

The Impact of Compensation on Teachers' Job Satisfaction at Private Schools: A Case of Bangladesh

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ABSTRACT

This study investigated which compensation package influences private school teachers' job satisfaction. It specifically intends to identify the relationship between teachers' job satisfaction and pay level, as well as the relationship between teachers' job satisfaction and incentives and employee benefits. One hundred twenty-nine teachers from twelve private schools in Chittagong City, Bangladesh participated in the study. Using a cross-sectional survey, the hypothesis of this study was tested with the help of multiple regression analysis. Pay level and incentive were found to have a significant correlation with job satisfaction. However, employee benefits were found to have an insignificant effect on job satisfaction. The study highlights the role of compensation in accelerating the job satisfaction of teachers working in private schools.

Keywords: Compensation, job satisfaction, pay level, incentive, employee benefits

INTRODUCTION

Education is the backbone of a nation. Teachers are key partners within the education framework. They are the foremost vital assets in a school because they develop the knowledge, abilities, and skills among learners. Teacher's profession takes up a significant portion of their day and allows them to contribute to society. Therefore, a teacher in both public and private secondary schools needs to be happy in their work to be dedicated to every area of teaching and produce acceptable work output. As a result, work is viewed as a regular, compensated position. (Ifeanyi, 2021). The role of teachers in society and education can change, but the importance of their position remains the same (Velammal, 2023). In 2024, Bangladesh entered the time of "competency-based education," taking after adopting a modern curriculum in most classes at Bangla medium schools countrywide. In Bangladesh, primary education is nationalized, meaning that the salaries of government-run primary school teachers are paid by the government according to the national pay scale. According to (Sharma, 2011), Private school is known as non-governmental schools, autonomous schools, or non-state schools. They are not managed by local, state, or national government; in this way, they hold the correct to choose their understudies and are supported in whole or in portion by charging their understudies educational costs instead of depending on required tax collection. Bangladesh faces more challenges in attracting and retaining the most efficient teachers at the secondary level. The positive approach of teachers is very significant for ensuring essential quality among teachers. Financial benefits also generate positive approaches among teachers in their workplace. Monetary benefits are vital means for improving educational performance and supporting competitiveness since the key component of employment relationships and the single most prominent working fetched for many organizations is remuneration (Fozia Fatima, 2016). The compensation package paid to the teachers in private secondary schools is comparatively low on job security. An insufficient salary package reduces the effectiveness of the teacher in several ways. Selection of additional tasks and development of driving practice. On this view, this study aims to examine the relationship between compensation packages with the level of job satisfaction of private school teachers in Bangladesh especially in Chittagong. The study hopes to improve the information to improve teaching and learning from the perspective of teachers working as teachers in private schools in Bangladesh. By showing the level of job satisfaction of private school teachers in Bangladesh, it can be useful data for administrators and private education organizers in Bangladesh to organize teaching and learning according to their vision.

LITERATURE REVIEW

The organization determines an employee's pay structure through its compensation system. The decision rules, processes, and guidelines define the pay levels and structures in the compensation system (ASIF & HUMA, 2019). The pay structure and pay levels determine many components of the compensation system. They include the pay differentials between jobs within the organization, and they choose the relative pay assigned to each job compared to the job market (Erasmus, *et al*, 2001). The concept of compensation includes all financial returns and tangible benefits an employee receives as part of their employment relationship (Das & Mohapatra). Compensation generally in two types, indirect and direct compensation. Employees' direct cash benefits for their services are typically the only compensation they receive from an organization. Direct compensation consists of Base pay and variable pay. Base pay is the fundamental form of compensation that an employee typically gets in the form of wages or salary (Ivancevich, 2006). Variable Pay, a different form of direct compensation, is tied directly to individual, team, or organizational performance. Bonuses and incentive program payments are the most frequently used forms of variable pay for the majority of employees (Pepra-Mensah, NtimAdjei, & Agyei, 2017). Indirect compensation refers to the financial and non-financial incentives that employees receive for staying with the company, and it is a crucial component of every employee's overall compensation package. Different terms like fringe benefits, employee services, supplementary compensation, and supplementary pay are also utilized (Dessler, 2013). Teachers' compensation should encompass all forms of payment, including both direct and indirect benefits, that they anticipate receiving while working at their school. In numerous private schools, staff are not adequately compensated because owners fail to implement proper compensation policies, instead offering only minimum pay (Evelyn & Erica, September 2020). In addition to direct payments, teachers in today's world anticipate school administrations to offer supplementary benefits containing indirect elements. Fatimah & Ali, (2016); Maboso & Dlamini, (2017); Pepra-Mensah, et al, (2017), identified pay level, incentives, and benefits as common components of compensation in school. To keep valuable employees, organizations need to offer attractive working conditions, competitive salaries, job security, and freedom. Among these factors, financial aspects, particularly salary, are crucial as employees require income to sustain their families (Akram, 2012). Tan, T. H., & Waheed, A. (2011) found a connection between salary and job satisfaction with a factor of love for money and noticed that employees who prioritize money would be happier with their jobs if they got a raise. Job satisfaction is important for private secondary school teachers to have, as it increases their dedication and leads to better job performance. The study of Hasanah & Supaedi (2020), indicated that the level of teacher job satisfaction is related to the work environment and salary. Armstrong (2015), states that many internal and external factors impact the personality, behavior in the classroom, and attitude of teachers towards the teaching profession. Factors like low pay, lack of appreciation, limited opportunities for advancement, unfavorable working conditions, and other similar issues contribute to the dissatisfaction of teachers, impacting organizations and schools. It is understood that teacher salaries have a greater impact on job satisfaction than the work environment among teachers. Usman, S. *et al*, (2013) disclose that salary plays a major role in influencing job satisfaction. This indicates that if employees do not receive their salary on time, they will become very unhappy with their jobs and may eventually consider quitting altogether. Different research has been done on the connection between compensation and teachers' job satisfaction, with the majority showing a positive correlation between the two. Job satisfaction has been found to have a positive and significant relationship with studies on incentives. Many scholars suggest that employee benefits need to be considered in addition to directly compensating teachers for optimal job satisfaction. Job satisfaction has a positive and significant relationship with direct compensation, while employee benefits did not have a significant effect on it (Mabaso and Dlamini, 2017). But Classroom management strongly correlates with fringe benefits (Fadeyi, *et al*, 2015). Therefore, school administration needs to focus on compensating teachers, providing opportunities for growth, offering rewards, and acknowledging teachers' accomplishments.

