

# Salary System Analysis. Study Case: The Salaries of Didactic Personnel within Romanian State Universities

Roxana-Elena TEODOROIU<sup>1</sup>

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## ABSTRACT

*The higher education system is one of the most important activity areas of a state. The purpose of this paper is to identify the main salary policies that the Romanian authorities have adopted in order to determine the way in which the didactic personnel within the higher state education system are paid.*

*In order to identify these aspects, this paper consists of a specialized literature analysis concerning the remuneration and salary system and the main normative acts that stand as basis for setting the salaries for the didactic personnel within the Romanian higher state education system.*

*The result of this article will consist of identifying the main aspects that make reference to the salaries for the didactic personnel within the higher education institutions as well as the graphical representation of the salary chart divided into positions and seniority.*

**KEYWORDS:** *didactic personnel, Romania, salary, state university*

**JEL CLASSIFICATION:** *I23, J31, J38*

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## INTRODUCTION

The salary system within a company is one of the most important elements that we have to take into consideration. We can say this because, most of the times, the fidelity, the well-being and the motivation of the personnel represents the result of a satisfying salary.

The salaries granted within state-owned institutions or public institutions are regulated through normative acts, in the context where the majority of the private-capital institutions set their own salary chart.

Whereas the Education sector is one of the most important sectors of a state's economy, I have considered the salary system analysis within the higher state education institutions to be purposeful. This article will take into consideration all salary levels for the didactic personnel within the higher state education institutions from Romania by identifying the salary level of employment and the other salary rights of which didactic personnel can benefit.

As the higher state education institutions from Romania are public institutions, the salaries for the didactic personnel and the auxiliary personnel are granted under legislative regulations issued by the Romanian Government or by the Romanian Parliament.

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<sup>1</sup> PhD Student, The Bucharest University of Economic Studies, Romania, roxana.tedoroiu@ase.ro

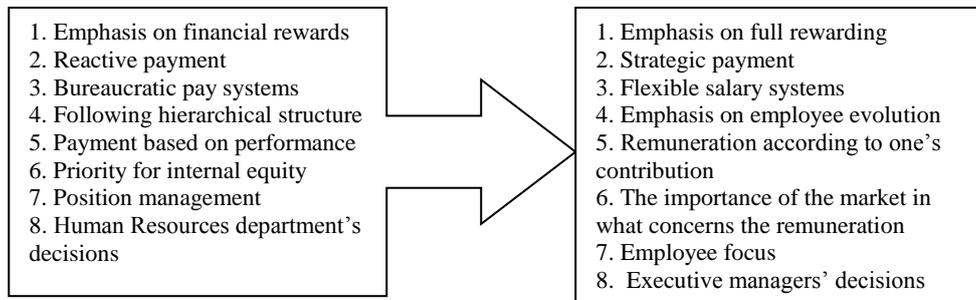
In order to develop this paper I have consulted the main specialized literature in the salary domain and employee rewarding as well as the main normative acts that regulate the salary within higher education institutions.

## 1. BACKGROUND AND THEORETICAL FRAMEWORK

In theory as much as in practice it is demonstrated that the employees, in return of their work, expect rewards. (Decenzo & Robbins, 2002) An employee rewarding system comprises the politics, the practices and the processes through which the organization rewards its employees in accordance with the contributions, skills and their competences as well as the market value. (Armstrong, 2003)

The Romanian legislation as much as the theory and practice that refer to labor rewarding uses the following concepts to name the rewarding means: the salary, the bonuses, the prizes, the compensations, the allowances, the commissions etc. The employee's total income is determined in accordance to the total base salary also to the other incomes. (Burciu et al., 2008)

The employee rewarding has meet a change from old features to the ones we apply these days. Therefore, in Figure 1 it can be observed the way in which globally it has passed from old features to the ones are recommended to be applied now:



