

ROMANIAN IT PROFESSIONALS WITHIN EUROPEAN DIASPORA

International Report, 2015

Griffiths School of Management @
Emanuel University of Oradea and
The Informal School of IT

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OVERVIEW

FOREWORD

In recent years the Romanian IT sector has become one of the most dynamic, innovative and globalized sectors of the Romanian economy, being one of the main employers with wages way over the Romania's national average.

Despite the global financial crisis and in step with technological and management development, Romanian IT companies have experienced an increase both in the number of their employees, as well as in terms of economic profitability and investment.

Originating from an outstanding history and tradition, the Romanian IT industry attracts new projects and opportunities both in traditional outsourcing as well as in the area of enterprise and product development every year. However, the victim of its own success, Romanian IT faces 3 big challenges:

Workforce numerically inadequate to the employers' needs. Estimations place the number of IT individuals from Romania within 75,000-100,000 people, whereas demand is estimated at 130,000-150,000 experts at national level.

Training quality upon completion of studies is insufficient for the employers' needs. As in other countries, taking into account the dynamics of information technology, the traditional educational system is struggling to cope with innovation and technological transitions. In addition, for economic and competitive reasons, Romanian IT sector is forced to turn from the traditional "order-taker" into a "solution-provider", a mentality

scarcely represented in our country.

The search for job opportunities in other markets, namely emigration. More than other sectors of the Romanian economy, the IT sector has registered an estimated number of 25,000-30,000 IT specialists who have emigrated abroad over the past three decades. Their positioning in top global IT companies is an additional validation of the quality and the potential of Romanian IT.

Being aware of the future and potential of the IT sector at a global stage, we purposefully refer to the Romanian IT migration as a benefit and not as a loss.

As electricity has revolutionized and developed the twentieth century, the Internet and information technology will likely have the same effect on the twenty-first century.

The Romanian specialists involved in the global information sciences revolution are a source of pride and an untapped potential for the Romanian IT sector and the Romanian society. Following the lead examples of countries like China, India and especially Israel, the present report wishes to contribute to a constructive dialogue between the Romanian IT Diaspora and those interested in the IT sector, namely to its benefits for the Romanian economy and society.



Dr. Sebastian Văduva, MBA

Dean - Griffiths School of Management
President – Informal School of IT

OVERVIEW

EXECUTIVE SUMMARY

1,000 Romanian IT professionals in Europe have expressed their opinions about their career and relationship with Romania. The study was conducted by the Griffiths School of Management, in collaboration with the Informal School of IT and in partnership with Deutsche Bank's Global Technology Group, Stark Vantage, Advanced Solutions, and Cityside between July and October 2015.

RESPONDENTS' PROFILE

The United Kingdom hosts the largest number of Romanian IT professionals, at 26% of respondents, followed by Germany, with 24%, and France, with a share of 9% of the total number of respondents. Of all the respondents, 64% fall into the age range of 26-35.

46% of respondents have completed undergraduate studies, while 42% have indicated having completed both undergraduate and master's studies; only 6% have completed their doctoral studies. 73% of respondents indicated having completed their studies in Romania.

The best known programming languages among respondents are: SQL (42%), JavaScript (40%), and Java (36%). Regarding job titles, 42% identified themselves as developers, and 31% as engineers.

Regarding their IT experience (domestic and abroad), 34% of

respondents have indicated with of experience of 4-7 years, while 20% between 8-10 years, and 22% between 11-14 years.

CAREER AND REMUNERATION

According to the study, in Switzerland, the Romanian professionals have the highest wages, followed by those in the United Kingdom and Germany: 28% of the respondents have declared a net monthly income between €1,000-€3,000, and 36% between €3,000-€5,000. These figures must be placed in the specific context of each country, i.e. taking into account the fact that Switzerland, United Kingdom, France or Germany are countries ranked high in terms of living costs.

43% of the Romanian IT professionals of the Diaspora indicated having a primarily technical job, 34% indicated that their job is partly technical and partly managerial, while only 3% are involved in a C-level position.

73%
Graduated in
Romania

36%
Monthly income
€3,000 – €5,000

34%
4-7 years
work experience

43%
Technical Job

75%
Prefer
employment
contract

OVERVIEW

EXECUTIVE SUMMARY

ABOUT EMIGRATION

When asked about the reasons for emigrating, the most common answer was "professional development" (54% of respondents), followed by the need for a "higher income" of 53% of all participants, and 49% of respondents chose "to avoid corruption and bureaucracy".

29% of the Romanian IT professionals of the European Diaspora have indicated that they want to return to Romania, while 43% indicated that they are likely to return to the country. Only 28% said they do not want to consider returning to Romania.

Of those who indicated that they want to return, or that they may return to Romania, 85% have indicated their intention to invest in Romania.

Regarding the time range for their return, 7% said they would definitely return within the next year, 11% in the next 3 years, and 26% in the next 10 years.

Out of the 28% who indicated that they would not return to Romania, 52% said they did not want to raise their children in Romania, 50% that they would not have an adequate income and 47% considered that their experience would not be harnessed effectively in their home country.

The last part of the survey contained several of open-ended questions regarding the barriers Romanian IT professionals perceive when asked about returning in their country; their answers can be found below:

TAXATION

excessive bureaucracy, an unstable fiscal environment, the uncertain economic outlook, taxation unpredictability, the difficult taxation and regulatory system, the high level of taxes, the interaction with the State are all perceived as difficult.

INFRASTRUCTURE

the lack of highways and cyclist lanes, the poor quality of the public roads, the lack of civic sense and education in society, and the medical system.

AFFAIRS

the obsolete systems and mentalities in public administration, the lack of respect both at the public administration level as well as in business, the abusive attitude of the authorities and punitive measures on their part, without considering policies to educate the population and the business environment.

SOCIAL

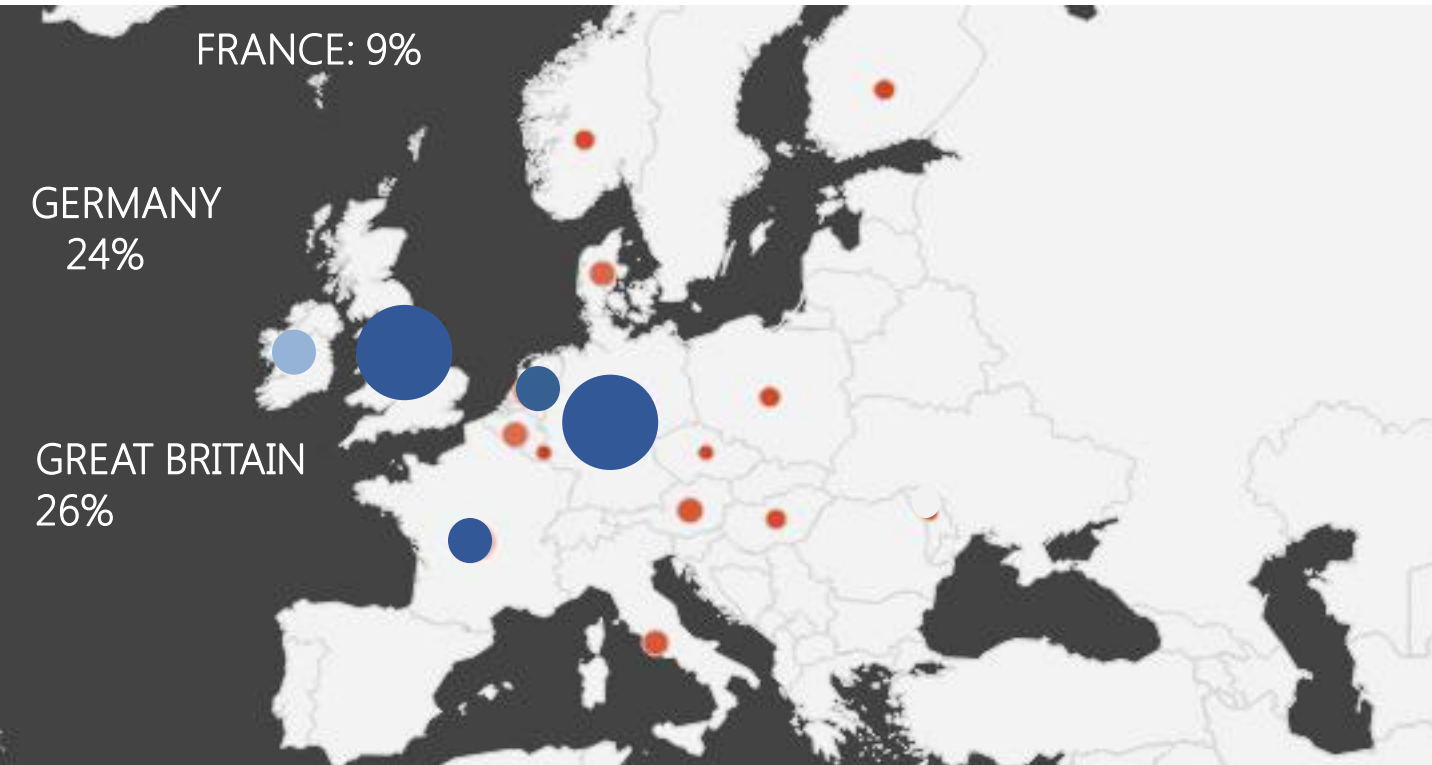
the mentality of the population, the lack of accountability and respect, far too low minimum wages compared to European ones, the emigration of physicians, attitudes towards the disabled.

POLITICAL

the lack of political stability, the lack of vision of the public policies, the corruption.

