

Remuneration Justice – The Results of the Hungarian Research¹

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The international research group led by the Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) were involved in comparing remuneration justice perception in Poland, Hungary and Lithuania. This article concerns the Hungarian results. The paper introduces the general theoretical picture of labour fairness and justice and demonstrates the results of the Hungarian research conducted in June 2018. Hungarian firms consider employees as the most important stakeholders, so CSR programmes that involve them are useful and important. Just and fair remuneration is a form of intern CSR besides health and safe working conditions, flexible working hours or voluntarism. It is a moral obligation, but at the same time a potential source of business case. The basis of the relation is the generosity of the company: to assure a salary on which the employee can subsist without tax evasion and other unfair methods and feels appreciation.

Keywords: remuneration justice, procedural fairness, moral obligation, business case, minimum wage, wage differentiation

Introduction – the purpose of the paper

The international research group led by the Warsaw School of Economics (Szkoła Główna Handlowa w Warszawie) aimed at comparing remuneration justice perception in Poland, Hungary and Lithuania. This article introduces and discusses the Hungarian results after presenting the general theoretical picture of

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labour fairness and justice². According to a recent study Hungarian people working abroad earn on average 4.2 times as much as at home – it results in migration of many citizen. At the same time the most extreme income inequality in Hungary is 1,394-fold difference between the least and best paid employee (Nagy, 2018). These are just two examples why remuneration justice, fairness and wage differentiation are hot topics in Hungary. For the resolution of these problems we need to better understand the determinants of work and wage satisfaction, factors of job evaluation and the potential and acceptable causes of differences in remuneration, so the research has relevant practical implications.

Labour fairness and justice

The Labour Code (Act No. I of 2012) summarizes the rights and duties of employers and employees in Hungary. The rights of employees are described in the Law of Work Protection (Act No. XCIII of 1993). This law covers work safety regulations, the training of employees and working conditions. Act No. XXIV of 1998 on the Provision of the Rights of Persons Living with Disability and their Equal Opportunity Protection protects disabled people's equal opportunity.

But legislation is not enough. The perception of fairness of the system of remuneration and taxation of labour is influenced by the universal body of beliefs and values. It can be investigated from an economic viewpoint, but the more important ethical viewpoint will be considered.

The rational and self-interested homo oeconomicus concept of neoclassical economics less and less can explain and forecast economic processes and their effects on society and environment. The business ethics concept of human nature – Etzioni's socioeconomic theory (Kindler, Zsolnai, 1993) – is more tinged. It takes into account more factors to forecast human action for example ethical considerations besides the utility of a decision-maker. In addition, this concept states that individuals do not maximize, they seek a balance between their utility and ethics.

Employees are considered to be one of the most important stakeholder groups. It is the moral obligation of the company to treat them in a fair and just way, but the business case is also relevant. If they want to hold the employees and their engagement, motivation and performance, they should form a good perception of the workplace: work conditions, working hours, evaluations and remuneration

² In the near future we will present the comparison of the different country results and the international synthesis of the experiences.

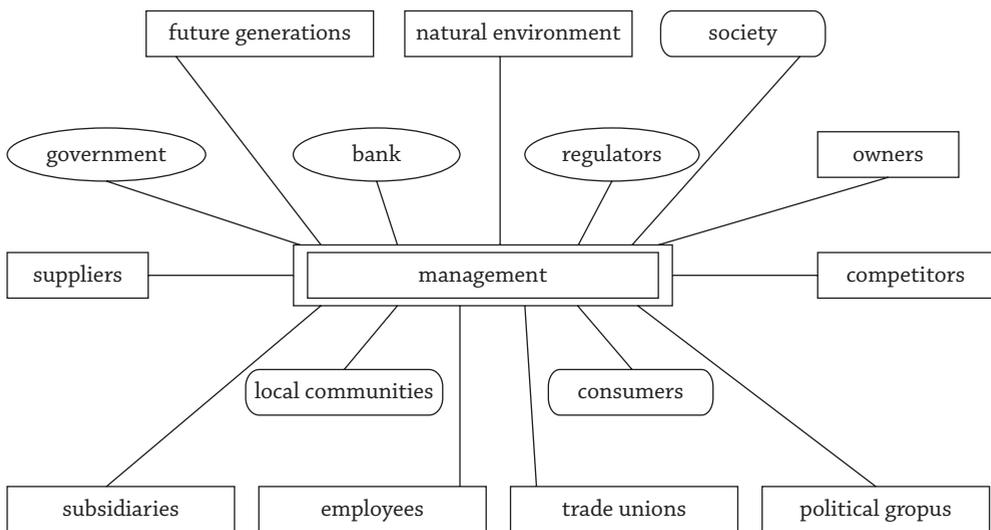
system, etc. The remuneration is one method of employees' evaluation, appreciation and motivation.

Stakeholder theory

Stakeholder theory of corporations can be considered as leading paradigm to present the relationship of companies and society (Radácsi, 1997).

Hereafter according to Freeman's definition (Kindler, Zsolnai, 1993) I consider stakeholder as any group or individual who can affect or who is affected by achievement of a company's objectives. By mapping stakeholders we can see who the company should take responsibility for (Figure 1).

