

## **IS WAGE A MANAGERIAL MOTIVATIONAL TOOL OR A MIGRATION DETERMINANT AMONG YOUNG PEOPLE?**

**MANCIU VENERA CRISTINA**

ASSOCIATE PROFESSOR, PHD, UNIVERSITY “EFTIMIE MURGU” OF REȘIȚA,  
FACULTY OF ECONOMIC SCIENCES  
e-mail: v.manciu@uem.ro

**DEMYEN SUZANA**

ASSISSTANT PHD CANDIDATE, UNIVERSITY “EFTIMIE MURGU” OF REȘIȚA,  
FACULTY OF ECONOMIC SCIENCES  
e-mail: s.demyen@uem.ro

### **Abstract**

*In recent years, the phenomenon of migration has intensified throughout the country, an increasing number of people choosing the path of foreign countries in the hope of a better life. It becomes a challenge for general managers in firms to retain those employees who have the skills needed to perform at a high level of performance the duties regarding work. The research conducted in this paper is a qualitative one, trying to provide an answer to the question stated in the title, ie if the current salary level practiced in Romania is a motivational factor for providing a valuable work, or on the contrary, is an element that lies at the basis of migration. The first part of the paper presents a theoretical point of view, presenting general aspects regarding the current economic context in terms of staff motivation, but also the general perspectives referring to the issue of migration. The final part presents a study that uses the focus group method in order to determine whether the young people in Caras Severin are susceptible to leaving the country for a higher wage level or would they consider this aspect for the following period of time.*

**Keywords:** wage, motivation, human resource management, emigration, young people

**JEL classification:** J61, M54

### **1. Introduction – general aspects of the current economic context in terms of staff motivation**

The overall current economic context, whose difficulty was doubled by the economic crisis of recent years, exposed to continuing challenges both the business environment as a whole and also the administration techniques of human resources management in enterprises. Mostly affected were mainly the small and medium sized enterprises, which are obliged to apply well-structured human resources strategy and appropriate tools in terms of staff motivation.

During the past 10 years, the business environment has experienced fluctuating developments regarding the establishment, also the removals of companies, as well as variations of personal assets, the main challenge being to recruit and retain valuable employees within the organization, employees that have developed skills and abilities proper for performance generation. The importance of management in general increases in this turbulent period, making it even a "vector of economic growth" [11].

„Human resources are a crucial element in any country’s economy, as it is recognised that labor force is a determining pillar of economic growth” [13].

Also, the stock of human resources existing at one time becomes a major factor of both economic and social development. Literature demonstrated that the countries with a higher level of education regarding population become more productive than the countries that prove to be more ignorant regarding this issue.

Numerous authors have demonstrated the contribution of human resources to the overall increase of social welfare, especially during the period of 1989, when more than 80% of the developed countries based their level of welfare on the human capital contribution.

Discussions on selecting appropriate tools to motivate staff varied over time, from one author to another. Speaking of motivation, it can be considered primarily as a tool used by managers to generate high performance among employees, but the nature and complexity of the activities in an organization can undoubtedly influence the perceived level of motivation process.

We live in a world of multitasking, where an employee does not provide, like a robot, just one kind of activity. Employees are often asked advanced skills in various fields of activity, so the question is the problem of identifying an optimal level of motivation intensity, depending on the complexity of the work involved. However, the complexity can be perceived differently by managers and employees, taking rise to different situations: the difficulty is perceived fair values or, conversely, is appreciated distorted. In the first case it identifies a balanced relation between the load and the complexity of motivation, while in the second note to an imbalance consisting be an underestimate of the load, or in an overmotivation. Whatever the case, the second one will not have the expected result.

Various authors have formulated over time a number of theories that capture motivation in its various aspects, from motivation through salaries - Taylor [4], to motivation through the diversity of work - Mayo [9]. Frederick W. Taylor, father of scientific management, even considered at the beginning of the twentieth century, based on the idea that money is the main motivation for people to work (Hobeanu in Nicolescu, 2004) [11], while stating the principle that both employees and management must attribute a special attention for training so that employees to provide maximum results, as long as the best results can be achieved through a high level of productivity. He also states pay based result theory, imposing a minimum standard required of employees and additional remuneration for each unit achieved in addition. The meaning of Frederick W. Taylor, the main ways to increase efficiency in an organization is limited to wages and work standardization rewards (Hobeanu in Nicolescu, 2004 [11]).

