

The Futuristic Remuneration Package to Keep Both Employees and Employers Happy

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The most critical resource to the success of any business is the human resource. Some may argue that it is actually the client or the good or service being produced or offered. However, without the employee how can the company even produce a good or service, and how will the needs of the customer be met satisfactorily? It then follows that human resource that can give a company a competitive advantage.

However, it is not just an employee that is vital to the success of a business. The focus should be on the level of competence individuals bring to the job. Companies thus need to implement strategies that attract the right type of employee and then keeps them content and motivated.

One way to retain employees is to offer them an improved remuneration package, which is competitive and shows an appreciation of their contribution. In countries where the effect of inflation is negligible, this practice does not need to be done very often. But what happens when the annual inflation rate is as rampant as it is in Zimbabwe, at 288.5%, at a time when food inflation is at an alarming 393.12%? How does an employer keep an employee happy when they are subjected to this inflation risk, where the purchasing power of their salaries is continually eroded? In addition to inflation risk, there is currency depreciation all eating into what employees earn. The situation is next to chaotic? Is it ever going to be possible to reward employees in this environment?

Would simply increasing an employee's salary and benefits once a year keep them satisfied and well-motivated? Perhaps employers should review salaries monthly, or offer a more highly leveraged remuneration package by increasing the variable portion of the wage, or maybe take on all the risk and link salaries to some index such as the inflation rate. The question then becomes how practical is this? And how affordable is it? Is it all sustainable? These are questions that must be asked so that the strategies chosen do not open companies to an unacceptable level of counterparty credit risk, which is the risk of failing to meet its contractual obligations. Most Zimbabweans have experienced the inconvenience of going weeks or months without receiving their salaries.

One of the biggest challenges facing employers in retaining key employees. Increasing wages and salaries with a corresponding value creation will lead to unsustainable staff costs. Few options are available. Either keep wage levels where they are, to preserve profitability levels, and hope employees understand that a tough economic climate affects both employees and employers alike, or, increase their salaries and hope this motivates them and results in a boost in productivity and profitability.

An alternative solution would be to slowly introduce a different form of payment. One that would grow on its own whilst fostering a culture of investing (something the vast Zimbabwean majority need). Perhaps introducing payment via cryptocurrency would solve this problem. Imagine a future where

employees receive a portion of their salaries in the highly hyped digital currency. Cryptocurrencies like Bitcoin seem to answer some of the problems mentioned above.

Bitcoin is a form of virtual or digital money that can be sent from one party to another party without the need to involve banks or third parties, as it is decentralised. Each transaction is protected by a security process called cryptography, which ensures that only the intended recipient can receive and access the money. Anyone running the Bitcoin software can view all transactions, as every single one is recorded in a public ledger called the blockchain, thereby promoting transparency. This addresses the problem of double-spending and other issues that other cryptocurrencies faced.

Bitcoin was created in such a way that its purchasing power increases with time and protects it from inflation risk, thereby mimicking the mechanisms of gold. Furthermore, as long a person has electricity and internet and avoids using centralised exchanges, Bitcoin users are exposed to a very low degree of counterparty risk. The beauty of Bitcoin is that it is decentralised, which means that it is not influenced by any central or governmental authority. This means that political and economic events that usually tend to affect currencies and investments do not affect Bitcoin. A Bitcoin which when initially introduced in 2009 could have been bought with a modest US\$0.000763, is currently worth approximately US\$8000, an impressive 10.5 million times what it was worth just 10 years ago. A trend that makes it the best performing asset that can be invested in at the moment. This characteristic can potentially relieve employers of the headache of consistently adjusting salaries and benefits to the cost of living.

However, there are some drawbacks to receiving salaries in cryptocurrencies. The first one is that there is a significant level of technology risk. Technological failure and compromised systems could result in the total loss of a person's cryptocurrency balance. There have been instances where centralised exchanges like Mt. Gox were hacked, resulting in 850 000 Bitcoins worth nearly half a billion US dollars went missing. Bitcoin is also highly volatile and its price movements could see a Bitcoin holder lose significant value on any given day. This aspect makes it difficult to plan transactions even a day ahead. Furthermore, regulations of countries may prohibit the use and thus the payment of salaries in Bitcoin, with countries like Morocco, Ecuador, Bolivia, and China all banning the use of the cryptocurrency.

If Bitcoin or any other cryptocurrency could address all the drawbacks mentioned above, it could be a game-changer for employers and could see those who incorporate the strategy mentioned above potentially attract and retain the most important resource, the human resource.

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