

# The Role of Compensation, Supervision Support, and Working Environment in Shaping Job Satisfaction among Plantation Workers in Malaysia: A Conceptual Paper

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## ABSTRACT

This conceptual paper investigates the factors influencing job satisfaction among plantation workers in Malaysia, with a focus on compensation, supervision support, and working environment. The study will employ a quantitative research approach, utilizing structured surveys to collect data from 302 employees, including both local and foreign workers across various plantations in Kelantan, Malaysia. The data will be analysed using SPSS (Statistical Package for the Social Sciences) to identify the relationships between the three key factors and overall job satisfaction. This study utilizes Social Exchange Theory to investigate the impact of compensation, supervision support, and working environment on job satisfaction. The theory asserts that individuals engage in relationships based on the expectation of equitable and mutually beneficial exchanges. By examining how compensation, supervisory support, and working environment affect workers' job satisfaction, this research is expected to contribute to better understanding labour dynamics within the industry and offer recommendations for improving employee satisfaction, which could lead to enhanced productivity and reduced turnover rates.

**Keywords:** Job Satisfaction, Plantation Workers, Compensation. Supervision Support, Working Environment.

## INTRODUCTION

The palm oil plantation sector in Malaysia is a key part of the nation's economy, making Malaysia one of the world's largest producers and exporters of palm oil. The industry has grown rapidly due to rising demand in food, cosmetics, and biofuels. It also provides vital employment, especially in rural areas, with millions of workers involved in planting, harvesting, and processing. There is ongoing optimism about the continued growth of the palm oil market (MPOB, 2025; Naidu & Moorthy, 2021). In 2023, Malaysia's palm oil industry earned RM94.95 billion in export revenue, down from RM130.22 billion in 2022, mainly due to a 25.1% drop in crude palm oil prices (MPOB, 2025). However, the Malaysian economy grew by 5.1% in 2024, up from 3.6% in 2023 (DOSM, 2024), driven by higher domestic demand and a recovery in key sectors like palm oil.

According to Minister Datuk Seri Johari Abdul Ghani (New strait times, 2024), the latest statistics reveal a significant labour surplus in the manufacturing and services sectors, with 165,000 and 27,000 foreign workers respectively, while the plantation industry, particularly palm oil, faces a critical shortage. This shortage affects plantation operations, leading to disruptions in productivity and export capacities, and poses a long-term threat to the sector's sustainability. The imbalance in labour allocation hinders the industry's growth, as a steady, skilled workforce is essential to meet domestic and international demand. The Minister emphasized the need for policy adjustments to better align labour distribution with sector needs and ensure proper foreign worker registration. The reliance on foreign labour is partly due to the lack of interest among Malaysians in

agricultural work, driven by negative perceptions of plantation jobs (Kozera-Kowalska & Uglis, 2021; Stapa et al., 2019).

The main challenge in the palm oil plantation industry is keeping workers with the company and building their commitment. High employee turnover is a constant issue, and addressing it is essential for maintaining a stable and productive workforce. To reduce turnover, companies should focus on creating a positive work environment, offering competitive wages, providing career growth opportunities, and improving job satisfaction. This will help retain skilled workers and reduce the costs and disruptions caused by high turnover (Hee et al., 2019; Mohd Noor, 2024). According to reports from the National Union of Plantation Workers (NUPW) in 2024, several issues are frequently reported by workers, including concerns related to the working environment, compensation, and supervisor support. These issues highlight the need for organizations to address and improve these aspects to enhance employee satisfaction and well-being. The palm oil plantation industry faces high employee turnover, which affects workforce stability and productivity. To reduce turnover, companies must create a positive work environment, offer competitive wages, provide career growth opportunities, and improve job satisfaction. This will help retain skilled workers and minimize the costs of turnover (Hee et al., 2019; Mohd Noor, 2024).

