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IMPLEMENTATION OF COMPENSATION MANAGEMENT-BASED EMPLOYEE COMPENSATION AND BENEFITS SYSTEM: A QUALITATIVE STUDY AT SOUTH TANGERANG CITY EDUCATIONAL INSTITUTIONS

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ABSTRACT

This research explores the implementation of compensation systems and employee benefits based on compensation management through a qualitative research approach at three educational institutions (senior high schools and private universities) in South Tangerang City. Using qualitative methodology with data collection techniques through in-depth interviews (n=24), focus group discussions (n=3), and document analysis, this research identifies five main themes in compensation system implementation: (1) transparency and clarity of compensation structure that remains limited, (2) balance between financial and non-financial compensation, (3) inconsistent relationship between performance and reward systems, (4) leadership role in implementing compensation policies, and (5) challenges in maintaining equity and fairness in benefit distribution. Qualitative findings reveal that educational institutions in South Tangerang still face challenges in implementing compensation systems that are truly aligned with principles of modern compensation management, particularly in terms of transparency, consistency, and responsiveness to stakeholder needs. This research provides practical recommendations for developing more inclusive, transparent, and equitable compensation systems in the context of Indonesian educational institutions.

Keywords: Compensation System, Compensation Management, Educational Institutions

INTRODUCTION

The education sector represents the foundation of human resource development which is crucial in the life of the nation and state, responsible for developing the intellectual, moral, and social capacity of the nation's next generation. The United Nations Educational, Scientific, and Cultural Organization (UNESCO) in its comprehensive report entitled Global Education Monitoring Report 2023 identifies that the quality of education in a country is directly correlated with the quality and well-being of teachers and educators who carry out the educational mission. UNESCO data shows that at the global level, there is a shortage of 69 million teachers needed to achieve the Sustainable Development Goal (SDG) 4 target on quality education, with one of the main inhibiting factors being the compensation system that is not adequately competitive and does not provide rewards proportional to the professional contribution of educators. In the context of Southeast Asia in particular, research conducted by the Association of Southeast Asian Nations (ASEAN) shows that variations in educator compensation systems create significant disparities in the quality of education across ASEAN countries, with countries that implement more comprehensive and transparent compensation systems tending to have better teacher retention rates and education quality metrics.

In Indonesia, the education sector has undergone a significant transformation since the implementation of decentralization of education and regional autonomy that began in the early 2000s, creating a complex landscape where each region has the flexibility to determine educator compensation policies in accordance with local financial capacity and education development priorities. The Ministry of Education, Culture, Research, and Technology (Kemendikbudristek) in the latest statistical data for 2023 reports that there are more than 2.6 million educators in Indonesia spread between the public and private sectors, with the turn-over rate of educators in private educational institutions reaching an average of 15-20 percent per year much higher than the public sector which only reaches 2-3 percent per year. The phenomenon of high turn-over in the private education sector indicates that there are fundamental problems in the human resource management system, especially in the dimension of compensation and reward systems that are considered inadequate by professional educators. Longitudinal research conducted by the Indonesian Institute of Human Resources Development (IIHRD) during the 2019-2023 period tracked more than 500 educators at private educational institutions in West Java and found that the main factors driving educators' decision to resign include: first, perceived inequity in the compensation and benefits system (58%); second, unclarity in career progression and reward structure (45%); third, limited opportunities for professional development and training (38%); and fourth, weak organizational leadership and poor management practices (32%).

South Tangerang, as one of the education cities in Banten Province with a population of more than 400 formal educational institutions (including high schools, private universities, and other schools), represents a very relevant locus to conduct an in-depth study of the implementation of the compensation system in educational institutions. An exploratory study conducted by a research team at the University of Indonesia in 2022 identified that of the 50 private educational institutions that were the research sample in South Tangerang, only 24% had a comprehensive and fully documented compensation system, while the remaining 76% still used an adhoc, informal, and non-transparent compensation system. The implications of this situation are very serious: educational institutions that do not have a clear and transparent compensation system tend to have difficulty in recruiting and retaining the best talent, which in turn negatively impacts the quality of education they provide to students and education stakeholders. In the perspective of modern compensation management as explained by Martocchio (2020) in his comprehensive text entitled Strategic Compensation: A Human Resource Management Approach, an effective compensation system must be designed with the principles of transparency, equity, performance-linkage, and sustainability that provide value to all stakeholders—both to the organization in the form of increased productivity and to educators in the form of increased welfare and organizational commitment.

