



**JOURNAL OF TOURISM,
HOSPITALITY AND
ENVIRONMENT MANAGEMENT
(JTHERM)**

www.gaexcellence.com/jthem



EXAMINING THE INFLUENCE OF COMPENSATION, CAREER GROWTH AND LEADERSHIP ON EMPLOYEE SATISFACTION: AN EQUITY THEORY PERSPECTIVE IN THE MALAYSIAN HOSPITALITY INDUSTRY

Nur Syamimi Yusri¹, Nuramalyn Amanie Jaafar², Malina Hanum Mohd Kamal³, Amanina Mat Ghani^{4*}, Noristisarah Abd Shattar⁵, Wan Nor Bayah Wan Kamaruddin⁶

¹Department of Hotel Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



2020470466@student.uitm.edu.my



<https://orcid.org/0009-0005-5939-5507>

²Department of Hotel Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



2020846818@student.uitm.edu.my



<https://orcid.org/0009-0004-1232-7665>

³Department of Hotel Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



malin000@uitm.edu.my



<https://orcid.org/0009-0004-3838-8458>

⁴Department of Hotel Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



amanina2979@uitm.edu.my



<https://orcid.org/0000-0002-3457-3494>

⁵Department of Food Service Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



noris590@uitm.edu.my



<https://orcid.org/0000-0001-9404-9929>

⁶Department of Hotel Management, Faculty of Hotel and Tourism Management, Universiti Teknologi MARA Cawangan Terengganu Kampus Dungun, Malaysia



wnbayah@uitm.edu.my



<https://orcid.org/0000-0002-0556-9277>

*Corresponding Author

Article Info:

Article history:

Received date: 30.06.2026

Revised date: 16.08.2026

Accepted date: 30.08.2026

Published date: 17.09.2026

Abstract:

Employee satisfaction remains a critical issue in the hospitality industry due to its influence on employee retention, service quality, and organisational performance. Despite extensive research on employee satisfaction, limited studies have examined the combined effects of compensation and rewards, career growth, and effective leadership within Malaysian resort hotel settings from the perspective

To cite this document:

Yusri, N. S., Jaafar, N. A., Kamal, M. H. M., Ghani, A. M., Shattar, N. A., Kamaruddin, W. N. B. W. (2026). Examining The Influence of Compensation, Career Growth and Leadership on Employee Satisfaction: An Equity Theory Perspective in The Malaysian Hospitality Industry. *Journal of Tourism Hospitality and Environment Management*, 11 (45), 474-492.

of Equity Theory. Therefore, this study investigates the influence of compensation and rewards, career growth, and effective leadership on employee satisfaction among employees of Bayou Lagoon Park Resort, Melaka. A quantitative research design was adopted using a cross-sectional survey approach. Data were collected from 72 employees through a structured questionnaire and analysed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis. The findings revealed that all independent variables were positively associated with employee satisfaction. Effective leadership recorded the strongest correlation with employee satisfaction followed by career growth (and compensation and rewards. However, multiple regression analysis indicated that only effective leadership significantly predicted employee satisfaction, whereas compensation and rewards and career growth were not significant predictors. The findings highlight the importance of leadership effectiveness in enhancing employee satisfaction within the hospitality sector. The study contributes to the application of Equity Theory by demonstrating that leadership-related perceptions of fairness and support play a more influential role in employee satisfaction than compensation and career advancement opportunities. Practically, the findings suggest that hospitality organisations should prioritise leadership development initiatives to improve employee satisfaction and organisational performance.

DOI:10.35631/JTHER.1145028

Keyword:

Career Growth, Compensation or Rewards, Effective Leadership, Employee Satisfaction, Equity Theory



© The authors (2026). This is an Open Access article distributed under the terms of the Creative Commons Attribution (CC BY NC) (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited. For commercial re-use, please contact jthem@gaexcellence.com.

Introduction

The hotel industry demonstrates a vital segment of the rapidly expanding tourism sector, contributing significantly to global economic development and playing a particularly important role in Malaysia's economy (Lestari & Margarenta, 2021). As a highly people-oriented industry, its performance is inherently dependent on its workforce, where employees function as the primary service providers.

To date, the hospitality industry has experienced unprecedented challenges due to changing workforce expectations, technological transformation, economic uncertainty, and the aftermath of the COVID-19 pandemic, which has significantly reshaped organisational operations, service delivery, and employee experiences in the post-pandemic era (Seyfi et al., 2024). These challenges have intensified issues related to employee turnover, workforce shortages, job dissatisfaction and employee retention. According to Ghani et al. (2022), employee retention has emerged as one of the most significant concerns in the hospitality sector, as organisations face increasing difficulties in attracting and retaining skilled employees. High turnover rates

not only increase recruitment and training costs but also negatively affect service consistency and customer satisfaction.

Within the Malaysian hospitality industry, employee satisfaction has become particularly important as hotels and resorts continue to recover from pandemic-related disruptions. Organisations are increasingly required to develop effective human resource strategies that enhance employee motivation and foster long-term organisational commitment. Despite the importance of job satisfaction, many organisations continue to face challenges in identifying the specific aspects of the job that employees value most and the extent to which these aspects are effectively fulfilled (Kencanawati et al., 2026). Employee satisfaction plays a crucial role in shaping key organisational outcomes, including productivity, job performance, organisational citizenship behaviour, service quality, and customer satisfaction. Employees who are satisfied with their jobs are more likely to exhibit positive work attitudes, demonstrate loyalty toward their organisations, and contribute effectively toward achieving organisational goals. Among the numerous theories explaining employee satisfaction, Equity Theory provides a useful framework for understanding employee perceptions of fairness within the workplace. Proposed by Adams (1965), Equity Theory suggests that employees evaluate the fairness of their work environment by comparing their inputs, such as effort, skills, experience and commitment, with the outcomes they receive, including salary, benefits, recognition and promotion opportunities. Employees who perceive fairness are likely to experience higher levels of satisfaction, whereas perceptions of inequity may result in dissatisfaction, reduced motivation and turnover intentions.

