

# EMPLOYEE-EMPLOYER EXCHANGE IN THE ROMANIAN CULTURAL CONTEXT

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**Abstract:** *The paper reports a study conducted with Romanian employees (N = 319) designed to identify the perception on inputs and outcomes, as defined by equity theory. The results showed that Romanian employees consider that personal features as correctness and seriousness or taking responsibility are the most important contributions for which is expected a just reward. Job security, respecting employee rights and appreciation of direct supervisor are the main rewards expected in return for contributions. Practical implications of the findings, along with limitations and directions for future research are discussed.*

**Key words:** *equity theory, inputs, outcomes, employee-employer exchange, Romania.*

## 1. Introduction

J. S. Adams' equity theory [1], [2] was considered soon after its publication "among the most useful middle-range theories of organizational behavior" [21], nowadays scholars reaffirming its importance and practical usefulness for organizational behavior and general management fields [17]. The theory is focused on employee-employer exchange, stating that individuals evaluate the ratio between their contributions (inputs) and rewards (outcomes), compared with the input-outcome ratio of a referent person or group (referent other). If inequality occurs, employees are motivated to apply various strategies (reactions to inequity) in order to have a fair exchange with their employer. Equity theory has been generated an impressive amount of

research (reviews in [4], [11]) in which scholars concluded that, although there are some limitations, the basic propositions of the theory are generally well supported [11], [16].

Adams pointed out the cultural and historical determination of inequity and argued for the universality of the equity principle [1]. The author assumed that equity is a universal norm, which characterizes the employee-employer exchange relationship across cultures, and only the terms of the exchange (expressed by conceptualization of inputs and outcomes) could register various definitions in different cultural contexts. Scholars from distributive justice field questioned the universality of the equity norm, showing that other norms, as equality or need, might be preferred in non-Western cultures (reviews on distributive justice in [11], [16], [20]).

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The need to examine equity theory's constructs in non-Western cultures has been advocated soon after the theory was published, more recently, authors pointed out the paucity of theoretical and empirical studies in non-US contexts [6], [15].

As regards the investigation of equity theory in Romanian cultural context, little is known about employees' definitions of inputs and outputs or about the theory's law of interactions in this particular cultural context. Previous work has suggested that young Romanians prefer equity principle when allocating rewards, considering that individuals who have the biggest contribution should receive the biggest rewards [8].

The current paper tries to fill this gap reporting the result of a study on the importance of inputs and output as perceived by Romanian employees.

## 2. The Current Study

The study aims to find answers to the following questions: (1) What are the main inputs for which Romanian employees expect rewards? (2) What are the main rewards expected by Romanian employees in return for their contributions?

### 2.1. Participants and Procedure

Participants were 319 full-time employees with a minimum of three years professional experience. As part of a larger project, students taking social sciences

courses at the Transilvania University of Brasov voluntarily recruited 5 employees using their personal network (friends, parents, relatives). Previous research based on equity theory has shown that results might vary whether participants were students or managers [11]. As Fischer [10] recommended (p. 154): "It is necessary to study employees rather than students, if valid conclusions for organizations are to be drawn". Participants' demographics for the current study are presented in Table 1. As expected, students recruited respondents with similar education (85.3% of respondents graduated college or high school), and only 4% of respondents had spent less than 8 years in school.

### 2.2. Measures

To identify the perception of Romanian employees on inputs (i.e., contributions for which they expect a just return) and outcomes (i.e., expected rewards perceived as fair for their contribution) respondents were asked to rate on a five-point scale, two sets of items, corresponding to each construct under study. The first set of items describes 28 possible inputs, based on Adams's model and on the results of an exploratory study conducted with Romanian employees [8]. Similarly, outcomes were measured using 18 predefined categories, derived from equity theory and the qualitative exploratory study. To minimize desirability, verbal portraits of different people were used, to whom the respondents had to compare themselves.