Figure 1. Typical stakeholder-map



Source: own framing.

One reason of stakeholder theory's success is practical usefulness: listening to the more or less articulated interests of stakeholders fits better the strategy and operations than handling abstract social problems.

R.E. Freeman (1993) emphasizes the strategic importance of learning the stakeholders' interests, as the relationship with them influences the achievement

of corporate objectives. For better recognition and definition of business behaviour the author categorizes stakeholders according to their power and interest as following (Figure 2)³ (employees are internal stakeholders and have economic power).

Figure 2. Categorization of stakeholders I

| | | Power | | |
|----------|-----------------|-------------------------|--|--------------------------------|
| | | formal | economic | political |
| INTEREST | Internal market | Owner, management | Employees | |
| | External market | Creditors, trade-unions | Consumers, competitors, residents, environment | Environmentalists, mass media |
| | Influencing | | | Government, future generations |

Source: Freeman (1993).

Useful analysis instrument is the power-stake categorization as well (Figure 3).

Figure 3. Categorization of stakeholders II

| | | Power | |
|-------|------|----------|--------|
| | | high | low |
| Stake | high | King | Victim |
| | low | Kibitzer | |

Source: based on Kindler, Zsolnai (1993).

We can find the *kings* with high stake in corporate decisions, but with high power as well to influence these decisions. Managers and owners (especially

³ Location of stakeholder groups changes case by case, only a potential, possibly typical example is presented.

in case of some large owners, not many small stockholders) are in this group. Media has a *Kibitzer* position as it can significantly influence the social image of corporations, but corporate decisions do not directly affect media. According to the stakeholder definition, groups or individuals with low stake and low power are not stakeholders of the company. Employees and consumers are traditionally in *Victim* position – however looking at the consumers' boycotts or modern knowledge-workers we can imagine that victims will or have been still become the kings. However, there are stakeholders who will surely rest in victim position in the present economic situation: future generations and natural environment which is surprising 20 years after Brundtland report. We can state that it is a shame.

Employees as stakeholders

In Hungary employees are considered to be the most important stakeholders, so CSR programmes that involve them can prove very useful tools. Employees are regarded as a crucial resource in companies, especially in SMEs, and an increasing number of companies are organizing voluntary activities for employees. Just and fair remuneration for employees is a form of intern CSR besides health and safe working conditions, flexible working hours or voluntarism. It is a moral obligation, but at the same time a potential source of business case.

R.H. Frank (2004) in his theory claims that CSR has advantages for companies. Even in competitive situations, responsibility generates the following advantages as a result of stakeholders' positive attitude, responses and mutual trust:

- opportunistic intentions of managers decrease, and so the conflicts of interests of managers and owners become more treatable,
- **performance of engaged employees improves, they even work for the company for lower wage than the market average,**
- **company becomes more attractive for potential employees and managers,**
- consumers become more loyal and faithful to the company and its products,
- trust increases, transaction costs decrease, relationship with contractual partners and suppliers improves.

The context – the demand for ethics (the “market for virtue”) – is defined by the consumers, the employees and the investors (Vogel, 2006). Distinguishing character of ethics means competitive edge as company provides something new, practically without competitor, company steps over, exceeds competition. But this idea should not be the foundation, the motivation of ethical behaviour. On the one hand it would worsen credibility; on the other hand ethics is not profitable

in every situation. It is even more important to be faithful to our principles when being ethical is difficult. Real ethical – not purely rational – commitment enables us to make a compromise and enhances the value of our relations. This means throwing away some opportunities, at the same time it has advantages that cannot or are difficult to be represented in economic terms. We have to understand that we cannot consider traditional cost-benefit terms in these situations; this could be the foundation of long-term, after all economically also profitable cooperation.

R.H. Frank (2004) denies the general scope of rational self-interest; he states it has neither normative nor empirical validity. Normative invalidity follows from the human moral expectations: neither of us would like to keep in touch with unethical persons, we would not like to become irresponsible, selfish individuals⁴. Following social norms, voting paradox, volunteer blood donation or tip for never seen again waitress are evidence for empirical invalidity. Although these examples do not prove the general validity of trust and altruism, they falsify the generalization of self-interest.

After presenting the codetermination of motivations, R.H. Frank claims that institutional frames could be created more favourable for cooperation than for competition. Every person is able to compete and to cooperate as well and their actual behaviour depends on three factors. What kind of people they would like to be (role of emotions, self-control), what kind of behaviour is expected by the others and what is worth to do based on their experiences? Everyone prefers to be in relation with cooperative people and R.H. Frank proves it with experiments that cooperative people find each other – based on their experiences and intuitions. So they can form fruitful and trustful relationships. Naturally there is a risk that non-cooperatives show themselves cooperative, but there is evidence that these masques are temporary as partners recognize cheaters.

So intern CSR and fair remuneration as a part of it have an impact on the motivation of employees based on the surveys, but the sources of motivation are so complex that the exact degree of this impact is difficult to measure. It can be seen that the managers and employees of really responsible companies emphasize the correlation of individual and corporate values, the importance of participation and engagement.

