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**IMPACT OF URBAN RURAL DIVIDE ON COMPENSATION MANAGEMENT AND JOB SATISFACTION ON FACULTY OF MEHRAN UNIVERSITY OF ENGINEERING & TECHNOLOGY (MUET)**

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**ABSTRACT**

*This paper is about pay, benefits, rewards and recognition, work challenges, job rewards, satisfaction and good working relationships with organization and employees get a sense of personal accomplishment from work placed. This research study aims to find out whether urban rural divide has effect on compensation management and job satisfaction on faculty of Mehran University of Engineering & Technology. It is established in this study, the university needs continuing employee hiring policy, work on attaining the commitment of the employees irrespective with their backgrounds, communication of information be made more frequent. Faculty members are found to be dissatisfied with the pay, benefits and rewards, university and it is recommended that MUET need to review its pay procedure for the faculty maintain its working culture to keep the faculty satisfied.*

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**Keywords:** Job Satisfaction, Compensation Management, Human Resource (HR)  
Human Resource Management (HRM)

**INTRODUCTION**

Compensation management is one of the major motivational tools in Human Resources Management (HRM) for an organization. HRM is compensation management. This actually does not only builds bridge between employer and employee but also communicates the message that how an employee is important to the organization. Compensation in an organization generally refers to direct wages, salaries, or allowances given to the employees, against their services rendered. Compensation is an affordability and employee motivation concern from the employer's viewpoint (Panchal, 2011). Compensation management is just not a cost item for the employer but is a base of growth and development of an organization, as it motivates employees for better performance. Job satisfaction is the key to any employee's working.

Job satisfaction is the key results of compensation management. Like the corporate sector, educational institutions also have the major challenges regarding compensation management. Particularly faculty and staff salaries and benefits are the largest driver of what it costs to run an educational institution. Faculty has a vital role to play for students to mould and polish

their intellectual capability. After competent academic period student become the important citizen and human capital for nation. The importance of teaching and learning is well known in developing countries. The Pakistan government needs to spend more for education sector in this competitive era. This study is carried out in Mehran University of Engineering & Technology (MUET), Jamshoro. MUET is ranked as the 4<sup>th</sup> best engineering university of Pakistan, and top in engineering and public universities of the Sindh province. MUET also ranked 351<sup>st</sup> best university in the world by QS Rankings in 2010. Mehran University has 389 faculty members, 101 officers and 863 supportive staff. MUET is a university located in Jamshoro, Sindh, therefore it has mandate to cover both urban and rural area. This study aims at exploring working conditions that affect MUET faculty on the basis of urban rural divide. The MUET is one of the best institution of the province, having 1,353 staff in it, therefore there is need to explore the various aspects of MUET to meet the modern day human resources management challenges.

#### **RESEARCH OBJECTIVES**

The objectives of the study include:

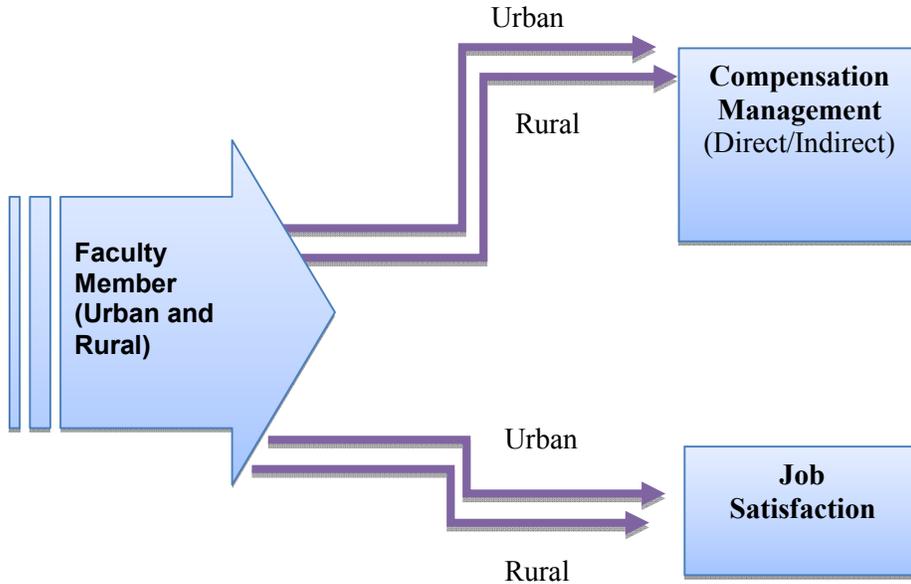
- i) Assess the background (rural and urban) of the employees working in the University.
- ii) Enlist the existing compensation management system of the University.
- iii) Measure the satisfaction level with respect to compensation management according to employee's background.

