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THE IMPACT OF COMPENSATION, SCHOOL CLIMATE AND PRINCIPAL TRANSFORMATIONAL LEADERSHIP ON JOB SATISFACTION : LITERATURE REVIEW

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ABSTRACT

Purpose: This study systematically reviewed and sorted out the relevant studies on the relationship between compensation, school climate, principal transformational leadership and job satisfaction as well as propose some practical measures to improve teachers' job satisfaction in higher vocational colleges.

Design/methodology/approach: The methods of literature review and qualitative research were used in this study.

Findings: The research review showed that compensation, school climate, principal transformational leadership have a positive effect on work motivation and job satisfaction.

Research limitations: The literature review is analyzed based on existing research results, although studies have identified a correlation between compensation, school climate, principal transformational leadership, work motivation and job satisfaction. There is a lack of studies on higher vocational education or the population targeted on higher vocational colleges teachers, which is a research gap for this research.

Practical implications: This study provides a foundation for understanding the impact of teachers' job satisfaction in higher vocational colleges, and has valuable implications for both academics and college managers.

Value: By systematically reviewing the existing literature, we can clearly elucidate the influencing factors and developmental trends of teachers' job satisfaction. Building upon this review, the limitations and gaps in current research are further identified, providing direction and inspiration for future studies.

Keywords: Job Satisfaction, Work Motivation, Compensation, School Climate, Principal Transformational Leadership.

1. INTRODUCTION

The employee's job satisfaction primarily influences the individual, subsequently impacting the company and organization (Muttalib et al, 2023). When employees are content with their careers, they often align themselves with the company's goals and mission. In higher vocational college, the level of job satisfaction among teachers directly impacts their enthusiasm and performance, thus it is crucial to investigate the factors influencing their job satisfaction (Hoque et al, 2023). By analyzing these factors, government and related departments can gain insights into how they affect teacher satisfaction and identify strategies for enhancing overall contentment. The job satisfaction of teachers is a crucial factor in institutional dynamics and is generally regarded as the primary dependent variable by which an organization's human resource effectiveness is evaluated.

In recent years, extensive research has been conducted in academic circles on the factors influencing teachers' job satisfaction. Among these factors, work motivation and the work conditions including compensation, school climate principal leadership and so on play crucial roles in determining teachers' job satisfaction. School conditions is evaluated to prove the influence on job satisfaction, burnout levels, and school management. The level of work motivation among teachers directly impacts their exercise of teaching autonomy while the degree of support from school administrators and a relaxed school atmosphere contribute to the realization of teachers' job satisfaction ([Anshori et al, 2023](#)).

In previous studies, scholars have examined the correlation between school compensation, school climate and principal transformational leadership and job satisfaction, as well as analyzed the work motivation influences teachers' job satisfaction. Some researchers have utilized structural equation modeling to uncover the causal relationship among various factors, revealing that work motivation and school atmosphere play important roles in teachers' job satisfaction (Layek & Koodamara, 2024). Therefore, this study is to discuss factors that influence teachers' job satisfaction in higher vocational colleges.

2. LITERATURE Review

2.1 The Relationship between Compensation and Work Motivation

Compensation has been shown to be one of the most important factors in connecting employees with organizations. In addition, compensation can motivate employees to improve performance (Baharuddin, Ramlah & Kurniasari (2021)). The relationship between compensation and work motivation is complex and multifaceted.

The study conducted by Tumi, Hasan & Khalid (2022) aims to explore the factors that influence employee motivation in the Libyan telecommunications sector, including pay, job enrichment and expansion, and training. The results indicate that all survey factors have a significant impact on employee motivation. The aim of Kuvaas's study (2006) is to investigate the impact of different forms and levels of compensation management on work motivation of knowledge workers. The findings show that base salary levels exhibited a positive correlation with self-reported job performance and emotional commitment towards the unit but not with bonus levels. The purpose of Mahathir, Matondang & Wibowo's (2020) study is to analyze the effects of economic compensation and non-economic compensation on the motivation. The results of this study show that financial compensation has a significant impact on employees' work motivation. Non-economic reward has an effect on work motivation, but the effect is not significant. The objective of Amanda & Trinanda's (2021) research is to analyze the impact of financial compensation on work motivation and employee performance through incentive work. The results show that financial compensation has a positive and significant impact on work motivation; Work motivation plays a partial mediating role, connecting the relationship between financial compensation and employee performance. The objective of Wachira, Wanjiku & Odiko's (2020) study is to comprehend the impact of non-financial compensation on employee motivation. Non-monetary rewards, known as non-economic benefits, exert influence on individuals through intangible incentives and are not included in employees' remuneration packages.

