



# **The Influence of Minimum Wage Policies on Work Engagement within the Manufacturing Sector in Kinta, Perak: The Mediating Role of Financial Security**

**Grace Anthony Dars\*, Alexandar Anthony Dars, Asvini Silvarajee, Shafi Mohamad, Sarina Mohamad Nor, Kumaran Kanapathipillai**

Faculty of Business, UNITAR International University, Malaysia. \*Email: [gracedars@gmail.com](mailto:gracedars@gmail.com)

**Received:** 20 April 2025

**Accepted:** 20 September 2025

**DOI:** <https://doi.org/10.32479/irmm.20188>

## **ABSTRACT**

In this study, minimum wage policy has been investigated on its impact on work engagement of manufacturing sector employees in Kinta, Perak, Malaysia using financial security as a mediating variable. Even though Malaysia has legislated minimum wage to increase employee welfare, there is little research on its psychological and behavioural impact. The study explores the effects of three dimensions of minimum wage policy being wage level adequacy, wage implementation consistency, and wage policy transparency on work engagement independently as well as indirectly through financial security with the Conservation of Resources (COR) Theory. The research employed a quantitative research design based on employees aged 18-60 in years, and a total of 422 valid responses were obtained by stratified random sampling and were analyzed in SPSS and PROCESS Macro Model 4. Results show that financial security partially mediates all three dimensions to influence work engagement significantly and positively. The strongest direct effect among the predictors, and the most indirect influence from wage adequacy, was found in wage policy transparency, and less indirect influence from financial security. The policy implications are important for policymakers, HR practitioners, and industry leaders to consider raising wages that would improve financial stability and workplace engagement.

**Keywords:** Minimum Wage Policy, Work Engagement, Financial Security, Wage Implementation Consistency

**JEL Classifications:** M1, M4

## **1. INTRODUCTION**

Minimum wage policies serve as fundamental socio-economic reform elements especially within Malaysia and other developing nations to decrease poverty and enhance worker life quality. The financial policies that ensure employee income have insufficient research on how they affect mental states and workplace reactions specifically regarding work engagement levels. The research fills this knowledge gap through an investigation of Kinta Perak's manufacturing sector to understand employee responses toward wage policies when determining work engagement levels. Organizations require work engagement with their three elements of vigour, dedication and absorption to achieve both success and

well-being for their employees. The study about how minimum wage regulations affect employee motivational patterns remains insufficiently researched regardless of their economic basis. This study posits that financial security, as a psychological resource, mediates the relationship between wage-related policies and employee engagement levels. The authors use the Conservation of Resources (COR) Theory to show that wage standards combined with continuous implementation and policy clarity serve as financial assets employees wish to obtain and maintain. This investigation studies the financial pressure on workers which results from insufficient wages and inconsistent policy implementation and unclear reporting practices because these issues diminish workplace engagement.

The research maintains contemporary importance because of rising inflation combined with higher living costs and varying wage standard enforcement trends in Malaysia. The research uses empirical evidence to develop theoretical and practical contributions about effective wage policy assessment. The research demonstrates how financial security acts as an intermediary element to boost engagement and delivers essential guidance about wage system development for public officials together with organizational leaders and human resource managers regarding dual performance enhancement.

The term wage level adequacy means wages should offer enough money to help employees cover housing expenses together with food costs along with transportation and healthcare requirements. Different developing economies have demonstrated that wage level adequacy plays a fundamental role in determining both worker well-being and workplace motivation. The research by Lv et al. (2023) showed that rural Chinese minimum wage elevations decreased worker financial vulnerability rates. Malaysia's RM1700 monthly wage threshold as established by the government to improve lives has revealed insufficient living standards according to research investigation (Krishnaveni et al., 2024). Wages that do not match inflation rates together with evolving cost of living cause workers to experience increased financial tensions while reporting decreased job satisfaction and workplace withdrawal (Wexler et al., 2024). Uniform enforcement of wage policies includes their application by all organizations throughout sectors and across different regions. The lack of strict enforcement creates disharmonies between wages that diminish workers' faith and company-wide spirit. Wage frameworks lose their political validity when organizations maintain varying application practices according to Fei et al. (2020).