#### **RESEARCH METHODOLOGY**

This study adopts experimental methodology, based on a quantitative data. Scope of the proposed research is to study the effect of urban rural divide over compensation management and faculty's job satisfaction in Mehran University of Engineering & Technology, Jamshoro. Therefore both primary and secondary sources were used in data collection returned back. Out of 187 distributed questionnaires among MUET Faculty 115 questionnaires were responded. Concluded that there is nothing effect of urban rural divide over the job satisfaction, compensation management on faculty members of MUET.

**HYPOTHESES**

H<sub>1</sub>: Urban rural divide has effect on compensation management on job satisfaction in MUET



Terms of urban and rural divide holds key in development of planning for an organization, province or country. An urban area is a human settlement with high population density and infrastructure of built environment. Unlike urban, a rural area is a geographic area that is located outside towns and cities.

**COMPENSATION MANAGEMENT**

Compensation Management plays key role in management of any organization. It is return to the workers against the work they perform. W. Jack, tells if right people are given the opportunity to spread their wings with compensation and rewards as a carrier behind it, there will be no need to manage them. Bowman (2006) defines compensation management as the employers’ tool to attract, retain, motivate and satisfy employees. Similarly Armstrong (2008) says compensation flow determines the level of the organization. Through the different financial and non-financial rewards and benefits received by each organization member.

In Human Resource Management, reward management is providing compensation to the workers against the work they do. Armstrong and Stephens (2005) define reward management as the strategies, policies and processes required to ensure the contribution of people to the organization.

Compensation management has various effects on the employees of an organization, which includes:

- It motivates employees to increase the organizational productivity.
- Compensation enables an organization to function effectively to accomplish its goals.
- compensation enables employees to achieve their personal needs
- The best compensation package attracts the best talent.

The addition of non-financial benefits has increased attractiveness of compensation management in recent years, while some scholars also express constructive approach towards including non-financial benefits into the compensation management structure (Workforce, 2008).

### **JOB SATISFACTION**

The significance of job satisfaction is making a work simple for workers and makes it meaningful and attractive. For employees to stay happy even in the meager situation, employee's satisfaction is as important as doing a job. Job satisfaction is one of the offshoots of the compensation management. Newstrom and Davis (1994) argue job satisfaction as an attitude of looking the work by the employee. It shows the agreement level between employee expectations and the actual benefits provided by their job. Weiss *et.al.*, (1967) says Job satisfaction reflects the agreement level of work environment and meeting of personal needs in an organization. It can also be understood from state of mind, feelings, reactions and attitudes about a job (Boye *et.al.*, 1994; Schulz & Schulz, 1994). According to Loke (1976) it is an enjoyable condition of mentality following on job's experience. Seta *et.al.*, (2000) in research study found that the job satisfaction is influenced by work nature, the reward systems, relation with colleagues and management culture. Jackofsky and Peter (1983) believe that employees can leave the job if there is better opportunity available in other organizations where compensation is paid better than their current organization.