RESPONDENTS' PROFILE

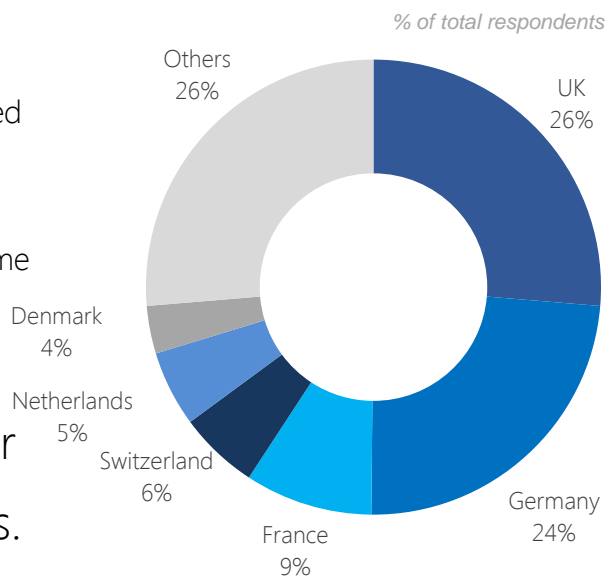
EUROPEAN DIASPORA OF THE ROMANIAN IT SECTOR



The report is based on responses received from IT professionals located outside of Romania, mainly in Europe.

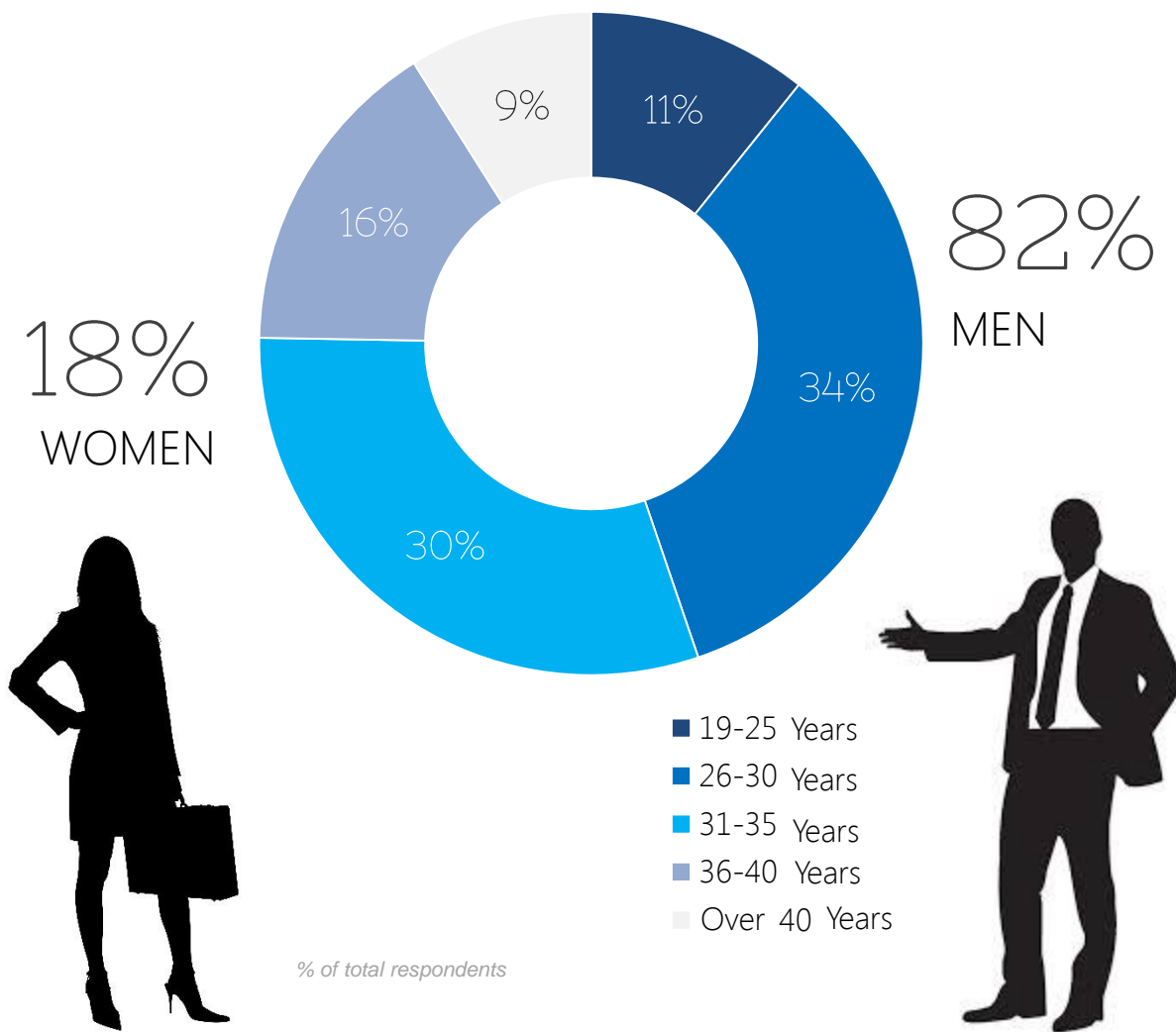
The highest percentage of responses came from the United Kingdom and Germany.

The report is based on over **1,000** responses.



RESPONDENTS' PROFILE

DEMOGRAPHIC PROFILE



64%

of respondents fall into the range of 26-35 years of age.

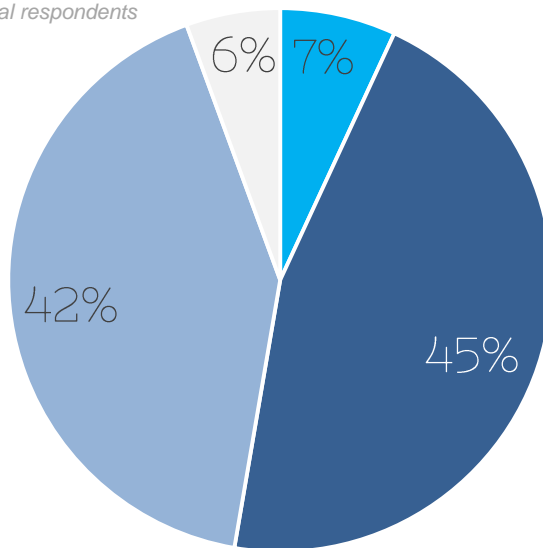
RESPONDENTS' PROFILE

LEVEL OF EDUCATION

WHICH IS THE MOST RECENT FORM OF EDUCATION THEY GRADUATED FROM?

■ High School
 ■ Bachelor
 ■ Master
 ■ Doctorate

% of total respondents

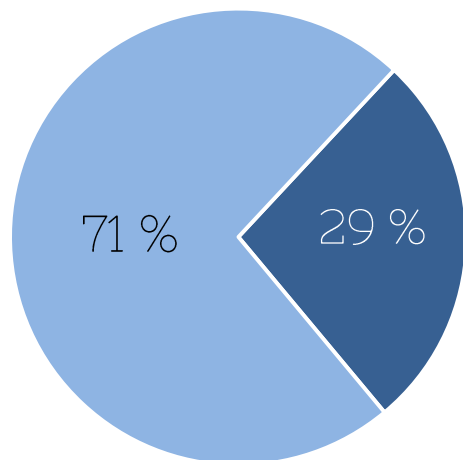


Have completed higher education.
93%
% of total respondents

MOST RECENT GRADUATION: ROMANIA OR ABROAD?

■ Abroad
 ■ Romania

% of total respondents



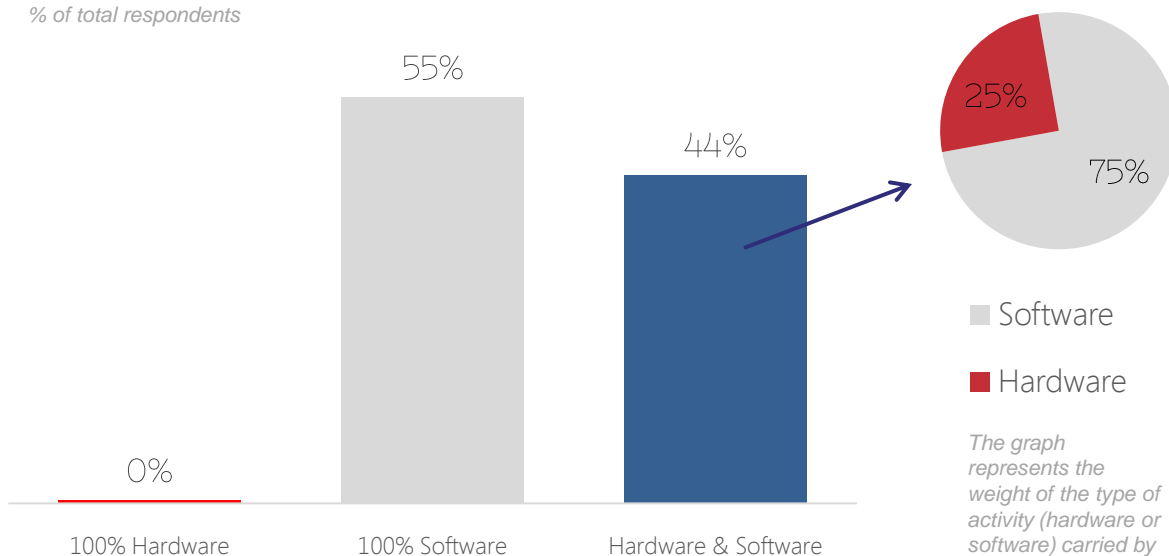
RESPONDENTS' PROFILE

IT EXPERIENCE

SOFTWARE VS. HARDWARE

Which is the proportion into which the IT professionals divide their activity between software and hardware?

