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THE EFFECT OF COMPANY SIZE, MANAGERIAL OWNERSHIP, AND INSTITUTIONAL OWNERSHIP ON COMPANY PERFORMANCE

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Abstract:
This study aims to examine the effect of company size, managerial ownership, and institutional ownership on company performance. The population in this study were basic materials sector companies listed on the Indonesia Stock Exchange in 2022-2023. The sample selection technique used purposive sampling, and 47 companies were selected. The analytical method used was panel data regression analysis with the help of E-Views version 13. This study concluded that company size had no effect on company performance, while managerial ownership and institutional ownership did. The results of this study are expected to encourage companies and their management to pay attention to the company's operations to achieve profits, and institutional investors to continue monitoring the companies where they invest capital, which will ultimately affect the level of company performance.

Keywords: Company Size, Company Performance, Institutional Ownership, Managerial Ownership.

BACKGROUND

In the face of increasingly competitive business conditions, a company needs to be optimally managed to achieve its primary objectives. For owners, good company management aims to maximize profits, thereby increasing the prosperity of shareholders and employees. Meanwhile, for management, management success is measured by the ability to achieve or exceed established targets. Achieving these targets serves as a benchmark for assessing management's success in managing the company. Therefore, optimal company management is crucial because high company value will be followed by high shareholder prosperity and the achievement of established targets (Ningrum, 2022).

A company's financial performance can be seen from financial ratios analyzed through the company's financial statements, for example, the Return on Equity (ROE) ratio. Figure 1.1 shows that several companies in the basic materials sector experienced a decline in ROE. This decline indicates that the company faces challenges in generating optimal profits from its operational activities. Therefore, company performance can be assessed as declining.

One factor influencing a company's financial performance is company size. Company size is a benchmark for distinguishing between small and large companies. The larger a company, the higher the expectations it must meet from investors or shareholders (Setiowati et al., 2023). Company size is often associated with financial stability, access to funding, and the ability to adapt to changes in the business environment. Large companies generally have more resources, whether in the form of assets, capital, or labor, which can provide advantages in improving operational efficiency and expanding market share.

In the basic materials industry sector, large companies such as PT Aneka Tambang Tbk. (ANTM) have a large production capacity of around 75 tons of precious metals per year and an extensive distribution network, enabling them to survive amidst commodity price volatility

and intense market competition (PT ANTAM Tbk, 2024). However, not all large companies consistently experience improved financial performance. Sometimes, growth in company size that is not accompanied by efficient management can actually reduce profitability due to increased operational costs and management complexity. Previous research has shown mixed results regarding the relationship between company size and financial performance. Research by Rosalinda et al. (2022) showed that company size influences financial performance, as measured by Return on Assets (ROA) (Rosalinda et al., 2022). Meanwhile, Purwanti's (2021) research found that company size did not significantly influence financial performance (Purwanti, 2021).

Furthermore, managerial ownership has also become an interesting topic in research related to corporate governance. Managerial ownership refers to the proportion of company shares owned by managers or executives involved in company management. This concept is important because it can create a balance of interests between management and shareholders. With share ownership by managers, they are more motivated to act in the long-term interests of the company, reduce the potential for conflicts of interest, and increase transparency and accountability in company financial management (Sutrisno & Riduwan, 2022a).

A phenomenon occurring in the basic materials sector shows that several companies with high managerial ownership tend to perform better, such as PT Timah Tbk. (TINS), where management plays a significant role in expansion strategies and operational efficiency, positively impacting company profits. However, on the other hand, there are also companies with high levels of managerial ownership but experience declining performance due to external factors such as regulatory changes, fluctuating raw material prices, or a lack of innovation in products and services. Research by Gunawan and Wijaya (2020) found that managerial ownership has a positive and significant impact on company performance (Gunawan & Wijaya, 2020). This contrasts with research by Febrina and Sri (2022), which found that managerial ownership had no impact on company financial performance (Febrina & Sri, 2022).

On the other hand, institutional ownership is a contributing factor in improving oversight of management performance. Institutional ownership refers to the proportion of shares held by institutions, such as banks, pension funds, insurance companies, etc. and other institutional investors. This ownership is often considered an effective control mechanism because institutions have sufficient resources to conduct in-depth analysis of company performance and can exert pressure on management to act optimally in the interests of shareholders.