### **ANALYSIS AND RESULTS**

Random sampling technique was adopted for conducting the survey for this study. Random sampling is the cleanest form of sampling. In this each population representative has an equal and known chance of being selected. It is understood that in case of large populations, it becomes quite difficult to approach every population respondent. Hence random sampling helps a lot to determine the population representation. The sample details are given Table 1(a) and Table 1(b):

TABLE-1 (a)

Category		Number
Faculty	Professor	59
	Associate Professor	34
	Assistant Professor	150
	Lecturer	146
<b>Total</b>		<b>389</b>

TABLE-1 (b)

	Lecturer	Assistant Professor	Associate Professor	Professor	Total
Distributed	55	59	13	56	187
Returned	39	52	05	19	115 61.4% (of total 29.56%)

**Objective-1:** To assess the background (rural and urban) of the employees working in the University.

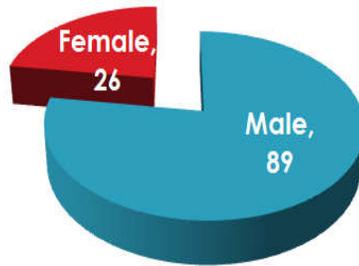
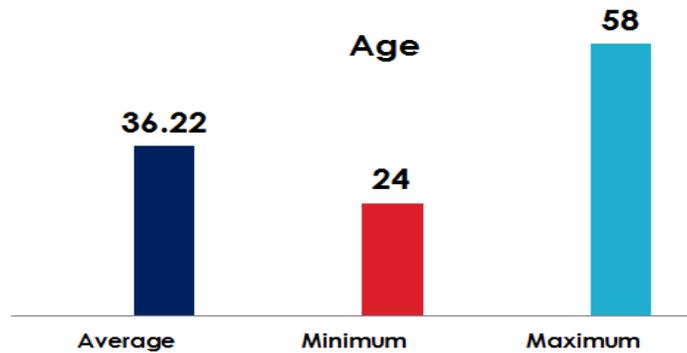


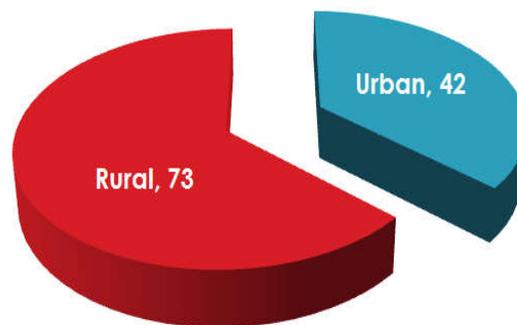
Figure-1: Number of Faculty

In total 115 questionnaires were filled out of which 89 were male and 26 were female respondents as presented in Figure-1.



**Figure-2: Age of the Respondents**

Averagely respondents' age was 36.22 years of 115 faculty members, while maximum age was 58 and minimum age was 24 years shown in Figure-2.



**Figure-3: Urban Rural Divide**

Majorly faculty member belonged to rural background in terms of urban rural divide, which is 63 percent of total respondents, while 42 numbers of respondents belonged to urban areas as shown in Figure-3.

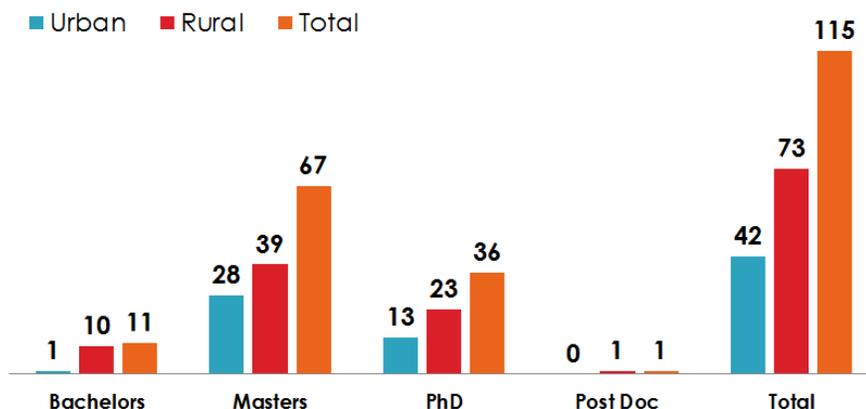


Figure-4: Education Level

Out of 115 respondents, 36 were PhD holders, 67 respondents had master degree, 11 respondents were bachelor and one respondent was post doctorate. This reveals 90 percent of respondents were highly qualified (Master and above) as shown in Figure-4.

