

## HUMAN RESOURCE MANAGEMENT IN ROMANIA

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**Key words: employee's behavior, recruitment and selection, career management, performance appraisal**

In this paper the authors presents an image of the human resources practices used in the Romanian companies. In this way, we conducted a study regarding human resources management practices in the Romanian companies, on 150 organizations from different domains. The study aims at obtaining a relevant volume of real and trustworthy information regarding the degree of knowledge, the implementation and the future directions of human resources management development process in Romanian companies.

In the first part of the chapter, the main evolutions of human development in Romania are presented, the essential aspects being presented with the help of comparisons regarding the situation in various countries from Central and Eastern Europe.

To understand the specifics of the management model applied in Romania, we set out to realize a classification of Romania, from the point of view of cultural values, by using the Geert Hofstede's model. In Romania, the main cultural values are: collectivism, femininity, short term orientation, a high degree of uncertainty avoidance and high power distances.

Knowing the characteristics of the "bucket" model of decision applied in Romania is necessary to understand planning difficulties, the instability and the lack of innovations, as major problems that the most of the Romanian companies are facing on.

The value of the information regarding the particularities of human resources management in Romania is extremely important, because we undertook a complex analysis of the main human resources management activities in 150 Romanian companies. The following human resources management activities are thoroughly described and backed up with statistical data, obtained from the questionnaire that was used as a basis for the study regarding human resources management in Romanian companies: strategies and policies in the human resources field, job design and analysis, planning, recruitment and selection, training, career management, performance appraisal, compensation and reward and work relations.

On this basis, the authors are presenting some of the strategic development directions of human resources management in Romania that were identified, and some propositions are formulated for solving some of the problems that the companies in Romania are facing.

## Introduction

In the last 16 years of transition, Romania brought in a lot of principles and management methodologies from developed countries, especially Anglo-Saxons, like all the other Central and Eastern European countries did. The development of the managerial practices was highly influenced by the large number of multinational companies that have a big impact over the Romanian system of management. Though, in different domains of activity, the companies have a different approach for the managerial practices.

Since January 2007, Romania became member of the European Union, 74% of the urban population with higher education consider that Romania was not ready yet for the adhering process. The Romanian companies' managerial staffs also sustain this hypothesis, 75% of them considering that Romania doesn't have the necessary tools to face the European Union integration. A lot of Romanian companies consider the competition a threat, although they should understand it as a positive economic effect [12].

These are the main arguments to consider the necessity of an x-ray of the main managerial practices used in Romanian companies.

## Human development dimensions in Romania

According to the Human Development Report 2007-2008 [11], Romania is the 60 country in a total of 177 countries where data are collected and the Human Development Index is calculated. In 2005, the Human Development Index registered the value of 0.813 and so Romania was placed near the countries with a high level of human development. Generally, in Western and Central Africa there is a low rhythm of human growth (Table 1). The countries with the highest rhythm of human development are the Northern Countries; three of them, Island, Norway and Sweden are on the first six places in the world (Table 1).

**Table 1. The Human Development Indicator in different countries [11]**

	Country	HDI 2005	Level
High rhythm of human development (HDI $\geq$ 0.800)	Island	0,968	1
	Norway	0,968	2
	Australia	0,962	3
	Canada	0,961	4
	Ireland	0.959	5
	Sweden	0.956	6
	Switzerland	0.955	7
	Brunei	0,894	30
	Barbados	0,892	31
	Seychelles	0,843	50
	Oman	0,814	58
	Trinidad Tobago	0,814	59
	Romania	0,813	60
Medium rhythm of human development (HDI 0,500- 0,799)	Thailand	0,781	78
	China	0,777	81
	Egypt	0,708	112
	Uganda	0,502	155
Low rhythm of human development (HDI $\leq$ 0,500)	Senegal	0,499	156
	Rwanda	0,452	161
	Ivory Coast	0,432	166
	Sierra Leone	0,336	177

The data from the Human Development Global Report shows that each component of the Human Development Index in Romania increased in value since 1995 (Table 2).

