

# Drivers of Wage Underpayment: Gendered Experiences among Female Food and Beverage Workers in Malaysia

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## ABSTRACT

Wage underpayment, where employers fail to pay workers their legally required wages, is a widespread problem affecting millions of workers globally and has crucial consequences for inequality and economic development. This study explores the factors contributing to underpayment experienced by employees at 'K' Mart in Johor, Malaysia. Data were collected using a qualitative approach, specifically a case study design, through semi-structured, in-depth interviews with five female employees in the food and beverage sector, providing comprehensive insights into their lived experiences of the issue under study. The findings show that underpayment was primarily caused by three factors, i.e., social and organizational factors, economic factors, and psychological factors. Social and organizational factors encompass four sub-themes, including gender wage gap, age-related biases, non-compliance with minimum wage policy, and wage theft. Additionally, economic factors comprise two key sub-themes, i.e., unpaid overtime and economic recessions and business conditions. Finally, psychological factors include two critical sub-themes, i.e., low self-confidence in salary negotiations and fear of being negatively labeled. The findings highlight the multifaceted nature of underpayment, revealing systemic issues related to weak enforcement mechanisms, employer exploitation, and worker vulnerability. This study offers practical recommendations for organizations to adopt transparent compensation strategies and proactive policies, and contributes to the broader understanding of wage inequity's implications for employee well-being, organizational effectiveness, and labor market fairness in Malaysia.

**Keywords:** wage underpayment, wage theft, minimum wage compliance, gender wage gap, labor exploitation

## INTRODUCTION

Wage underpayment occurs when workers receive compensation below the legally required or ethically appropriate level, creating serious problems for both employees and employers. This practice contributes to forced labor conditions and denies workers fundamental rights, including access to proper nutrition, housing, medical care, and educational opportunities, thereby compromising their overall health (Shen et al., 2024). Over time, minimum wage purchasing power has eroded, overtime eligibility criteria have not adjusted for inflation, and enforcement agencies like the Wage and Hour Division have experienced diminished capacity to uphold labor standards (Galvin, 2016).

Multiple elements drive wage underpayment. Educational attainment levels and migrant worker status, which may increase vulnerability to exploitation, require thorough examination. Employer-related issues, such as financial pressures or disregard for equitable compensation practices, often drive underpayment. Compliant employers suffer competitive disadvantages against non-compliant businesses, while social insurance programs lose expected wage-based contributions. Widespread non-compliance weakens regulatory frameworks designed to protect workers and maintain fair competition in business (Clibborn & Hanna-

Osborne, 2023).

Besides that, individual factors also matter. For instance, employees' perceptions of self-worth, negotiation capabilities, and knowledge of workers' rights affect their experiences of underpayment and their ability to seek redress. When enforcement mechanisms are inadequate or legal gaps exist, companies may ignore minimum wage requirements, potentially explaining why minimum wage increases sometimes show minimal employment impact (Garnero & Lucifora, 2022). Additional labor violations, such as unpaid overtime, denied benefits, and substandard working conditions, further worsen the situation. Witnessing employer impunity erodes workers' trust in protective systems and discourages the assertion of rights.

### **Statement of the Problem**

Wage underpayment, whether deliberate or accidental, poses strenuous challenges for workers, employers, and the broader economy and society. While this phenomenon exists worldwide, certain groups face heightened vulnerability, including women, migrant workers, and those with limited skills. Insufficient compensation intensifies social and economic problems, as individuals earning substandard wages struggle to afford rising costs for housing, healthcare, and essential goods. This creates societal inequality and stratification, particularly as numerous Malaysians remain trapped in low-wage, entry-level positions without sufficient social safety nets (Harahap et al., 2024).

Within Malaysia's employment landscape, wage underpayment is pervasive and contravenes the 19<sup>th</sup> Amendment Act. Low-skilled employees are disproportionately affected, frequently receiving compensation below the legally mandated minimum despite existing protections. The situation deteriorates further due to insufficient enforcement of labor regulations and unstable employment arrangements. Although minimum wage legislation was established to safeguard workers, underpayment continues as an ongoing challenge (Rodrigo, 2016).

Malaysia's wage policy is governed by the National Wages Consultative Council Act 2011, which established a council responsible for wage recommendations, including minimum wage levels. The minimum wage has undergone multiple revisions since its implementation. It stood at MYR1,100 in January 2019, increased to MYR1,200 for certain sectors in 2020, and rose to MYR1,500 in May 2022 (Beh, 2023). The 2025 Budget announced that, beginning February 1, 2025, businesses employing five or more workers and certain professional sectors must pay a minimum monthly wage of MYR1,700. Smaller businesses with fewer than five employees have until August 1, 2025, to comply (Medina, 2025). These adjustments aim to help workers manage essential expenses amid rising costs, especially in cities. Nevertheless, enforcement difficulties allow underpayment to continue.

Research by Judi and Mustafa (2022) identifies underpayment as a critical issue plaguing Malaysia's construction sector, occurring when contractors or subcontractors receive less compensation than contractually agreed upon for completed work. Combined with delayed payments, underpayment creates severe financial strain for businesses, especially small and medium-sized enterprises (SMEs). Similarly, retail sector employees face excessive workloads coupled with inadequate compensation, a troubling reality given the industry's economic importance in Malaysia. Such underpayment drives workers to contemplate job changes and triggers physical and mental health problems that harm both individuals and their employers (Annamalah & Ling, 2021).

Insufficient wages create ripple effects across multiple levels. Individually, underpaid employees experience decreased motivation, reduced job satisfaction, financial anxiety, and mental health challenges. Organizations face heightened staff turnover, diminished productivity, reputational harm, and possible legal ramifications. From a societal perspective, persistent wage inequality erodes social cohesion and economic fairness, hindering Malaysia's aspiration to attain high-income nation status (Asad et al., 2024).

Existing research on wage underpayment in Malaysia, particularly in Johor's retail marts, lacks comprehensive case studies that investigate the root causes and scope of wage disparities affecting workers in small-scale retail environments. Additionally, there is insufficient qualitative research examining the daily realities of

underpaid mart employees in Johor, Malaysia, and how they cope within local economic circumstances. Despite its significance, underpayment remains a topic many people avoid acknowledging or addressing directly. Therefore, this research aims to thoroughly examine the fundamental causes of underpayment for employees, specifically 'K' Mart in Johor, Malaysia. The study seeks to enhance understanding of underpayment experiences among 'K' Mart's workforce and contribute to future improvements.

## Research Objective

The study aims to achieve the following objective:

To explore the factors that cause underpayment among employees at 'K' Mart in Johor, Malaysia.

## Significance of the Research

This study examines wage underpayment at 'K' Mart in Johor, Malaysia, analyzing its underlying causes and offering significant practical value for various parties. For 'K' Mart employees, the findings could be beneficial and provide supporting evidence to help them seek fair compensation and address payment inequities. This could enhance their financial security, boost workplace satisfaction, and create a more just employment setting. The organization itself also stands to gain benefits. Identifying and resolving potential wage issues would help 'K' Mart reduce legal exposure, strengthen employee engagement and retention, build a stronger reputation for fair employment practices, and cultivate a more efficient and committed workforce. Ultimately, this study seeks to deepen comprehension of underpayment patterns, empowering both employees and organizations to prevent such issues from recurring.

Despite growing awareness in recent literature, many employees and organizations still lack an understanding of the problems of underpayment. Through analyzing how 'K' Mart employees perceive the balance between their contributions and compensation, this study offers concrete evidence to validate or question established theoretical principles. The qualitative approach, which utilizes comprehensive interviews with employees who had direct experience of underpayment, enables the exploration of subtle viewpoints and situational factors that quantitative research cannot capture as effectively. The results may also reveal constraints or required modifications to relevant theory when applied across varied workforces in non-Western settings, potentially advancing the theory to better reflect cultural differences in perceptions of workplace fairness and justice.

Moreover, this research can serve as a foundational resource for future investigators examining underpayment. Given that this constitutes a critical challenge across virtually all countries, substantial gaps remain in the literature that adequately address its societal significance. Subsequent research might explore the factors of underpayment identified here, especially their relationships with gender, educational background, and demographic characteristics. These studies could expand their scope to examine how perceptions of inadequate compensation affect employee attitudes and behaviors, including potential decisions to seek alternative employment. Consequently, this work can support and inform future research endeavors in this area.

## LITERATURE REVIEW

### Gender Wage Gap

Gender wage disparities in human resource development (HRD) and labor market outcomes have been extensively documented across developing economies. Batra and Reio (2016) conducted a systematic examination of gender inequality within India's HRD framework, arguing that gender stratification extends beyond conventional economic and educational differentials. Their investigation identified the structural mechanisms that perpetuate differential treatment of male and female workers, with particular emphasis on HRD policies and organizational practices that could mitigate workplace gender inequality. The study established that Indian women confront multifaceted manifestations of gender discrimination in occupational settings, most notably through persistent wage disparities. Empirical evidence presented in their analysis indicated that women receive merely 62% of male compensation for equivalent work, a phenomenon rooted in entrenched gender stereotypes and traditionally prescribed occupational roles that systematically devalue

female labor contributions (Batra & Reio, 2016).