**Objective-2:** To enlist the existing compensation management system of the University.

#### LIST OF EXISTING COMPENSATIONS

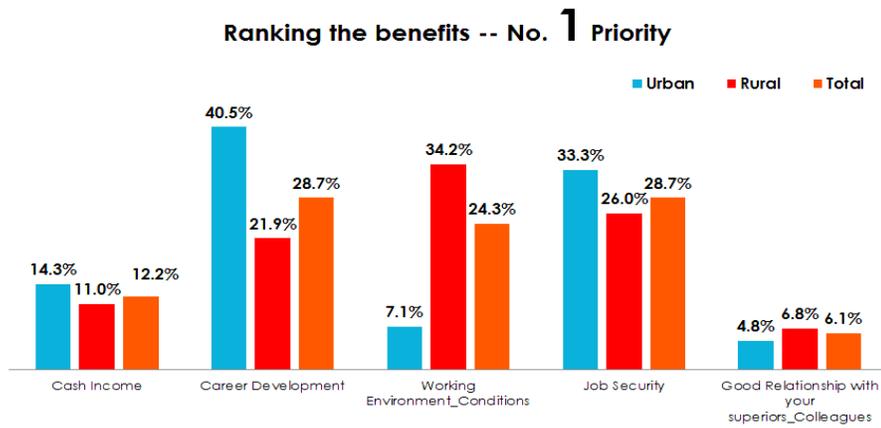
1	Salary	11	Qualification (Master/Ph.D.) allowance	21	Summer & Winter Vacation
2	Annual increment	12	Pre-Entry remuneration	22	Leave encashment (After 10 years service to having 120 leave balance, one grass salary is awarded)
3	Pension	13	Supervisor/Co-supervisor allowance	23	Medical Reimbursement
4	Group insurance	14	Plots	24	Travel and Daily Allowance
5	Invigilation and other remunerations for exam	15	Internal loan without mark-up	25	Conveyance allowance

6	Postgraduate evening classes remuneration	16	Laptop and Computer Allowance	26	Adhoc Allowance
7	House Building (up to Rs.1 million)	17	External Loan	27	Additional Charge Allowance
8	Overdraft (OD) loan	18	HBL Flexi	28	Medical Allowance
9	Welfare Loan	19	Hassnani Electronic	29	House Rent Allowance
10	Transport for personal use (Charged in Installments)	20	Two Days Holiday in a week	30	Telephone Allowance

Source: Finance Division, Government of Pakistan

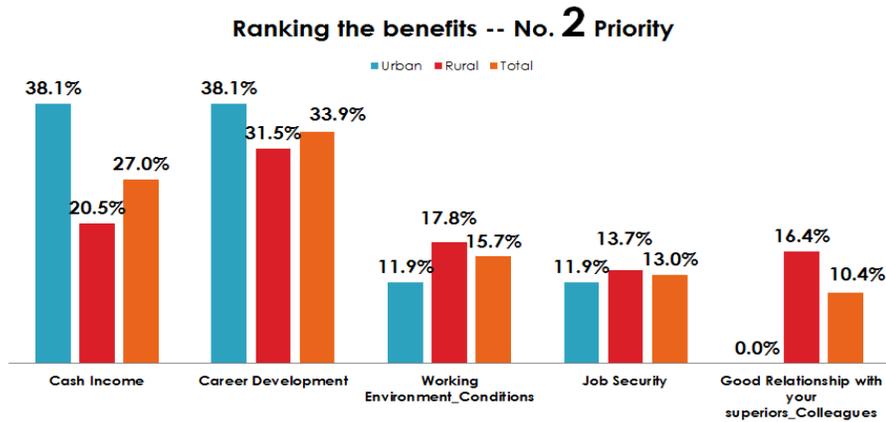
**RANKING THE IN-KIND BENEFITS**

In this part of study, it was explored that how faculty members prioritize the in-kind benefits being offered at Mehran University of Engineering and Technology, Jamshoro.



