

## ***REWARDING HUMAN CAPITAL***

by

[Dr. Basil Springer, GCM](#)

***"As we move rapidly from a manufacturing to a service-based economy, the importance of human capital as a key marketplace differentiator has become increasingly evident. Companies have come to realize they need to hire, develop, and retain superior talent if they are to differentiate themselves from others and achieve competitive preeminence in the marketplace."***

(Excerpt from paper on 'Increasing Return on Human Capital' by Richard H. Beatty a leading author in the field of Human Resources. ([www.inscopecorp.com](http://www.inscopecorp.com).)

25 JULY 2005 - The English speaking Caribbean region, in particular, has a history of slavery. Prior to 1835, the year of formal abolition of slavery, there was no question of wealth for the slaves, and hence the concept of a 'wealth divide' was not defined. Post 1835, there was a measure of freedom afforded the slaves along with the opportunity to earn money from their former slave masters and the concept of wealth divide became a reality.

The net wealth potential of the former slave owners, even though the 'human slave capital' was now deducted, was infinitely higher than that of the liberated slaves even though they may also have obtained other non-monetary benefits such as their basic needs of food, clothing and shelter, from their employers.

Over the last 170 years the profile of wealth divide has changed considerably but the divide is still significantly great. The changes have been brought about by education, entrepreneurship, technology and trade unions. Education has permitted the emergence of latent talent and, as a result, individuals became members of the professional class which included initially doctors, lawyers, ministers of religion and engineers, but which in recent years have encompassed a wider range of profession.

Those with a natural flair for entrepreneurship entered into the business environment primarily in the plantation economy and as merchants who were engaged in importing, buying and selling, thus providing goods and services for the consumer. Later other entrepreneurial interests were pursued but this itself was risky business and the failure rate was high.

Other enterprise opportunities became available with the advent of the industrial revolution and subsequently the information and communications technology revolutions. Later, trade unions came on the scene, primarily to address the lot of the disadvantaged at the lower end of the wage earning scale and to rationalize the differences in salary between jobs with similar job profiles. Now, there is the opportunity for trade unions to induce harmony between employers and employees to encourage higher levels of productivity for fair compensation.

The reality is that, after all these decades since the abolition of slavery, we still live in a business environment where the rich become richer. This is part of the 'money maketh money' syndrome and there is nothing wrong with that. However, everybody should have the opportunity to be part of it, albeit at different levels. The middle classes survive and the poor advance at a much slower rate. This exacerbates the wealth divide with its concomitant ills of dissatisfaction, envy and social unrest. We therefore must move diligently to redress this situation and I think the challenge lies in examining ways of rewarding human capital.

For the normal employed person, human capital reward has been through salaries and wages with no other option. In this category it is highly unlikely that the individual will experience any significant wealth enhancement in his or her lifetime, except of course they are diligent savers and beneficially invest in stocks, mutual funds or real estate.

There is another category of employed person who may be fortunate to have an enlightened employer who will offer special bonuses, employee stock options in the company, attractive pension plans or other benefits, thus allowing them to generate wealth which is not directly dependent on the number of hours spent on the job, but more on the success of the company itself. In other words, an opportunity for one to 'earn money while you sleep'. So this should be, since the success of the company is the combined effort of all of its stakeholders, including the various levels of human capital. Sometimes, there is a focus only on dividends to the financial stakeholders.

Then there is the entrepreneur who will embark on an enterprise and who will then increase his wealth through the profitability of the enterprise. In all of these categories, the process can be accelerated if we create opportunities for converting talent into knowledge through the educational process and, if the appropriate business environment is created, to foster the increased success and rapid development of emerging entrepreneurs where there is a favourable competitive advantage.

There are three things that should be given priority:

1. The empowerment of the individual through the automaticity of reading and comprehension which is at the foundation to high levels of absorption for the material offered in the educational process;
2. The educational process which should be state of the art which implies continual links with the global market;
3. A 'shepherding' model which guides the entrepreneur and institution on a path from concept to sustainable business success, being optimally facilitated with the twin companions of money and management.

It is often said that even though slavery has been abolished, we are still psychologically enslaved. The above proposal should go some way to alleviate this situation.

***(Dr. Basil Springer GCM is Change-Engine Consultant, Caribbean Business Enterprise Trust Inc.(CBET) – [www.cbet-inc.org](http://www.cbet-inc.org)***

[Back to Economic Development](#)