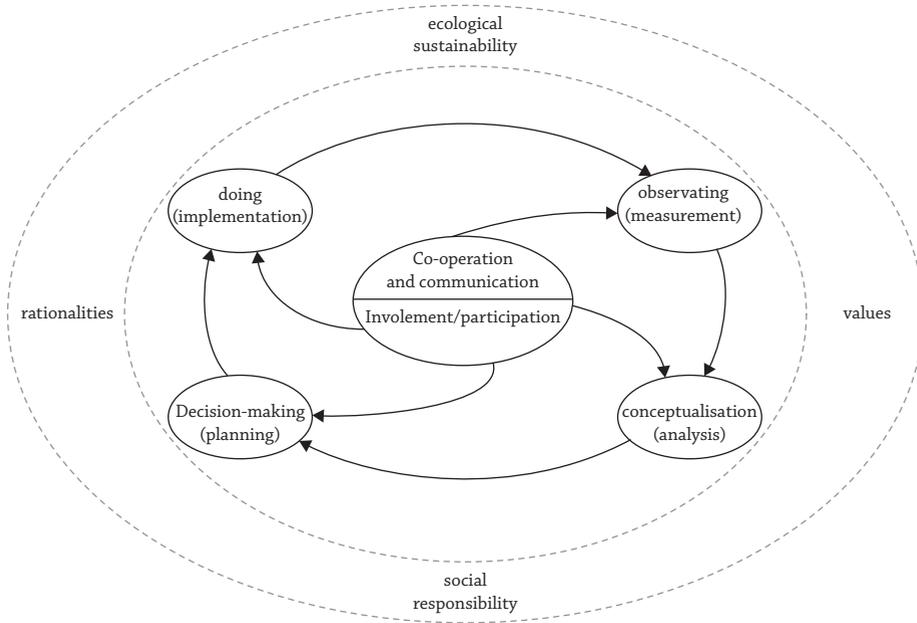
R.H. Frank (2004) examines the fairness of wages and promotion. The absolute amount of wages is important, but their proportion also matters. The perception of fairness is a complex, multi-dimensional process. Outcomes are naturally important (wages, promotion), but the process by which the outcomes are reached

⁴ Denoting Kant we would not like selfishness to be the accepted maxim, the categorical imperative.

are significant as well. People prefer the firms with smaller and acceptable pay differences. But the main point here is procedural fairness which has three dimensions (Roberts, 1997): the degree of opportunity offered to influence the outcome, the structural aspects of the decision-making process, and the quality of the interpersonal interactions. Participative and inclusive corporations are more attractive for employees. The employees' approach on fairness and its observance are competitive factors on the labour market.

Instead of the traditional work-for-salary approach (HR approach has still gone beyond it even if the manifestation of principles is not always perfect) we have to recognize that the employee and the company provide each other with goods that are difficult to express in material terms. These are important sources of value for both of them and give basis to their professional, social and ethical development. The basis of the relation is the generosity of the company: to assure a salary from which the employee can subsist without tax evasion and other unfair methods. To go further the difference between the lowest and the highest wage at the company is also significant. According to B. Cohen and M. Warwick (2006, p. 34) a ratio five to one or seven to one is yet acceptable, but a larger salary ratio is economically and ethically not justifiable, moreover it is harmful.

Figure 4. CSR as continuous collective learning process



Source: Zwetsloot (2003, p. 205).

Determining the ethical policy, institutions and values without involving employees are also inappropriate practice. Such “top-down” approach condition the behaviour but leads to external determination inhibiting the internalization of values. In turn as compared to other management tools require more holistic approach, more organic cooperation of organization and individuals. CSR is ideally a continuous collective learning process of which the steps can be seen below (Zwetsloot, 2003, p. 205).

Within 2008–2010 we conducted a research on the competitive advantages of responsible business behaviour in Hungary. It was an explanatory research with semi-structured interviews. We tested the claims of R.H. Frank (2004) on the performance of employees as well. Respondents mentioned some tools of expressing appreciation towards employees: familiar atmosphere, appropriate working conditions, snug wage, respect of their opinions, participation possibility in decisions and problem solution with communication. We got some very interesting opinions from which some are cited below (Gyóri, 2012):

- “For quality work it is not enough to employ ‘human resource’. We need engaged and ambitious ‘collaborators’.”
- “We cannot afford financially perfect things, but we pay our employees in over our head. However this is not the most important part of our relation, rather that we consider them to be our friends.”

The problems of motivation – big money, small football

Until this point the potential pitfalls of too low (in amount or in proportion) wages and remuneration have been presented. The other side of the problem must be mentioned now: without autonomy, mastery and a purposeful job (Pink, 2009) the extrinsic motivators like money are not sufficient, not efficient, moreover they are usually counterproductive.