Demographics of respondents Table 1

	Respondent sample
Gender	
Male (%)	43.94
Education	
Gymnasium or less (%)	4.00
High school (%)	46.46
College (%)	38.97
Post-graduate degree (%)	10.72
Age, M(SD)	38.02 (10.87)
Job type	
Managerial (%)	22.95
Non-managerial (%)	77.15
Organization type	
Private organization (%)	66.43
State owned organization (%)	26.54
Mixed (private and state owned) (%)	5.21
Other	1.92
Years of work experience, M(SD)	16.77(10.66)

As in other measurements that were based on verbal portraits (e.g., the widely used Portrait Values Questionnaire developed by Shalom H. Schwartz, [19]), respondents were asked to evaluate their similarity to the described person, using the following scale: very much like me, much like me, somewhat like me, little like me, very little like me. Sample item used to measure inputs: “*Expects to be rewarded for the fact that he/she is a correct person.*” Sample item used to measure outcomes: “*Job security is a very important reward for him/her.*”

### 2.3. Results

As shown in Table 2, the first three contributions for which respondents consider that is fair to be rewarded describe moral characteristics.

Romanian employees expect to be rewarded for their fairness at work, their seriousness in performing their job and for assuming responsibility for their actions. If work effort is the main input registered in Western cultures, where the equity theory has been developed and tested, for

Romanian employees work effort comes on a fifth position, after personal characteristics. As regards the expected outcomes, as shown in Table 3, respondents consider that job security, employees’ rights and a good relationship with co-workers are the main outcomes which should be received in exchange to their contributions. Financial reward comes after non-financial rewards as recognition, appreciation and respect. Testing for subgroup differences, no statistical significant differences have been detected between the hierarchy of inputs in case of men and women, those of employees from private or state owned companies or between those of respondents holding managerial and non-managerial jobs. As regards the outcomes, men and women expect similar rewards. Some differences have been recorded between employees from private companies and those from state owned institutions regarding the work effort and the organized working style. As t-test shows, employees from private organizations put a greater emphasis on organized working style ( $M=3.89$ ,

$SD=1.03$ ) than employees from state owned organizations ( $M=3.26$ ,  $SD=1.26$ );  $t(279)=4.31$ ,  $p=.00$ ). Similarly, employees from private companies consider to a greater extent that they should be

rewarded for their work effort ( $M=3.84$ ,  $SD=1.04$ ) than those working in state owned organizations ( $M=3.46$ ,  $SD=1.05$ );  $t(295)=2.70$ ,  $p=.00$ .

*Inputs rated by respondents*

Table 2

Inputs	N	Mean	SD
Correctness	318	3.97	1.05
Seriousness	318	3.90	1.02
Taking responsibility for his/her actions	318	3.87	1.06
Work experience	319	3.74	1.05
Organized working style	317	3.72	1.14
Work effort	318	3.72	1.07
Perseverance	319	3.68	1.07
Respecting deadlines	315	3.66	1.16
Affective involvement	318	3.65	1.15
Taking the initiative	317	3.63	1.01
Trustworthiness	314	3.63	1.16
Adaptability	314	3.56	1.12
Team working	318	3.54	1.09
Learning oriented	318	3.53	1.05
Organizational loyalty	314	3.50	1.12
Communication skills	317	3.44	1.13
Organizational tenure	319	3.43	1.26
Education	319	3.40	1.26
Creativity	317	3.39	1.11
Stress resistance	313	3.39	1.16
Positive thinking	316	3.35	1.07
Time spent at work	316	3.34	1.16
Technical skills	314	3.32	1.10
Intelligence	316	3.29	1.16
Problem solving	319	3.25	1.08
Punctuality	319	3.03	1.32
Gender	317	2.81	1.25
Age	313	2.63	1.26

*Outputs rated by respondents*

Table 3

	N	Mean	SD
Job security	317	4.22	0.95
Respecting employee rights	317	4.16	0.98
Good relationship with co-workers	317	4.07	1.03
Incentives	316	4.05	0.93
Recognition and appreciations	314	4.02	1.03
Direct supervisor respect	318	3.98	0.98
Salary	319	3.97	1.02
Promotion opportunities	315	3.97	0.97
Learning new things	317	3.91	1.03
Working conditions	319	3.91	0.96
Direct supervisor's understanding for personal problems	317	3.88	1.02
Feedback from direct manager	316	3.68	1.09
Challenging tasks	312	3.66	1.00
Express freely personal opinions	319	3.61	0.99
Taking decisions	318	3.61	1.02
Benefits (car, health insurance, gym reimbursement, etc.)	319	3.44	1.27
Friendly relationship with the direct supervisor	319	3.21	1.21
Prestigious job title	315	3.10	1.15

## 2.4. Discussion

The results of the current study point out two important findings. First, making use of equity theory in Romanian organizations has to consider the particular conceptualization of inputs and outputs in this cultural context. Second, although we expected a bigger variation across subgroups of respondents, it seems that Romanian employees share common perceptions on contributions worth rewarding and expected rewards. Although in the study employees from a broad range of industries participated, holding both managerial and non-managerial jobs, there were no relevant variations across those subgroups displayed. Some differences have been recorded between employees from state owned organization and those working in private organizations in respect to perceived inputs.