Although employee satisfaction has been widely investigated across various industries, few studies have simultaneously examined the influence of compensation and rewards, career growth, and effective leadership within Malaysian resort hotel settings, using Equity Theory as the underlying framework. Existing hospitality studies have primarily focused on individual determinants of employee satisfaction or have been conducted in large hotel chains, leaving a gap in the understanding of employee satisfaction within resort-based hospitality organisations. Therefore, this study seeks to address this gap by examining the relative influence of compensation and rewards, career growth and effective leadership on employee satisfaction among employees of Bayou Lagoon Park Resort, Melaka.

This study provides to the hospitality literature in three significant ways. First, it simultaneously examines compensation and rewards, career growth, and effective leadership within a single explanatory model. Second, it extends the application of Equity Theory in the context of Malaysian resort hotels, a setting that remains underexplored. Third, it demonstrates that leadership effectiveness plays a more dominant role than compensation and career growth in predicting employee satisfaction, providing new empirical evidence for hospitality managers operating in post-pandemic environments.

Conceptual Framework

This study is underpinned by Equity Theory (Adams, 1965), which suggests that employees evaluate fairness by comparing their inputs and outcomes within the workplace. Based on previous literature, compensation and rewards, career growth and effective leadership are proposed as key factors influencing employee satisfaction.

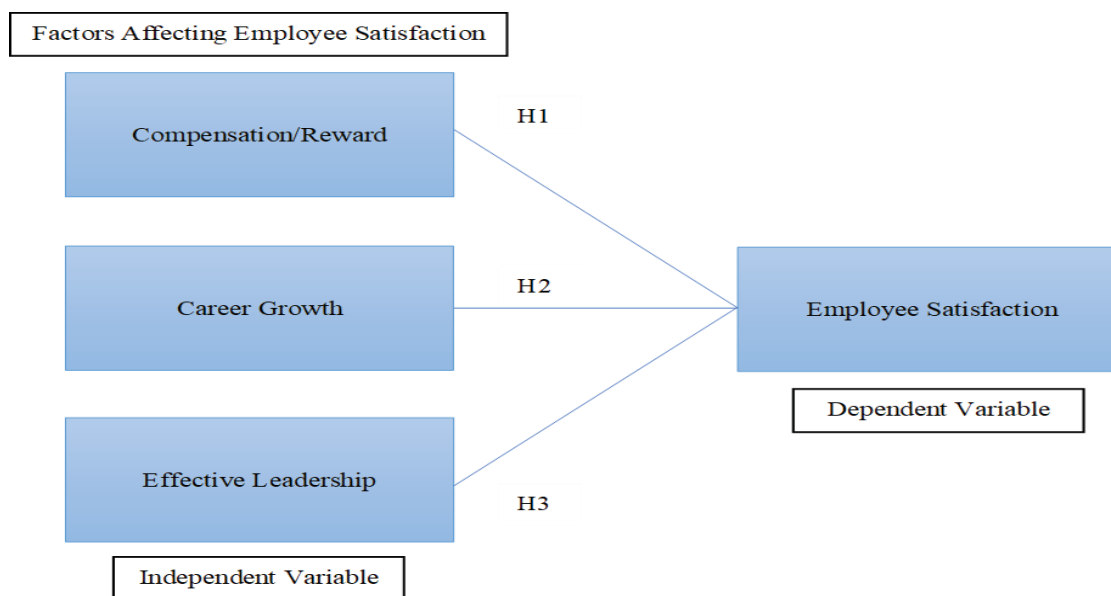


Figure 1: Conceptual Framework

Source: Ghani et al (2022)

Literature Review

Equity Theory

Equity Theory, originally developed by Adams (1965), remains one of the most influential frameworks in explaining employee motivation and job satisfaction in organisational behaviour studies. The theory proposes that employees evaluate fairness in the workplace by comparing their input-to-output ratio with others'. Inputs refer to employee contributions such as effort, skills, experience and time, while outputs include salary, recognition, benefits and career advancement opportunities. When employees perceive imbalance or inequity in this exchange relationship, dissatisfaction and reduced motivation are likely to occur.

Recent hospitality studies continue to support the relevance of Equity Theory in explaining employee attitudes in hotel operations. Studies published in hospitality journals highlight that perceived fairness significantly influences employee satisfaction, organisational commitment and turnover intention in hotel settings. Employees are more likely to remain motivated when they perceive fairness in compensation, workload distribution and recognition systems.

Kollmann et al. (2019) emphasise that employees are satisfied when they perceive that their contributions are fairly rewarded, reinforcing the exchange-based nature of employment relationships. Similarly, Huang (2020) argues that inequity between inputs and outputs leads to cognitive dissonance, resulting in lower job satisfaction and increased withdrawal behaviour. In the hospitality industry, where emotional labour and workload intensity are high, perceptions of fairness are even more critical in determining employee satisfaction.

Recent empirical findings further suggest that Equity Theory hospitality contexts are strongly linked to three core organisational factors: compensation fairness, career development opportunities and leadership effectiveness. These factors form the basis of perceived

organisational justice, which directly influences employee motivation and behavioural outcomes.

