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(IJMOE)**www.gaexcellence.com/ijmoe**DETERMINANTS OF EMPLOYEE PERFORMANCE IN
PRIVATE HIGHER EDUCATION INSTITUTIONS (PHEIS)
IN MALAYSIA AND EMPLOYEE ENGAGEMENT AS
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Mui, I. Y. L., Osman, Z., & Ing, A. Y. I. (2026). Determinants Of Employee Performance in Private Higher Education Institutions (PHEIS) In Malaysia and Employee Engagement as Mediator. *International Journal of Modern Education*, 8(30), 227-237.

Abstract:

This study investigates the determinants of employee performance in private higher education institutions in Malaysia, with a particular focus on the mediating role of employee engagement. Guided by Social Identity Theory, the research explores how various organizational factors—workload, training and development, leadership support, compensation fairness, and job autonomy—affect employee engagement and, subsequently, employee performance. Using a quantitative research approach, data will be collected from employees across multiple private higher education institutions in Malaysia using PLS-SEM (Partial Least Square Structural Equation Modeling). This study will offer theoretical contributions and practical contributions for higher education administrators aiming to improve workforce productivity and organizational effectiveness through targeted human resource strategies.

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Compensation Fairness, Employee Engagement, Employee Performance, Job Autonomy, Leadership Support, Training and Development, Workload



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Introduction

This paper is devoted to the factors that influence the performance of employees in the Malaysian institutions of higher education in the private sector (PHEIs), with an accent on employee engagement as one of the mediators. The Malaysian higher education has shifted to the diversification system to include a considerable involvement of the private sector (MOHE, 2022). The growth of PHEIs has been very intense owing to the favourable policies and legislative frameworks such as the Private Higher Educational Institutions Act 1996 and currently has over 500 institutions with more than 420,000 students (MQA, 2023). They now constitute approximately 40% of the enrolments in higher education, where they compete on a national and international scale on quality standards, accreditation and branding strategies (Chin and Lee, 2021).

The expansion of the sector is in line with other strategic objectives of Malaysia, including the development of Malaysia into an educational destination, and economic development (MOHE, 2015). The problem with this fast growth however is that it poses some challenges especially in the human resource management (HRM). The quality of performance by employees (faculty, staff, and management) is critical to maintaining quality, research output, and competitiveness of the institution (Yusoff et al., 2023). Workload, training, leadership, compensation, and autonomy are the areas that influence performance factors and directly affect engagement and productivity.

Evolution & Current Landscape

Traditionally, the Malaysian higher education used to be controlled by state colleges such as UM and UKM (Chin and Lee, 2021). The growth of the private institutions started to pick up in the 1990s and is now regulated by the 1996 Act and has then grown to be diversified since, where the Malaysian education blueprint 2015-2025 underlines their strategic value (MOHE, 2015). Nowadays, PHEIs are highly competitive to keep attracting students using quality accreditation, research and international connections (Chin & Lee, 2021).

Some of the pressures of the sector that occur after the pandemic are decreased enrollments, scarce resources, and insufficient faculty (PwC Malaysia, 2021). It has been reported to have high faculty turnover (20-30) because of workload, compensation differences, and burnout,

which impact the research productivity and student satisfaction (Lee, 2023). The 2025 audits of the Ministry have revealed a drop of 12% in research output, 65% student satisfaction (compared to 78% in publicly owned universities), which was fueled by administrative workload and financial uncertainty (MOHE, 2025).

Significance of Employee Performance

The workers are also invaluable resources in PHEIs as they determine the quality of teaching, research, and reputation of the institution (Ng & Tan, 2021). Senior involvement by faculty and staff improves the level of innovation, service provision, as well as competitiveness whereas lack of involvement creates poor performance, staff defection, and financial stabilities.

The efficacy of teaching, research productivity, administrative efficacy, and community engagement are the components of employee performance (Yusoff et al., 2023). Engagement factors are workload, training, leadership, and compensation which, in turn, affect performance (Alonso et al., 2025). Engagement in the Malaysian competitiveness environment is a mediator of the relationship between Hr practices and performance results which conforms to the Social Exchange Theory (SET).

