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Effect of Compensation on Basic School Teachers' Job Satisfaction in the Northern Zone: The Case of Ghana

By Josephine Pepra-Mensah, Luther NtimAdjei & Albert Agyei

Valley View University

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Josephine Pepra-Mensah^α, Luther NtimAdjei^σ & Albert Agyei^ρ

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I. INTRODUCTION

Throughout the 20th century until now, organizations' view of people has changed dramatically. People - human resources - who work in organizations today unlike in the past, are considered one of the most valuable assets an organization can acquire, maintain and develop in order to attain competitive advantage (Dessler, 2013). Thus, the most successful organizations are those who are able to acquire, develop and maintain high quality employees. Research suggests that high quality employees remain with organizations when they experience satisfaction on the job (Gupta & Shaw, 2014). This is because satisfied employees form a bond with the company and take pride in their organization membership; they believe in the goals and values of the organization therefore, these employees display high levels of performance and productivity. On the other hand, dissatisfied employees display characteristics of low productivity, absenteeism, and turnover. These traits

are highly costly for organizations as such, an organization's ability, to keep its best assets – human resources- therefore, depends on sustainable people-oriented systems like attractive compensation schemes (Greene, 2014) that would encourage employees and lead to their satisfaction on the job, so as to maximize their full potential as well as the success of the organization.

Thus, compensation management, as suggested by Osibanjo, Adeniji, Falola and Heirsmac (2014) would lead to satisfaction on the job that in turn, naturally results in a happy employee who would be enthused about staying with the organization and being productive to helping his or her organization achieve its goals. Consequently, compensation management, as a human resource management practice, has been expressed by many (e.g., Adeoye & Fields, 2014; Gupta & Shaw, 2014; Ibojo & Asabi, 2014) as one of the ways to accomplish organizational goals due to its influence on satisfaction. For example, Greene (2014) indicated that compensation management is a useful instrument in the hand of management to contribute to the organizational effectiveness and can impact positively on the behavior and productivity of employees. Dessler (2013) also stated that it determines the hiring and retention of employees to attain the objectives of an organization, and is the basis of involvement of individuals to reinforce the performance of employees.

Employee satisfaction has been simply, defined as how content employees are with their jobs. Compensation, on the other hand, as defined by Salisu, Chinyio and Suresh (2015) is "the reward workers receive for their service or contribution to the organization" (p.282). Thus, it is assumed that an employee will experience contentment (Satisfaction) when he or she has been rewarded (Compensation) for the service they render or the contribution they make to the achievement of organizational goals.

For most people, pay is a primary reason for working. According to Osibanjo, Adeniji, Falola and Heirsmac (2014), compensation is a primary motivator for employees. People look for jobs that not only suit their creativity and talents, but compensate them in terms of salary and other benefits accordingly. As expressed in Maslow's (1958) theory of human needs cited in Omotayo, Pavithra, and Adeniji (2014),

Author α σ ρ : Business Department, Valley View University, Techiman Campus, P.O.Box 183, Techiman, Ghana.

individuals are goal-oriented whose needs can influence their behavior. As such, unsatisfied needs influence behavior but satisfied needs do not act as motivator. More so, scholars (Omotayo, Pavithra&Adeniji, 2014) assessing this theory have suggested that most needs at the physiological level could be satisfied fully, if the worker receives adequate compensation, so as to provide for those needs. This makes the issue of compensation very important.

According to Gupta and Shaw (2014), the design and implementation of compensation systems not only can affect employee motivation, but also can be harnessed to improve safety, quality, creativity, innovation and a myriad other outcomes critical in a successful workplace. And that's exactly, what is needed from teachers to build a lasting educational foundation for children. By extension, what Gupta and Shaw mean to say is that any employee (teacher) who benefits from a properly designed compensation system is likely to give off their best to ensure a successful and effective performance. And it should not be overlooked that people look for jobs that not only suit their creativity and talents, but compensate them in terms of salary and other benefits accordingly (Osibanjo, Adeniji, Falola & Heirsmac, 2014).