The gender wage gap has been further substantiated through cross-national empirical research. Utilizing microdata from Indonesia's 2019 National Labor Force Survey (n= 7,574), Aini (2022) employed multiple linear regression analysis to examine the determinants of earnings differentials within the fisheries sector. While the analysis confirmed positive, statistically significant associations between compensation and age, working hours, and tenure, it also revealed systematic gender-based wage disparities across all demographic and occupational categories, with female workers consistently earning less than their male counterparts. The study attributed these disparities to the exploitation of female labor, systematic undervaluation of women's productive contributions, and constrained educational access.

Similarly, in the Malaysian context, despite increased female labor force participation rates, occupational segregation and compensation inequities remain pronounced. Ismail et al. (2017) analyzed data from 7,135 working households in Peninsular Malaysia to decompose the sources of gender wage differentials. Their findings demonstrated that occupational segregation accounts for the majority of observed wage gaps, while within-occupation wage discrimination constitutes a significant contributing factor. Critically, the study highlighted sample selection bias as a methodological consideration in gender wage gap research, suggesting that conventional analyses may underestimate the true magnitude of gender-based compensation disparities.

### **Age-related Biases**

Drydakis et al. (2023) argue that age, gender, and race all interact during the hiring process and impact access to jobs and salaries. As part of the research, four field studies were conducted in England, involving younger White British males, older White British males and females, and older Black British males and females. It is clear from the results that both older male and female workers, regardless of ethnicity, often find it challenging to get jobs and usually are offered lower-paid work than their younger White British male peers. With the age-wage gap, older workers tend to end up in lower-paying jobs, suggesting that both employment and salary are closely tied to age. In comparison, an elderly White British man receives roughly £2,311 less in benefits than a younger one.

In Malaysia, a study by Ramely et al. (2016) explores the participation and engagement of elderly individuals in the labor market. It examines the initiatives undertaken by the Malaysian government to increase this involvement. Furthermore, it highlights the challenges that hinder the elderly from participating in the workforce, specifically ageism and stereotyping. The study found that despite the elderly's willingness to work, employment opportunities in Malaysia are limited. Ageism, which systematically targets and discriminates against seniors, lowers their chances for jobs and employment. The perception that most jobs are for the young creates many challenges for older people in the hiring process, and these difficulties can lead them to take lower-paying jobs or, in some cases, leave the workforce.

### **Minimum Wage Policy Non-compliance**

The inadequacy of minimum wage legislation and systematic non-compliance with statutory wage floors have been identified as critical factors perpetuating labor market inequalities and economic precarity across diverse national contexts. Schaal (2022) provided a rigorous critique of the United States' federal minimum wage framework, demonstrating that the prevailing statutory rate of \$7.25 per hour constitutes a structurally deficient compensation standard that institutionalizes rather than mitigates poverty among low-wage workers. The analysis established that the pronounced divergence between minimum wage levels and the cost of living has systematically eroded workers' purchasing power, rendering essential goods and services financially inaccessible to minimum-wage earners. This compensatory inadequacy, whether resulting from legislative inaction or employer non-compliance with existing standards, compels workers to engage in multiple concurrent employment relationships to achieve subsistence-level income, while in severe cases, economic desperation precipitates involvement in illicit economic activities. Critically, Schaal (2022) documented that a substantial proportion of full-time minimum-wage employees receive compensation insufficient to meet basic living expenses, thereby demonstrating how inadequate wage floors, whether due to legislative insufficiency or enforcement failures, perpetuate systemic working poverty.

The governance architecture surrounding minimum wage implementation and the challenges of ensuring employer compliance have been examined across multiple institutional contexts. Amiq et al. (2019) investigated wage disparity dynamics and regulatory responses in East Java, Indonesia, where escalating compensation inequalities generated sustained labor-management tensions from 2015 onward. Employing descriptive-qualitative methodology with purposive sampling of key stakeholders, including labor union representatives, Indonesian Business Association (APINDO) members, and governmental officials, the study evaluated the efficacy of discretionary wage governance mechanisms implemented through gubernatorial decree establishing district- and municipal-specific minimum wage standards. The empirical findings revealed complex regulatory outcomes: while discretionary minimum wage policies demonstrably reduced inter-regional wage disparities, they simultaneously incentivized corporate relocations to lower-wage jurisdictions and generated contractionary labor-demand effects. These findings illuminate the inherent tensions between equity objectives and employment outcomes in minimum wage regulation, particularly when enforcement mechanisms prove insufficient to prevent employers from circumventing wage standards through strategic relocation. The government's adoption of discretionary wage-setting through executive decree represents an attempt to balance business sustainability concerns with worker compensation adequacy, though observed firm mobility patterns suggest potential compliance-avoidance strategies that undermine policy effectiveness.

In the Malaysian industrial context, the implementation of the minimum wage policy and its sectoral effects have been the subject of systematic empirical investigation. Senasi et al. (2021) conducted a quantitative examination of the impacts of minimum wages on low-skilled workers in the electrical and electronics (E&E) manufacturing sector, specifically analyzing productivity outcomes and compensatory benefit structures. Utilizing semi-structured survey instruments administered to 600 non-managerial employees across Kulim and Bayan Lepas industrial zones (response rate: 72%;  $n = 432$ ), the research assessed minimum wage influences on labor productivity, training provision, allowance structures, and insurance coverage. The findings established a positive correlation between statutory minimum wage increases and higher labor productivity, challenging employers' claims that compliance with the wage floor would generate adverse competitive effects. Significantly, the study contextualized these findings within the E&E sector's documented labor practices characterized by systematically suppressed wages, exploitative overtime requirements, and systematic suppression of collective bargaining rights, the conditions indicative of widespread non-compliance with labor standards. The persistence of wage compression and compensatory inequities that necessitated minimum wage intervention suggests chronic enforcement deficiencies in ensuring employer adherence to existing labor protections. The minimum wage policy was consequently instituted to directly intervene in wage-setting mechanisms and establish enforceable baseline compensation standards, though the sectoral context reveals that legislative action alone may prove insufficient without robust compliance monitoring and enforcement mechanisms to address entrenched patterns of worker exploitation and wage suppression.

## Wage Theft

Wage theft remains a serious problem in the United States, particularly harming low-paid workers, but government officials have largely ignored it (Hallett, 2018). The current enforcement system fails to effectively stop wage theft, suggesting that policymakers need to understand why employers engage in this practice. Many employers violate wage and hour laws, especially minimum wage rules. Wage theft occurs when workers receive less money than they legally should, and it happens frequently in many workplaces. The main reason employers steal wages is that they calculate the risks versus the benefits. Because getting caught is unlikely and punishments are typically mild, some employers choose to break wage laws to save money. Additionally, current laws and enforcement procedures are insufficient to prevent employers from breaking the rules. Workers also face serious risks when reporting violations, including retaliation from employers or losing their jobs, which makes them less likely to speak up about wage theft. The combination of weak enforcement and the ease with which employers can exploit workers encourages companies to ignore labor laws while increasing their profits.

Barclay et al. (2024) conducted research to identify instances of wage theft and to better understand this issue worldwide. Their findings reveal an unexpected pattern: when the minimum wage increases, the number of underpaid workers can actually rise because some companies find ways to avoid complying with the new rules. Many low-wage workers are vulnerable to this exploitation, and when employers fail to pay them the

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legal minimum wage, these workers often fall below the poverty line and struggle to meet their basic needs.

### **Unpaid Overtime**

Recent research highlights how unpaid overtime systematically leads to worker underpayment, particularly among vulnerable populations. Yotwilai's (2025) study of migrant construction workers in Malaysia found that they regularly worked 10 hours per day, with some working up to 16 hours during busy periods, yet received wages below legal standards and less than their contracts promised. They faced multiple barriers to fair pay, including contracts written only in Malay that they could not fully understand, and employers who deliberately paid less than agreed amounts to cut costs. Because these migrant workers depended entirely on their employers for legal documentation and work permits, they had little power to demand proper payment for their overtime hours.

Additionally, Arun and Olsen (2023) provide a broader perspective on this issue, showing that unpaid overtime and underpayment are not isolated problems but part of larger patterns of worker exploitation that affect people differently based on their gender, migration status, and economic situation. Their research demonstrates that long working hours without proper pay are common across various industries and countries, with women and migrant workers particularly affected because they face multiple disadvantages that make them easier to exploit. Together, these studies reveal that unpaid overtime leading to underpayment occurs when workers lack the power to negotiate fair treatment, when employers intentionally violate agreements to reduce labor costs, and when legal and social structures fail to protect vulnerable workers from exploitation.

