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## Students' Integration in to Labour Market: Formation of the Motivation, Salary Needs and Expectations

By Dr. Laura Pilukienė

*Vilnius university, Lithuania*

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GJMBR-G JEL, Code:J30;J31.

## I. INTRODUCTION

Companies operating in the modern business environment are constantly improving their systems of motivation and remuneration in order to increase the loyalty of employees, as well as the quality and productivity of their work. Although one of the main motivators for employees is the material wage corresponding to their needs and expectations, however such motivation elements as career possibilities, variable salary for the results achieved, etc. are also emphasised. *The problem* is that the dissatisfaction with the receivable material wage and non-material motivational measures exists in a substantial number of business enterprises operating in various economic fields. The reasons may be various: failure to familiarize the employees with the system of remuneration and motivation in the business enterprise, too low interest of the employees themselves to learn about various aspects of remuneration for work (what is the cost of the employee to the company, including all material and non-material payment tools granted), as well as the wrongly formed expectations of the employee himself. The problem of wrong treatment of the wage paid, which is addressed in this paper, that conditions the perverted approach to the wage existing in the labour market of Lithuania is associated with the formation of the wage expectations of young employable-age people. Whether the young persons are employed with over-sized wage expectations?

Based on the above considerations, the *aim* of the paper has been set: to assess the problematic

aspects of the wage expectations and formation thereof of the students (the persons of 18-23 years old).

### a) Objectives

- 1) To assess the theoretical aspects of the employees' needs and expectations of wage and other motivation measures in a business enterprise;
- 2) To analyse the expectations of desirable material wage of the students;
- 3) To distinguish the problematic aspects of the formation of the students' wage expectations and the possibilities for improvement.

*The subject of research* is the student's expectations of desirable wage.

### b) Methods of the research

Systematic analysis of scientific literature based on a comparative method and the method of synthesis, a questionnaire survey of the students of the university and the statistical processing, systematization and analysis of the results thereof. The statistical processing of the results of the empirical research has been carried out by means of the statistical analysis software and the data processing packages *Microsoft Office Excel*, *IBM SPSS Statistics 21* (calculations of averages, standard deviations; correlation analysis).

## II. THE NEEDS AND EXPECTATIONS OF EMPLOYEE FORMATION: THEORETICAL ASPECTS

When examining the use of manpower in business enterprises in order to achieve maximum productivity, quality, customer satisfaction and, therefore, the successful existence of the enterprise in a competitive market, an emphasis is laid on the importance of the implementation of equitable remuneration and motivation and the strategy of human resources in order to promote and mobilize the employees and satisfy their needs.

The theoretical analysis of the employees' needs and expectations in pursuance of the increase of motivation has highlighted the importance of the employees' expectations associated with the satisfaction of primary needs (the guarantee of subsistence and security). It is the material wage determined for the employee in the business enterprise

that is the basis of satisfaction of the aforementioned needs. The problem analysed in the paper is the wage expectations of young employees leading to the discontent with the wages existing in the labour market. In general, the formation of the wage expectations of a young person is influenced by the situation in the labour market of the country, as well as the surrounding social environment (academic institutions, various groups of like-minded fellows, etc.). This is confirmed by Beržinskienė and Rudytė (2008), who argue that the position of young people in the labour market is dependent on the total demand, and the young persons searching for the job for the first time are facing with a number of problems. Firstly, due to the lack or abundance of particular professions in the labour market, and secondly, due to unreasoned wage expectations. According to Beržinskienė and Rudytė (2008), the relatively low accumulated levels of the available human capital prejudice the opportunities of the young people to get a job. The young people (students or new graduates) with no practical experience are often willing to get higher remuneration (material and non-material) from a company than the later is ready to pay.