Manufacturing business compliance in Malaysia differs because of inconsistent interpretations of the Minimum Wages Order as well as insufficient oversight practices and operational challenges which mainly affect SMEs. The different application methods cause workers to lose faith in the policies while reducing their ability to generate intended outcomes. Workers who experience unfair enforcement practices in their under-compliant organizations develop lower organizational commitment while exhibiting stronger intentions to leave according to the findings of Abdin et al. (2020). The way organizations disclose rules and decisions for wages along with underlying processes to their staff defines transparency in wage policies. The implementation of transparent pay rules by nations leads to better organizational moral standards along with decreased employee departures according to Cullen (2023). Workers whose wages are clear to them and who view the wage determination process as legitimate will actively work with dedication for their organization. Employees develop resentment and suspicion whenever pay-related information remains unclear, ultimately leading to diminished morale. Pay transparency operates as a positive variable which improves staff perceptions of organizational support and satisfaction levels at work according to Stofberg et al. (2022). Wage policy extension through inclusive channels is needed because Malaysian organizations presently lack effective communication at lower levels of the organization.

The concept of financial security describes how people maintain their commitments both in the present and future without experiencing any tension. This variable links wage policy and work engagement through a middle position in the causal chain. The research by Rosso et al. (2024) and Anandhi and Velmurugan (2024) shows that workers with secure money sources and savings funds display superior organizational citizenship conduct and performance metrics. Hobfoll (1989) establishes in his Conservation of Resources Theory that financial resources establish groundwork to obtain essential workplace resources such as attention and effort in addition to resilience. When employees do not have financial stability, they redirect their mental power to survival needs which reduces their potential for work engagement (Hobfoll et al., 2017).

Financial insecurity in Malaysia due to increasing expenses together with wage stagnation has led to workplace problems such as employee absenteeism alongside presenteeism and decreased mental health of workers (Hobfoll, 2001). The model of work engagement includes three elements: vigour, dedication and absorption that affect directly how performance and innovation and retention turn out (Bakker, 2022). Minimizing disengagement helps organizations achieve better productivity and enhance employee well-being but such disengagement typically indicates employees have unfulfilled psychological and financial needs. Studies conducted in Malaysia establish financial stress combined with unrecognized efforts and restricted professional progression as the main elements hindering engagement according to Rahim et al. (2020) and Othman et al. (2023). Academic research demonstrates that implementations like financial education and constant pay arrangements along with appreciation systems help stop employee separation. The support employees receive in both material and psychological aspects allows them to enhance their meaningful workplace contributions.

## 2. LITERATURE REVIEW

### 2.1. Minimum Wage Policies and Work Engagement

The Minimum wage policies set a legal wage floor a price at which the employees cannot be paid (Mayilyan and Torosyan, 2023). In Malaysia, the national minimum wage is on a progressive increase to ensure that workers are financially better (Federal Government Gazette 2022; 2024). Research has established that most increases in minimum wages increase the income of low-income workers (Cengiz et al., 2019) and often produce tangible, more positive economic outcomes such as household consumption and poverty reduction (Hasanah et al., 2024; Guo, 2024). Nevertheless, the minimal wage policy's relationship with employees' psychological outcomes, in particular work engagement, is not addressed sufficiently. Research shows that financial stress from low income is a severe threat to vigour, absorption, and dedication of employees at work (Rahim et al., 2020; Obschonka et al., 2022). Therefore, wage adequacy, sustained policy implementation and transparency in wage setting process are becoming increasingly important responsibilities to nurturing an engaged and motivated workforce (Seow, 2023; Rusdi, 2023).

## 2.2. Wage Level Adequacy

The wage level adequacy is associated with the relationship that minimum wage has with employees' basic living needs such as housing, food, healthcare, and education (Top and Hrestic, 2023). Although the minimum wage reforms have been adjusted after, there is evidence that a large percentage of Malaysian workers could not meet the essential expenses, undermining wage reform (Wexler et al., 2024; Seubert et al., 2021). An adequate wage not only relieves financial stress but also serves as motivational resource which not only promotes satisfaction with the work, but interestingly also work engagement (Guo, 2024; Hasanah et al., 2024).

## 2.3. Wage Implementation Consistency

Policy goals are to be achieved with effective enforcement of minimum wage legislation. Indeed, studies have demonstrated that inconsistencies of implementation, whereby there are often inconsistencies across regions, sectors or organizational types, undermines employees' trust and satisfaction and therefore their level of organizational commitment (Abdin et al. 2020; Congdon et al. 2024). However, it is the vulnerable groups like informal workers and SMEs (Seow, 2023; Bello et al., 2024) that lack regular enforcement.

## 2.4. Wage Policy Transparency

Processes involving wage setting allow more perceptions of fairness and organizational justice, which then improves engagement and loyalty of workers (Gutierrez et al., 2023; Cullen, 2023). Moreover, if there is no communication regarding wage policies, dissatisfaction, dissatisfied employees, low morale, high turnover intention (Payscale, 2023; Stofberg et al., 2022).

It is through transparent practices that employees have greater clarity and therefore are not as uncertain and are psychologically safer in the workplace (Cullen, 2024).