Employee Satisfaction

Ogbeide et al. (2020) define employee satisfaction as the subjective experience of enjoyment, contentment, and the fulfilment of needs and desires in the workplace. Job satisfaction can be defined as a favourable emotional condition arising from an individual's occupation, reflecting the extent to which employees enjoy or dislike their work, shaped by their perceptions and experiences within the job (Hasan & Sadat, 2023; David & Pitman, 2024; Balinda, 2023; Li et al., 2020; Fidan, 2023). It represents an attitude that influences employees' behavioural responses, where satisfied employees tend to demonstrate positive attitudes, feel that their contributions are recognised, and are more likely to achieve higher levels of performance and organisational contribution. Conversely, dissatisfaction is associated with negative work attitudes and a higher intention to leave, as previous studies have consistently found a positive relationship between job dissatisfaction and turnover intention, indicating that employees who are dissatisfied are more likely to leave their jobs compared to those who are satisfied (Le et al., 2023; Park et al., 2021; Zhang et al., 2021; David & Pitman, 2024). In the hospitality industry, particularly in hotels, maintaining high levels of job satisfaction remains a significant challenge, as many organisations continue to struggle to recruit and retain employees due to fluctuating satisfaction and varying individual expectations.

These challenges emerge from the inability to effectively identify and measure the factors that contribute to employee satisfaction and, in turn, foster loyalty. According to Rahman and Syahrizal (2019), job satisfaction is an evaluative construct encompassing an employee's perceptions, attitudes, and emotional responses to various aspects of their work environment, including, but not limited to, job characteristics, interpersonal relationships with colleagues, social interactions, and remuneration. According to Al-Ababneh et al. (2018), there is a relationship between an organisation's internal service quality and employee satisfaction. The term "internal service quality" refers to employees' perceptions of the quality of services they receive from or provide to their colleagues. To foster a competitive and energetic work environment, it is imperative for organisations to prioritise employee satisfaction. This is because delivering exceptional internal service can enhance employee job satisfaction. Additionally, it will indirectly enhance the company's performance.

Consequently, it is imperative for the firm to prioritise employees' job satisfaction, as this has been shown to enhance staff retention. The previous claim aligns with Marihot Tua Hariadja's conceptualisation of "job satisfaction," which posits that it reflects the extent to which individuals experience positive or negative sentiments towards different facets of their work-related engagements. Understanding the determinants of employee well-being in the workplace would be advantageous, given the significant role job satisfaction plays in shaping positive and negative outcomes (Wang et al., 2018). The affective reaction to an individual's obligations, in conjunction with the societal and physical work settings, constitutes an additional determinant of job satisfaction. Job satisfaction refers to the degree to which an individual's psychological contract is fulfilled. Several theories of job satisfaction have been proposed, including Maslow's Need Theory, Porter's Discrepancy Theory, and Adams' Theory of Justice, among others. Consequently, managers and organisations can enhance their comprehension of the factors contributing to a favourable work environment by identifying the characteristics that

impact employee job satisfaction. Despite numerous studies demonstrating a theoretical correlation between employee satisfaction and organisational loyalty, disparities persist.

According to research by Hooi (2013), there is no relationship between employee loyalty and the extent to which the Japanese management style affects workers. To boost productivity and enhance organisational performance, another researcher suggested that managers should focus on factors affecting employee job satisfaction (Kabir et al., 2011). The study by Veloso et al. (2021) shows that motives, supervisor support, community involvement, fair compensation, autonomy, the company's brand image, and affinity have a direct and beneficial impact on employee satisfaction. Employee happiness is one of the strongest predictors of employee loyalty, as it is positively correlated with both loyalty and contextual performance. Additionally, the theoretical framework shows that motivated and hardworking employees are those who are fulfilled. However, equity theory is useful in part because it can be applied to the business sector, notably the hotel industry, as a framework for fairness, ideal behaviour, and distributive justice. Management must uphold justice and ideal practices to deliver high-quality services and outputs that satisfy employee expectations regarding norms, standards, and wishes. According to Bangwal et al. (2018), every hotel sector depends on the success of its staff because they oversee the provision of service to consumers and determine the kind of service they receive. Several recent studies (Cheng et al., 2018) have shown that Malaysia's hotel industry, particularly in the hospitality sector, is expanding quickly. This growth may be linked to the expanding contribution of tourism. The hotel sector is essential to the advancement and expansion of the tourism industry, as it provides accommodation and other services for travellers (Cheng et al., 2018).

Compensation or Reward

Compensation is essential for employees because it reflects the value of their work to them, their families, and society. Compensation is the money given to a worker by their employer in exchange for the services they provide while working for the company. The fundamental reason for working is to earn enough money to meet employees' needs. Organisations present rewards for outstanding performance to motivate employees and encourage healthy competition among staff. Compensation should be dependent on the amount of work completed, the employee's expertise, the technical nature of the work, and their duties, among other factors. The hotel may raise employee satisfaction, leadership effectiveness, motivation, and job performance through compensation. Dessler (2006) states that there are two basic parts to compensation: (1) Direct payments (such as wages, salaries, incentives, commissions, and bonuses), and (2) Indirect payments (employer-provided financial benefits, including insurance and vacation). Any form of payment made to employees in exchange for their contributions to the company is referred to as compensation, sometimes known as a reward. To achieve higher job performance and satisfy employees' needs and desires, compensation is often structured to benefit both the firm and employees (Sudiardhita et al., 2018).

Employee satisfaction is used as a mediator in this study to examine the relationships among turnover intention, salary, and employee retention. However, the wants and aspirations of every person are different. According to Bayarcelik et al. (2016) and Aman-Ullah et al. (2022), job satisfaction reflects both positive and negative outcomes from employees' emotional assessments, indicating how satisfied or dissatisfied an employee is with their work. As a result, based on the preceding arguments, we recommend that compensation be considered a feasible solution to high turnover intentions and low staff retention. According to Sudiardhita et al.

(2018), compensation has a considerable impact on employees' job motivation. An important factor in boosting employee motivation will be efforts to increase compensation; this is also consistent with data from other researchers who found that compensation had a positive and significant impact on job motivation. Justice and equity should be the foundation of good compensation, and the amount of pay should be proportional to the relative value of a position or line of work. The link between employee compensation satisfaction and employee turnover intention was found to be strongly reduced by work motivation, work engagement, and job satisfaction (Che Ahmat et al., 2019). So, it can be concluded that the higher the compensation, the higher the employee's work motivation and satisfaction, which influences both correlations.

