

CORRELATIVE ASPECTS REGARDING THE ANALYSIS OF THE ROMANIAN WAGE SYSTEM AND THE SYSTEMS IMPLEMENTED AT EUROPEAN LEVEL

Associate Professor PhD **Ștefaniță ȘUȘU**
"Ștefan cel Mare" University of Suceava, Romania
stefanitas@seap.usv.ro

Graduate Master Student **Irina GRĂDINARIU**
"Ștefan cel Mare" University of Suceava, Romania
iryna_n23@yahoo.com

Abstract:

Over time, the pay problem has occupied a very important place in the theory and practice of economic sciences. Since ancient times, this topic has raised the interest of many researchers who have created a variety of theories about salary. Subsequently, it was necessary to classify the forms of remuneration used in practice; thus, salary items have been established, and in the past years some non-financial ways of remunerating human resources have been applied. It can be seen that the payroll system has made continuous progress. Wages vary from one country to another, from one country to another. Payroll systems are present in each country, they may be similar to those in other countries, but others may be unique at international level. A brief comparative analysis of these wage systems conducted at European level may indicate the major differences that exist between economically developed and less developed countries. In some European countries the minimum wage applies, unlike other countries that have not yet regulated it. As far as Romania is concerned, the minimum wage does not provide a high standard of living for its citizens, even though there have been many wage increases in recent years, currently the second lowest guaranteed minimum wage among all EU countries.

Key words: analysis, workforce, gross minimum wage, national economy, EU member countries

JEL classification: E24, F16

1. INTRODUCTION

Since ancient times, salary has been the price of labor and has provided people with the subsistence minimum. Being linked to the relationships that arise with the employment, use and payment of the labor factor, this concept has always attracted the interest of scientific researchers from the world as well as employers. Their ideas aim at a common point of view regarding the wage system, namely: it is a coherent set of measures, determined by the law of labor demand and supply, on the basis of which the amount of remuneration to be paid to employees is determined.

At present, at the international and national level, there is constant analysis of the pay system to prevent certain unpleasant situations, but also to take action if the employees are not satisfied with the income they earn from their work in within a particular job.

Since the early years of Romania's transition to the market economy and to date, our country has undergone a number of steps and has applied many measures considered essential by the world's major economists for the transition from a centralized economy to an open economy. However, salary problems still exist at national level. One of these is the amount of the minimum wage in the economy, which currently has a value close to the minimum threshold compared to the salaries applied in the other European countries.

The theme of this article has been selected on the basis of the wage challenges currently faced by all the Member States of the European Union. The main objective of this diagnostic analysis was to reflect the numerical evolution of human resources in Romania and the salary system applied to them.

2. MOTIVATION, IMPORTANCE AND METHODOLOGY OF RESEARCH

At present, studying the concept of modernity in the field of pay requires some analyses, of which we consider that the most significant ones are the development of a complex regulatory process in this field, the reconsideration of the role and importance of the human factor in the competitive success of the companies, of the influence of the salary level applied to the different categories of staff on the social environment.

The evolution of the process of internationalization of the companies and the labor market has led to an increase in the need for informing the participants in the economic life. Also, the magnitude of the globalization process implies achieving a living standard of citizens similar to that of other states of the world.

The subject addressed in this paper is of great interest to both employers and employees. More and more intense labor mobility in recent years at the international level determines the shift in perception of salary. For the same categories of employees, different pay levels are encountered in many areas of the world. A comparative analysis of wage systems applied across EU countries can highlight the degree of economic development currently being achieved by some countries and the efforts they have made over time to achieve an optimal salary for staff.

The research carried out focused, on the one hand, on Romania's salary system and its correlation with the systems applied at European level, on the other. In order to highlight as clearly as possible the main changes in the salary system, the time horizon is generous, namely the period 2005-2016. Statistical data was also used at the level of 2017, where it was necessary to present the current situation. Also, a long-term diagnostic analysis (11-year study period) was used at national and European level. Through this analysis, the evolution of economic and social phenomena is more easily observed in time.

In the approaches taken, the research methodology is specific to the economic field, namely: mathematical methods, analysis, synthesis, comparison, inductive and deductive reasoning etc. As far as working tools are concerned, the Office package was used, especially the Excel program for making calculations and graphs. Statistical data provided by the Eurostat database (at European level) or the Tempo database (of the National Institute of Statistics of Romania) were also used.

3. PARTICULAR ASPECTS REGARDING THE SALARY IN THE TRANSITION STAGE OF THE ROMANIAN ECONOMY

According to some economics analysis institutes at the international level, the years that followed the fall of communism and the removal from power of parties that applied a centralized economy are marked by a profound economic recession. Factors with a strong influence on the evolution of wage income and the living standard of the population were: economic activity decline, inflation and unemployment. A decisive factor of this decline was also the closure of many manufacturing companies in Romania during the 28 years of transition to the market economy.

