



# The Impact of Educator Salary Financing Schemes on Basic and Higher Education Quality in Indonesia

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## ABSTRACT

### Keywords:

Educator Salary Financing, Educational Quality, Indonesia.

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This study examines the relationship between educator salary financing policies and the quality of education at both basic and higher levels in Indonesia, with the primary objective of identifying how different salary financing schemes influence teacher welfare, motivation, and ultimately educational outcomes. Using a library research method, this study relies on primary sources such as government regulations and policy documents as well as secondary sources including scholarly articles, reports, and statistical data, with data analyzed through content analysis to explore patterns, comparisons, and critical interpretations. The findings show that educator salary financing plays a decisive role in shaping the overall quality of education, where adequate and sustainable financing schemes improve teacher welfare, performance, classroom engagement, and research productivity, while inadequate or uneven financing structures pose challenges in achieving national education goals. These results suggest that salary financing should be considered not merely as a budgetary expense but as a strategic investment in educational development. The implication of this study is the urgent need for policymakers to design equitable, transparent, and sustainable financing models that align with Indonesia's long-term vision of improving educational quality.

### Article History:

Submitted: 15-01-2025, Revised: 25-05-2025, Accepted: 15-06-2025

### Please cite this article in APA style as:

Arifin, M., & Khoiriyah, D. (2025). The Impact of Educator Salary Financing Schemes on Basic and Higher Education Quality in Indonesia. *Daar El-Idarah: Journal of Islamic Education Management*, Vol 1 No. 1 (2025), 61-70  
<https://jurnalstebibama.ac.id/index.php/jmpi/>

## INTRODUCTION

The issue of educator welfare, particularly regarding salary financing schemes, has become a crucial factor in determining the quality of education in Indonesia (Rusli, 2025). Both basic and higher education continue to face fundamental challenges in the form of income disparities among educators, which directly affect their motivation, performance, and dedication to teaching (Kumala et al., 2025). This topic is worth investigating because, in the management of education, learning quality is not only determined by curriculum and facilities but also by the welfare of teachers and lecturers as the backbone of education. Human Capital Theory, as proposed by Becker (1993), emphasizes that investment in the workforce, including education and wages, is a key

determinant of productivity (Fadillah et al., 2020). Thus, salary financing schemes for educators represent a strategic instrument to improve human capital quality through education. Data from UNESCO (2022) show that teacher welfare in developing countries remains a central issue in achieving educational quality (Susanto et al., 2025). In Indonesia, the Ministry of Education, Culture, Research, and Technology (2021) reported that most teachers still face problems such as delayed disbursement of certification allowances, unequal distribution of salaries, and limited access to additional facilities supporting professionalism (Munawir et al., 2025). This situation creates a serious dilemma between heavy workloads and welfare conditions that remain imbalanced. Therefore, examining the impact of educator salary financing schemes on the quality of basic and higher education is essential, not only to understand the dynamics of educational management in Indonesia but also to provide an academic basis for formulating fairer and quality-oriented education policies.

The central problem underlying this study is the misalignment between educator salary financing schemes and the demands of improving educational quality. Although the government has introduced various policies such as teacher professional allowances, certification, and lecturer incentives, disparities remain in the distribution of funds and in the stark contrast between urban and rural regions (Dewi et al., 2025). As a result, the quality of education in Indonesia has not significantly improved, particularly in student learning outcomes, which remain relatively low compared to other ASEAN countries. The World Bank (2020) reported that although teacher salaries in Indonesia have increased over the past decade, the direct correlation between higher salaries and improved learning quality remains weak (Hutasuhut et al., 2025). One of the causes is the design of financing schemes that pay little attention to performance indicators and quality evaluation. Moreover, lecturers in higher education also face challenges such as limited research funding and high administrative workloads, which ultimately impact the quality of the three pillars of higher education: teaching, research, and community service (Hikmat et al., 2025). Given these conditions, the key research question in this study is whether educator salary financing schemes have a significant influence on the quality of basic and higher education in Indonesia.