**Figure 1. Rewarding system's features**

Source: Burduş, 2012

The salary system is an important component of the rewarding system within a company. One definition for the salary would be that the salary is *a sum of financial rights that an employee receives according to an annually, monthly, weekly or hourly signed contract for the work performed or for the results obtained.* (Chişu, 2005)

According to specialists, a salary system framing must consider the following general principles (Deaconu et al., 2004):

- a) The salary format must take into consideration the balance between demand and offer for the work force and also the involvement of the economic-social agents;
- b) The salary negotiation principle;
- c) The minimum salary imposition principle;
- d) To *equal work, equal salary* principle;

- e) The salary by work quantity principle;
- f) The salary by professional qualification principle;
- g) The salary by work quality principle;
- h) The salary by work conditions principle;
- i) The salary liberalization principle;
- j) The salary confidentiality principle.

When a company develops a salary system must know that this in turn infers a rewarding management system and at the same time favors the social dialogue with concern to this system. (Citeau & Barel, 2008)

The pay system must account for the following aspects:

- a) The salary must attract, retain and motive the competent personnel;
- b) The company must not make excessively generous payments because these can lead to higher costs;
- c) The salary must establish differences to determine the employees to run for promotion;
- d) The salary must reflect the power reality so that it will not lead to situations where the payment structure is destabilized by group experts in negotiations;
- e) The salaries must respect the legislative norms concerning the minimum salary or the work schedule. (Rees & Porter, 2005)

In the context where the salary special level can be determined by the employees' potential, seniority, their performances and the individual negotiation capacity, the general level of the salaries within an organization can be determined by following these criteria:

- a) Environment features (labor market, life quality, activity sector, legislation, unions);
- b) Organization features (size, payment ability, organization's prestige). (Gavrilă & Lefter, 2007)

We can assert the fact that a rewarding system reflects what matters for the organization and what it is willing to pay for the respective matters. (Armstrong, 2003)

Within organizations there can be used different salary systems which, according to specialists can be represented by:

- a) The fixed salary: implies granting a fixed amount in turn of the work performed, attributed mostly according to the time put in;
- b) Individualized salary: implies the fact that a part of the employee's salary depends on its productive contributions within the organization;
- c) Salary depending on the organization's results: implies the fact that in certain situations and according to the present agreements, when the organization obtains profit, a part of this is distributed to the employees. (Deaconu et al., 2004)

By analyzing part of these main references, we can say that the salary is defined by the following elements:

- The salary can be considered as the price paid for the usage of the human production factor as an employee of an organization;

- In order for the possessor of this production factor to gain a salary, this must put at disposal of another person his work capacity by means of a juridical act similar to the purchase and sale statement or rent statement. (Chișu, 2005)

Therefore, we can say that a company's objectives can be reached through Human Resources' management strategy adopted of this. The labor force is the key to success, the human resources management being one of the most important competitive sources as this leads towards competitiveness. Still, an organization must understand the expectations of the labor force in order to fulfill its objectives. (Cania, 2014)

## 2. RESULTS

The base salary, also known as the tariff salary, is the main part of the direct reward and it is set under standard conditions without any bonuses. This can be found in a salary grid. The salary placement on one of this salary grid's coordinates it is made according to the position ranking within the company's organizational chart. (Burciu et al. 2008)

According to the Labor Code under republished Law no 53/2003 with the necessary modifications and additions, the salary represents *the labor counter performance done by an employee in basis of the individual labor contract*. Also, the legislation stipulates that is it forbidden any sex, sexual orientation, genetic features, age, national affiliation, race, color, ethnicity, religion, political view, social origin, disability, family responsibility, union activity or membership discrimination when the salary is set and granted.

In Romania, the main legislative regulations stipulate that the personnel salary system within authorities and public institutions that are fully financed or at least financed from the state budget is settled by law with the help of the representative union organizations.

Within the Romanian higher state education system, the personnel payment it is made under Law no. 63/2011 provisions concerning the framing and the payment in the year 2011 of the didactic and auxiliary personnel within the higher state education system, the gross quantum being stipulated under the annexed of said law.