### **Economic Recessions and Business Conditions**

Clemens and Wither (2014) studied how higher minimum wages affected low-skilled workers in the United States, providing important insights into the connections between wages, business conditions, and workers. The researchers used reliable survey methods based on data from the 2008 Survey of Income and Program Participation (SIPP). Their study examined the effects of the minimum wage from two angles. The research found that raising the minimum wage caused serious problems for low-paid workers, especially during and after the Great Recession, when many businesses struggled to survive. Workers who were already underpaid faced real hardships when minimum wages increased. Specifically, the study discovered that employment rates for targeted workers in affected states dropped by 6.6 percentage points (a 9% decrease) in the second year after the wage policy changed. Lower-skilled workers also experienced income losses, with monthly earnings falling by \$90 in the first year and by another \$50 over the next two years, compared with similar workers in states without wage changes. In simpler terms, while minimum wage increases are meant to help low-paid workers, their actual effects depend heavily on current economic conditions and business performance. During severe economic downturns like the Great Recession, the study suggests that higher minimum wages may have actually made things harder for people already struggling to find good jobs and earn adequate incomes.

Ibrahim and Putit (2021) examined how wages and the global financial crisis affected worker productivity in Malaysia's manufacturing sector, considering companies of different sizes. Their main goal was to determine whether the relationship between wages and productivity, and the effects of economic recession, differed between small- and medium-sized enterprises and large companies. The study showed that wage increases had a much stronger positive impact on productivity in smaller companies compared to larger ones. Because smaller firms typically pay lower wages, offering higher pay motivates workers to work harder and more efficiently. Regarding economic downturns and businesses, the research looked at changes during the global financial crisis, which lasted from October 2008 to December 2009. Surprisingly, the study found that the global financial crisis actually increased productivity in small and medium-sized companies but decreased it in large companies. This suggests that smaller manufacturing companies were better at adjusting their operations and business strategies in response to economic challenges. The researchers analyzed monthly data from the Department of Statistics Malaysia covering January 2003 to August 2011, yielding 104 months of observations across 113 manufacturing industries. Using monthly rather than yearly data allowed the researchers to see more clearly how different factors interacted over time. The industries were divided into small, medium, and large categories based on their typical employee counts to better understand how company size influences these relationships.

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## Low Self-confidence in Salary Negotiations

In the literature on gender disparities in labor market outcomes, low self-confidence during salary negotiations has emerged as a key factor contributing to persistent wage gaps, particularly at career entry points. Kiessling et al. (2024) investigated gender differences in pre-labor market wage expectations and negotiation intentions among a large sample of approximately 15,000 German university students. The study collected data on students' anticipated earnings for their first job, as well as in their forties and fifties, alongside their planned negotiation behaviors upon entering the workforce. These plans served as indicators of perceived negotiation efficacy and self-confidence. The results revealed a substantial gender gap in expected wages, with male students anticipating significantly higher earnings than their female counterparts for equivalent roles (a pattern that mirrors observed real-world wage differentials). Over a lifetime, such disparities could result in substantial cumulative losses (e.g., estimated at half a million euros for affected individuals). A primary driver of this gap was differences in negotiation propensity, i.e., men reported greater willingness to negotiate and a stronger inclination toward assertive, or "bold," strategies. In contrast, female students exhibited lower intentions to negotiate aggressively, which translated into lower expected asking wages and reservation wages (i.e., the minimum acceptable offer). These findings underscore how diminished self-confidence in negotiation contexts contributes to wage disadvantages for women in early career stages.

Similar patterns emerge in the Malaysian context. Vaghefi (2018) analyzed the gender pay gap using secondary data sources, including the Salaries and Wages Survey Report 2016 for baseline wage differentials and the S&P Capital IQ database for managerial representation. Although Malaysia exhibits a relatively narrow overall gender wage gap, the study highlighted persistent inequities, particularly in starting salaries. A major factor was women's lower propensity to negotiate initial pay offers compared to men, often stemming from reduced confidence or perceived negotiation skills. The analysis further noted a double standard in social perceptions, i.e., women who actively negotiate risk are viewed as pushy or demanding, whereas men engaging in the same behavior are typically seen as professional and assertive. This confidence deficit and associated behavioral differences were identified as significant contributors to lower starting salaries for women, perpetuating broader compensation disparities.

Collectively, these studies illustrate that gender differences in self-confidence and negotiation assertiveness represent important non-structural mechanisms underlying the gender wage gap, with implications observable even before labor market entry and across different national contexts.

## Fear of Being Negatively Labeled

Fear of being negatively labeled during salary negotiations represents a crucial psychological barrier that discourages assertive wage demands, particularly in hierarchical or culturally conservative workplace environments where such behavior may be perceived as disruptive or ungrateful. Sukhova (2020) explored the phenomenon of gaslighting as an entrenched element of management culture in modern Russian companies, analyzing its implications for employee remuneration and negotiation dynamics within broader contexts of power imbalances, manipulative management practices, and labor motivation. The study revealed that pervasive manipulative tactics contribute to widespread underpayment, as employees internalize blame for salary shortfalls, attributing discrepancies to personal failings rather than systemic issues or managerial decisions, while fostering a culture of tolerance and patience that normalizes negative power dynamics. Consequently, employees who voice concerns about inadequate pay risk being stigmatized as pushy, dissatisfied, or problematic, thereby heightening fear of reprisal and suppressing negotiation efforts even in ostensibly incentivized remuneration systems that disproportionately benefit a few.

In a Malaysian context, Ibrahim and Razali (2023) investigated the protection of foreign workers' rights under prevailing labor laws, drawing on a quantitative survey of foreign workers holding Visitor's Pass (Temporary Employment) and their employers in Peninsular Malaysia conducted in late 2020. Their findings indicated substantial vulnerabilities, including inadequate safeguards against wage-related exploitation, fraudulent recruitment practices (with nearly 10% of respondents reporting job offers that differed significantly from the promises), and indicators of potential forced labor. Key barriers to asserting salary rights included precarious jobs and legal status, employer retention of passports, and the threat of arrest or deportation, which instilled

profound fear and deterred workers from raising concerns about underpayment or deductions. This reluctance to negotiate or complain stems from the realistic apprehension of severe repercussions, including job loss, rather than mere interpersonal labeling, though such fears collectively reinforce silence in wage discussions.

These studies highlight how fear of negative labeling, whether as "pushy" in managerial gaslighting contexts (Sukhova, 2020) or as a risk to employment and legal standing in vulnerable migrant labor settings (Ibrahim & Razali, 2023), operates as a deterrent to effective salary negotiation, perpetuating inequities through psychological and structural mechanisms that vary by cultural and regulatory environment.

## METHODOLOGY

### Research Approach and Design

This study employed a qualitative approach to collect data on the factors contributing to underpayment among employees of 'K' Mart in Johor, Malaysia. The qualitative approach is the most suitable method, as it uses a range of empirical materials, such as life experiences and stories, to highlight the routines and issues people face in their daily lives. This approach focuses on the deep meanings that are not measurable (Taherdoost, 2022). The qualitative approach enables the researchers to understand the context, phenomenon, and experiences in greater depth.

In addition, this study employs a case study design, as it enables the comprehension of self-generated meaning through narrative. One-on-one, semi-structured, in-depth interviews with one or more individuals served as the primary method for data collection (Tomaszewski et al., 2020). This design allows the researchers to thoroughly investigate the issue of underpayment in a specific case: employees of 'K' Mart in Johor. By focusing on the specific case, the researchers can gather rich, comprehensive data to answer the research objective.

### Population, Sample, and Sampling Technique

The study population comprised 528 employees at 'K' Mart in Johor, Malaysia. The employees of 'K' Mart were chosen as targeted informants due to its diverse workforce, which enables the researchers to identify potential informants who have experienced underpayment. The representative unit of a target population that researchers work with during their study is called a sample. Stated differently, a sample is a subset of units that comprises the population that researchers or investigators have chosen to include in their studies (Ajithakumari, 2023). Sampling is the process of selecting a representative subset of a population to estimate the parameters or features of the entire population (Verma et al., 2017). Depending on their nature, different types of studies employ various sampling techniques. This study implemented purposive sampling to conduct the research. Sample selection in this type of sampling is guided by a specific goal. Purposive sampling is employed when the research is primarily qualitative (Etikan et al., 2016).

To be more precise, the snowball sampling technique was utilized in this study. Snowball sampling is a non-random sampling technique that increases sample size by using a small number of cases to recruit additional participants to study (Taherdoost, 2016). It begins with a convenience sample of the original subjects, since the population would not be restricted if a random sample were taken. The sample grows like a snowball, increasing in size as it rolls down a hill, with these initial individuals acting as "seeds" that recruit subsequent subjects (Etikan et al., 2016). These individuals were subsequently invited to participate in the research study. Those who agreed to participate were then asked to suggest other people who met the research criteria and might be interested in taking part. In turn, these recommended individuals identified further potential informants. Specifically, the informants include 5 female employees, staff members of varying ages, and individuals from different religious and racial backgrounds. This diversity provides a rich pool of underrepresented potential informants. There were only five informants in this study because no new, relevant data could be collected. This is known as data saturation in the qualitative approach (Mwita, 2022).