This research examines the palm oil sector in Malaysia, given its significant contribution to the country's GDP. The study explores the impact of compensation, supervision support, and working environment (independent variables) on job satisfaction (dependent variable). The respondents include both local and foreign plantation workers from 13 major plantation companies in Kelantan, which play a vital role in the region's agricultural industry.

## **LITERATURE REVIEW**

### **Job Satisfaction**

The concept of job satisfaction originated in the early 20th century, with Frederic W. Taylor's "scientific management" theory in 1911. Over time, it has become a key area of research in fields like psychology, organizational behavior, and human resource management (Hackman & Oldham, 1976). Job satisfaction is generally defined as the degree to which employees are content with their jobs, influenced by factors such as compensation, working conditions, supervisor relationships, job security, and career advancement opportunities. These factors are interconnected and together shape employees' emotional and cognitive responses to their work environment. Judge et al. (2020) suggest that an individual's job satisfaction is shaped by their perceptions and beliefs about their current role.

Maslow's (1943) "Hierarchy of Needs" provides a key framework for understanding job satisfaction, proposing that individuals are motivated by a progression of needs, from basic physiological necessities to the pursuit of self-actualization. According to Maslow, lower-order needs must be satisfied before higher-order needs can be addressed. In the workplace context, job satisfaction is heavily influenced by an organization's ability to meet these needs. Satisfying fundamental needs, such as fair compensation, job security, and a safe working environment, contributes to enhanced satisfaction. Moreover, when organizations facilitate the fulfilment of higher-order needs, including personal growth, recognition, and opportunities for advancement, employees are more likely to experience elevated job satisfaction, thereby increasing motivation and performance.

Job satisfaction plays a crucial role in influencing employee performance, organizational productivity, and retention. Satisfied employees tend to demonstrate greater motivation, commitment, and discretionary effort, which positively impact organizational success. On the other hand, dissatisfaction can result in negative consequences such as absenteeism, higher turnover, and reduced productivity (Akalanka & Mayoshi, 2024). Job satisfaction ranges from highly satisfied to extremely dissatisfied and is a crucial factor in organizational psychology. It impacts employee motivation, engagement, well-being, and workplace behaviour, influencing productivity, turnover, and overall culture. High job satisfaction enhances performance, while low satisfaction can lead to disengagement and stress (Baxi & Atre, 2024).

## Compensation

Compensation, as defined by Murjanah (2019), includes all forms of remuneration employees receive for their services, such as cash, goods, and intangible benefits. It directly motivates employees by rewarding their efforts, while also influencing their perceptions of organizational support and fairness. The structure and fairness of compensation can impact job satisfaction, commitment, and long-term performance, making it a key factor in employee motivation and workplace engagement (Manulang & Gustomo, 2024). Research has shown that a well-designed compensation system plays a vital role in meeting both the physical and psychological needs of employees, thereby enhancing overall job satisfaction (Basem et al., 2022). Key compensation elements, such as salaries, performance incentives, and benefits like insurance, have been shown to positively impact job satisfaction, creating a cycle that motivates employees and encourages their active engagement and productivity (Ayuningtias, Syahputra, & Prasetyo, 2017). However, a study by Reners, Harahap, and Sugiarti (2024) found a negative correlation between compensation and job satisfaction among healthcare professionals. Their findings suggested that while bonuses were appreciated, other compensation forms like salary and health benefits had little to no impact on job satisfaction, indicating the complexity of compensation's effect on employee contentment in different sectors.

## Supervision support

In today's competitive business environment, organizations are increasingly focused on building a highly effective and efficient workforce to drive superior performance (Malik et al., 2021). To achieve this, organizations are implementing various motivational strategies to enhance employee performance. These mechanisms not only motivate employees to reach their full potential but also align their efforts with organizational goals (Riyanto et al., 2021). Supervisors, often seen as the "human face" of the organization, play a crucial role in this process. They are responsible not only for overseeing operations but also for fostering a supportive and trusting environment. By establishing trust, supervisors can inspire and motivate employees, encouraging high performance and promoting a positive work culture that benefits both individuals and the organization.

