

Executive compensation in Romania reaches 120,000 Euros annually, “eJobs.ro”

Bucharest, Romania – Multinational corporations in Romania (i.e. companies with 200-500 employees) pay their general directors and top executives an average gross annual salary of 120,000 Euros including bonuses.



“The bonus frequently represents 20%-30% of the basic salary, which for Romanian top executives is around 92,100 Euros. If we add a 20%-30% bonus to this amount, the final sum is 120,000 Euros,” says [Conrad Pramboeck](#), Head of Compensation Consulting at Executive Search firm Pedersen & Partners. Mr. Pramboeck explains that multinational companies usually pay their executives salaries that are 30% higher than local ones. “Any gross annual salary over 200,000 Euros is very good one for Romania,” he continues.

The wages of general directors and top executives of multinational companies in Romania increased by 4.5% from 2015 to 2016. “In most Western European countries, the salaries of top managers are increasing by around 3-5% per year, while in Central and Eastern Europe the margin is 4-6%. The increase tends to be higher in Central and Eastern Europe because the salaries from these regions are still low, and the demand for qualified candidates is extremely high. Overall, executives and top experts from Central and Eastern Europe receive salary increases that are above the market average, while in Western European countries the markets are weaker. This is why there are no notable differences in Western Europe between the percentage salary increase of a top executive and an ordinary employee,” states Mr. Pramboeck.

“General Directors and top executives from multinational companies on the local market earn 120,000 Euros gross per year on average.”

The wages received by top executives usually vary depending on the size of the company. “However, if we try to compare several companies of the same size, we notice that some industries, such as Pharma, IT&C, Oil & Gas or the baking sector pay their executives better than other industries. Companies that operate in the Retail, Construction, NGO and Governmental sectors offer smaller salaries to their executives,” Mr. Pramboeck continues.

Romanian executives receive lower annual salaries than their counterparts in Hungary, the Czech Republic, Poland, and Slovenia but higher than top managers in Croatia, Slovakia, Serbia, and Bulgaria.

With regard to Europe as a whole, managers in Switzerland, Great Britain, Germany, and France receive the highest salaries. “The highest-paid executives in Europe earn over five million Euros gross per year including bonuses,” adds [Mr. Pramboeck](#).

Executive compensation set to continue growing in 2017

Conrad Pramboeck estimates that Romanian top managers will continue to receive healthy pay rises in 2017. "The perspective for 2017 looks really good and I expect that the annual wages of executives who work in Romania will continue to grow by around 5%. Of course, changes are expected as a result of the U.S. presidential election, and the global economy will evolve accordingly. Nevertheless, our current observation is that the outlook for the international economy is pretty positive, although it is certainly not the same as it was in 2008," Mr. Pramboeck points out.

He states that the salaries of Romanian executives grew dramatically before 2008. "I have heard of Romanian companies that increased salaries by 10-20% twice every year between 2002 and 2008. Some people still remember those times when everything was possible, and executives or top specialists could double their wages in 5 years – but those days are gone. My impression is that companies all over the world utilised the crisis in order to reduce costs in all zones where they were able to do so. Although the international financial crisis has ended and many businesses are doing well, companies prefer to not to raise their costs," explains [Mr. Pramboeck](#).

From the bottom to the top

Conrad Pramboeck says that the companies he works with in Romania are interested in increases in the national minimum wage as well as in executive earnings. The legally-mandated increases in the minimum wage can have a direct impact on a business. "Some clients ask me how I think the Romanian national minimum wage will develop, and my opinion is that everything will depend on the result of the elections in December," he says.

The minimum wage in Romania was increased at the beginning of May 2016 from 1,050 lei gross (785 lei net) to 1,250 lei gross (925 lei net). "The gross minimum wage in Romania is about 44% of the gross median wage. In most of Central, Eastern and Southern Europe, the gross minimum wage represents between 35% and 50% of the gross median wage. Some studies show that the minimum gross wage should not be higher than 50% of the gross median wage, because this will make Romania too expensive for investors. I expect that the minimum wage in Romania will continue to raise over the next few years, and will eventually reach 1,500 lei gross," concludes Mr. Pramboeck.

Conrad Pramboeck represented Pedersen & Partners at the business event "Zilele Biz" organised by the business magazine Biz.

Source: <https://cariera.ejobs.ro/executivii-de-top-din-romania-castiga-120-000-de-euro-pe/>



[Conrad Pramboeck](#) is the Head of Compensation Consulting at [Pedersen & Partners](#). Based in Vienna, Austria, he is responsible for consulting companies on all aspects of compensation, including providing companies with up-to-date market information on salary ranges and design of bonus systems across all industries and geographies. Prior to joining the firm, Mr. Pramboeck held several senior positions in international consultancy firms. He started his career with a German Consultancy firm working in management consulting and later in the Compensation Consulting business unit based in Austria. For the following seven years he worked with one of the top Austrian Executive Search firms as the Head of Compensation Consulting. He was responsible for all international compensation consulting activities and developed and maintained an international compensation database in 40 countries.

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