Table I Demographic Profile of the Informants

Demographic information	Informants' pseudonyms				
	Alia	Bella	Cecilia	Dhia	Elisyah
Gender	Female	Female	Female	Female	Female
Age	24	21	32	26	18
Ethnicity	Malay	Malay	Kadazandusun	Malay	Malay
Religion	Islam	Islam	Christianity	Islam	Islam
Marital status	Single	Single	Single	Single	Single
Place of origin	Johor Bahru, Johor	Johor Bahru, Johor	Kota Kinabalu, Sabah	Batu Pahat, Johor	Johor Bahru, Johor
Place of residence	Pasir Gudang, Johor	Pasir Gudang, Johor	Pasir Gudang, Johor	Johor Bahru, Johor	Pasir Gudang, Johor
Level of education	Malaysian Certificate of Education	Malaysian Certificate of Education	Malaysian Certificate of Education	Malaysian Certificate of Education	Malaysian Certificate of Education
Position	Food court staff	Kitchen assistant	General worker	Food court staff	General worker
Period of service	1 year	1 year and 8 months	5 years	3 years	5 months
Salary (MYR)	1,600	1,600	1,500	1,500	1,500
Allowance	-	Food	-	Food	Food
Company's contribution	Employees Provident Fund	Employees Provident Fund	-	Employees Provident Fund	Employees Provident Fund

Table I shows the five informants working in the food service sector, all employed at the 'K' Mart in the Pasir Gudang and Johor Bahru areas of Johor, Malaysia. The informants were assigned pseudonyms, i.e., Alia, Bella, Cecilia, Dhia, and Elisyah, to maintain confidentiality throughout the research process.

The informants ranged in age from 18 to 32 years old, with a mean age of 24.2 years. Four informants identified as Malay, while one informant, Cecilia, identified as Kadazandusun, an indigenous ethnic group from Sabah. In terms of religious affiliation, four informants (Alia, Bella, Dhia, and Elisyah) practiced Islam, consistent with their Malay ethnicity, while Cecilia identified as Christian. All five informants reported being single at the time of data collection.

Geographically, four informants originated from Johor state: three from Johor Bahru (Alia, Bella, and Elisyah) and one from Batu Pahat (Dhia), while Cecilia hailed from Kota Kinabalu, Sabah, in East Malaysia. At the time of the study, four informants resided in Pasir Gudang, Johor (Alia, Bella, Cecilia, and Elisyah), while Dhia lived in Johor Bahru. This pattern suggests internal migration, particularly for Cecilia, who had relocated from Sabah to Peninsular Malaysia for employment.

All five informants held the Malaysian Certificate of Education as their highest educational qualification,

indicating that they had completed secondary education. Their job positions included food court staff (Alia and Dhia), kitchen assistant (Bella), and general worker (Cecilia and Elisyah). Work experience varied considerably, ranging from 5 months (Elisyah) to 5 years (Cecilia), with a median tenure of 1 year and 8 months. Monthly salaries ranged from MYR 1,500 to MYR 1,600, indicating that all informants are underpaid and fall into the low-income bracket under Malaysian economic classifications. Three informants (Bella, Dhia, and Elisyah) received food allowances as part of their compensation package. Four informants (Alia, Bella, Dhia, and Elisyah) benefited from employer contributions to the Employees Provident Fund, Malaysia's mandatory retirement savings scheme, whereas Cecilia, despite her longer tenure, did not receive this statutory benefit, indicating her employer's non-compliance.

### **Research Instrument and Interview Protocol**

Unlike quantitative researchers who use automated tools, surveys, or inventories in their study, the qualitative researcher is the main instrument in the study (Naderifar et al., 2017). In this study, the researchers used semi-structured, in-depth interviews to examine each informant's experience from several angles. The interviews enable the collection of fresh, primary data from informants (Yeong et al., 2018). To gather detailed and in-depth data from the interview sessions, the interview protocol must align with the study's objective (Roberts, 2020). To obtain a thorough understanding of the informants' opinions, experiences, goals, and reasons for their behaviors, the researchers asked a majority of open-ended questions, along with a combination of closed-ended questions. Additionally, probing questions were used to gather deeper data and additional information based on their previous responses (Robinson, 2023). The researchers developed the interview protocol and organized it into multiple sections. To avoid any misunderstanding, the researchers ensured that all questions were clear and straightforward. Additionally, the researchers provided a comprehensive overview of the study, reiterated essential information, and addressed informants' questions. The interview protocol has two sections: A and B.

The objective of Section A is to collect demographic data from the informants. Pseudonyms, age, gender, ethnicity, religion, marital status, place of origin, place of residence, level of education, position, period of service, work experience, salary, allowance, and other relevant questions gathered brief demographic data about the informants. On the other hand, the objective of Section B is to explore the factors contributing to underpayment experienced by the employees of 'K' Mart in Johor. This section is designed to elicit in-depth accounts from informants about their experiences with underpayments, focusing on the multifaceted factors contributing to these issues.

An expert reviewed the interview protocol to ensure the questions were understandable, relevant, and aligned with the study's objective. Trustworthiness in qualitative research is established through this verification process. Seeking feedback from the experts or researchers in the field helps ensure the protocol is thoroughly reviewed for cultural sensitivity, content validity, and alignment with research goals. This verification process helps to identify potential biases, unclear questions, and overlooked research areas before the data collection begins. Systematic questioning techniques, consistent implementation across informants, thorough contextual exploration, and reduced researcher bias are ways expert-verified methods would improve credibility, dependability, and confirmability. Additionally, the protocol's theory and practical application are strengthened by expert review. This results in richer, more detailed data while preserving methodological integrity throughout the research process.

### **Data Collection Procedure**

Semi-structured, in-depth interviews were utilized in this study to collect data from the informants. It is a suitable approach for accomplishing specific research goals and obtaining detailed information on the underpayment problem. The study's informants were selected from employees of 'K' Mart in Johor. The researchers contacted the manager of 'K' Mart via a social media platform to explain the study's objective and request permission to conduct the research within the organization. However, no response was received. Despite the lack of a reply, the researchers decided to proceed with the study because it is confidential, does not disclose the identities of any parties involved, and is conducted solely for educational purposes. Then, the researchers visited the organization in person to speak with the informants. The researchers contacted the

informants by text to arrange the interview. Then, the researchers notified the informants throughout the interview that all sessions would be audio-recorded, with their approval, to ensure the data could always be referred to and to prevent misinterpretation. The confidentiality of the informants' identities and other personal data was protected. This process was carried out to ensure the confidentiality of the informants and to protect their identities.

The researchers then distributed the Information Sheet, the Informants' Consent Form, and the Interview Protocol before the interview began. By doing this, the informants were given the chance to prepare their answers for the interview by reading the Information Sheet's background and objective as well as the Interview Protocol's list of questions. Because semi-structured interviews were used, the researchers could adapt the questions to the interview's context and the informants' responses. After each interview, the audio recordings were transcribed word-for-word into written documents for further analysis. By carefully examining the data during coding, the researcher identified key themes and subthemes that address the study's research objective and provide a comprehensive understanding of the findings.

### Data Analysis

The thematic analysis technique was used in this study to examine and assess information gleaned from semi-structured and in-depth interview transcripts. Thematic analysis is applicable in a range of situations, from conducting fieldwork to analyzing documents and other textual materials. This flexibility enables the researchers to apply the same approach to various types of qualitative information, thereby maintaining consistency and reliability (Coker, 2021).

The researchers systematically identified patterns and themes within the data by coding it and deriving deeper interpretations, moving from explicit to underlying meanings. Using this method, the research topic is understood to address the research objective (Nnachi et al., 2024). Qualitative data were coded using NVivo 15 to assign sections of text to themes and sub-themes that emerged from the data. This process, known as coding, involves systematically identifying meaningful words or phrases (codes) in transcripts and organizing them into "nodes" in NVivo (Allsop et al., 2022).

