

SUZANA DEMYEN

West University of Timisoara, Romania

ION LALA POPA

West University of Timisoara, Romania

**HUMAN RESOURCE PERFORMANCE ASSESSMENT AND
DISPARITIES REGARDING REWARD SYSTEM - ARE THEY
DETERMINANTS OF THE EMIGRATION PHENOMENA? THE CASE
OF ROMANIA - A VIEW FROM THE TOP**

Abstract:

The phenomenon of migration is widely spread throughout the world, as long as more and more individuals choose to work abroad in the idea of gaining a better payment. Also the process of globalization and the decreasing of demographic aspects manifest their influence upon the evolution of business environment generally. We also witness a general gap between men and women in terms of payment, a salary difference through the whole Europe, but also a general gap between the wage levels among countries. The paper proposes an analysis of the current situation regarding wage gaps in Romania, the research being developed in mainly a qualitative one and the results are analyzed in accordance to the data provided by official institutions. Often, the way managers perceive aspects of organizational performance in general and HR performance differs from the results reflected by the economic and financial indicators. Therefore, it becomes interesting to perform a comparison of the results expressed in official reports, through a content analysis, but also by conducting own surveys.

Keywords:

salaries; gender disparities; human resource management; emigration, performance assessment

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1. PERFORMANCE ACHIEVED VS. PERFORMANCE PERCEIVED

Often, the way managers perceive aspects of organizational performance in general and HR performance differs from the results reflected by the economic and financial indicators. Therefore, it becomes interesting to perform a comparison of the results expressed by official reports through content analysis, but also by conducting own surveys.

For this approach to be successful it is still necessary to start from a strong theoretical foundation regarding concepts; our attention primarily stops at the concepts of "perception" and "performance". According to the explanatory dictionary of the Romanian language, perception is defined as a "psychological process of sensory knowledge through which objects and phenomena are reflected as a whole"; (DEX, 2009), but also as a phenomenon of "understanding and knowledge" (DEX, 1998). The main feature of this phenomenon remains the subjective aspect of facts and phenomena.

Performance, on the other hand, is described as primarily a "state of the enterprise's competitiveness, achieved through a level of efficiency and productivity that ensure sustainable market presence" (Lala, Miculeac), a behavior or the assumption of a result (Currie, 2009). The relationship between the results of an enterprise and the level of performance are obvious, the latter being subject to an optimal level of the first indicator. In the literature the authors studied how the performance can be defined, calculated, how establishing relationships or connections between different influencing factors can contribute to a business activity, and the relationship between management strategies used and the results obtained (Purcell, Guest). Performance becomes a multilevel criterion on which exercises a number of factors with general or specific influence, depending on the main characteristics of the resources.

Individual performance analysis is a core activity of human resource management, "assessing the degree to which the employee fulfills responsibilities incumbent in relation to posts" (Mathis, Nica, 1997). It is necessary to perform a "high impact activity and importance," positive or negative results on the performance of human resources in a company showing their effects on the whole mechanism managed. Be it the processes of recruitment, selection, whether we refer to professional, planning, motivation and reward system, performance can be identified by analyzing the weaknesses of human resources department, but also to determine the deficit or excess personal estimate the expected performance levels, the need for professional training, incentive pay or increase productivity.

The private sector in general, SMEs in particular, addresses the issue of human resources in terms of performance, both in terms of organization and human resources in general.

2. SURVEY REGARDING THE SITUATION OF ROMANIAN SMALL AND MEDIUM SIZED ENTERPRISES IN TERMS OF TERRITORIAL DISTRIBUTION – THE CASE OF WESTERN REGION

To analyze the results of the use of human resources in SMEs, ie their performance, it is necessary to know first the number and distribution of companies active labor, their volume number and the number of staff structure as a whole. To develop an easier way to understand analysis, we will focus on one of the development regions in Romania. There are eight regions totally, but we will discuss

further just the case of the Western Region. For the record, this region has also four components, namely four counties: Timis, Arad, Hunedoara and Caras Severin.

A careful analysis of the distribution of SMEs nationally ranked the Western Region on the last place in 2011, being surpassed all other regions, and this is equally valid for the entire period to which we refer. In all other cases we observe closely the territorial distribution level, which varies from one year to another, being observed some slight fluctuations, but kept low for component counties of the Western Region.

