

## ***Comparative Research upon the Payment Options in Public Services***

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**Abstract:** *In the context of Romania receiving the status of country member of the European Union, we have considered to be very opportune making a parallel between the payroll system for public administration workers in the European countries and the payroll system in the Romanian administration in order to underline the main characteristics of the actual payroll system in our country.*

*From this research, we have noticed significant differences between the two payroll systems, which are directly reflected in the lack of motivation and low performance of all personnel, with immediate effects upon the Romanian public sector competition, both against the private sector, but also with the one existing in the countries members of the European Union.*

*Still, we can say that in the last years (2006 – 2008), together with the efforts of all administration reform 'actors' were noticed several positive evolutions regarding the formation and development of human resources from this area of the Romanian economy in order to improve the quality of the public service, which will also continue in the future period (2008 – 2013).*

*Therefore, I am optimistic by saying that through the established strategic paths, the management of the public position in our country will accomplish the development of a professional public workers body, which will contribute to the efficiency of the administrative system and also to the improvement of its relationships with the civil society, just as it happens in the European Union, by adopting and applying all principles, instruments and mechanisms that compose the base of European payroll systems, in order to encourage performance and individual development.*

**Keywords:** *payroll; de-centralization; remuneration package; unitary payroll system; payroll principles*

The need for a research upon the payroll system in Romanian public services is obvious in the context of our country's adherence to the European Union. The training level of human resources in public administration and their performance level are just a few aspects that have a major influence upon the efficiency of the developed activity, together with the quality of the services offered to the citizens.

Because the Romanian public administration must adapt to the performance standards' levels of the European administrations, it appears to be extremely necessary the de-centralization of all existing rigid structures.

We have mentioned in a study made a few years ago (Caramete Cristina, 2002), that autonomy, initiative and professional decisions, which play an important role in its autonomic performance, depends upon the nature and the tasks' exigencies, the motivation of the human factor, aptitudes, abilities, professional experience, knowledge, and not the last, the interpersonal relationships, meaning the acceptance of each individual to be part of a team together with the other team members.

Therefore, in the context of Romania's new status of a country member of the E.U., we have considered to be opportune making a comparative study between the public workers in the European territory, and those from the Romanian administration in order to underline the main characteristics of the actual payroll system in our country. After making this study we have found fundamental

differences between the two payroll systems, which are directly reflected in the personnel's lack of performance and motivation, with immediate effects upon the competition of the Romanian public sector, both reported to the private one, and also with the one existing in the countries members of the European Union.

Our country's adherence to the European Union makes us ask ourselves a few fundamental questions related to the motivation and remuneration of all employees working in the public sector, and also related to the correctness these were made, such as:

1. The rewards contribute to the employees' motivation?
2. The actual payroll system insures attracting competent public workers?
3. Is the actual payroll system perceived as equitable?
4. Can public workers express their opinions or lack of satisfactions regarding the actual payroll system?

In order to answer to all these general questions we have considered as opportune the strong research upon the payroll systems existing in public services in the European Union. Therefore, we have noticed that within these systems has been a constant payroll de-centralization by creating a larger flexibility in the class systems related to the performance rewards. In general terms, the reform of these payroll systems consisted of the transformation of the traditional system, based upon the labor elderness, into a system based on performance, where individual qualities are rewarded a lot better than the work place or labor class. In lots of countries in the European Union there is the tendency of not rewarding the rank or the public position held, the reward for the labor being made based upon the reported aptitudes, competences and/or individual performances.

In general terms, no matter the payment system, the remuneration package of the European public worker consists of the base salary plus other payment rights such as:

- vacation payment and vacation bonus;
- scientific title award;
- overtime payment;
- delegated responsibilities bonus;
- information confidentiality bonus;
- meal vouchers;
- paid clothing (uniform where applied);
- Christmas bonus;
- Jubilee prizes, for permanent activity in the public administration system.

The same time, public workers also receive social, cultural or health supports, reimbursable or not reimbursable, such as:

- ✓ financial support for accommodation, buying or building a house;
- ✓ scholarships, financial support for studies, supplementary studies or foreign language classes;
- ✓ rent;
- ✓ paid transportation to the work place.

In order to understand the quantum of these remuneration rights, we will give a few punctual examples (Manole Cristina, 2006), using a short presentation:

1. In the beginning, we shall refer to the bonuses of the year's end and celebrations which are given in most countries members of the European Union (Germany, Sweden, the Netherlands, Belgium, Denmark, Finland, and Austria). The most consistent bonuses are given to the public workers in Sweden, representing 14% of the medium annual payment. In the Netherlands and Finland, the bonuses represent 8%, and 5%, being less significant. In Germany, the 'Christmas bonus' is given together with the December payment, and in Luxembourg, the bonus for the year's end is the equivalent of 80% of the monthly payment. In Belgium and the Netherlands, the value of the year end bonus is smaller than in Germany and Luxembourg (the year end bonus in Belgium is 2.5% from the annual gross salary, and in the Netherlands, it represents 8% of the same salary).