## RESEARCH FINDINGS AND DISCUSSION

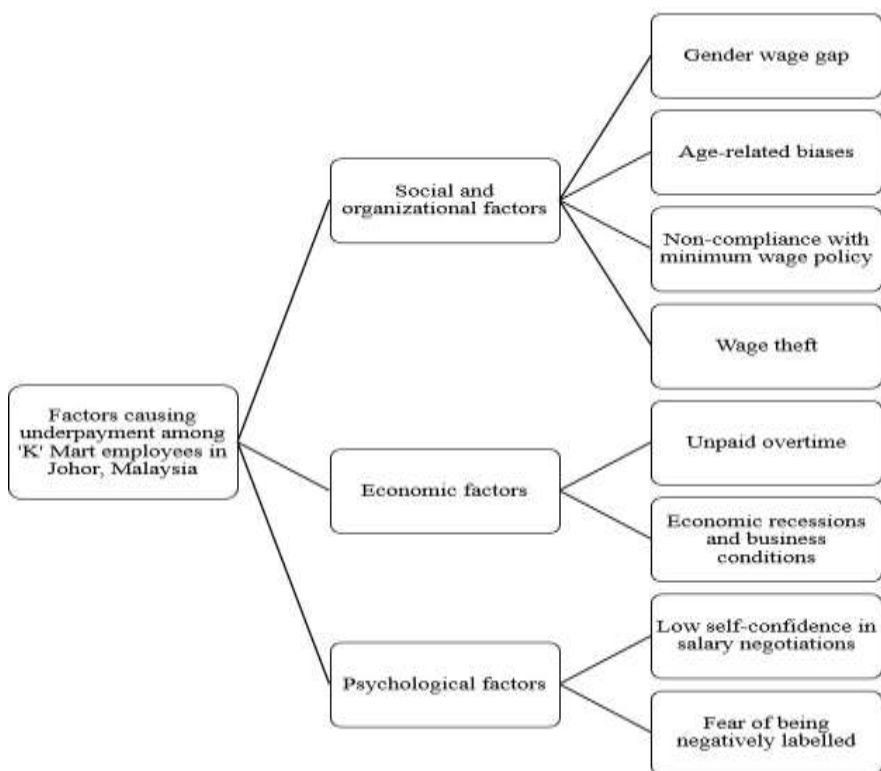


Fig. 1 Factors Causing Underpayment among 'K' Mart Employees in Johor, Malaysia

Figure 1 presents the research findings on underpayment. There are three primary factors (themes) contributing to underpayment: social and organizational, economic, and psychological. Social and organizational factors encompass four sub-themes, including gender wage gap, age-related biases, non-compliance with minimum wage policy, and wage theft. Additionally, economic factors comprise two key sub-themes, i.e., unpaid overtime and economic recessions and business conditions. Finally, psychological factors include two critical sub-themes, i.e., low self-confidence in salary negotiations and fear of being negatively labeled.

### Social and Organizational Factors

The social factors contributing to the underpayment experienced by the informants include gender wage gap, age-related biases, non-compliance with minimum wage policy, and wage theft. The following paragraphs will discuss such issues in detail.

1) *Gender wage gap*: The first social factor contributing to the problem of underpayment at ‘K’ Mart is the gender wage gap. An informant, called Dhia (pseudonym), explains how underpayment happens in their workplace because her employer is making a blanket assumption that all men can do heavy physical labor and all women cannot. Her narrative highlights this point as shown below:

*“I think that gender should not influence our wages. However, the reality at my workplace is different. Male employees are often paid more because the boss assumes they can perform heavy physical labor that women supposedly cannot. Despite holding the same job titles, the tasks are gendered. Male workers are assigned to lift heavy items and move supplies, while female workers are directed to counter service or dishwashing duties.”*

Dhia (pseudonym) also shared her perspective on how the gender wage gap occurred in her workplace, resulting in underpayment. She implied that female workers have limited opportunities to increase their salaries. She said:

*“Opportunities for salary increases are clearly limited for women. My boss consistently gives preference to male workers when distributing raises, justifying this by claiming men can handle heavier workloads.”*

This is supported by another informant, Cecilia (pseudonym), who also agreed that male workers are more likely to receive a salary increase. She said:

*“I have asked for a raise several times. Each time I ask, my boss gives a different excuse. Sometimes he says the business is not doing well; sometimes he says I should wait for sales to improve; and other times he says the cost of goods is high, so he cannot afford to give a raise. He gives all sorts of excuses. However, I have noticed that male employees who ask for a raise receive an adjustment more easily. Therefore, this appears to be an issue of gender.”*

The findings show that women tend to earn less than men, face barriers in career advancement, and receive lower returns from wage negotiations compared to men. Even when men and women negotiate wages equally, women benefit less from the same bargaining opportunities, suggesting disadvantages in negotiation outcomes or possible employer bias. This aligns with the studies conducted by Batra and Reio (2016), Aini (2022), and Ismail et al. (2017), which highlight a persistent gender wage gap across all categories.

2) *Age-related biases*: According to an informant named Elisyah (pseudonym), her employer preferred older employees, entrusting them with more responsibilities and offering them higher pay than younger staff. The following illustrates this issue in her narratives:

*“Usually, older workers are paid a bit more. There is one older employee who has been working for over 2 years; she is 30. She gets around MYR1,650. MYR150 more than me. Because she is experienced, good at handling difficult customers, and good at making sushi quickly and nicely.”*

Adding further depth to this idea, another informant, Dhia (pseudonym), shared her experience of not being promoted because her employer tends to trust older employees more. Her narratives are as follows:

*“I have observed that the boss places significantly more trust in older workers. They are given more responsibility and better positions within the shop hierarchy. I have never been promoted. The explanation is always that advancement requires mastering the ability to cook multiple dishes, but I suspect age plays a role in who gets training opportunities for those skills.”*

The findings show that age-related biases contribute to underpayment. Employers may unfairly assume that older or younger workers are less capable, less adaptable, or less productive, rather than recognizing the systemic barriers they face, such as limited opportunities for career advancement, insufficient training, or outdated workplace norms that disadvantage certain age groups. Such findings echo those of Drydakis et al. (2023) and Ramely et al. (2016), who noted that older workers, regardless of ethnicity, often offered lower-paid work than younger workers.

The present study's findings on age-related wage disparities constitute a substantive departure from the existing literature while simultaneously confirming the prevalence of age-based stratification in compensation structures. Consistent with prior empirical investigations by Drydakis et al. (2023) and Ramely et al. (2016), this study validates the existence of age-related biases as vital determinants of wage gaps within organizational settings. However, the directionality and manifestation of these biases diverge markedly from established findings in the extant literature, necessitating critical examination of conventional assumptions regarding age discrimination in labor markets.

While the literature predominantly documents systematic wage penalties imposed upon older workers, i.e., attributing such disparities to employer perceptions of diminished capability, reduced adaptability, and lower productivity (Drydakis et al., 2023; Ramely et al., 2016), the current study reveals a contrasting pattern wherein younger workers experience disproportionate wage suppression relative to their older counterparts. This divergence challenges prevailing conceptualizations of age discrimination that position older workers as the primary victims of compensatory inequity. The present findings demonstrate that younger employees receive systematically lower remuneration despite potentially equivalent or superior productivity levels, while older workers command wage premiums justified through accumulated experience and perceived organizational trustworthiness.

This inverse relationship suggests that the mechanisms underlying age-based wage differentiation may be more complex and context-dependent than previously theorized. Rather than reflecting blanket discriminatory practices against older workers, as documented in prior research, the current data indicate that employers deploy experience-based valuation frameworks that systematically privilege tenure and accumulated human capital over contemporaneous performance metrics. Older workers in this study benefited from enhanced compensation packages and increased promotional opportunities, outcomes that were directly attributable to employers' perceptions of reliability, institutional knowledge, and demonstrated competence. This further indicates that younger workers, despite possessing relevant qualifications and skills, have insufficient opportunity to establish themselves.

This contradiction reveals a critical limitation in the existing literature's conceptualization of age-related bias. While Drydakis et al. (2023) and Ramely et al. (2016) appropriately identified age as a salient factor in wage determination and documented discriminatory practices against older workers, their frameworks may not adequately account for organizational contexts in which experience and tenure are disproportionately valued, thereby inverting the typical age-wage penalty structure. The present findings suggest that age-based compensation disparities operate bidirectionally: older workers may face discrimination in hiring and certain labor market segments, while younger workers encounter systematic undervaluation within organizational hierarchies that prioritize seniority and accumulated experience over contemporary skill sets and educational credentials.

Furthermore, this study's findings problematize the assumption that age discrimination uniformly disadvantages older workers across all occupational and organizational contexts. The observed wage premiums

and promotional advantages accruing to older employees indicate that experience-based stratification, while superficially meritocratic, may constitute a distinct form of age-related inequity that systematically disadvantages younger workers. This pattern may reflect entrenched organizational norms that conflate longevity with competence, thereby perpetuating generational wage gaps that disadvantage early-career workers irrespective of their actual productivity or potential contributions.

In reconciling these contradictory findings, it becomes evident that age-related wage discrimination cannot be understood through a unidimensional framework. The divergence between this study's results and those of Drydak et al. (2023) and Ramely et al. (2016) underscores the necessity for context-specific analyses that account for industry characteristics, organizational culture, labor market conditions, and the relative valuation of experience versus innovation within specific employment sectors. The present findings thus contribute to a more comprehensive understanding of age-based stratification in compensation systems, revealing that the nature and direction of age-related biases may vary substantially across different organizational and economic contexts.