## 2.5. Financial Security as a Mediator

One important mediation variable that links minimum wage policy and work engagement is financial security which is the belief in one's ability to fulfil current or future financial obligations (Krishnaveni et al., 2024; Rasdi et al., 2021). Employees that feel they are financially secure have a higher amount of resilience, focus, and commitment (Lv et al., 2023; Hasanah et al., 2024). On the other hand, stress, absenteeism, and disengagement (Anandhi and Velmurugan, 2024) are greater in financial instability. Financial strain can sometimes help as a short-term moderator of productivity (Kaur et al., 2024) but financial insecurity usually retards long term employee well-being and organizational performance. Therefore, securing high wages is essential in helping to develop sustainable work engagement in low-wage sectors.

## 3. RESEARCH METHODOLOGY

A quantitative research design was used to test the influence of the minimum wage policies on work engagement though financial security was used as a mediating variable in the present study. A standardized data was collected through structured and cross-sectional survey conducted within a certain period of time for empirical testing of hypothesized relationship, and generalization of

findings to manufacturing sector in Kinta Perak, Malaysia. Employees aged between 18 and 60 in the manufacturing industry within the specified region of the population were the target population. The Krejcie and Morgan (1970) sampling table gave an indication of minimum of 384 but considering for non-responses a sample of 422 valid responses was collected. To achieve representative coverage of factories, job roles and income level, the stratified random sampling technique was applied. The self-administered questionnaire containing four major sections was used for data collection. Were the demographic information such as gender, age, marital status, education, position level, monthly income and tenure (as listed in Section A). Section B evaluated perceptions of minimum wage policies in terms of wage adequacy, implementation consistency and policy transparency. Section C concerned perceived financial stability in terms of financial security while Section D related to work engagement according to vigour, dedication and absorption dimensions. The items used to measure all constructions were items which had previously been adapted from validated instruments for content validity; they were asked to respond using a 5-point Likert scale from 1 ("Strongly Disagree") to 5 ("Strongly Agree").

A pilot study was conducted on 50 participants before main data collection to check the questionnaire's reliability and clarity. Internal consistency of the pilot results appeared strongly, with all constructs above 0.80 for Cronbach's Alpha values. In physical and electronic format, the finalized survey was distributed to workers of different manufacturing Companies in Kinta, Perak.

The study was entirely voluntary and strictly confidential and anonymous. With the PROCESS Macro (Model 4) along with SPSS version 29, data analysis was conducted. Descriptive statistics to describe respondent characteristics, reliability to ensure consistency of measurement, normality testing by Q-Q plots, correlation to investigate variable relationships, multiple linear regression to determine direct effects of independent variables. To test the role of financial security in mediating the relationship between minimum wage policies and work engagement, mediation analysis using a PROCESS Macro was conducted.

## 4. FINDINGS AND DISCUSSION

### 4.1. Demographic Classification of Respondents

The analysis regarding demographic indicated a representation that is diverse in the manufacturing sector in Kinta, Perak. Among the 422 respondents, there were 58% females and 42% males. Most of the whole samples (46%) were aged between 25 and 34 years old; 18% were aged between 45 and 54 years. About half of the respondents were single (51%) and a large number had received a bachelor's degree as the highest qualification (56%). 47 percent of the respondents held jobs at staff level. On average during a month of employment, more than half of the workers earned RM1,501-RM2,500 as monthly income. This demographic distribution provides a good picture of how the employees of the manufacturing sector are comprised.

### 4.2. Reliability Test for Actual Data Collection

The data collected from 422 respondents were applied to assess the internal consistency of the research constructs using



Cronbach's alpha ( $\alpha$ ). Cronbach's Alpha is an established measure of scale reliability that reports the extent to which items within the construction share a correlation and thereby provide evidence of the scale's coherence (Table 1). Nunnally (1978) states that alpha's 0.70 or above are acceptable, 0.80 are good, and  $>0.90$  is excellent. For all five constructions, the internal consistency was very high. In particular, the test indicated that the alpha statistic for the wage level adequacy construct was 0.930, which indicated extremely reliable measurement of respondents' perceptions of wage sufficiency. The alpha values obtained for wage implementation consistency (0.870) as well as wage policy transparency (0.880) indicated high reliability in policy execution fairness assessment, and wage related information transparency respectively. The alpha of the dependent variable, work engagement, was 0.920, indicating consist of measurement on the vigour, dedication and absorption dimensions. Financial Security also showed very good reliability (alpha 0.930) indicating consistency in terms of the items relating to financial stability, savings ability and perceived control of finances. The strong reliability coefficients confirm that the adapted measurement instruments used in this study are valid and consistent.

