

The effects of the implementation of Law no. 153/2017 on the unitary remuneration of personnel paid from public funds

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Abstract: *Regarding remuneration, the last 20 years in the Romanian public sector have been marked by extensive debates on the discrepancies between the incomes of the different categories of public personnel, the differences in the application of the legal framework, as well as the lack of correlation between the results of individual work performance and the level of remuneration. The low level of remuneration and the lack of legal forms for rewarding public personnel for their achievements as a form of developing motivation, led to low performance in the public sector. In 2017, the Romanian authorities conducted a reform regarding public personnel remuneration through the adoption of Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds. The purpose of the mentioned law was to ensure a uniform remuneration framework in the public sector by applying clearly formulated principles and criteria as well as to decentralize the decisions taken in this area. From this perspective, the purpose of the present study is to analyze the impact of the implementation of Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds from the perspective of its application, its effects, and the correlation of individual performance with the level of payment. Within the framework of the research, the process of applying the new rules, the principles underlying the new payment system, the criteria for adopting the new payment system, the level of income increases, the correlation between civil servants' activities and the level of remuneration as well as, the objectivity of the individual evaluations were considered. The research methodology consists of an opinion survey conducted in public administration institutions using as a research instrument, a self-administered questionnaire where 320 civil servants participated. The study revealed a high degree of dissatisfaction among civil servants regarding the new remuneration system as well as the existence of certain factors that are more relevant and important than the income level, for developing civil servants' motivation, such as the hierarchical superiors' attitudes and the appreciation expressed by the beneficiaries of the provided services. The study also revealed that the current remuneration system does not support sufficiently the modernization process in the public administration and more than that, it led to an increase in the costs of implementing the regulations of the normative act because a significant proportion of public servants have contested in court the manner in which this law was applied.*

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Introduction

One of the most important problems of the Romanian public administration is the low administrative capacity, with negative impact on the administrative reform, on the proper functioning of public institutions and public services, on the quality of the services provided to citizens, as well as on the economic and social development. More than that, this particular problem is also mentioned in the Country Reports (European Commission, 2019), where it is affirmed that the low administrative capacity has a negative impact on the efficient functioning and performance of the public institutions and services. The partnership agreement between Romania and the European Union (2014-2020) mentions the main causes of the low administrative capacity that includes human resources management, an area with no integrated long-term policy that would lead to unitary and stable management. Reports and documents issued by the European Commission (2019), the World Bank (2017), or OECD (2018) summarized the main problems faced by Romania concerning human resources management in the public sector. These problems are the inflexible methods used for civil servants' recruitment, selection, evaluation, and promotion, the instability of execution and management positions, bureaucracy, the measurement of performance based on procedures and not on the achievements of the established objectives, the lack of an integrated approach to ethical values and professional integrity, the lack of a strategy to promote the public sector as an employer, the low number of young people working in this sector, the need to improve and review motivational policies in the field of human resources in public administration or the lack of performance of the system.

The Third Pillar – Human Resources in The Strategy for Strengthening Public Administration (SCAP) 2014-2020 (Romania Government, 2014) aimed to reform the institutional framework and the existing policies regarding human resources in public administration, including the aspects related to public personnel's motivation and remuneration.

In the context of improving human resources management in public administration and to increase the attractiveness of the public sector as an employer, *Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds* was adopted, being applied in 2017-2022 period. As a consequence, the incomes of all public sector personnel have increased. The law also mentions bonuses, incentives, prizes, premiums, food, and holiday allowances for civil servants and other categories of public personnel. As consequence, after applying the regulations mentioned in the law, the income increases in the public sector exceeded private sector salaries as a growth rate. Even if further increases are

foreseen by 2022, it is expected that the Covid-19 pandemic and its impact on the economy to slow down or even stop the raises in public personnel's income (European Commission, 2019).

Although the application of this law had a positive impact on the increase of public personnel income, there was no development regarding the nonfinancial motivational instruments that could be used by managers in public institutions or concerning the orientation towards a performance-based remuneration system. Although the law mentions performance criteria, they are difficult to enforce and quantify. Consequently, this regulation has not reduced or eliminated the malfunctions and unclarity that authorities and public institutions have (POCA, 2020).

In this context, the present study aims to analyze the impact produced by the application of Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds in Romanian public institutions from multiple perspectives such as the method of application, its effects, and the correlation of individual performance to income levels.

