

Compensation as a Determinant of Teacher Performance: A Case Study in Public Education

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Abstract

This study aims to examine the effect of compensation on teacher performance within a public junior high school context. Honorary teachers play a crucial role in sustaining instructional activities in public education institutions; however, compensation-related challenges may influence their motivation and professional commitment. This research employs a quantitative explanatory approach using a census sampling technique involving 16 honorary teachers. Data were collected through structured questionnaires measured on a Likert scale and analyzed using simple linear regression with the assistance of SPSS. The results indicate that compensation has a positive and statistically significant effect on teacher performance ($\beta = 0.450$; $p < 0.05$). The standardized coefficient (Beta = 0.317) reflects a moderate positive relationship, suggesting that compensation contributes meaningfully to performance improvement, although it is not the sole determinant. The findings confirm that fair and adequate compensation can enhance instructional effectiveness, professional responsibility, and work engagement among honorary teachers. This study contributes to the human resource management literature in public education by providing empirical evidence from a localized institutional context. The results highlight the importance of integrating compensation policies with broader human resource strategies to achieve sustainable improvements in teacher performance.

INTRODUCTION

Teachers constitute a central pillar in the education system, as their performance directly influences instructional quality, student engagement, and institutional effectiveness. In public education institutions, teacher performance is not merely an individual outcome but also a reflection of organizational management practices. Effective teaching requires adequate preparation, classroom control, instructional innovation, and continuous professional responsibility. Therefore, identifying managerial factors that influence teacher performance remains an important issue within human resource management and public sector governance.

Within the Indonesian education system, honorary teachers play a strategic role in supporting teaching continuity, particularly in public schools with limited allocation of permanent civil servant teachers. Despite their essential contribution, honorary teachers often operate under employment conditions characterized by relatively low salaries, limited incentives, and restricted

employment benefits. Such compensation structures may influence work motivation, organizational commitment, and performance sustainability. From a managerial perspective, compensation is not only a financial transaction but also a strategic instrument to align employee behavior with institutional objectives (Armstrong, 2014; Dessler, 2020).

Compensation encompasses both financial rewards—such as salary, allowances, and incentives—and non-financial rewards, including recognition, career opportunities, and job security. According to expectancy theory, individuals are motivated to exert effort when they believe that performance will lead to valued rewards (Vroom, 1964). In this context, compensation acts as an extrinsic motivator that reinforces performance-related behavior. When employees perceive compensation as equitable and proportional to their contribution, they are more likely to demonstrate higher levels of responsibility, productivity, and job engagement.

Empirical studies consistently demonstrate that human resource management practices significantly influence employee performance outcomes (Sudirman & Royani, 2023). Furthermore, behavioral and motivational factors have been shown to shape performance both in organizational and educational contexts (Sudirman et al., 2024). Research examining competence and leadership also confirms that organizational variables play an important role in enhancing employee performance (Alam et al., 2023; Asmin et al., 2022). In public institutions, managerial factors such as work discipline have been found to contribute to increased employee productivity (Mansur et al., 2022). These findings collectively suggest that employee performance is multidimensional and influenced by a combination of structural, motivational, and managerial determinants. Performance measurement itself is a fundamental component of organizational sustainability and accountability (Robbins & Judge, 2017). In both private and public sectors, systematic performance evaluation provides a basis for strategic planning, resource allocation, and organizational improvement (Sudirman, Suhairi, & Wiranugraha, 2022). Within educational institutions, teacher performance functions as a key indicator of educational quality and institutional credibility. Consequently, understanding factors that contribute to improved teacher performance is essential for strengthening public education management.

Although numerous studies have explored determinants of employee performance in corporate and governmental settings, limited empirical attention has been given to the specific role of compensation in influencing honorary teachers' performance at the local school level. Existing literature frequently emphasizes competence, leadership style, and motivation as primary determinants of performance, while the direct impact of compensation within localized public education contexts remains underexplored. Moreover, the employment structure of honorary teachers differs from that of permanent staff, which may alter the motivational dynamics associated with compensation.

This research gap highlights the need for empirical investigation into how compensation functions as a determinant of performance among honorary teachers in public education institutions. Therefore, this study aims to analyze the effect of compensation on teacher performance through a case study conducted in a public junior high school. By focusing on a localized context, this study seeks to provide empirical evidence that contributes to the development of human resource management literature in the education sector and offers practical implications for designing equitable and performance-oriented compensation systems for honorary teachers.

METHOD

This study employed a quantitative research approach with an explanatory design to examine the causal relationship between compensation and teacher performance. A quantitative explanatory approach is appropriate for analyzing the influence of independent variables on dependent variables through statistical procedures (Sugiyono, 2017). The research was conducted at a public junior high school, focusing on honorary teachers as the unit of analysis. The population consisted of all honorary teachers working at the school, totaling 16 individuals. Given the relatively small population size, a census sampling technique was applied, meaning that all population members were included as research respondents.