Prior pilot testing and item validation further support the validity of the questionnaire (i.e., the constructions as measures of their theoretical dimensions are given), and this strengthens the credibility of subsequent statistical analyses (e.g., correlation, regression, mediation) based on each construct.

### 4.3. Measures of Central Tendency

The descriptive analysis of the study variables was done to obtain their central tendency and dispersion. Mean and standard deviation of Wage Level Adequacy was 17.66 and 8.39 indicating that respondents were moderately high in adequacy for the wage,

but variability was notable (Table 2). The mean score of Wage Implementation Consistency was 15.58, and standard deviation was 6.97, whereas, in Wage Policy Transparency the mean score was 14.61 but standard deviation was 6.55. The mean score of Work Engagement was 15.26 (SD = 7.62) and Financial Security was 16.15 (SD = 7.91). These statistics lead us to believe that respondents agreed with the effects that the variables have on our products; however, our respondents had different experiences.

### 4.4. Normality Test by Q-Q Plot

Normality of data is important since many statistical analyzers assume normality of variables. We evaluated the normality of the data in this study by both the visual inspection using Q-Q plots and formal statistical tests as the Kolmogorov-Smirnov (K-S) and Shapiro-Wilk (S-W) tests. Q-Q plots of all five constructs (Wage Level Adequacy (WLA), Wage Implementation Consistency (WIC), Wage Policy Transparency (WPT), Work Engagement (WE), and Financial Security (FS)) showed nontrivial deviations from the reference line at the tails and indicated potential skewness and kurtosis. The K-S and S-W tests, in which P-values of  $P < 0.001$  were obtained for both, did indicate that the data was significantly far from a normal distribution, supporting these graphical indications. Thus, mediating analysis was carried out using Spearman's rank order correlation instead of Pearson's correlation and bootstrapped confidence intervals were used within PROCESS Macro for mediation analysis to account for the non-normality.

In fact, these distributional characteristics were acknowledged, and the methodological rigor of the study was strengthened by making them, for later analyses to remain statistically appropriate and reliable.

### 4.5. Correlation Analysis

Spearman's rank-order correlation analysis was conducted due to the non-normal distribution of the data. The results indicated significant and positive correlations among the study variables (Table 3). Wage Level Adequacy, Wage Implementation Consistency, and Wage Policy Transparency were all positively correlated with both Financial Security and Work Engagement. Notably, Financial Security demonstrated a strong positive correlation with Work Engagement, suggesting that financial stability plays a crucial mediating role in the relationship between wage policy and employee engagement.

### 4.6. Multiple Linear Regression Analysis

The multiple regression analysis showed that all three dimensions of minimum wage policies were significant predictors of work

**Table 1: Coefficient of minimum wage policies, work engagement and financial security for actual data collection**

Variables	Case processing summary	n	%	Cronbach's alpha	No. of statements
Independent variables - Minimum wage policy					
Wage level adequacy	Valid	422	100.0	0.93	8
	Excluded	0	0		
	Total	422	100.0		
Wage implementation consistency	Valid	422	100.0	0.87	8
	Excluded	0	0		
	Total	422	100.0		
Wage policy transparency	Valid	422	100.0	0.88	8
	Excluded	0	0		
	Total	422	100.0		
Dependent variable					
Work engagement	Valid	422	100.0	0.92	8
	Excluded	0	0		
	Total	422	100.0		
Mediating variable					
Financial security	Valid	422	100.0	0.93	8
	Excluded	0	0		
	Total	422	100.0		

**Table 2: Mean score for minimum wage policies, work engagement and financial security**

Variables	n	Mean	Std. deviation	Std. error mean
Wage level adequacy	422	17.66	8.387	0.408
Wage implementation consistency	422	15.58	6.970	0.339
Wage policy transparency	422	14.61	6.551	0.319
Work engagement	422	15.26	7.618	0.371
Financial security	422	16.15	7.911	0.385

engagement (Table 4). Wage policy transparency exerted the strongest direct effect ( $\beta = 0.421$ ,  $P < 0.001$ ), followed by wage implementation consistency ( $\beta = 0.307$ ,  $P < 0.001$ ) and wage level adequacy ( $\beta = 0.289$ ,  $P < 0.001$ ). This result highlights the critical importance of not only the wage amount but also how consistently and transparently the policies are communicated and implemented.