% of total respondents

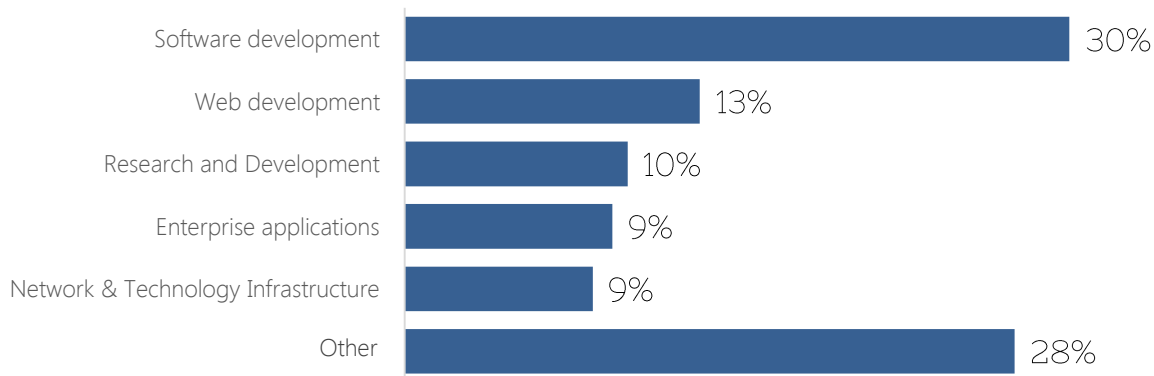


The graph represents the weight of the type of activity (hardware or software) carried by an average of those involved in both software and hardware.

IT WORKING AREA

Which is the area of their current job?

% of total respondents



RESPONDENTS' PROFILE

JOBS AND PROGRAMMING LANGUAGES

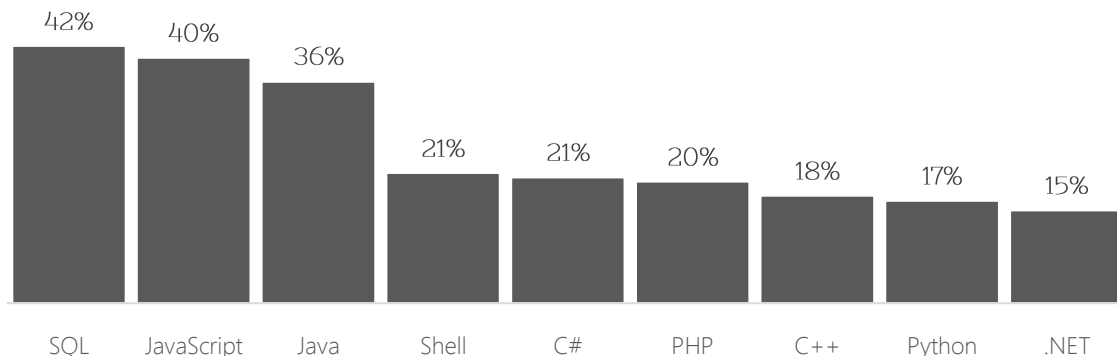
MOST FREQUENT JOB TITLES

Each column represents % of total respondents



MOST USED PROGRAMMING LANGUAGES

Each column represents % of total respondents involved in software

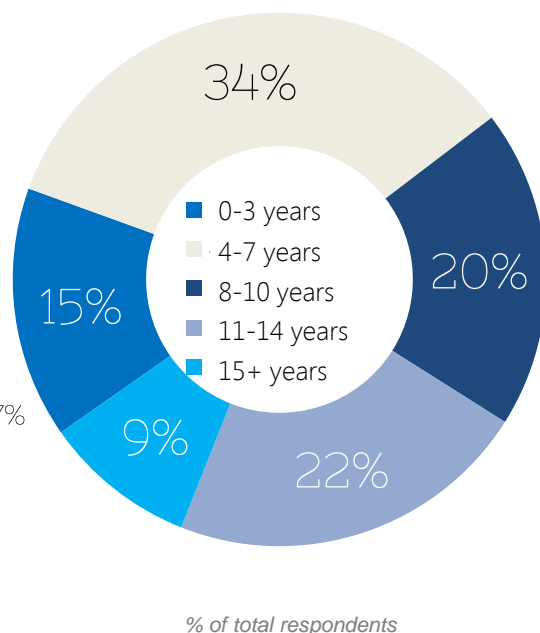
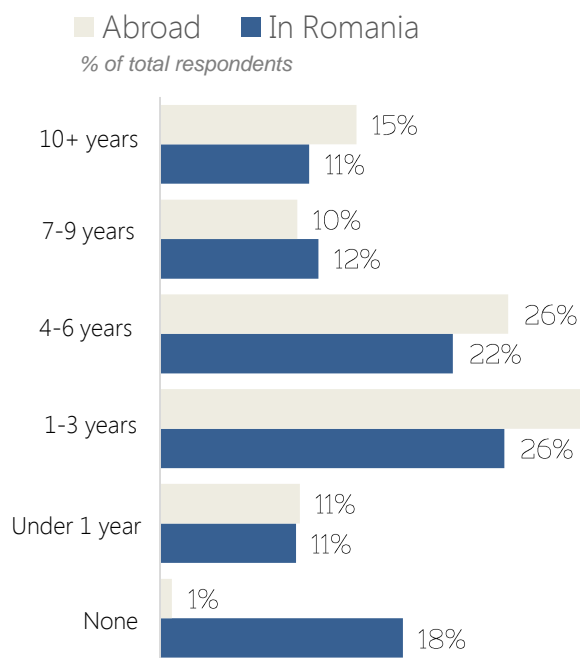


RESPONDENTS' PROFILE

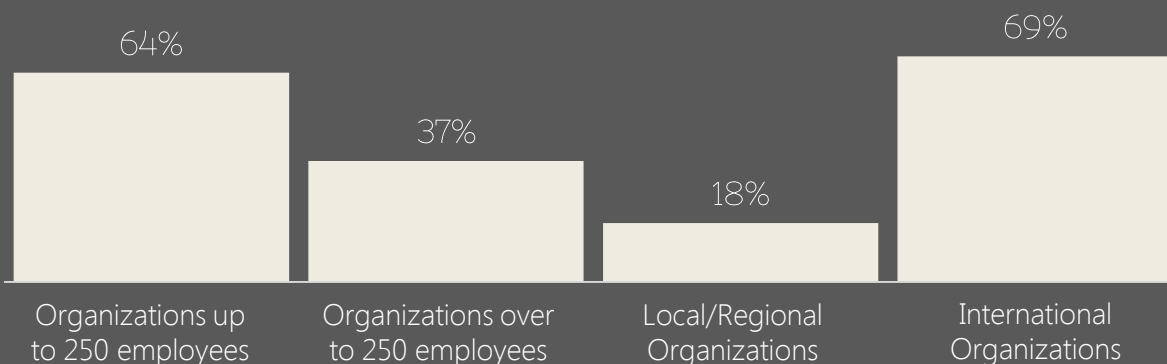
IT EXPERIENCE

The chart represents the amount of IT experience gained by respondents.

SENIORITY IN IT

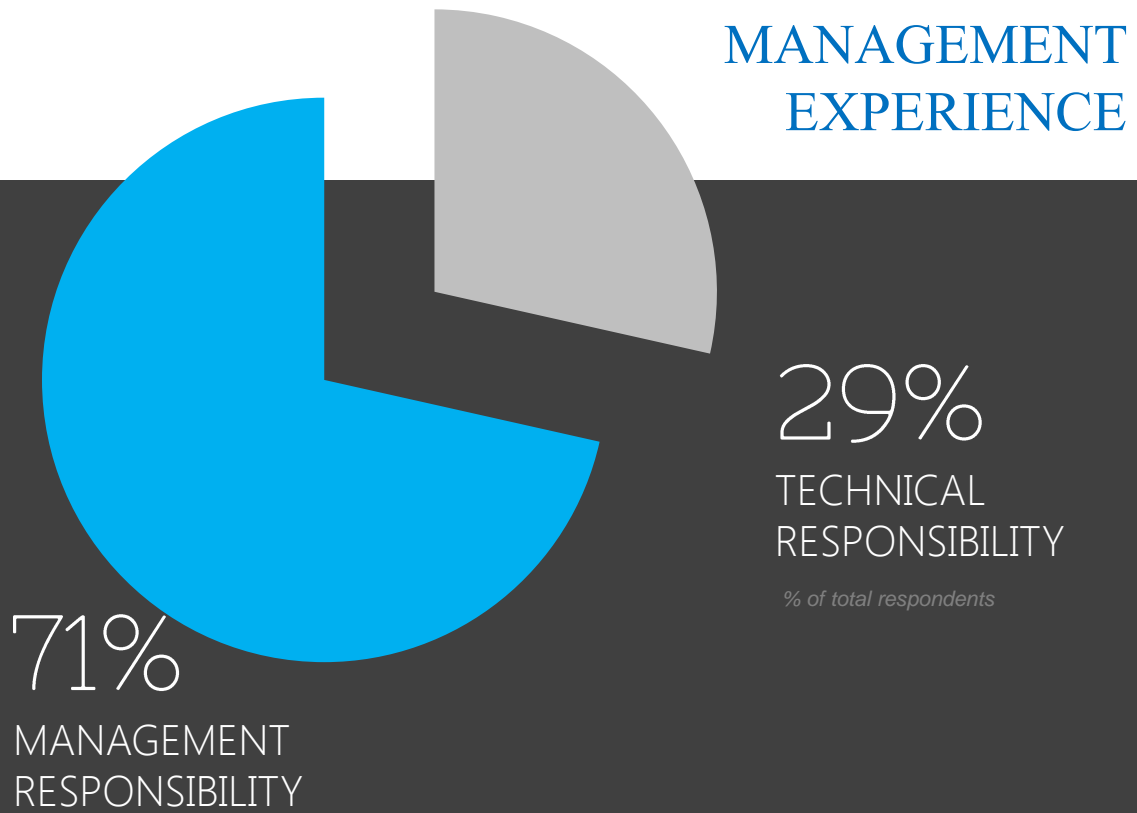


IN ORGANIZATIONS



Each column represents % of total respondents (the question was multiple option, so one respondent can confirm the experience in multiple categories.)