Research in the field [14] demonstrated that "human resource management and performance (...) assume that every organization seeks a set of objectives and practices of human resources, in contrast to at least three recent developments".

We will focus in this paper only on the issue of wages, but as the level of remuneration is one of the critical determinants of motivation and in an uncertain economic environment where tomorrow's perspective is not always positive.

## **2. Survey regarding the phenomenon of migration and average wages in terms of official data**

Since the 1990s, the migration phenomena has grown, especially with the opening of the borders to the West. The mirage of a better life was in most cases trigger this phenomenon.

„As regards labor market efficiency, Romania ranks 23rd in the top of Eu member states” [13], compared with the rest of the European countries, the top positions being occupied by the United Kingdom and Denmark, according to the data provided by the World Economic Forum.

At the moment, we speak of an extension of this phenomenon, especially in terms of graduates that have a high capacity for work and therefore a high level of knowledge. The motivation for leaving the country of origin is largely the impossibility to benefit from a better life here, the outside wage being much higher than that offered in Romanian organizations.

Studies conducted by Brucker and Jahn [2] but also Freeman [7] indicate Germany as „the third most popular destination for migrants in the world after US and Russia”. Starting with the general collapse of the communist regime in Europe, this phenomena has increased heavily.

According to data provided by the National Institute of Statistics, Romania's situation on the number of migrants is illustrated in the following table:

Table no. 1 – Evolution of the number of migrants in Romania during 2006 – 2011

|                     | 2006         | 2007        | 2008        | 2009         | 2010        | 2011 <sup>1)</sup> |
|---------------------|--------------|-------------|-------------|--------------|-------------|--------------------|
| <b>Total</b>        | <b>14197</b> | <b>8830</b> | <b>8739</b> | <b>10211</b> | <b>7906</b> | <b>18307</b>       |
| Male                | 5341         | 3088        | 3069        | 3768         | 2917        | 8527               |
| Female              | 8856         | 5742        | 5670        | 6443         | 4989        | 9780               |
| <i>By age group</i> |              |             |             |              |             |                    |
| Under 18 years      | 963          | 1003        | 1214        | 1316         | 1062        | 4746               |
| 18-25 years         | 1726         | 1062        | 1107        | 1270         | 1074        | 3417               |
| 26-40 years         | 8198         | 4979        | 4722        | 5351         | 3955        | 6155               |
| 41-50 years         | 1782         | 982         | 974         | 1393         | 1156        | 2003               |
| 51-60 years         | 839          | 460         | 445         | 522          | 406         | 1188               |
| Over 61 years       | 689          | 344         | 277         | 359          | 253         | 798                |

Source: Romanian Statistical Yearbook 2012, National Institute of Statistics [18]

We find that young people up to 25 years form a significant proportion of all migrants, the general trend being an ascending one, if we analyze the range from 2006 to 2011. Corresponding values of 2011 are much higher than other years, in most cases. The largest age group is between 26 and 40 years, in which case we are dealing with a slower, but the highest values in all years analyzed.

„The fact that Romania joined the European Union had a powerful influence on its labor market, which became a component of the EU community labour market”[13]. This was the starting point which led in time a heavy growth of the mobility of labour force. Even if the labour force flow is „still limited by a series of regulation compared to the flow of products, services or capital” [10], the emigration phenomenon has shown an ascending trend, though the situation regarding the demographic evolution of Romania is currently facing a descendant evolution, beside the values of the unemployment issue.

A correct evaluation of human capital trends in the terms of medium and long term development becomes fundamental for illustrating a realistic prospect regarding the sustainable development model in every aspect, be it economic, social, cultural or even environmental.