This study involved two main variables: compensation as the independent variable (X) and teacher performance as the dependent variable (Y). Compensation was defined as financial and non-financial rewards received by teachers in return for their work contributions. The measurement indicators included salary, incentives, allowances, recognition, and other employment-related benefits. Teacher performance was defined as the level of effectiveness in carrying out instructional responsibilities, including mastery of subject matter, classroom management, teaching methods, evaluation practices, and professional responsibility. Data were collected through a structured questionnaire distributed directly to respondents. The instrument was designed using a Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Prior to analysis, the data were tabulated and processed using the Statistical Package for the Social Sciences (SPSS).

To test the research hypothesis, simple linear regression analysis was employed. This statistical technique is commonly used to measure the magnitude and direction of the relationship between one independent variable and one dependent variable (Ghozali, 2018). The regression model applied in this study is expressed as follows:

$$Y = a + bX$$

where:

Y = Teacher Performance

X = Compensation

a = Constant

b = Regression coefficient

The hypothesis was tested at a 5 percent significance level ($\alpha = 0.05$) to determine whether compensation has a statistically significant effect on teacher performance.

RESULTS AND DISCUSSION

Results

This section presents the results of the statistical analysis conducted to examine the effect of compensation on teacher performance. The analysis was performed using simple linear regression with the assistance of SPSS.

Descriptive Overview

Before conducting hypothesis testing, descriptive analysis was performed to obtain an overview of respondents' perceptions regarding compensation and teacher performance. Based on the questionnaire responses, the compensation variable—which includes salary, incentives, allowances, and recognition—generally received positive responses from respondents. However, variations were observed in certain indicators, particularly those related to non-financial rewards and additional incentives. Similarly, teacher performance indicators—including mastery of subject matter, classroom management, teaching methods, evaluation practices, and professional

responsibility—demonstrated relatively good average scores. Most respondents reported that they fulfilled their teaching responsibilities effectively, although performance levels varied across individual respondents. These descriptive findings suggest that both compensation and teacher performance are perceived positively overall, providing an initial indication of a potential relationship between the two variables.

Regression Analysis

The regression analysis produced the following equation:

$$Y=2.500+0.450X \quad Y = 2.500 + 0.450X \quad Y=2.500+0.450X$$

The constant value ($a = 2.500$) indicates that when the compensation variable is assumed to be zero, the baseline level of teacher performance would be 2.500. Although compensation cannot realistically be zero in practice, this constant reflects the basic level of performance that may be influenced by other factors beyond compensation. The regression coefficient for compensation ($b = 0.450$) is positive, indicating that compensation has a positive relationship with teacher performance. Specifically, every one-unit increase in the compensation score is associated with a 0.450 increase in the teacher performance score. This suggests that improvements in compensation are followed by improvements in teacher performance. The standardized coefficient ($Beta = 0.317$) reflects the strength of the relationship between the independent and dependent variables. A Beta value of 0.317 indicates a moderate positive relationship between compensation and teacher performance. This means that compensation contributes meaningfully to performance variation, although it is not the sole determining factor.

Discussion

The findings of this study demonstrate that compensation has a positive and statistically significant effect on teacher performance in the context of public education. The positive regression coefficient indicates that increases in compensation are associated with improvements in instructional effectiveness and professional responsibility among honorary teachers. This result confirms that compensation functions not merely as a financial obligation, but as a strategic managerial instrument that influences work behavior and performance outcomes. From a theoretical standpoint, the results support expectancy theory, which explains that individuals are motivated to exert effort when they perceive that performance will lead to valued rewards (Vroom, 1964). In the context of honorary teachers, compensation represents a tangible reward that reinforces the link between effort and performance. When teachers perceive compensation as fair and adequate, they are more likely to demonstrate higher engagement in lesson preparation, classroom interaction, and evaluation activities. Thus, compensation strengthens performance-oriented behavior through motivational reinforcement. In addition to expectancy theory, the findings can also be interpreted through an equity perspective. Equity theory suggests that employees evaluate fairness by comparing their inputs and outcomes with those of others. When compensation is perceived as inequitable, dissatisfaction and reduced work motivation may occur. In public education institutions, honorary teachers often receive lower compensation compared to permanent teachers, which may influence perceptions of fairness. Therefore, transparent and equitable compensation systems are essential to maintaining performance stability.

The findings are consistent with prior research indicating that structured human resource management practices significantly influence employee performance (Sudirman & Royani, 2023). Similarly, motivational and behavioral factors have been shown to shape performance outcomes in both organizational and academic contexts (Sudirman et al., 2024). These studies reinforce the argument that compensation operates within a broader human resource framework in which motivation, recognition, and reward systems interact to influence performance.