Challenges in Malaysian PHEIs

The post-pandemic recovery indicated such problems as workload, pressure of the research, and lack of resources. The rate of faculty attrition is elevated, and 20-30% plan to leave because of pressure at work, salary problems, and unsupportive environment (Lee, 2023). Faculty report emotional exhaustion, as it reduces performance, and this report is overloaded (Saad et al., 2022). The lack of training and development also negatively affects employee growth (Lee, 2023). The other important factors are compensation and autonomy which determine levels of engagement (Fraij, 2025).

Research Questions

The research investigates the connections and intermediating relationships between variables:

- What is the relationship between workload, training, leadership, compensation and autonomy with employee engagement and performance?
- Is employee engagement a mediating factor?

Research Objectives

To examine determinants of employee performance in Malaysian PHEIs, with focus on engagement as a mediator.

Significance of the Study

The knowledge of HR determinants and engagement can be used to make PHEIs more effective in terms of performance, talent retention, and quality of education. The research is also scholarly by employing such theories as SET and Job Demands-Resources model (Bakker and Demerouti, 2017) and pragmatic as it educates HR practices in order to achieve the engagement and increase the sustainability of the institution (Shah et al., 2023).

Limitations And Future Directions

The cross-sectional design, which does not allow causal assertions, and concentration on Malaysia, which hinders generalizability, are limitations. Future studies might either take a longitudinal design or could study other variables such as organizational culture, or could compare public and private institutions.

Literature Review

Theoretical Foundations

This study is based on the Social Exchange Theory (SET) which assumes that employment relationships are established on the system of mutual, reciprocal exchanges. Employees who receive such support, which is fair and has growth opportunities, see such as high-value gifts or investments in their well-being (Cropanzano et al., 2023). This makes people feel a social debt, but the reciprocity mechanism is not limited to indebtedness. When employees are in receipt of such benefits, they start identifying themselves more with the organization, internalizing the organizational objectives as their own. The result of this increased organizational identification is greater employee engagement, as the individual becomes emotionally and cognitively engaged in his or her job. This intense involvement is then converted to high job performance and discretionary effort as the employee aims to repay the support the organization has given him through high-quality contributions. By connecting these antecedents with performance through engagement, SET describes how a favorable work environment can change the duty to performance into a self-directed pursuit of organizational success.

The Dependent Variable: Employee Performance

Higher education employee performance is a multidimensional concept that includes task performance, including teaching and research, and contextual performance including mentoring and innovation (Wattoo et al., 2021). It is important to ensure high performance to maintain high reputation of the institution and also competitiveness in the world. Performance, in the context of SET is considered to be a mutual practice based on the perception of organizational support and quality of relationships. According to recent empirical evidence, engagement plays a crucial role as a mediator between HR practices and performance outcomes; when faculty members feel that they are valued and treated equally, they demonstrate more productivity and commitment to institutional goals (Raja et al., 2021).

Independent Variables and their Relationship with Employee Performance

The major antecedent and demand in this research is workload. High work loads in the private higher education are usually due to understaffing as well as high competition. JD-R theory concurs that, physical and psychological resources are drained due to overwhelming demands thereby resulting into burnout. Recent research conducted by Mazzola and Disselhorst (2023) validates the claim that high workloads have adverse effects on engagement since the employees do not have the required vigor to work above the minimum requirements. It is therefore hypothesized that there is a negative relationship between workload and engagement as well as performance.

Training and development are investments of human capital in organisations. These programs are considered to be the forms of social gifts under SET which indicate the willingness of the organization to the employee (Gorgenyi-Hegyey et al., 2021). Studies also show that training enhances mastery of tasks as well as creates a psychological connection that also enhances discretionary effort. It is therefore postulated that training and development positively influence engagement and performance.