Along with Law no. 63/2011, the payment for the didactic personnel within the higher state education system from Romania accounts for certain principles stipulated under Law no. 284/2010 concerning the unitary payment of the personnel paid of public funds. The salary system regulated through Law no. 284/2010 is based on the following principles:

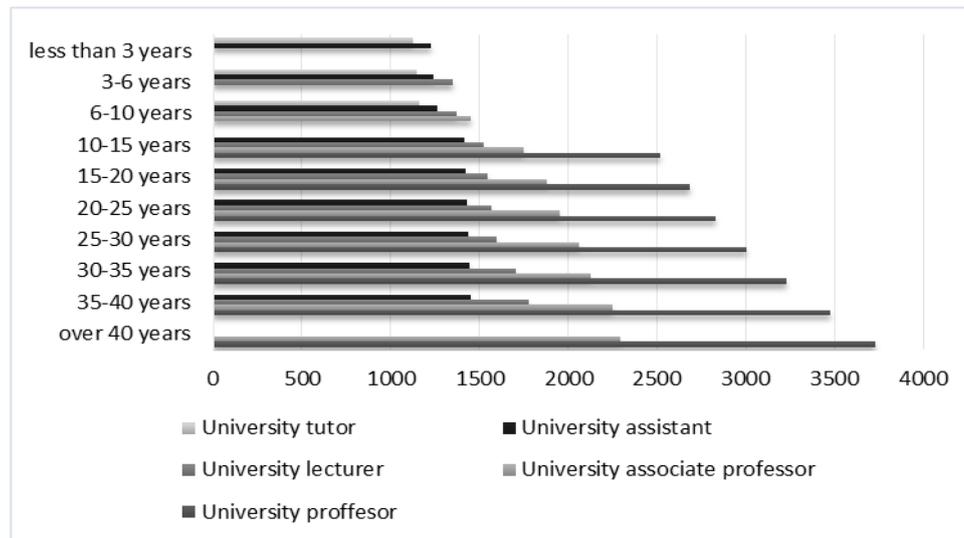
- a) Unitary feature, in the sense that it regulates the payment for all personnel categories within the budget sector through deeming the salary rights set through special normative acts under the pay system;
- b) Law supremacy in the sense that the salary rights are set only through judicial acts enforced by law;
- c) Equity and coherence through the creation of equal opportunities and equal remuneration for the equal value work based on unitary principles and norms concerning the assignment and grating the salary and also other salary rights of the budget sector personnel;
- d) Financial sustainability through salary increases under special annually laws.

In order to determine the salary level for the didactic personnel within the higher education system, I have considered relevant the centralization of information provided under Law

no. 63/2011 concerning the base level of the salary for the didactic personnel that unfolds its activity in state institutions that target the higher state education.

The salary grid under Law no. 63/2011 annex stipulated two levels for the base salaries of didactic personnel, a minimum one and a maximum one, as the salary level granted for didactic personnel compasses these two variables.

From Figure 2 and Figure 3 it can be noticed that within the Romanian higher education system, the salaries for the didactic personnel are granted depending on the teaching degree (university professor, university associate professor, university lecturer, university assistant or university tutor) and seniority. Also, from the two figures we can see that the highest salary value corresponds to didactic personnel within the last seniority level.



