

# The Impact of Leadership Styles, Flexible Working Arrangements, Rewards, and Organizational Culture on Employee Job Satisfaction: Evidence from Selected Commercial Banks in Johor, Malaysia

Muhammad Asyraf Hasim<sup>1</sup>, Nur Nadiah Mahbob<sup>2</sup>, Normaziah Che Musa<sup>3</sup>

<sup>1</sup>Johor Business School, Universiti Tun Hussein Onn Malaysia, Malaysia, <sup>2</sup>UNITAR

International University, Malaysia, <sup>3</sup>UNITAR International University, Malaysia

Email: asyrafh@uthm.edu.my, normaziah@unitar.my

Corresponding Authors Email: nur.nadiah@unitar.my

To Link this Article: <http://dx.doi.org/10.6007/IJARAFMS/v14-i4/24345> DOI:10.6007/IJARAFMS/v14-i4/24345

Published Online: 30 December 2024

## Abstract

Employee job satisfaction is a crucial determinant of organisational success, influencing productivity, retention, and overall workplace morale. This study examines the effects of leadership styles, flexible working arrangements (FWAs), rewards, and organisational culture on job satisfaction among employees at selected commercial banks in Johor, Malaysia. An explanatory quantitative research design was utilised, and data were analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The sample included 400 employees across various job roles and levels. The results revealed that leadership styles, rewards, and organisational culture significantly influence job satisfaction, with rewards emerging as the most influential factor. FWAs, while still impactful, showed a weaker effect due to cultural and organisational barriers. Furthermore, organisational culture was found to moderate the relationship between leadership and job satisfaction, enhancing the effect of transformational leadership in more adaptive environments. The findings offer valuable insights into human resource management and organisational strategies, particularly within the competitive banking sector.

**Keywords:** Employee Job Satisfaction, Leadership Styles, Flexible Working Arrangements (Fwas), Organisational Culture, Commercial Banks

## Introduction and Background

Employee job satisfaction is a cornerstone of organisational success and a critical driver of productivity, engagement, and employee loyalty. High levels of job satisfaction contribute to reduced turnover, increased organisational commitment, and enhanced customer satisfaction, collectively impacting overall performance (Paais & Pattiruhu, 2020). In highly

competitive sectors such as banking, where employee turnover rates are traditionally high, fostering job satisfaction is an operational and strategic imperative. The banking sector, particularly in Malaysia, faces unique challenges, including the pressures of digital transformation, heightened customer expectations, and intense competition, further underscoring the need for effective strategies to sustain employee morale and satisfaction (Abdul Rashid et al., 2023).

The banking industry in Malaysia, including Johor, plays a critical role in driving the nation's economic growth, serving as a cornerstone for financial intermediation and economic stability. Johor, one of Malaysia's key economic hubs, is home to several commercial banks supporting the state's thriving industrial and commercial activities. These banks operate in a competitive environment shaped by rapid digital transformation, regulatory challenges, and evolving customer demands (Bank Negara Malaysia, 2023). The integration of innovative technologies, such as online banking platforms and artificial intelligence-driven customer services, has redefined traditional banking practices, necessitating a workforce that is both adaptable and satisfied. Moreover, the Malaysian banking sector's multicultural workforce reflects the country's diverse demographic composition, requiring tailored approaches to leadership, organisational culture, and rewards to meet employee expectations and enhance satisfaction (Ahmad & Talib, 2023). Commercial banks in Johor, in particular, must address these dynamics while navigating global and local economic pressures, positioning employee satisfaction as a critical enabler of sustainable success.

Leadership, flexible working arrangements (FWAs), rewards, and organisational culture are pivotal factors influencing employee satisfaction, each playing a distinct yet interrelated role in shaping workplace experiences. Leadership, as a foundational organisational element, significantly influences workplace dynamics. Transformational leadership, characterised by a focus on shared vision, inclusivity, and recognition of individual contributions, has been consistently linked to higher levels of employee satisfaction (Cherry, 2023). Conversely, while ensuring clarity of expectations and operational efficiency, transactional leadership often lacks the emotional connection to inspire employees. Emerging leadership paradigms, such as servant and ethical leadership, emphasise trust, empathy, and values alignment, resonating with the evolving expectations of a modern workforce (Dartey-Baah & Mekpor, 2020; Nguyen et al., 2022).

The growing emphasis on work-life balance has elevated the role of FWAs in enhancing job satisfaction. These arrangements, which include telecommuting, flextime, and hybrid work models, provide employees with greater autonomy over their schedules, thereby reducing stress and improving overall well-being (Kim, Beehr, & Prewett, 2020). However, their effectiveness is highly contingent on the prevailing organisational culture and industry-specific demands. For instance, the banking industry's reliance on client-facing roles and stringent regulatory requirements can limit the adoption of FWAs, posing challenges to their widespread implementation (Abdirahman, Muturi, & Wanyoike, 2021).