The Western Region macro structure illustrates the following table:

Table no. 2 –The situation of migrants by age groups in the Western Region in 2011

| Region<br>County | Total        | Age         |             |             |             |             |            |
|------------------|--------------|-------------|-------------|-------------|-------------|-------------|------------|
|                  |              | Under 18    | 18-25       | 26-40       | 41-50       | 51-60       | Over 61    |
| <b>TOTAL</b>     | <b>18307</b> | <b>4746</b> | <b>3417</b> | <b>6155</b> | <b>2003</b> | <b>1188</b> | <b>798</b> |
| <b>West</b>      | <b>2134</b>  | <b>652</b>  | <b>371</b>  | <b>630</b>  | <b>215</b>  | <b>142</b>  | <b>124</b> |
| Arad             | 366          | 107         | 68          | 114         | 39          | 23          | 15         |
| Caraș-Severin    | 332          | 115         | 63          | 93          | 34          | 18          | 9          |
| Hunedoara        | 364          | 116         | 66          | 124         | 41          | 13          | 4          |
| Timiș            | 1072         | 314         | 174         | 299         | 101         | 88          | 96         |

Source: Romanian Statistical Yearbook 2012, National Institute of Statistics [18]

Thus we observe that in terms of the Western region, in 2011 the total number of immigrants was about 11.65 % of the total, mostly emigrants from Timis county, while the Caras - Severin, Arad and Hunedoara are situated approximately at the same level.

An analysis regarding the situation of the migrants according to the countries of destination gives us the following image:

Table no. 3 – **The situation of migrants by the countries of destination, coming from Caras Severin county**

| Country of destination | Total | Women | Men  |
|------------------------|-------|-------|------|
| Italy                  | 2385  | 1302  | 1083 |
| Spain                  | 1848  | 884   | 964  |
| Germany                | 986   | 517   | 469  |
| France                 | 248   | 113   | 135  |
| Austria                | 653   | 369   | 284  |

Source: Romanian Statistical Yearbook 2012, National Institute of Statistics [18]

The general conclusion is that the main countries of destination of the migrants from Caras Severin are Italy, Spain, Germany, France and Austria, most of the migrants heading towards Italy – a number of 2385 of persons.

Remuneration mechanisms differ from one system to another, from one country to another, from one company to another. Broadly, payroll activity can be defined as „one that sets the entitlements accruing to employees upon signing employment contracts, whether under individual or collective”. This activity is mainly regulated by the Law on budget, depending on the industry and the sector. The main issues to be considered is that any activity requires purposeful work performance pay getting reward initially agreed, in accordance with the nature of work, effort and results achieved . The pay is drawn in terms of a number of criteria, including the organization and operation of the entity which provides activity .

According to the World Report on wages, the wage growth rate from one year to the next , had varied majorly from one region to another. The world situation in the interval 2006-2011 is presented in the following figure:

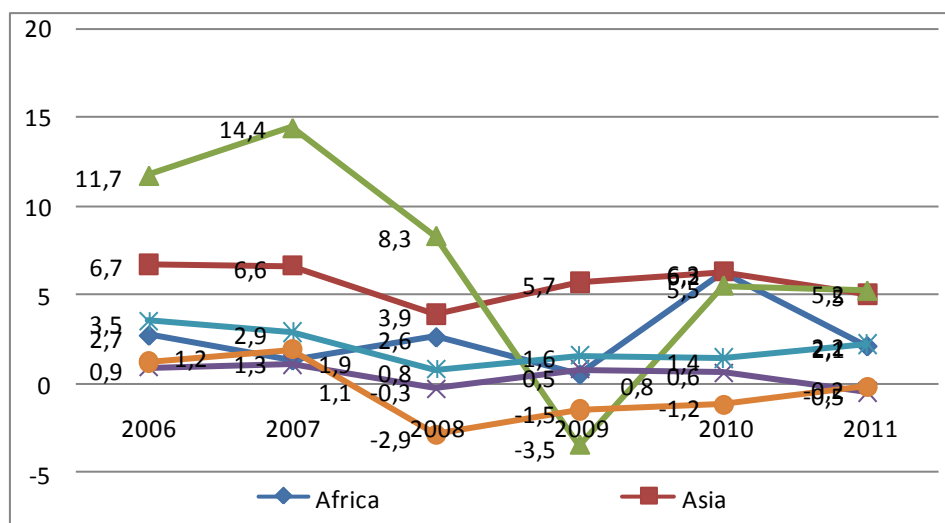


Fig. No. 1 The annual average real wage growth between 2006 - 2011

Source: World Report on Wages, 2013 [15]