Talukder et al. (2021) highlight the pivotal role of supervisory attention in motivating employees to effectively confront and resolve challenges. They contend that the guidance and mentorship provided by supervisors are instrumental in enabling employees to achieve success both in their professional roles and personal lives. Employees particularly benefit from supervisors who possess a broad range of experiences and expertise, as regular, everyday interactions often foster innovative ideas and solutions to problems. In a similar vein, Solanki et al. (2021) empirically demonstrated that supervisor support exerts a significant and positive influence on job satisfaction. Their findings indicate that higher levels of support from supervisors are directly associated with increased employee satisfaction in the workplace.

Research shows that supervisors who care for their employees' well-being, feelings, and performance are crucial in improving job satisfaction. Employees with supportive supervisors tend to report higher job satisfaction and are more committed to their organization (Herawati et al., 2023). On the other hand, lack of supervisor support, particularly regarding work-life balance, can lead to burnout, increased stress, and higher turnover intentions, all of which negatively affect organizational performance and productivity (Tarcan et al., 2021).

## Working environment

The Occupational Safety and Health Administration (OSHA, 2024) defines the work environment as the physical setting and any locations where employees perform job-related tasks. It includes both physical conditions and social interactions, all of which significantly impact employee experience, performance, and well-being. Creating a supportive and conducive work environment has emerged as a key strategy for improving employee performance and driving organizational success. A substantial body of research emphasizes the critical role of a positive work environment in enhancing job satisfaction (Prayudi &

Komariyah, 2023; Akinwale & George, 2020). Taheri, Miah, and Kamaruzzaman (2020) stress the need for management to prioritize improvements in working conditions to ensure employee satisfaction and productivity, especially in challenging environments. Similarly, Badrianto and Ekhsan (2020) underscore the importance of fostering positive workplace relationships and offering support beyond financial incentives to boost overall organizational performance. In line with these findings, Basalamah (2021) argues that organizational profitability is closely linked to creating a workplace that nurtures employee morale and efficiency. This research suggests that the influence of the work environment on job satisfaction often outweighs the effect of monetary rewards on employee motivation and performance.

The work environment plays a substantial role in shaping employee behavior, satisfaction, and productivity, as it defines the context in which employees perform their duties (Donley, 2021). In high-stress sectors like the plantation industry, where safety is a critical concern, the importance of the work environment is even more pronounced. A well-structured and supportive work environment in such settings is not only essential for employee satisfaction and performance but also for maintaining safety standards and minimizing risks. Therefore, the work environment in high-risk industries is pivotal to both employee well-being and organizational success. Given its importance, this study aims to examine the impact of the work environment on job satisfaction.