Official data provided by institutions in the field (National Institute of Statistics, the National Council of Private Small and Medium Enterprises in Romania) indicates the following trend in the Western Region:

- the County Density of firms, thereby identifying the number of companies per 1000 inhabitants, has experienced a fluctuating trend during that period, Western Region generally facing a more difficult situation than Bucharest Ilfov region or center.
- Of the four counties components of the Western Region, the highest density (the highest number of companies per 1000 inhabitants) it has Timis, the lowest values being recorded in Caras Severin. This leads us to identify a number of reasons, first being able to speak of a deeper economic development of the county Timis, while Caras-Severin experiencing a reduction in both the number of inhabitants and the number of businesses.
- According to data from official sources, during 2009-2011, the overall economic performance of enterprises in the Western Region have undergone huge changes, the main coordinates were as follows:
 - Turnover of SME has the following values: 34.1 million lei in 2009, 32.6 million lei in 2010, 45.5 million lei in 2011; we can notice a significant increase due to the growth of the total SMEs. In 2009, the average turnover of the company was £ 588,906, reduced to 570 798 in 2010, while 2011 showed a value of 784 889 lei, making a distribution of the firm due to higher total turnover. Compared to the national average, the West Region is below this level.

The conclusion therefore is that the peak of the economic crisis, marked 2010, expressed influences on business, reflected in their economic results. The year 2011 represents the beginning of a recovery, reflected in increases in turnover, ie the number of enterprises. Thus we conclude that the number of profitable companies is extremely low compared to all enterprises. Thus, in 2009, from 53 056 to micro, only 20 251 registered profit trend followed in subsequent years, the gap is even greater in 2011, when, from 53.132 microenterprises, only 18,699 have registered profit.

For small businesses, a percentage higher than 50% in all years of record profit analysis, improving the situation of medium-sized enterprises, where 604 companies from 781 in 2009, 556 of 728, respectively 593 764 registered a positive result. Total national contribution of the Western region is lower than the rest of the developing regions, the average of 9% being found during the period analyzed, and in all categories of SMEs.

Economic performance – and also financial one in case of SMEs can be quantified in terms of distribution of companies by turnover or expenditure aimed at efficient use of labor, both nationally and regionally. Thus, SMEs can divide into several groups according to the size of turnover. The most numerous of these reports at the end of a result in 2 million euro, while more than 50 million level is reached by a very small number. However, an increasing trend in the latter, in 2011 indicating 189 businesses nationwide, compared to only 115 in 2009. Ascertain that the economic recovery was therefore felt by nature higher volume turnover. The time interval studied notice on the other hand an increase in the number of businesses reported turnover 2-10 million from 8,280 at the beginning of the period, 9489 to 2011 and of the results of

10 - 50 million, all gain amid economic activity and the total number of businesses, from 611142-619613 nationwide.

Analysis of the Western region, on the other hand, does not follow the same trend as the national level. The first group, under 2 million, is facing a decline in the total number of businesses, from 57162-57052, along with a general increase in the rest of the categories, with an additional 15.86% (for firms with a turnover of between 2 and 10 million) and 116% for those with a turnover of between 10 and 50 million. The largest increase for firms with outstanding results over 50 million, which, if the start of the period retrieve a single company in 2011 we are witnessing an increase in this level of turnover being achieved 5 economic entities in the SME category.

Analysis of potential indicators and outcomes of SMEs in the West, leads us to perform correlations between the total number of SMEs, number of employees, and results achieved in the form of turnover and net result for the year.

Considering the criterion "number of companies" conclude that over all three years for which data are available in the table below, first in terms of number of enterprises is occupied by Timis County. The opposite is found Caras Severin, with five times fewer SMEs, which indicates a business much less developed. Arad, Hunedoara that potential environmental record number of enterprises hovering at close. We remark, however, that in all four cases mentioned, movements of from one to another are very low, and this can be illustrated by means of a graph such as that which follows.

Noteworthy is also that while Hunedoara marks an increase in the number of SMEs at the end of the study interval, reaching a total of 11.021 to 11.799 businesses, all other parts of the West Region counties experiencing a reduction in activity and restriction of the total number of enterprises. The analysis of the number of employees evolution also follow this trend, noting, however, that the reduction of employees is found in the county of Hunedoara. The percentage of decrease in the number of employees are not very large, we notice a difference of -1.72% in terms of Arad, Timis County 0.83%, 2.59% in Hunedoara County. The exception is Caras Severin County, where we witness a human herd reduction to 11.85%, due to a decrease in the total number of enterprises with 358 agents.

Indicators of results of companies show a different pattern, both from one county to another, and from one year to another. Arad has benefited thus a considerable improvement in earnings on turnover, it evolved positively from 8520 million in 2009 to 12.500 million in 2011. This trend is shared by the rest of the counties, however, Caras Severin is distinguished by the small increase of only 280 million. Overall, the Western Region has experienced a positive, moving from a turnover of 34.090 million to 45.510 million, the net result for the year comprising 2,599 million at the end of the range discussed.