A phenomenon in the basic materials sector shows that companies with high levels of institutional ownership tend to have better governance. For example, PT Indah Kiat Pulp & Paper Tbk. (INKP), which has the support of large institutional investors, is often more transparent in its financial reporting and more disciplined in managing business risks. However, in some cases, institutional ownership does not always have a positive impact on a company's financial performance, especially if the institutional investors are focused solely on short-term profits and play a less active role in management oversight. Research by Gunawan and Wijaya (2020) found that institutional ownership has a positive and significant impact on company performance (Gunawan & Wijaya, 2020). However, research by Yuliyanti and Cahyonowati (2023) found that institutional ownership had no significant impact on company financial performance. This was because institutional ownership was not always able to provide effective oversight of managerial performance (Yuliyanti & Cahyonowati, 2023).

However, research directly linking company size, managerial ownership, and institutional ownership to financial performance in basic materials companies listed on the IDX is still limited. Most previous research focused on other sectors, such as mining (Sutrisno & Riduwan, 2022a), manufacturing (Wardhani & Suwarno, 2021), Gunawan & Wijaya, 2020), Yuliyanti &

Cahyonowati, 2023), and the property sector (Nurmayanti & Shanti, 2023). Pharmaceutical Industry in research (Cahyani & Sulistyowati, 2023), Consumer Goods in research (Febrina & Sri, 2022) (Fatmawati & Alliyah, 2023), Companies listed on the IDX as a sample in 2016-2018 in research (Holly & Lukman, 2021), Sharia Banking in research (Intia, 2021) State-Owned Enterprises in research (Purnomo, Mudjiyanti, Hariyanto, & Pratama, 2021) create a research gap that provides an opportunity to explore the relationship between these variables in different sectors. Researchers will conduct research in the basic materials sector.

THEORETICAL FRAMEWORK

Agency Theory

According to Jensen and Meckling (1976), agency theory defines an agency relationship as a contract in which one or more individuals (principals; business owners) engage with another individual (agents; business management) to perform some service on behalf of the principal, which involves delegating some decision-making authority to the agent. The contract referred to here is a contract between a principal (employer, for example, shareholders or company management) and an agent (receiver of orders, for example, management or subordinates) (Purnomo et al., 2021).

Agency theory was first proposed by Michael C. Jensen and William H. Meckling in 1976. This theory discusses the relationship between a principal and an agent. The principal is the company owner or shareholder, while the agent is the company manager. An agency relationship occurs when the principal (shareholder) authorizes the agent (management) to make decisions regarding the company's operations. This relationship between the principal and agent can lead to information asymmetry. This can be caused by the agent having more information about the company's condition than the principal. Agency theory assumes that all individuals act according to their own self-interest to maximize their own profits. Suhendah and Imelda (2012) define information asymmetry as a situation where management has access to information about the company that is not available to external parties, which will lead to an imbalance in information ownership between the two. Agency problems This occurs not only between shareholders and agents, but also between controlling shareholders and non-controlling shareholders. (Intia & Azizah, 2021)

In agency theory, there is a relationship between principal and agent, manifested in the relationship between shareholders and managers. Shareholders act as principals, acting as owners, and managers act as agents, acting as controllers. Investors, as owners, can delegate authority to agents, namely managers, to manage investor wealth in the hope that investors will generate profits. Managers are expected to communicate effectively with shareholders, thereby improving company performance. (Gunawan & Wijaya, 2020).

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Company Performance

Company performance reflects a company's financial condition, analyzed using financial analysis tools. This allows for insight into the company's financial condition, reflecting its performance over a specific period. This is crucial for optimal resource utilization in the face of environmental changes.

According to the Indonesian Minister of Finance, based on Decree No. 740/KMKO/1989 dated June 30, 1989, performance is a company's achievements over a period of time, reflecting its soundness. Company performance is a measure of a manager's success in running the company. This information is highly useful for stakeholders within the company, such as the government, the public, creditors, and shareholders.

