Examining The Impact of Work Environment, Compensation, Working Hours, and Empowerment on Hotel Employees' Performance

Muhammad Farhan Md Yuslan

Faculty of Hotel and Tourism Management,
UiTM Cawangan Terengganu, Malaysia
2022771923@student.uitm.edu.my

Muhammad Izz Iman Mohd Faudzi

Faculty of Hotel and Tourism Management,
UiTM Cawangan Terengganu, Malaysia
2022908139@student.uitm.edu.my

Mohd Hazrin Iman Noorkhizan*

Faculty of Hotel and Tourism Management,
UiTM Cawangan Terengganu, Malaysia
hazriniman@uitm.edu.my

Muhammad Safuan Abdul Latip

Faculty of Hotel and Tourism Management,
UiTM Cawangan Terengganu, Malaysia
safuanlatip@uitm.edu.my

Muhammad Afnan Hj Mahusain

School of Hospitality, Tourism & Events,
Faculty of Social Sciences & Leisure Management.
Afnan.mahusain@taylors.edu.my

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Abstract

This study investigates the relationship between employee engagement factors and job performance in the hotel industry. A probability sampling approach was employed, and data were collected through a structured, closed-ended questionnaire from 384 hotel employees in Shah Alam, Selangor, representing the front office, food and beverages, and housekeeping departments. The results indicate that compensation and benefits and working hours exert significant positive effects on employee job

performance, with working hours identified as the strongest predictor. Conversely, the work environment and employee empowerment showed no statistically significant impact on job performance. These findings suggest that tangible job conditions, particularly fair compensation and manageable working hours, play a more critical role in enhancing employee performance compared to environmental or empowerment-related factors. The study provides practical implications for hotel managers and human resource practitioners in designing policies to strengthen employee engagement and optimise organisational performance.

1 Introduction

In the hospitality industry, employee performance is widely recognised as a pivotal factor in organisational success (Abdul Latip et al., 2025). In hotels, where service quality and customer satisfaction are highly dependent on employees' productivity, maintaining consistent performance remains a pressing challenge (Saban et al., 2020). Employees are the industry's most valuable assets, capable of strengthening a company's reputation through excellent service or undermining it through underperformance (Koo et al., 2020).

While numerous studies have examined factors that enhance employee performance, fewer have focused on the organisational and interpersonal stressors that hinder motivation and productivity (Abdul Latip et al., 2025; Akerele, 2023). However, it is essential to note that employee effectiveness depends on their willingness and openness to perform, which directly influences overall productivity (Wu et al., 2023). Performance, therefore, should not be viewed solely as outcomes but also as the processes employees follow (Akerele, 2023; Yu et al., 2024). Research has identified several determinants of performance, including work environment, compensation, rewards, and working hours. Moreover, as employees gain experience, they adapt their behaviours to meet evolving job demands (Deeb et al., 2020; Koo et al., 2020; Yunus et al., 2020).

Indeed, engaged employees demonstrate passion for their roles, which leads to exceptional performance and voluntary extra-role behaviours (Wu et al., 2023). Conversely, challenges such as workplace incivility, interactional demands, and stress can undermine productivity (Akosa et al., 2024). Besides, the ergonomics of the workplace and the overall environment also play a role in shaping employee outcomes (Abdul Latip et al., 2025). In the hospitality sector, where employee and customer interactions are frequent, perceived incivility remains an understudied yet critical factor influencing behaviour (Emmanuel & Das, 2024; Kristiana et al., 2024). Likewise, excessive workloads, inadequate recognition, and poor work–life balance have been shown to diminish job performance (Akerele, 2023; Akosa et al., 2024; Yu et al., 2024).

To address these issues, performance evaluations are often utilised as key managerial tools for motivating employees, rewarding top performers, and informing decisions regarding promotions or terminations (Yu et al., 2024). Retaining long-term employees is equally essential, as they accumulate institutional knowledge and contribute to organisational stability (Yunus et al., 2020). Since human capital is a firm's most critical asset (Koo et al., 2020), retention strategies that enhance satisfaction, growth, and well-being are vital.

Despite widespread recognition of these challenges, the literature highlights a gap in understanding how specific organisational factors, such as compensation equality, workload distribution, and workplace culture, directly influence performance in the hotel industry (Akosa et al., 2024; Kristiana et al., 2024; Saban et al., 2020). High turnover remains a significant issue, generating substantial recruitment and training costs while weakening morale and disrupting service standards (Saban et al., 2020).