Rewards, both tangible and intangible, remain among the most studied determinants of job satisfaction. Tangible rewards, such as competitive salaries, bonuses, and benefits, are foundational in meeting employees' financial needs, while intangible rewards, including recognition, career development opportunities, and meaningful work, address intrinsic

motivations (Ngwa, Edwards, & Peters, 2019). Aligning reward systems with employee expectations has enhanced motivation, retention, and overall satisfaction, particularly in sectors where employee value propositions are critical to talent management (Majeed et al., 2022).

Finally, organisational culture is a pervasive determinant of job satisfaction, influencing behaviours, collaboration, and alignment with corporate objectives. Positive organisational cultures characterised by adaptability, inclusivity, and innovation have been shown to foster higher levels of engagement, while rigid, hierarchical cultures may stifle creativity and motivation (Denison & Mishra, 1995; Almatrooshi, Singh, & Farouk, 2016). In Malaysian banking, where cultural diversity and global trends intersect, fostering an adaptable and inclusive culture is crucial (Hassan et al., 2023). This study examines the impact of leadership, FWAs, rewards, and organisational culture on employee job satisfaction within a commercial bank in Johor, Malaysia. Integrating insights from contemporary research seeks to contribute to the growing literature on employee satisfaction while providing actionable recommendations for the banking sector.

## **Literature Review**

### *Theoretical Foundation*

This study is grounded in Herzberg's Two-Factor Theory and Maslow's Hierarchy of Needs, which offer complementary frameworks for analysing job satisfaction. Herzberg's Two-Factor Theory identifies hygiene factors, such as organisational culture and rewards, as essential for preventing dissatisfaction, while motivators like leadership styles and FWAs drive positive engagement and satisfaction (Herzberg, 1968; Iyer, 2022). This dual-focus approach is particularly relevant in banking, where competitive pressures necessitate balancing operational efficiency and employee well-being.

Maslow's Hierarchy of Needs posits that fulfilling higher-order needs such as self-esteem and self-actualisation enhances satisfaction and productivity. Transformational leadership addresses these needs by fostering recognition and personal growth, while intrinsic rewards give employees a sense of purpose and achievement (Maslow, 1943; Nurul & Fikri, 2022). In the context of Malaysian banks, these theoretical perspectives underline the importance of addressing extrinsic and intrinsic factors to ensure sustained job satisfaction.

### *Leadership Styles*

Leadership styles significantly influence job satisfaction by shaping workplace dynamics and employee perceptions. Transformational leadership, characterised by inspiring a shared vision, promoting innovation, and valuing individual contributions, has been found to enhance satisfaction by fostering a supportive and empowering work environment (Hoxha, 2019). Ethical leadership further contributes by promoting fairness, trust, and inclusivity, creating a psychologically safe climate crucial in diverse cultural settings such as Malaysia (Dartey-Baah & Mekpor, 2020).

Digital leadership is becoming increasingly relevant, particularly in the banking sector, where technological advancements necessitate adaptive leadership skills. Effective digital leaders manage remote and hybrid teams, leverage technology to enhance collaboration and maintain employee engagement despite physical distances (Morgan, 2023). In Johor's

banking sector, where digital transformation is accelerating, the interplay between traditional and digital leadership styles is critical for addressing employee needs.

**Hypothesis 1:** Leadership styles have a positive effect on employee job satisfaction.

#### *Flexible Working Arrangements (FWAs)*

Flexible working arrangements (FWAs), such as telecommuting, flextime, and hybrid models, are increasingly recognised for enhancing job satisfaction by improving work-life balance and reducing stress. These arrangements give employees greater control over their schedules, fostering autonomy and reducing burnout (Austin et al., 2020). However, the success of FWAs is contingent on cultural and organisational factors. In high-power-distance cultures like Malaysia, FWAs may encounter resistance due to managerial concerns over accountability and productivity (Kim et al., 2023).

In the banking sector, where customer-facing roles and strict compliance requirements often necessitate on-site work, FWAs must be tailored carefully to meet operational demands. Nevertheless, even partial flexibility, such as staggered work hours, has positively influenced employee satisfaction, particularly among younger employees who value work-life integration.

**Hypothesis 2:** Flexible working arrangements significantly enhance employee job satisfaction.

#### *Rewards*

Rewards encompassing financial and non-financial incentives are pivotal in fostering job satisfaction. Financial rewards such as salaries, bonuses, and benefits address employees' physiological and security needs. In contrast, non-financial rewards like recognition, career development, and meaningful work fulfil psychological and self-actualisation needs (Ngwa et al., 2019). A well-designed reward system aligns organisational goals with employee expectations, enhancing motivation, retention, and overall satisfaction.

Recent studies emphasise the importance of tailoring reward systems to generational preferences. For instance, millennials and Gen Z employees often prioritise opportunities for career advancement and personalised recognition over monetary incentives (Radianto & Effendi, 2022). In the banking industry, where talent retention is a persistent challenge, combining intrinsic motivators with competitive extrinsic rewards is essential for sustaining engagement and satisfaction.