Prior to 1989, the Romanian wage system was characterized by a centralized and rigid institutional framework, lacking any motivation, as well as a formalist in relation to the application of the forms of remuneration. Thus, communism has distorted the normal significance of salary and created the false impression that work is not important for individual gain but is useful because it is done for the benefit of society as a whole. In this sense, the name of the salary was replaced by the remuneration [Dorneanu V., 1999, p. 19]. So this socialist system of remuneration of the population's work did not protect the individual interests of each worker, it was not stimulating and did not even bring any benefit to the national economy.

Going through this transition from the centralized economy to the competitive economy has put the functioning of Romanian companies in an ever-changing, and sometimes almost unpredictable environment, requiring real policies and strategies to be adopted within firms, correct and clearly formulated, leading to the achievement of the proposed objectives [Bostan I, 2010, p. 131]. During this stage, Romania was constantly concerned with the correlation of wage growth at

national level with that of prices, even wanting to achieve a certain stability in relation to some products [Cojocaru P., Bomboş A.O, Manea L., 1995, p. 96].

An analysis of the relationship between wage policy and the way staff motivation is achieved during the transition from the centralized to the market economy reveals the following particular aspects (Bostan, I., 2005, pp. 177-178):

- ✓ The establishment of all salaries at central level was done during communism, without taking into account the concrete possibilities of the companies and without offering the possibility for the parties to the labor contract to express their opinion;
- ✓ There was severe control over salary changes as some rigid conditions were established, especially if they were to be increased;
- ✓ The presence of employees' under-motivation was due to a wage that did not even take into account the primary level needs of the employee and his / her family;
- ✓ Unemployment due to (and) social wages;
- ✓ Applying a severe wage taxation policy;
- ✓ In the past, it was possible to award prizes or bonuses for heavy or special working conditions only to a certain number of workers set annually by plan (less and less each year) without taking into account the actual number of those who were working under these conditions of work;
- ✓ The situation at the national level determined, in the years after the fall of communism, the emergence of the "black" parallel market of labor with negative effects both on the social protection, the level and security of the labor income of the respective population, and on the revenues created by the budget state.

4. COMPARATIVE ANALYSIS OF WAGE SYSTEMS IN EU COUNTRIES

The minimum wage does not apply to all EU Member States. Thus, according to figure no. 1, it can be seen that out of the 27 EU member states there are six countries that have not currently regulated a minimum wage, namely Austria, Denmark, Cyprus, Finland, Italy and Sweden. Within the other 21 countries applying a minimum guaranteed wage, it may vary depending on certain external or internal factors, or may be determined through collective labor agreements.

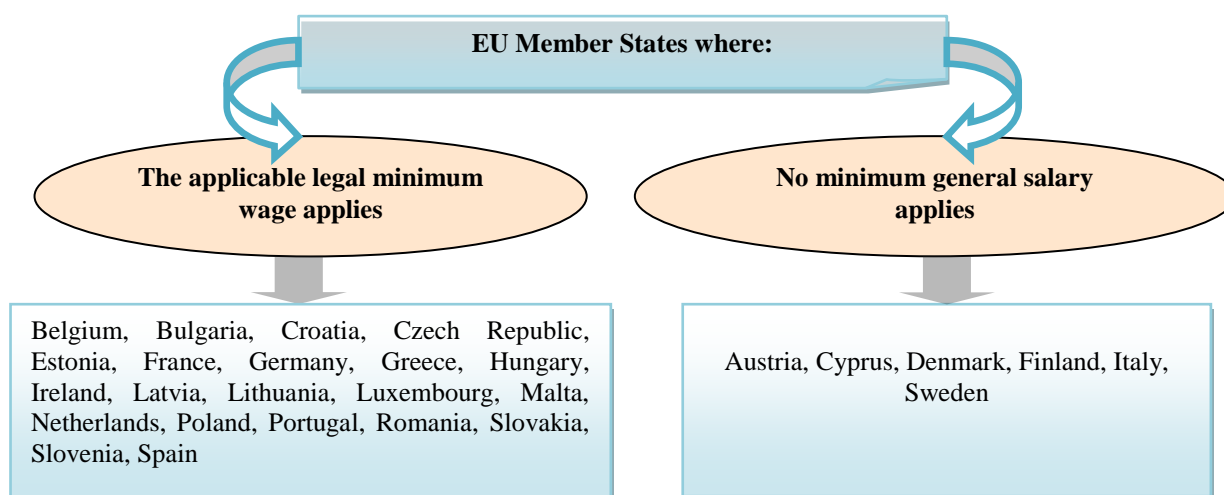


Figure no. 1. EU countries applying / not applying a mandatory minimum wage (1 January 2016)

Source: Eurofound adaptation (2017), Statutory minimum wages in EU 2017, Dublin

Compliance with the minimum wage regulations is one of the rules imposed by the Transnational Removal Directive (Directive 96/71/EC).