Baharuddin, Ramlah & Kurniasari (2021) explore the effects of financial and non-financial compensation schemes on employee incentives. The results show that variable compensation has a direct and significant positive effect on employee motivation. The aim of Laras et al's (2021) study is to empirically examine and substantiate the influence of work environment and salary on the work motivation and police performance. The findings indicate that both work environment and salary have a positive impact on work motivation and police performance. Candradewi & Dewi (2019) aim to investigate the role of intermediary motivation in relation to salary and employee performance. The findings reveal that salary exerts a significant positive influence on employee motivation. These results highlight that increasing compensation is the primary factor for enhancing employee motivation. The research of Adhi & Aima (2021) aims to further explore and analyze the impact of compensation on incentives and their effects on organizational performance. The results show that compensation have a significant positive effect on improving employees' work motivation, and this effect is partially significant. The study conducted by Singhvi, Dhage & Sharma (2018) aims to establish the relationship between work motivation, salary, employee satisfaction, and performance levels. The results show that there is a significant correlation

between compensation and incentive, employee satisfaction and employee performance, and the lack of employee satisfaction may lead to or limit their performance.

According to the literature above, it can be concluded that compensation, such as bonuses, commissions, and raises, can serve as powerful motivators, is essential for meeting basic needs for the employees and basic pay and benefits are serve as a foundation for work motivation. When employees are paid fairly and competitively, they are more likely to be motivated to continue performing their jobs.

2.2 The Relationship between School Climate and Work Motivation

Over the past three decades, educators and researchers have come to recognize the complex factors that constitute school climate and the relationship between school climate and work motivation (Smith, et al.,2022). Practitioners and researchers employ a variety of terms, such as the atmosphere, feelings, tone, setting, or milieu of the school as the description of school climate (Freiberg, 1999; Homana et al., 2006).

The study conducted by Ningsih & Gunawan (2020) aims to investigate the relationship between self-efficacy, school climate, and teachers' work motivation. A quantitative method utilizing a descriptive correlation research model was employed for this investigation. The findings revealed that a significant positive association was observed between self-efficacy, school climate, and teachers' work motivation. The objective of Misnawati, Dalle & Suriansyah's (2020) study is to investigate the impact of school climate on teacher performance while considering work motivation as mediating variables. The findings revealed that school atmosphere emerged as the primary factor influencing teachers' work motivation; Additionally, school atmosphere also mediated the relationship between teachers' job satisfaction and overall performance. The study conducted by Ansar, Sumar & Laiya (2023) examined the relationship between the working atmosphere and employees' work motivation in SMP schools located in Gorontalo City. Quantitative methods were employed to collect data through questionnaires. The findings revealed a significant correlation between the working atmosphere and employees' work motivation. The purpose of Lusiana, Rukun & Yahya's (2019) study is to explore the influence of school atmosphere on teachers' work motivation and adopts quantitative correlation research method. The results show that school atmosphere has an important impact on teachers' work motivation, and its contribution rate is 28.3%. The study conducted by Davulcu, Kuluma & Kamaz (2021) aimed to investigate the association between motivation levels of elementary, middle, and high school teachers employed under the TRNC National Ministry of Education and their perceptions of school climate. The findings revealed a positive and moderately strong correlation between school climate and teacher motivation.

From the literature review above, it can be concluded that there is a growing body of research focusing on the intricate connection between school climate and teachers' work motivation. These studies consistently indicate that a positive school climate can effectively stimulate teachers' enthusiasm and motivation, leading to enhanced career satisfaction and overall satisfaction. Conversely, a negative school climate may result in decreased work motivation, job burnout, and other related issues.

2.3 The Relationship between Principal Transformational Leadership and Work Motivation

Principal transformational leadership is a style of leadership that emphasizes inspiring and motivating

followers to achieve their full potential and exceed their own expectations (Wijaya, Khoir & Zaini, 2022). This leadership approach has a close and reciprocal relationship with work motivation, which refers to the forces that drive individuals to perform their work with energy, enthusiasm, and persistence (Mcquillar, 2023). There are many researchers investigated the relationship between them.