Given these concerns, the present study examines the factors that influence employee performance in the hotel industry, with a particular focus on work environment, compensation and benefits, working hours, and employee empowerment. By analysing the extent to which these elements shape job performance, the study seeks to provide deeper insights into the organisational dynamics affecting hospitality employees and to contribute to the growing body of literature on employee engagement in service-oriented industries, as supported by Kristiana et al. (2024).

2 Literature Review

2.1 Organisational Behaviour in the Hospitality Industry

The hospitality industry encompasses a wide range of sectors within tourism, including hotels, food and beverage services, events, theme parks, transportation, cruise lines, travel, and airlines (Abdul Latip et al., 2025). It is characterised by two defining features: (1) the leisure time of guests and travellers, and (2) the discretionary spending power they bring (El-Sherbeeny et al., 2023). Within this context, employee behaviour plays a central role in shaping service quality and guest satisfaction, making human resource management a critical component of organisational success (Kristiana et al., 2024).

Employee skill development is critical for improving employee behaviours, which results in greater staff performance and increased guest satisfaction (Kristiana et al., 2024). Employers now have the primary duty for developing and implementing an effective talent management strategy to improve employee behaviours (Akosa et al., 2024). This is due to the importance of talent management in influencing the desired behaviours of employees. A talent management system that is linked to an effective incentive system also plays an important role in talent retention since it functions as a motivation for employees to perform to the desired standard and the necessity of the

organisation (Akerele, 2023). A better working environment can stimulate an individual while also serving as an incentive (Saban et al., 2020).

According to the Ministry of Tourism, Arts and Culture (MOTAC) and the Department of Statistics Malaysia, the hospitality and tourism industry is one of the country's key economic contributors, employing hundreds of thousands of workers across hotels, resorts, and related services (Sangaran & Selvanayagam, 2021; Tourism Malaysia, 2024). The sector has consistently driven Malaysia's GDP growth, with steady expansion projected in the coming years (Tourism Malaysia, 2024). Within this context, understanding employee behaviour in the hotel industry is essential for sustaining service quality and organisational competitiveness (Emmanuel & Das, 2024; Kristiana et al., 2024). These considerations are particularly relevant to the present study, which examines the organisational factors that directly affect employee performance in Malaysia's hotel sector.

2.2 Employee Performance

Businesses should prioritise the development of positive employee performance by providing employees with a set of tools and abilities that enable them to respond successfully to shifting realities and obstacles (Emmanuel & Das, 2024). According to Abdul Latip et al. (2025), companies that want to keep and increase employee performance see globalisation, new market needs, innovation, and the innovative economy as both hurdles and drivers. According to Koo et al. (2020), to successfully navigate rapid technological changes, stakeholder requirements, and market expectations, organisations must bridge the attitude gap among their employees as a foundational component to achieve their smart organisational goals.

Several scholars have sought to define and contextualise employee performance, describing it as the outcome of organisational activities, policies, and practices that shape how individuals and teams deliver results (Deeb et al., 2020; Yunus et al., 2020). Some conceptualise performance management as a structured process encompassing agreement, measurement, support, feedback, and reinforcement, while noting that outcomes ultimately depend on performance expectations (Abraham, 2023; Koo et al., 2020). From an operational perspective, employee performance can be defined as the combination of effectiveness and productivity in completing daily tasks to meet stakeholder requirements (Akosa et al., 2024; Kristiana et al., 2024).

Beyond definitions, scholars have consistently highlighted a range of organisational factors that influence employee performance. These include the physical and non-physical aspects of the work environment, practical performance assessment and management practices, and talent management strategies (Kristiana et al., 2024; Yu et al., 2024). Collectively, such perspectives suggest that employee performance is not only the product of individual abilities but is also shaped by organisational systems, culture, and management practices (Akerele, 2023; Emmanuel & Das, 2024; Koo et al., 2020; Saban et al., 2020; Yu et al., 2024). Building on these insights, the present study focuses on four key organisational factors that may influence employee performance in the

hospitality industry, which are work environment, compensation and benefits, working hours, and employee empowerment. These variables provide the basis for examining how organisational practices and employee perceptions interact to shape performance outcomes in hotel settings.

2.3 Compensation and Benefits and Employee Performance

Employee well-being plays a crucial role in enhancing job performance, and organisations demonstrate their commitment to employees through fair compensation and benefits, including salaries, allowances, promotions, and incentives (Afriliyanti & Sabaruddin, 2025). Compensation and benefits are often tied to employee performance, as they serve both to reward contributions and to encourage accountability (Stamolampros & Dousios, 2024). Remuneration thus encompasses all forms of financial and non-financial rewards employees receive in return for their ongoing commitment to the organisation (Giousmpasoglou, 2024).

