

Remuneration outlook for 2022 [Zimbabwean Market]

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It's that time of year again when many businesses plan and create remuneration budgets for the current year. These plans reflect their perspectives on the internal and external environments, the implications for their companies and people, and how they intend to respond. They say that when opportunity meets preparation, success will follow. Implementing such a strategy provides a sense of direction and a foundation for measuring progress (results).

In terms of employee rewards, IPC wishes to distill the remuneration outlook for 2022 to empower employers to make informed decisions that will support their corporate objectives. Remuneration decisions are frequently made in the context of a complex set of internal and external factors. This article focuses on the remuneration outlook for 2022 and beyond.

Human resource remuneration definition

What exactly is remuneration? The cash or compensation received for services or work is remuneration. This includes a base wage as well as any incentives or other economic perks received by an employee or executive while on the job.

In other terms, remuneration is the amount of money that an individual receives in exchange for services to an organization under certain conditions.

Main Remuneration Trends and Observations in Zimbabwe

- For those paying in foreign currency, most of them come from non-governmental organizations, agro-processing, and the mining sector.
- The government expects annual inflation to reach 30.66% by the end of the year, up from initial projections of 10% at the start of the year.
- Around the end of last year, we began to see that even non-exporters were paying critical personnel in hard currency in full or in part of their salaries. When asked how this is paid for, most respondents stated that they earn a portion of their local sales in US dollars and hence can afford to pay in US dollars. The main reason for this policy move is that in 2020 quarters 2 and 3, we witnessed many employees depart to join companies that offered US dollar compensation.

This practice has been on the rise for the whole of 2021 and is likely to persist.

- 60% of the studied firms pay a portion of the compensation in USD, ranging from 20% to 75% of the overall wage. Firms with US dollar earnings of more than 60% of total revenue pay in US dollars. Such firms have an easier time retaining and attracting employees in this current environment.
- Banking and quasi-government are the only industries in our sample that do not pay salaries directly in US dollars. These industries have some companies that pay medical aid subscriptions in USD. All of the other sectors in our study use US dollar payment, indexed or direct hard currency.
- Based on our national salary survey analysis, many firms cannot afford to pay the actual USD compensation index a portion or all of the Zimbabwe dollar salaries to the US dollar. The interbank rate is used to make the payment. This has aided those who do not generate US dollars sales to retain and attract critical staff.
- In Zimbabwe, the average monthly wage is around ZWL\$ 217,000. This is the monthly average salary, including housing, transportation, and other benefits. Salaries range between ZWL\$ 54,800 (the lowest average) and ZWL\$ 968,000 (the highest average) (highest average, the actual maximum salary is higher).
- Other companies pay at higher percentiles than the average such as at the 75th or 90th
- Salaries for various occupational groups vary greatly. Employees in Zimbabwe can expect a 4% raise every 29 months in USD terms.