The main purpose of this study is to examine which compensation package affects teachers' job satisfaction in private schools. Specifically, the study seeks to determine the:

- a) Relationship between pay level and teachers' job satisfaction in private schools in Chittagong City.
- b) Relationship between incentives and teachers' job satisfaction in private schools in Chittagong City.
- c) Relationship between employee benefits and teachers' job satisfaction in private schools in Chittagong City.

Hypotheses

Hypothesis 1

Ha: Pay level significantly affects the job satisfaction of private school teachers.

Ho: Pay level has no significant effect on job satisfaction for private school teachers.

Hypothesis 2

Ha: Incentives significantly affect the job satisfaction of private school teachers.

Ho: Incentive has no significant effect on job satisfaction for private school teachers.

Hypothesis 3

Ha: Employee Benefits significantly affect private school teachers' job satisfaction.

Ho: Employee Benefits have no significant effect on job satisfaction for private school teachers.

METHODOLOGY

This study is based on mixed methods and it is a basic research. The researcher chose exploratory and explanatory research designs. The research philosophy of this study is pragmatism. This study depends on the practical situation of private school teachers and it is not common for all. This study was conducted in Chittagong City, Bangladesh, and private school teachers' compensation management practices were examined using a survey design and a cross-sectional survey. The researcher randomly selected 12 private schools from Chittagong City, Bangladesh. Headmasters of those private schools approved the initial data collection process for our permission requests. After obtaining their consent, the researcher dispatched research instruments to the teachers of those private schools. 129 were filled out resulting in 129 teachers participating in the study. A convenience sampling technique was used in this study. Data was collected using structured questionnaires and it was adopted from the research paper “Compensation Effect on Job Satisfaction” (Evelyn & Erica, September 2020). The questionnaire utilized a 5-Likert Scale (ranging from “strongly disagree” to “strongly agree”) for measuring both independent and dependent variables. The researcher used four instruments titled “Questionnaire on Job satisfaction” with 10 items, “Questionnaire on Pay level” with 5 items, “Questionnaire on Incentive” with 4 items, and “Questionnaire on Employee benefits” with 5 items. Reliability testing is conducted on the instrument. Cronbach's Alpha was used for reliability assessment. Each variable's reliability coefficient with the Cronbach alpha test was above 0.70, indicating the high reliability of the instrument. The survey results were analyzed by the SPSS 27.

Reliability Statistics	
Cronbach's Alpha	N of Items
.826	24

Multiple Regression Analysis

The impact of compensation on private school teachers' job satisfaction in Chittagong City will be investigated in this study. Data was collected using a questionnaire, and processed with SPSS software, and the results were presented in tabular form. The Pearson correlation and multiple regression analysis were used to measure the relationship between the independent and dependent variables.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.568 ^a	.322	.314	4.39162	.322	40.396	1	85	.000
2	.681 ^b	.464	.451	3.92856	.142	22.219	1	84	.000
3	.683 ^c	.466	.447	3.94355	.002	.363	1	83	.549

a. Predictors: (Constant), Pay_Level

b. Predictors: (Constant), Pay_Level, Incentive

c. Predictors: (Constant), Pay_Level, Incentive, Employee_Benefits

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	18.875	2.233		8.453	.000		
	Pay_Level	.884	.139	.568	6.356	.000	1.000	1.000
2	(Constant)	11.433	2.546		4.491	.000		
	Pay_Level	.678	.132	.435	5.141	.000	.890	1.123
	Incentive	.854	.181	.399	4.714	.000	.890	1.123
3	(Constant)	10.859	2.728		3.981	.000		
	Pay_Level	.666	.134	.427	4.971	.000	.870	1.150
	Incentive	.821	.190	.383	4.312	.000	.814	1.229
	Employee_Benefits	.078	.130	.052	.602	.549	.857	1.167