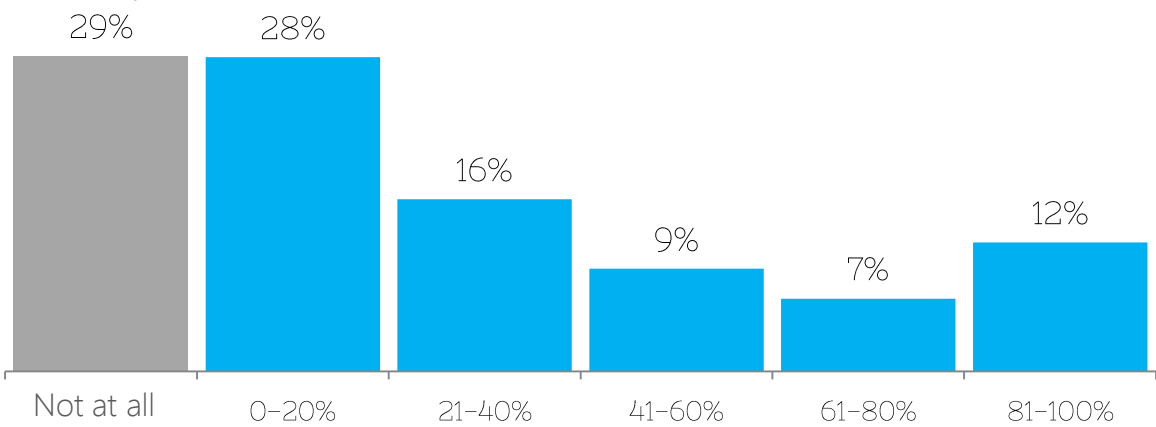
RESPONDENTS' PROFILE



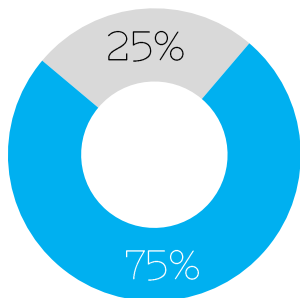
THE LEVEL OF INVOLVEMENT IN A MANAGEMENT POSITION

How much are they involved in a management position or have managerial attributions?

% of total respondents



RESPONDENTS' PROFILE



PREFERRED TYPE OF LABOUR

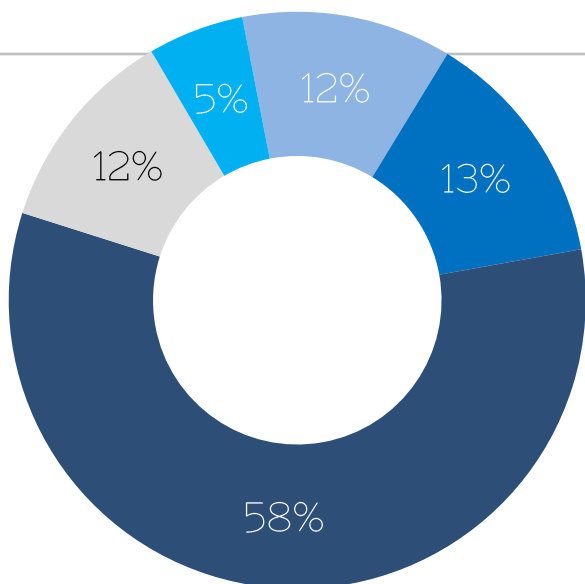
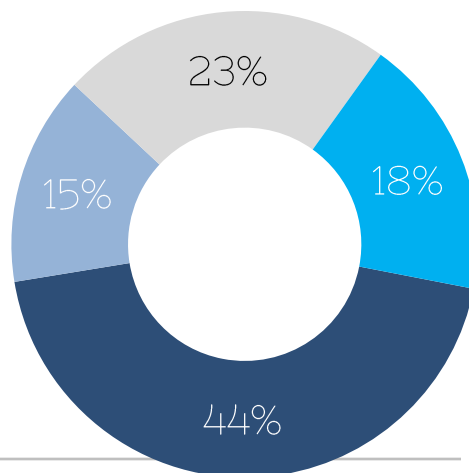
- Freelancer/Subcontractor
- Employment contract

% of total respondents

DID THEY HELP OTHER ROMANIANS TO FIND EMPLOYMENT ABROAD?

% of total respondents

- Yes, and the person was hired
- Yes, but the person was not hired
- No
- Don't remember having done it on purpose



TIME SPENT IN ROMANIA IN THE LAST 12 MONTHS

% of total respondents

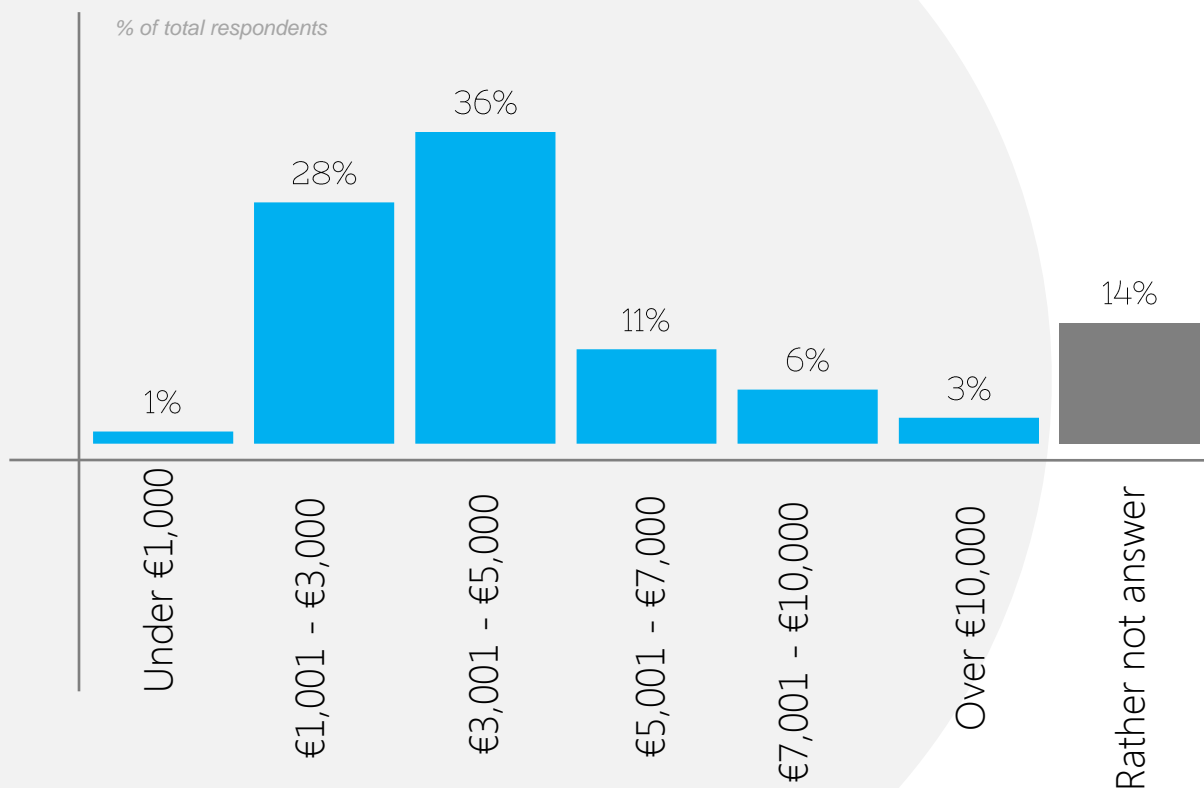
- Not at all
- Less than 1 week
- 1-4 weeks
- 1-3 months
- More than 3 months

CAREER AND REMUNERATION

FINANCIAL REMUNERATION

MONTHLY INCOME INCLUDING BONUSES

% of total respondents



Most of the respondents (64%) have a monthly net income between € 1,000 and € 5,000.

CAREER AND REMUNERATION

REMUNERATION LEVEL

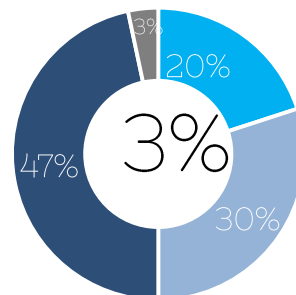
The adjacent graphs provides the level of remuneration distributed by country. The data indicates that in Switzerland their salaries are higher than in other parts of Europe.

Monthly income must be placed in the specific context of each country, taking into account the fact that Switzerland, United Kingdom, France or Germany rank among countries with a high level in terms of the costs of living.

