



Mediating Effect of Employees Attitude on the Relationship Between Reward and Employees' Engagement in Malaysian Private Higher Education around Klang Valley, Malaysia

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KEYWORDS

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ABSTRACT

The model utilizes Partial Least Square (PLS) procedure on data collected from a survey that yielded 381 usable questionnaires. The goal of this study is to look into the indirect effect of employees' attitude, reward, and employees' engagement relationship in Malaysian private higher education around Klang Valley, Malaysia. To analyse the causal relationships amongst employees' attitude, reward, and employees' engagement, the Structural Equation Model (SEM) was adopted. The results showed that employees' attitude and reward enhance employees' engagement in Malaysian private higher education institute in Malaysia. It is essential to do the research using an experimental design by using longitudinal data in Malaysian private higher education institute by using vigorous measures. The findings recommend that the private higher education institute should put emphasis on employees' attitude, and reward to ensure the advantageous increase in higher education employees' engagement at their workplace. This research is one of the first recognized efforts to use employees' attitude, and reward to study employees' engagement in the private higher education sector in Malaysia by using Partial Least Square (PLS) procedure.

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1. INTRODUCTION

Understanding the factors that affect employee engagement is essential for improving institutional effectiveness and creating a productive work environment in Malaysian private higher education, especially in the Klang Valley region. The impact of employee engagement on productivity, job satisfaction, and overall institutional performance has been widely acknowledged as a critical component of organizational success. However, a number of factors affect employee engagement, and among these, employee attitudes and reward systems are important.

Understanding the elements that affect employee engagement has become essential for organizational success in today's fiercely competitive and dynamic business environment, especially in the education sector. The degree of

passion, dedication, and emotional bond that workers have with their jobs and the company is referred to as employee engagement. Increased performance, job satisfaction, organizational loyalty, and productivity are all correlated with high employee engagement. Employee attitudes and reward structures are two of the most important components among the numerous elements that affect engagement. According to (Bakker, Hakanen, Demerouti, & Xanthopoulou, 2007) disengaged employees are those who lack the motivation to work hard and are not enthusiastic about their jobs, whereas engaged employees exhibit full discretionary effort at work, are extremely full of life, and are devoted to their job. According to most estimates, employee engagement has an impact on customer service, employee retention, productivity, and profitability (Zigarmi, Nimon, Houson, Witt, & Diehl, 2009); (Xanthopoulou, 2009). However, there is currently little

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information available in the contemporary body of knowledge about how to effectively increase employee engagement (Bakker, Hakanen, Demerouti, & Xanthopoulou, 2007); (Bakker & Schaufeli, Positive organizational behavior: engaged employees in flourishing organizations. , 2008).

2. LITERATURE REVIEW

2.1 Reward

It has long been known that employee rewards are essential for raising engagement, performance, and motivation in businesses. In order to retain top talent, boost productivity, and create a positive work environment, a reward system that incorporates both intrinsic and extrinsic rewards is essential. Using information from a variety of scholarly sources, this review of the literature investigates the theoretical underpinnings and empirical research on the effects of rewards on worker motivation, performance, engagement, and job satisfaction.

Customized and Flexible Rewards, businesses are providing more and more flexible reward packages that let staff members select from a variety of perks, including paid time off, professional development opportunities, and health and wellness initiatives. By taking into account each employee's unique preferences and needs, personalized rewards increase employee satisfaction, claim (Coffman & Sorensen, 2020). Stress on Well-Being with the COVID-19 pandemic and the growth of remote work, employee well-being has emerged as a key element of incentive programs. Given the strong correlation between employee engagement and general well-being, employers are incorporating wellness, mental health, and health support into their incentive programs (Al-Jubari, Mosbah, & Salem, 2022).

However, despite the variety of reward approaches, not all studies agree on which types of rewards are most effective. In some contexts, intrinsic motivators such as recognition and professional development may outweigh monetary rewards, suggesting the need for a more nuanced understanding of how rewards function across sectors.

2.2 Employees Attitude

A significant factor affecting productivity, success, and organizational performance is employee attitude. Employee attitudes play a major role in determining engagement, which is defined as the emotional and intellectual dedication workers show to their company and its objectives. The attitudes of employees, which are influenced by their beliefs, behaviours, emotions, and perceptions, can have a big influence on how engaged they are. With an emphasis on important theories, empirical data, and recent studies, this review of the literature investigates the relationship between employee attitudes and employee engagement.