**Table 2. Romanian Human Development Index between 1995 and 2005 [10, 11, 13]**

Indicators	1995	2000	2005
<b>GDP (USD per capita)</b>	6,095	5,750	9,060
<b>Adult literacy rate (%)</b>	96,9	97,0	97,3
<b>Education Index (%)</b>	61,6	66,5	76,8
<b>Life expectancy index (years)</b>	69,4	70,5	71,9
<b>Human Development Index (HDI)</b>	<b>0,759</b>	<b>0,767</b>	<b>0,813</b>

The educational issue registered some improvements (Table 2), showing the interest of the Government and other organisations to invest in the human capital. The most important progresses were registered with the adult literacy rate, in comparison with the education index. During 1995 and 2005, the Gross Domestic Product continuously decreased, while the life expectancy index fluctuated. Beginning with 2000, at each of the two indicators levels (Gross Domestic Product and Life Expectancy Index) we can notice a continuous growth (Table 2). During 2000 – 2005, Romania registered a sustainable economic development revealed by the evolution of the GDP per capita which registered a growth of 1.57 in 2005, in comparison with the year 2000.

The years between 1995 and 1999 were dominated by a series of economic difficulties that Romania dealt with in the process of transition to the market economy. In that period the restructuring process reached a maximum especially because of the reorganisation of a large number of state enterprises and the drop of the state budget subventions. Beginning with 2000, these measures brought positive effects that registered favourable economic evolutions.

Regarding the life expectancy index, according to the data presented in the Human Development Report 2007-2008, Romania is the 76<sup>th</sup> country in a total number of 177 countries. The highest life expectancy index is registered by Japan with a record of 82.3 years and the smallest by Zambia (40.5 years). In Romania, the life expectancy index is 75.6 for women and 68.4 for men.

Surprisingly, the highest adult literacy rate is registered by Georgia (100%) and the lowest in Burkina Faso (23.6%). In Australia there is the highest education index (113%), while in Niger is the lowest value of this indicator (22.7%). The countries with the highest GDP per capita are Luxemburg (60.228 USD per capita), SUA (41890 USD per capita) and Norway (41420 USD per capita). The smallest value for GDP per capita is registered in Malawi (667 USD per capita).

There are also some indicators [10, 11, 13] that can reveal the human development level registered in Romania:

- The women membership in politics that registered in 2002 the value of 9.3% of the whole number of parliamentary members. In 2007, this indicator registered the value of 10.7%.
- According the data from the Human Development Report 2007-2008, the percentage of women that occupy a management position in the central administration is 12.5%, comparative with Germany, the country that leads from this indicator point of view, where 46.2% of the employees in public administration are women.

- In 2007 there was a high incidence of women in politics, 11.2% of the deputies being women and 9.5% senators.
- 31% of the women are working as leaders and officers in the public administration and social-economic departments.
- 56% of the women have intellectual and scientific job places.
- During 2002 – 2007, in other activities than agriculture, the percentage of women's wage in men's wage increased from the value of 0.58% to 0.69%.

### **The culture in Romania**

From a lot of points of view, one can understand the Romanians behaviour as a very peaceful one that doesn't interfere in power expression and obeys in front of the orders of superiors. This attitude proves that Romania needs powerful leaders, centralised decisions, and that the population prefers to follow the rules established by its leaders.

In order to benefit of protection and avoid assuming opposite opinion responsibilities, the Romanian employees prefer to have a strong relation with a single chief. Generally, Romanian employees don't express any opposite opinions with their managers and are always following their suggestions when accomplishing a task without asking for further explanations.

Although in Romania the collective type of culture prevails, in the future the specialists estimate that the individualism level will grow and the individual type of culture will predominate. The main factors that contribute to the process of cultural change towards individualism are the presence of the multinational companies on the Romanian market and the external financing. The two factors essentially determined the socio-economic development of Romania. The market economy rules and the need of performance changed the Romanian way of thinking about groups and how to earn the money for living.

Romania is a feminine country. Generally, the society members and the employees are looking for a team work environment and sustain all their group members. The principle applied in Romania is *we work to live*. The job performance and the profit aren't important values for Romanian employees.

The values of a feminine type of culture involve a lower level of competitiveness in Romanian companies in comparison with foreign organisations. In the same time, the Romanian employees aren't fighting to change this situation as they value the free time and the cooperation despite the performance.

Generally, Romanians have major difficulties in solving any ambiguous situations. In most of the cases, the minority opinions aren't taken into account. Romanians prefer the general consensus. Their reactions in time of elections and when their security is threatened reveal a high level of resistance to the new.

Most of the times, the employees of Romanian companies don't have the future perspective of their work. The negative emotional reactions and the rush to complete their tasks, show their high level of anxiety.

Short time orientation is predominant and signifies a present and a future orientation despite a long term investment, with a high level of uncertainty. That's why the saving rate is very low and most of Romanians chose to take loans.