If previous studies have shown that in Western cultures work effort is perceived as the main input for which is expected a just reward, the current study suggests that in Romania, an Eastern European ex-communist country, other categories are salient. Romanian employees expect to be rewarded first for their personal features as correctness, seriousness or assuming responsibility for actions. This finding is not surprising when viewed in a broader context of Romanian work values. A mixture of flaws and qualities, with a prevalence of shortcomings has been found to define Romanians' working patterns [9], [13], [5]. A classic work on Romanian psychology [9] shows that a "lack of discipline, order, method, regularity, the intermittent, irregular and sporadic way to work were preserved almost intact in Romanian nature." (p. 382). In addition to this rather negative portrait,

Romanian Institute for Evaluation and Strategy - IRES [18] reports that 76% of Romanian employees would accept a job for which they are overqualified, 75% would accept a job that required overtime, and 56% would accept a low wage, below their expectations. These figures suggest that Romanian work culture is still emerging. In light of this, it is not surprising that respondents' definitions of inputs have as central category personal features.

The time spent at work is rated as a less important contribution, which is consistent with Heintz [13] who argued that in Romanian cultural context "one of the most striking things is to see people prepared to save very little money by giving so much of their time" (p. 148). Finally, as expected, gender and age are considered less important compared with all the other contributions.

The hierarchy of expected outcomes point out the strong need of Romanian employees for job security and respect of their rights. Seeing job security as main expected reward is not surprisingly in the light of economic crisis started in 2008. As IRES study showed [18], 66% of Romanian employees perform overtime. Frequently, the over time is not adequately rewarded, an important right that is infringed in Romanian companies.

According to Hofstede's [14] estimations Romania is a Collectivistic country, with moderate Femininity and high Uncertainty Avoidance. The importance of the relationship with co-workers could be seen as a collectivistic feature of Romanians. Further, the same IRES [18] study on Romanians' working style showed that 91% of employees are satisfied and very satisfied with their relationship with co-workers. This figure underlines the central position of the relationship with co-workers for Romanian employees.

As regards the need for recognition, as Heintz [13] (p. 179) argued, "The desire for social recognition is strong in the traditional Romanian society (...) For Romanians, respect is the basis of social recognition and one of the most sought after ingredients in interpersonal relations". Similar results have been recorded by a study conducted with senior Romanian managers [3], who rated both recognition/appreciation and salary as the most important motivation factors.

### 3. Conclusion

The current study investigated Romanian employees' perception on inputs and outputs as defined by Adams's equity theory. It was found that personal features as correctness and seriousness or taking responsibility are considered the most important contributions for which is expected a just reward. As regards the outcomes, Romanian employees expect first to have job security, to have their rights respected and to be appreciated by the direct supervisor.

The results of the current study have several practical implications for human resource professionals and managers interested in developing the local workforce. First, when designing performance management systems and compensation schemes it is important to be aware that Romanian employees perceive their contributions in terms of personal traits rather than in terms of work effort. In addition, adopting a total reward approach (i.e., combining financial and non-financial rewards) putting a special emphasis on job security, employees' rights and intangible outcomes such as recognition and feedback seems to be a prerequisite for work performance improvement in this particular cultural context.

The results of this study should be considered with regard to several

limitations. The study can only approximate the variability that could exist when measuring inputs and outcomes. First, the size and the structure of the sample (which consists of 319 employees) limits in different ways data analysis, as does the self-reported data. Second, the lack of research on work in Romania engenders difficulties in analyzing the results in the broader context of work values and work culture. Despite of these main limitations, the current study hopefully will encourage additional research with regard to equity theory in Romania and other Eastern European countries.

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