Reward and recognition may be summed up as an organisation's attempt to acknowledge staff members' contributions for setting a good example or performing helpful deeds. Organisations may encourage their staff and boost job satisfaction by employing reward management. Compensation and job satisfaction among hotel employees are strongly associated in the hospitality sector. Aside from monetary compensation, appreciation, compliments, thankfulness, and encouragement are crucial for both employees and employers because they are often given to a single person and last longer than monetary compensation (Fisher, 2015). According to Calk and Patrick (2017), Generation Z members are more likely to be realistic about their work expectations because millennials now place greater importance on non-financial perks, such as workplace experience and surroundings, than on money alone. Therefore, management must understand the most effective rewards for each generation to increase job satisfaction and employee loyalty. Employees who are happy with their compensation and working conditions are typically devoted and have no plans to leave the company (Strenitzerova et al., 2019). According to Mazlan et al. (2021), rewards are an effective means of promoting job satisfaction and loyalty among hotel staff.

Career Growth

According to Putra (2018), career growth is a strategy that an organisation can adopt to ensure that personnel with the requisite training and experience are available when needed, benefiting both individuals and the organisation. Human resource development is necessary to reduce a company's reliance on recruiting new employees. Effective career growth will foster a climate of shared trust, empowered collaboration, and commitment to the vision, mission, and strategic goals.

In addition, Aodton et al. (2021) define career development as the progressive accumulation of professional experience over time. Many studies on career development place greater emphasis on the steps in a person's career than on the outcomes of those steps. Defining career growth as employees' expectations about an organisation's planned development and progress efforts illustrates the effects of employees' actions. From a multidimensional perspective, organisational and employee efforts help people grow in their professions. As a result, the employer rewards the worker's efforts to progress their professional development and learn new skills by granting them promotions and salary raises (Al-Ababneh et al., 2018). Career advancement typically has a significant impact on the workplace and raises job satisfaction levels, claim Al-Ababneh et al. (2018).

According to Khai et al. (2019), opportunities offered or projected to improve people's career prospects in the concept of personal advancement inside an organisation are typically used to quantify career progression. On the other hand, a thorough analysis suggests that a profession's

progression comprises four potential components: the advancement of career goals, the development of professional skills, and an increase in compensation. These organisational components offer all the benefits the employee anticipated gaining in their future career. If there are no opportunities for job advancement, the benefits accruing to both individuals and organisations are uncertain, which may eventually lead a person to leave the company.

Effective Leadership

The concept of effective leadership can be defined as a leader's capacity to exert influence over followers and other stakeholders within an organisation to achieve organisational objectives (Yukl, 2005). According to Yukl (2008), a crucial aspect of evaluating leadership performance and effectiveness is assessing how leaders influence employees beyond conventional performance expectations or standards. Given the inherent unpredictability and complexity of the corporate landscape, it is imperative that managers at all hierarchical levels within an organisation adopt an appropriate leadership approach. Nasab et al. (2019) assert that leadership styles significantly impact employee performance. According to Nanjundeswaraswamy (2021), effective leadership can influence subordinates' attitudes and behaviours, including their level of commitment, and enhance productivity. Employee job satisfaction can be enhanced by leaders who practise delegating authority, allocate responsibility, and involve employees in the decision-making process. This is particularly important when employees are afforded the opportunity to seamlessly incorporate their ideas into the organisation's strategic objectives and assume complete accountability or recognition for the outcomes of their endeavours in achieving the company's selected goal and intention.

According to a study by Al-Asadi et al. (2019), employees who experience dissatisfaction at work are less likely to remain employed within the organisation. Presently, the industry faces challenges in effectively incentivising its workforce. There is an increasing power disparity between businesses and their employees. Moreover, there is notable employee discontent with their current remuneration, recognition, and supplementary perks, which may be attributed to ineffective communication practises. The principal factors contributing to the inadequate communication within the organisation may be the absence of employee feedback, performance management meetings, measures to ensure the firm's long-term viability, and a mentoring programme.

Hence, there is a difference of opinion on leadership style, with academics arguing that it is a multidimensional approach to identifying targets and inspiring the achievement of goals. Not only that, but Ntimba et al. (2021) state that a few critical factors contribute to employee dissatisfaction, including unfair discrimination, poor recruitment, and remuneration practices. Several academic fields have done studies on leadership-related themes, and their conclusions are inconsistent. Previously, researchers discovered a correlation between distinct leadership styles and organisational effectiveness (Wang and Yen, 2015). Managers must show genuine concern for their employees' social and environmental challenges and promote efficient workplace communication by providing timely feedback, conducting performance management meetings, fostering openness, and building cooperation. Effective leadership and employee satisfaction are significantly related.

Methodology

This study adopted a quantitative cross-sectional research design to examine the influence of compensation and rewards, career growth, and effective leadership on employee satisfaction among employees of Bayou Lagoon Park Resort, Melaka. This setting provides relevant research context because it is a full-service resort hotel that depends heavily on employees to deliver customer experiences. Similar to many Malaysian resort hotels, the organisation has faced post-pandemic human resource challenges, including employee retention, workforce shortages, and maintaining employee satisfaction. For this study, a quantitative approach was considered, which comprised 95 employees at Bayou Lagoon Park Resort. Sample adequacy was further confirmed using GPower 3.1 for multiple regression with three predictors (effect size = 0.15, $\alpha = 0.05$, power = 0.80), which indicated that the minimum required sample size was below the 72 usable responses obtained. Convenience sampling was employed, and a total of 72 completed questionnaires were successfully collected and analysed. The questionnaire was adapted from previous studies and consisted of five sections: 1) demographic information, 2) compensation and rewards, 3) career growth, 4) effective leadership, and 5) employee satisfaction. A pilot study was conducted with 30 respondents, yielding an overall Cronbach's alpha of 0.942, indicating excellent internal consistency.