However, there are flexible approaches to implementing the provisions on minimum wages and the minimum duration of paid annual leave: if the duration of the secondment does not exceed

one month, Member States may, under certain conditions, derogate from the minimum wage provisions or provide for the possibility of exemption by collective agreements; also, where the work done is insignificant, Member States may derogate from the provisions on minimum wages and the minimum paid annual leave [<http://eur-lex.europa.eu/legal-content/RO/TXT/?uri=CELEX%3A31996L0071>, accessed on 23.01.2018]. In developed economies, the labor price is set by the employer together with the employee, without the need for state intervention in the private economy. In these countries, which are highlighted by a truly competitive environment, the market is the one regulating wages and not the state [<http://www.gds.ro/Actualitate/2017-02-27/de-ce-renunta-multe-state-la-salariul-minim-pe-economie/>, accessed on 23.01.2018].

The minimum wage is regulated by law, often after consultation with the social partners or directly through the national cross-sectorial agreement (as is the case with Belgium and Greece). The minimum wage is usually applied to the majority of employees in a country. Some states integrate in the minimum wage all the remuneration elements, for example, the daily subsistence allowance, while other states take into account the minimum wage level only the amount of the basic salary [https://www.dcnnews.ro/statul-cu-cel-mai-mare-salariu-minim-unde-se-plaseaza-romania_538573.html, accessed on 23.05.2017].

In most countries, the minimum wage is paid monthly, but there are countries where employees are paid weekly (Malta) or even hourly (in Germany and Ireland). For those countries, hourly or weekly rates have been converted into monthly rates (in the table below) in order to be comparable at European level.

Between 2005 and 2017 there have been numerous changes to the minimum wage of the EU Member States. As can be seen in table no. 1, the state with the highest legal minimum wage is Luxembourg, currently reaching the value of 1998.59 Euro/month. Between 2005 and 2016, wage increases of around 14% occurred in this country. The country that kept the salary constantly but also quite high in value over the 11 years is France. During the analysed period the minimum wage level has risen by: 4.48% between 2005-2010, 9.14% over the next five years and only 0.93% between 2016-2017. There is a high standard of living in the two countries mentioned above, being stable in terms of salary levels.

Table no. 1. Nominal levels of legal minimum wage in 21 EU Member States (2005-2017)

Country	Reference period	Minimum wage level (EURO/month)				Indices of evolution (2010/2005) (%)	Indices of evolution (2016/2010) (%)	Indices of evolution (2017/2016) (%)
		January 2005	January 2010	January 2016	January 2017			
Belgium	Month	1210	1387.50	1501.82	1531.93	114.67	108.24	102.00
Bulgaria	Month	76.69	122.71	214.75	235.20	160.00	175.01	109.52
Croatia	Month	-	385.48	408.48	433.35	-	105.97	106.09
Czech Republic	Month	235.85	302.19	366.35	407.09	128.13	121.23	111.12
Estonia	Month	171.92	278.02	430	470	161.71	154.67	109.30
France	Month	1286.09	1343.77	1466.62	1480.27	104.48	109.14	100.93
Germany	Pay per hour	-	-	1440	1498	-	-	104.03
Greece	Month	667.68	862.82	683.76	683.76	129.23	79.25	100.00
Hungary	Month	231.74	271.80	351.29	411.52	117.29	129.25	117.15
Ireland	Pay per hour	1183	1461.85	1546.35	1563.25	123.57	105.78	101.09
Latvia	Month	114.63	253.77	370	380	221.38	145.80	102.70
Lithuania	Month	144.81	231.70	350	380	160.00	151.06	108.57
Luxembourg	Month	1466.77	1682.76	1922.96	1998.59	114.73	114.27	103.93
Malta	Pay per week	555.05	659.92	728.04	735.63	118.89	110.32	101.04
Netherlands	Month	1264.80	1407.60	1524.60	1552	111.29	108.31	101.80
Poland	Month	207.86	320.87	433.88	453.48	154.37	135.22	104.52

Portugal	Month	437.15	554.17	618.33	649.83	126.77	111.58	105.09
Romania	Month	78.70	141.63	232.10	275.39	179.96	163.88	118.65
Slovakia	Month	167.76	307.70	405	435	183.42	131.62	107.41
Slovenia	Month	490.07	597.43	790.73	791	121.91	132.36	100.03
Spain	Month	598.50	738.85	764.40	826	123.45	103.46	108.06

Source: processed by data processed from the Eurostat database

Some states have experienced significant increases in wage rates over the 2005-2010 period, among them: Latvia (121.38%), Poland (54.37%) and Slovakia (83.42%). However, there are other countries that have seen a slight increase in wages in the first five years, and may still maintain the same values or low fluctuations in wage growth between 2010-2016, possibly in the context of the global economic crisis: Belgium, the Czech Republic, Ireland, Malta, Netherlands and Portugal.

Concerning Germany and Croatia, it can be seen in the table that no data were available for the whole period under study, but the level of remuneration remains relatively constant over time (with slight increases of up to 6%). The other side is Greece, which significantly reduced the salary by 20.75% during 2010-2016. It is clear that the country faced significant socio-economic problems. At present, the salary remains at the level set for 2016.