It has been said that a nation's prosperity cannot be better than the quality of the teachers. And quality to a large extent depends so much on the motivation and satisfaction of the teacher. Teachers are fundamental to the success of any nation, of which Ghana is not an exception. It has also been indicated that the foundation upon which Ghana's educational superstructure is built is at the Basic level of education (Adentwi, 2005). Hence, the need to ensure that teachers at that level are kept motivated and satisfied in order to help build a proper educational foundation. In spite of the numerous studies conducted in the area of job satisfaction, compensation which is at the core of any employment relations exchange and serves as a defining characteristic of any employment relationship seems not have received much emphasis, especially in educational institutions. Even those studies that touched on compensation are few; hence the plea by some (Gupta & Shaw, 2014) for more research to be carried out on this all-important human resource practice. More interestingly, the few that have been conducted are found in other contexts other than the Ghanaian context and also focused on industry rather than the educational sector. And further, the few conducted on the sector placed emphasis on teachers at the Secondary or tertiary levels (Bozeman & Gaughan, 2011; Muguongo, Muguna&Muriithi, 2015). Since most studies (Mugongo, Muguna&Muriithi, 2015) in the area laid much emphasis on tertiary and few on secondary levels, it is not very clear, the state of the Ghanaian employee, (especially, at the basic school level), in respect of whether compensation plays a role in their satisfaction on the

job. This study therefore, is poised to assess compensation at the Basic level of education, in the Ghanaian context, to assess teacher perceptions about compensation practices and to determine whether compensation, in its various forms influence the satisfaction of teachers, with a view to establishing the real state of affairs.

Hypotheses

The study sought to test the following hypotheses.

H1: There is a significant relationship between Base Pay and Basic school teachers' job satisfaction.

H2: There is a significant relationship between Benefits and and Basic school teachers' job satisfaction.

H3: There is a significant relationship between Incentives and Basic school teachers' job satisfaction.

II. LITERATURE REVIEW

a) Compensation

Compensation is the human resource management function that deals with every type of reward individuals receive in exchange for performing organizational tasks (Ivancevich, 2006). It is considered the major cost incurred by a business organization. However, today the human resource is considered as human capital and compensation hence is not cost but rather investment (Armstrong, 2010). Heathfield (2012), defines compensation as a fixed amount of money paid to an employee by an employer in exchange for a productive work performed. Thus, if individuals believe they are not compensated well, a state of emotional dissatisfaction develops. This is because people trade labor and loyalty for financial and non financial compensation with business organization. Thus, poor compensation management may lead to absenteeism, turnover, job dissatisfaction, psychological withdrawal, poor mental health and so on. An ideal compensation strategy, therefore, should encourage employees to work harder with more determination and dedication to their duties (Khan, Shah & Zaman, 2013). It is a systematic approach to providing monetary value to employees in exchange for work performed. Compensation may achieve several purposes; assisting in recruitment, job performance, and job satisfaction (Yamoah, 2013). According to Aslam et.al (2015), compensation is a broad term that defines payments and rewards given to workers in order to persuade them to keep working for a company. Compensation is not just about regular rewards for work done but also attempts made by employers to retain employees. It goes beyond salary and transcends this boundary to include benefits and other incentives. Examples of such are salaries, wages and bonus payments (Scott, et al, 2007). Simply put, compensation management is a general policy, designed to help an organization maximize the returns on available talent. Thus, the

ultimate goal is to reward the right people to the greatest extent for the most relevant reasons.

b) *Types of Compensation*

i. *Direct Compensation*

According Dessler (2013), direct compensation is usually limited to the direct cash benefits that the employees receive on monthly, bi-monthly or weekly basis for the services they render as employees of a particular organization. It could also be in the form of stock bonus compensation, where employees of the organization are given the opportunity to own shares in the organization they work for and at the end of every year they have the opportunity again to gain some dividend in the form of equity on their shares. Ivancevich (2006) states that direct compensation includes Base and variable. Base Pay refers to the basic compensation that an employee receives, usually as a wage or salary. Base pay may be hourly and salaried, which are identified according to the way pay is distributed and the nature of the jobs. Hourly pay is the most common means of payment based on time while people paid salaries receive consistent payments each period regardless of the number of hours worked. Variable Pay, another type of direct pay is compensation linked directly to individual, team, or organizational performance. The most common types of variable pay for most employees take the form of bonuses and incentive program payments.

ii. *Indirect Compensation*

Dessler (2013) refers to indirect compensation as the indirect financial and nonfinancial payments employees receive for continuing their employment with the company which are an important part of every employee's compensation. Other terminology such as fringe benefits, employee services, supplementary compensation and supplementary pay are used. According to Armstrong (2009) indirect compensation or Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items that are not strictly remuneration such as annual holidays. Management uses it ostensibly to facilitate its recruitment effort or influence the potential of employees coming to work for a company, influence their stay or create greater commitment, raise morale, reduce absenteeism in general and improve the strength of the organization by instituting a comprehensive programme in this area (Khan et al., 2013). Byars and Rue (2008) mentioned Paid Holidays, Workers' Compensation, retirement and pension plans, and paid vacations as some of the more popular indirect compensations.