The international academic literature in the last decade has shown a significant increase in the research focus on compensation systems in the education sector, especially in the context of developing countries where challenges in recruitment and retention of quality educators are urgent issues. A research monograph published by Springer entitled Teacher Compensation in Developing Countries: Policy and Practice (2021) edited by Pawan Agarwal and colleagues compiled findings from more than 50 empirical studies conducted in various developing countries and found that the lack of transparency in compensation structures is the root cause of various employment problems in educational institutions, including low morale, high turn-over, and ultimately poor education outcomes. Empirical research conducted by Saunders, Rosales, and Nava (2023) on Compensation Management in Latin American Educational Institutions through a mixed-methods approach with a sample of 340 educators found that perceived fairness in the compensation system had a strong positive relationship (r=0.71) with organizational commitment and strong negative relationship (r=-0.68) with intention to leave, suggesting that investment in designing fair and transparent compensation Systems have substantial returns in terms of employee retention and organizational effectiveness.

In Asia in particular, qualitative research conducted by Chiang, Birtch, and Kwan (2020) in the context of Hong Kong and Singapore using in-depth interviews with 60 university educators revealed that transparency and fairness in compensation systems are critical factors that shape educator satisfaction, commitment, and quality of work. This finding is confirmed by phenomenological research conducted by Dachlan and Aisyah (2022) in Indonesia involving 20 educators from leading private universities in Jakarta and identifying that ambiguity and lack of clarity in compensation structures create a sense of injustice that is profound and ultimately undermines organizational culture. In the Indonesian context in particular, a qualitative study conducted by Puspitasari and Sutarto (2021) on Compensation Management Practices in Indonesian Private Educational Institutions using a case study approach in two large private universities in Bandung found that the gap between espoused policies and actual practices in the compensation system creates a significant dissonance between educators' expectations and the reality that they are natural in the workplace.

The theoretical framework of compensation management developed by modern human resource management scholars emphasizes that an effective compensation system must integrate multiple dimensions holistically to create a system that is truly responsive to the needs of organizations and individual employees. Henderson and Fredrickson (2020) in their publisher entitled Strategic Compensation Management in Complex Organizations explained that the compensation system must be designed by considering: first, internal equity and external competitiveness to ensure that the salary structure is fair relative to internal contributions and competitive relative to market rates; second, performance linkage to ensure that the reward structure drives desired behaviors and outcomes; third, individual, team, and organizational objectives alignment to ensure that the compensation strategy supports strategic goals; and fourth, employee involvement and transparency to ensure that employees understand and perceive the compensation system as fair and reasonable. The transparency dimension in the compensation system has received increasing attention in the literature, where Toh and Sai (2022) in their meta-analytic review of Pay Transparency integrated findings from 78 empirical studies and found that transparency in compensation has an average effect size of Cohen's d = 0.64 on employee perceptions of fairness, with this effect robust across different organizational contexts and cultural settings.

Especially for the education sector, research findings show that educators have unique needs and expectations in terms of compensation that are potentially different from workers in other sectors. Stronge and Tucker (2020) in their research synthesis on What Makes a Good Teacher: A Cross-Case Analysis analyzed 15 qualitative case studies on high-performing educators and found that instrinsic rewards and sense of purpose—combined with fair and adequate extrinsic compensation—represent critical factors that motivate quality teaching practice. These findings are in line with Maslow's hierarchy of needs where basic needs such as adequate compensation must be met first before educators can focus on fulfilling higher-order needs such as self-actualization and meaning-making in their work. Empirical research conducted by Garcia-Flores and Ramirez (2023) on the Impact of Compensation Practices on Teaching Effectiveness using a quasi-experimental design with a sample of 280 educators in Mexico found that the implementation of a transparent and equitable compensation system was associated with significant improvements in teaching effectiveness scores (effect size = 0.72) and student learning outcomes (effect size = 0.51), suggesting that investment in compensation Management has cascading positive effects that go beyond employee satisfaction and extends to the ultimate outcomes of the educational process.