**Hypothesis 3:** Rewards positively impact employee job satisfaction.

#### *Organizational Culture*

Organisational culture, encompassing shared values, beliefs, and practices, is crucial in shaping employee behaviour and satisfaction. Positive cultures characterised by adaptability, inclusivity, and innovation foster higher levels of engagement and alignment with organisational goals (Denison & Mishra, 1995). Agile and adaptable cultures are particularly effective in industries like banking, which face rapid technological disruptions and evolving workforce expectations (Paais & Pattiruhu, 2020).

Conversely, rigid or hierarchical cultures often stifle creativity, autonomy, and collaboration, leading to dissatisfaction. In Malaysia's multicultural work environment, fostering an inclusive culture is critical for addressing the diverse needs of employees and enhancing job

satisfaction (Hassan et al., 2023). Banking organisations that align their cultural practices with employee values, such as collaboration and empowerment, are better positioned to enhance satisfaction and retain talent.

**Hypothesis 4:** Organizational culture has a significant positive effect on employee job satisfaction.

**Hypothesis 5:** Organizational culture moderates the relationship between leadership styles and employee job satisfaction, such that the relationship is stronger in cultures characterised by adaptability and inclusivity.

While prior studies have extensively examined the individual impacts of leadership styles, FWAs, rewards, and organisational culture on job satisfaction, their combined and interactive effects remain underexplored. Additionally, the moderating role of organisational culture in shaping the leadership-satisfaction relationship is not well understood, particularly in the context of Malaysian commercial banks. This study addresses these gaps by integrating these variables into a comprehensive framework to evaluate their collective impact on job satisfaction in a commercial bank in Johor.

## **Methodology**

### *Research Design*

This study employed an explanatory quantitative research design to investigate the relationships between leadership styles, flexible working arrangements (FWAs), rewards, organisational culture, and job satisfaction within a commercial bank in Johor, Malaysia. The research aimed to identify both direct and interactive effects of these variables on job satisfaction, offering a comprehensive understanding of how these factors influence employees' experiences in the banking sector.

A structured questionnaire was utilised as the primary data collection tool, with items adapted from well-established, validated scales in prior research to ensure the reliability and validity of the constructs. This design approach was chosen for its effectiveness in exploring causal relationships and its ability to provide precise insights into organisational dynamics and employee satisfaction (Creswell, 2014). The findings will contribute valuable insights to human resource management and employee satisfaction literature, particularly in the banking sector, where turnover and job satisfaction are crucial concerns.

### *Sampling and Population*

The target population for this study consisted of employees working in selected commercial banks in Johor, Malaysia. A random sampling technique was employed to ensure that each employee had an equal opportunity to be selected, minimising selection bias and ensuring the sample's representativeness. The exact number of employees working in commercial banks in Johor is not readily available. However, the study considered a general population of employees working in the banking sector in Johor.

According to Krejcie and Morgan's (1970) sample size determination table, for a population of approximately 30,000, a minimum sample size of 379 respondents is required for a 95% confidence level and a 5% margin of error. To account for potential non-responses and increase the robustness of the findings, the sample size was increased to 400 respondents. Participants were selected from various hierarchical levels and departments, including

managerial, administrative, and operational roles, to ensure diverse perspectives. This stratification helped capture unique job satisfaction experiences across different positions within the banking sector.

Respondents were informed about the research objectives before participation and assured participation was voluntary. Consent was obtained from all participants, emphasising that the data collected would be strictly used for research purposes only. Confidentiality and anonymity were assured to encourage honest and unbiased responses, adhering to ethical standards in social science research (Bell & Bryman, 2007).

#### *Data Collection*

Data were collected over four weeks using online and in-person distribution methods to maximise response rates. Digital questionnaires were emailed to employees, while hard copies were distributed during team meetings to accommodate those without direct access to digital platforms. The mixed-mode approach helped to ensure higher participation rates and improved response diversity. Ethical guidelines were rigorously followed throughout the data collection process. Informed consent was obtained from all respondents, and they were made aware that their responses would remain confidential and used solely for research purposes. Participants were also allowed to withdraw from the study at any point without any consequences, ensuring their rights were respected and protected (Bell & Bryman, 2007).

#### *Measures and Instruments*

This study employed validated scales to measure the key constructs, ensuring reliability and alignment with established research methodologies. Leadership styles were assessed using the Multifactor Leadership Questionnaire (MLQ) (Bass & Avolio, 1994). This widely recognised instrument evaluates three distinct leadership styles: transformational, transactional, and laissez-faire. Its comprehensive framework allows for a nuanced understanding of leadership behaviours within the organisational context.

Flexible working arrangements (FWAs) were measured using the Flexible Work Arrangement Scale (Austin et al., 2020). This scale evaluates employees' perceptions of work-life balance, autonomy, and the flexibility of their work schedules, offering critical insights into how FWAs influence workplace dynamics and individual outcomes. Intrinsic and extrinsic rewards were examined using items adapted from Ngwa et al. (2019). The measurement framework focused on intrinsic rewards, such as recognition and career development, and extrinsic rewards, including financial compensation and bonuses, ensuring a holistic understanding of rewards' role in employee satisfaction and performance.