From the ongoing discussions, it could be concluded that compensation packages entail some basic features that tend to make employees satisfied on their job amongst which includes salaries, bonuses,

incentives, allowances, promotion, recognition (Werner, 2001; Martineau, Lehman, Matwa, Kathyola and Storey, 2006). And as indicated by Yamoah (2013), all these have significant impact on employees' performance. However, as indicated by Osibanjo et al., (2014), to avoid wrong perception and controversy by employees, compensation system must be clearly communicated to employees with job measurement which will drive the much needed performance in the employees. Osibanjo, Adeniji, Falola and Heirsmac (2014), indicate that compensation package must be attractive enough to prevent employees from becoming dissatisfied and looking elsewhere for better salary, career development opportunities, fringe benefits, bonuses and incentives. Thus, an organization's compensation package could be referred to as a total rewards program and includes all the methods (cash, equity, and benefits) used by employers to pay employees for the work they provide for the organization. An effective compensation package or total reward package therefore, includes a variety of components that attract and retain employees who have skills needed by the organization. Because people have different needs, based on their individual circumstances, the components included in the package should be sufficiently varied to address the different requirements of people at different stages in their lives. For example, employees with young children may be looking for benefits that help them raise their children such as day care or time off to attend to school activities. Though the review discusses compensation in its various forms, the study will focus more on monetary compensation.

iii. *Job Satisfaction*

Locke (1976) defined job satisfaction as an enjoyable and exciting emotional condition which someone get in their work. Job satisfaction is important for reducing turnover rate and increase motivation. Prior studies identified that there are different instruments for managing job satisfaction like pay, recognition and working environment (Mathauer et al., 2006). People will be more committed and more productive doing their job if they are more satisfied (Al-Hussami, 2008). According to Hashim and Mahmood (2011), job satisfaction is an affective reaction to an individual's work situation. It is an overall feeling about one's job or career and can be related to specific outcomes, such as pay, work environment, job security promotion opportunities among others. Job satisfaction simply explains the attitude of employees toward their job. In other words, it describes the level of happiness of employees in fulfilling their desires and needs at work. It is considered to be the pleasurable feelings that result from an employee perception of achieving the desire level of needs. Satisfaction and dissatisfaction not only depend of the job but also depend upon employee's expectation about job (Hussami, 2008). Job satisfaction is considered to be the most important element in the

organization as such organisations who want to succeed must keep their employees satisfied (Wubuli, 2009). Job satisfaction is actually a mixture of job role, job responsibilities, incentive and rewards. It is a combination of extrinsic and intrinsic job satisfaction. When an employee is satisfied he will perform well in the workplace. Thus, to satisfy employees, an organization needs to provide different facilities to employees. For example, providing good working condition, fairness on the job, giving promotion and rewards to employees because these are the elements which contribute to employee satisfaction (Parvin&Kabir, 2011).

c) *Compensation and Satisfaction*

The concept of employee compensation cannot be discussed in a vacuum. Several researchers (Adeoye& Fields, 2014; Greene, 2014; Gupta & Shaw, 2014) have established that compensation and job satisfaction are positively associated with each other. And job satisfaction can bring about motivation which in turn affects employee job performance and organizational commitment. Kuria (2011) contended that employees are the most satisfied and highly productive when their job gives them security from economic strain, recognition of their effort, clean policy of grievances, opportunity to contribute ideas and suggestions, participation in decision making and managing the affairs, clean definitions of duties and responsibilities and opportunities for promotion, fringe benefits, sound payment structure, incentive plans and profit sharing activities, health and safety measures, social security, compensation, communication, communication system and finally, atmosphere of mutual trust respect. This calls for strategic moves and actions by organizations and their management to ensure that such factors as spelt out by Kuria and others are present. Bozeman and Gaughan (2011) indicated that the perception of being paid what one is worth predicts job satisfaction. They further state that there is a positive significant relationship between compensation and job satisfaction. In another study conducted by the Society for Human Resource Management (2012), it was indicated that compensation and benefits would affect employees' job satisfaction. Based on the survey report, compensation has remained one of the top three job satisfaction aspects most important to employees. Therefore, it could be concluded that the influence of compensation on employees' job satisfaction is significant and obvious. This phenomenon is perhaps explained by the fact that money is very instrumental in fulfilling several important needs of the individual and therefore serves as an enticing element for anybody seeking for a job. According to Hashim and Mahmood (2011), psychologists divide human beings' basic needs into five levels that match Maslow's hierarchy of needs. From that perspective and that of personnel psychology, compensation can satisfy physiological, safety and