Adhi & Aima (2021) aims to further explore and analyze the impact of transformational leadership and compensation on work motivation. The results show that transformational leadership and compensation have a significant positive impact on improving employees' work motivation. In the study of Lee & Kuo (2019), empirical methods are used to infer the relationship between transformational leadership of primary school principals and teachers' work motivation. The results show that transformational leadership of primary school principals is positively correlated with teacher motivation, and the dimensions of transformational leadership of primary school principals have predictive power on the overall work motivation of teachers. The study conducted by Abdullah, Ling & Sufi (2018) aimed to investigate the association between principal's transformational leadership and motivation in Nibong Tebal National School in Penang, Malaysia. The findings indicate that teachers exhibit a higher level of transformational leadership and their work motivation is also elevated. Furthermore, the study reveals significant disparities in leadership style and work motivation among male and female teachers. Correlation analysis further demonstrates a significant positive correlation between transformational leadership and teachers' work motivation. The study conducted by Serin & Akkaya (2020) aims to investigate the potential correlation between transformational leadership and teacher motivation. The findings revealed that teachers' motivation levels, including intrinsic motivation, decreased when they perceived their principals as transformational leaders. The aims of Hyseni Duraku & Hoxha's (2021) research is to investigate the influence of transformational and transactional attributes of school principals' leadership on teachers' work motivation. The findings reveal that transformational leadership attributes, specifically idealized influence and motivational motivation, can significantly predict teachers' autonomous motivation. Moreover, individual consideration is found to be a significant predictor of motivation towards complementary tasks. Udin et al. (2023) conducted a study to investigate the impact of transformational leadership on organizational learning culture, intrinsic work motivation, and employee performance. The findings indicate that transformational leadership has a direct and significant influence on organizational learning culture, intrinsic work motivation, and employee performance.

According to the literature above, there is a clear and structured analysis of the relationship between principal transformational leadership and work motivation. However, Current research has predominantly focused on Western contexts, with limited exploration of how principal transformational leadership and work motivation may differ across cultures and contexts.

2.4 The Relationship between Work Motivation and Job Satisfaction

The study, entitled "The Impact of Workload, Pay and Work Motivation on Job Satisfaction in Bandung Islamic Hospital" written by Putri et al. (2024) aims to identify factors that may influence employee job satisfaction, focusing on workload, pay and work motivation. The test results show that compensation and

work motivation have significant positive effects on job satisfaction, both partially and simultaneously. This report can serve as a useful tool for companies seeking to promote employee well-being by optimizing their human resource management strategies to improve organizational performance. Abdullah et al. (2024) investigate the variables that influence employee job satisfaction and establish a theoretical framework and research model. The findings indicate that work motivation is found to have a significant effect on employees' job satisfaction. The objective of Aryawan et al. (2024) study was to investigate the potential impact of work motivation on the job satisfaction of junior high school teachers in Denpasar, Indonesia. The findings demonstrate a significant positive effect of work motivation on teachers' job satisfaction. The aim of the study conducted by Denny; Moertono & Marwan (2024) was to investigate the impact of work motivation in relation to job satisfaction. The findings indicate that work motivation positively affects job satisfaction. Idris & Hidayat (2024) examine the impact of work motivation and working environment on job satisfaction with a sample consisted of 192 individuals employed by Mandili Bank in Palembang. The findings indicate that motivation significantly influences the performance satisfaction of employees. Louis et al. (2024) conducted a study examining the impact of incentive strategies on job satisfaction and performance in the Nigerian Police Force. Overall, these results suggest that promotion strategies have a greater influence on job satisfaction and performance. Basalamah (2021) test the impact of work motivation on the satisfaction levels of management lecturers at a private university in Makassar. The findings indicate that work motivation significantly affects lecturer satisfaction thus enhancing work motivation can improve lecturer satisfaction. The study conducted by Haryono & Sulisty (2020) aims to investigate the influence of work motivation on job satisfaction and their impact on employee performance. The findings reveal that both leadership and work motivation have a significant positive effect on job satisfaction.