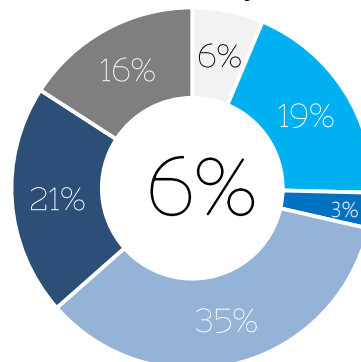
- France
- Germany
- Netherlands
- UK
- Switzerland
- Other

Outside: % of income category
Inside: % of total respondents

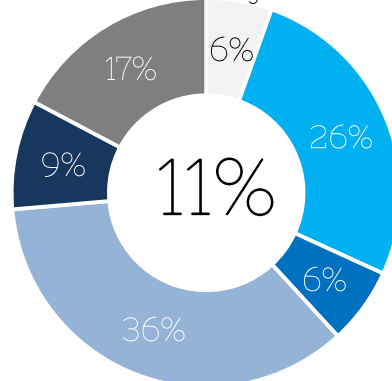
over €10,000 monthly



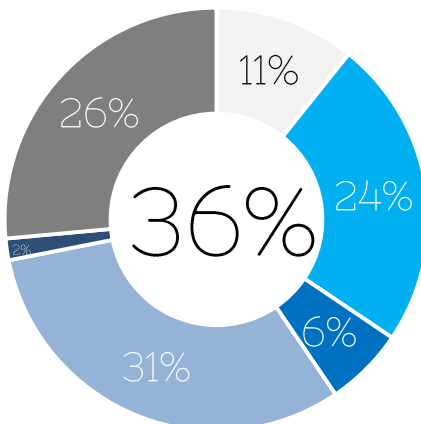
€7,001 – 10,000 monthly



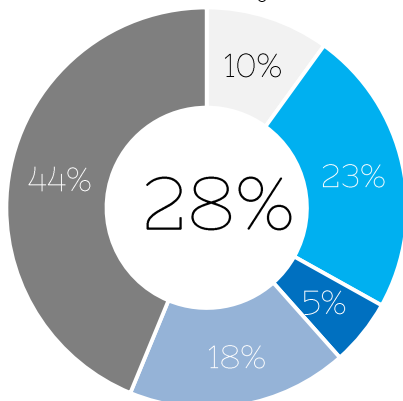
€5,001 – €7,000 monthly



€3,001 – €5,000 monthly



€1,000 – €3,000 monthly

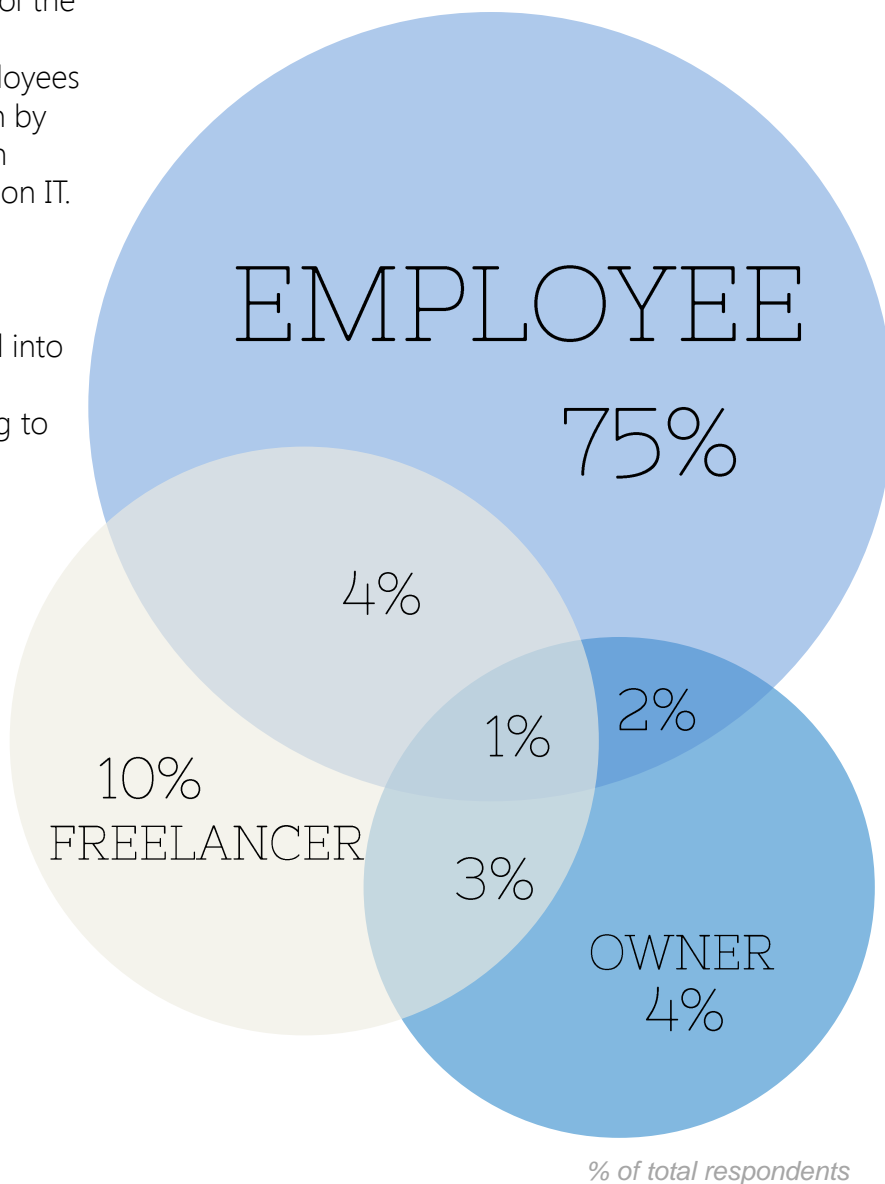


CAREER AND REMUNERATION

EMPLOYEE OR EMPLOYER

In what regards their current status, most of the respondents are represented by employees and freelancers, then by business owners with companies focusing on IT.

Besides the major categories, there are respondents who fall into several categories, according to the figure.

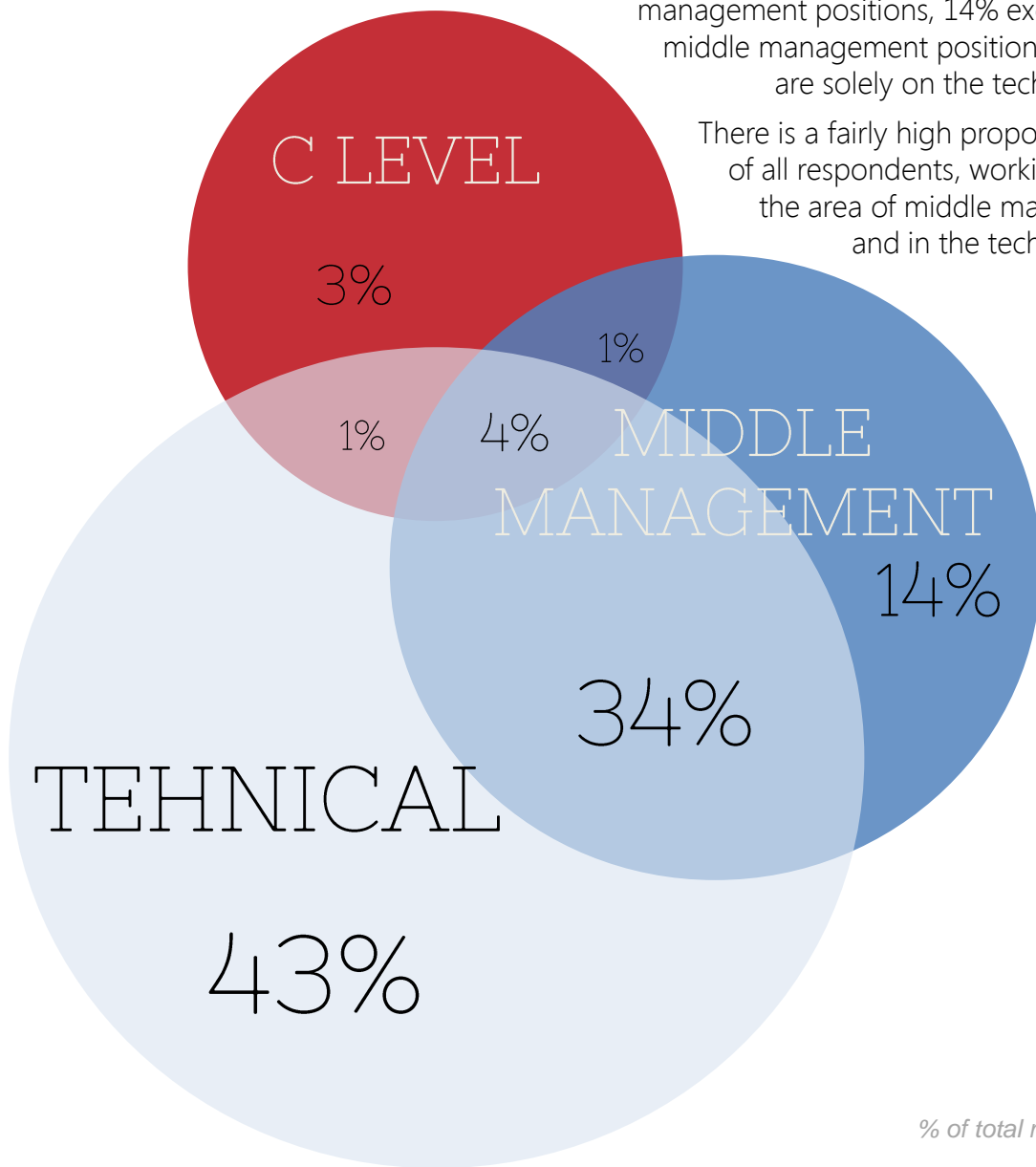


CAREER AND REMUNERATION

RESPONSIBILITY LEVEL

3% of respondents are involved in top management positions, 14% exclusively in middle management positions and 43% are solely on the technical side.

There is a fairly high proportion, 34% of all respondents, working both in the area of middle management and in the technical area.