Disengagement is closely associated with burnout, which is characterized by emotional exhaustion, depersonalization, and a diminished sense of personal accomplishment. Employees who are burned out frequently exhibit low energy, a diminished sense of accomplishment, and a diminished commitment to their roles, all of which have a substantial impact on their engagement levels (Maslach & Leiter, 2016). Disengagement results from burnout because workers become disengaged from their work and exhibit decreased creativity

and productivity. Employee engagement has seen both new opportunities and challenges as a result of the growth of remote work. Depending on the employee's attitude toward autonomy and work-life balance, research indicates that remote work may either improve or detract from employee engagement (Nagaprakash, Patil, & Shobitha, 2024).

In contrast, other studies emphasize that organizational support and culture can buffer negative attitudes, highlighting that attitudes are not fixed but shaped by the broader work environment. This points to the potential role of attitudes as mediators rather than just outcomes.

2.3 Employees Engagement

The idea of engagement was reintroduced by (Maslach & Leiter, 2016) as a vigorous state of involvement that is thought to be the antithesis of burnout. According to (Bakker A. B., Schaufeli, Leiter, & Taris, 2008), engaged workers who are perceived as vivacious and view their work as a challenge are the antithesis of burnt-out workers who are under stress and perceive their work as demanding. (Maslach & Leiter, 2016). introduced their argument by stating that an employee is more likely to experience burnout and move to the opposite end of the continuum if they are not engaged.

Excessive energy as opposed to exhaustion, high involvement as opposed to cynicism, and efficacy as opposed to lack of efficacy are characteristics of the engagement state. In addition to confirming this opinion, (Gonza'lez-Roma, Schaufeli, Bakker, & Lloret, 2006) described it using activation, identification, and absorption. Having a sense of vitality is called activation, having a positive attitude toward one's work is called identification, and being fully engaged in one's work is called absorption. By including these three dimensions, this school of thought (Kahn, 1990) definition of engagement as being "present at work."

The changing nature of work, such as the growth of remote work, the increased emphasis on employee well-being, and the changing expectations of the workforce, has made employee engagement even more crucial in recent years. Remote Work are the trend of remote work was accelerated by the COVID-19 pandemic, which also brought with it new opportunities and challenges for employee engagement. Although working remotely gives you flexibility, if you don't manage it well, it can also cause loneliness, burnout, and disengagement. For remote workers to stay engaged, (Gallup, 2023) emphasizes the significance of preserving connection, acknowledgment, and communication.

Next employee well-being as a way to increase engagement, modern organizations are placing a greater emphasis on employee well-being. Employee engagement is increased by well-being programs that attend to mental, emotional, and physical health needs. Strong well-being initiatives are associated with higher levels of employee satisfaction and engagement, according to (Gallup, 2023). And lastly, generational Differences: The expectations of various generations in the workforce with regard to engagement vary. Particularly younger workers are more likely to place a higher value on growth prospects, work-life balance, and purpose-driven work (Ng, Schweitzer, & Lyons, 2010), developing successful engagement strategies requires an understanding of these generational preferences.

Building on this, the literature increasingly suggests that engagement is not only driven by external conditions but also by employees' internal attitudes, which may amplify or weaken the effects of rewards. Thus, attitudes could be the connecting mechanism between reward systems and sustained engagement.

Clearly, there are conceptual overlaps with each of these constructs describing engagement. reward and employee's attitude enable the opportunity for employee's engagement to be established in Malaysian private higher education institute, a higher correlation between reward and employee's attitude will show an impact and influence on employees' engagement in companies.

Taken together, the reviewed studies demonstrate the importance of integrating findings rather than treating rewards, attitudes, and engagement in isolation. A critical gap remains in understanding how these constructs interact, particularly in the higher education sector where both intrinsic and extrinsic factors play vital roles.

Based on the above conceptual development, the following hypotheses were proposed:

H1: Employees' attitude (EMP) mediates the relationship between reward (REW) and employees' engagement (EEG) in Malaysian private higher education in Malaysia.