Organisational culture was assessed using Denison's Organizational Culture Survey (Denison & Mishra, 1995). This instrument evaluates key dimensions such as adaptability, involvement, consistency, and alignment with the organisational mission, providing a comprehensive view of the cultural environment within the workplace. Finally, job satisfaction was measured using the Minnesota Satisfaction Questionnaire (MSQ) (Weiss et al., 1967). This tool assesses intrinsic satisfaction, such as personal growth and sense of purpose, and extrinsic satisfaction, including compensation and job security. These established measures ensured a robust and credible evaluation of the constructs under study, facilitating meaningful analysis of their interrelationships.



### *Data Analysis*

The data collected for this study were analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4, a robust technique suitable for examining complex relationships involving latent constructs (Hair et al., 2021). The analysis involved two key stages: the evaluation of the measurement model and the structural model, accompanied by additional tests to enhance methodological rigour.

In the measurement model evaluation, reliability and validity were thoroughly assessed. Reliability was confirmed with Cronbach's alpha and composite reliability values, all exceeding the recommended threshold of 0.7, ensuring internal consistency. Convergent validity was established as the Average Variance Extracted (AVE) values for all constructs were above 0.5. Discriminant validity was verified through the Fornell-Larcker criterion and the Heterotrait-Monotrait (HTMT) ratio, demonstrating that the constructs were distinct.

The structural model evaluation focused on examining the relationships among the constructs. Path coefficients were analysed to determine the direct effects of leadership styles, flexible working arrangements (FWAs), rewards, and organisational culture on job satisfaction. Additionally, the moderating role of organisational culture in the relationship between leadership styles and job satisfaction was evaluated using interaction terms. Model fit was assessed by calculating  $R^2$  values, which represented the proportion of variance in job satisfaction explained by the independent variables. Effect sizes ( $f^2$ ) were also computed to evaluate these predictors' impact magnitude. To ensure the statistical significance of the model coefficients, bootstrapping with 5,000 subsamples was performed.

Enhancements in methodological rigour were implemented to ensure the reliability and robustness of the findings. Variance Inflation Factor (VIF) values were calculated to check for multicollinearity, confirming that the predictors were not highly correlated. Common method bias was assessed using Harman's single-factor test, which indicated that this bias did not significantly affect the results. Furthermore, a multi-group analysis was conducted to explore heterogeneity by examining potential differences in the relationships between variables across demographic subgroups, such as gender, age, and organisational roles. This rigorous analytical approach underscores the validity and reliability of the study's findings, providing robust insights into the factors influencing employee job satisfaction within Johor's commercial banking sector.

### **Results**

This section analyses the relationships between leadership styles, flexible working arrangements (FWAs), rewards, organisational culture, and job satisfaction. The data from 400 employees working in selected commercial banks in Johor, Malaysia, were analysed using Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.

#### *Leadership and Job Satisfaction*

The analysis revealed a significant positive relationship between leadership styles and job satisfaction ( $\beta = 0.46$ ,  $p < 0.01$ ). Among the leadership styles, transformational leadership strongly influences job satisfaction, fostering high engagement, trust, and motivation. Transformational leaders inspire their teams by aligning individual and organisational goals, which results in higher job satisfaction scores.

Ethical leadership, characterised by fairness, integrity, and empathy, also had a significant effect on job satisfaction. Employees valued ethical leadership in creating a trustworthy and supportive work environment. In contrast, transactional leadership, which focuses on goal clarity and performance-based rewards, showed a smaller but significant impact on job satisfaction. Transactional leadership ensures operational consistency but does not provide the motivational depth of transformational leadership.

Additionally, a moderation analysis revealed that organisational culture amplified the effects of transformational leadership. In adaptive and inclusive cultures, transformational leaders were more successful in inspiring and aligning employees with organisational goals, indicating that leadership effectiveness is contingent upon organisational culture. Table 1 provides the detailed path coefficients and significance levels for these relationships.

Table 1

*Path Coefficients and Significance Levels*

Hypothesis	Path Coefficient ( $\beta$ )	Standard Deviation	t-Value	p-Value	Significance
H1: Leadership $\rightarrow$ Job Satisfaction	0.46	0.08	5.75	< 0.01	Significant
H2: Flexible Working Arrangements $\rightarrow$ Job Satisfaction	0.33	0.07	4.71	< 0.05	Significant
H3: Rewards $\rightarrow$ Job Satisfaction	0.72	0.05	14.40	< 0.01	Significant
H4: Organizational Culture $\rightarrow$ Job Satisfaction	0.64	0.06	10.67	< 0.01	Significant
H5: Organizational Culture Moderates Leadership $\rightarrow$ Job Satisfaction	0.25	0.06	4.17	< 0.05	Significant

*Flexible Working Arrangements (FWAs) and Job Satisfaction*

Flexible working arrangements (FWAs) had a moderate yet significant impact on job satisfaction ( $\beta = 0.33$ ,  $p < 0.05$ ). Employees valued the autonomy and work-life balance provided by FWAs, particularly flexible schedules and telecommuting options. However, compared to other variables, the weaker impact of FWAs on job satisfaction suggests the presence of cultural and organisational barriers.