As such extrinsic motivation gives way to the crowding-out effect of B. Frey and M. Osterloh (2005). It is about that the external motivation of people causes the decline of their intrinsic motivation for prosocial behaviour. Authors mention some examples to illustrate it (Frey, Osterloh, 2005, p. 16–17):

- Paying donors for donating blood – which is a typical philanthropic, prosocial activity – likely to reduce total supply of blood in a country;
- Not-In-My-Back-Yard syndrome: Once it was planned to build a nuclear waste repository in Switzerland. More than half of the respondents in a survey agreed to have it, but when monetary compensation was offered, the level of acceptance drastically fell;

- In another case parents were fined for picking up their children late from kindergarten. The fine should have cut down the number and length of delays, but led to a significantly lower level of punctuality. Parents felt that they paid for the extra service and it undermined their intrinsic motivation towards their children;
- Willingness for voluntary work also decreases if symbolic monetary compensation is offered for the formerly unpaid work.

F. Puskas once said: “Small money, small football, big money, big football”. Compared to this the undermotivation of MNC’s managers and company frauds show that too much money increases the temptation to unethical behaviour. The actual business system encourages managers to cheat and be unethical: “big money, small football”.

At the same time intrinsic motivation can be enhanced with appropriate institutional frames: for example if suggestion comes from someone who is perceived as a legitimated authority. The framing of socially appropriate behaviour, the trust in procedural fairness (e.g. of the remuneration system) and avoiding of self-serving biases also make people more motivated.

However, the effectiveness of a specific solution hinges on adjusting the solutions to a specific set of priorities attributed to values by specific people or groups of people. That is why we need to conduct a comparative survey in more countries. Below the results of the Hungarian part are presented.

Research results

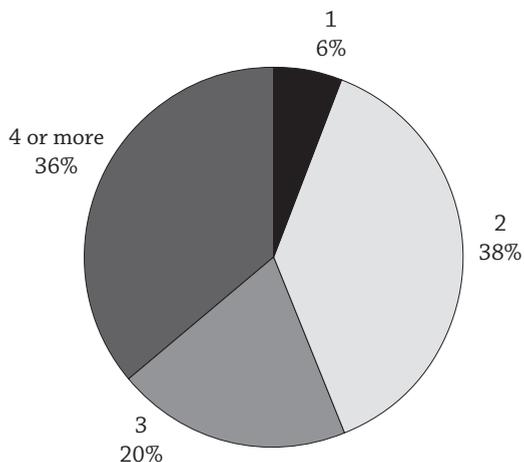
Our sample – general data

Our questionnaire was responded by 168 people. They are all the current or former students of the Faculty of Finance and Accountancy, Budapest Business School. 70.8% of them are women, 28.2% men. The respondents are between 20 and 51-year-old. 106 (63.1%) of them has higher education degree, 61 (36.3%) attended secondary school and 1 person attended to vocational school before the university studies.

Household characteristics

We asked about the household characteristics: 1. the number of people live in the household (Figure 5) and 2. what is the relationship of the respondent with them (Table 1). Only 6.5% lives alone, 38.1% live in 2-member, 19.6% in 3-member households and 35.7% lives together with three or more other people.

Figure 5. Characteristics of the household – how many people live together



Source: own study.

The relationship characteristics within the households (related to the respondent) – Table 1.

Table 1. Characteristics of the household – relationships

| | | |
|---------------------------------------|----|-------|
| Husband/wife | 24 | 14.3% |
| Partner (in an informal relationship) | 54 | 32.1% |
| Son/daughter | 17 | 10.1% |
| Brother/sister | 52 | 31.0% |
| Mother/father | 79 | 47.0% |
| Further family (uncle, aunt, in-law) | 12 | 7.1% |

Source: own study.

Characteristics of the work – salary, type of contract, working hours, position

The average net wage in Hungary is 201.500 Ft in 2018. In our research the weighted average is 199,524 Ft, so almost the same. The relatively high proportion of low wages could be the consequence that 36.9% of the respondents are still students, so they work mainly in part-time and/or in internship programs.

115 (68.5%) respondents work by contract for an indefinite period of time, 18 (10.7%) of them has fixed-term contract (or they are on probationary period). Only 7 of them has other contract, and 5 of them are entrepreneurs. 22 (13.1%) answered “other” which is presumably means internship.