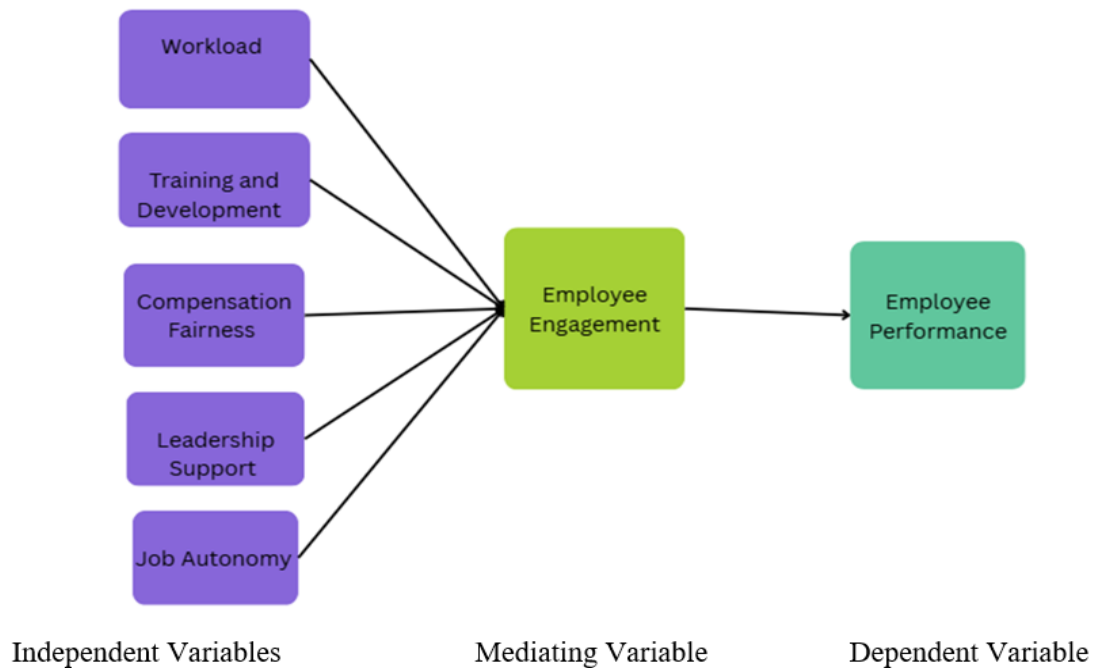
The level of guidance and socio-emotional support given by supervisors is the leadership support, namely the quality of Leader-Member Exchange (LMX). High-quality LMX leads to the generation of psychological safety and trust (Vander Elst et al., 2024). This kind of support is a crucial tool that motivates the employees to be engrossed in what they are doing. Empirical evidence indicates that positive leadership has a direct positive increase in performance through availing the resources to overcome complicated academic tasks.

Compensation fairness is the perceived equity of rewards such as salary, recognition. Ahmad et al. (2022) believe that the views of distributive and procedural justice are crucial to developing organizational trust. Although equitable rewards enhance motivation, equity obstructs performance and withdrawal tendencies. Lastly, job autonomy gives the employees control regarding their working procedures. Sjöblom et al. (2022) discovered that autonomy is an extremely vital resource in academia that enables innovation and gives faculty members the chance to design their positions to reduce the stress of work overload.

Employee Engagement as Mediator

The psychological intermediary between job resources and performance is employee engagement, which is vigorous, dedicated, and absorbed. The existing literature suggests that organizational resources such as support, fairness, and autonomy induce an engaged state, which results in the long-term sustainability of the organization (Raja et al., 2021). Since engagement converts organizational inputs into productive outputs, it is expected that, employee engagement mediates the connections among workload, training, leadership support, fairness of compensation, autonomy, and the overall performance of employees.

Conceptual Framework



Source: Developed for Research

Research Gaps

Although an increasing amount of literature has been created on HR practices and organizational outcomes, there are still some important gaps that have not been addressed. To begin with, there is a significant lack of industry-specific studies which would concentrate on the specifics of the Malaysian context of the industry in question. The vast majority of the extant research is generalized on the findings of a wide range of sectors, without taking into consideration the specific contextual factors and operational pressures of the sphere of private academia.