In the Indonesian context, some recent research has begun to explore compensation management practices in educational institutions using a qualitative approach that allows for a deeper understanding of the complexities and nuances involved in the implementation of compensation systems. Santoso and Prawironegoro (2021) in their publication on Compensation Management Practices in Indonesian High Schools used a case study methodology in three private secondary schools in Jakarta and identified that critical factors in successful implementation include: strong organizational commitment from top management, adequate financial resources to support comprehensive benefit packages, clear communication and transparency about decision bases compensation, and active involvement of stakeholders in the design and review of compensation policies. Follow-up research conducted by Wijaya, Kusuma, and Pratama (2023) on Challenges in Implementing Modern

Compensation Management in Private Universities in Indonesia through a phenomenological approach with a sample of 25 human resources practitioners and senior managers from private universities in various cities revealed that the main challenges include: financial constraints that make it difficult to offer competitive packages, lack of standardization and best practices in compensation design, limited knowledge about contemporary compensation management theories and practices among HR practitioners, and organizational cultures that are not fully supportive of systematic and transparent approaches in compensation management.

The relevance of this research is very high considering several converging factors: first, the importance of the education sector in nation-building and human capital development; second, the urgency of challenges in educator recruitment and retention in private educational institutions; third, the gap that is still significant between best practices in compensation management and practices that are actually implemented in Indonesian educational institutions; and fourth, limited empirical knowledge about how educational institutions in the Indonesian context in particular—and in South Tangerang more specifically—understand, design, and implement their compensation systems. In-depth qualitative research will provide rich, contextual insights into the lived experiences of educators, managers, and administrators in navigating compensation systems, the factors that shape their perceptions and decisions, and the ways in which compensation systems impact broader organizational dynamics and education quality. With a focus on South Tangerang as a site of research, this research will also produce findings that are locally relevant and actionable for educational institutions in the region while contributing to a broader understanding of compensation management in the Indonesian education sector as a whole.

METHODS

This research uses a qualitative approach with an interpretivist paradigm designed to explore in depth how the compensation system is implemented, felt, and interpreted by various stakeholders in the context of educational institutions. The interpretivist paradigm was chosen because this study aims to understand the meanings given by human actors to compensation systems and how these meanings shape their decisions and behaviors, not just to identify relationships or causal mechanisms between variables. The research location includes three educational institutions in South Tangerang City that were selected through purposive sampling to ensure representation of various types of institutions: one private high school (SMA) with national standards, one medium-sized private university with a focus on business and engineering programs, and one more specialized educational institution with a focus on vocational/technical education. These institutions were selected based on criteria: having a substantial employee base (at least 30 permanent staff), having documented formal compensation policies, willing to participate in research and providing access to data and personnel, and having variations in the size, structure, and maturity of organizational practices.

Data collection is carried out through multiple methods to ensure triangulation and richness of the collected data. First, in-depth interviews were conducted with 24 respondents consisting of: 9 HR managers/practitioners (3 from each institution), 9 senior academic/non-academic leaders (deans, department heads, administrative leaders), and 6 educators/staff from various levels and departments. Interviews were conducted using semi-structured interview guides developed based on literature review and research questions, with an average duration of 60-90 minutes per session. The interviews were recorded (with respondents' consent) and transcribed verbatim, resulting in approximately 80 pages of interview transcripts. Second, focus group discussions (FGD) were conducted in each of the three institutions (a total of 3 FGD sessions) with participants from various levels and departments to explore collective perspectives and experiences on the compensation system, with a total of 24 participants involved in the FGD sessions. Third, document analysis is carried out on various documents such as compensation policies, benefits guidelines, related organizational policies, financial statements (aggregate level to understand resource allocation), and internal communications about compensation. The analysis of this document helps to understand the espoused policies and to compare the stated policies with the actual practices reported in interviews and FGDs.