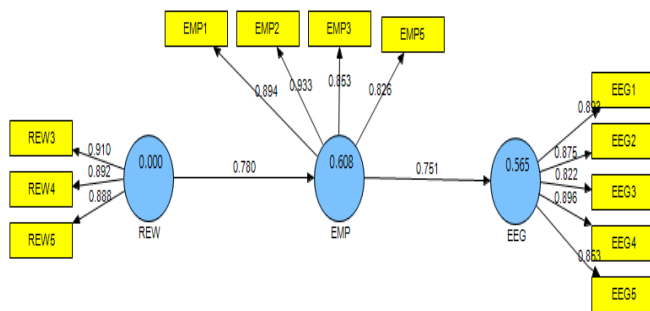


Fig. 1. Research Model

3. RESEARCH METHOD

This study uses a survey questionnaire that was developed by rigorously assessing literature to find appropriate scales that were used in the studies previously that have strong reliability and validity. A total of 12 observed variables made up the measurement of the independent variable of reward 3 items, employees' attitude 4 items, and the dependent variable of employees' engagement 5 items. To enhance transparency, the operationalization of the variables is summarized in Table 2, which presents the constructs, number of items, sample measurement items, sources, and reliability indicators.

Table 2. Operationalization Table

Cons	AVE	√AVE	CR	R ²	α	Comm.	Red.
EEG	0.754	0.868	0.939	0.564	0.918	0.754	0.423
EMP	0.770	0.878	0.931	0.755	0.900	0.770	0.075
REW	0.804	0.896	0.925	0.000	0.879	0.804	0.000

Convergent validity was established for all constructs, as the Average Variance Extracted (AVE) values exceeded the recommended threshold of 0.50 (EEG = 0.754, EMP = 0.770, REW = 0.804), indicating that a substantial proportion of variance in the observed variables is explained by their respective latent constructs. The square roots of AVE (ranging from 0.868 to 0.896) further support convergent validity and provide a basis for assessing discriminant validity. However, discriminant validity could not be fully evaluated without inter-construct correlations; future studies should include a correlation matrix or HTMT analysis for confirmation. The reliability and validity values confirm that all constructs meet recommended thresholds (Hair et al., 2014), ensuring robustness of the measurement model.

Five-point Likert scale was employed from strongly disagree to strongly agree. Employees of Malaysian private higher education in Malaysia specific around Klang Valley area were the key respondents. From 450 questionnaires distributed, 402 were returned, giving an 89.33% response rate. Of these, 390 were complete, and after screening and removing outliers, 381 questionnaires were retained for analysis. This final sample size was sufficient for conducting SEM analysis.

This study complied with ethical research standards. Participation was voluntary, anonymity was maintained, and informed consent was obtained from all respondents prior to data collection. This study employed convenience sampling, which was chosen due to time constraints and ease of access to respondents. While this approach allowed for efficient data collection, it may introduce selection bias, as the sample may not fully represent the wider population of employees in Malaysian private higher education.

Multivariate data analysis was performed in this study using Smartpls to support the model's evaluation and investigate the study's hypotheses. Because of its ability to observe the relationship between the latent constructs and their measures and approximate the overall model measurement, the PLS-SEM technique was used in the study (Hair, Hult, Ringle, & Sarstedt, 2014). After evaluating the measurement model using the PLS-SEM algorithm, the study estimated the structural model using bootstrapping and presented the findings as such.

The measurement model was evaluated using the PLS-SEM algorithm, and the structural model was assessed through a bootstrapping process before the results were reported. Test of significance for mediating relationship, bootstrapping procedure will be used as recommended by (Preacher & Hayes, 2004) by calculating the lower level of the confidence interval and upper-level confidence interval.

4. DATA ANALYSIS AND RESULT

The relationship between reward and employee engagement, with employee attitude acting as a mediating factor, is the third relationship being examined in (Figure 2). In Table 1, the notation 'supported' indicates that the proposed hypothesis (H1) was confirmed, meaning that the mediating role of employee attitude in the relationship between reward and engagement is statistically significant. This support suggests that rewards do not only have a direct impact on engagement but also indirectly enhance engagement by shaping employee attitudes, thereby validating the theoretical model

proposed in this study. According to the analysis, employee engagement is positively and significantly impacted by rewards. With a t-value of 17.8363, which is significant at $p < 0.05$, the effect of rewards on employee engagement is 0.5858, as calculated using the path (0.780 x 0.751). By employing the bootstrapping technique and the particular model in question with both direct and indirect paths included, PROCESS (Hayes, 2018) was used to measure the mediation effect of significance. Bootstrapping is a resampling method that repeatedly draws samples from the data to test the stability and significance of results.

Table 1. Indirect relationship pathcoefficient and t-value

Indirect PATH	effect	t-value	95% ll	95% ul	
REW → EMP → EEG	0.5858	17.8363	0.5214	0.6502	supported

N bootstrap resampling was performed, and the product of the direct paths that make up the indirect path under evaluation was explicitly computed.

