



THE RELATIONSHIP BETWEEN PERFORMANCE OF TOP COMPANIES IN
MALAYSIA AND ITS EMPLOYEE COMPENSATION

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DECEMBER 2017

ACKNOWLEDGEMENT

First and foremost, all praises to Allah SWT Almighty for giving me strength that finally this research paper can be complete on time. I wish to express my gratitude and appreciation towards my parents and to the whole of my family members for their endless and unconditional support and love through moments of comfort and times of turbulence.

My deepest gratitude goes to my advisor, Miss Dgku Habibah Binti Ag Kee, for her valuable and constructive suggestions during the planning and development of this research paper also the knowledge that has been imparted upon me and for the guidance that she has provided in the completion of this research paper. Her willingness to give her time so generously had been very much appreciated. I also would like to express my great gratitude towards Dr Agnes Paulus as my second examiner and the other finance lecturers that guide me by giving a lot of opinion and idea to improve the development of this research paper.

Lastly, I thank all of my friends that have been contributed direct and indirectly in the development of this research paper until the time it perfectly complete. Without them, I may not able to complete the paper on time. To sum, a million thanks to all of them, those who help me a lot.

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ABSTRACT

Obviously, today compensation in this country had experienced a significant growth compared to a few last years. This is due to the rapid economic growth and near good employment. Hence, this raises the question whether companies' performance justifies their employee compensations. Apart from that, regarding the question we come out with a foremost objective of this paper that is to identify the relationship between employee compensations and performances of top companies in Malaysia for a time period of 10 years which is from the year of 2007 until year of 2016. The choice of this 10-year period was based on the updated data, the availability to obtain data for that period and based on the explosive growth of companies in this country. In addition, for this study we have chosen 30 top companies in Malaysia for the year of 2016 which has been selected due to their number of employees that is more than 1000 and due to the availability of those data in the data stream. The dependent variable under this research is employee compensations include (salary, bonus and other benefits) while for its independent variables are include ; return on assets (ROA) , returns on equity (ROE) and earnings per share (EPS). For this research, the data will be tested using a linear regression model. So overall, the results of this research, we found that there are significant relationships between ROA and EPS towards employee compensations in meanwhile ROE has insignificant relationship with the employee compensation of Malaysia top companies' performance. The correlations and regressions among the variables of the companies' performance and the employee compensations are consistently positive and negative range.

Keywords : *Return on assets * Returns on equity * Earnings per share **