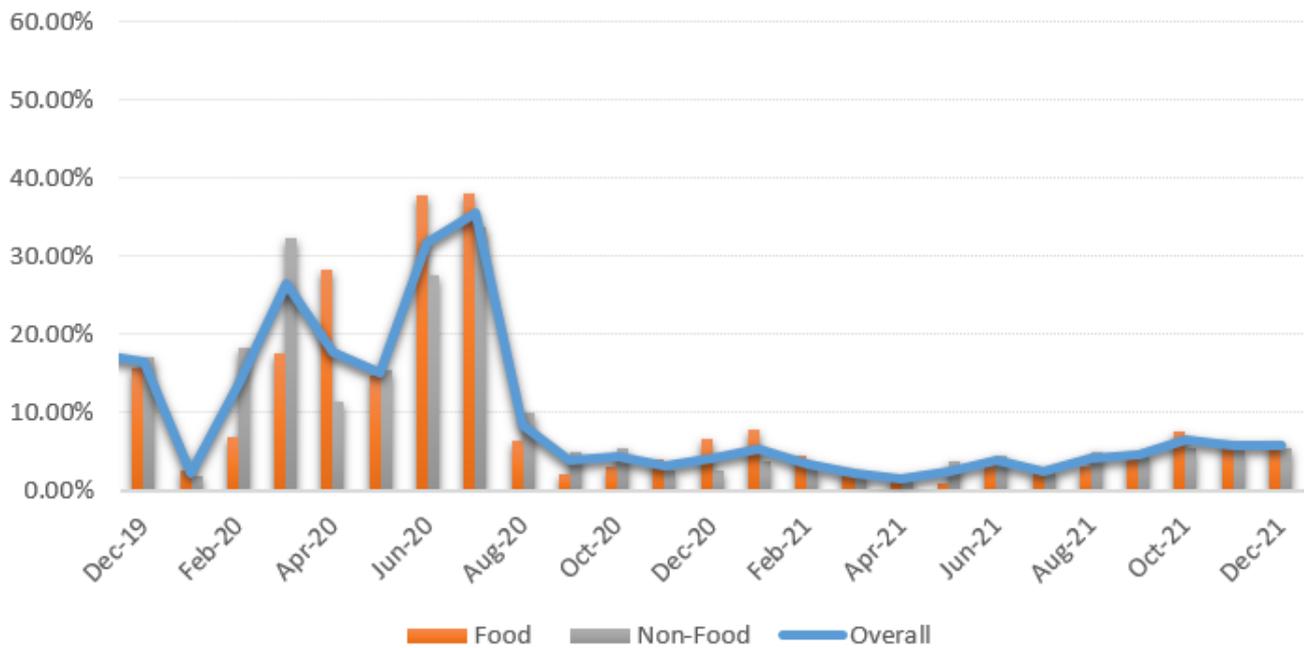
Expected Remuneration Trends for 2022

Remuneration plans are dynamic; they tend to change significantly with economic conditions in the country. As a result, new trends arise throughout economic cycles. Businesses must utilize them as a resource or inspiration to select the best to meet their needs.

Given the patterns and dynamics discussed above, it is pretty likely that the following trends will predominate the market in terms of earnings and compensation in 2022.

- Because the economy is relatively stable on the inflation front, we do not anticipate significant changes in people's earnings in 2022. Changes are anticipated to occur in firms that did not make significant salary adjustments in the last quarter of 2022. The adjustments will primarily be "catch-up" in nature.

Month on Month Inflation Rate



<https://www.rbz.co.zw/images/inflation/2021/MOM-Dec-2021.png>

- Earnings for those that already pay salaries in hard currency are unlikely to change significantly in 2022.
- The school fees benefit for employees' children remains popular. Many businesses spend a lot of money on school-fee benefits for their employees' children. Many businesses have included this into their total cost of employment model. Although a sizable proportion still pays school tuition directly to the school depending on the invoice. We anticipate companies to create standard USD fees allowances that they can then reference monthly or quarterly.
- Fuel Allowance - Most firms provide a fuel allowance to employees in coupons or a single USD currency payment.
- Transport and housing allowances are common benefits for lower-level employees and are included in most collective bargaining agreements. Employees are more likely to demand these allowances in USD as most landlords and transporters now charge in USD.
- The average salary increase (in USD terms) rate by experience level is as follows
 1. Junior Level 3%-5%
 2. Mid-Career 6%-9%
 3. Senior Level 10%-15%
 4. Top Management 15%-20%

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There are various options for creativity in the field of pay. Contractual responsibilities that do not allow for flexibility are the most significant barrier to innovation. The situation is exacerbated for lower-level employees constrained by stringent collective bargaining agreements. Here are some of the issues to consider as we approach 2022.

- Earnings are more equitable under the whole cost model because your grade, not your circumstances, determines your earnings. Organizations that have adopted the total cost to company model have a firm grip on staff costs while still giving employees the freedom to spend their wages however they see fit. People without children, for example, are disadvantaged under traditional remuneration since they are denied school fees and medical aid perks.
- Examine your staff's demographics and tailor salary and perks to the demands of the various groups. The new generation values things like vehicles and loans to buy home items that improve their status more than pensions.
- Another common benefit, which has significant benefits for both the employee and the company if properly administered, is the provision of educational loans for employees to further their studies. Our data shows that more than 72% of professionals in Zimbabwe hold a post-graduate qualification (degree or diploma) of some kind. This figure continues to rise.

Best techniques for ensuring equal pay in your workplace

Closing the gender pay gap, or the wage disparities between men and women has been a significant problem for several years. In Europe, for example, women earn over 15% less per hour than men on average.

To combat this, many countries require businesses to have equality policies. These include several actions aimed at achieving equal opportunities and treatment for men and women and eliminating gender discrimination.

In addition to these obligatory requirements, companies should also adopt specific best practices to help them reduce unequal pay between men and women.

[Related Article: [Importance of pay equity](#)]

Best practices to maintain equal pay in your company

Conduct performance reviews

Basing salary increases on objective criteria such as performance reviews helps you achieve a more fair and equal distribution

Be flexible towards remote working

One of the leading causes of the gender pay gap is women's difficulties in balancing work and family life. They are usually the ones who take care of children. Facilitating and encouraging remote working will enable women to combine these two roles.

Finally, We would want to encourage businesses to evaluate remuneration market practices regularly so that they do not fall behind other firms. If this is not done, you lose staff to those paying competitive salaries. It is critical to realize that you are better off retaining your current personnel than seeking replacements. Overall, while implementing remuneration modifications, employers should always consider affordability as the most critical issue when adjusting salaries. Productivity measurement and enhancement are the answer to most businesses' problems. If we shift to productivity-based pay as a country, our products and services will be competitive in the global market.

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