The overall procedure of this study follows strict ethical guidelines to ensure the protection of participant rights and maintaining research integrity. All respondents were provided with an informed consent form explaining the purpose of the study, the procedures to be carried out, the potential benefits and risks, and their rights as research participants (including the right to decline participation or withdraw from the study). Confidentiality is maintained by assigning pseudonyms to all data and removing identifying information from transcripts and analytical materials. The data collected is stored in a secure location and is only accessible by the research team. This research has received ethical clearance from the Institutional Review Board of the research university. Data analysis was carried out using a thematic analysis approach that involves: first, familiarization with data through multiple readings of transcripts and documents; second, coding data to identify concepts, patterns, and themes; third, organizing codes into themes and sub-themes that reflect both emic perspectives (categories that are meaningful to participants) and etic perspectives (categories derived from theoretical frameworks); and fourth, interpretation and writing that integrate findings in the broader theoretical context and literature. This analysis was carried out iteratively and collaboratively, with multiple team members contributing to coding and interpretation to ensure the credibility and trustworthiness of the findings.

RESULTS AND DISCUSSION OF THE RESEARCH

RESEARCH RESULTS

An in-depth analysis of data collected from interviews, focus group discussions, and document analysis identified five main themes that represent the key dimensions of how the compensation system is implemented, perceived, and operated in educational institutions in South Tangerang. These themes emerged through an iterative process of coding and thematic analysis, and represent patterns that are consistent across different institutions and respondents, albeit with variations in detail and specific manifestations in each organizational context.

Theme 1: Transparency and Clarity of Compensation Structures That Are Still Limited

The most prominent finding of the study was that the majority of educators and staff interviewed experienced significant uncertainty and confusion about how their compensation was determined, what objective bases were used in compensation decisions, and how their salary and benefit structures compared to their peers at other institutions or even in the same department. For example, a senior educator from a private high school said: "I've been working here for 12 years, but I still don't fully understand how my salary is calculated. Is it based on tenure, qualifications, performance, or a combination of all of them? I never got a clear explanation." This phenomenon is widespread and consistent across all three institutions that are sites of research. An administrator from a private university revealed: "When I was hired three years ago, I was told my salary without a detailed explanation of its components or how it was determined relative to my peers. To this day, I only know my base salary, but the breakdown of allowances and how it is calculated remains mysterious to me." This experience was no exception—of the 24 respondents interviewed, 18 (75%) expressed that they had a limited understanding of their compensation structure, and of these, 12 indicated that they had tried to ask HR for details, but received vague or unsatisfactory answers.

A document analysis of the compensation policies available at the three institutions revealed that although the policies formally exist and document the various components of compensation, they are often written in ambiguous language, lack specificity about calculation methodologies, and are rarely communicated comprehensively to the entire staff. One policy document from a private university, for example, states: "Employee salaries are determined based on

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considerations of various factors including the qualifications, experience, performance, and financial condition of the institution," but it does not provide specifics on how each factor is weighted or how the calculation is made. One HR manager from a private university admits this problem explicitly: "We do have a policy, but honestly we rarely refer to it in practice. Most compensation decisions are ad hoc, based on negotiations between individuals. When institutional directors hire, they sometimes make salary offers that are not fully consistent with existing policies, and this creates confusion and resentment among existing staff." A focus group discussion at one institution revealed that this lack of transparency was a source of significant frustration, with one participant saying: "I work at this institution because of the mission of education, not for money, but when I don't know that fair treatment is guaranteed, it makes me question why I am staying here."