Result and Discussion

Demographic Background

This section shows the demographic background of the respondents which provides an overview of the participants' characteristics, which helps to better understand the profile of the sample used in this study. The demographic information includes gender, age, ethnicity, educational background, department, length of service, and monthly income.

Table 1: Demographic Background: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female/ Perempuan	33	45.8	45.8	45.8
	Male/ Lelaki	39	54.2	54.2	100.0
	Total	72	100.0	100.0	

Source: Authors' Own Work

Table 1 indicates the gender distribution of respondents, comprising males and females, and the results show that most respondents are male (39, 54.2%), while 33 (45.8%) are female. This is due to the number of male employees at Bayou Lagoon Park Resort is higher.

Result Interpretation Based on Objectives

This section presents the interpretation of results based on the study objectives using descriptive statistics. Descriptive statistics summarise the data through measures such as mean, which indicate the level of agreement among respondents.

Table 2: Compensation or Rewards

	N	Minimum	Maximum	Mean	Std. Deviation
I get enough benefits.	72	2.00	5.00	3.5833	.62235
I feel like I get rewarded for good work.	72	2.00	5.00	3.3472	.60885
I satisfied with the sick leave policies.	72	3.00	5.00	3.9167	.64459
The current series of benefits match what I expect from a company.	72	3.00	5.00	3.9583	.81253
Valid N (listwise)	72				

Source: Authors' Own Work

The findings show that, regarding employee satisfaction with compensation and rewards at Bayou Lagoon Park Resort, most respondents agreed that the current benefits match their expectations, with the highest score ($M = 3.95$). Respondents also agreed that they are satisfied with the sick leave policies ($M=3.91$) and that they receive adequate compensation and rewards ($M=3.58$). However, the lowest mean score was for feeling rewarded for good performance ($M = 3.34$), indicating relatively low agreement on this aspect.

Table 3: Career Growth

	N	Minimum	Maximum	Mean	Std. Deviation
I experience personal growth such as learning new tasks.	72	2.00	5.00	3.6111	.77923
I am satisfied with the opportunity I have to grow within the company.	72	2.00	5.00	3.7222	.65482
I feel that my job allows me to develop new skills.	72	2.00	5.00	3.8194	.82780
I feel satisfied with my future career growth in the company.	72	2.00	5.00	3.8472	.70531
Valid N (listwise)	72				

Source: Authors' Own Work

Table 3 presents the mean scores for employee satisfaction with career growth at Bayou Lagoon Park Resort. The results indicate that respondents were generally satisfied with career growth opportunities within the organisation. The highest score was recorded for satisfaction with future career growth within the company ($M = 3.84$). Respondents also agreed that their job allows them to develop new skills ($M=3.81$) and that they are satisfied with the opportunities for growth within the company ($M=3.72$). The lowest mean score was for the item on experiencing personal growth through learning new tasks ($M = 3.61$), although respondents still expressed agreement with this statement. Overall, the findings suggest a positive perception of career growth opportunities among employees.

Table 4: Effective Leadership

	N	Minimum	Maximum	Mean	Std. Deviation
My manager makes consistently effective decisions.	72	2.00	5.00	3.5417	.71083
I feel my opinion is heard by my leader.	72	2.00	5.00	3.8056	.57259
My supervisor provides me with constructive feedback.	72	3.00	5.00	3.8056	.72460
I feel satisfied with my superior.	72	2.00	5.00	3.9306	.79304
Valid N (listwise)	72				

Source: Authors' Own Work

This section shows the mean scores for employee satisfaction with effective leadership at Bayou Lagoon Park Resort. The findings demonstrate that respondents were generally satisfied with the leadership practices within the organisation. The highest mean score was recorded for satisfaction with their immediate superior ($M = 3.93$). Respondents also agreed that their supervisor listens to their opinions and provides constructive feedback, both with a mean score of 3.80. The lowest mean score was the statement that managers consistently make effective decisions ($M=3.54$), although respondents still expressed agreement with this aspect. Overall, the result suggests a positive perception of leadership effectiveness among employees.

Table 5: Employee Satisfaction

	N	Minimum	Maximum	Mean	Std. Deviation
I feel valued at work.	72	3.00	5.00	3.5972	.70531
My job offers me a work life balance.	72	3.00	5.00	3.7361	.60498
I feel satisfied with the level of employment where I work.	72	2.00	5.00	3.9861	.81350
Valid N (listwise)	72				

Source: Authors' Own Work

Table 5 indicates the overall employee satisfaction levels at Bayou Lagoon Park Resort. The highest mean score was for satisfaction with their current job ($M = 3.98$). This indicates that employees were generally happy with their environment. Respondents also agreed that their job provides a good work-life balance ($M = 3.73$). In addition, employees felt valued at work, with a mean score of 3.59. Overall, the findings suggest that employees are satisfied with their jobs and work environment.

Table 6: Correlation Analysis

		Employee Satisfactio n	Compensati on or Rewards	Care er Grow th	Effecti ve Leaders hip
Employee Satisfaction	Pearson	1	.348**	.433**	.496**
	Correlation				
	Sig. (2-tailed)		.003	.000	.000
	N	72	72	72	72
Compensatio n or Rewards	Pearson	.348**	1	.484**	.481**
	Correlation				
	Sig. (2-tailed)	.003		.000	.000
	N	72	72	72	72
Career Growth	Pearson	.433**	.484**	1	.639**
	Correlation				
	Sig. (2-tailed)	.000	.000		.000
	N	72	72	72	72
Effective Leadership	Pearson	.496**	.481**	.639**	1
	Correlation				
	Sig. (2-tailed)	.000	.000	.000	
	N	72	72	72	72

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

Source: Authors' Own Work

Table 6 above shows the correlation analysis between the independent variables (compensation and rewards, career growth, and effective leadership) and the dependent variable, employee satisfaction. The results show that all three variables are positively related to employee satisfaction. Effective leadership recorded the strongest correlation with employee satisfaction ($r = 0.496$), indicating a moderate positive relationship. This was followed by career growth ($r = 0.433$), which also demonstrated a moderate positive correlation. Compensation and rewards showed the weakest correlation among the three variables ($r = 0.348$), although the relationship remained positive. These findings suggest that effective leadership has the greatest influence on employee satisfaction among the variables examined in this study.