All in all, based on the literature review, it is evident that when discussing the relationship between work motivation and job satisfaction, although numerous studies have demonstrated a strong correlation between the two variables, there still exist certain research gaps. Future research should aim to enhance our understanding of the specific mechanisms linking work motivation and job satisfaction. This entails investigating how work motivation influences mediating factors such as job engagement, job performance, and job autonomy among employees, thereby impacting their overall job satisfaction.

2.5 The Relationship between Compensation and Job Satisfaction

The study conducted by Sriadmitum (2023) aimed to investigate the influence of leadership style, work environment, and compensation on job satisfaction among teachers in Tandun and Ujung Batu sub-district State high schools. Findings indicate that leadership style does not significantly impact job satisfaction. Moreover, a positive and significant work environment also does not have a significant effect on job satisfaction or performance levels among teachers. Similarly, salary is found to have no significant influence on both job satisfaction. Furthermore, there is no significant relationship between teacher performance and job satisfaction.

However, other researchers such as Komara (2023) who aims to examine the impact of motivation, career

development, and compensation on both job satisfaction and employee performance, revealing that compensation has a positive effect on job satisfaction. Serang et al. (2023) analyze the effect of salary on job satisfaction of family planning instructors in South Sulawesi province with the result that compensation has a positive and significant effect on job satisfaction. The aim of Usu et al.'s (2024) study was to investigate the relationship between compensation, motivation, and work discipline variables with job satisfaction. The research findings indicate that compensation has a positive and significant impact on job satisfaction. The study conducted by Geremew (2020) evaluate the impact of compensation and benefits programs on the job satisfaction of employees at Wegagen Bank in Addis Ababa, Ethiopia. The key findings revealed the presence of diverse remuneration schemes at Wegagen Bank, including basic salary, transport allowance, hardship allowance, telephone allowance, etc. The bank excels in providing annual leave; however, there are deficiencies in employee catering benefits as well as the establishment of employee clubs and talent management systems.

In summary, from the literature review above, it can be concluded that currently numerous studies revealing a positive correlation between compensation and job satisfaction and focus on analyzing individual factors such as salary levels and welfare benefits. It is imperative to construct or enhance a comprehensive model that encompasses multiple compensation factors (e.g., base salary, bonuses, benefits, career development opportunities) and various dimensions of job satisfaction (e.g., the nature of the job itself, work environment, colleague relationships). Such a model can be more comprehensively depict the intricate mechanism through which compensation influences job satisfaction.

2.6 The Relationship between School Climate and Job Satisfaction

Job satisfaction is closely related to the overall cohesion of the school and the enhancement of the status of the teacher profession (Toropova et al., 2021). Zakariya (2020) verify and cross-validate the direct/indirect impact model of school climate on job satisfaction. The verified model results show that school atmosphere has a significant direct impact on job satisfaction. Fang & Qi (2023) conducted a study that examined the relationship between vocational education and teacher job satisfaction by combining the external factor of school climate with the internal factor of teachers' self-efficacy. The findings revealed that school atmosphere significantly predicts teachers' job satisfaction. The study conducted by Nalipay (2023) aims to identify the key factors of school climate that significantly impact teachers' job satisfaction. The cross-sectional analysis reveals that indicators of school climate at both teacher and school levels play a crucial role in predicting teachers' job satisfaction and well-being . The aim of the study conducted by Han et al (2022) is to investigate the impact of school climate on teacher job performance through the mediating variable of teacher job satisfaction. The findings affirm that school climate, teacher commitment, teacher motivation, and teacher job satisfaction are pivotal factors in enhancing the performance levels of secondary school teachers in Sarawak. The study conducted by Khun-inkeeree et al (2021) aims to investigate teachers' positive and negative feedback regarding the organizational climate of schools and its impact on their job satisfaction. Quantitative findings from the research indicate significant relationships between job satisfaction and various aspects of the organizational climate, including student relationships, collaboration, decision-making processes,

educational innovation, and school resources. Rezaee (2020) aims to comprehensively investigate the impact of school organizational climate on the job satisfaction of EFL teachers in Iran. The findings reveal a significant positive correlation between school organizational climate and English teachers' job satisfaction. Toropova, et al (2021) explored the relationship between teacher job satisfaction, school climates, and teacher traits with eighth grade mathematics teachers as subjects. The study used data from Sweden's TIMSS 2015 (Trends in International Mathematics and Science Study). The results show that there is a substantial relationship between school working conditions and teachers' job satisfaction. More specifically, teacher workload, teacher collaboration, and teachers' perceptions of student discipline in schools were the factors most closely related to teacher job satisfaction.