Another important aspect concerning the situation of the young people in the labour market is the favourable opportunities of international mobility of the times. The mobility of young people and the increase thereof can be treated as a factor influencing upon the formation of wage expectations. It should be emphasized that two types of the young people mobility need to be distinguished: short trips (for one semester – with the purpose of studies, for a certain season – with the purpose of work) and long-term emigration. Konevas, Duoba (2007) having researched the mobility of students and its influence upon the increase of the country's human capital argue that the studies in a foreign country provide much cultural, personal and academic knowledge, promote such general competences of the young people as persistence, determination, stamina, and familiarize with the labour market conditions of that country. This is supported by Kumpikaitė et al. (2013), who state that the mobility of students allows developing both academic skills and cultural awareness, and civic skills. Having acquired theoretical and practical knowledge in a foreign country, a student is rating his/her work higher, as well as his/her expectations of material and non-material motivation measures desirable to be paid for the work increase.

The main factors of the young people migration are generally referred to as the differences between the supply and the demand of labour force, as well as the differences of wages in different countries (Čiasnienė, Kumpikaitė, 2011). When analysing the notions of the neo-classical economic theory, the authors confirmed the role of "pushing" and "pulling" forces influencing

upon the migration decisions. The existing ample opportunities (especially for the young people) to get employed by the companies not only in their own country, but also in foreign countries on purpose to be paid higher wages are closely associated with the wage expectations being formed.

The wage and its size are inseparable from the quality (level) of the living conditions of an individual and his/her satisfaction with the living conditions, which can be assessed very subjectively. As it has been already mentioned, namely the standard of living of the country, region is one of the most important external economic factors, also closely related to a legal - political facet, determining the movement of young people in the international labour market. The employee is treating the wage as a basic part of his own and his family income, and the means to improve his living and material situation.

With the constant increase of the prices of personal consumption goods and services, the trade unions of developed countries are seeking to include a clause regarding the increase of wages depending on the change of price index into the collective agreements (Bakanauskienė et al., 2003; Baršauskienė et al., 2010). The direct dependence between the standard of living and the size of wage is reasoned by the applicable wage indexation depending on the level of prices and the quantity of goods and services per capita (de Walque et al., 2010). J. Mietule (2012) has analysed the theoretical aspects of life quality and its separate elements, as well as assessed the quality of student life that is defined under such aspects as educational services, disposable income, health care, cultural and entertainment events and the feeling of belonging to a family, a circle of friends and acquaintances. It follows that the need to seek after a certain standard of living of the students is closely related to the desired wage after entry into employment.

The importance of the influence of social environment, and more specifically education institutions upon the young people is confirmed by Organisjana, Koke (2012), who have researched the relationship between the elements of entrepreneurship, as well as the opportunities of higher education to develop the entrepreneurship of students. Through the prisms of cognition of a student's needs and feelings, the institutions of higher education are forming the motivation and behaviour of the later, i.e. his entrepreneurial spirit, and thus the ability to enter the labour market and succeed in it. The importance of the development of entrepreneurial spirit and the formation of entrepreneurial competences in the process of studies should be emphasised due to the possibility to improve the attraction and integration of young people into the labour market (Burgete, et al., 2011). Žvirelienė et al. (2012) having analysed the role of higher education institutions in the process of students'

integration into the labour market conclude that the practical training serves as a possibility to acquire more knowledge about the labour market. The lack of practical preparation is one of the most important problematic aspects of the integration into the labour market. It should be emphasized that during the practice, the students can familiarize with the employees' motivation and remuneration system applicable in a business enterprise. This may influence upon the attitude towards the determination of the employee's work price.

Attention should be drawn to the changes in higher education policy. The higher education is increasingly focused on promotion of internationality and development of lifelong learning mainly due to the demographic changes in the country (Grebliauskas et al., 2012). According to the authors, the migration from developing countries (both for the purposes of studies and work) can mitigate the consequences of demographic changes, but there should be added the fact that they may also have a significant impact on the country's labour market and changes in it. It is possible that these immigrants will not only occupy certain job positions, but will agree to work for lower wages, what is very useful for a business enterprise.