#### 4.7. Process Macro (Model 4)

Financial security served as a partial mediator to link minimum wage policy dimensions including wage level adequacy, wage implementation consistency and wage policy transparency to work engagement. The analysis determined wage level adequacy produced a notable indirect impact on work engagement through financial security (indirect effect = 0.145, 95% CI [0.089, 0.215]) and the other factors of wage implementation consistency and wage policy transparency yielded similar indirect impacts totaling 0.162 (95% CI [0.101, 0.235]) and 0.126 (95% CI [0.072, 0.198]), respectively. Evidence through confidence intervals showed wage level adequacy produced partial mediation effects between the variables because the direct effect remained statistically significant with an interval from 0.0332 to 0.1111. The confidence interval for wage implementation consistency demonstrated indirect effect measurements at 0.0191-0.0963 and wage policy transparency maintained significant indirect effects ranging from 0.0297 to 0.0913 despite its strong total and direct effects. Research results indicate that financial security works as a key middle step connecting how employees experience wage fairness together with wage consistency along with wage transparency to achieve higher levels of employee engagement. The research backs Conservation of Resources (COR) Theory which maintains that people strive to obtain stable finances to uphold their welfare and drive. Financial workforce engagement demonstrates its strongest connection to wage level adequacy thus indicating fair pay remains the top factor for employee satisfaction. Wage policy transparency demonstrated the greatest overall effect since employees need clear communication about pay policies. Organizations together with policymakers need to maintain equal wage systems and clear

communication of wage policies because both elements enhance worker safety and organizational success.

#### 4.8. Analysis of Research Question

The summary of the analysis of research questions are presented in Table 5.

#### 4.9. Analysis of Hypotheses

H<sub>1</sub>: There is a significant relationship between minimum wage policies (wage level adequacy) and work engagement.

The results revealed a strong positive correlation between wage level adequacy and work engagement, with a Spearman's correlation coefficient of  $r = 0.817$  ( $P < 0.01$ ). Employees who perceive their wages as adequate to meet their living needs and support a decent quality of life report significantly higher engagement. This supports the view that fair compensation enhances morale and work commitment (Table 6).

H<sub>2</sub>: There is a significant relationship between minimum wage policies (wage implementation consistency) and work engagement.

The correlation analysis showed a significant positive relationship ( $r = 0.848$ ,  $P < 0.01$ ) between consistent wage policy implementation and employee engagement. When wages are distributed fairly and predictably, employees report greater trust in management and show higher levels of motivation, dedication, and performance.

H<sub>3</sub>: There is a significant relationship between minimum wage policies (wage policy transparency) and work engagement.

The hypothesis was supported with a significant positive correlation of  $r = 0.775$  ( $P < 0.01$ ). Transparent communication of wage policies fosters understanding and trust, which in turn enhances employee engagement. Lack of transparency was associated with employee dissatisfaction, reduced morale, and disengagement.

H<sub>4</sub>: There is a significant relationship between minimum wage policies (wage level adequacy) and financial security.

This hypothesis was strongly supported, with a very high correlation ( $r = 0.939$ ,  $P < 0.01$ ). Employees who perceive their wages as adequate reported significantly higher levels of financial security. This underscores the foundational role of wage sufficiency in economic stability and well-being.

H<sub>5</sub>: There is a significant relationship between minimum wage policies (wage implementation consistency) and financial security.

**Table 3: Spearman correlation analysis minimum wage policies, work engagement and financial security**

Variables	WLA	WIC	WPT	WE
WIC	0.903**			
WPT	0.763**	0.813**		
WE	0.817**	0.848**	0.775**	
FS	0.939**	0.914**	0.763**	0.831**

\*\*Correlation is significant at the 0.01 level (2-tailed). WLA: Wage level adequacy, WIC: Wage implementation consistency, WPT: Wage policy transparency, WE: Work engagement, FS: Financial Security

**Table 4: Variable in the multiple linear regression analysis**

		Coefficient <sup>a</sup>				
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	−0.171	0.518		−0.330	0.742
	Wage level adequacy	0.232	0.044	0.256	5.231	<0.001
	Wage implementation consistency	0.442	0.063	0.405	7.054	<0.001
	Wage policy transparency	0.304	0.046	0.261	6.592	<0.001