On the other hand, there are some European countries that have constantly increased their minimum wages between 2005 and 2016: Estonia (61.71% and 54.67% respectively), Bulgaria (60% and 75.01% respectively), Hungary (17.29% and 29.25%), Lithuania (60% and 51.06% respectively), Romania (79.96% and 63.88% respectively) and Slovenia (21.91% respectively 32.36%). However, it should be noted that these countries are the ones with the lowest wage levels in EU countries. Therefore, these increases were necessary in order to achieve a decent standard of living for their citizens.

At January 2017, in Romania there is a significant increase in the minimum wage as compared to the previous year (18.65%), the highest increase in the EU countries. Other countries that have increased the minimum wage levels quite a bit are: Hungary (17.15%), Czech Republic (11.12%), Bulgaria (9.52%), Estonia (9.30%), Lithuania (8.57%), Spain (8.06%), Slovakia (7.41%) and Croatia (6.09%).

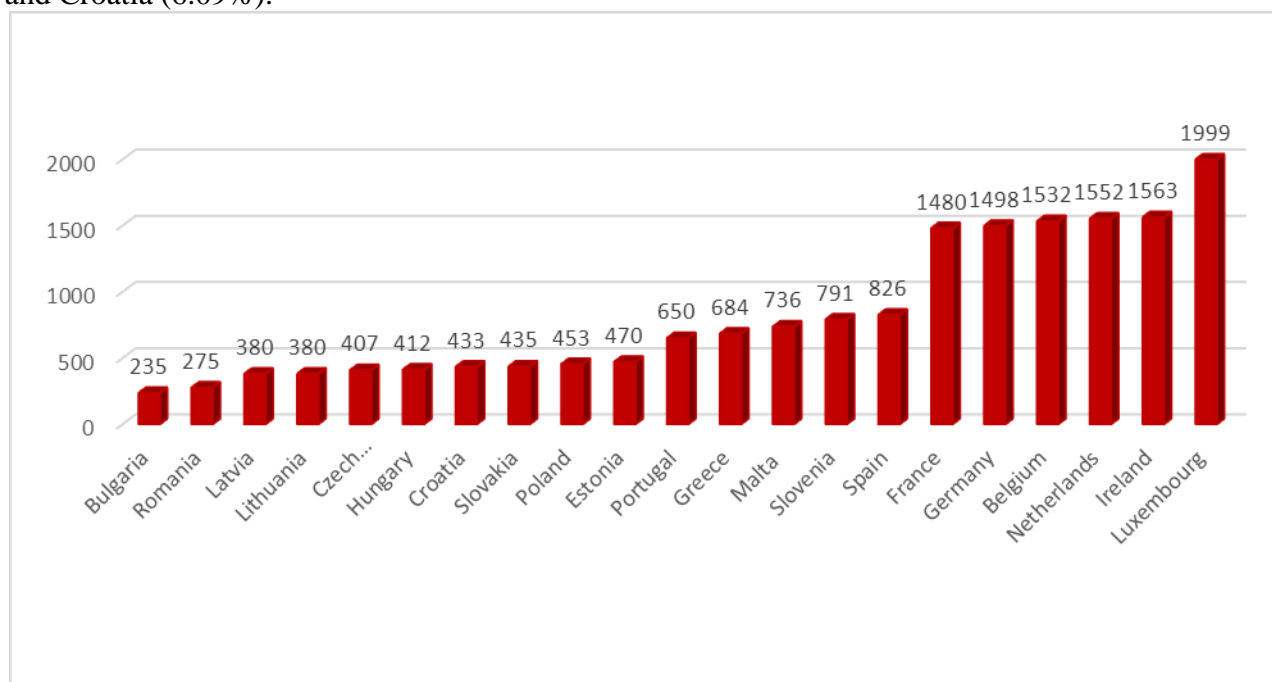


Chart no. 1. Minimum mandatory wages in EU countries - January 2017 (EURO)

Source: own processing after table no. 1.

Based on chart no. 1, it can be noticed that on January 1, 2017 there were ten eastern European countries, EU members, where the minimum wage was below 500 Euro/month: Bulgaria (235 Euro), Romania (275 Euro), Latvia and Lithuania (380 euros), Czech Republic (407 euro),

Hungary (412 euro), Croatia (433 euro), Slovakia (435 euro), Poland (453 euro) and Estonia (470 euro). Therefore, Romania ranks 2nd in the top salary list in Europe, being advanced by Bulgaria, which has the lowest salary level among all analysed countries.

The other five European states, located in southern and western Europe, have salaries up to the threshold of 1000 Euro/month, namely: Portugal (650 Euro), Greece (684 Euro), Malta (736 Euro), Slovenia (791 Euro) and Spain (826 Euros).

The countries in northwest Europe are those offering salary rates above € 1000/month: France (€ 1480), Germany (€ 1498), Belgium (€ 1532), the Netherlands (€ 1552), Ireland (€ 1563) and Luxembourg with the highest salary in the EU (1999 Euro) [http://www.mediafax.ro/economic/eurostat-salariul-minim-pe-economie-din-romania-este-al-doilea-cel-mai-mic-din-ue-dupa-bulgaria-16159314, accessed on 25.05.2017].