### **Romanian management approaches**

The power distance index and the uncertainty avoidance index have a decisive influence over the behaviour and the way Romanian companies act. The management model prevalent in Romania is the one also named "bucket model". The managers are aware of the problems

faced by their organisations but that doesn't mean they solve the difficulties. The result is the same in most of the cases: the problems are gathering, they become acute and induce spontaneously conflicts.

One of the most important features of Romanian management is the **planning difficulty** and the absence of the long term plans. In different domains of activity, a large number of companies have the same features. We can only point out **the instability** and **the absence of innovations**.

The employees are change resistant and don't approve immediate and quick changes. The absence of a long term perspective slows down the development of flexible organisations that could rapidly react to market changes. The short time perspective doesn't encourage the development of investment strategies. When market conditions are favourable, most of organisations are also registering important progresses. The presence of market changes also determines a decrease in the volume of activities, employees' dissatisfaction and internal conflicts.

Frequently, in Romanian companies the innovations are imported and the management doesn't stimulate enough the creativity of the workforce. The fear to assume the risk inhibits the Romanian employees. As a consequence, the personal initiatives are few. The fear of collective disapproval doesn't stimulate the creativity. Even in companies where the creativity is stimulated some employees consider a waste of time to discuss different ideas that could generate positive effects. Many times, the ideas are being left in the stage of simple projects or discussions.

**The managerial style** practiced in Romania is a combination between a familial management style which emphasises the welfare and the personal interests and the autocratic German management style where the honour, the company's interests and the reputation are the main values. Generally, the Romanian employees prefer the type of manager who takes risks and responsibilities and consider that the best leaders are the one who protects them and provide advantages.

A feature of Romanian companies is the large number of procedures that must be followed that generate delays in reaching the main objectives. The pyramid organisational structure is the most frequent type of structure and emphasises the high level of the power distance. Flat organisational structures, with a low level of hierarchical levels, are not as frequent as the social status is very important in Romania. The employees consider the structure adjustments as disturbing factors because of the high level of anxiety that characterize the Romanian society. The American management model of organisational change can generate high difficulties in organisations and even negative effects in production.

*In Romania, the ideal leader has a British behaviour and leads in a company with a French or German structure and procedures [6,7].*

### **Human Resources Management approaches in Romania**

In the last years, **the interest in the human resource management field has been obvious**. This tendency is also valuable in Romania. We can see improvements in human resource management **research** and also in **practice**. The large number of articles, books, seminars and conferences in the domain of human resources management, reveals the academic importance of the domain. The Romanian companies also understood that the **human resources** are their main **strategic resource** and must be managed as an investment

and not only as a cost. There are two directions in which the Romanian companies take actions:

- The main methods Romanian organisations attract and maintain their employees are the rising of the motivational level between the employees, assuring appropriate working conditions, teamwork and professional and personal development, talent management.
- In the same time, the companies emphasise the necessity of a high level of qualification of the human resources specialists in order to apply the principles of human resource management inside their organisations.

The main features of human resource management in Romania were identified, analyzed and pointed out through a study conducted in Romanian companies. The study was based on a questionnaire addressed to human resources specialists from different domains of activity. Its main purpose was to obtain a relevant volume of information about the main directions of development in the human resource management. The study searched to obtain relevant data about the main activities in human resources management.

The study was conducted in 150 companies from different domains of activity, in both private and public sectors. The sample of companies was structured: services companies – 69.62%, industry companies – 20.25%, constructions companies – 6.33% and agriculture companies – 3.80%. Based on the criteria of property, 33.96% of the companies are in the property of national private investors, 18.99% of the organisations are public institutions and 47.05% are foreign investments. 39.24% of the companies are national investments and 60.76% are foreign investments.

The type of company is the third criteria taken into account in the study. 24.05% of the companies analysed are small and medium size enterprises, 21.52% are public institutions and 16.46% are large organisations. The multinational companies are in a percent of 37.97%.

According the results of the study, **the human resources department** is one of the most important organisational subdivisions in Romania. 79.25% of the investigated companies have a separate human resources department. In large companies (92.31%) and multinational organisations (93.33%), the human resources activities are concentrated at the level of the human resources department, while 82.35% of the public institutions have a human resources department. Regarding the small and medium size organisations, 52.63% of them have a distinctive human resources department while 47.37% don't organise their human resources activity inside a separate department.