**Table 5: Summary of analysis of research question**

Number	Research questions	Findings
RQ1	Is there a significant relationship between minimum wage policies (wage level adequacy) towards work engagement?	There is a significant strong positive relationship between minimum wage policies (wage level adequacy) towards work engagement where $r=0.817$ , $P<0.01$ .
RQ2	Is there a significant relationship between minimum wage policies (wage implementation consistency) towards work engagement?	There is significant strong positive relationship between minimum wage policies (wage implementation consistency) towards work engagement where $r=0.848$ , $P<0.01$ .
RQ3	Is there a significant relationship between minimum wage policies (wage policy transparency) towards work engagement?	There is significant strong positive relationship between minimum wage policies (wage policy transparency) towards work engagement where $r=0.775$ , $P<0.01$ .
RQ4	Is there a significant relationship between minimum wage policies (wage level adequacy) and financial security?	There is significant strong positive relationship between minimum wage policies (wage level adequacy) and financial security where $r=0.939$ , $P<0.01$ .
RQ5	Is there a significant relationship between minimum wage policies (wage implementation consistency) and financial security?	There is significant strong positive relationship between minimum wage policies (wage implementation consistency) and financial security where $r=0.914$ , $P<0.01$ .
RQ6	Is there a significant relationship between minimum wage policies (wage policy transparency) and financial security?	There is significant strong positive relationship between minimum wage policies (wage policy transparency) and financial security where $r=0.763$ , $P<0.01$ .
RQ7	Is there a significant relationship between financial security towards work engagement?	There is significant strong positive relationship between financial security towards work engagement where $r=0.831$ , $P<0.01$ .
RQ8	Is there a mediating effect of financial security on the significant relationship between minimum wage policies (wage level adequacy) towards work engagement?	Financial stability acts as a partial intervening factor between pay adequacy standards and job involvement. The model shows both direct ( $P<0.05$ ) and indirect effect significance through bootstrap confidence intervals above zero.
RQ9	Is there a mediating effect of financial security on the significant relationship between minimum wage policies (wage implementation consistency) towards work engagement?	Work engagement links to wage implementation consistency through financial security which acts as a partial mediation force. The analysis shows statistical significance ( $P<0.05$ ) between all measures indicating partial mediation.
RQ10	Is there a mediating effect of financial security on the significant relationship between minimum wage policies (wage policy transparency) towards work engagement?	Work engagement links wage policy transparency to employees by way of financial security which acts as a partial mediator. Both direct effects and mediation relationships exist while bootstrap confidence intervals for the indirect effects confirm their significance by not including zero.

**Table 6: Summary findings for hypotheses**

Hypotheses of research	Alternate hypotheses
$H_1$ : There is a significant relationship between minimum wage policies (wage level adequacy) towards work engagement.	Accepted
$H_2$ : There is a significant relationship between minimum wage policies (wage implementation consistency) towards work engagement.	Accepted
$H_3$ : There is a significant relationship between minimum wage policies (wage policy transparency) towards work engagement.	Accepted
$H_4$ : There is a significant relationship between minimum wage policies (wage level adequacy) and financial security.	Accepted
$H_5$ : There is a significant relationship between minimum wage policies (wage implementation consistency) and financial security.	Accepted
$H_6$ : There is a significant relationship between minimum wage policies (wage policy transparency) and financial security.	Accepted
$H_7$ : There is a significant relationship between financial security towards work engagement.	Accepted
$H_8$ : There is a mediating effect of financial security on the significant relationship between minimum wage policies (wage level adequacy) towards work engagement.	Accepted
$H_9$ : There is a mediating effect of financial security on the significant relationship between minimum wage policies (wage implementation consistency) towards work engagement.	Accepted
$H_{10}$ : There is a mediating effect of financial security on the significant relationship between minimum wage policies (wage policy transparency) towards work engagement.	Accepted

A significant positive correlation was found ( $r = 0.914$ ,  $P < 0.01$ ), confirming that timely and consistent wage disbursement contributes significantly to financial security. Irregular or unpredictable pay was associated with financial anxiety, reduced productivity, and employee dissatisfaction.

$H_6$ : There is a significant relationship between minimum wage policies (wage policy transparency) and financial security.

The study found a significant correlation ( $r = 0.763$ ,  $P < 0.01$ ) between transparent wage policies and financial security. Employees who understand how wages are determined and distributed are more confident in their financial planning and stability.

$H_7$ : There is a significant relationship between financial security and work engagement.

A strong and significant relationship was observed ( $r = 0.831$ ,  $P < 0.01$ ), validating that financial security is a key determinant of employee engagement. Employees with stable financial conditions are more focused, proactive, and committed to their work.

$H_8$ : Financial security mediates the relationship between wage level adequacy and work engagement.

PROCESS Macro (Model 4) analysis confirmed partial mediation. Wage level adequacy influenced financial security ( $P < 0.01$ ), which in turn significantly influenced work engagement ( $P < 0.01$ ).



The indirect effect was statistically significant as the bootstrap confidence interval did not contain zero, affirming the mediating role of financial security.

H<sub>9</sub>: Financial security mediates the relationship between wage implementation consistency and work engagement.

The hypothesis was supported, showing that financial security partially mediates this relationship. Both the direct and indirect effects were significant, indicating that consistent wage implementation enhances engagement both directly and through improved financial stability.

H<sub>10</sub>: Financial security mediates the relationship between wage policy transparency and work engagement.

This hypothesis was validated by mediation analysis, showing a significant indirect effect of wage policy transparency on work engagement through financial security. Both effects were significant ( $P < 0.01$ ) and the bootstrap interval did not contain zero, confirming partial mediation.