Chinese researchers like Chen, et al. (2023) investigate the impact of school climate (including school violence and community engagement) as well as resource availability (staff shortages and resource shortages) on job satisfaction. This study proposes a relational model of job satisfaction, examining the interaction between school climate, resources, and job satisfaction. Zhou et al. (2024) conducted an investigation into the impact of teachers' perception of school climate and their participation in professional development on their job satisfaction. Their findings reveal that participating in professional development programs focused on multicultural education and perceiving a positive school atmosphere have significant direct effects on STEM teachers' job satisfaction.

Based on the literature review from the above, it is obvious that despite numerous studies examining the impact of school climate on teacher job satisfaction, these studies have primarily focused on analyzing individual or multiple specific factors, lacking a comprehensive and systematic theoretical framework to integrate these findings. Therefore, there is a need for further construction or improvement of a comprehensive theoretical model that fully explains how school climate affects teachers' job satisfaction through different dimensions and mechanisms.

2.7 The Relationship between Principal Transformational Leadership and Job Satisfaction

The study conducted by Hidayat et al. (2023) aim to investigate the influence of principals' transformational leadership role and perceived organizational justice on enhancing teacher job satisfaction. Results reveals that optimizing the transformational leadership role of principals and fostering organizational justice within schools can significantly enhance teachers' job satisfaction levels. The study investigated by Purwanto & Sulaiman (2023) aims to examine the association between transformational leadership and teacher job satisfaction. The data collection employed a quantitative survey method. Findings indicate that transformational leadership significantly influences teachers' job satisfaction. Zhang, et al. (2022) investigated the association between transformational leadership on teacher job satisfaction from the perspective of Chinese principals. The results of structural equation modeling revealed that transformational leadership displayed a noteworthy impact on teachers' job satisfaction. Mastur et al. (2022) conducted a study to examine the influence of transformational leadership and organizational culture on organizational citizenship behavior (OCB), with job satisfaction serving as the mediating variable. The findings indicate that transformational leadership variables have a significant

partial impact on job satisfaction. The study conducted by Curado & Santos (2022) aimed to explore the association between transformational leadership, job satisfaction, and adaptive performance among healthcare professionals and administrators in non-profit healthcare institutions in Portugal. The findings indicate that job satisfaction acts as a complete mediator between transformational leadership and adaptive performance. The aim of Mahzan & Nordin's (2021) study was to investigate the relationship between directors' transformational leadership style and lecturers' job satisfaction at Mara Vocational College. The findings indicate that there exists a significant correlation between the dean's implementation of transformational leadership practices and the job satisfaction levels among lecturers at Mara Career College. Siswanto & Yuliana (2022) aim to investigate the impact of transformational leadership dimensions on job satisfaction. Based on partial least squares (PLS) data analysis, idealized influence, inspirational motivation, and individualized consideration from transformational leadership directly affect job satisfaction. The study conducted by Asbari (2024) aims to evaluate the impact of principals' leadership style on teachers' job satisfaction. The findings reveal that transformational leadership exerts both direct and indirect positive effects on teacher satisfaction. Changlong (2024) examine the impact of transformational leadership on job satisfaction and investigate the relationship between transformational leadership and teacher satisfaction in private universities in Shandong Province. The results indicate that there is a significant correlation among the variables studied. Transformational leadership has a direct and positive effect on job satisfaction.

In conclusion, the majority of studies primarily focus on the direct correlation between transformational leadership and job satisfaction, while there remains a dearth in understanding the underlying mechanisms through which transformational leadership influences teachers' job satisfaction. Therefore, there is a need to strengthen research on the intricate mechanism linking transformational leadership with teachers' job satisfaction. This entails exploring how transformational leadership indirectly impacts job satisfaction. Additionally, it is crucial to investigate how transformational leaders can mitigate the influence of negative factors like job pressure and burnout on overall job satisfaction.