3) *Non-compliance with minimum wage policy*: All informants indicated that they remain underpaid despite the increase in the Malaysian minimum wage policy from MYR1,500 to MYR1,700. An informant, Dhia (pseudonym), acknowledged awareness of the minimum wage increase. However, she reported that her employer continued to pay her below the required rate. Her experience shows this clearly, as seen in the following narratives:

*"I have heard that the government raised the minimum wage to MYR1,700. However, my salary remains at MYR1,500 below the legal minimum. I am currently earning MYR200 less than the legal minimum wage. I considered asking my boss to comply with the law and raise my salary to MYR1,700, but when I brought it up, he accused me of complaining too much. I became frightened that pushing the issue would result in termination, so I dropped it."*

In support of Dhia's (pseudonym) claim, another informant, Cecilia (pseudonym), provided her perspective, saying that her employer does not want to increase the salary because he cannot afford to pay. This is evident in her narratives as follows:

*"My salary is only MYR1,500, whereas the minimum wage is MYR1,700. I have told my boss about this. I said the government has set the minimum wage at MYR1,700. But the boss said it is a small shop and he cannot afford to pay that much. He said the cost of goods has increased, sales are not good, and there is a lot of competition. He gives all sorts of excuses. In the end, he said, if I am not satisfied, I can find another job. So, I have to accept it even though I know it is wrong."*

Another informant, Elisyah (pseudonym), reflected a similar pattern, stating that her employer also underpaid her. However, she was afraid to confront them about it. She shared:

*"I have heard about that. The government has set the minimum wage at MYR1,700. I read it in the online news. My salary is MYR1,500, which is MYR200 below the minimum wage. I wanted to talk to the manager about this, but I am afraid I will get scolded or, worse, fired. I have only been working for 5 months, and I am not stable yet. If I get fired, it is hard to find a new job."*

The present study reveals that all informants' employers failed to comply with Malaysia's minimum wage requirement of MYR 1,700, a finding that strongly supports previous research on wage policy enforcement problems. This complete lack of compliance is consistent with the findings of Senasi et al. (2021), who identified widespread violations of minimum wage laws in Malaysia's E&E sector, where employers continued to pay below legal standards despite clear regulations. Similarly, Amiq et al. (2019) showed that employers in Indonesia often circumvent minimum wage requirements by relocating their businesses to areas with lower wage regulations. However, the current study reveals an even more serious problem: rather than seeking to avoid the law by relocating, employers in this study simply ignored the minimum wage law entirely. This suggests that there may be gaps in the enforcement system, and employers may perceive limited risks associated with non-compliance. While previous studies reported varying levels of compliance among

employers, this study found that all employers paid workers below the statutory minimum wage of MYR 1,700, indicating significant challenges in implementing and monitoring minimum wage regulations that warrant further attention and improvement.

This pattern of non-compliance poses challenges to achieving the main purpose of minimum wage policy, i.e., protecting workers from unfair pay and ensuring they can afford basic living costs. As Schaal (2022) explained in the United States context, minimum wage laws require effective enforcement mechanisms to achieve their intended outcomes. When employers fail to adhere to established minimum wage standards, the policy's effectiveness in improving worker welfare may be diminished. The findings align with observations by Senasi et al. (2021), who noted that enacting minimum wage legislation represents an important first step, though its success depends on complementary implementation measures. Effective monitoring systems, workplace inspections, and appropriate sanctions for violations are essential components that support policy objectives and help translate statutory provisions into practical worker protections. The observation that all employers in this study paid below the legal minimum wage of MYR 1,700 suggests considerable room to strengthen enforcement mechanisms and enhance compliance monitoring to better realize the protective intentions of minimum wage legislation and improve the economic well-being of affected workers.

4) *Wage theft*: An informant, Dhia (pseudonym), reported that her employer failed to pay her the full salary she was accustomed to receiving on one occasion. She explained that despite working the same number of hours and fulfilling her regular duties, she earned less than she typically did. When she questioned her employer about the deduction, her employer replied that the number of customers was lower that month, which affected the business's overall income. The following illustrates this in her narratives:

*“On one occasion, my employer paid me only MYR1,300 for a month. His justification was that the number of customers at our shop had been low, so he had to reduce my wages. There was no negotiation; he simply paid less than my usual salary.”*

Adding further depth to this issue, another informant, Cecilia (pseudonym), reported feeling threatened whenever she requests a pay raise. She described her employer as often defensive, creating a tense, uncomfortable atmosphere. As a result, Cecilia (pseudonym) feels fearful and insecure, worrying that her request might jeopardize her employment.

*“Yes, I did feel threatened. When I ask about a pay raise, the boss becomes defensive. He will list all the shop's problems and discuss low sales and high costs. Then he will hint that if I am not satisfied, I can find another job. That really makes me feel scared. I'm afraid that if I push too hard, he will terminate me. So, I have to be careful when raising this salary issue.”*

The findings from this study strongly support Hallett's (2018) argument that employers deliberately break wage laws because they calculate that the benefits outweigh the risks. For instance, employers paid workers only MYR1,300 even though they knew the actual salary should be MYR1,500, which was below the legal minimum wage of MYR1,700. This shows employers making a conscious choice to underpay workers. The employer's justification that customer numbers are low mirrors Hallett's (2018) explanation that employers weigh costs against benefits and choose wage theft when it saves them money. However, these current findings add important context that Hallett (2018) does not fully address: employers provide excuses to make their illegal behavior seem reasonable or unavoidable, even when these justifications do not legally excuse them from paying proper wages. This suggests wage theft is not just about calculating risks and rewards, but also about employers creating narratives that normalize their violations and make workers feel they must accept unfair treatment.

This study also confirms Barclay et al.'s (2024) observation that low-wage workers are particularly vulnerable to falling below the poverty line when employers fail to pay the minimum wage. The informants receiving MYR1,300 (MYR400 below the legal minimum) would struggle significantly to meet basic living costs, which aligns with Barclay et al.'s (2024) findings on the poverty impacts of wage theft. Furthermore, the research provides evidence for their claim that some companies circumvent wage rules through deliberate practices. The progression from the legal minimum (MYR1,700) to an underpaid salary (MYR1,500) to the actual payment

(MYR1,300) shows a systematic wage reduction rather than simple non-compliance. This pattern reveals how employers use business conditions, such as low customer numbers, as ongoing justifications for illegal underpayment, which helps explain Barclay et al.'s (2024) finding that minimum wage violations can increase even after wage laws are strengthened because employers actively develop strategies to avoid compliance.

### **Economic Factors**

The economic factors contributing to the underpayment experienced by the informants include unpaid overtime, and economic recessions and business conditions. The following paragraphs will discuss such issues in detail.

1) *Unpaid overtime*: Underpayment occurs when employers fail to comply with labor regulations, resulting in employees being paid less than they are entitled to. An informant named Dhia (pseudonym) reported being often burdened by a heavy workload and consistently required to work beyond her designated hours without being paid for her overtime, claiming it was merely a form of assistance. In relation to this, she said:

*"I work extremely hard and perform diverse tasks. I consistently work beyond my scheduled hours, often not leaving until 10 PM because I help to close the shop. Despite the additional work and late hours, I receive no extra payment. When I questioned this, my employer claimed the overtime was voluntary help rather than compensable work. I stopped asking because I feared being fired. Finding another job would be extremely difficult."*

Building on this point, another informant, Cecilia (pseudonym), explained that her employer also never paid for overtime work and that she did not report it to the authorities because she was afraid her employer would fire her. She shared:

*"Sometimes there is a little bit of overtime, especially during busy weekends or festive seasons. But the boss never pays for overtime. He says that is how it is in the food and beverage industry. Sometimes I have to work a bit longer. There is no extra payment at all. It really affects me because I am tired from working extra hours, but I do not get anything extra for it. I am actually scared. I am afraid that if I report it, the boss will find out and terminate me. I am far from my hometown and have no backup. It would be difficult if I lost my job. I have considered reporting this to the Labor Department, but I am still hesitant. I am afraid of the impact it would have on my job."*

Another informant, Elisyah (pseudonym), claimed that she did not realize the extra hours she worked qualified as overtime because she worked 12 hours a day, and her employer insisted that it was just her regular shift. Her experience shows this clearly, as seen in the following:

*"My shift is 9:30 AM to 9:30 PM. That is already 12 hours. I work 12 hours a day, 6 days a week. That is 72 hours per week. Normal work should be 8 hours, right? The extra 4 hours should be considered overtime. But on the pay slip, there is no overtime payment. Salary stays at MYR1,500 per month. When I asked the manager, he said this is the work shift, not overtime. It is tiring working long hours like this. My feet hurt from standing. My hands hurt from making sushi. I once had to manage the shop alone when the manager was on leave, and the older employees were on medical leave. I had to make sushi, take orders, accept payments, clean everything, and close the shop. I did everything by myself. I was so tired that day. I got home after 10 PM. But the salary stayed the same, MYR1,500. No bonus, no allowance, nothing!"*

The findings of this study align closely with those of Yotwilai (2025) and Arun and Olsen (2023) in demonstrating how employers avoid paying overtime. Similar to Yotwilai's (2025) research on Malaysian migrant workers who worked excessive hours but received wages below what was promised, the present study reveals that employers use specific tactics during busy periods and festive seasons to secure free labor from workers. However, the current study adds an important detail that the previous literature does not fully explain: employers actively reframe overtime work as "voluntary" or as part of normal shifts, even when it clearly is not. This language manipulation is a deliberate strategy that makes workers feel they cannot refuse or demand payment, which goes beyond the contract violations and wage theft documented in Yotwilai's (2025) work.