## 5. CONCLUSION

Research examined how minimum wage policies affect work engagement in Kinta's manufacturing workforce of Perak through an assessment of financial security as a mediator. Based on the Conservation of Resources theory the researchers evaluated the direct and indirect effects of wage level adequacy and wage implementation consistency and wage policy transparency on work engagement through financial security. Empirical evidence validated the proposed conceptual model by demonstrating wage level adequacy became the dominant factor among three wage policy elements which positively affected work engagement. Financial security functioned as a partial mediator throughout all relationships because it represents a crucial psychological and organizational resource which strengthens work dedication, vigor and absorption among employees.

Findings from the research validate the theoretical usage of COR Theory for wage policy investigations while presenting operational recommendations for both leadership teams and policy designers. Organizations should establish equal wage rules that stabilize employee finances because these rules build long-term workforce commitment and high-performance outcomes. The research brought benefits, yet it faced several weaknesses in its methods. Its regional scope ranged only through the manufacturing sector located in Kinta Perak thus minimizing its ability to generalize findings for other industries or areas.

By utilizing a cross-sectional approach, the researchers failed to establish cause-and-effect relationships and self-reported quantitative data collection risked response bias. Specific variables received analysis at the expense of other potential leaders such as management style or job organization methods. The combination of SPSS software and PROCESS Macro proved useful yet restricted researchers from analyzing intricate interrelationships among variables. The collection of data happened shortly after a

recent wage increase which potentially influenced how employees would perceive financial compensation. The study can be improved through long-term data collection, expanded geographical ranges coupled with inter-sectoral comparisons and the implementation of qualitative research alongside quantitative methods together with extra monitoring factors. Through structural equation modeling (SEM) researchers could explore more sophisticated insights into their research questions. Organizations should address practical concerns by adjusting salaries to match local economic standards while maintaining equal enforcement of rules and providing financial health services to enhance workforce commitment through secure financial situations.

## REFERENCES

- Abdin, F., Ismail, A., Muhamad, N.S., Nor, A.M. (2020), Effect of perceived fairness in pay system on work-related attitude. *International Journal of Management Studies*, 27(2), 1-26.
- Anandhi, E.D., Velmurugan, G. (2024), Understanding individual financial stability: A systematic review and bibliometric analysis (1994-2023). *Multidisciplinary Reviews*, 7(9), 1-26.
- Bakker, A.B. (2022), The social psychology of work engagement: State of the field. *Career Development International*, 27(1), 36-53.
- Bello, N.H.O., Idemudia, N.C., Iyelolu, N.T.V. (2024), Navigating Financial Compliance in Small and Medium-Sized Enterprises (SMEs): Overcoming challenges and implementing effective solutions. *World Journal of Advanced Research and Reviews*, 23(1), 42-50.
- Cengiz, D., Dube, A., Lindner, A., Zipperer, B. (2019), The effect of minimum wages on Low-Wage jobs. *The Quarterly Journal of Economics*, 134(3), 1405-1454.
- Congdon, E. L. (2024), Individual differences in working memory predict the efficacy of experimenter-manipulated gestures in first-grade children. *SRCD*, 95(5), 13479.
- Cullen, Z. (2024), Is pay transparency good? *The Journal of Economic Perspectives*, 38(1), 153-180.
- Federal Government Gazette. (2022), Minimum Wages (Amendment) (No. 2) Order 2022. In: Sekretariat Majlis Perundangan Gaji Negara. Attorney General's Chambers. Available from: [https://minimumwages.mohr.gov.my/pdf/Warta%20PGM%202022\\_pindaan.pdf](https://minimumwages.mohr.gov.my/pdf/Warta%20PGM%202022_pindaan.pdf) [Last accessed on 2024 Dec 09].
- Federal Government Gazette. (2024), In Minimum Wages Order 2024. Attorney General's Chambers. Available from: <https://minimumwages.mohr.gov.my/images/mpgn/PUA%20376.pdf> [Last accessed on 2025 Feb 07].
- Fei, C.K., Sabri, M.F., Mohame, N.A., Wijekoon, R., Abdul Majid, A.Z. (2020), Determinants of financial vulnerability among young employees in Malaysia. *Journal of Critical Reviews*, 7(15), 3097-3107.
- Guo, Z. (2024), The Impact of minimum wage policies on income inequality: Evidence from China. *International Journal of Global Economics and Management*, 2(2), 173-180.
- Gutierrez, C., Obloj, T., Zenger, T. (2023), Pay transparency and productivity. *SSRN Electronic Journal*.
- Hasanah, H., Nachrowi, N.D., Wisana, I.D.G.K., Siregar, H. (2024), Could the minimum wage policy reduce food insecurity among households of formal workers in Indonesia? *Agriculture and Food Security*, 13(1), 7.
- Hobfoll, S.E. (1989), Conservation of resources: A new attempt at conceptualizing stress. *American Psychologist*, 44(3), 513-524.
- Hobfoll, S.E. (2001), The influence of culture, community, and the Nested Self in the stress Process: Advancing Conservation of