2.8 The Mediating Role of Work Motivation on the Relationship among Compensation, School Climate, Transformational Leadership and Job Satisfaction

The study of Misnawati et al. (2020) aims to explore the influence of school atmosphere on teachers' job satisfaction, and takes work motivation as the mediating variable. The study selected the national secondary education model in Tabalong district, South Kalimantan Province as the research object, and collected 132 samples from 199 teachers. The results show that work motivation plays a mediating role between school climate and teachers' job satisfaction. Efendi, et al (2020) examine the mediating role of work motivation in the impact of work climate and pay on employee job satisfaction. A quantitative post-study method was employed, with a total sample size of 98 employees using a total sampling technique. The findings indicate that work motivation mediates the relationship between work climate and employee job satisfaction and work motivation also acts as an intermediary in the relationship between salary and employee job satisfaction.

The purpose of [Ermawati & Suwitho's \(2020\)](#) study is to explore the effects of financial and non-financial compensation on employee job satisfaction in private health clinics with motivation as the mediating variable. The results show that variable financial compensation has a direct and significant impact on job satisfaction indicators; the non-financial compensation variable showed the opposite relationship. The study conducted by [Laras, et al. \(2021\)](#) aims to investigate and validate the impact of work environment and salary on the work motivation and job satisfaction of members within the Traffic Bureau of the Yogyakarta Regional Police Headquarters in Indonesia. The findings suggest that work motivation plays a crucial role as an intermediary factor between work environment, salary, and job satisfaction. [Candradewi & Dewi \(2019\)](#) investigate the role of intermediary motivation in relation to salary and employee performance at Wisma Prashanti Hospital. The findings reveal that motivation partially acts as a positive and significant mediator in the association between salary and employee job satisfaction and performance. The study conducted by [Riatmaja & Wibaawanto \(2022\)](#) aims to investigate the impact of salary on employees' job satisfaction in Yogyakarta startups while considering motivation as an intervening variable. Additionally, it seeks to determine the influence of both financial and non-financial compensation on employee job satisfaction, thus influence performance. The findings indicate that both financial compensation and non-financial compensation have significant effects on employee job satisfaction.

The study carried out by [Novita, Sulaiman & Rizali \(2022\)](#) seeks to examine the direct and indirect connections among principals' transformational leadership style, school environment, work motivation levels, and teacher professionalism within a descriptive research framework that is pertinent to the topic. The findings indicate that teachers' work motivation serves as an intermediate factor in both the association linking principals' transformative leadership style with teachers' professionalism and job satisfaction. The study conducted by [Ali & Saleh \(2021\)](#) used a quantitative investigation to explore the influence of principals' transformational leadership and school climate on teachers' job satisfaction through work motivation. The descriptive methodology was employed. The findings revealed that the principal's transformational leadership and school climate indirectly influenced primary school teachers' job satisfaction in Bengahasin through work motivation as an intermediary variable. [Zubaidah, et al. \(2021\)](#) aims to empirically test the impact of principal leadership and teacher competency on teacher job satisfaction in middle schools, and also considers the mediating role of teacher motivation. Through the structural equation modeling analysis using Amos 22 software, it is found that principal leadership, teacher competency and teacher motivation have positive effects on teacher job satisfaction in public middle schools. However, contrary to expectations, this study failed to verify the role of teacher job motivation as a mediating variable in this model.

It can be concluded from the above literature that some studies have explored the moderating and mediating effects of variables like work ethic, satisfaction, and organizational culture, there is still room for a more comprehensive understanding of the mechanisms underlying the relationship. Further research is needed to identify and test additional moderators and mediators that may explain variations in the relationship between principal transformational leadership and work motivation.

3. METHODOLOGY

Literature analysis serves as the bedrock of this study. By systematically gathering and organizing pertinent literature from both domestic and international sources concerning the interplay among compensation, school climate, principal's transformational leadership, and teacher job satisfaction, the author undertakes an in-depth examination and critique. The objective of this approach is to critically assess existing research findings and furnish a robust theoretical foundation and comprehensive background information for subsequent investigations. Through a thorough literature review, it becomes possible to pinpoint key issues, debates, and deficiencies within the current research domain, thereby elucidating the intricate relationships among salary, school climate, principal's transformational leadership, and teacher job satisfaction. An extensive compilation and scrutiny of relevant literature will facilitate the construction of a theoretical framework for understanding job satisfaction and keep abreast of the most recent advancements in this area. This endeavor not only aids researchers in acquiring a thorough comprehension of the knowledge system within the field but also fosters the integration and exchange of interdisciplinary insights, thus paving the way for innovative research.