% of total respondents

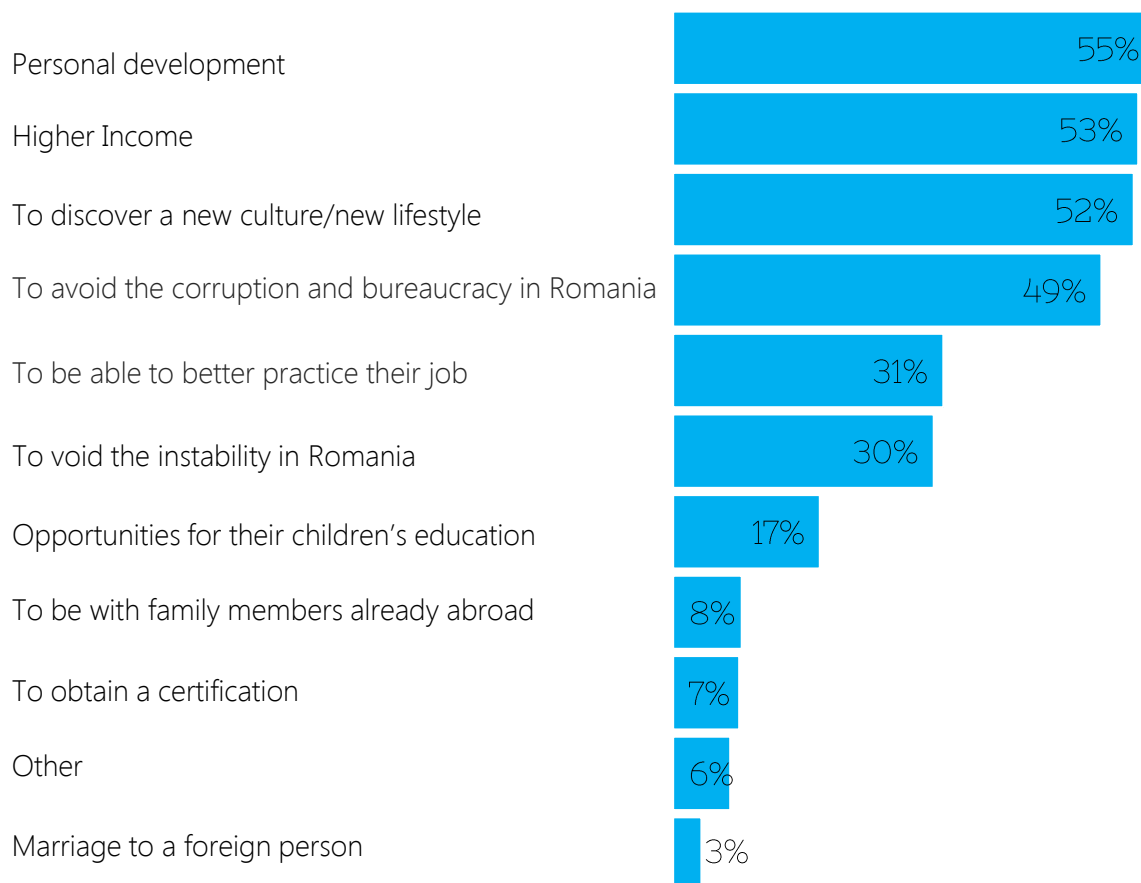
ABOUT ROMANIA: DIASPORA VIEW

REASONS FOR LEAVING ROMANIA

The main reasons contributing to an increased emigration are: professional development, aspirations to higher living standards, the avoidance of the corruption, bureaucracy, and instability in Romania.

REASONS FOR WHICH THEY CHOSE TO WORK IN A FOREIGN COUNTRY

% of total respondents



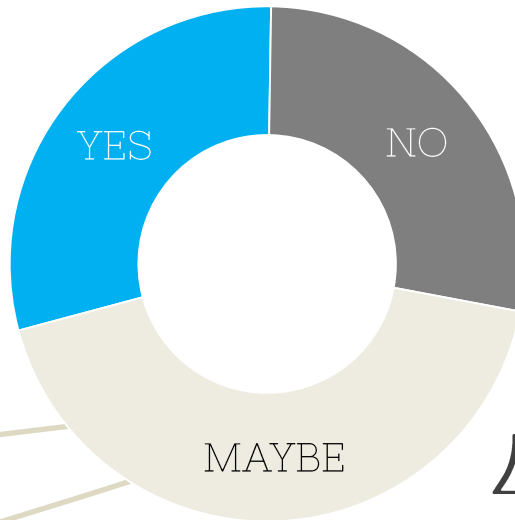
ABOUT ROMANIA: DIASPORA PERSPECTIVE

INTENTION OF RETURNING TO ROMANIA

WOULD THEY CONSIDER RETURNING TO ROMANIA?

29%

Are willing to return to Romania.



28%

Are not willing to return to Romania.

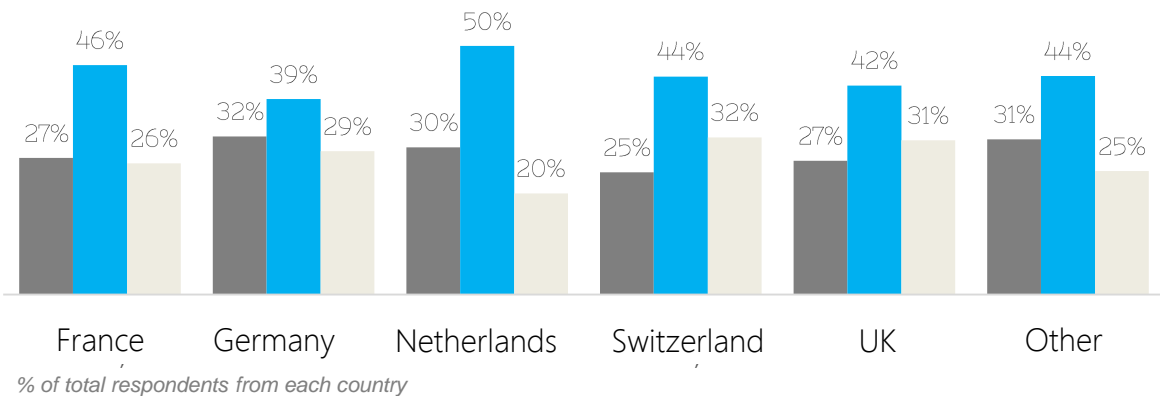
43%

May be willing to return to Romania.

% of total respondents

INTENTION OF RETURNING TO ROMANIA

■ Yes ■ Maybe ■ No



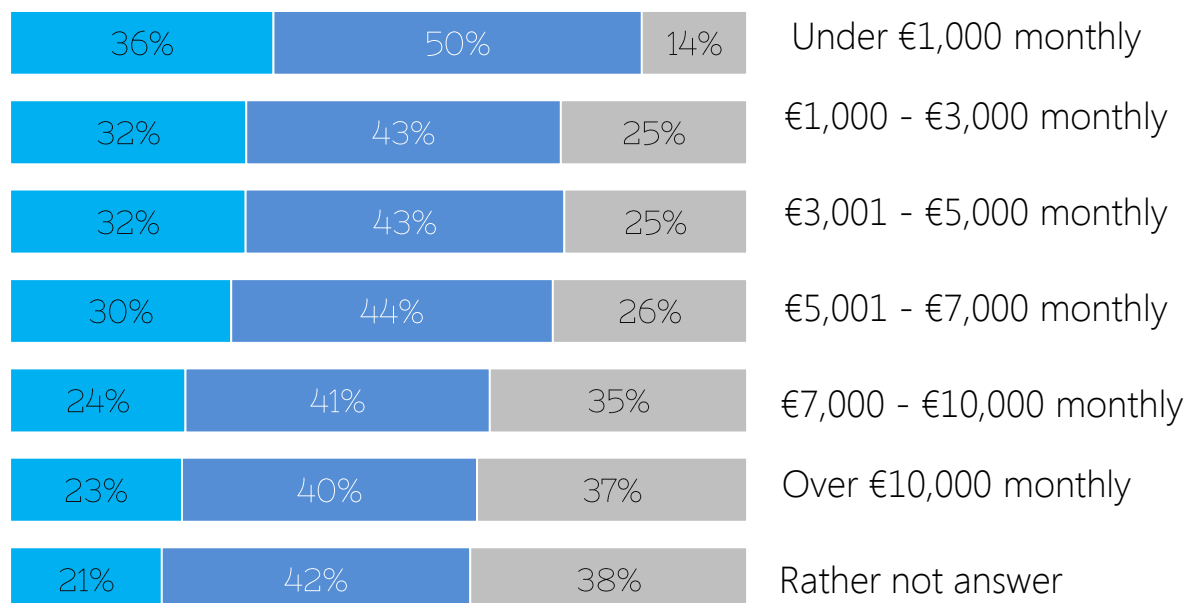
ABOUT ROMANIA: DIASPORA PERSPECTIVE

INTENTION OF RETURNING TO ROMANIA

RETURN AVAILABILITY CORRELATED WITH MONTHLY INCOME

% from each income category

■ YES ■ MAYBE ■ NO



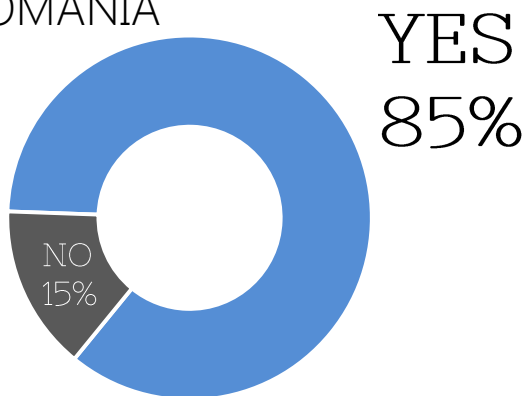
This correlation demonstrates that the availability of returning to Romania is influenced by the level of remuneration, so when the income increases, the probability of returning to Romania decreases.