Scholars emphasise that adequate compensation is central to organisational success (Giousmpasoglou, 2024). For instance, low salaries and insufficient benefits can lead to dissatisfaction, absenteeism, and reduced performance outcomes (Afriliyanti & Sabaruddin, 2025). In contrast, well-designed pay and reward systems can promote productivity by recognising disparities in individual performance and encouraging higher effort (Giousmpasoglou, 2024). This underscores the view that employees are one of the most valuable assets of a business, particularly in the service sector, where motivation and engagement directly influence customer satisfaction and overall organisational performance (Kristiana et al., 2024; Stamolampros & Dousios, 2024).

Compensation and benefits can be broadly classified into two categories: direct and indirect rewards. Direct compensation includes monetary payments such as wages, salaries, and performance-based earnings, while indirect compensation typically covers non-monetary benefits such as welfare facilities, allowances, and pensions (Afriliyanti & Sabaruddin, 2025; Giousmpasoglou, 2024). For example, although employees in the public sector often receive lower wages compared to those in the private sector with similar qualifications, they may enjoy more favourable benefits such as pensions and social contributions.

Taken together, these perspectives highlight that compensation and benefits are not merely tools for employee welfare, but strategic levers for enhancing engagement, reducing turnover, and improving organisational outcomes (Afriliyanti & Sabaruddin, 2025; Emmanuel & Das, 2024; Giousmpasoglou, 2024). Ensuring a fair and well-structured compensation system is therefore essential for sustaining performance in the hospitality industry. Based on this discussion, the following hypothesis is proposed:

H1: Compensation and benefits have a significant influence on employee performance

2.4 Working Hours and Employee Performance

Businesses often adjust human output levels in response to fluctuating client demands. Increased demand typically leads to heavier workloads and, in many cases, requires employees to work longer hours to meet organisational targets (Akosa et al., 2024; Kristiana et al., 2024). Prentice et al. (2025) emphasise that working hours have a significant impact on productivity, which has important implications for organisational management and workforce planning. The number of hours worked can differ between occupational groups. Genda et al. (2015) explored the relationship between working hours and productivity across blue-collar and white-collar employees in the manufacturing industry. Traditionally, white-collar employees were found to work longer hours than blue-collar employees, although this pattern has evolved over time.

Both employers and employees often perceive longer working hours as a way to enhance performance (Dogru et al., 2024). Genda et al. (2015) argue that employees who work extended hours are motivated to demonstrate their productivity, particularly in relation to organisational performance appraisals. For white-collar employees, this often takes the form of voluntarily extending their working hours to signal commitment and dedication to supervisors. In contrast, blue-collar workers generally operate within fixed schedules, which limit flexibility and make it more difficult to extend or adjust their working hours. This distinction highlights how the impact of working hours on performance can differ depending on job type and organisational structure, as supported by previous scholars (Dogru et al., 2024; Genda et al., 2015; Prentice et al., 2025).

Moreover, employee satisfaction with working hours is closely tied to perceptions of fairness in compensation (Prentice et al., 2025; Stamolampros & Dousios, 2024). Studies show that when employees feel adequately rewarded, such as through overtime pay, hourly wages for part-time staff, or allowances for late-night shifts, they are more willing to accept extended or irregular working hours (Dong et al., 2025). This perceived fairness can enhance motivation and positively affect performance outcomes. Conversely, dissatisfaction with the compensation associated with working hours may lead to decreased morale and lower productivity. Therefore, based on the discussion, the following hypothesis is proposed:

H2: Working hours have a significant influence on employee performance

2.5 Working Environment and Employee Performance

The working environment is widely acknowledged as a crucial determinant of employee performance, as it shapes employees' ability to concentrate on their responsibilities and achieve organisational objectives (Afriliyanti & Sabaruddin, 2025). The physical aspects of the workplace, including space, layout, equipment, noise levels, and materials, as well as social interactions with colleagues, collectively define the work setting (Abdul Latip et al., 2025). These conditions can either facilitate or hinder employees' capacity to perform effectively, thereby influencing employment continuity (Emmanuel & Das, 2024; Hamidi et al., 2020).

A well-designed workplace enhances employees' sense of security, emotional stability, and motivation, which in turn positively affects performance (Hamidi et al., 2020). Employees with favourable perceptions of their work environment are more likely to enjoy their tasks, manage their time productively, and deliver stronger outcomes (Afriliyanti & Sabaruddin, 2025; Prentice et al., 2025). Importantly, the work environment extends beyond the physical space to include interpersonal dynamics, communication patterns, and management practices, all of which shape the overall employee experience (Emmanuel & Das, 2024).