Shareholders use information about company performance to determine whether the company's management is effective and efficient, and whether it is in line with the expected goals. Therefore, there are several company performance measures that can be used, namely Return on Assets (ROA), Earnings Per Share (EPS), and Return on Equity (ROE).

Return on Assets (ROA)

ROA describes a business's capacity to generate profit or return from its assets. ROA measures how effectively a company utilizes all of its assets. ROA indicates a company's ability to generate profit based on the utilization of its assets. The higher a company's ROA, the greater the net profit generated by the company from its total assets (Maulani & Riani, 2021). Conversely, a negative ROA indicates a company experiencing losses. This is because ROA reflects a company's performance in generating net profit by utilizing its assets. This impact can affect stock prices. In the context of this research, the return on assets parameters investigated are derived from a specific perspective or point of view (Suhartono et al., 2023):

The formula for calculating return on assets is as follows:

$$Return\ On\ Asset = \frac{\text{Laba Bersih Setelah Pajak}}{\text{Total Asset}}\ x\ 100$$

Earnings Per Share (EPS)

EPS is a ratio analysis that focuses on the perspective of investors or company owners because it shows how much profit a company generates per share. Earnings Per Share (EPS) or income per share is the profit distributed to shareholders for each share held. Earnings per share is defined as the ratio of book value to equity, which measures management's success in achieving profits for shareholders. (Sari, 2021)

$$EPS = \frac{\text{Laba Setelah Pajak}}{\text{Jumlah Saham Beredar}}$$

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Return on Equity (ROE)

ROE is one of the most important profitability ratio indicators. This ratio reveals how much profit after tax a company earns compared to the total shareholders' equity on the balance sheet. Return on Equity (ROE) is the return on equity, or total asset turnover. ROE is a ratio that measures net profit after tax compared to equity; the higher the ratio, the better (Kasmir, 2021).

$$ROE = \frac{\text{Earning After Interest and Tax}}{\text{Equity}} x\ 100$$

Company Size

The scale of a company's size can be determined by its firm size. Company size is divided into two categories: large and small. Firm size can be measured using total assets and market capacity or market value. Companies grouped by size can be used by investors to make investment decisions. Large companies publish more information than small companies. Investors can use this information to analyze a company and its performance. Investors will prefer companies that are transparent about company information, especially regarding their social activities. Larger companies have an easier time raising capital in the stock market because their performance is perceived as more stable than smaller companies. Three factors influence company size: total assets, sales revenue, and market capitalization. The size of a company's assets indicates its assets. (Sutrisno & Riduwan, 2022)

The size of a company also influences the capacity and quality of its financial performance. Large companies are known to have better financial performance than small companies. Large companies tend to have a more well-known name and are better able to compete in a highly competitive market. The more adequate assets a company has, the more it will support sales growth, thus increasing profits. (Alim & Assyifa, 2019)

The key determinant in determining how small or large an entity is is defined as company size. Company size can be classified by looking at sales volume, asset value, workforce, market capitalization, and so on. The greater the company's assets, capital investment, sales and cash flow, and market capitalization, the larger the company. Investors, governments, creditors, and the general public will also pay more attention to companies with large assets than to those with small assets. Larger companies are more flexible in society than smaller companies. (Fatmawati & Alliyah, 2023)

Firm size indicates the scale of assets within a company. Firm size is defined as the size of a company as measured by its equity value, sales value, or asset value. Large companies generally have significant total assets and are well-known to the public, which will influence the company's value (Sari & Priyadi, 2016). The greater a company's assets, the greater their influence on its value. This makes it easier for the company to raise capital through investors. Company size is generally divided into three categories: large, medium, and small. Company size is determined based on total assets. Larger companies have greater access to credit funding

and are more likely to compete or survive in the industry because they also have substantial revenues. However, smaller companies are more flexible in dealing with uncertainty because they react more quickly to sudden changes. (Bagaskara et al., 2021)

Company size is a measure of the size of a company, which can be classified in various ways, including revenue, total assets, and total equity. Company size in this study is measured using total assets. According to Siregar, assets are items owned by a company or individual that have economic, commercial, or exchange value. Assets are assets owned by a company. Companies with significant assets are generally less likely to experience financial problems. This is because each asset generated generates profits for the company. The greater the total assets owned by a company, the better its financial performance.