In summary of the theoretical analysis results, it should be concluded that the motivation of young people to work and the formation of their wage expectations are influenced by many external factors, such as the situation in labour market and the standard of living of the country, the possibilities of international mobility that determine the number of young people

both leaving from and arriving to the country for longer or shorter periods, as well as the education policy of the country and individual academic institutions. Such aspects as the internal attitudes, features of character, lifestyle of young people, which are influenced by their close environment (the family and peers), should be undoubtedly emphasized as well. Under the influence of these circumstances, an empirical research has been carried out to highlight the desired wage of students upon the completion of their studies.

### III. METHODOLOGY OF EMPIRICAL RESEARCH

The empirical research is based on the doctoral thesis "Systematic evaluation of factors influencing remuneration in Lithuanian business organizations" (Žiogelytė, 2013) and results of other researches, those is in need of additional review and search of reasons.

#### a) *Analysing problem, according research results of dissertation*

Business companies must address the issue of wrong interpretation of wage by employees, or, to put it more precisely, their failure to understand that the variable component of wage and elements of indirect wage are the elements of the final wage received from the organisation for the performed work ( ), through a more effective organisation of a process of familiarisation of employees with the system of remuneration for work and its changes in the course of time.

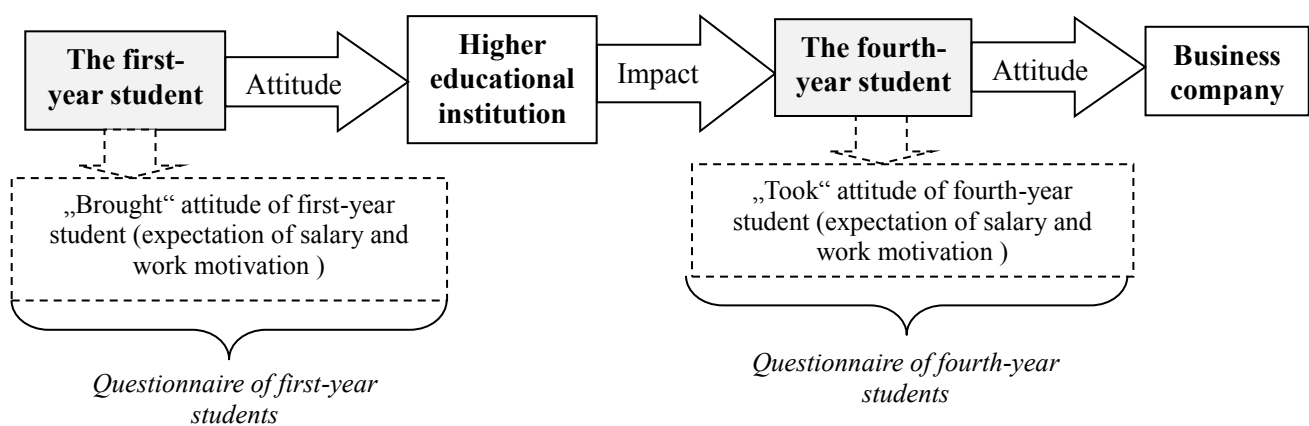


Figure 1 : Relation of student, higher educational institution and business company

#### b) *Assumptions which are analysing in this article*

Doesn't first-year student bring attitude towards work motivation, hasn't he formed expectation of salary? Does higher educational institution set student for integration to labour market? Does student employs with wrongly formed The first-year student Higher

educational institution Business company Attitudes Impact „Brought“ attitude of first-year student (expectation of salary and work motivation ) „Took“ attitude of fourth-year student (expectation of salary and work motivation ) The fourth-year student Attitudeis

Questionnaire of first-year students Questionnaire of fourth-year students attitude and expectation of salary?

Method of empirical research is sociologic student survey, witch instrument is the questionnaire. Questionnaire is formulated according theoretical formulation references. In order to assess attitudes of different year students, the first-year and the fourth-year students were interviewed by means of a questionnaire survey.