Overall, the worst results is remarkable, not incidentally, the Caras Severin, where increased profits, as well as the turnover is a slow, well below the average Timis but not very hard to distance themselves from Hunedoara.

3. GENERAL CONSIDERATIONS REGARDING THE EMIGRATION PHENOMENA

The beginning of the first decade of the years 2000 coincided with the beginning of the migration phenomena development, in Romania, generally and particularly in Caras Severin County, where we face a continuous growth. At first, the effects of migration were considered on a short-term to be mainly of beneficial nature, its effects being considered the following: alleviation of unemployment, balance of payments due to remittances made to rebalance the country. However, with the onset

of economic crisis in December 2007, it began to emerge negative effects of migration, remittances decreased and the negative consequences are lasting for the entire population of Romania.

There are many reasons for which people move from a place to another. Mainly, the motivation for migration has an economic support (Coste, 2005), as long as this phenomena results in an „interference between the population susceptibility to economic action and the real possibilities” (Coste, 2005). Also, there can be identified several „wage differences across countries” (Kerr, Kerr, 2011) that set the basis for labor mobility.

Emigration represents a form of the "classical" migration of the population, characterized by permanent change of the residence home. This term can be analysed from a series of perspectives:

- From a sociological perspective – with various causes - social, political, economic or natural.
- information plays an important role in the decisions taken by people.
- The aspects regarding travelling and life experience gathering.

According to the model developed by the European Institute from Romania (2013), the influence manifested by the indicator representing payment/earnings in a company, over the mobility of the population can be reflected through an econometric model, as follows:

$$Y_{jt} = AX_{jt} + B$$

Where the independent variable is considered to be the net nominal wage, while the dependent variable is determined through the other specific indicators which characterize at the best level the phenomenon of migration, ie the number of emigrants vs the number of immigrants (IER, 2013). According to the upper equation, we identify the dependent variable to be noted as Y_{jt} , while X_{jt} represents the level of the monthly average net wage.

The study mentioned above, developed by the European Institute from Romania, concluded that the actual level of the wage manifests an aproximat 60,6% influence upon the population regarding their decision of moving to another place, but we can take into consideraton a number of other influences as well, like the general level of economic development, or the Gross Domestic Product.

4. PERSPECTIVES REGARDING CARAS SEVERIN COUNTY

The population in rural areas of Romania faces a constant decreasing trend, not only at national level, but also in Caras-Severin. The main causes identified are primarily the aging of population, but also migration to cities and the emigration phenomena. Caras-Severin is the third largest county in Romania, with an area of 8514 km square. It is a part of the Western Region of which we have spoken above. The latest data reveals a number of 316.248 inhabitants, of which 44.42% live in rural areas. These data are presented in the following table:

Table 1 Caras-Severin county population in 2012

The Environment	Number of people	Percentage
Urban	175773	55,58%
Rural	140475	44,42%
Total	316248	100%

Source: The Romanian Annual Statistical Yearbook 2013, National Institute of Statistics

Also, based on the latest data available, we can conclude the following aspects: the overall number of the migrants from Caras - Severin is 7390, of which 662 persons are under the age of 15, while the others are part of the active population of the county and totalize a number of 6728 persons, aged between 15 and 65.

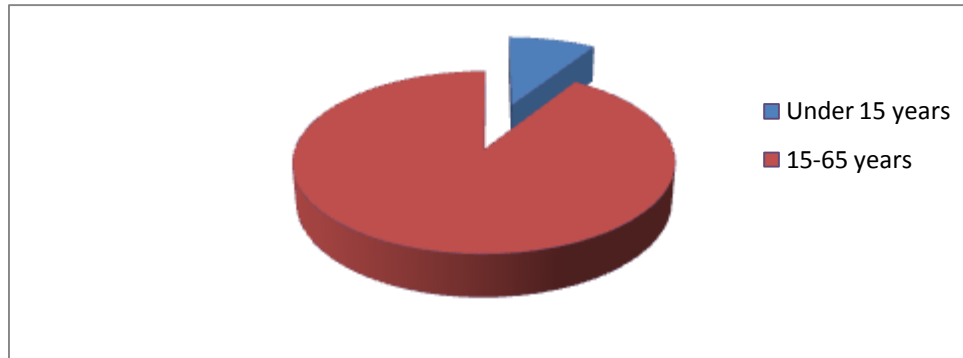


Fig. No. 1 –

Migrants by age

Source: The Romanian Annual Statistical Yearbook 2013, National Institute of Statistics

Mainly, the destination countries chosen by the migrants are European: Italy, Spain, France, Germany and Austria. The number of women is usually higher than men, in almost all cases, according to the following data.