ABOUT ROMANIA: DIASPORA PERSPECTIVE

INVESTMENT IN ROMANIA

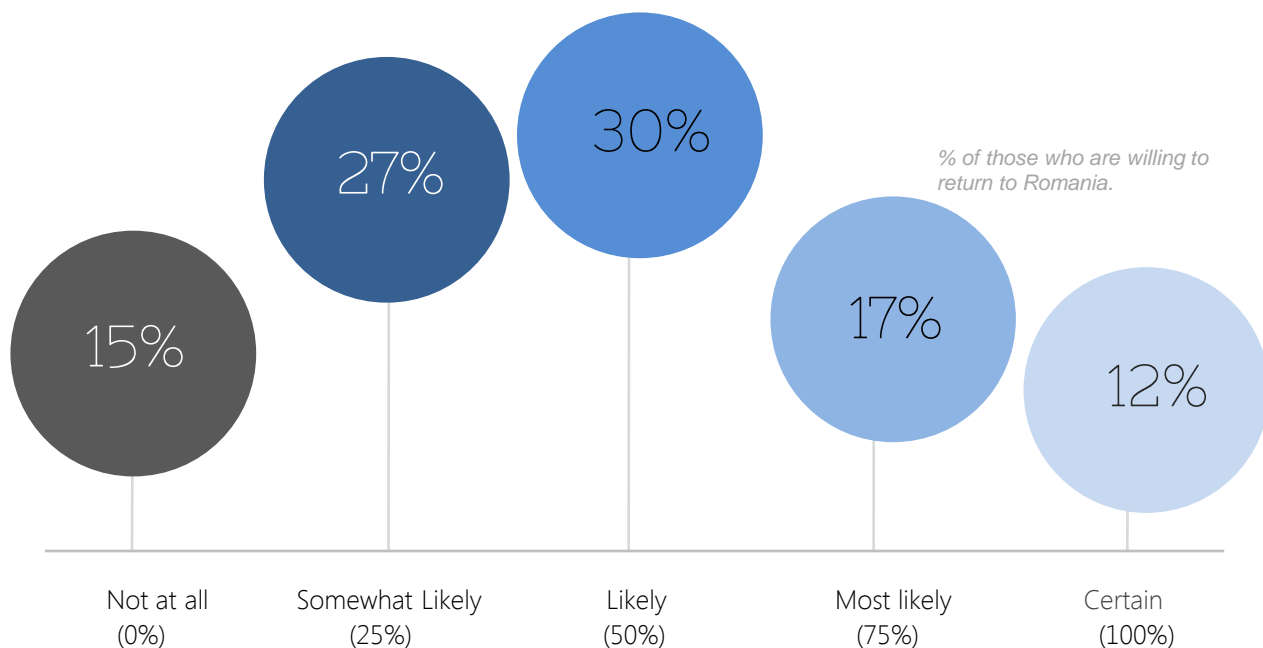
WILLINGNESS TO INVEST IN ROMANIA

Of those to a certain extent willing to return to Romania (who responded with "Yes" or "Maybe" when asked if they would return to their country, i.e. 72%), 85% want to invest in a business in Romania.



% of those who are willing to return to Romania.

The chart below shows in detail the extent to which they make a step up in terms of investment.



% of those who are willing to return to Romania.

LIKELIHOOD TO INVEST IN ROMANIA

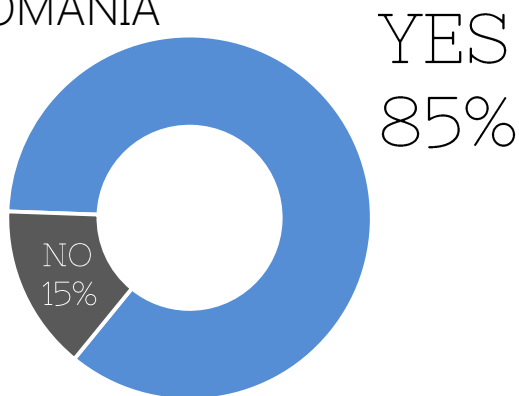
ABOUT ROMANIA: DIASPORA PERSPECTIVE

INVESTMENT IN ROMANIA

WILLINGNESS TO INVEST IN ROMANIA

85% of those who want to return to Romania would like to invest in a business.

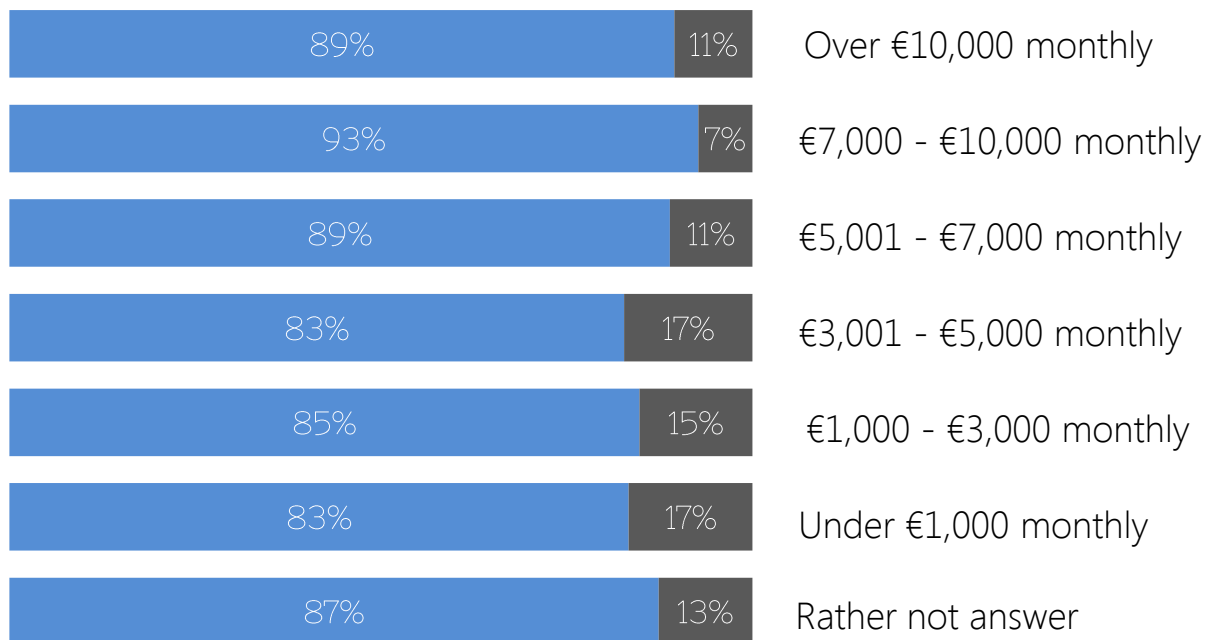
The chart below shows the correlation between the level of their monthly income and their willingness to invest.



% of those who are willing to return to Romania.

- Yes, they are willing to invest
- No, they are not willing to invest

% of total respondents who are willing to return to Romania distributed on each income category



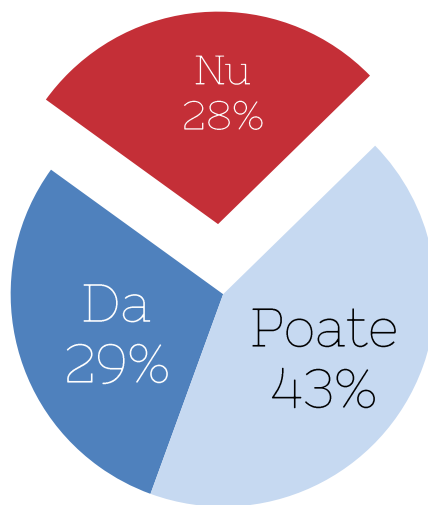
ABOUT ROMANIA: DIASPORA PERSPECTIVE

THE VISION FOR THE FUTURE

WOULD THEY CONSIDER RETURNING TO ROMANIA?

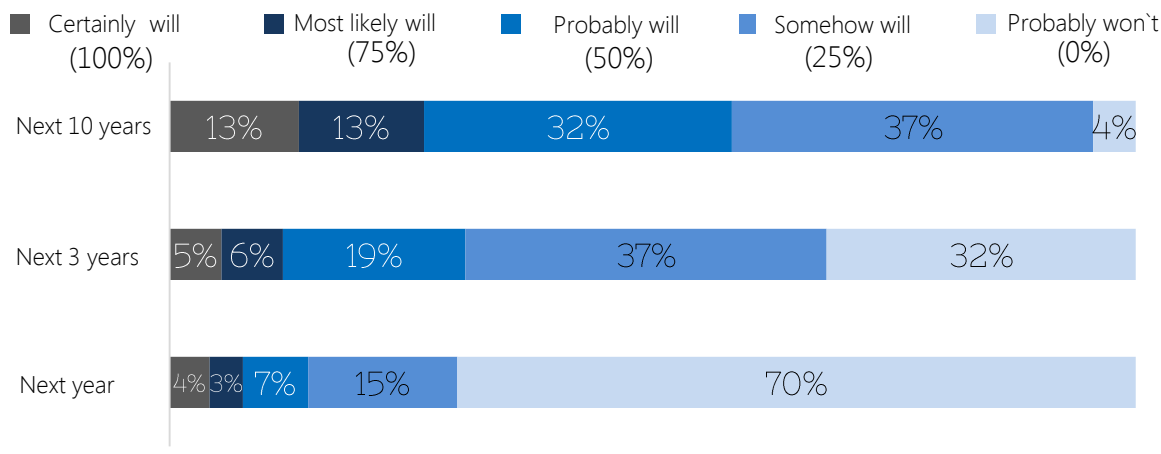
% of total respondents

Of the 72% who would consider returning to the country, the graph shows two dimensions: the probability for them to return, and the period during which they would consider returning.



PROBABILITY OF RETURNING TO ROMANIA IN THE FOLLOWING 1-10 YEARS

% of those (72 %) who are willing to return in Romania



ABOUT ROMANIA: DIASPORA PERSPECTIVE

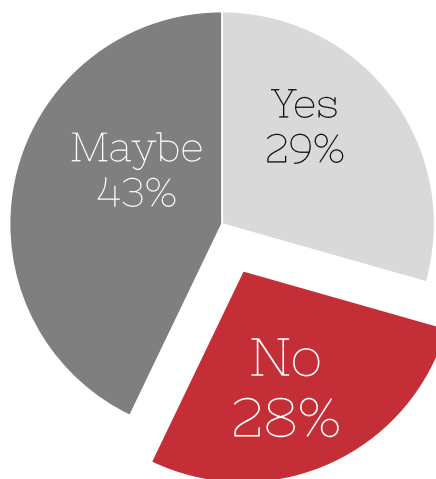
WHAT IS STOPPING THEM FROM COMING BACK?

WOULD THEY CONSIDER RETURNING TO ROMANIA?