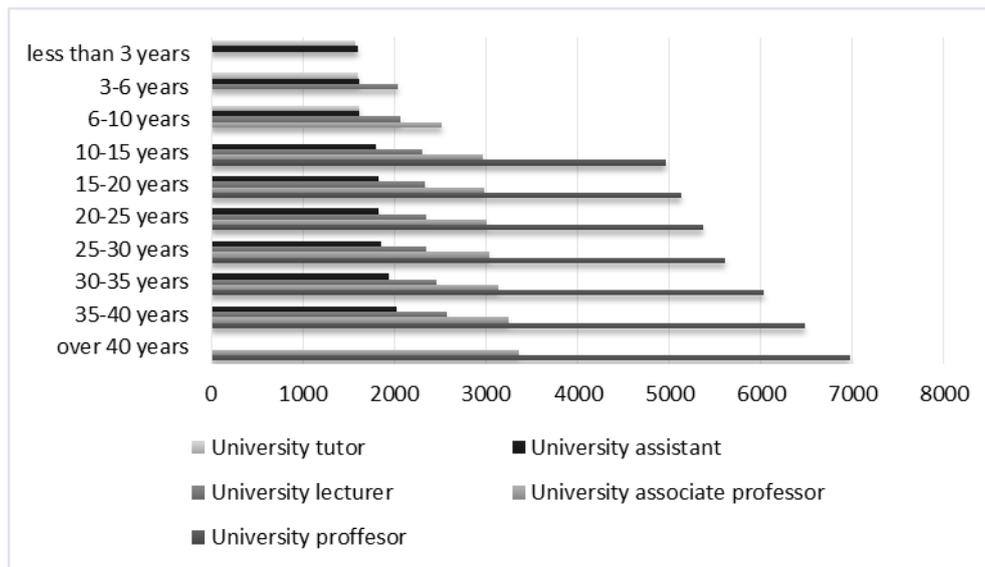
**Figure 2. The minimum value of the base salaries for the didactic personnel within higher education state institutions taken by comparison and judging by didactic positions and seniority.**

*Made by author; Source: Law no. 63/2011*

From Figure 2 we can observe that:

- The minimum base salaries for the didactic personnel with university professor degree are approximately 30.5%-38.5% higher than those of associate university professors', depending on his/her seniority;
- The minimum base salaries for the didactic personnel with the degree of associate university professors are approximately 13%-20% higher than those of university lecturers', depending on seniority;
- The minimum base salaries for the didactic personnel with the degree of university lecturer are approximately 8%-18% higher than those of university assistants', depending on seniority;
- The minimum base salaries for didactic personnel with the degree of university assistant are approximately 8% higher than those of university tutors'.

Based on the research, emerges the fact that a university professor receives the minimum base salary with approximately 44%-60% higher than that of a university assistant.



**Figure 3. The maximum value of the base salaries for the didactic personnel within higher education state institutions taken by comparison and judging by didactic positions and seniority.**

*Made by author; Source: Law no. 63/2011*

From Figure 3 we can conclude that:

- The maximum base salaries for university professors are approximately 40%-52% higher than those of university associate professors, depending on seniority;
- The maximum base salaries for university associate professors are approximately 20%-22% higher than those of university lecturers' depending on seniority;
- The maximum base salaries for university lecturers are approximately 20%-22% higher than those of university assistants' depending on seniority;
- The maximum base salaries of university assistants are approximately 0.5%-1.7% higher than those of university tutors'.

Based on research we can say that a university professor receives the minimum base salary higher than that of a university assistant with approximately 64%-69%.

As it emerges from the documents we have analyzed, the biggest difference between the two successive didactic positions can be noticed with maximum base salaries for university professors and university associate professors, university lecturer and university assistant while for university tutors the biggest difference is seen with minimum base salaries.

According to Law no. 63/2011, the gross income for the didactic personnel integrates the base salary to which you add bonuses, indemnities as well as other salary rights provided by law. In Table 1 we can see the indemnities' maximum and minimum limits given to didactic personnel within higher education state system.