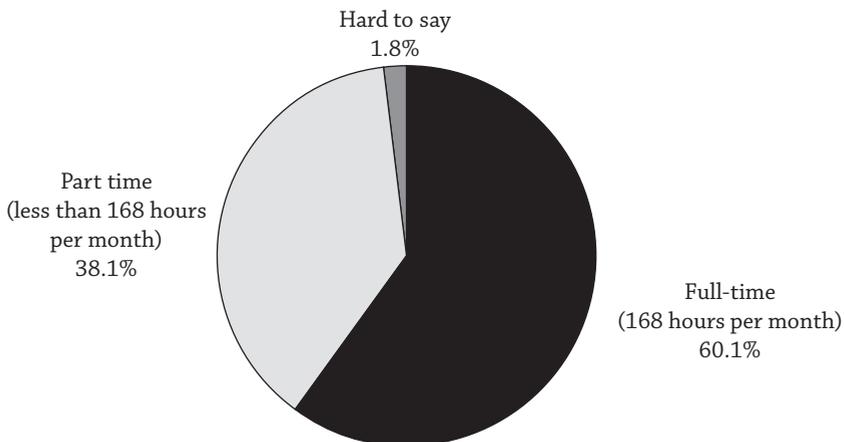
Table 2. Net wage of the respondents

| | | | |
|------------------|--------------------|----|-------|
| Below 1 400 PLN | Below 105.000 Ft | 41 | 24.4% |
| 1 401–2 500 PLN | 105.001–185.000 Ft | 48 | 28.6% |
| 2 501–3 500 PLN | 185.001–260.000 Ft | 40 | 23.8% |
| 3 501–5 500 PLN | 260.001–410.000 Ft | 28 | 16.7% |
| 5 501–7 500 PLN | 410.001–560.000 Ft | 8 | 4.8% |
| 7 501–10 000 PLN | 560.001–745.000 Ft | 1 | 0.6% |
| Over 10 000 PLN | over 745.000 Ft | 2 | 1.2% |

Source: own study.

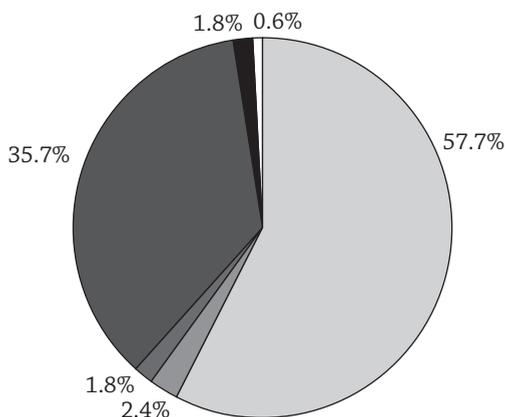
101 people (60.1%) have full-time job, 64 (38.1%) works part-time. (3 respondents said “hard to say”, 2 of them are entrepreneurs, 1 of them has a contract work) (Figure 6). 97 have a permanent job, 60 (35.7%) are students (other categories got very few) (Figure 7).

Figure 6. Working hours



Source: own study.

Figure 7. Status of employment



Source: own study.

Table 3. Employment position

| | | |
|-----------------------|----|-------|
| Senior manager | 2 | 1.2% |
| Head of department | 3 | 1.8% |
| President, CEO, Owner | 6 | 3.6% |
| Middle-level manager | 13 | 7.7% |
| Specialist/Consultant | 14 | 8.3% |
| Section employee | 47 | 28.0% |
| Assistant/ trainee | 72 | 42.9% |
| Other | 11 | 6.5% |

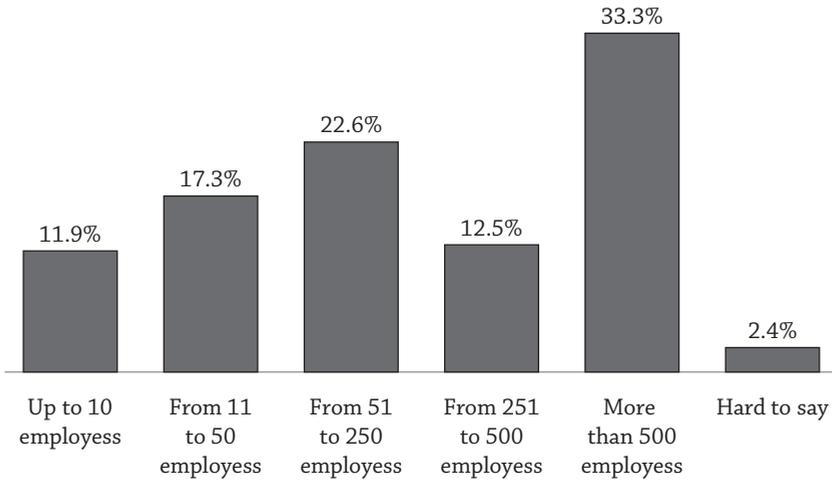
Source: own study.

The size and sector of the companies the respondents work for

33.3% (56 respondents) work for very large (500+ employees) company and another 12.5% (21) work for companies with 251–500 employees, so the proportion of large companies is 45.8%. 22.6% (38) work for medium-sized, 29 (17.3%) for small and 20 (11.9%) for micro-sized companies (Figure 8).

Sectors are very various. Services have the most, but production, trade and public sectors are significant as well (Table 4).

Figure 8. Company size



Source: own study.

Table 4. Company sector

| | | |
|--------------------------|----|-------|
| Services | 61 | 36.3% |
| Other | 28 | 16.7% |
| Production | 19 | 11.3% |
| Trade | 19 | 11.3% |
| Public sector | 18 | 10.7% |
| New technologies/Hi-tech | 15 | 8.9% |
| Architecture | 6 | 3.6% |
| Transport | 1 | 0.6 % |
| Hard to say | 1 | 0.6% |

Source: own study.

Evaluation of the work and wage

First questions used 5-grade Likert-scale. The results are the following (Table 5).

