

Linear correlation



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This study tests the correlation between chief executive officers (CEO) salaries and the degree of success of a company. The data of CEO Salaries and total Revenue in 2006 was collected for different organization from various respective companies. The data comprised 25 different companies of different size and market capitalization. It was expected to find strong positive correlation between CEO salaries and organization total revenue. Statistical analysis was conducted to conclude evidence in this relationship.

Null Hypothesis: (Ho)

There is no correlation between chief executive officer salaries and their respective company net revenues.

Alternative Hypothesis: (HA)

Chief executive officer salaries are positively correlated with their respective company net revenues.

The above table demonstrates the average (.38) positive correlation between CEO salaries and total revenues of their respective companies. An alpha level of (.10) was chosen to test or reject the null hypothesis. The p-value (.064) is less than the chosen alpha level which indicates the existence of statistical evidence to reject the null hypothesis and accept the alternative hypothesis.

Conclusion:

There exists average positive correlation between chief executive officer salaries with their respective company net revenues.

Appendix I: CEO Salary and Total Revenue in 2006

Organization

Total Revenue

Exec. Name

<https://assignbuster.com/linear-correlation/>

Exec. Rank

Exec. Compensation

Peter Popoff Ministries

\$23, 556, 469

Peter Popoff

President

\$628, 732

Trinity Broadcasting Network

\$188, 152, 079

Paul F. Crouch Sr.

President, Director

\$419, 000

Christian Broadcasting Network

\$236, 340, 781

Michael D. Little

President

\$275, 868

Educational Media Foundation

\$49, 711, 753

Richard Jenkins

President

\$230, 285

Ligonier Ministries

\$10, 416, 948

Timothy Dick

President, CEO

\$230, 098

Christian Research Institute

\$8, 040, 025

Hank Hanegraaff

President

\$210, 192

Luis Palau Association

\$13, 376, 641

Luis Palau

President

\$186, 125

Christ for all Nations

\$11, 745, 481

Rev. Reinhard Bonnke

President

\$164, 654

Grace to You

\$10, 817, 904

John F. MacArthur Jr.

President

\$160, 000

Jack Van Impe Ministries International

\$9, 915, 244

Jack Van Impe

President

\$150, 012

Insight for Living

\$17, 967, 239

Cynthia Swindoll

President

\$148, 785

Andrew Wommack Ministries

\$8, 868, 786

Andrew Wommack

President

\$142, 901

InTouch Ministries

\$71, 528, 366

Charles F. Stanley

President, Chairman

\$123, 222

Love Worth Finding

\$10, 125, 022

Roland Maddox

President

\$119, 675

Turning Point

\$18, 483, 073

David P. Jeremiah

President, CEO

\$104, 530

Coral Ridge Ministries

\$38, 851, 138

Thomas E. Rogeberg

Executive Vice President

\$103, 000

Back to the Bible

\$10, 519, 497

Woodrow Kroll

President

\$99, 661

Far East Broadcasting Company

\$8, 964, 368

Gregg J. Harris

President

\$96, 650

Billy Graham Evangelistic Association

\$104, 239, 736

William Franklin Graham III

President, CEO

\$94, 998

Dayspring International

\$11, 961, 341

John E. Gilman

President

\$92, 320

Oral Roberts Evangelistic Association

\$14, 249, 549

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Richard Roberts

President, CEO

\$91, 493

Eternal Word Television Network

\$31, 367, 822

Michael P. Warsaw

President

\$84, 512

Cornerstone TeleVision

\$7, 027, 552

Ron Hembree

Chief Executive Officer

\$79, 140

Bible Broadcasting Network

\$12, 842, 218

Lowell Davey

President

\$74, 084

New Life Ministries

\$7, 691, 866

Steve Arterburn

Chief Executive Officer

\$13, 800