Company Size = Ln (Total Assets)

Managerial Ownership

A manager makes sound decisions to maximize resource utilization. If a manager acts in their own self-interest, the company could suffer losses. Managerial ownership occurs when a manager owns a company's shares. Managerial ownership demonstrates a manager's dual role, optimizing company profits and discouraging the company from operating. experiencing financial difficulties or even bankruptcy, resulting in the loss of incentives, returns, and investments. The percentage of company share ownership by management, as presented in the financial statements, indicates managerial ownership. Managerial share ownership can help align the interests of management and shareholders. The interests of management and shareholders can be aligned with company ownership, so that when managers make appropriate decisions, they experience positive impacts. Conversely, if decisions are not appropriate, managers also experience losses. (Sutrisno & Riduwan, 2022b)

Managerial ownership refers to shares owned by management who actively participate in company decision-making (directors and commissioners). Managers who own shares in a company not only act as managers but also oversee the company's operational activities. Managerial ownership in a company is seen as able to align the differences in interests between institutional and managerial interests, thereby reducing the tendency for opportunistic behavior. With managerial ownership, managers will be more careful in making decisions, as every decision will impact their own well-being as shareholders. (Bagaskara et al., 2021)

$$MOWN = \frac{Management's\ Equity\ Ownership}{Total\ Outstanding\ Equity\ Capital\ of\ the\ Company}$$

Institutional Ownership

Institutional ownership refers to shares owned by a company purchased by institutions such as insurance companies, banks, investment firms, and other institutional owners. Intensive

monitoring efforts will arise if institutional ownership levels are higher, thus limiting opportunistic management behavior and the reporting of profits by management to maximize personal interests. Institutional ownership can have a positive impact on a company's financial management because it can prevent conflicts between managers and shareholders, allowing both stakeholders to monitor the company's cash flow. With institutional ownership, companies no longer worry about the costs of natural resource exploration. This relates to the significant costs incurred by mining companies in opening and managing mining resources. With institutional ownership, these substantial costs can be effectively utilized according to the company's needs (Sutrisno & Riduwan, 2022). Jensen and Meckling (1976) stated that agency conflicts between shareholders and management can be minimized through institutional ownership. Institutional shareholders must participate in company decision-making to avoid being easily swayed by false information regarding profit manipulation. (Sutrisno & Riduwan, 2022)

Institutional ownership refers to the ownership of company shares by institutions such as insurance companies, banks, investment firms, and other institutional entities. Institutional ownership plays a crucial role in minimizing agency conflicts between shareholders and managers. Institutional ownership is crucial for monitoring management, as it can encourage more optimal oversight (Wardhani & Suwarno, 2021).

This contrasts with individual shareholders, who lack the time, knowledge, or influence to effectively monitor and influence management decisions. Because institutional owners have a significant stake in the company's long-term performance, they tend to be more proactive in ensuring that management acts in the best interests of shareholders, including participating in shareholder meetings, voting on key strategic decisions, and sometimes even engaging in direct dialogue with management to encourage positive change (Rosmita Rasyid, 2020).

Institutional ownership refers to shares held by other institutions, such as government institutions, private companies, and others. This ownership plays a crucial role in minimizing agency conflicts between managers and shareholders, as institutional investors often hold majority shareholders and are therefore considered capable of implementing oversight mechanisms (Ajiidyaningrum, 2019). Institutional ownership can increase company value by utilizing periodic earnings information to predict future earnings and address agency conflicts, as the greater the level of institutional ownership, the more likely it is that all company activities will be monitored by that institution. Institutional ownership is considered an effective monitoring mechanism for every decision made by managers (Sudarno, 2022).

$$Kepemilikan\ Institusional = \frac{Jumlah\ Saham\ Institusional}{\text{Total Saham Beredar}}$$

METHOD

This study adopts a quantitative research method. The unit of analysis is the research object to be analyzed to test the hypothesis. It can be a person, a company, or an organization. The unit of analysis in this study is a company, specifically a basic materials company listed on the Indonesia Stock Exchange (IDX). According to Sugiyono (2017), a population is the entire generalization area that includes the research object, which meets the qualities and criteria predetermined by the researcher. After determining the population criteria, the researcher will study and draw conclusions. Based on the definition of population above and the chosen title, the population in this study is the raw materials companies listed on the Indonesia Stock