The picture is quite favourable: respondents are proud of their work, understand the salary decision principles, their work gives them satisfaction. Where problems can be seen: the remuneration policies are mostly not public,

the salary is not so fair, not very satisfying, the majority feels used and salary in employer branding is undervalued.

Table 5. Work and wage satisfaction

| | 1 | 2 | 3 | 4 | 5 |
|---|-------|-------|-------|-------|-------|
| 1.1. I understand the principles according to which salary is determined in my company | 4.8% | 7.1% | 32.1% | 36.9% | 19.0% |
| 1.2. My salary is appropriate for the work I do | 6.0% | 14.9% | 29.8% | 33.3% | 16.1% |
| 1.3. My direct manager pays attention to the employee's remuneration level being adequate | 7.7% | 19.6% | 22.6% | 22.6% | 27.4% |
| 1.4. The remuneration policies of my company are public | 32.1% | 25.6% | 20.8% | 11.9% | 9.5% |
| 1.5. My current salary is fair | 7.7% | 14.9% | 32.1% | 26.8% | 18.5% |
| 1.6. I am proud of my work | 3.0% | 6.5% | 14.3% | 33.9% | 42.3% |
| 1.7. My work gives me satisfaction | 4.8% | 8.9% | 18.5% | 35.7% | 32.1% |
| 1.8. I am willing to take on extra tasks other than those compulsory for me | 4.8% | 8.3% | 17.3% | 39.9% | 29.8% |
| 1.9. My salary is satisfying to me | 11.3% | 16.7% | 26.8% | 30.4% | 14.9% |
| 1.10. I share my knowledge and experience at work willingly | 0.6% | 1.2% | 9.5% | 33.3% | 55.4% |
| 1.11. I feel used at my work | 10.7% | 17.3% | 32.7% | 23.2% | 16.1% |
| 1.12. Employees doing similar work to my, receive a similar salary to the one I get | 4.8% | 18.5% | 22.0% | 29.2% | 25.6% |
| 1.13. The company I work for takes care of its employer branding also through payroll | 14.3% | 22.0% | 33.9% | 20.8% | 8.9% |

Source: own study.

The current salary is enough for savings as well for 25.6%, 39.3% can afford to meet their needs and pleasures, 24.4% can only meet basic needs (i.e. fees, bills, nutrition) and for 10.7% has to use the help of other people.

36.3% (61 people) of the respondents (61 people) want to change their current workplace. There is no significant correlation with company size, current wage, the understandable remuneration system or the perception of current wage's fairness. The reasons are the following (Table 6).

Table 6. Causes of planned workplace change

| | | |
|---|-------|----|
| Because of the need for new experiences/ I would like to do something different, new | 86.9% | 53 |
| Due to lack of development opportunities, promotion | 70.5% | 43 |
| Because of low earnings | 67.2% | 41 |
| Due to implicit remuneration rules | 45.9% | 28 |
| Because of difficult physical work conditions | 27.9% | 17 |
| For private reasons not directly related to the workplace, such as moving | 14.8% | 9 |
| Because of unfriendly relationships with my co-workers/ bad atmosphere, the conflicts | 9.8% | 6 |

Source: own study.

The need for new experiences and development opportunities are more important, but salary and remuneration problems are large as well. The next question confirms as well: only 60.7% values the salary for 4 or 5 grade, while the opportunity for development got 82.1%, and atmosphere at work got 86.9% (Table 7).

Table 7. Factors of job evaluation

| | 1 | 2 | 3 | 4 | 5 |
|---|-------|-------|-------|-------|-------|
| 5.1. Salary | 6.0% | 7.7% | 25.6% | 44.0% | 16.7% |
| 5.2. Assurance of employment | 16.1% | 13.1% | 35.1% | 24.4% | 11.3% |
| 5.3. The opportunity for development and promotion | 4.8% | 6.0% | 7.1% | 33.9% | 48.2% |
| 5.4. Independence and possibility to do what you like to do | 3.0% | 7.1% | 24.4% | 31.0% | 34.5% |
| 5.5. Atmosphere at work and contact with people | 1.8% | 1.2% | 10.1% | 35.7% | 51.2% |

Source: own study.

We asked about the potential differences in remuneration, especially that in which situations should somebody earn more than others (in Likert-scale as well, Table 8).

Table 8. Differences in remuneration/1 – acceptable work situations

| | 1 | 2 | 3 | 4 | 5 |
|---|------|-------|-------|-------|-------|
| 6.1. They work more effectively (they are able to do more at the same time) | 3.6% | 3.0% | 16.1% | 42.9% | 34.5% |
| 6.2. They work overtime hours (they spend more time at work than others) | 4.2% | 10.1% | 16.7% | 31.5% | 37.5% |
| 6.3. They have more responsibilities than others | 0.6% | 3.0% | 6.5% | 28.6% | 61.3% |
| 6.4. They perform harder. more important tasks for the company | 1.2% | 3.0% | 11.9% | 34.5% | 49.4% |
| 6.5. They are praised more often than other employees | 8.9% | 14.3% | 32.7% | 29.8% | 14.3% |
| 6.6. They have more experience/ longer work experience | 3.6% | 17.3% | 24.4% | 35.1% | 19.6% |

Source: own study.