At present, global companies encourage staff mobility, mainly within the European Community. With regard to the profile of the ideal employee and this is changing, companies are looking for flexible employees in terms of working time, the nature of the work done, willing to various professional changes in the current context of globalization. International mobility is a challenge for both employees and employers, and compliance with the statutory minimum wage standards is just one of many other difficulties that may arise along the way.

5. ANALYSIS OF THE ROMANIAN SALARY SYSTEM DURING 2005-2016

The time frame chosen for analysing the wage system in Romania is a generous one (the period 2005-2016, in some cases the year 2017 was taken into account) and allows for an increased accuracy in the appreciation of the evolution of the Romanian salary level.

Table no. 2. The evolution of the minimum gross salary in Romania in 2005-2017

Year	Period	Minimum Gross Base Salary (RON/EURO)	Legislation
2005*)	January – December	310/86	G.D. 2346 / 2004
2006	January – December	330/94	G.D. 1766 / 2005
2007	January – December	390/117	G.D. 1825 / 2006
2008	January – September	500/136	G.D. 1507 / 2007
	October – December	540/147	G.D. 1051 / 2008
2009	January – December	600/142	G.D. 1051 / 2008
2010	January – December	600/143	G.D. 1051 / 2008
2011	January – December	670/158	G.D. 1193 / 2010
2012	January – December	700/157	G.D. 1225 / 2011
2013	January	700/157	G.D. 1225 / 2011
	February – June	750/170	G.D. 23 / 2013
	July – December	800/181	G.D. 23 / 2013
2014	January – June	850/191	G.D. 871 / 2013
	July – December	900/202	G.D. 871 / 2013
2015	January – June	975/219	G.D. 1091 / 2014
	July – December	1.050/236	G.D. 1091 / 2014
2016	January – April	1.050/234	G.D. 1091 / 2014
	May – December	1.250/278	G.D. 1017 / 2015
2017	January	1.250/275	G.D. 1017 / 2015
	February – September	1.450/317	G.D. 1 / 2017

*) since 2005 earnings are available in RON

Source: made by processing the data taken from www.codfiscal.net and <http://www.cursv.ro/bnr/eur>

As can be seen in Table 2, in the first three years of the study (2005, 2006 and 2007) the minimum wage did not exceed the limit of 400 RON. Although its level has increased annually, there has been no significant change during this period. Subsequently, in 2008, the salary increases by about 28% compared to the previous year and reaches the level of 500 RON / month. However,

the purchasing power of this basic salary was still low. There was an increase in purchasing power that, in the next 10 years, would reach the EU-specific levels.

After another increase of the minimum salary of 40 RON in October 2008, the increase from January 2009 to 600 RON / month will follow. This level remained constant the following year, amid global economic instability caused by the economic crisis.

The next increase in the minimum wage is at the beginning of 2011, an increase of about 12% reaching the value of 670 RON. In the next year there will again be a salary increase of 30 RON, the threshold reached by the gross minimum wage for the economy being 700 RON / month.

Starting 2013, regular increases in minimum wage will be recorded. By 2015, each semester will add 50 RON to the level in effect at that time.

In 2015, the salary increases by 75 RON every semester, first in January and then in July, which will cause the threshold of 1000 RON / month to be exceeded.

In 2016, salary grew at a much slower rate than in the past. Thus, in May there was an increase of 200 RON, up to the value of 1250 RON / month. As these salary increases arise, net salaries do not increase in the same way, as contributions to the state budget of economic entities are increasing. It is the tax burden that worries employers as wages reach certain levels and monthly contributions of society are changing.

As of 1 February 2017, according to Government Decision no. 1/2017, the gross minimum wage in the economy increased by another 200 RON, thus reaching the value of 1450 RON / month. The employee paid with the gross national salary guaranteed in payment receives monthly the net amount of 1065 RON after deducting all the contributions due to the state [http://www.romaniatv.net/salariul-minim-urca-la-1-450-lei-de-la-1-februarie-2017-document-foto_334169.html, accessed on 02.06.2017].

In chart no. 2 shows the ascendant trend of the minimum wage in Romania during 2005-2017.