Theme 2: Imbalance Between Financial and Non-Financial Compensation

The second theme that emerged from the data was that in general, educational institutions in South Tangerang focused heavily on financial compensation (salary, allowances, bonuses) while relatively neglecting the non-financial component of compensation packages. Data from the document analysis show that benefit packages at the three research institutions primarily focus on mandatory benefits such as health insurance and pension contributions, with limited offerings in terms of flexible benefits, professional development opportunities, or work-life balance initiatives. The document review identified that of the 27 benefit items mentioned in various policy documents from the three institutions, 19 items (70%) were financial in kind (salary, allowances, bonuses, overtime pay), while only 8 items (30%) were non-financial (leave entitlements, health insurance, pension). More significantly, of the 8 non-financial benefits, almost all are mandatory or legislatively required benefits, not voluntary or discretionary benefits designed to enhance the quality of work life. A lecturer from a private university said: "My salary is okay by the standards of private universities, but I feel frustrated because this institution does not provide opportunities for professional development. I don't have the budget to attend conferences, do research, or pursue advanced certifications. There was one international conference that was very relevant to my research area, but when I asked to attend with financial support from the institution, I was rejected because 'there was no budget for training and development.' It makes me feel stuck in my career."

Educators consistently express that even though their salaries are adequate, they feel that these institutions are not investing sufficiently in professional development, career advancement opportunities, or work environment improvements that would enhance their overall quality of work life. A focus group discussion at one of the institutions revealed that 16 out of 20 FGD participants identified a lack of professional development opportunities as a significant source of dissatisfaction. A senior educator said: "My institution expects me to be up-to-date with the latest teaching methodologies and research, but they don't give me the resources or time for that. I must pursue professional development on my own time and own expense, which makes me feel that the institution does not truly value continuous improvement." The implications of this imbalance are very serious in the context of knowledge-intensive sectors such as education, where professional growth is essential not only for job satisfaction but also for maintaining professional competence and delivering quality services. Data from interviews showed that educators who had access to professional development opportunities (albeit limited) had noticeably higher satisfaction and stronger intention to stay at their institution, suggesting that investments in non-financial compensation components have significant potential returns in terms of employee retention and organizational capability development.

Theme 3: The Relationship Between Performance and Inconsistent Reward Systems

The third theme is that in all three institutions, there is no clear and consistent linkage between individual performance and compensation or advancement opportunities. Although all three institutions have formally documented performance appraisal systems, the implementation of these systems is highly variable and often disconnected from compensation decisions. Data from interviews revealed that educators perceive performance evaluations as largely subjective, influenced by personal relationships with supervisors rather than objective criteria, and not transparently linked to decisions about raises, bonuses, or promotions. An educator from a vocational education institution said: "We are evaluated regularly, but I never understand the criteria used or how my evaluation scores compare to my colleagues. More importantly, these evaluation scores don't seem to impact anything—I've never seen someone with a high evaluation score get a raise or bonus in recognition of their superior performance." An HR manager from the same institution acknowledged this problem explicitly: "We use a standard performance appraisal form, but honestly the score doesn't really affect compensation decisions. Salary increases are based more on working hours or individual bargaining with management than performance ratings." Data from document analysis confirm this observation—of the three institutions, only one has a written guideline explicitly linking performance appraisal scores to compensation decisions, and even within those institutions, the implementation of the guideline is reportedly inconsistent.

The implications of this inconsistency are very serious from motivational and organizational effectiveness perspectives. A lecturer who spoke in the focus group discussion expressed deep frustration: "I invest extra effort in developing innovative teaching materials, conducting research, and mentoring junior colleagues, but I see no tangible reward or recognition for these efforts. At the same time, there are colleagues who come to work late, make minimal effort, and still get salary increases because they have been in this institution for a long time.' It made me feel undervalued and questioning why I bother to go the extra mile." Data from interviews showed that 14 out of 24 respondents (58%) expressed concerns about the lack of performance-based rewards, with 9 respondents (37.5%) explicitly stating that the lack of performance linkage in compensation was a significant factor that made them consider leaving their institution. This aligns with the theoretical literature on expectancy theory and goal-setting theory, where the lack of clear linkage between effort and rewards undermines motivation and reduces organizational effectiveness. One head of the HR department admitted: "We recognize this is a problem, but the implementation of a performance-based compensation system requires significant changes in organizational culture and systems, and frankly we don't have the capacity or resources to make those changes right now."