Multiple Regression Analysis

Multiple regression analysis is a statistical analytical tool. It is a development of linear regression, a method for forecasting a variable's value when that value depends on another variable. Because it relies on another variable for influence, the predictive variable is now a dependent variable.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F	df1	df2	Sig. F Change
1	.526 ^a	.277	.245	.32916	.277	8.663	3	68	.000

a. Predictors: (Constant), Effective Leadership, Compensation or Reward, Career Growth

b. Dependent Variable: Employee Satisfaction

Source: Authors' Own Work

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.816	3	.939	8.663	.000 ^b
	Residual	7.368	68	.108		
	Total	10.184	71			

a. Dependent Variable: Employee Satisfaction

b. Predictors: (Constant), Effective Leadership, Compensation or Reward, Career Growth

Source: Authors' Own Work

Table 9: Coefficient

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	VIF
1	(Constant)	1.509	.465		3.244	.002		
	Compensation Or Rewards	.106	.125	.104	.851	.398	.716	1.397
	Career Growth	.159	.134	.165	1.191	.238	.552	1.813
	Effective Leadership	.338	.138	.340	2.454	.017	.553	1.807

a. Dependent Variable: Employee Satisfaction

Source: Authors' Own Work

Based on Table 7 above, the R-squared value is 0.277. Therefore, it indicates that 27.2% of the variance of the employee satisfaction in Bayou Lagoon Park Resort can be explained by the variation of the three tested independent variables: compensation or rewards, career growth, and effective leadership, or known as equity theory, while 72.3% cannot be explained by it. Therefore, the results in Table 16 indicate that independent variable 1: compensation or rewards (p-value=0.398, β =0.104), independent variable 2: career growth (p-value= 0.238, β =0.165), and independent variable 3: effective leadership (p-value=0.017, β =0.340).

As shown in Table 9, effective leadership is associated with employee satisfaction at Bayou Lagoon Park Resort, with a p -value < 0.05 . Therefore, only Hypothesis 3 is supported. Table 9 also shows that compensation or rewards and career growth have no relationship with the employee satisfaction in Bayou Lagoon Park Resort (p -value of 0.398 and 0.238). Therefore, Hypotheses 2 and 3 are rejected.

Discussion

This study examined the influence of compensation and rewards, career growth, and effective leadership on employee satisfaction among employees at Bayou Lagoon Park Resort, Melaka, based on the principles of Equity Theory. The findings revealed that all three independent variables were positively correlated with employee satisfaction. However, multiple regression analysis demonstrated that only effective leadership significantly predicted employee satisfaction, whereas compensation and rewards and career growth did not show significant effects when analysed simultaneously.

Among the variables examined, effective leadership showed the strongest correlation with employee satisfaction ($r = 0.496$, $p < 0.0$) and emerged as the only significant predictor in the regression model ($\beta = 0.340$, $p = 0.017$). This finding suggests that employees place considerable importance on leadership behaviours such as communication, support, participation in decision-making, and constructive feedback. In the hospitality industry, where employees interact directly with customers and operate in dynamic working environments, leadership support plays a critical role in shaping employees' workplace experiences and overall satisfaction. The finding is consistent with the studies of Nanjundeswaraswamy (2021) and Al-Asadi et al. (2019), which reported that effective leadership positively influences employee attitudes, commitment, and job satisfaction. The result also supports Equity Theory (Adams, 1965), which posits that employees evaluate fairness not only through tangible rewards but also through interpersonal treatment and organisational support.

Although compensation and rewards were positively correlated with employee satisfaction ($r = 0.348$, $p < 0.01$), the variable did not significantly predict employee satisfaction in the regression analysis ($\beta = 0.104$, $p = 0.398$). This finding indicates that while compensation remains an important component of employees' perceptions, it may not be the primary factor influencing satisfaction in this organisation. One possible explanation is that employees may perceive their compensation and benefits as adequate, leading them to place greater value on non-monetary factors such as leadership quality and workplace relationships. This finding is in line with previous studies that suggested financial rewards alone may not be sufficient to enhance employee satisfaction when other organisational factors are considered.

Similarly, career growth demonstrated a moderate positive relationship with employee satisfaction ($r = 0.433$, $p < 0.01$) but did not significantly influence employee satisfaction in the regression model ($\beta = 0.165$, $p = 0.238$). Although respondents generally expressed positive perceptions regarding opportunities for learning, skill development, and future career advancement, these opportunities were not the strongest determinants of satisfaction. This may suggest that employees are more concerned with their immediate work environment and managerial support than with long-term career prospects. The finding contrasts with previous studies that identified career development as a significant predictor of employee satisfaction, indicating that the relative importance of career growth may vary across organisational and industry contexts.

Overall, the findings indicate that effective leadership is the most influential factor affecting employee satisfaction among employees of Bayou Lagoon Park Resort. The study highlights the importance of supportive leadership practices in fostering positive employee attitudes and enhancing workplace satisfaction. From the perspective of Equity Theory, employees appear to value fair treatment, recognition, and supportive relationships with their leaders more strongly than compensation and career advancement opportunities. Therefore, hospitality organisations should prioritise leadership development initiatives to strengthen employee satisfaction and improve organisational performance.