Table nr. 3 **Average gross salaries made by main national economy sectors - in the month of October 2011, Lei / person**

|             | Total       | Agriculture, Forestry , Fishing | Industry    | Construction | Retail trade | Transport and storage | Hotels and restaurants | Information and communication | Financial and insurance activities | Professional, scientific and technical activities | Administrative Services and support service activities | Public administration and defense | Education   | social security system of public health |
|-------------|-------------|---------------------------------|-------------|--------------|--------------|-----------------------|------------------------|-------------------------------|------------------------------------|---------------------------------------------------|--------------------------------------------------------|-----------------------------------|-------------|-----------------------------------------|
| <b>2010</b> | <b>1721</b> | <b>1302</b>                     | <b>1751</b> | <b>1517</b>  | <b>1490</b>  | <b>1973</b>           | <b>1044</b>            | <b>3541</b>                   | <b>3887</b>                        | <b>2602</b>                                       | <b>1175</b>                                            | <b>1512</b>                       | <b>1625</b> | <b>1571</b>                             |
| Male        | 1830        | 1311                            | 1981        | 1482         | 1583         | 1972                  | 1127                   | 3808                          | 4529                               | 2627                                              | 1103                                                   | 1568                              | 1784        | 1768                                    |
| Female      | 1600        | 1274                            | 1439        | 1739         | 1390         | 1974                  | 992                    | 3142                          | 3600                               | 2573                                              | 1339                                                   | 1473                              | 1555        | 1515                                    |
| <b>2011</b> | <b>1922</b> | <b>1492</b>                     | <b>1881</b> | <b>1721</b>  | <b>1621</b>  | <b>1744</b>           | <b>2187</b>            | <b>1167</b>                   | <b>3981</b>                        | <b>1912</b>                                       | <b>3048</b>                                            | <b>1224</b>                       | <b>1697</b> | <b>1744</b>                             |
| Male        | 2033        | 1510                            | 2120        | 1709         | 1575         | 1888                  | 2140                   | 1262                          | 4219                               | 1970                                              | 3078                                                   | 1131                              | 1841        | 1934                                    |
| Female      | 1794        | 1437                            | 1551        | 1755         | 1957         | 1584                  | 2378                   | 1111                          | 3627                               | 1838                                              | 3010                                                   | 1440                              | 1634        | 1693                                    |

Source: Romanian Statistical Yearbook 2012 , National Institute of Statistics [18]

Thus, at the end of 2013, the monthly net average salary of a Romania employee's expressed in lei was 1553 lei, totaled the equivalent of 474 dollars, while, according to Eurostat, Swiss employees receive an average of 5.600 dollars per month (equivalent to 4.200 euros), one of the highest wage levels in Europe, as well as Luxembourg (4,230 dollars monthly) and Ireland (4,028 dollars).

Opposite lies Moldova (263 dollars per month), Albania (264 dollars) and Ukraine (303 dollars), followed by Bulgaria or Macedonia. In this hierarchy, Romania, with the salary mentioned, ranks 6 in the states with the lowest salary levels in Europe.

The overall conclusion of this view is that, compared to other EU countries, wage level in Romania is well below the European average. Although the general trend is that wage growth from one year to another, and when we refer to domains, we observe that in terms of transport, information and communications, and public administration levels in 2011 are much lower. The largest increases, on the other hand, can be observed regarding hotels, where we witness a doubling of wages, and also in the case of real estate transactions.