75.95% of the questioned companies have **human resources strategies** and 90% of the multinational organisations have a written human strategy. Generally, in the multinational companies, the human resources strategy is parent country imported managerial know-how. A similar situation is registered in public institutions (82.35%) and large companies (76.92%). In small and medium size organisations the human resources strategies don't have a structured nature. The companies with the highest incidence of a human resources strategy are the large ones, over 1000 employees (95.24%). At the opposite poll are the small organisations with a number of employees between 1 and 9 (57.14%).

What concerns us is the fact that, generally, the Romanian companies don't diffuse inside the organisation the objectives of their human resources strategies. For the question *Are the employees of organisations familiar with the objectives of the human resources strategy?* the answers average was 4.84 on a 7 steps scale. The answers show the indifference of many companies regarding their employees. Anyway, the tendency is to improve this situation.

The main causes that generate this situation is the lack of communication between the management and the employees, the large number of activities the human resource managers

must administrate and, in some of the cases, the superficial attitude of some managers. In small and medium size organisations there is a big interest for performance evaluation and human development.

The Romanian organisations don't elaborate clear procedures for job design and job analyse. The job designs are considered very important only in the activity of public institutions and multinational organisations. When addressing the question *Are job designs the fundament of each employee' activity?* the answers average was 5.76 in public institutions and 5.30 in multinationals. At the entire sample the average pointed 4.95. The answer shows that, in a certain way, the respondents agreed the statement. At organisational level, in most of the cases, the employees carry on their activities based on job descriptions. Many times they are required other tasks than the one mentioned in the job description.

The most unfavourable situation is at the level of small and medium size organisations. In that kind of companies the answers show an average of 4.11. That means that in these organisations the existence of job descriptions doesn't influence the way employees do their work. We must mention that we used a scale with 7 steps to quantify the answers. .

In 53% of the cases, the human resources manager is direct responsible for the job descriptions, but sometimes the line manager also contribute to job descriptions (44%). In public institutions the direct manager is responsible for job descriptions (66.7%), in small and medium size organisations the human resources manager (52.6%) create the job description and also in multinationals (57.5%).

The activity of planning human resources is highly influenced by the Romanian high level of anxiety. Short time planning dominates the managerial activity, many times because most of Romanian organisations plan their activities in direct relation with the employment process. Surprisingly, in Romanian companies the main planning instrument is the spontaneous human resources needs. In 53% of the cases, the companies plan their necessary of human resources on this criterion.

Despite other types of companies, in small and medium size organisations, the human resources plans are almost inexistent. Only 5.3% of the SME use this planning tool. Concluding, the Romanian managers search to obtain short time returns and not a long time profit.

Four of the most important criteria of human resources recruitment used in Romanian companies are, on a 5 steps scale (1- important, 5- the less important): **individual qualities, abilities and aptitudes** (2,00), **the education** (2,04), **professional knowledge** (2,30) and **experience** (2,35).

The **experience** criterion has a major role in the process of recruitment and selection (61.32%) in comparison with **the studies** (38.68%). In large companies, multinationals and SME, **the experience** is the most important when hiring a candidate. In foreign organisations the experience is also the most important factor in the process of selection (68.59%), comparative with the national companies (56.72%). In public institutions the education is still dominant as criteria of selection.

The **Internet** is the most frequent method of external recruitment for executive staff (1.76) and also for the managerial staff (1.68), with a high frequency in the second category. The Romanian companies use the Internet as the main method of human resources recruitment, especially for middle management and low management. The job announcements and the references are highly used as methods of human resources recruitment.

The ration between external recruitment (54.41%) and internal recruitment is under a unit. The employment strategy in Romanian companies is focused on outside candidates.

The managerial staff selection is based on a classic interview (1.37) a CV analyses and the motivation letter (1.82). (1 - frequent, 3 - rarely).

The CV and the motivation letter are frequently used in public institutions (1.56) to select personnel. In small and medium size enterprises the main methods used to select managerial staff are: the aptitudes tests (1.20) and the classic interview. The same methods we observed in large companies, while in multinationals, the classic interview has a higher frequency (1.21) but the aptitudes tests are more recurrent (1.33).

Sometimes the Romanian companies also use in the process of selecting managerial staff practice tests (2.18) and a competence interview (2.13). The SME (2.46) and the public institutions (2.44) seldom use the competence interview in comparison with other selection methods. The practice tests are rarely used in large companies when selecting managerial staff. It is also valid for multinational organisations where practice tests are not so frequent in the process of selecting managerial personnel (2.20).

