

ABSTRACT

The Effect Merit System Implication Effectivity Toward Worker Productivity, Corporate Performance And Stakeholder Valu Added Textile Companies in East Java

The purpose of this research is to investigate an effect of the HRM practice called as Merit System in some textile companies in East Java on the worker productivity and corporate performance and stakeholder value added. A population of the research includes eighty-five textile companies exporting their products abroad as mentioned at the Department of Industry and Commerce.

Furthermore, the Merit System practice was measured by several indicators, such as performance, income, career and training. Similarly, the workers' productivity was measured by a number of workers, worker costs and working hours. The corporate performance was measured by product performance indicator (product quantity, product quality and quality cost). The stakeholder value added was measured by employee welfare, customer satisfaction and community welfare. The instrument was considered valid when the correlation coefficient possessed positive value and larger than 0.30. The instrument was regarded reliable when the cronbach alpha had a value larger than 0.60. The data collected were analyzed by the analytical tool of the *path analysis*.

The results showed that *first* the Merit System effectivity brought about the direct, positive and significant effect on worker productivity. In addition, through the worker productivity as moderating variable, the Merit System effectivity significantly affected the stakeholder value added. *Second*, the Merit System effectivity produced the direct, positive and significant impact on corporate performance. Besides that, through the corporate performance as moderating variable, the Merit System effectivity significantly influenced stakeholder value added. *Third*, the worker productivity elicited direct, positive and significant effect on the corporate performance. In addition, through the corporate performance as moderating variable, the worker productivity was significantly correlated with the stakeholder value added. *Fourth*, the worker productivity generated direct, positive and significant impact on the stakeholder value added. *Fifth*, the corporate performance was directly, positively and significantly correlated with the stakeholder value added.

This mean that the company possessed a vibrant and viable capability in creating *customer satisfaction* and *superior performance* for the company. Thus, the improved performance will bring a critical benefit for stakeholders.

Keyword: *Merit system effectivity, worker productivity, corporate performance, stakeholder value added*