### **3. Study regarding the impact of motivational tools upon employees in small and medium sized enterprises**

In this paper we tried to determine the impact that the motivational tools used by companies manifests upon the employees. The starting point has been the conduction of a qualitative research among young people aged up to 35 years, both in terms of urban and rural areas, in terms of men and women, who are divided into three age groups: up to 20 years old, 20-27 years old , respectively 27-35 years. Another criterion considered was the level of education: high school or university degree.

According to data provided by the White Paper on SMEs, the percentage of people with higher education varies from one organization to another. Thus we have the following data (White Paper on SMEs in Romania, 2013) [17]:

- 30.07 % of the firms are composed of between 75 % and 100% of people with higher education;
- Only 7.68 % of economic entities have in their team composition between 50 and 75% university graduates;
- In the case of 23,45 % of companies, 25 % -50 % of employees have benefited of higher education ;
- In the case of 11,25 % of businesses, between 0 and 25 % of employees have completed a higher education institution;
- 27.53 % of organizations have employees with higher education;

The sample resulting from the multiplication of the structural levels consists in 32 people, who initially replied to a pilot questionnaire with two questions:

1. *What is the category of benefits that would motivate employees to operate at a higher level of performance?*

2. *Did you consider the prospect of emigration?*

Subjects surveyed mentioned the salary as the most important motivational tool (in 60% of cases) , salary increases exceeding in prominence the offering of free training (6%), promotion opportunities (16%), holidays , settlements ( 3%), private pension plans (6%), offering a car service (3%), various types of insurance or meal vouchers (6%).

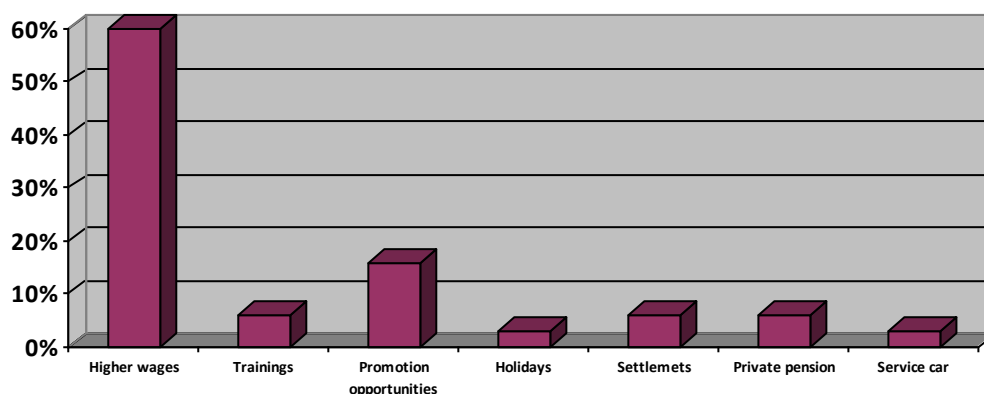


Fig. No. 2 –*Categories of benefits to employees, according to the subjects' preferences*

Approximately 35% of subjects considered the prospect of emigration, from various reasons, from providing a better life to a higher salary level, better working conditions or the hope of a better future for family members.

Next we proceeded to the application of three sessions of focus - group techniques and the above sample was divided into three groups according to age. The first group, with participants up to 20 years, included 10 people, also the group of participants between 20 and 27 years. The remaining 12 people, aged between 27 and 35 years, were part of what the third focus group session.

The three groups were homogeneous, featuring participants with high knowledge regarding the subject matter and that could proceed to the interchange of information [3].

## Conclusions

After conducting the focus group sessions, over three periods of time, ie time scales, the results were the following:

- Of subjects surveyed, 90% of people aged under 20 have never migrated. Of the 10 people who fall into this age group, only one said he faced was this situation, but for a short period of up to six months . In this chat session, participants spoke in terms of motivational tools for higher wages , close to the European average , and the promotion of the post proved to be attractive for the participants (60 % opted and for this option ).

- Subjects between 20 and 27 years old states that have migrated or for a short period of time ( up to 6 months) - 10% , or for longer intervals (up to 2 years) - 10% , about 80 % of people approached saying that a higher salary level would be an appropriate motivator .