And remuneration should reflect the following (Table 9).

Table 9. Differences in remuneration/2 – other potential work causes

| | 1 | 2 | 3 | 4 | 5 |
|--|------|------|-------|-------|-------|
| 7.1. Difficult physical conditions of work (e.g. firefighter, miner) | 5.4% | 3.0% | 17.3% | 30.4% | 44.0% |
| 7.2. Special character of the work (e.g. teacher, nurse) | 4.2% | 3.6% | 18.5% | 30.4% | 43.5% |
| 7.3. Work results | 0.0% | 1.8% | 11.3% | 39.3% | 47.6% |

Source: own study.

As we can see higher performance and effectiveness, longer hours and experiences are valued by co-workers like difficult physical conditions or special character of the work. At the same time special life circumstances should not be the basis of any differentiation in the remuneration (only the disabled dependent got more than 50% yes; Table 10):

The level of decisions on differentiation based on any personal reason should be at state level (46.4%, 78) or at corporate level (36.3%, 61).

The remuneration should consist of both fixed and variable element (bonuses, commissions, rewards) in the opinion of the 92.9% (156 respondents). Within this the fixed elements should depend mainly on performance indicators and especially not should depend on the family situation (Table 11).

Table 10. Differences in remuneration/3 – family situation

| | Yes | No | Hard to say |
|---|-------|-------|-------------|
| 8.1. Are the only family breadwinners | 11.3% | 74.4% | 14.3% |
| 8.2. Are single mothers/fathers | 40.5% | 50.0% | 9.5% |
| 8.3. Have a few (more than three) dependent children | 39.9% | 49.4% | 10.7% |
| 8.4. Have a dependent family member with a disability | 55.4% | 33.9% | 10.7% |

Source: own study.

Table 11. Differences in remuneration/4 – determinants of fixed elements

| | Yes | No | Hard to say |
|---|-------|-------|-------------|
| 11.6. The employee’s skills/ the employee’s knowledge | 95.2% | 4.8% | 0.0% |
| 11.2. The efficiency of work | 79.2% | 19.6% | 1.2% |
| 11.8. The licensing and professional qualifications | 76.2% | 19.6% | 4.2% |
| 11.9. Level of remuneration offered on the market | 71.4% | 21.4% | 7.1% |
| 11.5. The position in the hierarchy / the employee’s position | 69.6% | 25.6% | 4.8% |
| 11.3. Education | 63.7% | 31.5% | 4.8% |
| 11.4. Seniority in the current work | 58.3% | 33.3% | 8.3% |
| 11.1. The manager’s evaluation | 53.6% | 35.7% | 10.7% |
| 11.10. Collective labour agreements (e.g. miners, teachers) | 50.6% | 26.2% | 23.2% |
| 11.11. Financial condition of the company | 46.4% | 48.2% | 5.4% |
| 11.7. The family situation | 14.3% | 76.2% | 9.5% |

Source: own study.

At the same time in the variable elements are respondents are a little more permissive with financial condition of the company or family situation (Table 12).

Table 12. Differences in remuneration/5 – determinants of variable elements

| | Yes | No | Hard to say |
|--|-------|-------|-------------|
| 12.2. The efficiency of work | 90.5% | 7.1% | 2.4% |
| 12.1. The manager’s evaluation | 81.0% | 13.1% | 6.0% |
| 12.6. The employee’s skills/the employee’s knowledge | 73.2% | 24.4% | 2.4% |
| 12.11. Financial condition of the company | 60.1% | 32.7% | 7.1% |

| | Yes | No | Hard to say |
|---|-------|-------|-------------|
| 12.4. Seniority in the current work | 54.8% | 41.7% | 3.6% |
| 12.8. The licensing and professional qualifications | 44.6% | 51.2% | 4.2% |
| 12.5. The position in the hierarchy/the employee’s position | 41.7% | 53.6% | 4.8% |
| 12.9. Level of remuneration offered on the market | 39.3% | 53.0% | 7.7% |
| 12.7. The family situation | 37.5% | 58.3% | 4.2% |
| 12.10. Collective labour agreements (e.g. miners, teachers) | 36.3% | 48.2% | 15.5% |
| 12.3. Education | 28.0% | 68.5% | 3.6% |

Source: own study.

In the opinion of the respondents additional benefits granted (such as a business car, medicine care) should depend on the characteristics of the company, efficiency and the manager’s evaluation but should not depend on family situation or education (Table 13).