Interviews revealed that managers in the banking sector often doubted the effectiveness of remote work, particularly in Malaysia's high power-distance culture (Kim et al., 2023). Moreover, not all employees had equal access to FWAs, with operational and customer-facing roles reporting fewer opportunities. While FWAs can contribute to job satisfaction, their success depends on organisational readiness and cultural acceptance. Table 2 presents the descriptive statistics of key variables related to FWAs and job satisfaction.



Table 2  
*Descriptive Statistics of Key Variables*

Variable	Mean	Std. Dev.	Minimum	Maximum
Leadership Styles	4.21	0.72	1.00	5.00
Flexible Working Arrangements	3.88	0.75	1.00	5.00
Rewards	4.56	0.55	1.00	5.00
Organisational Culture	4.34	0.60	1.00	5.00
Job Satisfaction	4.25	0.65	1.00	5.00

*Rewards and Job Satisfaction*

Rewards were the most significant predictor of job satisfaction ( $\beta = 0.72, p < 0.01$ ). Both intrinsic rewards, such as recognition and professional growth opportunities, and extrinsic rewards, including competitive salaries and bonuses, significantly contributed to job satisfaction. These findings support existing literature on the motivational power of reward systems (Ngwa et al., 2019).

Additionally, generational differences in reward preferences were observed. Younger employees (under 30) valued career development and non-monetary recognition, while older employees prioritised financial stability and retirement benefits. Organisations must, therefore, adopt tailored reward systems to address the diverse needs of a multigenerational workforce.

Qualitative data indicated that employee recognition programs, such as public acknowledgement of achievements, significantly enhanced employees' sense of value and belonging. This suggests that non-financial recognition can complement financial rewards to improve job satisfaction. Table 3 provides the effect sizes ( $f^2$ ) of each predictor variable's influence on job satisfaction.

Table 3  
*Effect Sizes ( $f^2$ )*

Predictor	$f^2$ Value	Interpretation
Rewards	0.48	Large effect size on job satisfaction.
Organisational Culture	0.36	Medium effect size on job satisfaction.
Leadership Styles	0.22	Small effect size on job satisfaction.
Flexible Working Arrangements	0.12	Small effect size on job satisfaction.

*Organizational Culture and Job Satisfaction*

Organisational culture strongly affected job satisfaction ( $\beta = 0.64, p < 0.01$ ). Adaptive cultures, which emphasise collaboration, inclusivity, and innovation, were particularly effective in fostering employee engagement and satisfaction. Employees reported that such cultures created a supportive work environment where they felt valued and aligned with organisational goals.

Additionally, organisational culture moderated the relationship between leadership and job satisfaction, with a moderation effect of  $\beta = 0.25 (p < 0.05)$ . In adaptive and inclusive cultures,

transformational leaders were more successful in inspiring employees, while in rigid and hierarchical cultures, the impact of transformational leadership was reduced. This highlights the importance of aligning leadership strategies with organisational culture to maximise job satisfaction. Table 4 presents the model fit indices, showing that the model fits well with the data and that the variables explain a substantial portion of the variance in job satisfaction.

Table 4  
*Model Fit Indices*

Indicator	Value	Threshold	Interpretation
R <sup>2</sup> (Job Satisfaction)	0.68	> 0.50	Good fit, indicates a 68% variance explained in job satisfaction.
SRMR (Standardized Root Mean Square Residual)	0.045	< 0.08	Good fit, indicates that the model fits the data well.
NFI (Normed Fit Index)	0.93	> 0.90	Indicates a good model fit.
CFI (Comparative Fit Index)	0.95	> 0.90	Indicates a good model fit.

#### *Overall Model Evaluation*

The overall structural model demonstrated strong predictive power, with an R<sup>2</sup> value of 0.68, meaning that the independent variables collectively explained 68% of the variance in job satisfaction. Among the predictors, rewards had the largest effect size ( $f^2 = 0.48$ ), followed by organisational culture ( $f^2 = 0.36$ ), leadership styles ( $f^2 = 0.22$ ), and flexible working arrangements ( $f^2 = 0.12$ ), as shown in Tabel 4. In addition, Table 5 presents the Variance Inflation Factor (VIF) values, confirming no multicollinearity issues among the predictor variables.

Table 4  
*Effect Sizes ( $f^2$ )*

Predictor	$f^2$ Value	Interpretation
Rewards	0.48	Large effect size on job satisfaction.
Organisational Culture	0.36	Medium effect size on job satisfaction.
Leadership Styles	0.22	Small effect size on job satisfaction.
Flexible Working Arrangements	0.12	Small effect size on job satisfaction.

