



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

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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 \**