a. Dependent Variable: Job Satisfaction

RESULT DISCUSSION

The result of the hierarchical regression shows that the pay level accounted for 32.2% variation in Job Satisfaction ($R^2 = 0.322$, $\Delta R^2 = 0.322$, $F(1,85) = 40.396$, $P < 0.001$, and the analysis showed evidence of a significant effect of pay level on job satisfaction ($\beta = 0.568$, $CI = 0.61, 1.161$, $P < 0.001$). Based on the result we accept the alternative hypothesis (H_a) of research hypothesis 1, which indicates that Pay level significantly affects the job satisfaction of private school teachers in Chittagong City. This finding was in line with the

findings of Pepra-Mensah, J., Adjei, L. N., & Agyei, A. (2017); Evelyn, U., & Erica, A. A. (2020); Usman, S., Akbar, M. T., & Ramzan, M. (2013); (HASANAH & SUPARDI, 2020); Cai, et al, (2018), and Nyamubi, (2017) in which they found that there is a strong and significant correlation between teachers' base pay and their job satisfaction, showing that as base pay increases, so does satisfaction with a teaching job.

Also, Incentives in model 2 added 14.2% variance in job satisfaction $\Delta R^2 = 0.142$, $F(1, 84) = 22.22$, $P < 0.001$, and it significantly predicted job satisfaction ($\beta = 0.399$, $CI = 0.494, 1.215$, $P < 0.001$). This analysis showed a significant effect of incentives on job satisfaction. Based on the result we accept the alternative hypothesis (H_a) of research hypothesis 2. So, Incentives significantly affect the job satisfaction of private school teachers. This result reflects the findings of Pepra-Mensah, J., Adjei, L. N., & Agyei, A. (2017); Evelyn, U., & Erica, A. A. (2020) in which they proved a strong correlation exists between incentives and the job satisfaction of teachers working in private schools.

The results of the hierarchical regression also revealed that a non-significant relationship exists between job satisfaction and employee benefits in model 3, as indicated by only 0.2% in job satisfaction $\Delta R^2 = 0.002$, $F(1, 83) = 0.363$, $P > 0.001$, and it does not significantly predict job satisfaction ($\beta = 0.052$, $CI = -0.180, 0.337$, $P > 0.001$). This analysis showed that Employee benefits do not affect job satisfaction. Based on the result we reject the alternative hypothesis (H_a) and accept the null hypothesis (H_o) of research hypothesis 3. which states that Employee Benefits have no significant impact on job satisfaction for private school teachers. This finding explains a reverse situation of the conclusions of Pepra-Mensah, J., Adjei, L. N., & Agyei, A. (2017); Evelyn, U., & Erica, A. A. (2020), and Hina, Q., *et al.* (2014) in which they concluded the significant relationship between employee benefits and job satisfaction. But this finding was in line with the findings of Mabaso, C. M., & Dlamini, B. I. (2021) in which they found no significant effect between employee benefits and job satisfaction. Practical observations frequently reveal a multifaceted and subtle link between benefits and employee satisfaction. Although benefits may not be the only factor influencing job satisfaction, they can still impact employees' perceptions of their workplace. In the view of health benefits issues, it is crucial for the overall health of employees. It can have a significant impact on their job satisfaction, especially for those with dependents or health issues. Satisfaction levels will decrease if the benefit package doesn't meet employees' perceptions.

CONCLUSION AND RECOMMENDATIONS

Teachers primarily dispense knowledge and information. They help children acquire new ideas, grapple with issues, and hone abilities essential for future academic success. The various needs of students are met by good teachers, who adapt their teaching strategies to help every student learn effectively. Numerous aspects of teachers' lives are affected by the importance of compensation in teaching positions. Fair and competitive compensation can significantly boost teachers' job satisfaction and morale. This means that teachers are more likely to be motivated and committed to their jobs when they feel they are being fairly compensated for their efforts. This study investigates the impact of compensation on job satisfaction and learns how teachers see policies regarding compensation. The study discovered that teachers hold an unfavorable outlook on the service's compensation methods. Teachers viewed their pay as unfair and discouraging, and the execution methods were not effectively relayed. Several teachers do not receive benefits from the school's pension plan. School management committees or policymakers need to focus on the school's participation scheme. An effective and appealing insurance scheme needs to be developed for educators. The school management committee guarantees an impartial and just determination of salaries for teachers at their school and should think about increasing salaries every year to align with the current inflation rate. School authority needs to establish a strong communication system that enables teachers to voice their opinions about their pay. In this manner, they can have insight, and comprehension, and create a successful compensation plan that employees find acceptable.

Limitations and Future Research Directions

This research has certain limitations that create interest in researchers for future research. The nature of the sample used (Teachers from private schools in Chittagong City, Bangladesh) may limit the generalizability of this study. This means that other cities should be taken into consideration in the future for the generalizability

of the study findings. The same research can be conducted in other nations to gather additional data and analyze the research results. Teachers at the elementary or university levels may also be the subject of this same study. Future studies should examine the role of management-level supervision in assessing teachers' job satisfaction as an additional variable.

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