ABSTRACT

THE CORRELATION BETWEEN EMPLOYEE REMUNERATION AND
COMPANY PERFORMANCE ON MANUFACTURING COMPANIES
LISTED AT IDX

By

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This research aims to obtain evidence on the correlation between employee remuneration and company performance with company size as control variable. The samples which are used in this research are manufacturing companies that listed at IDX in 2010-2012. The amount of the samples are 53 companies from the total population of 132 manufacturing companies in 2010-2012.

The used test is non-parametric test analysis. Employee remuneration change is used as proxy for independent variable, growth net income as proxy for dependent variable, and total sales change as proxy for control variable. Non-parametric test is held by using partial correlation test.

The result of partial correlation test shows the positive coefficient in amount of 0.215 with significant level 0.028. The result proves that employee remuneration has positive and significant correlation to company performance so that the hypothesis of this research is supported. According to its function, remuneration is able to support employee to give more effort for company development.

Keywords: employee remuneration, company size, company performance, non-parametric, partial correlation.