Table no. 2 - Countries of destination of the migrants coming from Caras-Severin

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: The Romanian Annual Statistical Yearbook 2013, National Institute of Statistics

Caras Severin county has a percent 5.6%, representing the rate of unemployment, 6739 persons, of which 2795 men and 1122 women, while an amount of 2822 people are registered as unpaid unemployed. We find that most of the unemployed people have primary, secondary and vocational studies, while the individuals who have a university degree meet a percentage of 11.91% of the total unemployed.

Table no. 3 - The unemployment rate in Caras-Severin 2011

Total	Men	Women	Unpaid Unemployed	Average
6739	2795	1122	2822	5,6

Source: The Romanian Annual Statistical Yearbook 2013, National Institute of Statistics

5. ROMANIA VS. EUROPE IN TERMS OF WAGE

An analysis of the annually earnings of women compared to those of men reveal that on average, across Europe, “women earn around 16% less per hour than men” (according to Eurostat), but this percent is not a constant one, it varies from a country to another, being larger in the Western and Central Europe and lower in Eastern Europe and the Mediterranean Part of the continent. This consists in a general trend, even if around Europe, 60% of the University graduates, according to official data, are women, while the employment rate is 62,3% in this case, compared to 75% in the case of men.

The main causes of the gender pay gaps, especially, are considered to be the following aspects:

- Differences in job from various sectors;
- Various discriminations;
- Different pay systems;
- Stereotypes regarding the skills of women;
- Reluctance regarding women in high or leading positions.

A close analysis regarding the wage levels among the European countries offers us a not so positive perspective regarding the comparison; the main reason is that the European countries sometimes offer salaries even ten times higher than in the case of Romania. At the same time, there can still be identified gender disparities, in all cases. The free mobility of the workforce is a natural consequence of the border opening, and the case of Romania makes possible the emigration phenomena especially because of the salary differences between our country and the rest of the European regions. According to the data provided by the Romanian Statistical Yearbook, there can be confirmed a general tendency of reducing the number of employees, not only at medium level enterprises, but also at micro and small companies. The only exception from the downward trend is the case of small enterprises, in the period of 2010-2011.

If we develop an analysis based on the average wage levels on fields of activity, this aspect indicates the situation on remuneration levels, overall and by gender:

Table 2 Average gross salaries made by main national economy - in the month of October

	Total	Agriculture, forestry, fishing	Industry	Constructions	Retail trade, repairation of motor vehicles	Transport ation and storage	Hotels and restaurants	Information and communication	Financial and insurance	Real estate tranzactions	Public administration and social insurance	Education	Health and social assistance
2010	1721	1302	1751	1517	1490	1973	1044	3541	3887	1676	1512	1625	1571
Male	1830	1311	1981	1482	1583	1972	1127	3808	4529	1743	1568	1784	1768
Female	1600	1274	1439	1739	1390	1974	992	3142	3600	1579	1473	1555	1515
2011	1922	1492	1881	1721	1621	1744	2187	1167	3981	4330	1224	1697	1744
Male	2033	1510	2120	1709	1575	1888	2140	1262	4219	5402	1131	1841	1934
Female	1794	1437	1551	1755	1957	1584	2378	1111	3627	3847	1440	1634	1693

Source: Romanian Statistical Yearbook 2012, National Institute of Statistics

An analysis by the size of the company earnings indicates the following conclusions:

- The analyzed period (2009-2011) is characterized by an increase in the annual wage;
- There can be observed a series of differences between the salaries according to the distribution based on the gender criteria (male, female), respectively, these differences are maintained over the whole period of analyses;
- Small enterprises, as well as the microenterprises offer the lowest level of wages; on the contrary, the highest levels can be found in the case of organizations with more than 250 employees;
- Regardless of the category of enterprise are paid, female employees are paid at a lower level than the opposite gender.

In various articles in literature, gender disparities are discussed widely. Generally, the term „disparity” is defined first of all as an inequality. Also we can speak about „income disparity”, meaning an inequality between several groups, a gap (Austin, 2009). This way, following this idea, a gender disparity states an opportunity difference between men and women. Women were always considered as a weaker category of persons, and even if the feminist movement obtained certain right during time, all over the world there can still be observed differences regarding some issues, one of these considering the aspect of earnings.