Emotional experiences are closely linked to workplace conditions and can significantly affect job performance. For instance, workplace incivility depletes employees' emotional resources, discourages discretionary effort, and increases the likelihood of distraction from job tasks (Dogru et al., 2024; Emmanuel & Das, 2024). Employees facing such resource depletion often struggle to maintain focus and commitment, which undermines productivity and performance (Dong et al., 2025; Prentice et al., 2025). In contrast, supportive environments that foster respect and collaboration replenish emotional resources and improve concentration, enabling employees to meet performance goals more effectively (Genda et al., 2015; Prentice et al., 2025).

Furthermore, literature indicates that workplace incivility is associated with job dissatisfaction and retaliatory behaviours (Emmanuel & Das, 2024; Giousmpasoglou, 2024). Such adverse experiences compromise attentional capacity (Kristiana et al., 2024), resulting in reduced engagement and performance. Conversely, when employees perceive fairness, support, and civility in their environment, they experience greater emotional well-being and more substantial commitment, both of which contribute to improved performance outcomes (Dogru et al., 2024; Dong et al., 2025; Stamolampros & Dousios, 2024)

Taken together, these insights underscore the importance of creating a conducive and supportive work environment. Favourable workplace conditions enhance employees' emotional resilience, focus, and motivation, thereby strengthening overall job performance. Poor or uncivil environments, however, drain resources, reduce concentration, and hinder productivity. Therefore, based on the discussion, the following hypothesis is proposed:

H3: Working environment has a significant influence on employee performance

2.6 Employee Empowerment and Employee Performance

The researcher describes the term empowerment as the process of transferring control between the employer and employee (Arun Kumar et al., 2024). Empowerment not only allows the worker to work freely, but it also requires responsibility and accountability. Empowering employees leads to a higher motivation level, which in turn enhances employee performance (Makhamreh et al., 2022). Moreover, employee empowerment helps reduce stress among employees, which positively impacts

performance and enhances the confidence of workers, ultimately increasing their capability to perform tasks (Arun Kumar et al., 2024; Makhamreh et al., 2022).

Empirical evidence from the hospitality sector reinforces this relationship. Saban et al. (2020) demonstrated that hotel employees reported higher levels of job satisfaction when they were granted empowerment. Such empowerment fosters a sense of job contentment, which in turn strengthens organisational commitment. Similarly, Makhamreh et al. (2022) observed that empowered employees display greater motivation, stronger personal commitment, and an enhanced sense of responsibility for delivering high-quality performance. Together, these findings suggest that empowerment not only improves satisfaction but also cultivates a deeper psychological investment in organisational success.

Taken together, these perspectives indicate that empowerment is a critical driver of performance, operating through its positive effects on motivation, job satisfaction, and organisational commitment. Thus, the following hypothesis is proposed:

H4: Employee empowerment has a significant influence on employee performance

Based on the earlier arguments and review of literature, the proposed research framework is illustrated in Figure 1
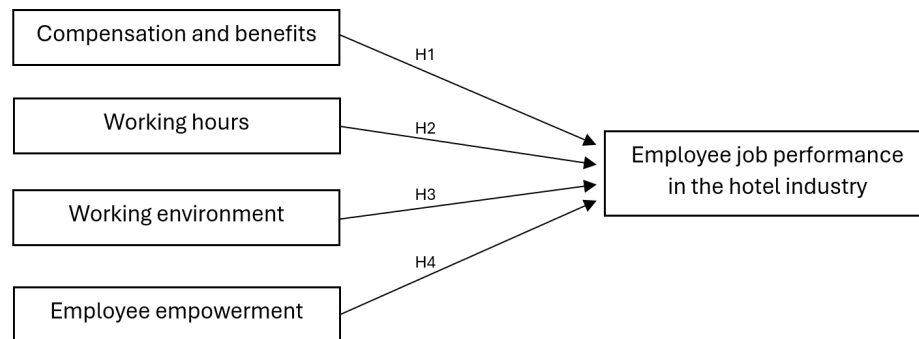

Figure 1: Research framework

3   Methodology

This study adopted a quantitative, cross-sectional research design to examine the factors influencing employee performance in the hotel industry, with a specific focus on Shah Alam, Selangor. The target population consisted of hotel employees working in key operational departments, specifically Front Office, Food and Beverages, and Housekeeping, as these areas directly contribute to service delivery and the overall customer experience.

The survey instrument was structured into three sections to systematically capture the study variables. Section A collected demographic information, including age, gender, race, marital status, and education level. Section B focused on work environment, compensation and benefits, working hours, and employee empowerment. Section C evaluated employee job performance. All survey items were adapted and adopted from

previously well-tested studies (Jose & Mampilly, 2014; Makhamreh et al., 2022; Nzuve & Njambi, 2015; Pega et al., 2021; Zhenjing et al., 2022). In total, the questionnaire consisted of 15 closed-ended items, measured primarily on a five-point Likert scale, ensuring both reliability and ease of response. All items were adopted and adapted from established instruments to strengthen content validity and ensure contextual relevance to the hotel industry in Shah Alam.

