

Chapter 18.

Thinking Out of the Box

Embracing Innovative Approaches to Compensation

Welcome to a chapter that challenges conventional wisdom and encourages creative thinking in the realm of compensation. In "Thinking Out of the Box," we explore innovative strategies and unconventional practices that redefine traditional notions of pay and reward. From exploring alternative forms of compensation beyond monetary incentives to leveraging technology and data analytics to personalize employee rewards, we delve into cutting-edge approaches that inspire engagement and drive performance. Discover how forward-thinking organizations are experimenting with flexible work arrangements, gamification, and peer-to-peer recognition to foster a culture of appreciation and empowerment. Through insightful case studies and thought-provoking examples, we invite you to push the boundaries of conventional compensation practices and embrace bold ideas that resonate with the modern workforce. Join us on a journey of discovery as we explore the limitless possibilities of compensation innovation and chart a course towards a more dynamic and rewarding future.

Now have a look at this example. This example presents an interesting perspective on business sectors and compensation models:

There are three main types of business sectors: production, service, and trading. Within the service sector, there are two

sub-categories - paid service and absolute service. Paid services, such as telecommunications, directly charge their customers. Absolute services, such as those provided by teachers in pre-primary and primary schools, police officers, army personnel, government health professionals, and other civil service providers, typically do not directly generate significant income, except for some applicable charges.

My viewpoint is that salaries should be reserved only for absolute service providers. For other business categories, employees should receive a share of the net profits. This share can be allocated in various forms, such as allowances, provident funds, life insurance, health/ medical insurance, etc. However, compensation must be a percentage of the profit and not a fixed salary amount. Fixed salaries merely keep employees afloat without supporting their overall growth. This is a primary reason why underdeveloped and developing countries struggle to progress. These nations haven't crafted a financial system that truly benefits their citizens.

We need to consider national economic systems and their impact on the financial conditions of citizens. The overall and general salary system often fails to effectively change the financial conditions of citizens. A nation's economy should be cycled; if the national wealth does not circulate or revolve throughout the nation, it fails to reach every citizen. The polarization of national wealth is always dangerous for that nation. In such scenarios, people tend to try to take money from those who have it in surplus. Cheating, fraud, scams, robberies, dacoity, systems like "HAWALA", and income tax evasion are well-known consequences of the current economic system. Therefore, underdeveloped and developing countries should adopt...