees, changed the attitude of the workers towards their employer. 'We work on a common project, which is the development of a car that is 100% electric, has 0% emissions, and a positive impact on the environment. These changes calm the social climate. When you walk through the workplace, you see more employees smiling. They are also more committed', explains the product director.

On the negative side, the CFDT employee representative states that striving for the same optimisation as SMEs in their development phase requires an ongoing process of optimising cost-efficiency, which is sometimes not perceived favourably by the employees.

## Training and recruitment

Although the product line has changed from carriages to electric cars, the core competencies required remain largely the same. According to the HR manager at Mia Electric, 'the task is different, but it remains manufacturing'. Nevertheless, the new production line made it necessary to invest in the external training of around 100 employees in production and assembly in order to 'get them used to electricity' (*habilitation électrique*).

A major challenge for Mia Electric is the recruitment of sufficient skilled labour from the local labour pool. For the production of electric cars, the company needs workers who are both trained mechanics and electricians. There are few of these, and there is a high demand for them from all big manufacturers that produce electric cars. The HR manager explained that the company has an 'sizeable margin of tolerance', and tries to recruit people from a radius of not more than 60 kilometres, who have at least one of the two skills required. Subsequently, Mia trains the employee in the missing skill. This method of headhunting skilled employees puts Mia in competition with other car manufacturers, and the company has to advertise its innovativeness as well as its products.

Mia Electric had to 'learn' new tasks that Heuliez did not know to perform. Mia is a final assembly company, whereas Heuliez was a subcontractor for the automobile industry. This also required new, innovative skills. In addition, Mia has had to develop competencies in sales administration. Furthermore, management has made considerable efforts to communicate Mia's corporate identity to its employees.

Mia's strategy is to a large extent based on in-house and external training in order to maintain existing human resources and to attract new skilled labour. When hired, workers undergo a 19-day training course to prepare for the job and to 'get them used to electricity', in cooperation with the local branch of the public employment service (Pôle Emploi). A plan to secure career paths was funded by the state, which took charge of the employees in short-time work, and the Poitou-Charentes region, which took the responsibility for retraining employees threatened by unemployment due to the bankruptcy of Heuliez in 2009. This plan is supposed to avoid lay-offs of experienced workers, who are essential for the production of electric cars, and the costs associated with redundancies. The training plan, with financial support from the regional administration and other actors, helped most employees to acquire the skills necessary for the production of electric cars. At the same time, the actors involved tried to prevent human resources being withdrawn from Heuliez's core activities (under new management) or from other employers in the region. On the other hand, the regional administration also encourages the reallocation of workers from different parts of the former Heuliez. The receiving employer can benefit from a training subsidy of up to €3,000 per employee.

In general, because it maintained the core tasks of its predecessor, the creation of Mia Electric did not require massive retraining. Thus, the effect on training and skills seems to be limited. The main efforts are directed at making employees familiar with electric technologies.

## Conclusions and recommendations

Overall, the takeover of parts of Heuliez that led to the creation of Mia Electric seems to have achieved its first goal of preserving employment by investing in green manufacturing and turning towards the future market for electric cars. The transformation is based on a synergy between public instruments, which helped to coordinate the preservation of employment on the site, the unions and private investment. Since July 2010, the headcount has increased from 35 to about 280 employees.

With regard to social dialogue, there are no signs that the transformation towards green production has changed the functioning of industrial relations, although some trade union representatives, who participated in preserving employment and attracting a new investor, might have hoped to play a more prominent role in the decision-making process of the new enterprise. Management seems to operate in a 'classic' way, even though some aspects, in particular internal communication, have been modernised, and it remains highly centralised with little participation from the employees.

In conclusion, the transformation from the emerging and partial production of electric cars by Heuliez to the creation of a completely new enterprise, which is exclusively focused on green production of fully electric cars, could be achieved only through the mobilisation of local actors to preserve employment and the financial intervention of public administration. The creation of a network of local suppliers and the design of a fully electric car both have a positive impact on the environment. Nevertheless, the transformation from conventional manufacturing to the green production of an innovative product does not seem to have had a massive impact on working conditions or social dialogue. Even though slight improvements could be identified, both still follow the traditional patterns.

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