Previous studies have attempted to examine the relationship between educator salaries and education quality, but none have comprehensively linked it to the context of educational management in Indonesia. International research demonstrates a positive correlation between financial incentives for teachers or lecturers and educational quality, although the results often depend on policy design. Dolton and Marcenaro-Gutierrez (2020) in the *Economics of Education Review* found that teacher welfare significantly influences student learning outcomes, though the effects vary between developed and developing countries. Tansel and Bircan (2021) in the *International Journal of Educational Development* explained that unequal salary distribution among teachers in Turkey contributed to regional disparities in education quality. Hanushek and Rivkin (2022) in the

Journal of Human Resources argued that salary increases must be accompanied by performance evaluation mechanisms in order to effectively improve learning quality. These studies indicate that teacher welfare and salary schemes have been widely examined, but each national context brings unique challenges that require further exploration.

Although several international studies have discussed teacher welfare, there remains a research gap in the Indonesian context, particularly when addressing both basic and higher education simultaneously. Most studies have focused only on basic or secondary education, while higher education has received little attention regarding lecturer salary financing. In Indonesia, research often emphasizes teacher professional allowances (TPA) in primary and secondary schools, whereas the impact of lecturer salary schemes on higher education quality has not been thoroughly investigated. Yet both levels of education are interlinked in shaping the overall quality of human resources. This study therefore addresses the gap by analyzing, in an integrated manner, the influence of educator salary financing schemes on both basic and higher education in Indonesia, offering a more holistic perspective.

The novelty of this research lies in its simultaneous focus on basic and higher education within the context of educator salary financing policies in Indonesia. Previous studies typically addressed only one level of education or considered teacher salaries without linking them to lecturer welfare. This study introduces a new perspective by examining the integration of salary financing schemes across both education levels. In practice, the welfare of teachers and lecturers is a determining factor in the success of national education. However, fragmented policies often result in discontinuities in educational quality between schools and universities (Supardi et al., 2025). The novelty of this research is thus found in its comparative and integrative analysis of educator salary financing schemes and their impact on basic and higher education quality in Indonesia, offering both theoretical contributions to educational management and practical recommendations for national education policy.

The objective of this study is to empirically analyze the influence of educator salary financing schemes on the quality of basic and higher education in Indonesia. This goal is important in order to assess the extent to which salary financing policies for educators can drive quality improvement at various educational levels. The study is expected to uncover the relationship between salary financing and indicators of education quality, such as teaching performance, educator professionalism, and student academic achievement. Accordingly, the results will contribute to the development of educational management theory, especially within the scope of Islamic education management, while also offering practical insights for policymakers in designing more effective and quality-oriented salary financing schemes.

## METHOD

This study employs a qualitative research design with a library research approach. This approach was selected because the issue of educator salary financing schemes and their impact on the quality of basic and higher education in Indonesia is more effectively analyzed through theoretical review, policy analysis, and relevant prior studies. Library research enables the researcher to examine various concepts in educational management, human capital theory, and education financing policies, then link them with the current realities in Indonesia (Fardila et al., 2025). Thus, this research emphasizes conceptual and argumentative analysis based on literature data rather than field data.

Data collection was carried out using both primary and secondary sources (Haifa et al., 2025). Primary sources consisted of peer-reviewed international journals published within the last five years (2020–2025) that specifically address issues of teacher welfare, financing schemes, and educational quality. In addition, official Indonesian government policies such as the National Education System Law, Ministry of Finance regulations, and annual reports from the Ministry of Education, Culture, Research, and Technology were also used as primary references. Secondary sources were obtained from academic books, opinion articles, reports from international organizations (e.g., UNESCO and the World Bank), as well as proceedings from relevant academic conferences. The use of both types of sources aimed to ensure that the analysis was theoretically grounded while remaining contextually relevant.

The data were analyzed using content analysis, which involved three main stages: data reduction, data presentation, and conclusion drawing (Nurrisa et al., 2025). First, data reduction was conducted by selecting literature relevant to the research focus, namely the influence of educator salary financing schemes on the quality of basic and higher education. Second, the selected data were presented thematically by mapping key issues such as financing policies, educator welfare, and educational quality indicators. Third, critical interpretation was carried out by connecting the findings from the literature with the theoretical frameworks of educational management and human capital, leading to comprehensive conclusions. Through this process, the study is expected to produce a valid academic analysis that contributes to the broader discourse on educational management in Indonesia.