Table 4 - Average monthly gross / net earnings (Lei / person)

	2009		2010		2011	
	Gross	Net	Gross	Net	Gross	Net
Total	1845	1361	1902	1391	1980	1444
Male	1906	1405	2007	1466	2098	1530
Female	1775	1310	1786	1308	1848	1349
Less than 50 employees	1135	844	1226	903	1305	957
Male	1183	879	1272	937	1363	999
Female	1075	800	1170	862	1233	905
50-249 employees	1747	1294	1844	1354	1884	1380
Male	1792	1326	1924	1412	1958	1435
Female	1686	1251	1742	1281	1785	1306
Over 250 employees	2362	1735	2348	1711	2419	1759
Male	2514	1847	2559	1862	2650	1925
Female	2214	1626	2145	1565	2191	1595

Source: Romanian Statistical Yearbook, 2013

- An analysis of the above tables gives a series of information, as follows:
- The “total” column shows a higher salary level in 2011 compared with the previous year. „Even though that both male and female, the values recorded are higher gender disparities persist, with women being paid at a lower level than men” (Demyen, Lala, 2013).
 - The general trend is a growth from one year to another, but a closer analysis based on fields of activity conducts us to the conclusion according to which in terms of transportation, information and communications, and public administration, the levels registered in 2011 are much lower than in other cases. In hotels and restaurants domain, on the other hand we witness a larger increase, even a doubling of wages, and also in real estate transactions. These cases above indicate a salary reduction higher in the case of women.
 - Massive wage cuts can be observed in Information and communications field.

- The lowest wage levels in 2010 were those in the financial and insurance field, information and communication, also professional, scientific, where levels are double compared to the rest of specialized areas. Hotels and restaurants were located but the last position on remuneration.

During 2010, in 90 % of cases there can be noticed a serious wage inequality to the detriment of women, even if the year 2011 manages to reduce this percentage, passing women leaders in the several fields: construction, hotels and restaurants, wholesale trade, public administration.

CONCLUSIONS

The most important economic impact, not necessarily positive, over the countries that host the emigrants consists in the consumption of social services, action that may determine even weaker employment prospect (Kerr, Kerr, 2011). Beside the migration phenomena, it is important to mention that Romania faces another strong issue, namely the population reduction, the two aspects being linked considering several ways. One of these links to the general labor productivity at national level, in terms referring to the following aspects:

- Proper use of natural resources;
- Efficient direct investments in human workforce;
- „Sectorial reallocation of economic activity”
- Certain adjustments regarding the labor market as a whole.

Although “the number of cases of direct pay discrimination between men and women doing the exact same job has fallen” (according to revolting-europe.com), by the European legislation or the national ones, we still face series of prejudices along the whole county regarding the role of women in society, while research conclude that women work often more, in order to combine their career with the responsibilities regarding family. The new century has opened borders and also the ideas and concepts, but the opportunities of women are affected by the various types of responsibilities. Lower wages determine a lower quality of life, so often women choose to leave families and country in order to migrate abroad. Usually women spend a lot more time carrying out domestic work. The solution would be conception of a balance between and assurance of jobs according to the real qualification. At the same time, employers may benefit more by using women talent and skills at their real value, by building strategies and plans according to these. Often, in the case of women, the career progression is much slower than in the case of men, even if the European Union promotes equality in all domains.

According to the OECD, “SMEs are the main source of growth in terms of creating the largest number of jobs in the economy”, the competition generated by their dynamics while boosting competition, there is a sector of small and medium enterprises strongly developed becoming a prerequisite for making the transition to a higher economic level.

Competitive aspect can be analyzed by means of unit labor cost, the latter being recalled in the Lisbon Strategy as one of the main indicators for the criterion “progress”. Therefore, this assessment can be carried out in terms of management as a ratio between the salaries for staff, ie labor productivity in the enterprise. However, there can be distinguished two parts, namely:

- On one hand, nominal unit labor cost, in which case the salary is divided by pointer represented by GDP per person employed.
- On the other hand, real unit labor cost, in which case the salary is divided by the value of the GDP per person employed.

According to official studies, "the role of SMEs as the main generators of employment in the European Union confirms more than ever, this juncture, marked by crisis and unstable and unpredictable economic climate. Furthermore, start-ups and small businesses are considered key factors for economic recovery and, in particular, to reduce the negative effects of the crisis on employment in the EU. "And greater reduction in the number of employees in medium-sized enterprises can be explained by more severe restructuring measures introduced to tackle the financial crisis and economic impact."

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