- Subjects aged between 27 and 35 express opinions different from those of the rest of the age groups. In this case we find a 25% of individuals who have migrated to longer intervals between six months and two years, and are further taking into account this perspective, while all subjects share the idea that a higher salary would be the main element would be able to lead them to operate in a Romanian company.

The overall findings lead us to the idea that wages are urging young people to perform tasks assigned to a higher level of performance. Comparisons with overseas levels reveals a major salary difference , therefore the lure of higher income in another country causes people aged up to 35 years to leave the country in search of better paid jobs .

According to Brucker and Jahn [2], „concerns about immigration affecting not only wages but also native employment opportunities are widespread in continental Europe, where labor market rigidities are prevalent”.

Grossmann and Stadelmann confirm that „domestic workers, with higher education levels, are afraid to see their wages decline in response to increased competition from similarly qualified migrants” [8].

## References

- [1] **Armstrong Michael**, *Managementul resurselor umane – manual de practică / Human resource management – a practice manual*, Ediția a X-a, Editura Codecs, București, 2009
- [2] **Brucker Herbert, Jahn Elke**, Migration and wage setting: reassessing the labor market effects of migration, *Proceedings of the Conference of Transnationality of migrants Marie Curie Research Training Network „International Migration: Transnational links, effects and policies”*, Venice, 2010
- [3] **Cooper, L., & Baber,C.**, *Focus Groups (Chapter 32)*, In N. Stanton, A. Hedge, K. Brookhuis, E. Salas, H. Hendrick (Eds), *Handbook of Human Factors and Ergonomics*, CRC Press, 2005
- [4] **Cole A. Gerald**, *Management theory and practice*, Thomson, London, 2004
- [5] **Dustmann Christian**, Return migration, wage differentials and the optimal migration duration, *European Economic Review*, no.47, 2003
- [6] **Dustmann Christian, Frattini Tommaso, Preston Ian**, The effect of immigration along the distribution of wages, *CreAM discussion Paper Series*, no. 3, Centre for Research and Analysis of Migration, 2008
- [7] **Freeman, R.**, People flows in globalization, *Journal of Economic Perspectives*, no. 9, 2006
- [8] **Grossman Volker, Stadelmann David**, Wage effects on high skilled migration: international evidence, *Discussion paper series, IZA DP, no 6611*, Institute for the Study of Labor, 2012
- [9] **Mayo Elton**, *The social problems of an industrial civilization*, 1998

- [10] **Marelli, E.**, *Globalization and local labor markets*, International Review of Economics, RISEC, Volume 56, no.1, 2006
- [11] **Nicolescu Ovidiu**, coord., *Managerii și managementul resurselor umane*, Editura Economică, București, 2004
- [12] **Taylor W. Frederick**, *The principles of scientific management*, New York, 1997
- [13] **Tănase Diana, Franț Florin, Manciu Venera, Tănase Adrian**, *Analysis of labour market in Romania and the European Union*, The Annals of the University of Oradea, Economic Sciences, Tom XXII, 1st issue, 2013
- [14] **Youndt MA, Snell SA, Dean JW, Lepak DP**, Human resource management, Manufacturing strategy and firm performance, *Academy of management journal*, vol 39, no.4, 1996
- [15] *Global Wage Report 2012/2013 Wages and equitable growth*, International Labour Organization, Geneva
- [16] *European Salary Survey 2013 – European employer pays for the crisis*, Delloite
- [17] *Carta alba a IMM-urilor/The White Book of SME'S*, 2013, National Council of Private Small and Medium Sized Enterprises
- [18] *National Statistical Romanian Yearbook 2012*, The National Commission for Statistics available online at: [www.insse.ro](http://www.insse.ro)
- [19] [www.oecd.org](http://www.oecd.org)
- [20] [www.ec.europa.eu/eurostat](http://www.ec.europa.eu/eurostat)
- [21] [www.revistadestatistica.ro](http://www.revistadestatistica.ro)
- [22] [www.iccv.ro](http://www.iccv.ro)