Table 13. Differences in remuneration/6 – determinants of additional benefits

| | Yes | No | Hard to say |
|---|-------|-------|-------------|
| 13.5. The position in the hierarchy/the employee’s position | 67.9% | 28.0% | 4.2% |
| 13.2. The efficiency of work | 67.3% | 27.4% | 5.4% |
| 13.11. Financial condition of the company | 63.1% | 29.2% | 7.7% |
| 13.6. The employee’s skills/the employee’s knowledge | 57.1% | 35.1% | 7.7% |
| 13.1. The manager’s evaluation | 55.4% | 38.7% | 6.0% |
| 13.4. Seniority in the current work | 53.0% | 41.1% | 6.0% |
| 13.9. Level of remuneration offered on the market | 41.1% | 51.2% | 7.7% |
| 13.8. The licensing and professional qualifications | 38.1% | 52.4% | 9.5% |
| 13.10. Collective labour agreements (e.g. miners, teachers) | 28.6% | 53.6% | 17.9% |
| 13.7. The family situation | 25.0% | 68.5% | 6.5% |
| 13.3. Education | 21.4% | 72.0% | 6.5% |

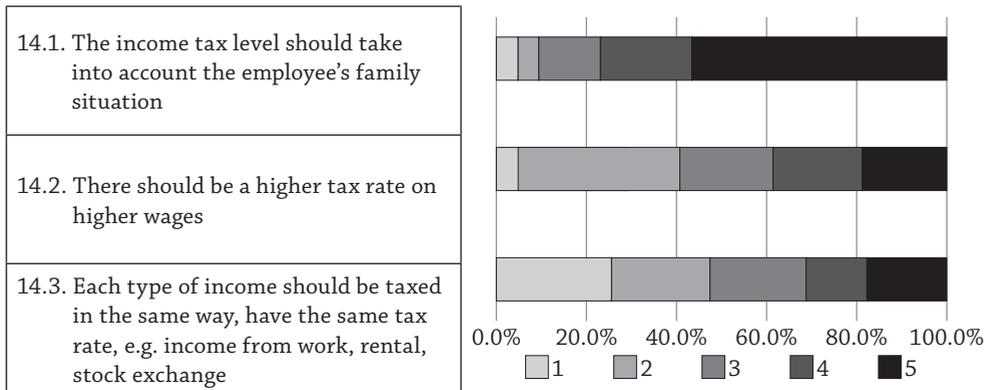
Source: own study.

Taxation of the wages

There were some questions on the taxation as well. 129 respondents (76.8%) think that the income tax level should take into account the employee’s family

situation. Our respondents could not decide whether every income should be taxed in the same way or higher wages should have higher taxes (Figure 9).

Figure 9. Determinants of required income tax



Source: own study.

The majority thinks that income tax should be paid partly by the employer, partly the employee (presently it is paid by the employee while other taxes and fees encumbers both of them).

Basic and minimum wage

61.3% of the respondents (103 people) do not think that every adult should receive at least the income that secures basic living expenses regardless of whether he or she performs work. 20.8% gave 4 or 5 on Likert-scale to this claim. So the suggested amount is from 0, but there are some very extreme amount (500,000 HUF e.g.) The average suggestion is 140,110 HUF.

At the same time 80.4% (135 respondents) said (means they gave 5 in Likert-scale) that “everyone, who works should provide minimum wage”. It should satisfy the basic needs of the people, should apply for all employees and should depend on the family situation (Table 14).

68.5% (105 respondents) would like to have a tax-free amount of wage but we did not get a clear picture on how it should be defined. In the opinion of 50% of the respondents higher non-taxable amount should be applied for lower earnings, and as a counter-verification 53.6% disagree with the claim that “higher taxable amount should be for higher earnings”. 52.4% thinks that tax-free amount should depend on family situation. These results show some preference for justice: the more disadvantaged employees should get more tax reduction.

Table 14. Minimum wage

| | Yes | No | Hard to say |
|--|-------|-------|-------------|
| 19.1. Should be set at the level allowing to satisfy the basic needs of ones living | 98.2% | 0.6% | 1.2% |
| 19.4. Should apply to all employees, irrespective of the type of contract | 59.5% | 26.2% | 14.3% |
| 19.2. Should depend on the family situation of the taxpayer (e.g. number of children, average income per family member). | 58.3% | 35.1% | 6.5% |
| 19.3. Should only apply to persons employed on the basis of the employment contract. | 37.5% | 50.6% | 11.9% |

Source: own study.

Summing up and final conclusions

In the theoretical part it was argued that procedural fairness is important for employees, the most important stakeholder group. That is why the research results on the lack of publicity of remuneration policies, or on the not really fair and satisfying salaries are very surprising. Here we can find the knowing and/or knowing-doing gap (Pfeffer, Sutton, 2000) between theory and practice.

At the same time the need for new experiences and development opportunities were more important for our respondents than salary at a workplace changing situation (as D.H. Pink suggests, salary is not the most important part of puzzle of motivation).

Differentiation of wages our mostly accepted, but our respondents preferred bases for it were performance, effectiveness and longer company experiences. Special life circumstances should not be the basis of any differentiation in the remuneration at company level. Differentiation on family situation and other personal reasons should be handled by the state, minimum wage should be defined by the state as well – based on family situation or disadvantaged positions, like disability or lower income.

Here questions were asked mainly on low/not satisfying wages, but in a further research the intrinsic-extrinsic motivation and the potential crowding-out effect of too high wages should be investigated. And it would be useful to examine remuneration aspects in a broader framework of HR and CSR tools and policies.

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