A total of 384 valid responses were analysed for hypothesis testing. This exceeds the minimum requirement of 150 respondents, based on the 1:10 ratio guideline for sample size determination relative to the 15 survey items, and therefore provides adequate representation of the study population (Hair et al., 2024). A convenience sampling method was employed, as the questionnaire was distributed through Google Forms to accessible hotel employees in Shah Alam. The approach is selected as the study has an inaccessible sampling frame.

Data collection was carried out using the structured questionnaire, distributed online via Google Forms. This approach facilitated efficient distribution, broad accessibility, and timely response collection. The instrument was developed in line with the study objectives and grounded in existing literature. It included multiple-choice demographic items and Likert-scale questions to measure the independent and dependent variables.

To ensure clarity and reliability, a pilot test was conducted with 30 hotel employees in Shah Alam prior to the main survey. The pilot study assessed the clarity of questions, the internal consistency of measurement items, and the suitability of the Likert scale. Based on feedback received, necessary revisions were made to improve the questionnaire, thereby enhancing its accuracy and effectiveness in capturing the intended data.

The collected data were analysed using SPSS (Statistical Package for the Social Sciences), Version 29. Descriptive and inferential statistical techniques were applied to test the proposed hypotheses and examine the relationships between the independent variables and the dependent variable, employee performance. This methodological approach was designed to provide robust and reliable empirical evidence, thereby contributing to a deeper understanding of the determinants of employee performance in the hotel industry of Shah Alam.

4 Data analysis

4.1 Demographic Profile of Respondents

The demographic profile of the respondents provides an overview of the characteristics of hotel employees who participated in this study (refer to Table 1). Out of 384 respondents, the gender distribution was fairly balanced, with 212 males (55.2%) and 172 females (44.8%). In terms of age, the majority of respondents were in the 26–35 years old category (54.7%), followed by those aged 18–25 years old (21.0%). Respondents aged 46–55 years old accounted for 16.1%, while 8.0% were between 36–

45 years old. Only 0.3% of respondents were aged 58 years old, representing the smallest group. Regarding race, Malay employees constituted the most significant proportion (44.5%), followed by Chinese (32.6%) and Indian (22.4%). A very small proportion of respondents (0.5%) identified as other races. In terms of marital status, a significant majority of respondents were single (67.7%), while 32.3% were married. Regarding educational background, most respondents held either a Diploma (41.4%) or a Degree/Bachelor's qualification (41.1%), reflecting the dominance of higher education among hotel employees in Shah Alam. Meanwhile, 16.4% had completed SPM/STPM, and only 1.0% reported other educational qualifications.

Table 1: Demographic Profile

Variables	Categories	Frequency	Percentage (%)
Gender	Male	212	55.2
	Female	172	44.8
Age	18 – 25 Years Old	81	21
	26 – 35 Years Old	210	54.7
	36 – 45 Years Old	31	8
	46 – 55 Years Old	61	16.1
	58	1	0.3
Races	Malay	171	44.5
	Chinese	125	32.6
	Indian	86	22.4
	Others	2	0.5
Marital Status	Single	260	67.7
	Married	124	32.3
Level Of Education	SPM/STPM	63	16.4
	Diploma	159	41.4
	Degree/Bachelor	158	41.1
	Others	4	1.0

4.2 Reliability Analysis

Table 2 summarises the Cronbach's Alpha values, applying the standard threshold where a Cronbach's Alpha value of 0.70 or above is considered satisfactory. As shown, all constructs achieved values above this threshold, thus confirming the internal consistency of the measurement scales. Among the independent variables, Employee Empowerment recorded the highest reliability score at 0.816, indicating strong internal consistency. Working Hours and Compensation and Benefits demonstrated satisfactory values of 0.748 and 0.712, respectively. Meanwhile, Work Environment recorded the lowest reliability coefficient at 0.701, yet it still met the minimum acceptable threshold. For the dependent variable, Employee Job Performance achieved a Cronbach's Alpha of 0.751, reflecting good reliability. Overall, the results confirm that all measurement items used in this study are reliable and suitable for further analysis.