security needs, which comprise the first two levels, and also an employee's needs for social interaction, self-esteem and self actualization. Tsai (2004) suggested that if these needs can all be satisfied; employees will work at ease. Therefore, in order to enhance employees' job satisfaction, effective rewards (e.g., a full attendance reward and bonus) can be adopted to reduce employee absence and increase job performance.

According to Chang (1996), the significant and positive correlation between compensation design and employee satisfaction indicate that compensation is an important function in human resource management. It suggests, therefore, that if the design and management of a compensation system are appropriate, employees are likely to be motivated to give off their best. Also, in a study conducted on Secondary school teachers in Kenya, it was concluded that teachers were highly dissatisfied with all aspects of compensation they received and established that basic pay, allowances and work environment affects teachers' job satisfaction to a great extent (Muguongo, Muguna&Muriithi, 2015). The discussions above, thus provide a strong evidence to prove the relationship between compensation and employee job satisfaction.

d) *Methodology*

The target population for the study consisted of all Basic school teachers in the Northern sector of Ghana. But one hundred (100) respondents (teachers) made up the sample for the study. The participants were selected based on convenience. Thus, a convenience sampling technique was used. A self-designed set of questionnaire was used to gather data. The set of items was structured using the Likert format with a four-point response scale and few open-ended items. These options served as the quantification of the participants' agreement or disagreement on each item. Below are the designated quantifications used in the questionnaire: 1=strongly agree, 2=agree, 3=disagree and 4=strongly disagree. The questionnaire aimed at measuring the following key independent variables: compensation package (salary, benefits and Incentives). Job satisfaction was the dependent variable. For demographic factors, respondents were asked to indicate their age (in years), tenure (in years), sex, position on the job and education level. Thirteen items were used for determining the types of compensation; fifteen items for perception of teachers about compensation package; and fifteen items on the effect of compensation of job satisfaction. These were adapted and modified from the Heneman and Schwab (1985) Pay Satisfaction Questionnaire.

e) *Analysis of the Data*

The quantitative analysis involving frequencies, percentages, mean and standard deviation was used in the analysis of data. For the purpose of effective analysis, simple percentages were derived and used for

the assessment of the main issues of the study. Thus, the Statistical Package for Social Sciences (SPSS) software was used to group the data into frequencies and percentages, means and standard deviation. The data were presented in Tables. Besides, to measure the relationship between the independent variable and dependent variable, the Pearson correlation and regression analysis were used. In using the four-point Likert scale, the researcher used the reverse order of numbering for the weightings that were put on each response. The following responses were used: Strongly Agree (SA), Agree (A), Strongly Disagree (SD) and Disagree (D). The weightings for the responses were as

follows: SA – 1, A –2, D – 3, SD – 4. However, this scale was converted to a two-point scale for the purpose of analysis and to enable the researcher draw clear-cut distinctions in the response item by item. As such the responses SA and A were put together as positive responses while the responses of SD and D were also put together as negative responses. A mean of greater than two, interpreted as a negative score, demonstrated the under-representation of the variable. A low mean signified the extensive presence of a particular variable. The Pearson correlation test and a regression analysis were employed in testing hypotheses.

Teachers' Perception about Compensation Practices in the Ghana Education Service

Table 1: Teachers' Perception about Compensation Practices in the Service

Statement	Strongly Agree	Agree	Disagree	Strongly Disagree
Adequate Compensation	5 (5%)	3 (3 %)	72 (72%)	20 (20 %)
Equitable Compensation	1 (1%)	14 (14 %)	70 (70 %)	15 (15 %)
Compensation is Motivating	1 (1 %)	10 (10 %)	60 (60%)	29 (29 %)
Compensation is periodically updated and communicated	3 (3%)	17 (17 %)	58 (58%)	22 (22 %)
Participate in compensation decisions	5 (5%)	3 (3 %)	72 (72%)	20 (20 %)
Payment is based on performance	5 (5%)	11 (11 %)	44 (44%)	40 (40 %)
Compensation is capable of retaining employees	5 (5%)	8 (8 %)	51 (51%)	36 (36 %)
Compensation is able to provide self interest	0 (0%)	8 (8%)	67 (67 %)	25 (25%)
Evaluation of compensation packages	2 (2%)	11 (11%)	58 (58 %)	29 (29%)
Compensation relates to experience and qualification	3 (3%)	15 (15%)	33 (33 %)	49 (49%)
Pay system has positive effect on employee satisfaction	3 (3%)	14 (14%)	49 (49 %)	34 (34%)
Understands retirement benefit calculations	1 (1%)	14 (14%)	53 (53 %)	32 (32%)
Benefit is good compared to private institutions	10 (10%)	13 (13%)	50 (50 %)	27 (27%)
Pay is comparable to what it should be	4 (4%)	7 (7%)	47 (47 %)	42 (42%)
Need to review pay structure	59 (59%)	17 (17%)	17 (17 %)	7 (7%)