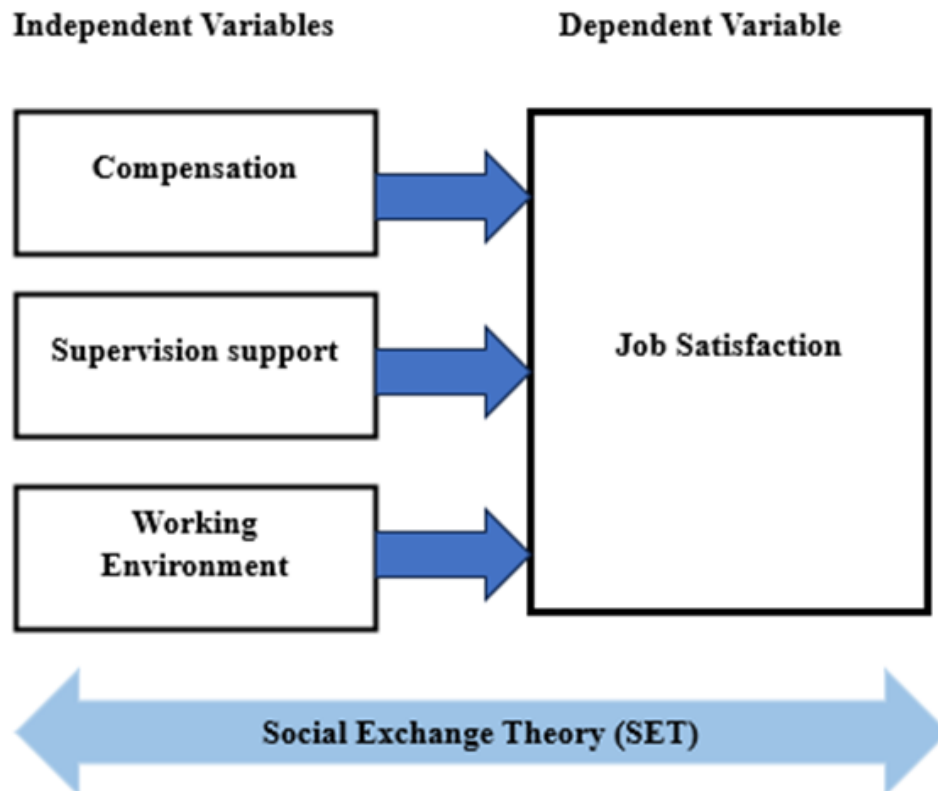
Research consistently shows that a conducive work environment significantly enhances job satisfaction. When employees perceive their workplace as positive and supportive, it fosters a sense of well-being, leading to higher job satisfaction levels. Zhenjing et al., (2022) highlight this relationship, emphasizing the value of prioritizing employee welfare. Melvani et al., (2024) found a strong relationship between work environment and job satisfaction in Indonesian company, while a study in the Malaysian banking sector also revealed a positive correlation. These findings suggest that this study could be replicated across various industries to determine whether similar results emerge in other sectors (Sidharthan & Zahrah, 2024).

### **Social Exchange Theory**

This study uses Social Exchange Theory to explore the relationship between independent variables (compensation, supervision support, and working environment) and job satisfaction. The theory posits that individuals expect fair, mutually beneficial exchanges. In this context, compensation, supervision, and work environment represent the resources provided by the organization, while job satisfaction reflects employees' perception of fairness in these exchanges. The theory suggests that higher job satisfaction results when employees feel their contributions are fairly rewarded.

Social Exchange Theory, initially proposed by Homans (1958) and later expanded by Blau (1964), posits that social behaviour results from an exchange process. Within the context of job satisfaction, the theory suggests that employees develop expectations regarding the rewards and benefits they should receive in return for their contributions to the organization. Factors such as compensation, supervision quality, and the work environment play a pivotal role in shaping job satisfaction. These elements align with the principles of Social Exchange Theory, where employees' perceptions of fairness and reciprocity in their relationship with the organization influence their satisfaction. This theoretical framework underscores the interdependence of these factors and serves as a basis for investigating their effects on employee job satisfaction. The study conducted by Othman, Shaari and Sidik (2024) utilized Social Exchange Theory (SET) to examine the relationship between internal branding and employee attitudes. Their research demonstrated that employees who perceive internal branding efforts positively are more likely to exhibit a favorable attitude toward their organization. According to SET, this positive attitude is a result of the reciprocal exchanges between the organization and its employees, where employees feel that their contributions are valued and rewarded through effective internal branding initiatives. The study highlights that when employees are satisfied with the organization's internal branding, which aligns with their expectations and enhances their sense of belonging, they are more likely to demonstrate higher levels of engagement, commitment, and overall satisfaction. This finding underscores the importance of internal branding as a strategic tool for fostering positive employee attitudes and improving organizational outcomes.