Table 2: Reliability analysis

Variables	Cronbach's Alpha	Number of Items
Work Environment	0.701	3
Compensation And Benefits	0.712	3
Working Hours	0.748	2
Employee Empowerment	0.816	2
Employee Job Performance	0.751	5

4.3 Descriptive Analysis

This section presents the descriptive analysis of the independent variables, as well as the dependent variable. Mean and standard deviation values were computed for each item to provide insights into employees' perceptions within the hotel industry. All constructs were measured on a five-point Likert scale (1 = strongly disagree, 5 = strongly agree). To ensure clarity and ease of interpretation, all variables are consolidated into a single table (Table 3).

The results reveal several key patterns. For Work Environment, respondents indicated relatively high satisfaction across the three items. The mean score for the physical working environment in terms of productivity and conduciveness was 3.97 (SD = 0.81). Satisfaction with the organisation's promotion of diversity and inclusiveness scored the highest at 4.00 (SD = 0.79), while overall satisfaction with the current work environment recorded a mean of 3.91 (SD = 0.83).

Regarding Compensation and Benefits, employees expressed strong agreement with the fairness of the company's pay structure, which obtained the highest mean score of 4.30 (SD = 0.72). Overall satisfaction with compensation and benefits was also rated positively (M = 4.19, SD = 0.79). Satisfaction with the company's sick day policy, however, received a slightly lower mean score of 3.87 (SD = 0.82).

For Working Hours, satisfaction levels were moderate compared to other constructs. Satisfaction with midnight shift allowances had a mean of 3.85 (SD = 0.94), while satisfaction with hourly pay for part-time employees scored 3.87 (SD = 0.96). Regarding employee empowerment, the results indicated that employees had a positive attitude towards empowerment practices. Satisfaction with the authority's right to decide job responsibilities scored 3.91 (SD = 0.82). Furthermore, the impact of additional empowerment on job satisfaction was rated more highly, with a mean of 4.10 (SD = 0.77).

Finally, the results for Employee Job Performance reflected consistently high ratings across all five items. The highest mean score was reported for the ability to work meticulously (M = 4.35, SD = 0.69). Similarly, employees expressed strong agreement with their ability to perform effectively when needed (M = 4.30, SD = 0.65) and with the performance of permanent versus part-time employees (M = 4.30, SD = 0.63). Consistency in delivering quality work (M = 4.24, SD = 0.62) and attention paid to work (M = 4.25, SD = 0.61) also recorded high levels of agreement.

Table 3: Descriptive Statistics of Study Variables

Construct	Survey Item	Mean	SD
Work Environment	Physical working environment in terms of productivity and conduciveness	3.9688	0.80732
	Satisfaction with organisational promotion of diversity and inclusiveness	4.0000	0.79489
	Overall satisfaction with current work environment	3.9141	0.83050
Compensation & Benefits	Satisfaction with the company's sick day policy	3.8724	0.81875
	Fairness of the company's pay structure	4.3021	0.72436
	Overall satisfaction with compensation and benefits	4.1927	0.79774
Working Hours	Satisfaction with midnight shift allowances	3.8490	0.93557
	Satisfaction with hourly pay for part-time employees	3.8724	0.95969
Employee Empowerment	Satisfaction with the authority's right to decide job responsibilities	3.9063	0.82491
	Impact of additional empowerment on job satisfaction	4.1030	0.76635
Employee Job Performance	Performance of permanent vs. part-time employees	4.2995	0.62698
	Ability to perform effectively when needed	4.2969	0.64665
	Ability to work meticulously	4.3490	0.69169
	Consistency in delivering quality work	4.2370	0.61622
	Attention paid to work	4.2500	0.60890

SD=Standard Deviation

4.2 Multiple Regression Analysis

The model was statistically significant (F = 18.811, p < 0.001), with an R value of 0.407, indicating a moderate positive relationship between the predictors and employee performance (refer to Table 4). The R^2 value of 0.166 suggests that approximately 16.6% of the variance in employee job performance is explained by the combined effect of these independent variables. At the same time, the adjusted R^2 of 0.157 accounts for the number of predictors and indicates modest but meaningful explanatory power. The standard error of the estimate was 2.076, reflecting the average distance of observed values from the regression line. These results demonstrate that, collectively, the independent variables provide a significant contribution in predicting employee job performance, with compensation and benefits and working hours showing particularly strong individual effects. In contrast, work environment and employee empowerment had smaller or non-significant effects.

Table 4: Coefficient value of the model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1	0.407[a]	0.166	0.157	2.07629	0.166	18.811

The ANOVA table assesses the overall significance of the regression model predicting employee job performance based on work environment, compensation and benefits, working hours, and employee empowerment (Refer to Table 5). The results

show that the regression model is statistically significant (F = 18.811, p < 0.001), indicating that the independent variables collectively have a significant effect on employee job performance. The regression sum of squares (324.371) represents the variation explained by the model, while the residual sum of squares (1633.869) reflects the unexplained variation. With four predictors and 379 degrees of freedom for the residual, the mean squares indicate the average explained and unexplained variance. Overall, the ANOVA confirms that the model reliably predicts employee performance in the hotel industry.