Second, there is a major methodological as well as conceptual gap with respect to the way that HR practices can mediate performance. Even though individual antecedents are often viewed as separate, mediation-oriented models that involve employee engagement in the central position are minimal. In particular, earlier studies have mostly not analysed the mediating value of engagement in the particular relationship between multifaceted HR antecedents and performance in the education sector.

Furthermore, the literature suggests that the direct impacts of HR practices to performance have some inconsistent findings indicating that the relationship between the two is more complex than it is currently. Most of the current research is based on cross-sectional data and therefore, it is not possible to develop solid causal relationships. It is therefore clear that there is a need to conduct research that applies good theoretical backgrounds e.g., Social Exchange Theory (SET) and Job Demands-Resources (JD-R) Theory in explaining these inconsistencies.

The proposed research plugs these gaps by explicitly modeling the interaction between workload, training and development, leadership support, fairness and autonomy and their combined effect on employee performance through the mediating variable of engagement.

Research Methodology

Research Design

A deductive design is a quantitative approach, which is utilized due to the ability to measure particular constructs, including workload and engagement, in a big sample of staff. This methodology will correspond with previous literature (Alonso et al., 2025) and will help to test the associations based on JD-R and SET. The cross-sectional survey is appropriate to capture data at the one point, which is appropriate to evaluate the issues of sector-wide performance in 2021-2025, and SEM can be used to investigate the direct and mediated effects.

Population and Sampling

The target population is academic and administrative employees of all Malaysian PHEIs registered by MQA, which are more than 500 institutions and 1.2 million employees. It is centered on the individuals in the best universities in Klang Valley including Taylor's, UCSI, Sunway, APU, and UTAR, who are sampled, based on their high population density and representativeness of the sector. To achieve diversity, stratified random sampling is used to proportionately distribute the role, faculty and university responses and the sample size is 420 respondents through a power analysis (G Power, 2009) which guarantees the strength of the SEM.

Instrumentation

The survey instrument measures five independent variables namely Workload, Training and Development, Leadership support (LMX), Compensation Fairness, Job Autonomy and two dependent variables namely, Employee Engagement (mediator) and Employee Performance. Everything is modified based on validated scales equated using a 5-point Likert scale.

Data Collection Procedures

This survey will be conducted online using Google Forms. Permission by the institution is obtained and then shared via email, academic networks and social media. It has an explicit consent, and the survey ensures that the respondent will remain anonymous, and follow-ups will be sent at intervals of two weeks to ensure that the survey get maximum responses. The 30-staff pilot guarantees the clarity, reliability (Cronbach Alpha was greater than 0.70), and cultural relevance, and the improvements were implemented.

Data Analysis Methods

Data analysis is done in two stages: measurement and structural modeling. After that, the reliability of the measurement model (indicator loading >0.708 , Cronbachs Alpha >0.70 , AVE >0.50) and its validity (HTMT <0.85) are evaluated using PLS-SEM (Partial Least Square Structural Equation Modeling), Path coefficients, collinearity (VIF <3.0), R-squared to measure the explanatory power, and (f) 2 to assess the magnitude of the effects are then

assessed in the structural model. The test of significance is done through bootstrapping (5,000 resamples). It is based on Preacher and Hayes (2022) mediation analysis, which affirms that engagement mediates the relationships between antecedents and performance entirely or partially.

Ethical and Validity Issues

The research follows the ethical principles, namely, the consent was received, the confidentiality was ensured, and the bias was reduced with the help of the procedural solutions (section separation, anonymity). Expert panels verify content validity and the construct validity through the HTMT ratios. Harman single-factor test and VIF checks are conducted in order to overcome common method bias, where the values are supposed to be below the set thresholds.

Summary

The systematically conducted methodology incorporates a systematic survey, intensive sampling and sophisticated analysis in the SEM in order to empirically investigate the extent to which the investment and demands of the organization affect the performance of the employees due to their engagement. The methodology assures validity, reliability, and context in the insights, one gets a sound idea of the determinants of performance in the context of the Malaysian private higher education sector.

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