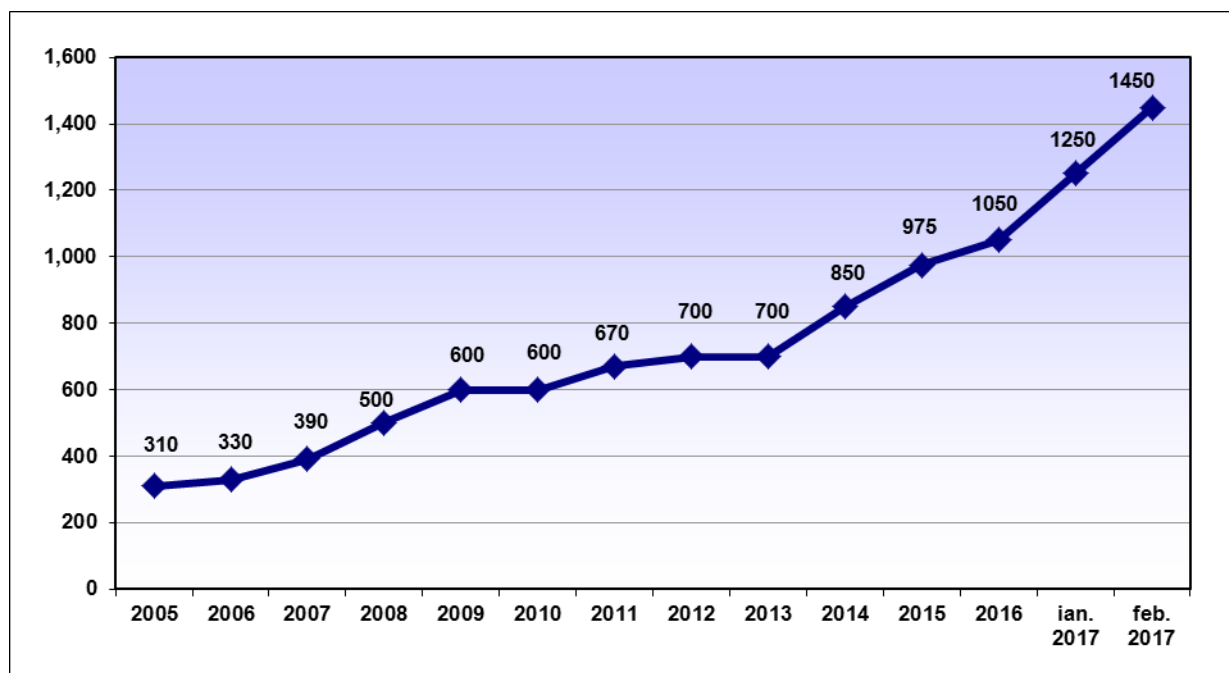


Chart no. 2. Evolution of the minimum gross salary in Romania in 2005-2017 (RON)

Source: own processing after table no. 2.

As previously stated, Romania has significant increases in gross minimum wage over the past 12 years. Thus, until the gross minimum salary of 1450 RON / month (the equivalent of 322 Euro / month, at an official exchange rate of 4.50 RON / EURO) the salary increased by up to 368% in the analysed period. This measure was also imposed due to the low level of the minimum wage in Romania compared to the existing levels within the EU states, our country falling into the category of states with a salary level below 500 Euro / month.

However, a number of disadvantages of these repeated wage increases have to be mentioned. There are cases in which private-sector decision-makers have not applied increases and salary levels for senior employees, with these changes in the minimum wage, and so almost wage equalization has been achieved. Therefore, the motivation of the employees decreases, especially those with multiple responsibilities and responsibilities in the occupied position. And all this, because some companies do not allow themselves to bear any wage increases other than the mandatory ones, namely to increase the average wages in the company proportionally to the minimum wages regulated by law.

Thus, it can be said that there is a problem of equity in the relationship with employees. It can be expected that in the future qualified and higher education staff will lose their interest in work because they are not financially stimulated to the extent of their studies. At present, Romania faces the exodus of "enlightened minds" towards countries that offer financial comfort, students with good results during their studies choosing to work in multinational companies who know how to reward their results, talent, involvement and devotion. The income they earn in the countries where they emigrate is well above those in Romania. Thus, according to a market research by GfK [<http://www.digi24.ro/stiri/actualitate/social/cresterea-salariului-minim-il-descurajeaza-pe-angajatul-performant-754278>, accessed on 05.07.2017], 80% of the human resources directors of Romanian companies now have great difficulty in recruiting qualified employees, and vacancies for higher education positions are increasing.

On the other hand, discontent exists also among employees with minimal studies who are demoted by these salary changes. They are guaranteed to receive a minimum guaranteed basic salary in the payment, which will increase at certain times without any effort on their part. This situation leads to a diminishing interest in working extra or getting better results.

Another unfavourable consequence of increasing the amount of remuneration of the active population is the increase in the number of unemployed. Because of the increasing wage and tax costs, employers are forced to reduce the number of employees in order to honour the wages of the other side. As a rule, young people are given up without too much work experience, with minimal studies, preferring to keep experienced, experienced staff who have shown their loyalty over time.

Regarding the gross average salary, it represents the money / in-kind entitlements of employees for the work done during a month, according to the negotiated form of salary. On the other hand, the average net salary for the economy is obtained by deducting from the gross average wage income tax, the contribution of the employees to the state social insurance, the contribution of the employees to the health insurance and the contribution of the employees to the unemployment.

The average monthly salary is determined as the ratio between the amounts paid by the economic agents to the employees in the current month and the average number of employees (calculated as a simple arithmetic average based on the daily number of employees during the reference period), not counting the employees who are in strike, who have taken paid leave, those detached with work abroad and those with the suspended employment contract [https://ro.wikipedia.org/wiki/Salariul_mediu_în_economia_României, accessed on 27.06.2017].