Statistical processing of results of empirical research is performed using statistical analysis software, data examination packages *Microsoft Office Excel*, *IBM SPSS Statistics 21* (calculation of averages, analysis of correlation). Quantitative data processing allows to determine if there is a connection between the analysed subjects in quantitative indicators and dependence between these subjects.

#### IV. ANALYSIS OF RESEARCH RESULTS

The especially insignificant level of this issue research in Lithuania, the small number of studies carried out in both scientific and practical planes has stimulated to research the mentioned issue in order to assess the situation of the students' attitude towards the wage in Lithuania. In September 2014, 152 respondents, i.e. the first- year (77 respondents) and the fourth-year (75 respondents) students were interviewed by means of a questionnaire survey (a short questionnaire of closed type questions).

Three main questions given in the questionnaire of the survey are targeted at highlighting of the students' opinion towards the desired wage and the minimal wage acceptable for work upon the completion of studies. The aim is also to examine the situation of the students' attitudes towards the working time for an average remuneration in the Lithuanian labour market. First of all, it is appropriate to give the general summary of the responses of all respondents, and then to examine the answers of the respondents of these two groups (the first- and the fourth-year students) separately.

**Table 1 :** The desired wage and the minimal wage for which the respondents would agree to work after the completion of studies: general and by gender aspect

<b>Respondents Mean (Euro)</b>	<b>The first-year students</b>	<b>The fourth-year students</b>
<b><i>The desired wage</i></b>		
<i>General</i>	723,7	634,8
<i>Women</i>	679,2	576,0
<i>Men</i>	811,0	851,4
<b><i>The minimal wage</i></b>		
<i>General</i>	576,9	454,0
<i>Women</i>	544,2	423,7
<i>Men</i>	641,0	566,1

Source: created by the author.

The table is based on the data provided by questionnaire research

The desired net wage of all respondents for work under their speciality (the type of work related to their studies) upon completion of the studies amounts to an average of around 680 euros. The highest rate of the respondents (29,6 percent) stated willing to get the wage of approximately 797 euros. Just 13,2 percent of the respondents referred to the amount in a range from 942 to 1450 euros as the wage to be paid upon the completion of their studies.

The minimal wage for which the respondents would agree to work after the completion of their studies (a job according to their speciality, nature of work related to their studies) amounts to an average of 516 euros (the standard deviation - 735,4 euros). A majority of the respondents (33,6 percent) confirmed that they would agree to work for the minimum wage of 507 euros. Just 4 percent of the respondents answered that the minimum wage they would agree to work for after completion of studies is in the range between 942 and 1450 euros.

The analysis of the desired wage and the minimal wage for which the respondents would agree to work after the completion of studies from the perspective of gender shows that the desired wage of the men is 24,5 percent higher than of the women. The average minimum wage of the women (for which they would agree to work after the completion of studies) is also 21,7 percent lower than of the men.

The comparative analysis of the students' responses in regard to the year of studies has revealed that the desired wage of the first-year students (after the completion of studies) amounts to an average of around 724 euros, while of the fourth-year students – 635 euros (see Table 1). The difference (89 euros or 12,2 %) between the different groups of respondents shows that the final-year students are assessing their abilities and opportunities in the labour market more critically and realistically.



The highest rate of the first-year students (36,4 percent) have stated that they would like to work for the remuneration of 797 euros. Even 52 percent of the interviewed first-year students referred the amount ranging between 363 and 507 euros as the minimal wage acceptable for them upon the completion of studies. The highest rate of the fourth-year students (48 percent) would be willing to work for the remuneration ranging between 652 and 797 euros. The interesting fact that even 26,7 percent of the fourth-year students believe that their wage should be around 362 euros. Even 40 percent of the fourth-year students have specified the lowest wage of 507 euros that would satisfy them upon the completion of studies.

The fourth-year students would agree to work for lower remuneration than the first-year students, i.e. the average minimal wage of the final-year students is even by 122,9 euros (21,3 percent) lower than of the first-year students.