Table 5: ANOVA test result

	Model	Sum of Squares	df	Mean Square	f	Sig.
	Regression	324.371	4	81.093	18.811	<.001[b]
1	Residual	1633.869	379	4.311		
	Total	1958.240	383			

Multiple regression analysis was conducted to examine the influence of work environment, compensation and benefits, working hours, and employee empowerment on employee job performance. Table 6 presents the regression results. The overall model was significant, indicating that the predictors explained a considerable proportion of variance in employee job performance. Among the predictors, compensation and benefits (β = 0.140, p = 0.004) and working hours (β = 0.366, p < 0.001) were found to have a statistically significant positive effect on employee job performance. This suggests that fair compensation and appropriate working hours contribute strongly to enhancing employees' performance levels.

In contrast, the effect of work environment (β = 0.110, p = 0.343) and employee empowerment (β = -0.133, p = 0.238) on job performance was not statistically significant. Although the coefficients indicate some degree of influence, the lack of significance suggests that these factors may not play a critical role in predicting job performance within the studied context.

Table 6: Hypothesis testing

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	15.655	1.299		12.050	<.001
	Work Environment	.130	.136	.110	.950	.343
1	Compensation & Benefits	.169	.059	.140	2.869	.004
	Working Hours	.488	.066	.366	7.399	<.001
	Employee Empowerment	-.209	.174	-.133	-1.183	.238

a. Dependent Variable: EMPLOYEE JOB PERFORMANCE

5   Discussion

The finding provides a comprehensive understanding of the factors influencing employee job performance in the hotel industry. Among the predictors, compensation and benefits emerged as a significant positive determinant (β = 0.140, p = 0.004), highlighting the critical role of equitable remuneration in motivating employees. Fair and transparent compensation not only reinforces a sense of value and recognition among employees but also fosters engagement, productivity, and organisational commitment (Afriliyanti & Sabaruddin, 2025; Giousmpasoglou, 2024). This finding underscores the practical importance of offering competitive salaries, performance incentives, and comprehensive benefits to enhance workforce performance and reduce turnover.

Working hours also demonstrated a strong positive effect on performance (β = 0.366, p < 0.001), emphasising the influence of workload management and scheduling on employees' ability to perform optimally (Dogru et al., 2024; Prentice et al., 2025). Properly structured working hours, including adequate rest periods and fair shift rotations, allow employees to maintain concentration, sustain energy levels, and minimise fatigue, which are crucial for high-quality service delivery in the hospitality industry. This finding suggests that hotels should strategically plan shifts and provide appropriate allowances for demanding schedules, such as midnight shifts, to maximise employee efficiency and satisfaction.

Conversely, the work environment (β = 0.110, p = 0.343) did not show a statistically significant impact on employee performance. Despite the well-established importance of a supportive and inclusive workplace for fostering engagement (Afriliyanti & Sabaruddin, 2025; Emmanuel & Das, 2024). The results suggest that in this context, environmental factors alone may not be sufficient to drive measurable performance outcomes. Employees may have adapted to existing workplace conditions, or the quality of the work environment may act more as a facilitator of engagement rather than a direct determinant of performance.

Similarly, employee empowerment (β = -0.133, p = 0.238) was not a significant predictor, although empowerment is widely recognised for enhancing motivation, job satisfaction, and discretionary effort (Arun Kumar et al., 2024; Makhamreh et al., 2022). This lack of significance may reflect inconsistent implementation of empowerment practices, or it may indicate that employees in operational roles, such as housekeeping or front office, prioritise structured guidance and clear procedures over autonomy. In such contexts, empowerment initiatives may have a more indirect influence, contributing to satisfaction rather than directly boosting measurable performance outcomes.

Therefore, the findings suggest that practical, tangible factors, namely fair compensation and well-managed working hours, are the influential drivers of employee performance. While work environment and empowerment remain essential for fostering engagement and job satisfaction, they may not independently produce

significant performance gains without complementary organisational support. These insights provide actionable guidance for hotel managers, indicating that prioritising equitable pay structures, strategic scheduling, and workload management should be central to strategies aimed at enhancing employee performance. At the same time, environmental enhancements and empowerment initiatives can serve as supplementary measures to support long-term engagement and retention.

5.1 Practical Implications

The findings of this study provide actionable insights for hotel management. First, fair compensation and benefits were found to influence employee performance significantly. This underscores the importance of adhering to and exceeding government-mandated minimum salary standards, such as Malaysia's minimum wage regulations. Ensuring that employees are fairly compensated not only motivates them but also aligns with legal requirements, enhances retention, and reduces turnover. Managers are encouraged to maintain transparent pay structures, offer performance-based incentives, and provide comprehensive benefits packages.