2. Social supports. In Belgium, public workers receive their supports in the first day of the month that the baby is born, adopted or trusted (there is also an adoption support). The same time, there is a house support for those public workers who are married, or live together and have one or several under age children, except the situation in which the public worker lives with an under aged child who is taken care by an other person and already receives adoption support. The public workers that do not receive a house support will receive the so called residency support. Adoption supports and the residency supports consist of a fixed amount which depends on the yearly gross salary. Also, family supports still exist in Germany, France and Luxembourg (for example, in France, the supplementary income for each family is calculated based on an index and the number of children).
3. Achievement bonuses. This type of bonus can be found in lots of European Union countries, such as Spain, France, Germany, and the Netherlands. In Spain, the main competent managerial element determines the achievement bonus. In France, experience and professional achievement plays an important role in taking decisions by the head of the department related to the bonuses for public workers. In the Netherlands, the achievement bonuses represent a bonus for the workers that were very difficult to recruit; a bonus to encourage certain public workers so that they will not quit their current position; the bonus for those public workers who worked well and the opportunity for a promotion to the next payment class. In lots of the European Union countries, performance bonuses are based mainly on team work (team-based), than on individual performance (individual-based). Team performance is rewarded with collective bonuses in countries such as Great Britain, Ireland, Denmark, Finland, Austria and Portugal.
4. Functional bonuses. Public workers in Germany receive such a bonus when professional achievements exceed the general level of their degree. In France, the functional bonus adopted in 1990, is given for public works which imply special responsibilities.
5. Other bonuses. These refer to the overtime and dangerous labor. For example, regarding overtime, it is rewarded in most of the European Union countries, but generally only regarding a special class or a different responsibility level.

Considering all components of the payment package for European public workers, we might say that part of these material rights are to be found also in our country's legislation, even if they are not mentioned in the payment classification.

Therefore, the main payroll components stated in the Romanian legislation, meant to reward the professional activity of the public workers are:

1. basic salary (contractual);
2. deserved salary;
3. bonuses (for work elderness, overtime, confidentiality, etc);
4. job supplement;
5. degree supplement;
6. awards and other payroll rights, according to the law;

In order to not leave room for interpretations, "other payroll rights", for the Romanian public workers refer to the following components:

- annual vacation;
- supplementary paid vacation for special family events;
- delegation payments;
- insuring a place to live (work related) and the reimbursement of transportation costs for him and family members, if the public worker is moved to an authority or public institution from an other city;
- installation bonus;
- study leave.

As a famous Romanian author in this field said (Androniceanu Armenia, 2004) in the countries members of the European Union, there is a common principle base, of values and requests respected by all countries. It has been also noticed the existence of specific practices and distinct structures, regarding the activities from the field of public position's management, which makes the completion of activities to answer to the requirements of the social system.

In the process of Romania's adherence to the European Union, becomes essential the adaptation of the public position's management in Romania to the fundamental principles of this field, which exist in the E.U. countries, in order to have for the beginning, a corresponding compatibility degree that will determine the necessary corrections in the shortest time.

In conclusion, in the European Union countries, there are several principles that rule the payroll systems and make public sectors from these countries to be competitive with the private ones. Therefore, in order to achieve this goal in Romania too, we need to emergency adopt and implement the aforementioned principles to our administration, mainly referring to the following aspects:

- The payroll system needs to be transparent and intelligible;
- The payroll system needs to be as simple as possible;
- In order to insure quality services, the government needs to recruit and maintain public workers, which can be made with a motivating remuneration;
- The payroll system needs to be in direct connection with the objective evaluation of public workers from the responsibility, ability and necessary aptitudes point of view;
- Giving bonuses, such as, elderness bonus, confidentiality bonus, stress bonuses, high qualification bonus, meal and travel bonuses, etc;
- Insuring a compensation payment system for those public workers fired for reasons which do not occurred from their fault;
- The payroll system needs to be in direct connection with the labor and the performed services;
- The payroll system needs to be equitable, which means three main conditions:
  - internal positions equitability, which represent to payroll for public workers which have the different position in the same organization;
  - internal individual equity, which represent the payroll for public workers which have the same position in the same organization or public authority;
  - external equity, which represent the payroll for own public workers compared to the payroll for public workers from other institutions, for similar jobs.

Considering the new quality of our country, of European Union member, during 2007, upon the Central Unit of Public Administration Reform, (the special structure inside the Internal Affairs Ministry and Administrative Reform) there was created a working group in order to elaborate strategic directions for the public administration reform for 2007 – 2013. The strategy project as a programmatic document referred mainly to the following aspects:

- bringing the central public administration to the quality standards of the European administrations (by the reconfiguration of the actual role of line ministries);
- the modernization and increase of public authorities and institutions efficiency;
- adopting new instruments and modern mechanisms which will contribute to the efficiency of the administrative act;
- strengthening/development of human resources segment;
- increasing the local autonomy degree by accelerating the administrative, financial and fiscal decentralization system.