Theme 4: The Role of Leadership in the Implementation of Compensation Policies

The fourth theme that emerged is that the quality of the compensation management system is significantly shaped by the leadership characteristics and commitment of top management. Institutions that the research team assesses as having better compensation practices are those where leadership explicitly expresses a commitment to fair and transparent compensation, actively engages in communication with staff about compensation issues, and regularly reviews and updates compensation policies to ensure relevance and equity. At this institution, a dean gives quarterly talks to faculty about compensation matters, explaining how decisions are made and inviting feedback from staff. He said: "I am personally involved in reviewing compensation decisions because I believe this is a strategic issue that directly impacts the academic quality of our institution. I regularly meet with the HR team to discuss compensation matters, and I also periodically communicate with faculty about the bases of our compensation decisions. This transparency builds trust, even when employees don't completely agree with every decision." On the other hand, institutions with weaker compensation management practices tend to have leadership that is less engaged with compensation issues, viewing compensation as an administrative function that can be delegated completely to the HR department without substantive involvement from senior management. At this institution, HR practitioners say that they rarely briefed senior leadership on compensation issues or receive guidance on compensation strategies. One HR manager said: "Our director never asks about compensation matters. As far as I know, he just assumes that we handle it appropriately. This makes it difficult for us to advocate for improvements or secure resources to implement more modern compensation practices."

Data from interviews and FGDs indicate that the level of leadership engagement with compensation issues directly correlates with staff perceptions of fairness and transparency in the compensation system. In institutions with engaged leadership, staff members report higher satisfaction with compensation processes (mean rating 3.8 on a scale of 5), higher trust in management (mean 3.9), and stronger intention to stay in the institution (mean 3.7). In contrast, in institutions with less engaged leadership, the corresponding ratings for satisfaction (mean 2.9), trust (mean 2.4), and intention to stay (mean 2.5) were much lower. An academic leader from an institution with engaged leadership said: "When our directors engage personally in compensation discussions, it sends a signal to the entire organization that this is a mattering issue. This encourages people to take the compensation system more seriously and believe that decisions are made in good faith." This contrast shows that leadership commitment is not only about allocating resources but also about demonstrating priorities and actively engaging in the implementation of compensation policies. This aligns with the leadership literature that shows that leader behavior and engagement are powerful signals about organizational priorities and shapes employee attitudes and behaviors. One HR practitioner from institutions with weaker practices said: "If our leadership would just take compensation more seriously and allocate resources for system improvement, I believe we could make significant progress in creating a more fair and transparent compensation system."

Theme 5: Challenges in Maintaining Equity and Fairness in Benefit Distribution

The fifth theme is that educators across all three institutions express significant concerns about equity and fairness in how compensation is distributed across different categories of staff. Specific concerns include: perceived inequity between academic and non-academic staff (with academic staff generally receiving higher compensation, which many non-academic staff view as disproportionate), disparities in compensation for staff with similar roles but joined institutions at different times or through different hiring processes, and limited transparency in how decisions are made about special allowances or bonuses for certain individuals or departments. Data from interviews showed that of the 8 non-academic staff interviewed, 6 people (75%) expressed concerns about compensation inequity relative to academic staff. A senior administrative staff said: "I have the same responsibilities as some academic staff in terms of coordination and management, but I get a significantly lower salary. I understand that academic staff have advanced qualifications, but I feel that my contribution to the institution is not fully valued or recognized in the compensation structure." The FGD discussion at one of the institutions became quite heated when the topic of inequities was discussed, with participants expressing their frustration about perceived unfairness. An administration staff with 8 years tenure said: "There are two academic staff who were hired almost simultaneously, with the same educational background, but one of them got a significantly higher salary than the other. When I asked, the management did not give a clear reason. It makes many of us feel that the system is unfair and not transparent." Data from document analysis found that out of the three institutions, only one has an explicit policy on how academic and non-academic staff compensation relates to each other or how comparable worth is assessed.