Source: Primary Data 2016

For adequate compensation, 72% of the teachers disagreed with this assertion, 20% strongly disagreed, 5% strongly agrees and 3% agreed. Seventy percent (70%) of the teachers disagreed with the statement that their compensation is equitable with only 1% agreeing to this statement. Majority of the teachers (60%) and 29% disagreed and strongly disagreed respectively with the statement that their compensation packages are motivating. With regard to the statement 'Compensation is periodically updated and communicated', 58% disagreed while 22% strongly disagreed meaning teachers are highly dissatisfied with this statement. In addition, majority of the teachers (72% disagreeing and 20% strongly disagreeing) disagreed to the statement that they are involved in decisions concerning their compensations. Only 5% and 3% of the teachers supported this statement. To the statement 'Payment is based on performance', 5% strongly agreed, 11% agreed, 44% disagreed while 40% strongly disagreed. This implies that greater number of the teachers disagreed on this statement. On the part of the claim that 'Compensation is capable of retaining employees', 5% strongly agreed, 8% agreed, 51% disagreed while 36% strongly disagreed. Furthermore, 8%, 67% and 25% agreed, disagreed and strongly disagreed to the claim that compensation is able to provide self interest while 2%, 11%, 58% and 29% strongly agreed, agreed, disagreed and strongly agreed that their compensation packages are usually evaluated. When it comes to whether compensation relates to experience and qualification, 3%, 15%, 33% and 49% strongly agreed, agreed, disagreed and strongly disagreed respectively. In addition, 32% of the teachers strongly disagreed that they understand the calculations of their retirement benefit while 53%, 14% and 1% disagreed, agreed and strongly agreed respectively.

Perception influences the way we behave. Teachers expressed unfavourable opinions about the compensation system in place. For example, majority of them have the belief that their compensation level is inadequate and on issues concerning its communication and implementation, majority of respondents indicated their disapproval of the way it is handled, others saw it as not equitable and incapable of retaining them. Not being satisfied with a compensation package is one thing, but perceiving it as inequitable (both internally and externally), demotivating and not understanding the way it is implemented is more worrying since employees could ascribe negative connotations and perceive management as having something to hide. It is of no wonder that respondents were strongly of the view that a review of the pay structure was needed (refer to table 1). This negative perception could go a long way to disrupting the whole system since feelings of inequities could lead to dissatisfaction and teachers finding various strategies to

balance the inequity. As indicated by Meyer and Smith (1997), to avoid wrong perception and controversy by the employees, compensation system must be clearly communicated to employees with job measurement which will drive the much needed performance in the employees. Moreover, most experts agree high salaries are not essential, but good and fair salaries. For example, Higginbotham (1997) found that 'good' and 'fair' salaries correlated strongly with intention to stay, indicating that as long as compensation is competitive, financial rewards are not the primary factor in retention. Eby, Freeman, Ruch, and Lance (1999) confirmed this when they indicated that it could be rationalized that pay satisfaction is caused, in part, by perceptions regarding the equity of one's pay. Pay satisfaction can be seen as a surrogate for fairness and justice, which in turn has a direct impact on employees' motivation and therefore their job satisfaction. Further, as expressed in Maslow's (1958) theory of human needs cited in Omotayo, Pavithra, and Adeniji (2014), individuals are goal-oriented whose needs can influence their behaviour. Thus, teachers' need for equity, understanding of pay policies and others could lead to counter-productive behaviours, if not carefully addressed.

f) *Effect of Compensation on Teachers' Job Satisfaction*

To analyse this and to test for the hypotheses, correlations between the variables of the study were first of all, obtained. Pearson correlation analysis was conducted in this study to determine the relationship between the demographic variables, independent variable and the dependent variable since this was a requirement for performing regression analysis. The correlation table and its interpretation is shown in table 2.