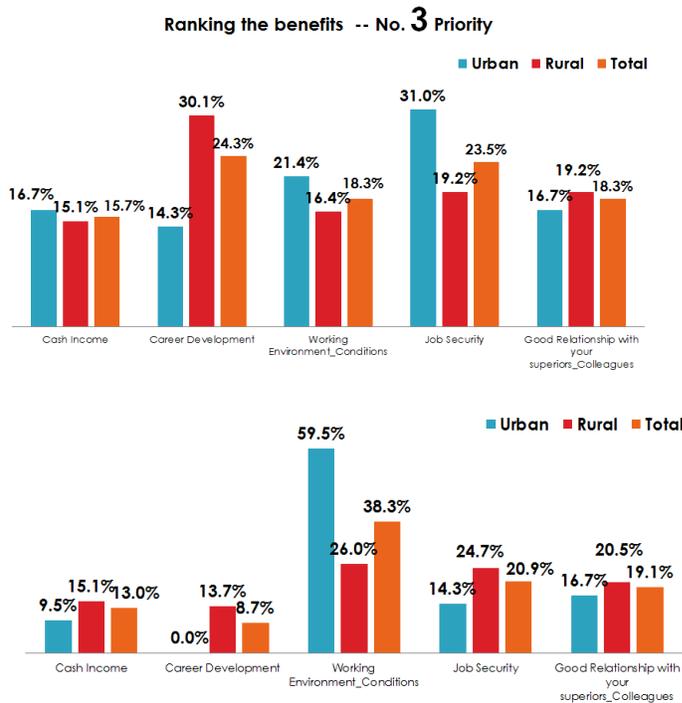
**Figure-5: Priority Number 1 Benefit**

Irrespective from their urban rural backgrounds, career development and job security were the first priority of in-kind benefits as prioritized by the faculty members (28.7 percent) of Mehran University of Engineering and Technology, Jamshoro. However, 40.5 percent urban background faculty members prioritized career development, and 34.2 percent rural background faculty members prioritized working environment conditions as their main priority, as shown in Figure-5.



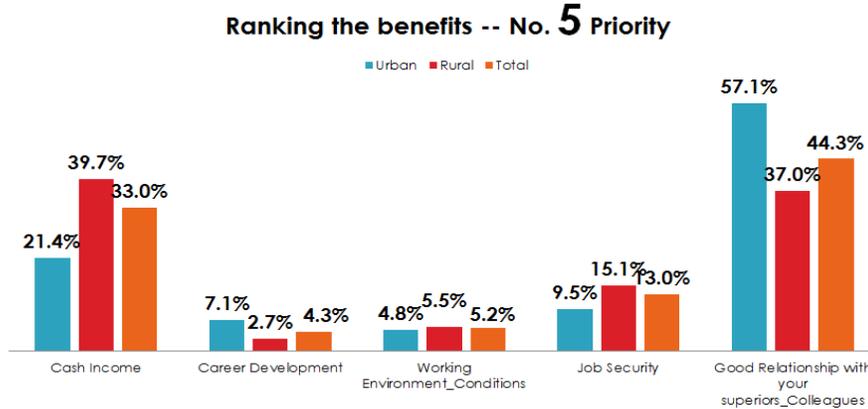
**Figure-6: Priority Number 2 Benefit**

Figure-6 shows that, 20.5 percent urban background faculty members prioritized cash income as their second priority, and 38.1 percent rural background faculty members prioritized cash income and career development as their second priority.