Table no. 3. Evolution of the average salary in Romania during 2005-2016

Year	Gross average salary (RON/EURO)	Net average salary (RON/EURO)
2005 ^{*)}	968/267	746/206
2006	1.146/325	866/246
2007	1.396/419	1.042/313
2008	1.761/478	1.309/356
2009	1.845/435	1.361/321
2010	1.902/452	1.391/330
2011	1.980/467	1.444/341
2012	2.063/463	1.507/338
2013	2.163/490	1.579/357

2014	2.328/524	1.697/382
2015	2.555/575	1.859/418
2016	2.887/643	2.088/465

*) since 2005 earnings are available in RON

Source: made by processing the data taken from www.insse.ro and <http://www.cursv.ro/bnr/eur>

In table no. 3 is presented in parallel the situation regarding the average gross salary and net average wage at national level, during 2005-2016. It can easily be noticed that during the entire period of analysis the gross average salary increased by about 200% (from 968 RON / month in 2005 to 2887 RON / month in 2016).

In the long run, gross monthly wages in Romania will reach approximately 4377.44 RON / month in 2020, according to the econometric models applied by the experts in the field [<https://tradingeconomics.com/romania/wages/forecast>, accessed on 14.06.2017]. Therefore, in the next 4 years, the average gross wage is projected to increase by 51.63% compared to the level of salary in 2016. Compared to the period 2012-2016, which saw an increase of approximately 40% of the gross average wage, forecasts appear to be more optimistic in the coming period.

By chart no. 3 compares the evolution of gross minimum salary and gross average salary in Romania in the period 2005-2016. According to the calculations, it was observed that the greatest difference between these two levels of payroll was recorded in 2007 when a gap of 257.95% was found. Thus, it can be seen that in the respective year the minimum wage was still at a considerable distance from the average gross salary in the economy. Also, a significant difference of 252.20% was retained in the following year.

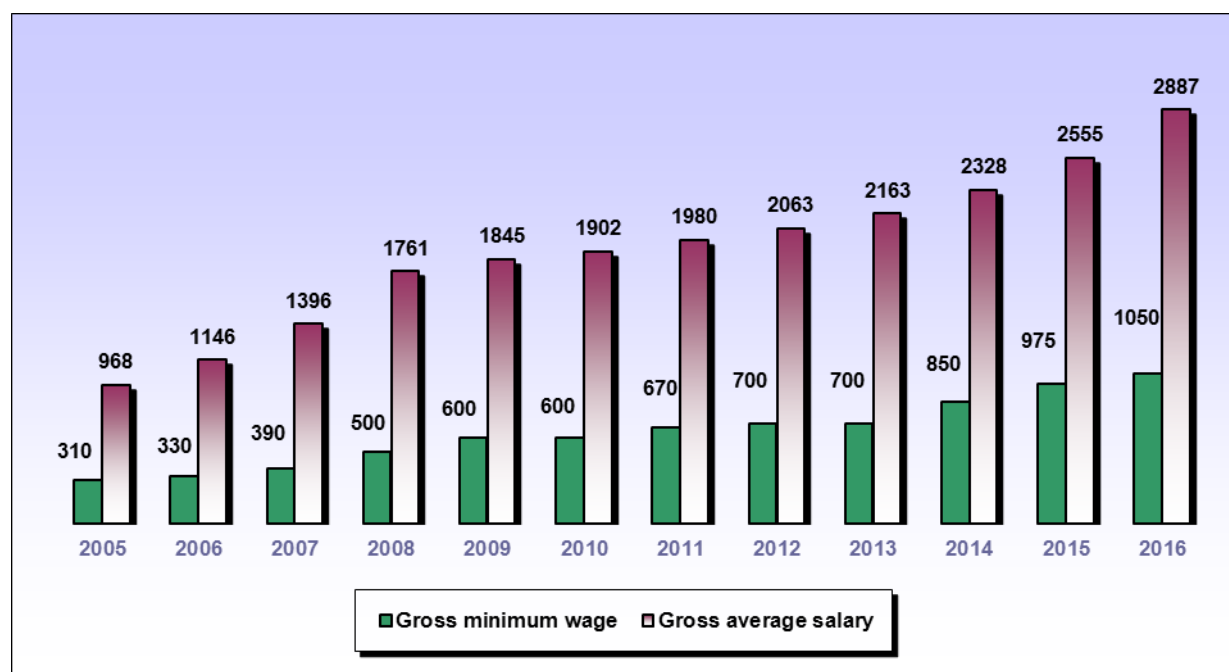


Chart 3. Comparative Evolution of the Gross Minimum Wage with the Gross National Salary in Romania (2005-2016)

Source: own processing after table no. 2 and table no. 3.

In the last three years covered by the analysis, the trend of these differentiations has fallen below 200% (gaps were 173.88% in 2014, 162.05% in 2015 and 174.95% in 2016), trying to bring pay levels closer the gross average gross.