## Conceptual Framework and Hypotheses



The following hypotheses are developed:

- H1: Compensation has a significant relationship with job satisfaction among plantation workers in Kelantan.
- H2: Supervision support has a significant relationship with job satisfaction among plantation workers in Kelantan.
- H3: Working environment has a significant relationship with job satisfaction among plantation workers in Kelantan.
- H4: Compensation, supervision support and working environment have influence on job satisfaction among plantation workers in Kelantan.

## METHODOLOGY

This study focuses on plantation workers in Kelantan, Malaysia including both local and foreign workers, to gain a comprehensive understanding of their diverse experiences and challenges. According to the National Union of Plantation Workers (NUPW, 2024), there are 1,481 registered plantation workers in Kelantan as of December 2024.

The population of this study consists of palm oil plantation workers in Kelantan, with a total of 1,481 workers registered with the National Union of Plantation Workers (NUPW, 2024). To ensure an adequate sample size, a proportionate sampling technique was used, which helps improve accuracy by focusing on large elements that have the most significant impact on population estimates (Sekaran & Bougie, 2009). Following the recommendation of Krejcie and Morgan (1970), a minimum sample size of 302 workers is deemed appropriate for a population of 1,481, and this study will adhere to their suggestion.



Table 3.1: Population number

No.	Company	Population
1	Company A	33
2	Company B	24
3	Company C	30
4	Company D	7
5	Company E	4
6	Company F	57
7	Company G	55
8	Company H	139
9	Company I	31
10	Company J	14
11	Company K	73
12	Company L	123
13	Company M	891
	<b>Total</b>	<b>1481</b>

This study will use the survey method to collect data, as it is cost-effective, time-efficient, and easy to administer. A self-administered survey with structured questions will be used to gather data from a large sample. This method was chosen to address time and budget limitations while ensuring that the sample is representative for generalization (Sekaran & Bougie, 2009).

Before the main data collection, a pilot test will conduct to ensure the effectiveness and clarity of the data collection tools. This test helps identify any issues with the questionnaire, such as unclear or misleading questions, and ensures the tools work as intended (Bougie & Sekaran, 2009). A sample of 30 plantation workers from a company in Kelantan will participate in the pilot test. To check the reliability of the questionnaire, Cronbach's Alpha was used, with values above 0.70 indicating good reliability (Sekaran & Bougie, 2009).

The questionnaire was structured into two sections. The first gathered demographic data, including gender, race, age, education, work experience, and salary. The second section, adapted from established studies, addressed the dependent and independent variables, divided into four parts: (1) compensation, (2) supervision support, (3) working environment, and (4) job satisfaction. A cover letter was also included to explain the study's purpose, the importance of participation, and how responses would contribute to the research.

This study employs a six-point Likert scale to mitigate the tendency for respondents to select the "indifferent" option, which is common with five-point scales. The inclusion of a neutral middle point in a five-point scale may introduce social desirability bias, potentially skewing results (Garland, 1991). According to Coelho and Esteves (2007), even-numbered scales generally provide higher validity and reliability compared to odd-numbered ones. Therefore, the six-point scale was chosen to capture respondents' true level of agreement while reducing neutral responses, thus enhancing the validity and reliability of the findings. Each item in the questionnaire uses this six-point scale, ranging from "strongly disagree" to "strongly agree."

## CONCLUSION

This study contributes both theoretically and practically to the understanding of job satisfaction. It aims to extend knowledge on the relationship between factors such as compensation, supervision support, and the work environment and job satisfaction, specifically within the plantation sector in Kelantan, Malaysia. No previous study has simultaneously explored these factors in this context, making this research a valuable addition.

Practically, the study's findings are significant for the growth of the plantation sector in Malaysia, a key contributor to the national economy. The insights gained will help companies better understand job satisfaction levels among employees, revealing factors that influence their contentment or dissatisfaction. This understanding can guide improvements in workplace environment, management practices, and employee experience, ultimately enhancing employee engagement, retention, productivity, and fostering a positive work culture.

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