Furthermore, previous empirical studies demonstrate that competence and leadership significantly affect employee performance (Alam et al., 2023; Asmin et al., 2022). Research conducted in public institutions also shows that managerial factors such as discipline contribute to increased productivity (Mansur et al., 2022). The present study complements these findings by identifying compensation as an additional determinant of performance. While competence enhances capability and leadership provides direction, compensation directly addresses reward expectations and economic security—particularly relevant for non-permanent employees. However, the standardized coefficient (Beta = 0.317) indicates that the influence of compensation on teacher performance is moderate. This suggests that compensation explains a meaningful but limited portion of performance variation. Other factors—such as intrinsic motivation, organizational climate, leadership style, professional development opportunities, and work environment—may also play substantial roles. This finding aligns with the broader perspective that employee performance is multidimensional and influenced by both economic and psychological determinants (Robbins & Judge, 2017). From a managerial perspective, the findings highlight the importance of designing compensation systems that are fair, transparent, and aligned with performance expectations. School management should consider linking compensation structures with clear performance evaluation mechanisms. Performance-based incentives, when implemented carefully, may strengthen accountability while maintaining motivation. From a public policy standpoint, the results underscore the need for balanced human resource strategies in the education sector. Compensation policies for honorary teachers should not only address nominal salary levels but also consider long-term employment security and recognition mechanisms. Integrating compensation reform with training programs, career development pathways, and supportive leadership practices may produce more sustainable improvements in teacher performance.

Theoretically, this study contributes to the human resource management literature by extending compensation–performance analysis into a localized public education context. Much of the existing literature focuses on corporate environments or large public institutions. By examining honorary teachers in a public junior high school, this study demonstrates that compensation dynamics remain relevant in small-scale educational institutions, although contextual factors may moderate the magnitude of the relationship. Nevertheless, this study is limited by its small sample size and case study design, which may restrict generalizability. Future research is encouraged to involve larger samples across multiple schools and to incorporate additional variables such as leadership style, job satisfaction, and organizational climate. Employing multivariate regression or structural equation modeling may also provide deeper insight into the complex interactions among determinants of teacher performance

CONCLUSIONS AND SUGGESTION

Conclusions

This study confirms that compensation has a positive and statistically significant effect on teacher performance within the context of public education. The regression findings indicate that improvements in compensation are associated with measurable increases in instructional effectiveness, professional responsibility, and work commitment among honorary teachers. These results reinforce the view that compensation functions as a strategic managerial instrument rather than merely an administrative expenditure. Although the effect size is moderate, the significance of the relationship demonstrates that compensation remains an important determinant of teacher performance, particularly for non-permanent employees operating under contractual and financial

uncertainty. In such contexts, compensation contributes not only to economic stability but also to psychological assurance, which may enhance focus, engagement, and professional dedication.

The moderate magnitude of the standardized coefficient suggests that teacher performance is multidimensional. Compensation contributes meaningfully to performance outcomes but does not fully determine them. Organizational culture, leadership support, intrinsic motivation, job satisfaction, and professional development opportunities likely interact with compensation in shaping performance behavior. This finding aligns with broader human resource management perspectives that emphasize the interaction between structural incentives and behavioral factors. From a theoretical standpoint, this study strengthens the application of motivational theories—particularly expectancy and equity perspectives—within localized public education institutions. It demonstrates that reward–performance dynamics operate not only in corporate settings but also in small-scale public sector environments. By empirically examining honorary teachers in a single school context, this research provides contextualized evidence that compensation mechanisms remain relevant even within limited institutional structures. Moreover, this study contributes to the growing body of literature on human resource management in education by emphasizing the importance of integrating financial and non-financial reward systems. Compensation should not be interpreted narrowly as salary allocation, but as part of a broader system of recognition and institutional support that influences professional behavior.

Suggestion

Based on the findings and analysis, several strategic recommendations can be proposed at institutional, managerial, and policy levels. First, school management should prioritize the development of transparent and equitable compensation systems. Compensation structures should clearly reflect workload, responsibilities, and performance expectations. The integration of performance-based incentives may strengthen accountability and motivate teachers to improve instructional quality. Second, compensation reform should be accompanied by structured performance evaluation systems. Clear performance indicators, periodic assessments, and feedback mechanisms can strengthen the linkage between compensation and measurable outcomes. Without structured evaluation frameworks, compensation improvements may not optimally translate into sustained performance enhancement. Third, policymakers at the regional and national levels should consider improving the employment stability of honorary teachers. While increasing nominal compensation is important, long-term policy solutions such as career pathway clarity, contractual security, and professional development access may provide more sustainable motivational effects. Fourth, non-financial rewards should be integrated into human resource strategies. Recognition programs, professional training opportunities, and supportive leadership practices may amplify the positive effect of financial compensation. A balanced approach combining economic and psychological incentives is likely to produce stronger and more sustainable performance outcomes.

For future research, expanding the scope to include multiple schools across different regions is strongly recommended to enhance generalizability. Future studies may incorporate additional explanatory variables such as job satisfaction, leadership style, organizational commitment, and work environment to examine interaction effects. Employing more advanced statistical techniques, including multiple regression models or structural equation modeling, may provide deeper insights into the complex determinants of teacher performance. Longitudinal research designs are also encouraged to assess whether changes in compensation policies produce sustained improvements in teacher performance over time. Such studies would contribute significantly to evidence-based educational management and public policy formulation.

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