## RESULT AND DISCUSSION

### Result

#### A. Salary Financing Schemes and Educator Welfare

The first finding reveals that the salary financing scheme for teachers and lecturers in Indonesia continues to face structural challenges that directly affect their welfare (Romdloni et al., 2021). According to the OECD report (2021), teachers' salaries in Indonesia remain below the average of OECD member states, particularly at the primary and secondary levels. Similarly, the World Bank (2020) highlights that although Indonesia has introduced teacher professional

allowances, issues of unequal distribution and delayed disbursement persist. These findings suggest a gap between formal policy design and practical implementation on the ground.

Interpreting these two sources through the lens of Human Capital Theory (Becker, 1993), it becomes evident that welfare significantly influences educators' performance. Increased financial incentives generally lead to higher productivity and commitment, whereas insufficient welfare reduces motivation, teaching quality, and long-term professional dedication (Safrudin, 2024). Therefore, unstable or inadequate salary financing schemes create a cycle that undermines overall educational quality.

## **B. Correlation Between Teacher Salary and Basic Education Quality**

At the basic education level, evidence indicates a direct correlation between teacher salary and learning outcomes. Darling-Hammond et al. (2020) demonstrated that schools with stronger salary incentive systems tend to achieve higher student performance, especially in literacy and numeracy. This is consistent with PISA (2022) results, which show that although Indonesia has made progress in basic education, its student scores remain below the international average. One of the contributing factors is the limited motivation of teachers, closely linked to welfare concerns (Ratnasari & Nugraheni, 2024).

This interpretation underscores that low teacher salaries affect not only their personal economic conditions but also the classroom learning atmosphere. Teachers under financial stress often juggle multiple jobs, experience higher stress levels, and have limited access to modern teaching resources (Dawous et al., 2024). Consequently, they face difficulties in adopting innovative teaching strategies necessary to enhance basic education quality. Hence, sustaining reforms in basic education requires addressing the salary financing scheme as a structural foundation.

## **C. The Effect of Salary Financing Schemes on Higher Education**

At the higher education level, the findings show a strong relationship between lecturer salaries and research productivity. Altbach and De Wit (2020) argue that academic welfare is a key determinant of research output, particularly in producing internationally recognized publications (Julianto, 2024). In the Indonesian context, Suyatno (2021) found that lecturers with access to additional financial incentives, such as research grants, are more productive in publishing compared to those relying solely on basic salaries.

This indicates that improving salary financing schemes for lecturers not only enhances personal welfare but also strengthens the global competitiveness of Indonesian universities. Institutions capable of providing adequate financial incentives for their academics are more likely to produce high-quality research and publications (Abrar, 2025). This finding aligns with educational management theory, which emphasizes that human resources are the cornerstone of institutional quality improvement.

### D. National and International Salary Financing Comparisons

The study also finds significant differences between Indonesia’s salary financing schemes and those of other countries. UNESCO (2021) reports that nations such as Finland and South Korea, with structured financing systems, have successfully elevated teaching into a prestigious profession supported by high levels of welfare. In contrast, Indonesia continues to struggle with effective budget distribution, despite the constitutional mandate of allocating at least 20% of the national budget to education (Law No. 20/2003 on the National Education System).

Interpreting this comparison shows that Indonesia needs to re-evaluate its budget allocation and distribution mechanisms, particularly regarding educator salaries. Failure to guarantee sufficient welfare leads to decreased motivation and deteriorating teaching quality. Therefore, reforming salary financing policies is essential if Indonesia is to narrow the quality gap with other nations (Mesiono & Haidir, 2020).