% of total respondents

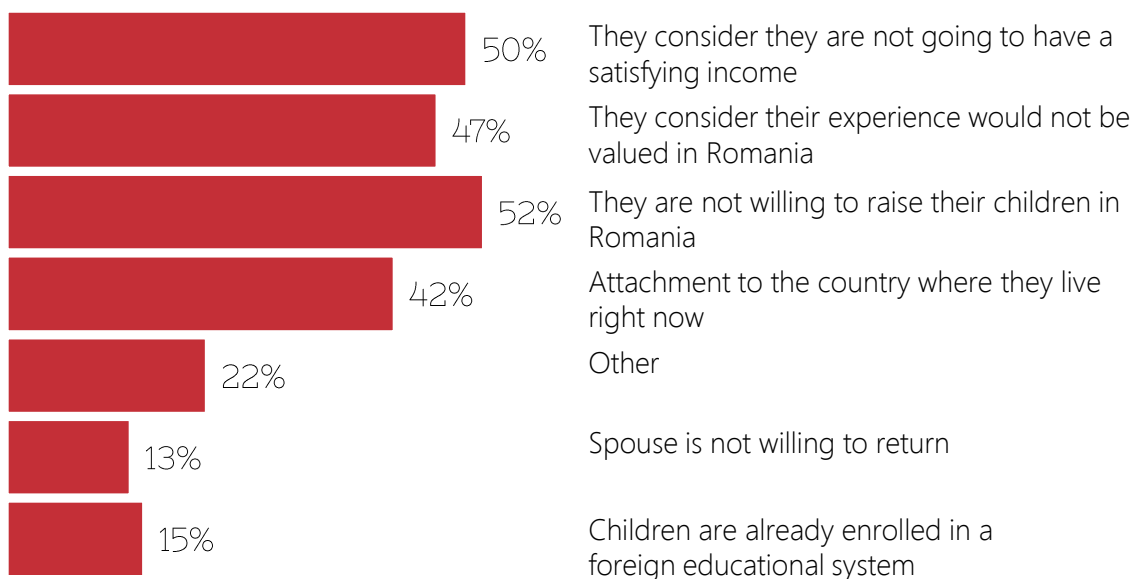
The main reasons claimed by those who responded that they did not want to return to the country are in the chart below.

The 'Other' most frequent reasons cited were: corruption, bureaucracy, and the medical system.



REASONS THAT KEEP THEM FROM RETURNING TO ROMANIA

% of those who are not willing to return in Romania



ABOUT ROMANIA: DIASPORA PERSPECTIVE

OBSTACLES IN RETURNING

The last part of the survey included a series of open-ended questions regarding the barriers the IT Romanian professionals perceive in the way of their return to the country; their responses were:



At the administrative level: the interaction with the State is perceived as difficult.

At the taxation level: excessive bureaucracy, unstable tax environment, economic uncertainty, fiscal unpredictability and an unwieldy system of regulation, as well as too high fees.

Regarding business: the obsolete mentalities and systems within public administration, the lack of respect both at the public administration and business partners level, the abusive attitude of the authorities and the punitive measures on their part, while disregarding any policies to educate the population and the business

environment.

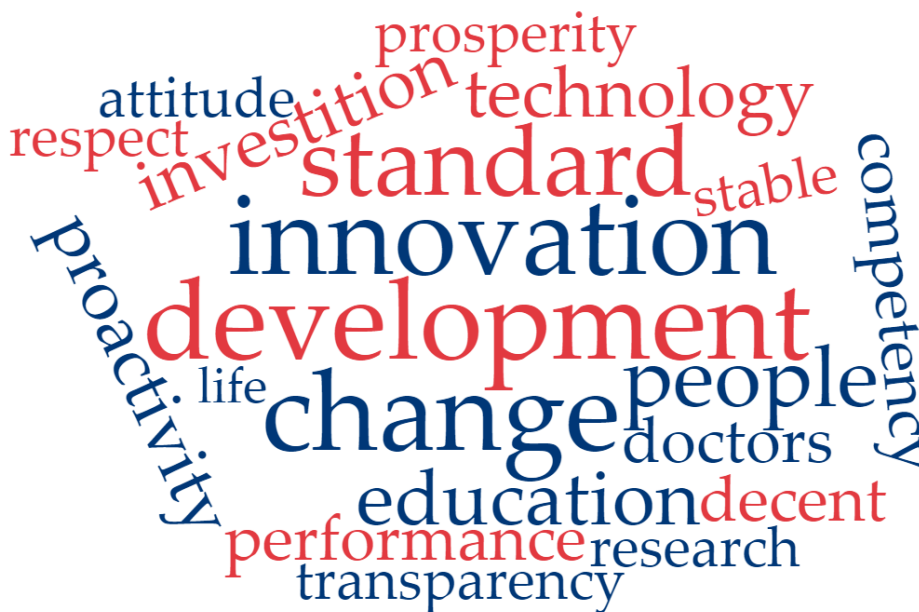
At the political level: the lack of political stability, the lack of vision of the public policies, corruption.

At the social level: the mentalities, the lack of respect and responsibility, minimum wages far too low compared to the European ones, the massive emigration of physicians, the way the disabled people are treated.

At the infrastructural level: the lack of highways or bicycle lanes, the poor quality of public roads, the lack of civic sense and civic education in society, the faulty medical system.

ABOUT ROMANIA: DIASPORA PERSPECTIVE

MOTIVATION TO RETURN



ADMINISTRATIVE

The desired changes at the administrative level are translated into an integrated system to streamline administrative processes in the interaction with the State and to facilitate the link between the citizen and the State.

POLITICAL

At the political level there are some desirable changes: political stability, skilled and honest people, people with vision and real involvement in the supporting of projects and the development of the country, reduction/elimination of corruption.

ABOUT ROMANIA: DIASPORA PERSPECTIVE

MOTIVATION TO RETURN

FISCAL

In terms of taxation there is a need for a certain fiscal stability that can provide predictability, for a reduction in bureaucracy and the simplification of the legislative system and of the tax code, and for a good collaboration between the public and private sectors.

BUSINESS

As regards the business environment, the following conditions were frequently mentioned:

- ● A supportive environment for the development of Small and Medium Enterprises.
- ● An economy/environment focused on development.
- ● Company initiatives to invest in educating employees in management positions: those who come from the technical area have to be aware that management involves a component fundamentally different to what technical activity implies on a daily basis.
- ● Reduction of fees and the granting of fiscal facilities.
- ● Loans guaranteed by the State, dedicated to startups.
- ● Encouraging investment opportunities.
- ● Respect from authorities and developing measures to educate the population involved in economic activities, rather than imposing the current punitive measures.

SOCIAL

At the social level, in terms of living standard, education, the health system, and infrastructural conditions, the most commonly mentioned were:

- ● A medical system to European standards motivating physicians to stay in the country.
- ● Research grants
- ● An increase in the minimum wage, so that it will be acceptable for a decent standard of living for the society as a whole.
- ● IT salaries to match the EU wages, enabling similar living standards.
- ● A stable, efficient, and motivating environment open to research and academic disciplines.
- ● Halting the degradation of education, in particular at university level.
- ● A change of mentality among the population.
- ● Infrastructure improvement/development (highways, bicycle lanes)

CONCLUSIONS

When it comes to the fastest internet connection in Europe, in 2015 Romania is a leader in Europe with a very well-developed IT infrastructure. The paradox stands in the high number of Romanians working in IT abroad. Highlighting the magnitude of migration in Europe, it is sufficient to say that if they hadn't left, in 2015 they would have made a considerable contribution to the intellectual capital of Romania.

The problems that the Romanian IT professionals have encountered and which determined them to leave the country are diverse. However, the main factors that have had a significant impact on their decision are: professional development, the tendency for higher living standards than in Romania, corruption and bureaucracy avoidance, and the country's instability.

According to research published in 1998 on emigration, we can see that in 2015 the reasons and causes for leaving the country are multiple and varied but similar to those of the past. According to that research, in 1995 the disparities between expectations and "the real and unsatisfactory situation externalized through: perplexity, confusion, uncertainty, manipulation, diversion, corruption, which were promoted in society and the lack of social cohesion manifested against the backdrop of an economy in crisis, a state of discomfort for many individuals, all these in the end have led to the decision to emigrate."

Our study reveals that their motivations are diverse, such as: joining other types of mentality or culture, avoiding corruption, bureaucracy and the sense of social dissatisfaction, professional development, attaining a higher social status and achieving a more consistent income, thus ensuring a more comfortable life.

Timewise, results show that 15% of all respondents have left Romania more than 10 years ago, while over 50% have left as of 2009.

Thus, from the perspective of those who do not want to return to Romania, the main issues are: corruption, the medical system and the level of compensation, mainly the wages compared to their experience level.

However, there is a high percentage of those who do want to return to Romania in the next 10 years. The research shows that 72% want to return to Romania (29% said "Yes" while 43% answered that "maybe" they would return to Romania), motivated by the following considerations:

- They want to implement in Romania what they have learned in their career abroad.
- They want to start companies in Romania: they want to invest especially in the IT field, focusing on innovation and development;
- They have family and friends back home.

PROJECT TEAM

GRIFFITHS
SCHOOL *of*
MANAGEMENT

&



**The Informal
School of IT**



Sebastian Văduva
sebastian.vaduva@emanuel.ro



Bogdan Negru
bogdan.negru@emanuel.ro



Orsolya Antal
orsolya.futo@emanuel.ro



Damaris Decean
damaris.decean@emanuel.ro



Daniel Neagoie
sorin.neagoie@emanuel.ro



Maria Nica
maria.nica@emanuel.ro



Ioan Fotea
ioan.fotea@emanuel.ro



Samuel Echevarria-Cruz
sam.echevarria@emanuel.ro



Cristian Ardelean
cristian.ardelean@emanuel.ro



Călin Gal-Chiș
calin.galchis@emanuel.ro



Samuel Ștefoi
samuel.stefoi@emanuel.ro

PARTNERS: