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Work Experience as a Determinant of Salary Growth in Malaysia

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ABSTRACT
Identifying the factors that influence salary progression is critical for examining employment market dynamics and income distribution. Work experience is often a key factor in shaping career development and long-term earnings. This study examines at the association between years of work experience and monthly salary among 96 Malaysian workers aged 18 to 57. Descriptive findings reveal that more than 80% of respondents earn less than RM6,000 per month, with the majority in their early to mid-career stages. Correlation analysis revealed a strong and statistically significant relationship between experience and salary (ρ = 0.752, p-value < 0.05). Regression results indicated that every additional year of experience leads to an average increase of RM222 in monthly salary, which accounts for 56.6% of the variation in earnings. The findings highlight the importance of experience in driving salary growth, while also highlighting disparities by employment sector, marital status, and residential area. Overall, the study demonstrates that Malaysian salaries are determined by both individual career development and broader social and economic conditions.

KEYWORDS
Monthly salary; working experience; regression analysis

INTRODUCTION

Salary is one of the most important determinants of employees' job satisfaction, career choices, and overall standard of living. At the same time, working experience plays a crucial role in shaping employees' skill sets, productivity, and bargaining power in the labor market. Generally, as workers accumulate years of experience, they gain both technical and soft skills, which increase their value to employers and often translate into higher earnings. The relationship between salary and work experience is therefore central to understanding labor market dynamics and income distribution patterns. Empirical research examining this relationship within the Malaysian context remains limited. Existing studies that employ the hedonic wage regression model, which draws on the Mincer framework, have primarily focused on private-sector employees and have addressed concerns such as self-selection bias and non-compensating factors. Nonetheless, these studies have not explicitly measured the changes in monthly wages associated with increasing years of work experience, indicating a notable gap in localized research on the wage-experience relationship (Shahiri et al., 2020). At the regional level, wage statistics in Malaysia demonstrate significant differences across states and industries. In 2023, the mean monthly wage in Malaysia was RM3,44, while the median wage was RM2,602 (Department of Statistics Malaysia, 2024).

Studies from various countries help clarify how work experience shapes wage growth.

In China, research has shown that although workers generally see their incomes rise with more years of experience, the rate of increase slows down as time goes on. In labor markets with more flexibility, pay often increases quickly at first and then slows or even drops, creating an inverted-U shape. In contrast, more formal sectors usually see a steadier, more predictable rise in wages as experience grows (Yang et al., 2023). These patterns suggest that the effect of experience on wages is not uniform but depends on both the nature of the job and the sector. Similarly, studies in the United States found that earnings rise steeply during the early and mid-career years before plateauing as workers approach later stages of employment (Murphy & Welch, 1990). European evidence also aligns with this pattern, with cross-country analysis showing that while experience significantly boosts wages, the returns are often higher in the early years and taper off over time (OECD, 2018). Comparable findings have been reported in Indonesia, where returns to employer tenure especially in the formal sector are significantly higher than general labor market experience, indicating that formal-sector exposure matters more in wage growth (Marinescu & Triyana, 2016).

Therefore, this paper seeks to investigate the quantitative relationship between monthly salary and years of working experience in Malaysia. Specifically, the study will examine whether salary growth follows a linear or non-linear trend, whether returns to experience plateau after certain thresholds. Other than that, some descriptive statistics related to the demographics of Malaysian workers were explored. By addressing these issues, the study aims to contribute both theoretically by testing the validity of human capital models in Malaysia and practically, by providing insights for employers, employees, and policymakers in shaping compensation strategies.

RESEARCH METHODS

Data Collection

A preliminary descriptive study was conducted with a representative sample of 96 Malaysian workers. Among the 96 respondents, 57.3% identified as female and 42.7% identified as male. The age demographic of the respondents falls within the age range of 18 to 57 years. Majority of the respondents are relatively young, with over 64% aged below 38 years. The data was obtained by using an online survey given through validated questionnaires. The survey comprises three distinct sections, encompassing demographic characteristics, perceptions on salary and experience, and the core study variable (years of working experience and monthly salary).

Statistical Methods

This study initially employed descriptive statistics to summarise and illustrate the characteristics of the respondents. This included demographic variables such as marital status, residential area, profession, and employment sector, as well as work-related variables such as years of experience and monthly salary. Frequencies, percentages, means, and standard deviations were used to ensure that the respondents' background was clearly understood and to provide a comprehensive account of the sample distribution. Descriptive statistics are often used in quantitative research to simplify and present data effectively, offering a preliminary understanding of the dataset before subsequent inferential analysis (Field, 2024).

Subsequently, the relationship between years of employment experience and monthly salary was examined using correlation analysis. The coefficient of correlation served as an indicator of both the direction and intensity of this relationship, enabling the assessment of whether longer experience corresponds to higher income and whether the pattern follows a linear trend. Field (2024) emphasizes that correlation analysis is a useful preliminary tool,

as it highlights potential associations before applying more complex statistical techniques. For this purpose, Spearman's rank correlation was employed, given its suitability for non-normally distributed variables, ordinal scales, and datasets that may be affected by extreme values (Schober et al., 2018).

To further examine the extent to which work experience predicts salary outcomes, a regression analysis was employed with years of experience as the independent variable and monthly income as the dependent variable. This statistical method estimates how much of the variation in earnings can be attributed to differences in experience, while also identifying possible trends such as linear growth or diminishing returns. As highlighted by Gujarati (2009), regression is a widely applied technique in social and economic research, as it allows for hypothesis testing, assessment of causal links, and forecasting. The regression model used in this study is formulated as follows:

$$Monthly\ Salary_i = \beta_0 + \beta_1(Years\ of\ working\ experience_i) + \epsilon_i$$

where $Monthly\ Salary_i$ represent the monthly income of respondent i, $Years\ of\ working\ experience_i$ is the number of years of working experience, β_0 is the intercept, β_1 is the regression coefficient that measures the effect of working experience on salary, and ϵ_i is the error term.

Through the combined use of descriptive, correlation, and regression techniques, this study established a structured progression that began with data summarization, continued with the examination of relationships, and concluded with predictive analysis.

The research methods can be written as independent sub-chapters if the article becomes the research result. This section should be written as concisely as possible but should contain all elements necessary to allow interpretation and replication of the results. This section is expected to expose sources that have been used. In the meantime, the method also can be included in the introduction section if the article written using literature studies or reflective works.

RESULTS AND DISCUSSION

Descriptive Statistics

Figure 1 below illustrates the distribution of respondents' monthly salaries, providing an overview of income levels within the sample. The results show that the majority of respondents earn relatively modest salaries, with 44.8% earning less than RM3000 per month and 37.5% earning between RM3000 and RM5999, meaning that over 80% of the sample falls below the RM6000 income level. Only a small proportion earn higher wages, with 12.5% in the RM6000–RM8999 range and just 5.2% earning RM9000 or more. This distribution suggests that most respondents belong to the lower- to middle-income groups, while high-income earners are a minority.

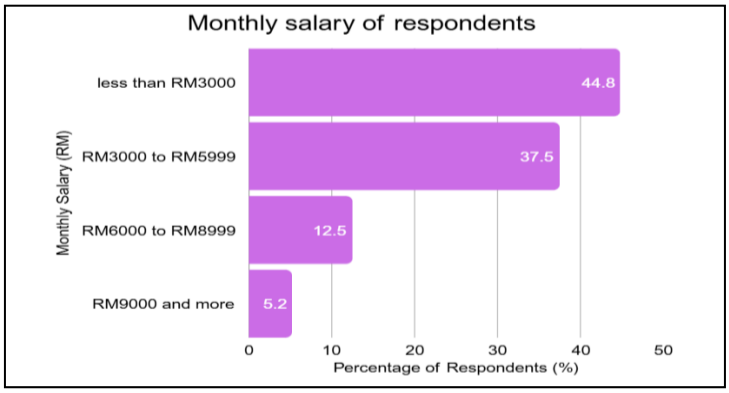

Figure 1. Monthly Salary of Respondents

Figure 2 presents the distribution of respondents according to their years of working experience, offering insight into the career stages represented in the sample. The results reveal that the majority of respondents possess relatively early to mid-level working experience. Specifically, 39.6% have between 6 to 15 years of experience, while 33.3% have less than 6 years, together accounting for 72.9% of the total sample. In contrast, only 15.6% of respondents have 16 to 25 years of experience, and a further 11.5% report more than 25 years of experience. This distribution indicates that the workforce under study is predominantly composed of individuals in the early and middle stages of their careers, with a comparatively smaller proportion representing highly experienced or senior workers.

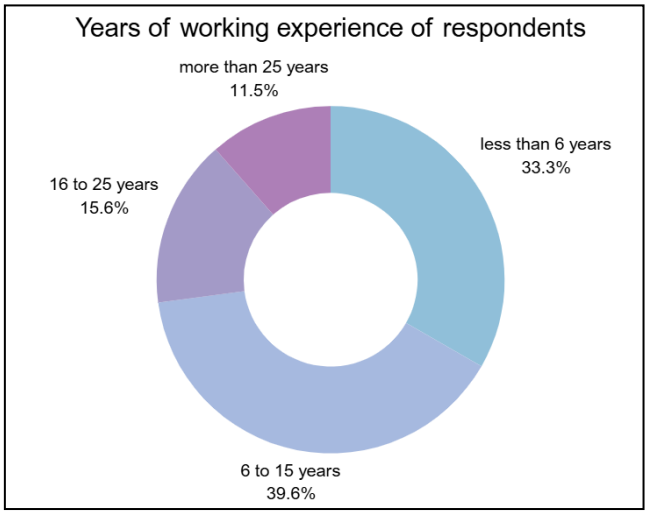

Figure 2. Years of Working Experience of Respondents

Figure 3 illustrates the occupational distribution of respondents across different sectors, highlighting the diversity of professional backgrounds within the sample. The distribution of respondents' professions reveals variation across sectors, with a concentration in certain fields. The largest proportion of respondents are employed in the service industry (36.5%), followed by those in the education sector (19.8%). Other industries are represented in smaller yet relatively balanced proportions, including finance and banking (7.3%), manufacturing (7.3%), sales and marketing (7.3%), and other professions (7.3%). In addition, smaller groups of respondents are found in food and beverage (6.3%), administration (5.2%), and information technology (3.1%). Overall, the data indicate that the sample is primarily concentrated in the service and education sectors, with comparatively lower representation from specialized industries such as IT, administration, and F&B.

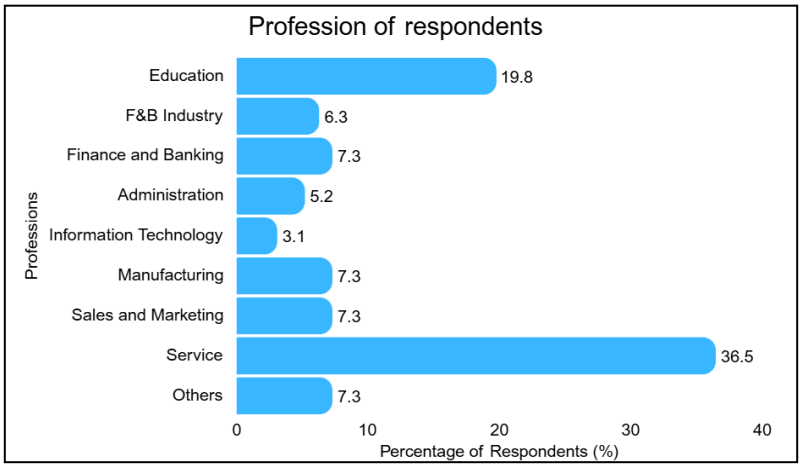

Figure 3. Profession of Respondents

Table 1 presents the relationship between respondents' monthly salaries and their marital status, offering insights into how income levels differ between single and married individuals. The cross-tabulation of monthly salary and marital status below shows clear differences in income levels between single and married respondents. In the lowest salary group of less than RM3000, the proportions are almost equal, with 21.9% of single and 22.9% of married respondents. In the RM3000–RM5999 range, however, the share of married respondents (32.3%) is much higher compared to single respondents (5.2%). A similar pattern is seen in the higher salary groups, where all respondents earning RM6000–RM8999 (12.5%) and RM9000 and above (5.2%) are married, with no single respondents represented. Overall, these results indicate that single respondents are concentrated in the lower salary category, while married respondents are more likely to be in the middle- and higher-income ranges. This may reflect the role of factors such as greater work experience, career advancement, or financial responsibilities among married individuals, which can contribute to higher earnings.

Table 1. Distribution of Respondents' Monthly Salary Across Marital Status (%)

Monthly Salary	Marital Status	
	Single	Married
less than RM3000	21.9	22.9
RM3000 to RM5999	5.2	32.3
RM6000 to RM8999	0.0	12.5
RM9000 and more	0.0	5.2

The cross-tabulation of monthly salary and employment sector demonstrates differences in income distribution across sectors can be seen in Table 2. At the lowest salary level of less than RM3000, 36.5% of respondents are employed in the private sector, compared to 8.3% in the government sector. In the RM3000–RM5999 category, 25.0% of private-sector respondents and 12.5% of government-sector respondents are represented. In the higher salary brackets, 9.4% of government employees earn RM6000–RM8999 and 5.2% earn RM9000 and above, while only 3.1% of private-sector respondents are in the RM6000–RM8999 range, and none are in the RM9000 and above category.

Table 2. Distribution of Respondents' Monthly Salary Across Government and Private Sectors (%)

Monthly Salary	Employment Sector	
	Government	Private
less than RM3000	8.3	36.5
RM3000 to RM5999	12.5	25.0
RM6000 to RM8999	9.4	3.1
RM9000 and more	5.2	0.0

Table 3 illustrates the distribution of respondents' monthly salaries according to their residential location, allowing for comparison between rural and urban areas. The cross-tabulation of monthly salary and residential area shows differences in income distribution between rural and urban respondents for this study. In the lowest salary category of less than RM3000, 34.4% of respondents reside in urban areas, compared to 10.4% in rural areas. In the RM3000–RM5999 range, 27.1% of urban respondents and 10.4% of rural respondents are represented. For the RM6000–RM8999 salary group, the proportions are equal at 6.3% for both rural and urban respondents. In the highest salary category of RM9000 and above, 3.1% of urban respondents and 2.1% of rural respondents are represented. Overall, the results show that urban respondents are concentrated in lower- to

middle-income groups, while rural respondents are fewer across all salary levels.

Table 3. Distribution of Respondents' Monthly Salary Across Residential Area (%)

Monthly Salary	Residential Area	
	Rural	Urban
less than RM3000	10.4	34.4
RM3000 to RM5999	10.4	27.1
RM6000 to RM8999	6.3	6.3
RM9000 and more	2.1	3.1

Table 4 presents descriptive statistics for respondents' monthly salaries and years of work experience, providing an overview of income levels and career backgrounds within the sample. The data shows that the average monthly salary is RM3,896.47, with a substantial standard deviation of RM2,730.50, indicating significant variation in income levels among individuals. Salaries range from a minimum of RM1,500.00 to a maximum of RM20,000.00, suggesting a wide disparity between the lowest and highest earners in the sample. Meanwhile, the average years of working experience is 11.34 years, with a standard deviation of 9.25 years, also reflecting a diverse range of experience levels. The minimum and maximum years of experience are 1 and 39 years respectively, further highlighting the varied professional backgrounds of the respondents. Results suggest heterogeneity in both income and experience, with a possible relationship worth examining further.

Table 4. Descriptive Measures for Monthly Salary and Years of Experience

Variables	Mean	Median	Standard Deviation	Minimum	Maximum
Monthly Salary RM)	3,896.47	3000.00	2,730.50	1,500.00	20,000.00
Years of Working Experience	11.34	8	9.25	1	39

Based on the responses gathered, the pie chart in Figure 4 shows that the majority of participants agreed that work experience affects salary with 87.5%, while only 12.5% disagreed. This highlights a strong perception among respondents that salary progression is closely linked to the length of time an individual has been in the workforce. Such a consensus suggests that work experience is widely regarded as a key factor in determining income. However, while opinions provide useful insights, they do not offer concrete evidence of the actual strength or nature of the relationship between the two variables. Therefore, to validate these perceptions and explore the relationship in a more objective manner, further statistical analyses specifically correlation and regression analysis are necessary.

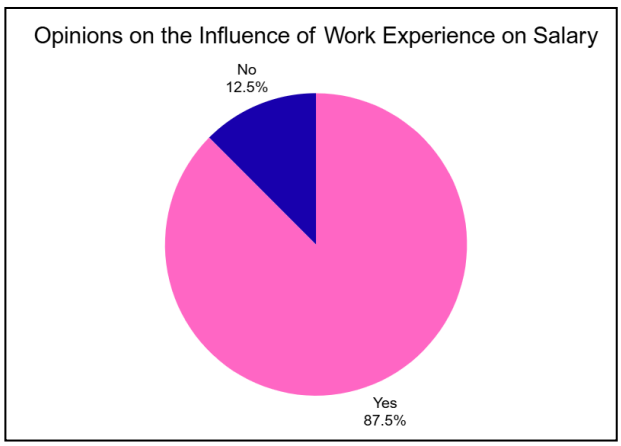

Figure 4. Opinions on the Influence of Working Experience on Monthly Salary

Visual Analysis

The scatter plot in Figure 5 below presents the relationship between monthly salary (RM) and years of working experience. Each data point represents an individual employee. The overall trend suggests a positive correlation, whereby individuals with greater working experience generally receive higher monthly salaries. Nevertheless, the presence of several outliers indicates variability, where individuals with similar years of experience earn markedly different salaries. This variability implies that factors beyond work experience such as educational qualifications, job roles and industry sectors may significantly influence salary levels. Following the visual analysis of the scatter plot, a correlation analysis was conducted to examine the relationship between these two variables more precisely. Specifically, the Spearman's rank correlation analysis was employed, as it is suitable for measuring the strength and direction of a monotonic relationship between two variables. This method provides deeper insight into how strongly years of working experience is associated with monthly salary, beyond what can be observed visually.

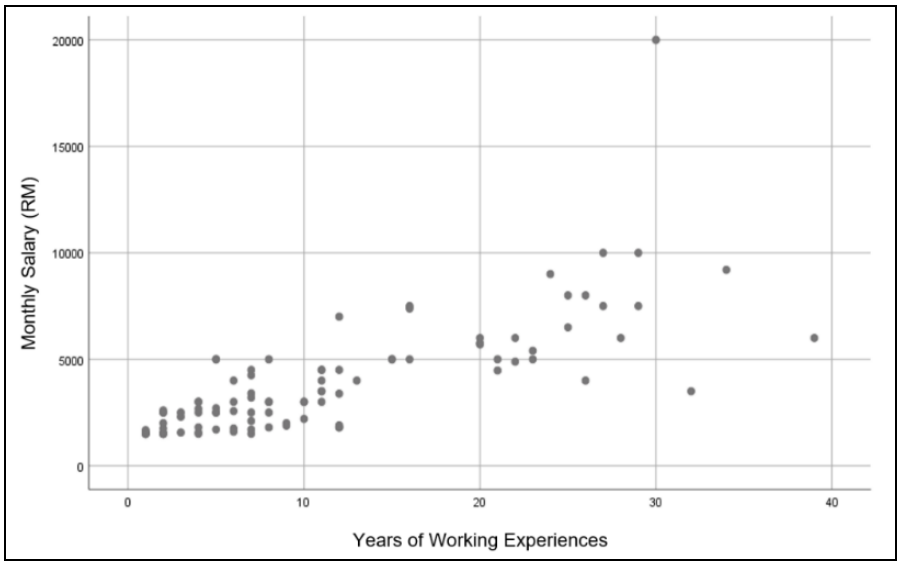

Figure 5. Scatter Plot Analysis of Monthly Salary and Work Experience

Correlation Analysis

Table 5 above presents the results of the Spearman's rank correlation analysis conducted to assess the relationship between monthly salary and years of working experience. The Spearman's rank correlation analysis revealed a coefficient (ρ) of 0.752 between monthly salary and years of working experience, with a p-value of 0.000 (p-value < 0.05). This indicates a statistically significant and strong positive association between these two variables. Specifically, the findings suggest that as the number of years of working experience increases, monthly salary tends to rise accordingly. This result substantiates the pattern observed in the scatter plot and affirms the critical role of work experience in influencing salary levels.

Following the correlation analysis, regression analysis was conducted to further investigate the nature of this relationship. Regression analysis helps quantify how much monthly salary is influenced by years of working experience by estimating the expected increase in salary for each additional year of experience. This approach provides clearer insights into the impact of work experience on salary and supports the development of predictive models for salary forecasting.

Table 5. Correlation Analysis of Salary and Work Experience

Values	Variables	Monthly Salary	Years of Working Experience
Correlation Coefficient (ρ)	- Monthly Salary	1.000	0.752
	- Years of Working Experience	.752	1.000
p-value	- Monthly Salary	.	0.000***
	- Years of Working Experience	0.000***	.

*Notes. Significant codes: 0.05 '***'*

Regression Analysis

A simple linear regression analysis was carried out to further investigate the relationship between years of working experience and monthly salary. The results in Table 6 indicate that years of working experience is a significant predictor of monthly salary. Based on the table shown below, the model yielded the correlation coefficient value (r) of 0.752, with the coefficient of determination (r^2) of 0.566, indicating that approximately 56.6% of the total variation in monthly salary can be explained by years of working experience. The adjusted r^2 value of 0.561 further confirms the model's adequacy, taking into account the number of predictors used. The standard error of the estimate was 1808.236, reflecting the average distance that the observed values fall from the regression line.

Table 6. Regression Model Summary of the Monthly Salary Predicted by Work Experience

Model	r	r^2	Adjusted r^2	Standard Error of the Estimate
1	0.752	0.566	0.561	1808.236

As shown in Table 7, the slope of the model (β_1) was 222.157 with a *p*-value less than 0.05, suggesting that for each additional year of experience, an individual's monthly salary increases by approximately RM 222.16. The regression constant (β_0) was 1376.38, indicating the estimated base salary for someone with zero years of experience. Overall, the regression analysis confirms a statistically significant and positive relationship between years of working experience and monthly salary. These findings are consistent with the earlier correlation analysis and provide more precise insight into how experience contributes to salary progression.

Table 7. Regression Analysis Results for Monthly Salary Determinants

Model	Unstandardized Coefficients		Standardized Coefficients	*t*-value	*p*-value
	B	Standard Error	Beta		
(Constant)	1376.380	293.006		4.697	0.000***
Years of Working Experiences	222.157	20.062	0.752	11.073	0.000***

*Notes. Significant codes: 0.05 '***'*

Based on the results, the regression equation for this study can be expressed as follows:

$$Monthly\ Salary = 1376.380 + 222.157(Years\ of\ working\ experience)$$

The findings of this study reveal a strong and statistically significant positive relationship between years of working experience and monthly salary among Malaysian workers. The regression results demonstrate that salary increases by approximately RM222 for each additional year of work experience, supporting the theoretical foundation of the Mincer

earnings function, which emphasizes the role of human capital in wage determination (Mincer, 1974). The relatively high correlation coefficient (ρ = 0.752) and the explanatory power of the regression model (r^2 = 0.566) further confirm that work experience is an important predictor of income. This outcome aligns with international evidence, such as Murphy and Welch (1990), who reported that earnings grow steeply in the early and middle stages of a career before stabilizing, as well as OECD (2018), which highlighted that returns to experience are generally front-loaded and diminish over time across European labor markets. Similarly, Yang et al. (2023) observed that while work experience contributes positively to income in China's flexible labor market, the marginal benefits tend to decline with longer tenure, echoing the potential non-linear relationship suggested in our results.

At the national level, these findings align with the limited but growing body of Malaysian wage research. Shahiri et al. (2020) found that wages in Malaysia are strongly linked to human capital attributes such as education and experience, though they also noted issues of sectoral disparities and self-selection. The descriptive results of this study reinforce such disparities: respondents in the government sector and those who were married reported relatively higher salaries compared to private-sector and single respondents, indicating that institutional and demographic factors also influence earnings beyond work experience. Moreover, the income distribution observed in this study, with over 80% of respondents earning below RM6,000, resonates with national statistics that place the median monthly wage at RM3,045 in December 2024 (Department of Statistics Malaysia, 2024). This figure is consistent with the first quarter of 2025, where the median monthly wage was RM3,000 (Department of Statistics Malaysia, 2025).

Taken together, these results suggest that while work experience remains a central driver of wage progression, other structural elements such as sector, marital status, and urban–rural location continue to shape salary outcomes in Malaysia. Therefore, the study not only validates the human capital model in the Malaysian context but also highlights the importance of contextual and institutional factors in understanding wage determination

CONCLUSION

Understanding what shapes a person's salary over time is essential in today's evolving labor market. This study explored how years of working experience affect monthly earnings among Malaysian workers and painted a clear picture of income patterns across different career stages. The findings show that work experience is a major factor in determining salary, with each additional year of experience leading to a noticeable increase in earnings. Most participants earned within the lower- to middle-income range and were in the early or middle stages of their careers. Beyond experience, the study also revealed that factors like employment sector, marital status, and whether someone lives in an urban or rural area play a role in shaping income, highlighting the influence of broader social and institutional factors.

Looking ahead, future research could benefit from including a larger and more diverse sample that captures differences across regions, industries, and job types. Exploring additional factors such as education, professional certifications, and specific job skills could provide a deeper understanding of what drives salary growth. Longitudinal studies that follow individuals over time would offer valuable insights into career progression and the long-term impact of experience on earnings. By addressing these areas, future studies can provide practical guidance for employees planning their careers, employers shaping compensation strategies, and policymakers designing effective labor market policies.

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