A similar situation has become apparent upon the comparison of the students' attitude towards the indices under research from the perspective of a gender. The analysis of the first-year students' responses by the gender has revealed that the average of the desired wage of men is 811 euros, while of the women - 679,2 euros (cf. the average wage of the fourth-year male students is 851,4 euros, while of the female - 576 euros).

In order to assess the relationship between the first-year and the fourth-year students' desired wage and the minimum wage, for which they would agree to work, a correlation analysis has been carried out. The following statistical assumptions have been hypothesized:

$H_0$ : there is no dependence between the desirable wage and the age of a student.

$H_1$ : there is dependence between the desirable wage and the age of a student.

The obtained correlative matrix has revealed that these two variables are related by a very weak reciprocal correlative (the Pearson correlation coefficient  $r = -0,196$ ) and statistically significant ( $p < 0,05$ ) relationship. The following correlation has become apparent: the elder students' desired wage upon the completion of studies is lower.

The following statistical assumptions have been hypothesized:

$H_0$ : there is no dependence between the minimum wage (acceptable after the completion of studies) and the age of a student.

$H_1$ : there is dependence between the minimum wage (acceptable after the completion of studies) and the age of a student.

The obtained correlative matrix has revealed that these two variables are related by a very weak

reciprocal correlative (the Pearson correlation coefficient  $r = -0,270$ ) and statistically significant ( $p < 0,01$ ) relationship. The following correlation has become apparent: the elder students would agree to work for a lower wage upon the completion of their studies.

Upon the examination of the students' opinion about the desired wage, it is also purposeful to analyse a reverse question - about the duration of working time for an average remuneration in Lithuania. The analysis of the working hours for an average remuneration in Lithuania has revealed that the interviewed students preferably support the view that the working-week of 40 hours is the best one (even 40,1 percent of the respondents have chosen the working-week of 40 hours, while only 21,7 percent of the respondents indicated the working-week of 32 hours to be the best one).

The statistical distribution analysis of the questionnaire survey data has shown that it can reasonably be assumed that the opinion of the first-year and the fourth-year students regarding the duration of the working time for an average remuneration coincide (approximately 40 percent of both the first-year and the fourth-year students referred the working-week of 40 hours as a suitable one).

## V. CONCLUSIONS

Based on the analysis of scientific literature and the research results of the questionnaire survey, the following summary conclusions and recommendations have been drawn:

1. The attitude and implemented wage policy of the Government, as well as the remuneration systems of business enterprises are complicated processes conditioned by a number of static and dynamic factors that affect not only the employees' welfare, productivity level, change and desire to work efficiently and qualitatively, but also the opportunities of young persons to integrate into the labour market. The unfair competition of business enterprises related to recruitment procedures, the irregularities of motivation and remuneration systems (unreasoned differentiation of wages) have a significant impact on the attitude of young people towards the labour market and formation of their wage expectations.
2. The main factors influencing upon the motivation of young people to work and formation of their wage expectation are the situation of the labour market and the standard of living of the country, the opportunities of international mobility, the overall education policy of the country and individual academic institutions, as well as the internal attitudes, features of character, lifestyle of an individual conditioned by his/her close environment (the family and peers).

3. The results of the empirical research have highlighted the differences of wages desirable by the first-year and the fourth-year students upon completion of their studies, i.e. the wage acceptable to the fourth-year students upon completion of their studies is lower (more in line with the actual situation), therefore it should be concluded that the educational institution is properly forming the attitude of the students towards wages and preparing them for integration into the labour market.
4. The comparative analysis of the desired and minimum (acceptable upon the completion of studies) wage of the students by the criterion of age has revealed more critical attitude of the elder students towards the wage desirable to be paid upon the completion of studies and abilities to assess their opportunities in the labour market more realistically.
5. For further research it is appropriate to choose the peculiarities of attitude towards wages and motivation measures and the challenges of integration into the labour market of the students already working while studying.

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