1. The literature review regarding the remuneration of the personnel paid from public funds and the correlation between the income level and individual work performance

For all countries, regardless of their geographical location or degree of development, public sector remuneration costs are substantial (Schiavo-Campo et al., 2005), with a share of 10 up to 40 % of central government expenditure and even more for regional or local governments (Monks, 2013).

The process of remuneration is complex and comprises multiple actions such as the establishment of staff budgets, individual compensation at career stages (employment, promotion, holidays, and retirement), and the process of calculating and managing salaries, involving high costs and human resources. In this situation, applying the cost-benefit theory in the public sector (Fuguitt & Wilcox, 2002) would be relevant as to reflect the financial efforts in the public service quality and the citizens' benefit (Giordano et al., 2011).

During time, countries used different remuneration systems in their public sectors. Until the 1980s, most countries were applying a remuneration system based on the position in the institutional hierarchy and seniority. After that, the income level started to be correlated with performance criteria (Hasnain, Manning & Pierskalla, 2012). The introduction of the salaries correlated with individual performance is based on the theories of Vroom Victor (1964) or Porter Liman (1968) and became a universal model.

However, as mentioned in a report of the European Institute of Public Administration (Cardona, 2007) performance-related payment schemes presume high costs and require a lot of time for implementation. Furthermore, they do not apply to all categories of employees, and measuring performance, especially in areas where quantifiable results are not obvious, is a very difficult process.

Furthermore, “there is insufficient, positive or negative evidence of the effects of performance-related incomes in organizational contexts, which are similar to those of the public service in order to reach a generalized conclusion on such reforms” (Hasnain, et al., 2012).

Various studies argue that a performance-based remuneration system can be implemented in any type of administration (Jensen & Murph, 1990). In opposition, other authors (Hasnain, et al., 2012) who consider that there are few examples to draw firm conclusions. Moreover, performance-based salaries can have negative effects (Weibel et al., 2010).

Therefore, the performance-based remuneration model has many supporters being implemented in different administrative systems, but there are also many criticisms. The arguments against this system are based on the analysis of the results from previous studies and the psychological effects produced by such a model. In this respect, the income scale model that combines elements of status (basic salary), complexity, and nature of work (basic salary adjustments) as well as performance (variable pay component) is more preferred and suited for the public sector (O’Riordan, 2008).

Good practices in the area of remuneration in the public sector should take into account elements such as: creating control mechanisms, establishing the level of remuneration according to a reference element (basic salary, average salary, function specificity), adjustment of salaries with the inflation rate, correlation with performance policy, leading to a combination of fixed and variable remuneration (Bruni, 2017).

Moreover, the legislative changes regarding the remuneration of the personnel paid from public funds should be based on the introduction of a modern public management system that considers performance improvements in the quality of public services, and on identifying sources of funding that enable sustainable and steady income growth (Andrei et al., 2009).

By implementing *Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds*, Romania aimed to introduce a model of the income scale that combines the elements of status and complexity with performance aspects, given that the previous regulations were focused exclusively on a salary system based on the position in the institutional hierarchy and seniority.

2. The evolution of the legislative framework regarding the remuneration of Romanian public personnel in 2000-2020 period

In Romania, the remuneration of the personnel paid from public funds has been an issue included in all governments’ programmes and reform strategies over the last 20 years. Thus, the Government’s Strategy on accelerating reform in public administration (2001) comprised a system of unitary remuneration, reviewing the modalities of remuneration of local elected officials, the development and

implementation of a system of recruitment, evaluation, and promotion based on competence and continuous training of civil servants (Romanian Government, 2001).

Additionally, the 2001-2004 Government's Programme aimed to depoliticize public administration structures and eliminate political clientelism, and the mentioned actions included the consistent and correct management of civil servants' careers through adequate pay, stimulating and ensuring normal working conditions in order to respect the principle of stability and continuity of work (Romanian Parliament, 2000).

The 2009-2012 Government Program aimed to gradually reduce personnel expenditures in Central and Local Public Administration to 20% compared to those registered in 2008, to eliminate 139.500 vacancies and reduce expenses for travels, bonuses, premiums, or incentives. Moreover, the 2012 Governing Programme aimed to reform the payroll of the personnel paid from public funds (Parliament of Romania, 2009).

The Strategy on the development of the Public Service 2016-2020 noted that the public administration in Romania lacks "a general and transparent approach to human resources management, especially regarding recruitment, evaluation, payroll, career development for all categories of staff and training" (Romanian Government, 2016).

Based on the objectives in the Government's programs and administration reform strategies, differentiated income regulations for civil servants and other public personnel were adopted between 2000 and 2017. Each year, new regulations or changes to the existing ones that mainly concern income indexations or changes regarding the calculation manner, were introduced.

However, much of these changes concerned special situations, such as granting staff bonuses or equal percentage income increases for other categories. More than that, an increase in remuneration for one category led to similar demands from other categories.

There have been attempts to establish a ratio between the minimum base income and the maximum salary in the public sector (1 to 12 in 2009) or to establish the maximum share in the Gross Domestic Product for personnel costs (to gradually reduce the costs from 9.40 % in 2009 to 8.70 % in 2010, to 8.16 % in 2011, to 7.88 % in 2012, to 7.58 % in 2013, to 7.34 % in 2014 and to 7 % in 2015 and the next years).

This discordant approach regarding public personnel's income led to a low level of remuneration, which made the public sector unattractive being perceived as a corrupt system. Major pay gaps between similar institutions and public positions generated migration among civil servants to the public institutions with a higher remuneration level (7127 in 2011) (National Agency of Public Servants, 2013).

In this context, *Law No. 153/2017 on the unitary remuneration of the personnel paid from public funds* was adopted, which aimed to establish a remuneration system for the personnel paid from the consolidated general budget of the State (Article 1). In addition, the law presents the principles of the remuneration

system (Article 6), including the principle of vertical and horizontal hierarchy within the same field, depending on the complexity and importance of the work carried out. The regulation also comprises performance criteria that must be used for personnel's promotion, and the conditions for receiving bonuses and prizes (Romanian Parliament, 2017). The novelty brought by this normative act is the decentralization of the decisions regarding the remuneration of local public administration personnel. The maximum and minimum wage levels are established and also the fact that the performance criteria and incomes are established by the decision of the Local Councils, after consulting the employees.

Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds represented an important step in increasing the incomes of all categories of public personnel and for granting bonuses and incentives, food and holiday allowances, prizes, and premiums. However, it was not successful in eliminating the unclarities and malfunctions identified in the public authorities and institutions. The performance criteria set out in the law are difficult to quantify and apply on an objective basis, and the content of the performance criteria specific to each field of activity, as well as the evaluation procedure are established according to the regulations applicable to each category of staff (Impact Assessment Report of measures implemented under SCAP 2014-2020). In addition, the law has generated a multitude of legal conflicts, and the large number of disputes should be in the attention of the decision-makers (Carp, 2019).

The presented regulations and strategies managed to address only some of the problems related to human resources management and, as noted in the Impact Assessment Report on the measures implemented under SCAP 2014-2020, Romania's progress in public administration reform remains limited.

Moreover, the income increases generated by the application of the Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds, solved some of the problems related to remuneration and motivational policies in the public sector but may have negative consequences on the economy. Salaries in the public sector have risen significantly, exceeding the level of income from the private sector. This situation may have a negative impact on inflation and competitiveness if these increases will not be accompanied by productivity growth. Another negative aspect remains the unsolved problem regarding the nonfinancial motivational instruments that should be used by managers as well as the fact that the remuneration system is not correlated with policies that might increase public sector's performance (Assessment Report on the impact of measures implemented under SCAP 2014-2020).

3. The research methodology and data collection

By adopting Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds, a reform regarding the income of the staff paid from public funds was sought. In this respect, the purpose of this research is to analyze the impact of the Law no. 153/2017 implementation in the Romanian public administration, from the perspective of the application, its effects, and the correlation of individual performance with the income level.

The main objective of the research is to analyze the impact of the current remuneration system on the development and modernization of public administration institutions in Romania.

The study is based on three specific objectives:

Ob.1: The analysis of the effects produced by the implementation of Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds.

Ob.2: The analysis of civil servants' level of satisfaction concerning the remuneration system applied in the public administration.

Ob.3: The analysis of civil servants' perceptions regarding the application of Law no. 153/2017 and on the implementation of a system that correlates individual performance with the income level.

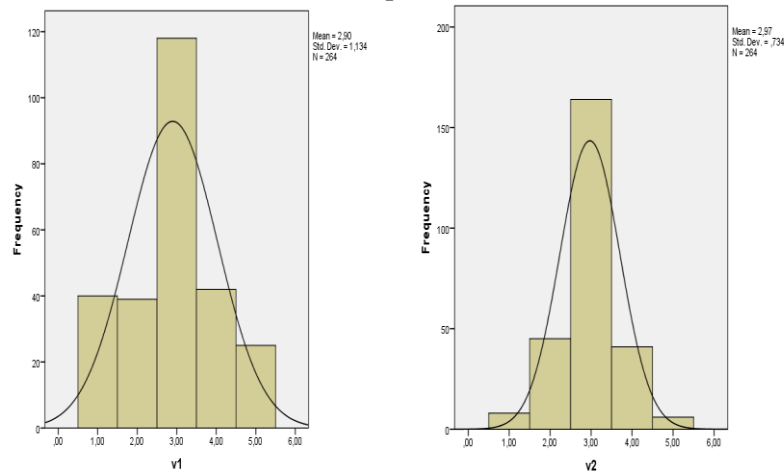
The research methodology consists of an opinion survey conducted using a self-administered questionnaire built by the authors. The research was conducted in Romanian public administration institutions. The questionnaire was designed by the authors in order to investigate the impact of Law no. 153/2017 implementation and civil servants' perceptions on the effects and manner of application of this law, as well as on the extent to which it is successful to correlate the individual performance with the income level.

The 320 participants in the study were chosen using the convenience sampling method. The sample chosen for this study reflects a representative distribution of gender, age, administration experience, administrative level, and hierarchical level.

4. The main results of the study and discussions

In order to analyze the effects of the implementation of Law no. 153/2017 on the unitary remuneration of the personnel paid from public funds and civil servants' perception on the new remuneration system, the collected data was processed in SPSS and interpreted. For this analysis, averages, synthetic variables, correlations, and regressions were computed.

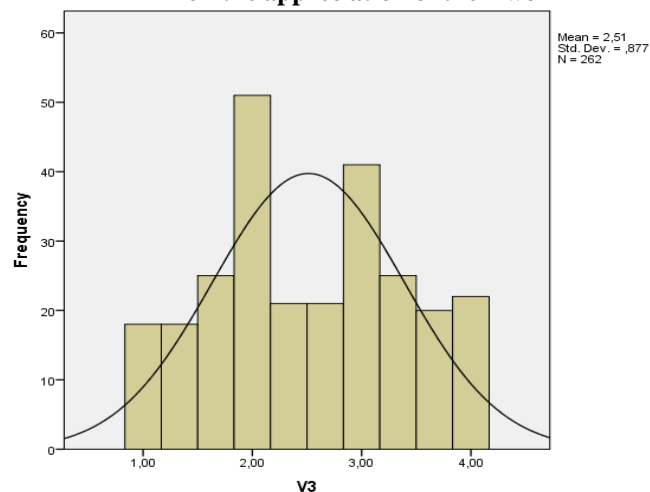
Figure 1. Civil servants' perception regarding the income growth generated by Law no. 153/2017 implementation



(Source: Authors, 2021)

Civil servants were asked to express their opinions regarding the income increases generated by Law no. 153/2017 implementation and how they appreciate their income growth. The responses were measured on a scale from 1 to 5. For both questions, they considered that their personal income increased to a medium extent, having the same opinion regarding the increases generated in the whole public sector. The average of their responses was 2.90, respectively, 2.97.

Figure 2. The average distribution regarding civil servants' perception on the appreciation of their work



(Source: Authors, 2021)

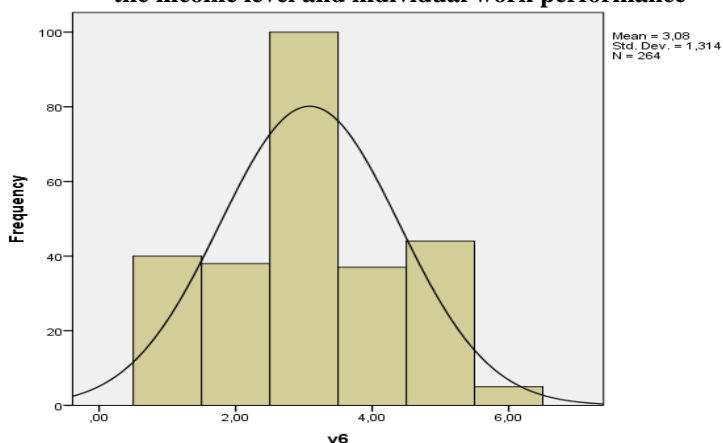
Respondents were asked if they consider that their activity is appreciated, based on three variables: the level of their earnings, the appreciation from their hierarchical superiors, and from society. Each variable was measured on a scale of 1 to 4, where: 1 showed a negative perception of civil servants in relation to the three mentioned attributes, 2 showed a satisfactory perception, 3 represented a good perception and 4 showed a positive perception. In order to measure civil servants' perception regarding the level of appreciation of their work and activities, a synthetic characteristic was defined based on the three mentioned variables. The synthetic variable represents a simple arithmetic average of the three variables used to measure respondents' perception regarding the appreciation of their work: $V: N \rightarrow [1,4]$, $V = (V_1 + V_2 + V_3)/3$. A high value of the variable V means that the participants consider that their work is appreciated by society, hierarchic superiors and related to the level of remuneration they receive.

As shown in Figure 2, the averages of the three primary variables computed based on the values recorded among the respondents are 2.6 for the perception of their activity appreciation related to the level of the received income; 2.5 for the variable that measures the level of appreciation from the hierarchical superiors and 2.5 in the case of the variable used to assess civil servants' perception regarding the appreciation from the beneficiaries of the services provided by them. The three average values highlight a high degree of dissatisfaction among civil servants, caused both by the internal factors of the public administration system, represented in this case by the public service remuneration system and the attitude of hierarchical superiors, but also because of the external factors that are represented in this case, by the appreciation they received from the beneficiaries of the services provided by them. The synthetic variable computed from the scores obtained for the three mentioned components revealed that civil servants' work is considered on average from satisfactory to good, which represents a rather low level indicating a high degree of dissatisfaction from the respondents' part.

In order to analyze the aspects related to the remuneration system adopted in 2017, the respondents were addressed three questions which meant to evaluate:

1. To what extent the new remuneration system encourages performance in public administration.
2. The impact of the application of the new remuneration system on public services' quality.
3. To what extent some important aspects concerning the modernization of the public administration are stimulated by this new remuneration system. Aspects related to: attracting young people, encouraging mobility, stimulating personal development, reducing corruption, increasing the quality of public services, encouraging competition between employees to improve the quality of the performed work, and attracting European funds, have been considered.

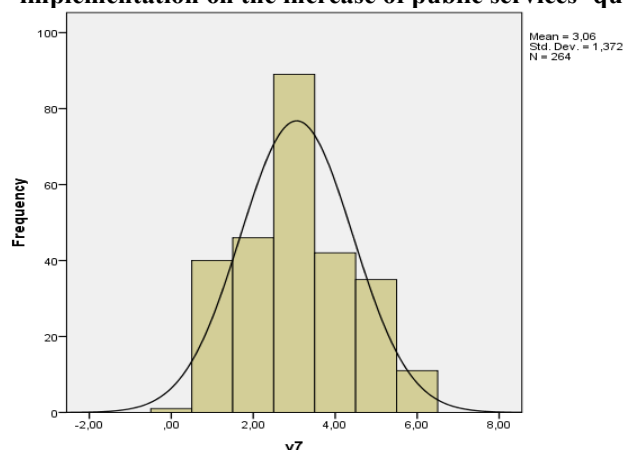
Figure 3. Civil servants' perception regarding the existence of a correlation between the income level and individual work performance



(Source: Authors, 2021)

In order to investigate civil servants' opinions regarding the correlation between the level of remuneration and individual work performance, a five-value measurement scale was used, where the values of the scale meant: 1 – there is no correlation, 2 – the correlation is insignificant, 3 – the correlation is moderate, 4 – there is a significant correlation and 5 shows a strong correlation between the two considered variables. The highest proportion of respondents (38%), considered the existence of a moderate correlation, and the other four response variants have relatively equal weights ranging from 14 up to 16 %. The average value of this variable is 3.1. The results showed that, in the participants' opinions, the changes implemented regarding the public sector remuneration system managed to correlate the income levels with civil servants' performance only to a medium extent.

Figure 4. Civil servants' perception regarding the impact of Law no. 153/2017 implementation on the increase of public services' quality

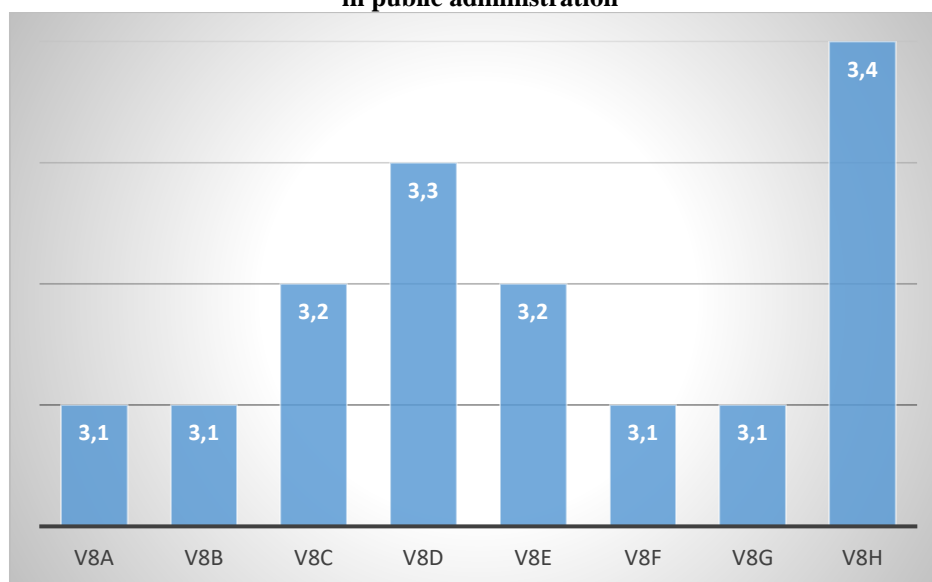


(Source: Authors, 2021)

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In order to evaluate the extent to which the implementation of the new remuneration system generated a positive impact on the public services' quality, a five-value measurement scale has been used, where the values of the scale meant: 1 – it had no impact, 2 – the impact was insignificant, 3 – the impact was moderate, 4 – the quality of public services has improved quite much and 5 – the quality of services has greatly improved. The highest share of respondents considered that the impact of the new remuneration system on public services quality was a moderate one. The average of the responses to this question is equal to 3, indicating that the current remuneration system impacts the increase of public service quality only to a medium extent.

Figure 5. The average distribution of the variables measuring the quality of the remuneration system and its effects on stimulating the process of modernization in public administration



(Source: Authors, 2021)

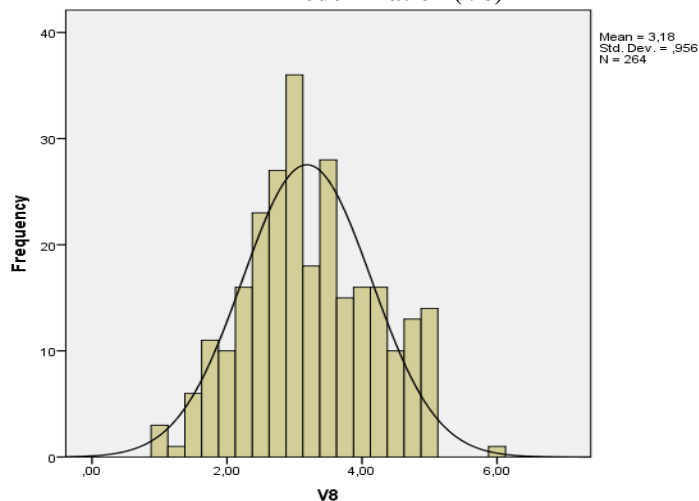
In order to evaluate the quality of the current remuneration system and its effects on stimulating the process of modernization in public administration, civil servants were asked to what extent the new remuneration system encourages a series of actions such as: attracting young people to public sector (v8a), stimulating employees' mobility in public administration (v8b), boosting individual performance (v8c), reducing corruption in public administration (v8d), increasing the quality of public services (v8e), increasing competition between employees (v8f), increasing the level of responsibility on the part of employees (v8g) and boosting European funds access (v8h). To measure respondents' perception related to the eight mentioned items, a scale of five values was used, where the scale meant:

1 – it does not stimulate at all, 2 – it stimulates to a small extent, 3 – it stimulates to a medium extent 4 – it stimulates quite a lot and 5 – it stimulates to a high extent.

Considering civil servants' opinions related to the eight criteria outlined above, the results revealed that the law regarding public personnel's remuneration stimulates the modernization process of the public institutions, on average, only to a medium extent. For each of the mentioned items, the majority of respondents (between 58 and 67%) considered that the current remuneration system encourages the modernization of public administration to a medium extent. Moreover, for most of the above-mentioned criteria, civil servants' proportion who considered that the actual remuneration system does not stimulate public administration modernization or it stimulates only to a small extent is between 25 % (in the case of variable 8c) and 35 % (in the case of variable 8a).

For each mentioned criterion, the average distribution of the responses was computed. The results are presented in Figure 5 and reveal the reduced capacity of the current remuneration system to support the modernization process in the Romanian public administration. The only positive identified aspects are related to the increased capacity of the public administration to access and use European funding (the average for this item is 3.4) and the reduction of corruption in the public institutions (the average for this item is 3.2).

Figure 6. The average distribution of civil servants' responses regarding the contribution of the actual remuneration system to public administration modernization (V8)

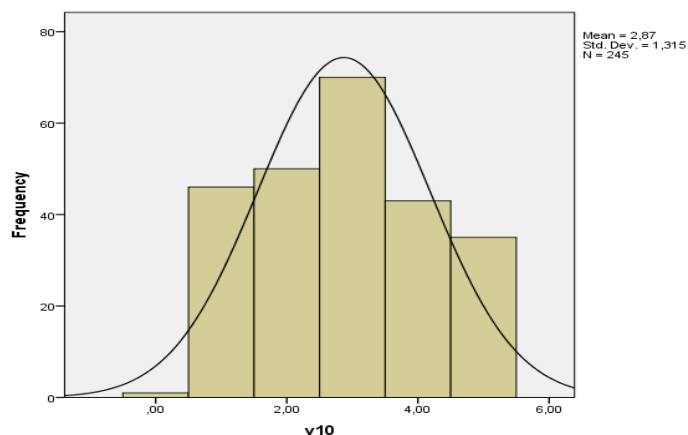


(Source: Authors, 2021)

In order to evaluate the capacity of the actual remuneration system to contribute to public administration modernization, based on the eight primary variables presented above, the variable V8 was defined using the following relationship: $V_8: N \rightarrow [1,5], V_8 = (V_{8a} + \dots + V_{8h})/8$. The distribution of these

variable values is presented in Figure 6, revealing that, in civil servants' opinions, the current remuneration system contributes to public administration modernization from a small to a medium extent.

Figure 7. Civil servants' perception regarding the difficulties encountered in the process of the Law no. 153/2017 implementation



(Source: Authors, 2021)

In order to evaluate the difficulties in implementing the regulations of the analyzed law, the civil servants were asked to appreciate the extent to which they found it difficult to implement this law, using a scale from 1 to 5, where the values of the scale meant: 1 – not difficult, 2 – to an insignificant extent, 3 – to a medium extent, 4 – quite difficult and 5 – to a high extent. The average distribution of responses revealed that the majority of the participants considered that Law no. 153/2017 was difficult to implement only to a medium extent.

Table 1. The distribution of responses regarding the conflicts generated by the application of the remuneration law (%)

Quite a lot (over 50% of the civil servants)	Many (between ¼ and ½ of the civil servants)	Quite many (between 10% si ¼)	An insignificant number (the most 10%)	No conflicts
34.0	10.0	4.0	9.5	42.5

(Source: Authors, 2021)

An important aspect related to the application of the analyzed normative act is related to the difficulty of its implementation, as well as to the number of generated legal conflicts or processes. The results presented in Table 1 highlight two important aspects concerning the implementation of this law, namely, the high costs supported by the public institutions for the implementation of this law, as an important share of civil servants contested in Court the administrative acts resulted from the

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application of this law. One-third of the study's participants reported that more than half of civil servants contested this legislative act in Court, generating a climate of mistrust among civil servants due to the high number of labor disputes being resolved through justice.

Table 2. The average distribution of the responses regarding civil servants' satisfaction on the actual remuneration system (%)

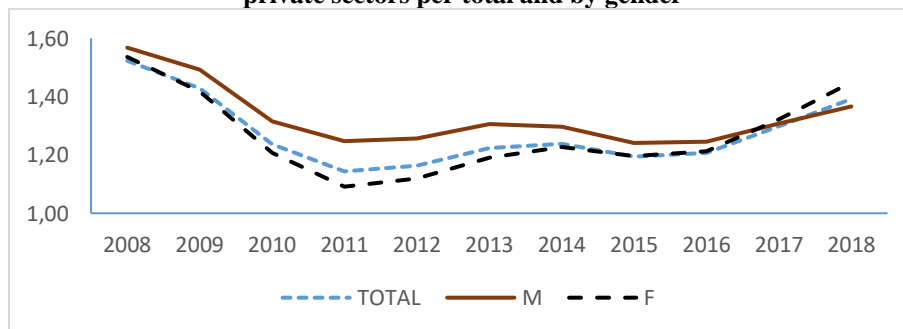
Very satisfied	Satisfied	Moderately satisfied	Very little satisfied	Not satisfied
12.1	18.9	39.8	13.6	15.6

(Source: Authors, 2021)

The implementation of any regulation related to the public sector may also have a negative impact on civil servants' satisfaction. Consequently, respondents were asked about their degree of satisfaction concerning the existent remuneration system. The distribution of their responses is presented in Table 2 and shows that there is a high proportion of civil servants who are dissatisfied with the adopted remuneration system.

The research results revealed that the actual remuneration system that was adopted in 2017 is an expensive one, being difficult to implement. More than that, it seems that the motivation of most civil servants has not increased. At a first glance, the situation seems paradoxical because, with the introduction of the new remuneration system of public sector personnel, inclusively civil servants', the ratio between the average monthly net wage earnings in the public and private sectors per total and by gender has re-entered an upward trend.

Figure 8. The ratio between the monthly average net earnings in the public and private sectors per total and by gender



(Source: Authors, 2021)

Figure 8 presents the evolution of the ratio between the monthly average net earnings in the public and private sectors per total and by gender, in the 2008-2018 period. The data reveals some important aspects such as: throughout the mentioned period, the ratio per total and by gender, was over unitary, the maximum values

above 1.5 were reached in 2008, and the minimum values in 2011. In the period following the crisis in 2008, the value of the indicator steadily decreased as a result of the decrease in the average nominal net earnings in 2011 compared to 2008 in the public sector by almost 9% and the increase in the private sector by 22%. In the 2012-2016 period, a recovery in the value of this ratio was registered, and in 2012 the ratio increased to 1.2 as a result of the higher rate of growth in the average net earnings in the public sector (the 2016 growth rate compared to 2011 was 48%) than in the private sector (40%). In the 2016-2018 period, there was an increase in the public-private imbalance, with the ratio reaching 1.4 as in 2018 the average monthly net earnings growth rate in the public sector was 43%, while in the private sector was 24%. In 2018, compared to the previous year, the average monthly net earnings growth rate in the public sector was 19%, while in the private sector was 11%.

Table 3. Regression models based on the dependent variable - the degree of appreciation of civil servants' activity (V3)

	Model 1	Model 2
c	1.751* (0.228)	0.961* (0.243)
V ₈	0.346* (0.063)	0.231* (0.055)
V _{24a}	0.019* (0.007)	
V ₁		0.126* (0.059)
V ₂		0.174* (0.090)

(Source: Authors, 2021)

In order to investigate how certain characteristics influence civil servants' perceptions regarding the level of appreciation of their activity, two regression models have been defined. The results are presented in Table 3. The first regression model reveals a significant linear dependence between the level of appreciation of civil servants' activity based on the remuneration system's capacity to contribute to the public administration's modernization (V8) and on civil servants' seniority in the public institutions (V_{24a}). The second model highlights a linear dependence between civil servants' perception regarding the level of appreciation of their work and the capacity of the remuneration system to contribute to the public administration's modernization (V8) the immediate impact of the application of the new regulations of the law (V1) and the income received by civil servants (V2).

5. Conclusions

Law no. 153/2017 was intended to be a reform for the public sector that would contribute to increasing institutional and individual performance by applying a motivating, objective, and balanced remuneration system. However, there is a high degree of dissatisfaction among civil servants regarding the new remuneration system. Moreover, the collected data revealed that, despite some income increases, the internal factors of the public administration system, such the hierarchic superiors' attitudes or external factors represented by the appreciation of civil servants' work

by the beneficiaries of their services, are more relevant than remuneration, in developing motivation.

The mechanism implemented by the requirements of the remuneration law, generated changes that, according to the respondents, are not in line with the process of public administration modernization. Thus, the new remuneration system is not linked to the level of performance and slightly encourages the increase in public services' quality, resulting in a negative impact on civil servants' professional development.

Overall, the study's results led to the conclusion that the current remuneration system does not sufficiently support the modernization process in the public administration, especially since the allocated financial resources have led to the decrease of public investments. The positive aspects resulting from the application of the new regulations are related to the increasing of public administration capacity to attract European funds and reducing corruption.

The study also revealed the high costs generated by the regulations of the normative act implementation, as an important proportion of civil servants contested the law, in court. The legal conflicts generated additional expenses for public institutions and led to the development of a climate of mistrust between civil servants and public institutions.

Therefore, although an increase in civil servants' incomes has been observed, reaching a similar level with the private sector's, the benefits of the remuneration system are few in terms of modernization, performance, and quality, the only obvious benefit being the reduction of corruption.

In conclusion, the regulatory act requires adjustments in the light of applicable criteria, correlation with other normative acts, and clarification on the application mechanism. There is also a need for better reporting of the civil servants' income levels with the individual performance assessment system and the implementation of measures aiming to increase the nonfinancial motivation of the human resources from public administration.

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