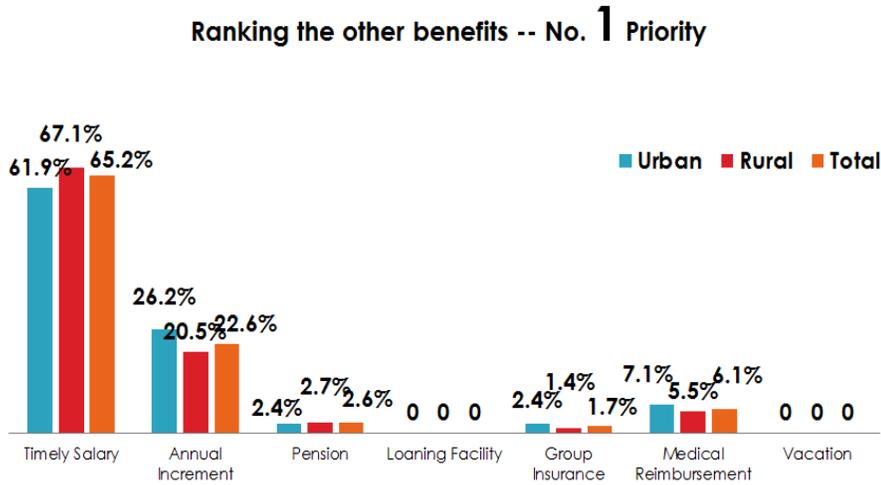
**Figure-7: Priority Number 3 and 4 Benefit**

Figure-7 shows the third and fourth benefit priority of the faculty members. Urban faculty members prioritized job security as their third priority, while major percentage (59.5 percent) of urban faculty members ranked working environment conditions as their fourth priority.



**Figure-8: Priority Number 5**

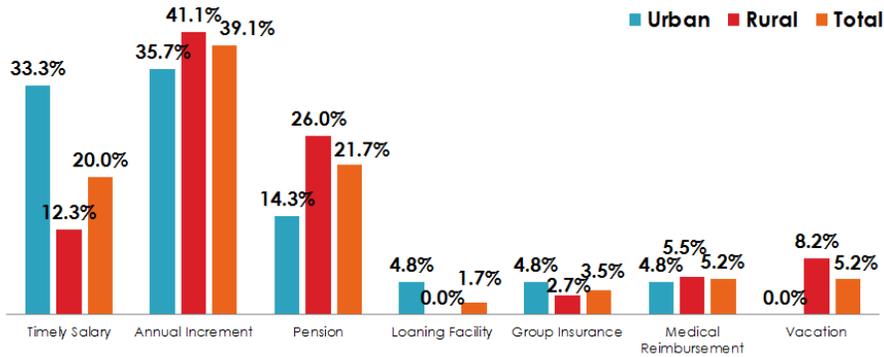
Figure-8 depicts 57.1% faculty members having urban background, ranked good relationship with superiors and colleagues as priority. Interestingly, 39.7% faculty members ranked cash income as their last priority, while 37% rural faculty members ranked good relationship with superiors & colleagues as their last priority.



**Figure-9: Priority Number 1 in Other Benefits**

Regardless faculty’s urban rural backgrounds, 65.2 percent of them ranked timely salary as their first priority of other benefits (61.9 and 67.1 percent respectively by urban and rural faculty members) of Mehran University of Engineering and Technology, Jamshoro, as shown in Figure-9.

**Ranking the other benefits -- No. 2 Priority**



**Figure-10: Priority Number 2 in Other Benefits**

Similarly, disregarding faculty’s urban rural backgrounds, 39.1 percent of them ranked annual increment in salary as their second priority in other benefits (35.7 and 41.1 percent respectively by urban and rural faculty members) as shown in Figure-10.

**CONCLUSION**

- Employees’ rural/urban background has no effect over job satisfaction, compensation management. Employees’ rural/urban background has significantly effect over commitment level with university.
- Employees’ rural/urban background has significant effect regarding pay procedure in the university.
- Though MUET faculty is committed to discharge better services but they are uncertain about the pay and rewards they get in return.
- Despite unpleased with the pay, rewards and benefits MUET faculty feel satisfied to work with the university.

**RECOMMENDATIONS**

- University should continue with its current employee hiring policy.
- University need to work on attaining the commitment of the employees irrespective with their backgrounds.
- Communication of information may be made more frequent.
- Trainings needed to be imparted in more quantity.
- MUET need to review its pay procedure for the faculty by reviewing the market prices in higher education.
- The university needs to maintain its working culture to keep the faculty satisfied.

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