Conclusion

This study examined the influence of compensation and rewards, career growth, and effective leadership on employee satisfaction among employees of Bayou Lagoon Park Resort, Melaka, using Equity Theory as the underlying theoretical framework. The findings revealed that all three variables were positively associated with employee satisfaction. However, effective leadership emerged as the only significant predictor of employee satisfaction, indicating that leadership practices play a greater role in shaping satisfaction than compensation and rewards or career growth opportunities within the organisation studied.

The findings contribute to the hospitality literature by providing empirical evidence on the application of Equity Theory in a Malaysian resort hotel context. The study suggests that employees evaluate workplace fairness not only through financial rewards and career opportunities but also through the quality of interactions, support, and communication provided by their leaders. Consequently, leadership effectiveness represents a critical factor in fostering a positive work environment and enhancing employee satisfaction.

From a managerial perspective, hotel operators should focus on developing leadership competencies among supervisors and managers, particularly in communication, employee involvement, recognition, and feedback. Strengthening these leadership practices may contribute to higher employee satisfaction, improved retention, and enhanced service quality.

Despite its contributions, this study is limited by its focus on a single resort hotel and a relatively small sample size, which may restrict the generalisability of the findings. Future research is encouraged to include a larger sample across multiple hospitality organisations and explore additional factors influencing employee satisfaction. Furthermore, future studies may apply alternative theoretical perspectives, such as Herzberg's Two-Factor Theory or Maslow's Hierarchy of Needs, to provide a broader understanding of employee satisfaction within the hospitality industry.

-
- Acknowledgements:** The authors would like to express their sincere gratitude to UiTM Cawangan Terengganu for providing the necessary resources and support throughout the course of this research. Special appreciation is extended to colleagues and peers who contributed valuable insights and constructive feedback, which greatly enhanced the quality of this paper.
- Funding Statement:** No funding
- Conflict of Interest Statement:** The authors declare that there is no conflict of interest regarding the publication of this paper. All authors have contributed to this work and approved the final version of the manuscript for submission to the International Journal of Tourism, Hospitality and Environment Management (JTHER)
- Ethics Statement:** This study was conducted in accordance with ethical research standards by Universiti Teknologi MARA (UiTM) which involved human participants. Informed consent was obtained from all participants prior to data collection. Participation was voluntary, and respondents were assured of confidentiality and anonymity. The data collected were used solely for academic purposes.
- Author Contribution Statement:** All authors contributed significantly to the development of this manuscript. [Malina Hanum Mohd Kamal] was responsible for the conceptualization, methodology, and overall supervision of the study. [Nur Syamimi Yusri and Nuramalyn Amanie Jaafar] handled data collection, analysis, and interpretation of results. [Amanina Mat Ghani, Noristisarah Abd Shattar and Wan Nor Bayah Wan Kamaruddin] contributed to the literature review, drafting, and critical revision of the manuscript. All authors read and approved the final version of the manuscript prior to submission.
-

References

- Adams, J.S. (1965) Inequity in social exchange. *advances in experimental social psychology*, 2, 267-299. [http://dx.doi.org/10.1016/S0065-2601\(08\)60108-2](http://dx.doi.org/10.1016/S0065-2601(08)60108-2)
- Al-Ababneh, M., Masadeh, M., Alshakhsheer, F., & Habiballah, M. (2018). The impact of internal service quality on job satisfaction in the hotel industry. *Research in Hospitality Management*, 8, 55–62. <https://doi.org/10.1080/22243534.2018.1501182>
- Al-Asadi, R., Muhammed, S., Abidi, O., & Dzenopoljac, V. (2019). Impact of servant leadership on intrinsic and extrinsic job satisfaction. *Leadership & Organization Development Journal*, 40(4), 472–484. doi:10.1108/lodj-09-2018-0337
- Aman-Ullah, A., Aziz, A., Ibrahim, H., Mehmood, W., & Aman-Ullah, A. (2022). The role of compensation in shaping employees' behaviour: a mediation study through job satisfaction during the COVID-19 pandemic. *Revista de Gestão*, ahead-of-print(ahead-of-print). <https://doi.org/10.1108/REGE-04-2021-0068>
- Aodton, P., Wareewanich, T., & Chankoson, T. (2021). Job satisfaction measurement through the lens of supervisor's cooperation, career growth, gratitude and work atmosphere: the case of hotel industry, 25(4S). Retrieved February 6, 2023, from <https://www.abacademies.org/articles/job-satisfactionmeasurement-through-the-lens-of-supervisors-cooperation-career-growth-gratitude-andwork-atmosphere-the-case-of-h-12570.html>.
- Balinda, J. (2023). The Impact of Mentorship Programs on Career Advancement and Satisfaction. *International Journal of Human Resource*, 1(1), 36-47.
- Bangwal, D., & Tiwari, P. (2018). Workplace environment, employee satisfaction and intent to stay. *International Journal of Contemporary Hospitality Management*, 31(1), 268–284.
- Che Ahmat, N. H., Arendt, S. W., & Russell, D. W. (2019). Examining work factors after Malaysia's minimum wage implementation. *International Journal of Contemporary Hospitality Management*, 31(12), 4462–4481. <https://doi.org/10.1108/IJCHM-10-2018-0827>
- David, M. C., & Pitman, M. A. (2024). Implementation of a Mentoring Program for Mentee-Mentor Satisfaction: A Longitudinal Pilot Study. *Medical Science Educator*, 1-8.
- Fidan, C. (2023). The Relationship Between Organizational Commitment and Job Satisfaction in Healthcare Professionals: A Meta-Analysis. *Journal of International Health Sciences and Management*, 9(18), 17-21.
- Ghani, B., Zada, M., Memon, K. R., Ullah, R., Khattak, A., Han, H., Ariza-Montes, A., & Araya-Castillo, L. (2022). Challenges and Strategies for Employee Retention in the Hospitality Industry: A Review. *Sustainability*, 14(5). <https://doi.org/10.3390/su14052885>
- Hasan, T., & Sadat, A. (2023). Dynamics of Job Satisfaction in Bangladesh's Banking Sector Implications for Employee Engagement and Organizational Success. *Journal of Business and Economic Options*, 6(4), 36-42.
- Huang, W.-R. (2020). Job training satisfaction, job satisfaction, and job performance. *Career Development and Job Satisfaction*. <https://doi.org/10.5772/intechopen.89117>
- Kencanawati, A. A. A. M., Supiatni, N. N., Marheni, L., Osman, Z. A., Uddin, M. E., Kumar, S., & Lamichhane, B. D. (2026). Exploring employee satisfaction in the hospitality industry: An IPA approach to Como Uma Canggü hotel. *Journal of Commerce, Management, and Tourism Studies*, 5(1), 57–67. <https://doi.org/10.58881/jcmts.v5i1.447>