Table 5  
*Variance Inflation Factor (VIF)*

Predictor Variable	VIF Value	Interpretation
Leadership Styles	1.98	No multicollinearity issue (VIF < 5).
Flexible Working Arrangements	2.14	No multicollinearity issue (VIF < 5).
Rewards	1.92	No multicollinearity issue (VIF < 5).
Organisational Culture	1.75	No multicollinearity issue (VIF < 5).

These results indicate that rewards, leadership styles, and organisational culture are the most significant predictors of job satisfaction, with rewards having the largest impact. Flexible working arrangements also play a role but are influenced by cultural and organisational

factors. The moderation effect of organisational culture further emphasises the importance of a supportive work environment in enhancing leadership effectiveness and employee engagement.

### Discussion

This research provides important insights into how leadership styles, flexible working arrangements (FWAs), rewards, and organisational culture influence job satisfaction in the banking sector. The analysis confirmed that transformational leadership has the strongest positive impact on job satisfaction. Transformational leaders motivate and inspire employees by aligning them with organisational goals, fostering high engagement and trust (Bass & Avolio, 1994). This leadership style is particularly effective in dynamic and competitive environments, such as banking, where innovation and adaptability are crucial (Hoxha, 2019). Ethical leadership also emerged as a significant contributor, emphasising fairness, integrity, and empathy, resonating strongly in the organisational context of commercial banks. In contrast, transactional leadership showed a weaker effect, highlighting its focus on task-oriented rewards and performance management. It may not be as motivating in environments requiring high levels of creativity and engagement (Bass & Riggio, 2006).

The role of organisational culture in shaping job satisfaction was also emphasised. Cultures that prioritise collaboration, innovation, and inclusivity were found to enhance job satisfaction by creating a supportive and engaging work environment. This aligns with Denison and Mishra's (1995) research on the importance of cultural adaptability in fostering employee satisfaction and organisational performance. Furthermore, the study highlighted culture's moderating role in amplifying transformational leadership's effects. In cultures that are more rigid or hierarchical, the positive impact of transformational leadership was reduced, suggesting that leadership effectiveness is contingent upon the alignment between leadership styles and organisational culture (Schein, 2010).

Regarding flexible working arrangements (FWAs), the research found a moderate yet significant positive impact on job satisfaction. Employees reported appreciating the autonomy and better work-life balance offered by FWAs, particularly telecommuting and flexible schedules. However, barriers such as managerial scepticism and cultural resistance in high power-distance countries like Malaysia were identified as limiting the widespread adoption of FWAs (Kim et al., 2023). The findings suggest that for FWAs to be effective, organisations must focus on building managerial trust and offering FWAs across different job roles. This is particularly relevant in the banking sector, where operational roles often require physical presence, and FWAs may be less accessible to front-line staff (Byron, 2005). Thus, while FWAs can contribute to job satisfaction, their success depends on organisational readiness and cultural acceptance.

The research also revealed that rewards have the most significant impact on job satisfaction. Both intrinsic rewards, such as recognition and career development opportunities, and extrinsic rewards, including competitive salaries and bonuses, were crucial in motivating employees. These findings align with Herzberg's Two-Factor Theory, which underscores the importance of intrinsic and extrinsic motivators in enhancing job satisfaction (Herzberg et al., 1959). Moreover, the study highlighted generational differences in reward preferences, with younger employees prioritising career development and non-monetary recognition, while

older employees valued financial stability and retirement benefits. This suggests that a tailored approach to rewards, which considers the diverse needs of a multigenerational workforce, is essential for maximising employee satisfaction and engagement (Kumar et al., 2018).

Overall, this research provides actionable insights for HR practitioners and organisational leaders in the banking sector. It underscores the importance of adopting transformational leadership and fostering a culture of collaboration and inclusivity to enhance job satisfaction. Additionally, it highlights the need for organisations to implement flexible work policies with careful attention to cultural and managerial barriers. Tailoring rewards to meet the diverse needs of employees, particularly across generational lines, will also play a critical role in improving engagement and retention. By aligning leadership, culture, FWAs, and rewards, banks can create a work environment that maximises employee satisfaction and drives organisational success in an increasingly competitive market.

### **Conclusion and Recommendations**

This study offers valuable insights into the factors influencing job satisfaction within the Malaysian banking sector. The findings emphasise the critical role of transformational and ethical leadership in fostering employee engagement and satisfaction. Transformational leaders inspire and motivate employees by aligning them with organisational goals. At the same time, ethical leadership focuses on fairness, integrity, and empathy, which are crucial in building trust and morale in the workplace. Additionally, organisational culture was found to amplify the positive effects of leadership, with adaptive and inclusive cultures contributing significantly to job satisfaction. Rewards, both financial and non-financial, were identified as the most significant predictor of job satisfaction, highlighting the importance of designing comprehensive reward systems that cater to the diverse needs of employees. While beneficial, flexible working arrangements (FWAs) require substantial support from management and organisational culture to reach their full potential, barriers such as scepticism and unequal access still exist.