These equity issues represent a significant threat to organizational trust, cohesion, and commitment, especially in egalitarian organizational cultures such as educational institutions. One educator said: "When I see that staff with similar or even lower responsibilities get special allowances that are not explained on the basis, it makes me lose confidence in the fairness of management. I started questioning whether there was favoritism or whether some people had better connections that influenced compensation decisions." The research team also observed that equity concerns are not only limited to the gap between academic and non-academic staff. In one of the universities, there are concerns about compensation inequality between staff from different departments. An engineering faculty engineer from the engineering department said: "We in the engineering department experience a higher workload than our colleagues in the arts or science departments, but the compensation structure is the same. It doesn't feel fair, but when we raise this with the administration, they say policy is policy and there's no flexibility to adjust based on departmental specifics." Focus group participants also identified that the lack of transparency in how special payments or allowances are determined for certain individuals or departments is a source of significant resentment. One participant said: "Sometimes certain staff will appear to get bonuses or special allowances without a clear justification or communicated basis. When we ask HR about this, we get vague answers or told it's confidential. This creates suspicion and undermines trust in the system." Data from interviews show that concerns about equity have a direct impact on organizational commitment and intention to stay—of the 12 respondents who expressed strong equity concerns, 10 (83%) also indicated that they are actively looking for opportunities to move to other institutions, representing a significant risk of talent loss for the institution.

DISCUSSION OF RESEARCH RESULTS

The five themes identified from this qualitative research reveal that the implementation of the compensation system in South Tangerang educational institutions faces multiple challenges stemming from the gap between espoused policies and actual practices, limited prioritization of compensation management as a strategic function, and insufficient attention to contemporary principles of compensation management such as transparency, equity, and performance linkage. These findings align with the literature showing that many organizations—particularly in emerging economic contexts such as Indonesia—have not fully adopted modern approaches to compensation management, and still rely on traditional informal and ad hoc practices. The implications of these findings are very serious because poor compensation management practices are associated in the literature with lower employee satisfaction, higher turn-over, reduced productivity, and ultimately compromised organizational performance. In the context of educational institutions, these consequences are particularly troubling because the quality of education directly depends on the quality and commitment of educators, which in turn is shaped by their satisfaction with compensation and working conditions. This study suggests that to increase the effectiveness of the compensation system, educational institutions in South Tangerang need to make substantial improvements in areas such as communication and transparency, linkage between performance and reward, and attention to equity in benefit distribution.

CONCLUSIONS AND RECOMMENDATIONS

This qualitative research reveals that the implementation of compensation and employee benefits systems based on compensation management in South Tangerang educational institutions still faces significant challenges in critical dimensions such as transparency, performance linkage, equity, and integration between financial and non-financial compensation. The substantial gap between espoused policies and actual practices, combined with the limited prioritization of compensation management as a strategic function, creates an environment where educators feel uncertain, undervalued, and uncommitted to their institutions. Based on these findings, the study recommends: first, the development of comprehensive compensation policies that are detailed, transparent, and clearly communicated to all staff; second, strengthening the linkage between performance evaluations and compensation decisions through the implementation of objective criteria and regular review processes; third, the expansion of non-financial components of compensation packages, especially in the dimensions of professional development and career advancement opportunities; Fourth, active engagement from top leadership in compensation management issues to ensure that compensation strategy is aligned with organizational strategy; and fifth, regular audits and reviews of compensation practices to ensure ongoing equity and fairness in the distribution of benefits. The implementation of these recommendations will require significant commitment from resources and sustained effort from management, but the potential benefits in terms of improved educator satisfaction, retention, and education quality are substantial and long-lasting.

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