**Table 1. Management allowances granted to leadership teaching positions in higher education state system**

Leadership teaching positions in higher education	Specific management indemnity, as a percentage of base salary	
	Minimum	Maximum
Rector	35	45
Vice-Rector	25	30
General Director of the university administration	25	30
Dean	20	30
Scientific secretary of the university Senate	20	25
Vice-Dean	15	20
Chief Administrator of the faculty	15	20
Scientific secretary of the faculty Council	10	15
Department director	20	25
Head of a chair	20	25

Source: Law no. 63/2011

As a result of the research for legislative regulations, we can notice that the leadership indemnities are granted directly proportional to the responsibilities under the leadership positions, compassing between 10% and 45%, the highest value being the one granted to the university rector and the lowest to the scientific secretary of the Faculty Council. Under the law, the leadership indemnity for the leadership positions showed in the Table 1 are calculated as a percentage of the minimum framing salary for university professors with seniority of over 40 years.

Along with the leadership indemnity from chart number one, the didactic personnel within the higher state education system have the right to receive the following bonuses for the base salary:

- a) Gradation of merits
- b) Seniority bonus

The bonus for seniority is also regulated through salary rights methodology for calculating the salary that is granted for the didactic personnel, with the values from Table 2.

**Table 2. Seniority bonuses granted for didactic personnel within higher state education system**

Tranche of seniority in work	Percentage of base salary
from 3 to 5 years	5%
from 5 to 10 years	10%
from 10 to 15 years	15%
from 15 to 20 years	20%
over 20 years	25%

Source: Law no.63/2011

Therefore, according to the legislation in force, the gross income for the didactic personnel within the higher state education system is comprised of base salary to which we add bonuses,

indemnities and other salary rights provided by law. The base salary includes the framing salary which in turn includes the stability bonus and the neuropsychic overstrain bonus, the leadership indemnity, the special education indemnity and the gradation of merit, if needed.

Romanian legislation stipulated also that the people which benefited of bonuses for doctor's honorific degrees on the 31<sup>st</sup> of December 2009 benefits of a transitory compensation calculated by applying 15% to the base salary. In relation to the conditions under which they conduct their activity, the dangerous or harming conditions, the paid didactic personnel can receive a bonus up to 15% of the base salary.

Moreover, next to the above mentioned salary rights there can also be established differential salaries out of the higher state education institutions' income with up to 30% out of the framing salary.

## CONCLUSIONS

As a result after the research we can conclude that the salary system for the didactic personnel within the higher state education system is made in conformity to importance of the position owned, the complexity of the performed activities, the study level necessary for progress of said activity. The salary system for the didactic personnel within the higher state education system is a salary system represented by fixed salary to which it is added indemnities, bonuses or compensations depending on:

- a) Didactic personnel's responsibilities;
- b) The work environment where these unfold their activity;
- c) The knowledge and the experience that these must hold;
- d) The impact of their decisions towards university life;
- e) The level of influence, coordination and supervision of the activities that the people within said institution perform.

The way in which the salary system was set up for the didactic personnel within higher education state system respects the aspects that the specialized literature has provided and that refers to:

- a) The differentiated appraisal so that it determines the employees to run for promotion - the salary chart within the annexes of Law no. 63/2011 foresees differential salaries according to scientific titles;
- b) Obeying the legislative norms in concern to the minimum salary.

In conclusion, from the analysis of the legislative documents that refer to the salary system for the didactic personnel within Romanian universities and keeping in mind the aspects from the specialized literature we can assert that:

- a) The salary negotiation principle is partially respected considering that the set up for the salary grid is the result of the conversations carried out with the main representatives of the employees-unions. Still, the employees cannot negotiate the salary individually;
- b) The principle that stipulates that the salaries are equal for the people that deploy the same work is respected;
- c) The principle according to which the salary is granted in conformity to the professional qualification is respected. The salary chart is made considering the didactic personnel's scientific title that they have obtained as a result of scientific performance indicators;

d) The salary principle judging by work conditions is respected considering that the didactic personnel carries out their activity in dangerous and harmful conditions and can receive a bonus to the base salary;

e) The salary confidentiality is respected where the Labor Code applied in Romania clearly stipulates that the salary is confidential, the employer being forced to take the necessary measures to ensure said confidentiality.

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