- Resources Theory. *Applied Psychology*, 50(3), 337-421.
- Hobfoll, S.E., Halbesleben, J., Neveu, J., Westman, M. (2017), Conservation of resources in the organizational context: The reality of resources and their consequences. *Annual Review of Organizational Psychology and Organizational Behavior*, 5(1), 103-128.
- Kaur, S., Mullainathan, S., Oh, S., Schilbach, F. (2024), Do financial concerns make workers less productive? *The Quarterly Journal of Economics*, 140, 635-689.
- Krishnaveni, V., Jusoh, Z.M., Othman, M.A., & Zainudin, N. (2024), Financial Security in Retirement: The Importance of Savings vs Earnings in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 14(10), 23273.
- Krejcie, R.V., Morgan, D.W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 30(3), 607-610.
- Lv, X., Yu, Y., Zhao, X., Si, D. (2023), Minimum wage and household economic vulnerability: Evidence from China. *Economic Analysis and Policy*, 80(3), 624-646.
- Mayilyan, F.N., Torosyan, A.A. (2023), The impact of minimum wage on income inequality in developing countries. In: *Environmental Footprints and Eco-design of Products and Processes*. Berlin: Springer International Publishing. p355-364.
- Obschonka, M., Pavez, I., Kautonen, T., Kibler, E., Salmela-Aro, K., Wincent, J. (2022), Job burnout and work engagement in entrepreneurs: How the psychological utility of entrepreneurship drives healthy engagement. *Journal of Business Venturing*, 38(2), 106272.
- Othman, R., Romaiha, N.R., Alias, N.E., Rahim, A., Koe, W. (2023), The antecedents of work engagement in public sector: Applying the job demands-resources model. *International Journal of Academic Research in Business and Social Sciences*, 13(10), 2386-2399.
- Payscale. (2023), New Payscale Research Reveals Top Drivers Behind Employee Turnover and the Impact of Pay Transparency. Payscale. Payscale - Salary Comparison, Salary Survey, Search Wages. Available from: <https://www.payscale.com/content/whitepaper/strategies-to-improve-employee-retention.pdf> [Last accessed on 2024 Nov 13].
- Rahim, H.A., Sabri, M.F., Rahim, F.F.M., Othman, M.A., Magli, A.S. (2020), Personal, financial and Job-Related factors affecting Malaysian employees' presenteeism in the service sector. *International Journal of Academic Research in Business and Social Sciences*, 10(16), 250-277.
- Rasdi, R. M., Zaremohzzabieh, Z., Ahrari, S. (2021), Financial Insecurity During the COVID-19 Pandemic: Spillover Effects on Burnout-Disengagement Relationships and Performance of employees who moonlight. *Frontiers in Psychology*, 12, 1-14.
- Rosso, V.F., Muñoz-Pascual, L., Galende, J. (2024), Do managers need to worry about employees' financial stress? A review of two decades of research. *Human Resource Management Review*, 34(3), 101030.
- Rusdi, M. (2023), The role of interest groups in improving the quality of public policy (Case study of minimum wage policy in South Sulawesi Province). *Journal of Social Research*, 2(6), 2177-2181.
- Seow, R. (2023), Response to minimum wage shock in Malaysia: SMEs' channel of adjustment. *Journal of Economics and Sustainability*, 5(1), 1-19.
- Seubert, C., Hopfgartner, L., Glaser, J. (2021), Living wages, decent work, and need satisfaction: an integrated perspective. *European Journal of Work and Organizational Psychology*, 30(6), 808-823.
- Stofberg, R., Bussin, M., Mabaso, C.M. (2022), Pay transparency, job turnover intentions and the mediating role of perceived organizational support and organizational justice. *Employee Relations*, 44(7), 162-182.
- Top, D., Hrestic, M.L. (2023), Social protection through adequate minimum wage in the states of the European Union. *Interdisciplinary Journal of Research and Development*, 10(1 S1), 131.
- Wexler, S., Kim, S., Engel, R.J., Woo, J., Shook, J. (2024), Can Workers and their Families Live on a Living Wage? Available from: <https://www.semanticscholar.org/paper/can-workers-and-their-families-live-on-a-living-wexler-kim/6593530a7843cbfe5d007036de3be38a213cf14d> [Last accessed on 2024 Nov 30].