**Table 1. Summary of Findings**

Research Aspect	Key Findings	Sources	Interpretation
Teacher Salary Financing Schemes	Low salaries and delayed allowances affect teacher welfare	OECD (2021), World Bank (2020)	Low welfare reduces teacher motivation and classroom effectiveness
Basic Education Quality	Strong salary incentives improve student performance in literacy and numeracy	Darling-Hammond et al. (2020), PISA (2022)	Low teacher salary weakens innovation in teaching methods
Higher Education Productivity	Financial incentives increase lecturer research and publication output	Altbach & De Wit (2020), Suyatno (2021)	Salary financing impacts global competitiveness of Indonesian universities
International Comparison	Developed nations place teachers in high-status, well-paid professions	UNESCO (2021), Law No. 20/2003	Reform in budget allocation and distribution is crucial for Indonesia

Overall, the research findings demonstrate that educator salary financing schemes have a significant impact on the quality of both basic and higher education in Indonesia. The linkage is observed across three dimensions: teacher and lecturer welfare, the quality of teaching and research, and the global competitiveness of the national education system. These findings emphasize that salary financing cannot be treated as a mere technical or administrative issue but must be regarded as a strategic foundation for national education development (Aula et al., 2021).

### Discussion

The findings of this study demonstrate that educator salary financing schemes significantly affect the welfare of teachers and lecturers, which in turn influences the quality of basic and higher education in Indonesia. This result aligns with Al-Mahdi (2020), who emphasized that teacher welfare is directly correlated with their motivation and performance in the classroom. However, compared to Hanushek and Rivkin (2020), the degree of significance differs. Hanushek argues that teacher quality is more determined by competency rather than salary, although salary remains an essential factor in attracting and retaining qualified educators. This suggests that salary financing is an important variable but cannot stand alone without being supported by capacity building and professional development initiatives (Sudiana & Muslihin, 2024).

Furthermore, this research also finds that lecturers who receive additional financial incentives are more productive in producing internationally recognized research. This reinforces the study of Altbach and De Wit (2020), who argue that the global competitiveness of universities is heavily dependent on lecturer welfare, particularly in terms of financial support for research and publication. On the other hand, Lee and Shin (2021), in their study of South Korea, revealed that while financial welfare is important, institutional support systems, such as research facilities and international collaborations, have an even greater impact on academic productivity. These differences indicate that in Indonesia, financial welfare remains the primary barrier, whereas in developed countries, institutional structures play a more dominant role in shaping the quality of higher education.

In addition, the comparison between Indonesia's salary financing schemes and those of other nations reveals a significant gap. UNESCO (2021) notes that countries with more structured financing systems, such as Finland, have successfully elevated teachers to a respected social position while ensuring sustainable educational quality. This contrasts with Indonesia, which continues to struggle with unequal budget distribution. These findings are further supported by Tan and Chua (2020), who highlighted that the success of educational reforms in East Asia is largely influenced by governments' consistency in sustaining teacher financing policies (Susanti et al., 2024). By juxtaposing these findings with prior studies, it becomes evident that the primary gap in Indonesia lies not merely in the size of the budget allocation, but in the effectiveness of its distribution and management, which directly impacts the quality of basic and higher education.

## CONCLUSION

This study finds that educator salary financing schemes have a significant impact on the quality of both basic and higher education in Indonesia. The most important lesson (hikmah of the research) is that teacher and lecturer welfare is not merely a financial matter but is directly linked to motivation, productivity, and the quality of educational services they provide. The key insight drawn here is that the success of an education system cannot be separated from fair and

effective salary financing policies. Without adequate and equitable financing, educational quality will continue to face structural obstacles, both in classroom learning and in the research productivity of higher education institutions.

From a scholarly perspective, this study contributes by offering a renewed perspective on the relationship between financial policy and educational quality within the field of educational management. The variables explored – salary financing schemes and educational quality – serve as a fresh foundation for more precise policy analysis, given that most prior studies have focused more on teacher competencies or curriculum systems. Nonetheless, this study is not without limitations, particularly in its reliance on secondary data and the library research method. Such limitations suggest the need for further research using empirical methods, such as surveys or field studies, in order to gain a more comprehensive picture that can serve as a stronger basis for well-targeted policymaking.

Based on these findings and limitations, it is recommended that the government implement systematic reforms of educator salary financing policies at both the basic and higher education levels, emphasizing equitable distribution and budget certainty. Moreover, further research that employs mixed methods – both qualitative and quantitative – would be highly valuable in deepening the understanding of how salary schemes affect educational quality. Such research is expected to accommodate variations in social, geographical, and institutional contexts across Indonesia, thereby providing empirical foundations for the formulation of more sustainable and equitable education policies.

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