6. GENERAL CONCLUSIONS OF THE PAPER

The wage system, an essential and complex part of labor law, was in the years after the events of 1989 in a continuous transformation and resettlement, suffering changes in essence. A few years

ago, reputed specialists argued for the urgent need to develop and adopt a new Labor Code. This desideratum was carried out in 2003, by the adoption of Law no. 53/2003. It was not acceptable that after so many years after the change of the old totalitarian system, after the economic and social relations were based on the principles of the market economy, the labor relations were based on the same principles elaborated by the communist regime.

Due to the accession of Romania to the European Union in 2007 and the need to harmonize the Romanian legislation not only with Community and European regulations, it is undisputed that the matter of salary has made a series of changes, in a very different dynamics, consolidating the market economy.

In the first part of the research conducted in this article, it was found that Romania is part of the group of ten countries located in eastern Europe, applying on 1 January 2017 minimum wages below the level of 500 Euro / month, ranked second among the top small wages in Europe. International mobility is a challenge for both employees and employers, and compliance with the statutory minimum wage standards is just one of many other difficulties that may arise in a country.

As far as the analysis of the national minimum wage is concerned, it has an upward trend in the period 2005-2017. Thus, until reaching the current gross minimum salary of 1450 RON (317 EURO), the salary increased by 368% in the analysed period. This measure was imposed due to the low level of the minimum wage in Romania compared to the levels adopted in the other EU member states.

Regarding the analysis of the average gross salary in the economy, during the 11 years you consider it has tripled its value, reaching 2887 RON/month (643 EURO/month) in 2016, corresponding to a net average salary of 2088 RON/month (465 EURO/month).

In the doctrine of the European Union, wage relations are considered a very important mechanism and should therefore be approached in a complex vision, interdependence and interconditioning with other phenomena and economic processes that are influenced and influence in their turn.

In the current period, Romania faces the exodus of "enlightened minds" towards countries that offer their much-desired financial comfort, students with good results during their studies choosing to work in multinational companies that know how to reward their results, talent, involvement and devotion, which they obtain in the countries where they emigrate is well above those in Romania. On the other hand, discontent exists also among employees with minimal studies who are demoted by these salary changes. They are guaranteed to receive a minimum guaranteed basic salary in the payment, which will increase at certain times without any effort on their part. This situation leads to a diminishing interest in working extra or getting better results.

Rapid wage growth jeopardizes Romania's economic competitiveness and amplifies the current account deficit. However, the credit profile is supported by factors such as favorable prospects for medium-term economic growth, moderate government-to-GDP ratio and access to cheap financing. Financial assessment agencies recommend our country to control government spending, increase absorption of European funds, and strengthen governance in state-owned companies.

In order to deepen the subject addressed in this article, we intend in the future to identify new interesting research topics related to the human resource in general and its implications in increasing the economic competitiveness and profitability of small and medium enterprises in Romania.

7. BIBLIOGRAPHY

Books

1. Bostan I. (2005), *Managementul recompensei*, Editura Universității "Ștefan cel Mare", Suceava

2. Bostan I. (2010), *Recompensă și performanță în economia concurențială*, Editura Tipo Moldova, Iași
3. Cojocaru P., Bomboș A.O., Manea L. (1995), *Raporturi de muncă*, Editura Tribuna Economică, București
4. Dorneanu V. (1999), *Sistemul de salarizare în România*, Editura Lumina Lex, București
5. Șușu Ș. (2015), *Diagnostic și strategii de personal în organizații*, Editura Didactică și Pedagogică, București

Articles and studies

1. Eurofound (2017), *Statutory minimum wages in the EU 2017*, Dublin
2. Institutul Național de Statistică (2017), Comunicatul de presă nr. 98/18.04.2017 privind *Ocuparea și șomajul din anul 2016*, București

Web resources

1. <http://eur-lex.europa.eu/legal-content/RO/TXT/?uri=CELEX%3A31996L0071> [accessed on 23.01.2018]
2. <http://www.digi24.ro/stiri/actualitate/social/cresterea-salariului-minim-il-descurajeaza-pe-angajatul-performant-754278> [accessed on 05.07.2017]
3. <http://www.gds.ro/Actualitate/2017-02-27/de-ce-renunta-multe-state-la-salariul-minim-pe-economie> [accessed on 23.01.2018]
4. <http://www.mediafax.ro/economic/eurostat-salariul-minim-pe-economie-din-romania-este-al-doilea-cel-mai-mic-din-ue-dupa-bulgaria-16159314> [accessed on 25.05.2017]
5. http://www.romaniatv.net/salariul-minim-urca-la-1-450-lei-de-la-1-februarie-2017-document-foto_334169.html [accessed on 02.06.2017]
6. https://ro.wikipedia.org/wiki/Salariul_mediu_în_economia_României [accessed on 27.06.2017]
7. <https://tradingeconomics.com/romania/wages/forecast> [accessed on 14.06.2017]
8. https://www.dcnews.ro/statul-cu-cel-mai-mare-salariu-minim-unde-se-plaseaza-romania_538573.html [accessed on 23.05.2017]