While Yotwilai (2025) focused on how workers received less pay than their contracts stated, the present study findings show how employers prevent overtime from even being recognized as work that deserves payment in the first place.

This comparison strengthens Arun and Olsen's (2023) argument that underpayment is part of broader patterns of exploitation rather than a simple mistake or oversight. The current study provides concrete evidence that employers deliberately create situations in which workers perform unpaid overtime by normalizing it or framing it as a voluntary choice, thereby removing the employer's legal obligation to pay. This is particularly effective during weekends and festive seasons when workers may feel social pressure to help or fear losing their jobs if they refuse. As in the vulnerable populations of both previous studies, the informants likely lacked the power to challenge these employer tactics. The findings thus reveal a specific mechanism of exploitation (the strategic renaming and normalization of overtime) that helps explain how the systematic underpayment documented by Yotwilai (2025) and the exploitative work regimes analyzed by Arun and Olsen (2023) actually operate in everyday workplace situations.

2) *Economic recessions and business conditions*: An informant named Elisyah (pseudonym) shared her observation that one of her co-workers requested a salary increase, but the employer responded with an excuse, claiming that the store's performance had declined during the fasting month. Her narratives highlight this point as shown below:

*"I heard from my co-worker, who has worked quite a long time at the shop, that she asked for a raise after a year, but the boss rejected it. He said sales that month were not good because there were fewer customers, resulting in lower profits. So, he could not raise the workers' salaries. Even though it was during the fasting month, there were naturally fewer customers. But other months with lots of customers, the salary still did not increase."*

Elisyah (pseudonym) further explained that she believed the employer's justification was only an excuse, as she had personally observed a high number of customers purchasing sushi from the store during that period. She said:

*"I think that is just an excuse. Because I see this shop has lots of customers every day. Our sushi sells well, with long queues during lunch hour and dinner. If business is really bad, there would not be many customers like this. I think my employer just does not want to pay more and wants to keep the profits for himself. Workers like us are not given a fair salary."*

Informant Cecilia (pseudonym) supported Elisyah's (pseudonym) statement by adding that her employer frequently cited economic challenges as the reason for being unable to increase employees' salaries. She implied:

*"The boss always uses the excuse of a difficult economy to justify why he cannot raise salaries. He will say that the price of goods has gone up, that there are fewer customers, and that there is a lot of competition. He uses all these reasons to not raise our salaries. But I can see the shop is still doing okay, there are still many customers, and business is still running. So, I feel he is just using the economy as an excuse to avoid paying a proper salary."*

The findings from the present study provide strong evidence that directly challenge some assumptions in Clemens and Wither's (2014) research while revealing important employer behaviors they did not fully examine. Clemens and Wither (2014) argued that during economic difficulties, businesses genuinely struggle to afford higher wages and may reduce employment or cut worker income as a survival response. However, the current study reveals a different reality, i.e., employers cite economic hardship and low customer numbers as justification for refusing salary increases, yet workers observe that businesses are actually doing well, with long queues and consistent customer flow. This suggests that at least some employers use economic conditions as convenient excuses rather than genuine reasons for underpaying workers. While Clemens and Wither (2014) focused on legitimate business struggles during the Great Recession, the present study reveals that employers may manipulate narratives of economic difficulty even when their businesses remain profitable, representing

deliberate exploitation rather than economic necessity.

The current study also contributes important insights to Ibrahim and Putit's (2021) findings on how businesses respond to economic challenges. Ibrahim and Putit (2021) found that small and medium-sized companies in Malaysia adapted well during the global financial crisis and even increased productivity, suggesting these businesses can manage economic difficulties effectively. The present research supports this by showing that their shops and similar small businesses continue to operate successfully and serve many customers, despite employers' claims of economic hardship. This contradicts employer justifications that economic conditions prevent them from paying fair wages. If small businesses can maintain productivity and adapt during actual economic crises, as Ibrahim and Putit (2021) found, then the employers in the current study clearly have the capacity to pay proper wages but choose not to. The present findings reveal a gap between what employers claim about their economic constraints and the actual business performance workers observe, suggesting that underpayment often stems from employer greed and deliberate wage suppression rather than from a genuine inability to pay, even in small businesses that Ibrahim and Putit (2021) showed were resilient and adaptable.

### Psychological Factors

The psychological factors contributing to the informants' underpayment include low self-confidence in salary negotiations and fear of being negatively labeled. The following paragraphs will discuss such issues in detail.

1) *Low self-confidence in salary negotiations:* An informant named Elisyah (pseudonym) explained that she lacked the confidence to negotiate for a higher salary during her interview. As a result, when the employer offered her MYR 1,500, she accepted without hesitation. She later reflected that she now regrets accepting the offer without negotiation, as she feels that she should have asked for more. Her narrative highlights this point as shown below:

*"From the beginning, during the interview, my employer asked me how much salary I wanted. I said, "It's up to you, sir, whatever's appropriate." I did not dare ask for much because I was afraid that he would reject me right away or not hire me. Then he offered MYR1,500, and I immediately agreed. If at that time I had been a bit firmer and asked for MYR1,700, in line with the minimum wage, maybe I would have gotten it. But it is too late now."*

Further, an informant named Cecilia (pseudonym) reported a similar experience, noting that she lacked the confidence to request a salary increase. She explained that whenever she attempted to discuss the matter, her employer would respond with various excuses to avoid addressing her request. As a result, she felt the need to be extremely cautious when initiating any salary-related conversation. Her experience shows this clearly, as seen in the following narratives:

*"My salary is indeed low because I am not brave enough to push harder and am not confident. Every time I try to raise the issue of salary or benefits, the boss becomes defensive and starts giving all sorts of excuses. Then he will hint that if I do not like my job, I can leave. So, it is scary to confront him too much. I have to approach the topic carefully when I want to discuss it. There are no trust and openness in communication regarding salary."*

The findings from the present study align closely with prior literature on the role of low self-confidence among employees, while also illustrating context-specific subtleties in the Malaysian labor market. The narratives of informants such as Elisyah (pseudonym) and Cecilia (pseudonym) vividly demonstrate how diminished self-confidence deters women from initiating or persisting in salary negotiations, leading to acceptance of suboptimal offers at career entry and stagnation in subsequent pay discussions. Elisyah's (pseudonym) reluctance to specify a desired salary during her interview, opting instead to defer to the employer's judgment out of fear of rejection, led her to accept MYR1,500 without a counteroffer, a decision she later regretted as inconsistent with even minimum wage standards. Similarly, Cecilia (pseudonym) described a pattern of cautious, indirect approaches to salary discussions, compounded by her employer's defensive responses and implicit threats, which reinforced her lack of confidence and perpetuated low pay due to the absence of open communication.

These personal accounts provide empirical support for the mechanisms identified in earlier studies. Kiessling et al. (2024) documented that, among German university students, women's lower self-confidence manifests in intentions to use fewer assertive ("bold") negotiation strategies, which directly translate into lower expected asking and reservation wages and contribute to anticipated gender gaps that mirror real-world lifetime earnings disparities. The current informants' experiences extend this pattern to actual post-graduation outcomes in a Malaysian context, where fear of immediate rejection or job loss similarly suppresses negotiation propensity at the outset, underscoring self-confidence as a critical behavioral driver of initial salary shortfalls that compound over time.

Vaghefi (2018) similarly emphasized that, despite Malaysia's relatively narrow overall gender pay gap in aggregate statistics, women's lower confidence and reduced likelihood of negotiating, particularly at job entry, result in persistently lower compensation, exacerbated by social penalties where assertive women risk being labeled "pushy" while men's equivalent behavior is viewed positively. The informants' stories resonate strongly here, such as Elisyah's (pseudonym) passive response and Cecilia's (pseudonym) fear of confrontation, which echo the negotiation avoidance and perceived backlash risks highlighted by Vaghefi (2018), illustrating how cultural and interpersonal dynamics in Malaysian workplaces amplify the confidence deficit and discourage bold requests.

While the prior literature largely draws on large-scale survey data from student expectations (Kiessling et al., 2024) or secondary analyses of national reports (Vaghefi, 2018), the present qualitative evidence offers grounded, lived illustrations of these processes among working women in Malaysia. This convergence strengthens the argument that low self-confidence is not merely anticipatory but actively shapes real negotiation behaviors and outcomes, often in interaction with employer responses and societal norms that disproportionately penalize women's assertiveness.