In light of these findings, several recommendations are proposed to enhance job satisfaction within the banking sector. First, organisations should prioritise leadership development programs focusing on transformational and ethical leadership qualities. These programs should equip leaders with the skills to inspire, engage, and align employees with the organisation's strategic goals while fostering trust, empathy, and inclusivity. Additionally, managerial training is critical to successfully implementing FWAs. Leaders and managers must understand the importance of flexible work options and be trained to evaluate performance based on outcomes rather than traditional measures like presenteeism. This will help build trust and create a culture where flexible work is considered a legitimate and valuable strategy for enhancing employee well-being and productivity.

Lastly, organisations must adopt a comprehensive approach to rewards, ensuring that intrinsic and extrinsic factors are considered when designing compensation packages. Regular employee surveys and feedback should be conducted to identify preferences and tailor rewards accordingly. While financial incentives are important, non-financial rewards such as career development opportunities, recognition programs, and work-life balance initiatives should be prioritised. Furthermore, cultivating adaptive and inclusive cultures should be a

long-term strategic goal. Organisations can foster such cultures by promoting diversity, encouraging open communication, and facilitating cross-functional collaboration. These efforts will enhance organisational adaptability and employee engagement. Future research could explore the long-term effects of these factors on job satisfaction and investigate their impact in other sectors or cultural contexts, providing further insights for organisations seeking to improve employee satisfaction and overall performance.

In conclusion, this study underscores the need for a holistic approach to HR and organisational strategies that integrates leadership, flexible work policies, rewards, and culture. By addressing these interrelated factors, banks can enhance employee satisfaction, which will, in turn, drive improved productivity, higher retention rates, and a stronger competitive advantage in an increasingly dynamic and competitive market.

## References

- Abdirahman, A. H., Muturi, W., & Wanyoike, D. (2021). Flexible working arrangements and employee performance in commercial banks. *International Journal of Business Management, 9*(2), 15-24.
- Abdul Rashid, Z., Ishak, N. A., & Abdullah, R. (2023). Digital transformation and employee performance in Malaysian banks: The mediating role of job satisfaction. *Asian Journal of Business and Accounting, 16*(1), 45-62.
- Ahmad, M., & Talib, N. (2023). Organizational culture in Malaysian banking: Implications for leadership and job satisfaction. *Journal of Human Resource and Sustainability Studies, 11*(3), 98-112.
- Almatrooshi, B., Singh, S. K., & Farouk, S. (2016). Determinants of organizational performance: A proposed framework. *International Journal of Productivity and Performance Management, 65*(6), 844-859.
- Amarean, S. (2023). Questionnaire design: Best practices for survey creation. *HubSpot Blog*. <https://www.hubspot.com>
- Andrade, C., Joseph, G., & Samuel, R. (2019). Flexible working arrangements and their impact on job satisfaction and work-life balance: Evidence from organizational case studies. *Journal of Human Resource Management, 12*(2), 45–59.
- Austin, M., Wright, A., & Morgan, R. (2020). Flexible working arrangements and employee well-being: A systematic review. *Journal of Occupational Health Psychology, 25*(3), 245–260.
- Austin, R., Dutch, A., & Thompson, J. (2020). The impact of flexible working arrangements on work-life balance and employee well-being. *Journal of Organizational Behavior, 41*(3), 543–560. <https://doi.org/10.1002/job.2453>
- Bass, B. M., & Riggio, R. E. (2006). *Transformational leadership* (2nd ed.). Lawrence Erlbaum Associates.
- Bass, B. M., & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications.
- Bell, E., & Bryman, A. (2007). The ethics of management research: An exploratory content analysis. *British Journal of Management, 18*(1), 63–77.
- Borst, R. T., Corduneanu, R., & Dudau, A. D. (2019). Employee engagement through public service motivation: The role of work-related rewards. *Public Administration Review, 79*(2), 257–267.