The significance of the mediating effect can then be determined by looking at either the bias corrected bootstrap or the percentile bootstrap, which have been demonstrated to have the greatest power to detect nonzero effects and contrasts and the least biased confidence intervals (LLCL = 0.5214, ULCL = 0.6502). This demonstrates that employee engagement is significantly and favourably impacted by rewards, with employee attitude acting as a mediating factor. Previous research (Ajmal, Bashir, Abrar, Khan, & Saqib, 2015; Sung & Ruona, 2017; Gulyani & Sharma, 2018) supports the findings.

4.1 Discussion

The results of this study have demonstrated that employee's attitude has a positive and significant impact on the relationship between reward and employee engagement among Malaysian private higher education sector. This study also reveals an intriguing finding: workers believe that reward is crucial to their companies because it makes them more engaged at work. This could be because they are part of a team that needs to communicate in order to finish the task at hand.

Programs for group improvement aim to increase the degree of belief among employees. This may be a fundamental aspect of the workplace and the development of employee engagement. Employees were more likely to perceive a supportive and psychologically safe work environment. Employees were able to feel safe and at ease at work. Assurance and engagement both collapse when competition becomes unwelcome in an organization and representatives are prepared to throw each other under the bus in order to succeed.

The collaboration's goal is to show that the entire industry can thrive by cooperating to achieve a shared set of business objectives. For one representative, shared benefit can be achieved when collective efforts align with organizational goals. Everyone in your organization should be aware of how their actions can impact the overall success of the company and should feel confident that they are a reliable face-value for companies.

As mentioned above, the finding shows employees' attitude has a positive and significant influence on reward and

employees' engagement in Malaysian private higher education in Malaysia. These findings align with prior studies that demonstrated the mediating role of employee attitudes in strengthening the relationship between rewards and engagement (Ajmal et al., 2015; Gulyani & Sharma, 2018). This integration suggests that reward structures not only have direct motivational effects but also indirectly shape engagement through fostering positive attitudes.

There are plentiful consequences of this finding. First and foremost, it is critical that Malaysian private higher education institutions prioritize and strengthen their reward. Simultaneously, efforts must be made to improve the attitude of the workforce, particularly to create a team that can raise engagement levels. Emphasizing attitude alone is insufficient. To improve employee engagement, a plan must be created and put into action. By doing this, reward will have a significant impact on employee engagement and yield a successful outcome.

This study's preliminary analysis demonstrates that reward directly and favourably affects employee engagement. But the relationship became even stronger after employees' attitude was introduced. The total indirect effect of reward to employees' attitude and from employees' attitude to employees' engagement is 0.5858. An indirect effect occurs when the influence of one variable on another is transmitted through a third variable (mediator). In view of that, Malaysian private higher education sector must ensure the employees in their organizations are in the right and effective attitude where the employees' engagement from reward can be built upon it. Information, opinion and free idea sharing must be promoted to the Malaysian private higher education employees. Malaysian private higher education must be convinced by the top management in the organizations that their organizations are the best place to work and top management must also ensure the employees that their organizations will guide and support them in improving their engagement at the workplace.

For higher education administrators, the findings suggest implementing structured reward systems that recognize both individual and team contributions, coupled with initiatives to cultivate positive employee attitudes through training and leadership support. Such practices can enhance engagement, reduce turnover, and foster institutional commitment.

5. CONCLUSION

This study examined the mediating effect of employee attitude on the relationship between reward and employee engagement in Malaysian private higher education institutions. The findings confirmed that employee attitude significantly strengthens the link between rewards and engagement, highlighting the importance of both reward systems and positive employee attitudes for enhancing institutional effectiveness.

Despite its contributions, the study has certain limitations. The use of convenience sampling restricted the representativeness of the sample, which limits the generalizability of the results across the wider higher education sector. Additionally, time constraints imposed during the research process reduced the opportunity for more extensive data collection, which may have influenced the reliability of the findings.

Future research should address these limitations by employing longitudinal designs that allow for richer and more comprehensive data collection over time. Expanding the scope to include broader constructs, such as organizational culture and self-efficacy, could also provide deeper insights into the drivers of employee engagement in higher education contexts.

In addition, future studies may adopt a mixed-methods approach to capture deeper insights into employee perceptions. Comparative studies across regions of Malaysia, or between public and private higher education institutions, could highlight contextual differences. Furthermore, examining generational influences would provide a clearer understanding of how engagement drivers vary across workforce cohorts.

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