2) *Fear of being negatively labeled:* An informant named Dhia (pseudonym) explained that she refrains from requesting a salary increase out of fear of being perceived as ungrateful. She further indicated that her employer displays clear discomfort and disapproval whenever salary-related matters are mentioned. She said:

*"One major reason I do not ask for increases is the fear that the management will accuse me of being ungrateful. It is our cultural expectation that we should be thankful for any employment that silences legitimate requests for fair compensation. The boss clearly dislikes any salary discussions. When I have asked simple questions, like when we will be paid at the end of the month, the boss responds sarcastically. This creates an atmosphere where asking about earned wages is treated as inappropriate."*

This observation was further reinforced by another informant, Elisyah (pseudonym), who expressed concern that requesting a higher salary might lead her employer to perceive her as materialistic or solely motivated by financial gain. This is demonstrated in her story as follows:

*"I am afraid my employer will judge me as materialistic, as if I only care about money and not about the work. I also worry that he might think I am too demanding for asking too much. I am scared that he will mark me and look at me differently. So, I just stay quiet and accept whatever is given to me. I do my work properly and hope that one day he will raise my salary on his own, without me having to ask."*

Another informant, Cecilia (pseudonym), further contributed to this observation by explaining that she feared her employer might perceive her negatively, such as labeling her as demanding or greedy, which she believed could jeopardize her career progression. She also reported that her employer frequently reminded her to be grateful for her job, highlighting that many others were unemployed. She said:

*"I am afraid the boss will label me as demanding, ungrateful, or greedy. I am afraid he will see me in a negative light, and it will affect my career here. So sometimes I just keep my frustration to myself and do not voice it, even though I feel very dissatisfied with my salary. The boss always reminds me that he gave me a job, a place to earn a living. He will say that many people are unemployed now, and I should be grateful to have a steady job. So, when he says things like that, I feel guilty if I want to complain about my salary."*

The findings from the present study strongly corroborate and extend the mechanisms of fear of negative labeling identified in prior literature on salary negotiation barriers, particularly in culturally embedded contexts like Malaysia, where such apprehensions are amplified by norms of gratitude, deference, and collectivism. For instance, informants such as Dhia, Elisyah, and Cecilia (pseudonyms) consistently described refraining from salary requests or discussions due to anticipated negative perceptions from employers (being labeled as ungrateful, materialistic, demanding, greedy, or overly focused on money), which they believed could damage interpersonal relations, invite sarcasm or disapproval, and hinder career progression. Dhia's (pseudonym) account highlights a culturally reinforced expectation of thankfulness for employment that suppresses legitimate compensation claims, with employers responding to even routine pay inquiries with discomfort or sarcasm, thereby creating an inhospitable atmosphere for negotiation. Elisyah's (pseudonym) fear of being judged as materialistic or too demanding led her to passively accept offered wages in hopes of future unsolicited raises, while Cecilia (pseudonym) internalized guilt from repeated employer reminders to be grateful amid high unemployment, choosing silence over voicing dissatisfaction to avoid jeopardizing her standing.

These lived experiences align closely with the psychological and social deterrents documented earlier. Sukhova (2020) illustrated how manipulative management cultures in Russian workplaces foster internalized blame and tolerance of underpayment, such that employees who challenge salary gaps risk stigmatization as pushy or dissatisfied, thereby exacerbating fear and negotiation avoidance. The Malaysian informants' narratives parallel this dynamic but ground it in local cultural norms of gratitude and hierarchical deference, where voicing wage concerns is framed as ingratitude rather than mere assertiveness, and employer sarcasm or reminders of job scarcity serve as subtle or overt mechanisms of control that reinforce silence.

Similarly, Ibrahim and Razali (2023) emphasized structural fears among foreign workers, such as job loss, passport retention, or deportation, that prevent salary assertions, often intertwined with precarious status. While the present informants are presumably local Malaysian women rather than migrants, their accounts reveal analogous relational fears, i.e., the dread of negative labeling functions as a socio-cultural equivalent to legal precarity, deterring negotiation through anticipated reputational damage and relational fallout rather than explicit threats of expulsion. In both cases, fear operates as a powerful inhibitor, but the current findings highlight a distinctly cultural dimension in Malaysia, where gratitude norms and employer paternalism (e.g., framing employment as a favor) intensify the stigma attached to assertiveness, particularly for women who may already face gendered expectations of modesty and accommodation.

In contrast to the more systemic or power-imbalance-focused explanations in Sukhova (2021) and Ibrahim and Razali (2023), which draw on large-scale surveys or secondary data, the present findings provide first-hand illustrations of how fear of being negatively labeled manifests in everyday workplace interactions among Malaysian women. This convergence across studies underscores that such fear is a multifaceted barrier, such as psychological (internalized guilt), interpersonal (anticipated disapproval), and cultural (norms of thankfulness), that consistently suppresses negotiation propensity and perpetuates gender-based pay inequities. These findings thus enrich the literature by demonstrating the interplay between universal negotiation backlash risks and context-specific cultural expectations in Malaysia, suggesting that interventions must address not only skill-building but also efforts to normalize assertive wage discussions and challenge gratitude-based silencing in organizational cultures.

## CONCLUSION

In relation to the objective, this study identified specific factors that cause underpayment among employees at 'K' Mart in Johor, Malaysia. Underpayment is not merely a financial discrepancy but a structural and organizational issue with significant implications for employee job satisfaction, workforce stability, and institutional performance. Moreover, it also highlights the centrality of fair and transparent compensation systems in fostering trust, motivation, and sustained employee engagement.

A comprehensive and proactive compensation strategy encompasses transparent pay structures, performance-linked remuneration systems, and holistic total rewards packages. This study positions equitable compensation as a strategic organizational priority rather than an administrative afterthought. Such measures not only

mitigate perceptions of inequity but also strengthen organizational commitment and productivity, thereby fostering environments conducive to improved research and professional outcomes.

At the same time, this study acknowledges the methodological and contextual limitations that shape its scope and interpretive reach. Reliance on a small, gender-specific sample within a single organizational and geographic setting limits the generalizability of the findings. The qualitative design, while valuable for capturing lived experiences, does not allow precise measurement of the broader structural impact of underpayment. Additionally, the topic's sensitivity may have influenced the depth of informants' disclosures. These limitations, however, do not diminish the relevance of the findings; rather, they illuminate critical avenues for further scholarly inquiry.

Future research should expand the empirical base by using larger, more diverse samples, integrating mixed-methods designs, and conducting comparative analyses across industries, sectors, and cultural contexts. Longitudinal and policy-oriented investigations are particularly necessary to assess the sustained impact of compensation reforms and enforcement mechanisms. By bridging organizational practice and rigorous empirical research, subsequent studies can deepen understanding of underpayment dynamics and contribute to the development of equitable, evidence-based compensation frameworks. Ultimately, addressing underpayment is integral to advancing workplace justice, enhancing employee well-being, and strengthening organizational resilience in an increasingly competitive and knowledge-driven economy.

## RECOMMENDATION

Within the framework of this study, various recommendations can be offered to organizations and future researchers. These advised steps can improve employees' job satisfaction while also minimizing underpayment, thereby fostering a culture that encourages better research outcomes. Organizations should adopt comprehensive, proactive compensation strategies to address underpayment and its detrimental effects on workforce stability, productivity, and overall organizational performance. Organizations should establish transparent pay structures that clearly communicate how compensation decisions are made, incorporating factors such as experience, qualifications, performance metrics, and market conditions, thereby reducing perceptions of inequity and fostering trust between management and employees. Additionally, management should implement robust performance appraisal systems that directly link compensation to measurable outcomes and contributions, ensuring that high-performing employees receive appropriate financial recognition for their efforts. Beyond base salary considerations, organizations should develop comprehensive total rewards packages that include non-monetary benefits such as flexible working arrangements, professional development opportunities, health and wellness programs, and career advancement pathways, recognizing that holistic compensation approaches address diverse employee needs and preferences.

Future research should broaden the scope of this study by incorporating a larger and more diverse sample to better represent the wide range of experiences related to underpayment. Employing a mixed-methods approach that integrates qualitative and quantitative data would enable a more holistic understanding of the issue, allowing researchers to measure the extent of underpayment's effects while also capturing detailed personal insights. Comparative research across different industries, cultural contexts, and geographical regions is also encouraged to identify common trends and context-specific challenges. Furthermore, future studies could examine the long-term outcomes of policy compliance initiatives and investigate innovative approaches to strengthening policy and legal enforcement among management and employers.

## Limitation

The limitations of this study are largely tied to its research design and contextual boundaries. To begin with, the small number of informants limits the range of perspectives captured, so the findings may not reflect the full spectrum of experiences of being underpaid. Additionally, the interviews were limited to female informants, as only women were identified as being underpaid in the selected organization. This gender-specific sample further narrows the generalizability of the results and may overlook underpayment experiences among other groups. This constraint also reduces the extent to which the results can be applied to wider populations or different organizational environments. Although qualitative data provided valuable insights, it

did not enable a precise measurement of the overall impact of underpayment. The study also encountered difficulties in obtaining open disclosure from participants due to the sensitive nature of the topic, which may have affected the richness and accuracy of the information gathered. Furthermore, the research was conducted within a single organization and geographic area, limiting its ability to reflect variations in underpayment practices across other sectors or cultural contexts. Future research should involve larger, more diverse samples, incorporate quantitative approaches to strengthen the reliability of the results, and examine multiple settings to offer a more comprehensive understanding of the underpayment problem.

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