Second, appropriate scheduling and management of working hours are essential to optimise employee performance. Hotels should implement flexible shift rotations, distribute workloads evenly, and provide allowances or bonuses for challenging shifts such as midnight hours. While work environment and empowerment were not significant predictors in this study, they remain essential for employee engagement and satisfaction. Fostering inclusivity, a supportive workplace culture, and meaningful participation in decision-making can further enhance morale and long-term performance.

5.2 Academic Implications

This study contributes to the body of knowledge on employee performance in the hospitality industry, particularly within the Malaysian context. It empirically demonstrates the relative importance of compensation and working hours compared to work environment and empowerment, providing nuanced insights into which factors most directly drive performance. The findings support and extend previous research (Abubakar & Sanda, 2024; Afriliyanti & Sabaruddin, 2025; Dogru et al., 2024; Genda et al., 2015; Makhamreh et al., 2022; Prentice et al., 2025; Stamolampros & Dousios, 2024), offering a framework for understanding employee motivation and productivity in service-oriented settings. Additionally, the study highlights the need for future research to examine the contextual and cultural factors that may moderate the relationships between workplace variables and employee performance.

5.3 Study Limitations

Despite its contributions, this study has several limitations. First, the use of a cross-sectional design restricts the ability to infer causality between independent variables and employee performance. Second, the study focused solely on hotels in Shah Alam, which may limit the generalizability of the findings to other geographic regions or

sectors within the hospitality industry. Third, self-reported measures may introduce bias, as respondents may overestimate their performance or provide socially desirable answers. Lastly, while the study considered four key predictors, other potential factors influencing performance, such as leadership style, organisational culture, or job stress, were not included.

5.4 Future Research Directions

Future research could address these limitations by employing longitudinal or experimental designs to establish causal relationships between workplace factors and performance. Expanding the study to include multiple cities or diverse hotel types can enhance generalizability. Researchers may also incorporate additional variables such as leadership, organisational culture, or employee well-being to provide a more comprehensive understanding of employee performance drivers. Qualitative studies could further explore employees' lived experiences and perceptions, particularly regarding empowerment and work environment, to uncover underlying reasons for their limited impact on performance. Ultimately, comparative studies across various hospitality sectors or countries could reveal cultural and contextual influences on employee performance, offering broader insights for both academics and practitioners.

6 Conclusion

In conclusion, this study highlights the significant role of compensation and benefits, as well as working hours, in influencing employee job performance in the hotel industry of Shah Alam, Malaysia. Fair remuneration, aligned with national minimum wage regulations, and well-structured working hours were found to enhance employee motivation, engagement, and productivity. While work environment and employee empowerment showed no significant effects in this context, fostering a supportive workplace culture and promoting employee participation remain important for overall satisfaction and retention. These findings offer valuable insights for hotel management, policymakers, and researchers seeking to enhance workforce performance, underscoring the importance of ongoing attention to fair labour practices and effective human resource management in the hospitality sector.

7 About the authors

Muhammad Farhan Md Yuslan and Muhammad Izz Iman bin Mohd Faudzi are fellow alumni having completed their Bachelor's degrees in Hotel Management of Universiti Teknologi MARA (UiTM) Cawangan Terengganu Kampus Dungun.

Mohd Hazrin Iman Noorkhizan is a lecturer at the Faculty of Hotel and Tourism Management, Universiti Teknologi MARA (UiTM), Cawangan Terengganu, Kampus Dungun. His professional expertise encompasses core areas of Hospitality Management, with a specific focus on Food and Beverage Management, Service Operations, Barista Skills, and Restaurant Management.

Muhammad Safuan Abdul Latip, PhD, is a Senior Lecturer at the Faculty of Hotel and Tourism Management, Universiti Teknologi MARA, Cawangan Terengganu Kampus Dungun. His research expertise spans culinary arts and gastronomy, consumer behaviour, hospitality and tourism digitalisation, and green consumerism. He is currently undertaking a two-year Post-Doctoral Fellowship at Sunway University, Kuala Lumpur, a prestigious appointment dedicated to advanced research and professional development.

Muhammad Afnan Hj Mahusain, PhD, serves as a distinguished academician in the School of Hospitality, Tourism & Events, Faculty of Social Sciences & Leisure Management, Taylor's University, Lakeside Campus. His scholarly work is characterized by an interdisciplinary approach to hospitality, tourism, and events, grounded in social sciences and leisure management principles.

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