4. DISCUSSION

Teachers' job satisfaction drives the success of public schools and institutions across the country and is a pivotal factor that impacts their instructional abilities. Therefore, it is imperative for higher vocational colleges to prioritize and enhance teachers' job satisfaction. According to Gibson et al. (2006), job satisfaction is an individual's attitude toward their work, stemming from their perception of five dimensions of their job, including: Pay (salary, wages, honorarium, etc.), Job (work conditions, facilities, challenges, position requirements), Promotion Opportunities (chances for promotion, career development, status enhancement), Supervisor (supervision from superiors, superior-subordinate relationships), and Co-Workers (colleagues, teamwork, etc.). [Fauziridwan, Adawiyah, & Ahmad \(2018\)](#) suggest that job satisfaction include four dimensions: the work itself, coworkers, promotion, salary/wages. This dimension considers whether employees feel their compensation adequately meets their living needs.

From the literature, many researches have studied the relationship between compensation, school climate, principal transformational leadership and job satisfaction. The related researches showed that employees who are rewarded financially for their efforts and achievements are more likely to be motivated to continue performing well and exceeding expectations. A comprehensive compensation package that includes both financial and non-financial incentives is more likely to be effective in motivating employees. In addition, researches showed that improving the school atmosphere is an indispensable factor to improve the enthusiasm of teachers. What's more, researches has documented the relationship between principal transformational leadership on work motivation and job satisfaction. Therefore, more research is needed to develop and evaluate interventions or training programs aimed at enhancing compensation, school climate, principal transformational leadership skills and their impact on work motivation and job satisfaction.

5. CONCLUSION AND FINDING

In a review of studies that explored the effects of compensation, school climate, principal transformational leadership skills and their impact on work motivation and job satisfaction, this literature study showed that compensation had a positive impact on work motivation and job satisfaction. The level of income and salary not only affects the work motivation, but also directly relates to job satisfaction. Besides, school climate and principal transformational leadership plays a significant and positive effect on work motivation and job satisfaction. In addition, the researchers also show the mediating effect of work motivation on the relationship between compensation, school climate, principal transformational and job satisfaction. Therefore, these different areas of factors need to be considered when evaluating teachers job satisfaction.

6. FURTHER STUDY IN THE FUTURE

It is recommended that companies develop reasonable compensation systems (including monetary and non-monetary incentives) in organizational affairs for promoting business success and the relationship between financial compensation and work motivation can vary across according to different background and position. Secondly, it is obvious that studies focus more on organizations like companies and business places, there is a limitation of the literature on the relationship between compensation and motivation focused on higher vocational education, especially Chinese participators or related to Chinese market, making a research gap of the future research. When investigating both school climate and teachers' work motivation dynamics simultaneously, researchers often utilize diverse measurement tools or approaches for evaluating these two variables independently. Such diversity poses difficulties when attempting direct comparisons or verification across various studies. Besides, more cross-cultural studies are needed to understand the nuances and variations in how these concepts are perceived and operationalized in different societies and organizational settings. More research is needed to develop and evaluate interventions or training programs aimed at enhancing principal transformational leadership skills and their impact on work motivation and performance.

7. SIGNIFICANCE OF THE RESEARCH

This study provides a foundation for understanding the impact of employee compensation in organizations on their work motivation, and has valuable implications for both academics and employers, especially those who care about and understand how financial and non-financial compensation affects employee motivation levels within organizations. This study also offers a theoretical perspective for integrating the influence of external organizations and provides practical implications by emphasizing the importance of vocational education while offering empirical evidence and intellectual support for relevant government departments seeking to enhance vocational education. Furthermore, the study provides an in-depth exploration of how these findings have important implications for education and management. Based on the findings, it is recommended to strengthen indicators that help to develop effective strategies and action plans for improving job satisfaction among teachers. In educational institutions, there has been limited

discussion on job satisfaction, this study contributes to emphasizing compensation, school climate, transformational leadership, work motivation and job satisfaction among school employees.

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