- Khai, N. T. N., Linh, N. D. Y., & Khai, P. N. (2019). The Impacts of Person-Organization Fit, Career Growth and Emotional Exhaustion on Turnover Intention with the Mediation of Job Satisfaction. *Bs. Hcmiu. Edu. Vn.* <https://bs.hcmiu.edu.vn/Uploads/Files/218/a048c1d9cd9c46b39e94506e61c2536e.pdf>.
- Kollmann, T., Stöckmann, C., Kensbock, J. M., & Peschl, A. (2019). What satisfies younger versus older employees, and why? An ageing perspective on equity theory to explain interactive effects of employee age, monetary rewards, and task contributions on job satisfaction. *Human Resource Management*, 59(1), 101–115.
- Krejcie, R. V., & Morgan, D.W. (1970). “Determining Sample Size for Research Activities”, *Educational and Psychological Measurement* vol 30, pp. 607-610.
- Le, H., Lee, J., Nielsen, I., & Nguyen, T. L. A. (2023). Turnover intentions: The roles of job satisfaction and family support. *Personnel Review*, 52(9), 2209-2228
- Lestari, Diani & Margaretha, Meily. (2021). Work life balance, job engagement and turnover intention: Experience from Y generation employees. *Management Science Letters*. 165-170. 10.5267/j.msl.2020.8.019.
- Li, H., Shi, W., Qian, Y., & Mo, J. (2023). Role conflict and turnover intention among Chinese social workers: The roles of emotional exhaustion and job autonomy. *Journal of Social Service Research*, 49(5), 607-617
- Mazlan, N., Sumarjan, N., Nazlan, N. H., & Suhartanto, D. (2021). Reward and satisfaction: keeping hospitality employees loyal. *Environment-Behaviour Proceedings Journal*, 6(17), 147–153.
- Nanjundeswaraswamy, T.S., Swamy, D.R. & Nagesh, P. (2020), “Leadership styles in mediating the relationship between quality of work life and employee commitment”, *International Journal for Quality Research*, Vol. 14 No. 2, pp. 387-412.
- Nasab, A.H. & Afshari, L. (2019), “Authentic leadership and employee performance: mediating role of organizational commitment”, *Leadership and Organization Development Journal*, Vol. 40 No. 5, pp. 548-560.
- Ntimba, D., Lessing, K., & Swarts, I. (2021). Job satisfaction and dissatisfaction as outcomes of psychological contract: evidence from the South African workplace. *Journal of Human Resource and Sustainability Studies*, 09, 484–502. <https://doi.org/10.4236/jhrss.2021.93031>
- Ogbeide, D., & Isokpan, R. (2020). Employee satisfaction and organizational loyalty in the hospitality industry. 19, 2020.
- Putra, S. S. (2018). The influence of reward, workplace environment, and career growth to job satisfaction and their impact on organizational commitment (doctoral dissertation, Brawijaya University).
- Rahman, A., & Syahrizal, S. (2019). Compensation and career development on turnover intention: Job satisfaction as a mediation variable. Paper presented at the 2nd Padang International Conference on Education, Economics, Business and Accounting (PICEEBA-2 2018).
- Sangaran, G., & Selvanayagam, G. (2021). A review of the current hotel industry situation in Malaysia. *Journal of Tourism, Hospitality and Culinary Arts*, 13(2), 9–20.
- Strenitzerová, M., & Achimský, K. (2019). Employee satisfaction and loyalty as a part of sustainable human resource management in postal sector. *Sustainability*, 11(17), 4591.
- Sudiardhita, K. I. R., Mukhtar, S., Hartono, B., Sariwulan, T., & Nikensari, S. I. (2018). The effect of compensation, motivation of employee and work satisfaction to employee performance Pt. Bank Xyz (Persero) Tbk. *Academy of Strategic Management Journal*, 17(4), 1–14.

- Veloso, C. M., Sousa, B., Au-Yong-Oliveira, M., & Walter, C. E. (2021). Boosters of satisfaction, performance, and employee loyalty: application to a recruitment and outsourcing information technology organization. *Journal of Organizational Change Management*, 34(5), 1036–1046. <https://doi.org/10.1108/JOCM-01-2021-0015>
- Wang, C.H. & Yen, C.D. (2015), “Leadership and turnover intentions of Taiwan TV reporters: the moderating role of safety climate”, *Asian Journal of Communication*, Vol. 25 No. 3, pp. 255-270.
- Wang, Z., Jing, X. (2018). Job Satisfaction Among Immigrant Workers: A Review of Determinants. *Soc Indic Res* 139, 381–401. <https://doi.org/10.1007/s11205-017-1708-z>
- Yukl, G. A. (2005). *Leadership in Organizations*. Prentice Hall. <https://books.google.com.my/books?id=5mUVAQAAMAAJ>
- Zhang, T., Feng, J., Jiang, H., Shen, X., Pu, B., & Gan, Y. (2021). Association of professional identity, job satisfaction and burnout with turnover intention among general practitioners in China: evidence from a national survey. *BMC Health Services Research*, 21(1). doi:10.1186/s12913-021-06322