Table 2: Pearson Correlation between Compensation variables and Job Satisfaction

	1	2	3	4	5	6	7	8	9
1. Age	1.00								
2. Gender	-.375**	1.00							
3. Educ.	.205*	-.037	1.00						
4. Years Served	.438**	-.130	.017	1.00					
5. Job Satisfaction	.009	-.021	-.065	.149	1.00				
6. Compensation	-.091	.037	-.085	-.154	.093**	1.00			
7. Base Pay	.096	-.134	.013	.117	.520**	.135	1.00		
8. Benefits	-.046	.013	-.035	.146	.940**	.109	.369**	1.00	
9. Incentives	.024	-.012	-.090	.128	.960**	.036	.384**	.847**	1.00

Source: Field survey (2016)

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Table 2 depicts that, all the demographic variables, were non-significant with compensation and job satisfaction. However, compensation related positively with job satisfaction ($r=.093^{**}$, $p<.01$). This result suggests that as compensation increases, job satisfaction tend to increase and vice versa. Base pay positively related with job satisfaction ($r = .520$, $p < .01$) and the correlation is also significant implying that as teachers' base pay increases, their satisfaction level with their teaching job increases and vice versa. Moreover, the results indicate that teachers become satisfied with their jobs when their benefits increases. This is indicated by a positive correlation coefficient of .940 with a p value of less than 10% significant level. In addition, incentives correlated positively with job satisfaction with a correlation coefficient of .960 and a p-value of less than 10% significant level. This is an indication that there is a tendency for teachers' job satisfaction to increase if their incentives are increased. This means that as each of these compensation components increases, teachers' job satisfaction can be predicted to increase. This significance makes sense because compensation in all its forms is of great concern to employees. Various scholars (Adeoye & Fields, 2014; Greene, 2014; Gupta & Shaw, 2014) also confirm that compensation impacts on workers' job satisfaction. In a related study by Osibanjo,

et. al., (2014) findings showed that there are positive significant relationships among salary, bonus, incentives, allowances and fringe benefits and job satisfaction. The study further computed a variable called average compensation by averaging all the responses on the compensation items and then regressed it with averages of teachers' job satisfaction. A summary of compensation as independent variable and job satisfaction as dependent variable is shown in Table 3.

Table 3: Summary of Regression

Model 1	B	Std. error	Beta	T	Sig.
Constant	2.279	.586		3.891	.000
Teachers Job Satisfaction	.168	.181	.293	.928	.000

Source: Field survey (2016)

From the results the proportion of variation in the dependent variable (job satisfaction) that was explained by compensation was 0.086 (0.293^2). This implied that 8.6 percent of the variation in job satisfaction can be explained by compensation variables in the model. The sig. (or p-value) is .000 which was below the .05 level; hence, it is concluded that the

overall model was statistically significant, or that the variables had a significant combined effect on the dependent variable. Compensation, therefore, significantly and positively predicted teachers' job satisfaction ($\beta = 2.279, p < .05$).

III. CONCLUSION AND RECOMMENDATIONS

The objectives of the study were to find out the perception of teachers about the compensation practices of the service and to determine the effect of compensation on Job satisfaction of teachers. The study revealed teachers have a negative perception about the compensation practices of the Service. Teachers perceived compensation as inequitable, demotivating, and implementation procedure not clearly communicated. Compensation was also found to significantly and positively predict Teachers' job satisfaction. The major reason for keeping contented and satisfied employees is to benefit from the dedication, loyalty and commitment. And one of the ways managers can keep good employees is to offer them attractive and adequate compensation package which matches their needs, preferences and performance. This is to say that, the degree to which an individual is satisfied and committed to their employer can be enhanced by an individual's perception of how they are rewarded for their inputs. Thus, it is recommended that educational policy makers take a second look at the current pay structure, revise it to be commensurate with teacher's contributions and ensure that the compensation package is a combination of the other dimensions of compensation, like benefits and incentives. Also, management must communicate to teachers the elements of their compensation and how they are calculated since they would want compensation systems that they perceive as fair and in line with their expectations and finally, management must as far as possible, involve teachers in compensation decisions that affect them so they can understand the reason why they are paid a certain amount and ensure fairness so as to enhance teachers' satisfaction and commitment to organisational goals. This will likely resolve many of the problems associated with wrong perceptions of inequity.

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