The unanimous established objective by the mentioned programmatic document refers to the development of public administration in order to improve the quality of the public services, for the period 2008 – 2013. The strategy developed upon the Central Unit for Public Administration Reform (UCRAP) took into consideration two action directions, meaning:

- a) a horizontal one (cross-sectorial) referring to human resources, simplifying administrative processes, conceiving public policies;

b) a vertical one, for depthness, referring to the acceleration of the decentralization system.

Considering the horizontal component that refers to human resources, one of the major objectives, for the next period, is oriented towards the creation and implementation of a unitary payroll system for the public workers, which means several directions as:

1. creating a comparative analysis regarding the payroll system for public workers in the countries members of the European Union, together with the analysis of uncorrelated payments between the private and public sector, in order to identify the best practice in the payroll area;
2. creating the legal environment regarding the unitary payroll system of public workers, motivational and transparent in the same time, that will reflect the importance and the result of their activity and to allow the recruitment and maintaining the competent personnel;
3. implementing the unitary payroll system for the public workers in order to increase the attractiveness of the public work.

A special category of public workers is represented by the public system managers. From this perspective, we will remind you that in May 2007, UCRAP has developed the project of the emergency law of the government regarding the status of the public worker, called public manager. The project and the system of the public managers were conceived in order to attract and develop competent personnel that will rapidly grow to key positions in the public administration, with the main purpose of strengthening the managerial capacity and to improve the administration's general performances. The law project states the process in order to be employed in a specific public position of public manager, the mechanisms regarding to public managers' career, including the access possibility to the high workers category, regarding forming programs, placement, evaluation and handling public managers career. The public managers' payroll system will be similar to the rules established by the law regarding unitary payroll of the public workers. Still, in order to integrate the public managers into the general system of the public positions, the maximum payment level in the specific public position will have established in such a manner, that it will ensure the stimulation of the personnel employed as public manager to leading positions in a higher level, by a competition, in the terms established by the law.

The public manager quality means, amongst a lot of other things (specific selection, formation, entering the administration, common performance standards, separate supplementary evaluation, position mobility, and accelerated career development) together with a payment bonus given to the abilities and managerial qualities. This means to attract and motivate the personnel who hold managerial abilities, developed by European standards training, as well as to maintain these personnel in the public administration. There is the legal specification, regarding to which, if the expected results are not gathered by the public worker that holds the position of public manager (fact that was established through evaluation), he loses the benefits that come from this position, including the payment bonus.

In order to draw a conclusion to this research, I might say that the most important signal that an institution's management gives to its own employee regarding their contribution to the performances of that institution is represented by their payroll. Therefore, their payment is not only an income source, but also the recognition of the public worker's value.

I am optimistic saying that, right now as in the future period (2008 – 2013), the public position's management in our country will seek for the development of a professional administrative workers body, which will contribute to the efficiency of the administrative system and the improvement of the relationships between the administration and the civil society, according to the requests of the European Union. Therefore, the payroll principles that exist in the European space will

need to be adopted and applied in the Romanian administration. Some of these we are reminding at the end of this research:

1. wage must be constituted according to the general fiscal regulations, being necessary an adequate control system in order to monitor the expenses related to the human resources and in order to promote the most efficient ways of using the financial resources;
2. the payroll system must encourage performance and individual development;
3. wage must be equitable and in the same time, enough competitive in order to allow the introduction to the system (recruitment and retain) and public workers motivation, in such a way that it will insure impartial services from them;
4. degree payroll structures that must be transparent, easy to administrate, to reflect substantial differences regarding responsibilities and professional task, and to ease adopting decisions and rendering services to the citizens;
5. the unitary payroll system must ease the development of payroll policies in the administration, and also allow monitoring the obtained progress.

Considering the main characteristics of public workers' payroll system from all countries mentioned in this study, I conclude by mentioning a few conclusions I have drawn from regarding the actual payroll system for Romanian public workers, regarding which we might say that is inconsistent and lacks transparency, therefore:

1. The salary of the public workers has a low level compared to other categories of budget personnel, because their salary indexing was never correlated with the inflation rate through the years. This has determined the qualified personnel's migration from administration to private sector.
2. The lack of motivational and alternative training instruments, together with the salary low level, determined the increase of corruption cases in administration, creating a negative image upon the public workers and also the lack of attractiveness of the position of public administration worker for the young specialists.
3. The lack of compensations (as for example the residence bonus that is paid in the European Union countries) which takes into consideration the supplementary level of the expenses generated by the need of a decent living in the great cities, compared to other places.
4. The lack of transparency regarding the income of some public workers categories. This can be explained by the inadequate usage of the rewarding system, meaning that the existence of supplementary incomes (rewards) for some authorities and public institutions can lead to discrimination between public workers from different administration areas.

The comparative study I have made comes as a support to the major objectives that the public authorities have established for 2008 – 2013, regarding the Romanian administration's reform, from the public workers' perspective, and also allows the identification of the most suitable practices in the payroll field.

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