**On job training (OJT)** is many times the main training process in Romanian organisations. 58.11% of the companies use this method to train their employees. On job training is present in 56.67% of the SME, in 66.67% of public institutions, in 57.69% of large companies and 56.06% of multinational organisations. On job training is mainly organised inside the companies in all types of organisations: 43.33% in SME, 38.46% in public institutions, 37.04% in large companies and 30.30% in multinational organisations. The companies with more than 1000 employees (29.63%) and the multinationals (25.76%) chose frequently to train their employees with specialised outside trainers.

**Off job training (OffJT)** is used in 41.89% of the Romanian organisations that took part in this study. The multinational companies (43.94%) and the SME (43.33%) use this professional training in a higher proportion comparative with other types of organisations. While the public institutions especially train their employees on job, preferring specialised companies in a percent of 30.77%, 21.21% of the studied multinationals prefer off job specialised training.

55.70% of the Romanian organisations choose to advance their employees when they have a spontaneous human resources need. The percent express the short time planning as a feature of the Romanian culture. The career model that could be applied in Romanian companies is “good luck and take your chance” [5, 8]. The frequency of the career plans is very low inside Romanian companies. When asking *Are the career plans and the counselling programmes frequently used inside your company?* the average answer was 3.62 on a scale of 7 steps.

The work outcomes (26.34%) are the main criteria used to advance the employees in Romanian organisations. The tendency is the same for each type of company. The individual competences (18.93%), the experience in a certain domain of activity and the self-development capacity (17.7%) are criteria to promote Romanian employees. Self career planning is not very important in Romanian organisations and only 4.12% of the employers take into account their individual needs.

Performance appraisal is one of the most challenging human resources activities in Romania as it is very difficult to obtain an objective view of the individual tasks. The Romanian culture is based on indirect communication. That’s why the employees take personal a negative feedback. The feminine type of culture is based on the principle *we work to live* and the free time spent with family is very important.

In most of Romanian organisations, in a percent of 60.38, the direct manager is responsible for the performance appraisal and only 22.64% the department manager.

**The objective management** is hard to apply because the managers and the employees don’t distinguish the individual of its results. More than that, the performance is not the most important result taken into account by Romanian organisations, while the teamwork and the stability are specific for feminine cultures. The employees feel threatened by the performance indexes. To implement objective management as a method of performance appraisal, the managers have to be credible, perseverant and very diplomatic. In the feminine types of

culture, measuring the results is not that important and the managers are only speaking about objectives. They don't compare the objectives and the results.

In Romanian society, the job is more important than its content. That means that extrinsic motivations like the wage, the workplace security and the work conditions are more important than advancement and the intrinsic job motivations. The study also sustains these statements. On a hierarchical system with 5 steps (1- the most important, 5 – the less important) the wage is the main motivating factor with a score of 1.90. The workplace security (2.30) is more important than the work conditions (2.44) for the Romanian employees and their team (2.46). The advancement opportunities (2.74) and the job substance (2.88) are extrinsic motivational factors that are not considered very important.

Excepting multinationals, at each type of organisation level, the working time is the decisive factor of financial compensation. That shows that Romanian employees are looking for a fix wage and not for variable compensation. The preference for a fix salary and the reduced importance of commissions as fluctuating earnings is caused by the high level of uncertainty avoidance that describes the Romanian society.

In comparison with other types of organisations, the public institutions also value the years of service. Because of the collectivist values and the high power distance, the compensation systems are pressured by equalitarianism in all types of companies, not only in public institutions.

The working relations in Romanian organisations are dominated by an attitude of mutual aid between the employees and the management. When asked about the relations between the employees and the management, the average result was 5.89. The main consequence may be considered the constructive solving of the conflicts. When asking the question *Are there any constructive solving of the conflicts in your company?* the answer took the value 5.58 on a scale with 7 steps. The main cause of this collaborative attitude of both employers and employees is the special interest to solve the workplace problems (5.8)

## **Conclusions:**

The results of the study conducted in 150 companies emphasises that the human resources management in Romanian organisations has a large number of formal human resources strategies and politics, but frequently the employees don't have any ideas about their objectives. The short time planning prevails in the Romanian society and has a major influence over the human resources practices. The operational activities prevail in Romanian companies. The managerial behaviour is also emphasised by the inexistence of procedures of human resources management planning and career management. The high level of anxiety present in the Romanian society is also proved by the low importance of the job description and the objective management as a performance appraisal and reward method.

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