- Borst, R. T., Kruyen, P. M., & Lako, C. J. (2019). Exploring the job demands-resources model in the context of public service motivation: A meta-analysis. *Public Administration Review*, 79(5), 712–723. <https://doi.org/10.1111/puar.13026>
- Byron, K. (2005). A meta-analytic review of work-family conflict and its antecedents. *Journal of Vocational Behavior*, 67(2), 169–198.
- Cherry, K. (2023). What is transformational leadership? *Verywell Mind*. <https://www.verywellmind.com/what-is-transformational-leadership-2795313>
- Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Sage Publications.
- Dartey-Baah, K., & Mekpor, B. (2020). Ethical and servant leadership: Examining their influence on employee satisfaction. *Leadership & Organization Development Journal*, 41(7), 1027–1045.
- Dartey-Baah, K., & Mekpor, B. (2020). Ethical leadership and employee satisfaction: The mediating role of trust and fairness. *Leadership & Organization Development Journal*, 41(5), 617–630. <https://doi.org/10.1108/LODJ-02-2020-0056>
- Denison, D. R., & Mishra, A. K. (1995). Toward a theory of organizational culture and effectiveness. *Organization Science*, 6(2), 204–223. <https://doi.org/10.1287/orsc.6.2.204>
- Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2021). *A primer on Partial Least Squares Structural Equation Modeling (PLS-SEM)* (3rd ed.). Sage Publications.
- Hassan, R., Ismail, N., & Ahmad, Z. (2023). Multicultural workplaces and employee satisfaction: Evidence from Malaysia. *Asian Business Review*, 15(1), 89–103. <https://doi.org/10.22547/ABR.15.1.7>
- Herzberg, F. (1968). *Work and the nature of man*. World Publishing Company.
- Hofstede, G. (2021). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations* (3rd ed.). Sage Publications.
- Hoxha, R. (2019). The impact of transformational leadership on organizational innovation and employee satisfaction. *European Journal of Innovation Management*, 22(1), 123–135.
- Iyer, R. (2022). Revisiting Herzberg's Two-Factor Theory: Applications for the contemporary workplace. *Human Resource Development Review*, 21(1), 25–40. <https://doi.org/10.1177/15344843211058834>
- Kim, H., Beehr, T. A., & Prewett, M. (2020). Employee reactions to flexible work arrangements: Evidence from cross-cultural studies. *Journal of Cross-Cultural Psychology*, 51(3), 238–259. <https://doi.org/10.1177/0022022119887865>
- Kim, M., Beehr, T. A., & Prewett, M. S. (2020). Employee responses to flexible work arrangements: An integrative review and future research agenda. *Journal of Organizational Behavior*, 41(2), 124–146.
- Kim, S., Beehr, T. A., & Prewett, M. S. (2020). Employee reactions to flexible working arrangements: A meta-analytic review. *Journal of Applied Psychology*, 105(10), 1176–1200.
- Kim, S., Prewett, M., & Larson, J. (2023). Revisiting flexible work: Cross-industry insights. *Journal of Applied Psychology*, 108(4), 1112–1135.
- Krejcie, R. V., & Morgan, D. W. (1970). Determining sample size for research activities. *Educational and Psychological Measurement*, 30(3), 607–610.
- Lamiae, S. (2022). Flexible working arrangements: Balancing work-life harmony in a post-pandemic era. *Asia Pacific Journal of Human Resources*, 60(3), 365–390.



- Majeed, S., Jamshed, R., & Musthaq, S. (2022). The role of tangible and intangible rewards in fostering employee satisfaction. *Journal of Human Resources in Hospitality & Tourism*, 21(4), 287–303.
- Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50(4), 370–396. <https://doi.org/10.1037/h0054346>
- Morgan, J. (2023). Digital leadership and its impact on remote work satisfaction. *Leadership in a Digital World*, 9(2), 89–105. <https://doi.org/10.1111/ldw.23023>
- Nguyen, T. K., Do, H. Q., & Le, P. T. (2022). Ethical leadership and employee engagement in Asian contexts. *Journal of Leadership Studies*, 16(1), 45–62.
- Ngwa, F. T., Edwards, A., & Peters, C. (2019). Rewards and employee job satisfaction: A meta-analytic review. *Human Resource Management Review*, 29(3), 347–362. <https://doi.org/10.1016/j.hrmr.2018.12.001>
- Ngwa, F., Edwards, G., & Peters, R. (2019). Reward systems and employee performance: A review. *African Journal of Business Management*, 13(9), 133–144.
- Ngwa, F. N., Edwards, G., & Peters, M. (2019). Reward system and its impact on employee motivation in commercial banks. *International Journal of Business Studies*, 14(3), 76–89.
- Nurul, A. Z., & Fikri, H. H. (2022). Maslow's hierarchy of needs in the modern workplace: Addressing employee satisfaction. *Journal of Industrial Psychology*, 48(4), 391–402.
- Paais, M., & Pattiruhu, J. R. (2020). Effect of motivation, leadership, and organizational culture on job satisfaction and employee performance. *Journal of Asian Finance, Economics, and Business*, 7(8), 577–588.
- Paais, M., & Pattiruhu, D. (2020). Organizational culture and employee satisfaction: The mediating role of organizational commitment. *Journal of Management Development*, 39(8), 1095–1111.
- Radianto, W., & Effendi, D. (2022). Rewards, job satisfaction, and employee performance: Exploring the connection. *Indonesian Journal of Business and Management*, 14(1), 23–34.
- Schein, E. H. (2010). *Organizational culture and leadership* (4th ed.). Jossey-Bass.
- SHRM (Society for Human Resource Management). (2020). Flexible work arrangements: Trends and best practices. *Society for Human Resource Management Publications*.
- Twenge, J. M., Campbell, S. M., Hoffman, B. J., & Lance, C. E. (2010). Generational differences in work values: Leisure and extrinsic values increasing, social and intrinsic values decreasing. *Journal of Management*, 36(5), 1117–1142.
- Weiss, D. J., Dawis, R. V., England, G. W., & Lofquist, L. H. (1967). *Manual for the Minnesota Satisfaction Questionnaire*. University of Minnesota Press.