Exchange for the 2022-2023 period. According to Sugiyono (2017), "A sample is a portion of the number and characteristics of a population." The sampling method used in this study was purposive sampling, where the sample was intentionally selected from the population under study and is representative of the population, meeting the following criteria:
1. Basic materials companies listed on the Indonesia Stock Exchange for the 2022 and 2023 periods.
2. Basic materials companies that published annual reports and financial statements for the 2022 and 2023 periods.
3. Basic materials companies that used the Rupiah currency during the 2022 and 2023 periods.
4. Basic materials companies that had assets, equity, institutionally owned shares, and management-owned shares during the 2022 and 2023 periods.
In this study, the author used secondary data as a data collection technique in the form of financial reports of companies in the research sample obtained from the IDX website www.idx.co.id.

Data Collection
Based on the type of data and data analysis used, this research is categorized as quantitative research because it relies on numerical calculations. According to Sugiyono (2016), quantitative research methods can be defined as research methods based on the philosophy of positivism, used to study specific populations or samples. Data collection techniques are generally random, using research instruments, and using quantitative or statistical data analysis to test the established hypotheses.
The data collection method used was secondary data in the form of financial reports for the 2022-2023 period from companies in the raw materials sector listed on the Indonesia Stock Exchange.

RESULT

Panel Data Regression Analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.316289	8.621246	0.500657	0.6193
UP	-3.544605	5.987077	-0.592043	0.5571
KM	0.944463	0.355218	2.658823	0.0111
KI	2.889779	0.956885	3.019986	0.0043

Effects Specification			
Cross-section fixed (dummy variables)			
R-squared	0.910474	Mean dependent var	0.051955
Adjusted R-squared	0.805663	S.D. dependent var	0.136685
S.E. of regression	0.060256	Akaike info criterion	-2.477790
Sum squared resid	0.148860	Schwarz criterion	-1.116782
Log likelihood	160.5005	Hannan-Quinn criter.	-1.928952
F-statistic	8.686797	Durbin-Watson stat	4.000000
Prob(F-statistic)	0.000000		

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After testing the panel data regression model, the fixed effects model (FEM) was found to be the most suitable model. The following equation was obtained based on Table 4.10:

〖ROE〗_it= 4.32-3.54〖UP〗_it+0.94〖KM〗_it+2.89〖KI〗_it+e

The interpretation of the panel data regression model results is as follows:

If the independent variable is equal to zero, then the Return on Equity (ROE) is 4.32.

The coefficient value for firm size is -3.544605, indicating a negative trend. A negative trend indicates a negative one-way relationship between firm size and ROE of -3.544605. If firm size increases by one and the other independent variable is equal to zero, then ROE decreases by 3.544605.

The coefficient value for managerial ownership is 0.944463, indicating a positive trend. A positive trend indicates a positive one-way relationship between managerial ownership and ROE of 0.944463. If managerial ownership increases by one and the other independent variables are equal to zero, ROE increases by 0.944463.

The coefficient value for institutional ownership is 2.889779, indicating a positive trend. A positive trend indicates a positive one-way relationship between institutional ownership and ROE of 2.889779. If institutional ownership increases by one and the other independent variables are equal to zero, ROE increases by 2.889779.

DISCUSSION

1. The Effect of Company Size on Company Performance

Based on the results of the hypothesis test in Table 4.10, company size, as measured by the natural logarithm of total assets, has no effect on company performance, as measured by Return on Equity (ROE). This indicates that the size of a company does not directly determine how efficiently it generates profits by utilizing its equity. Larger companies are generally expected to have competitive advantages, access to broader resources, and higher operational efficiency due to economies of scale. However, in the context of ROE, these size advantages do not always translate into higher profitability. This can occur due to various factors, such as high operating expenses, a complex capital structure, or less efficient managerial decisions in managing equity.

When company size does not significantly impact ROE, this suggests that the advantages of scale may be offset by more complex and greater agency problems in larger companies. Larger companies may be unable to increase profitability for equity holders due to more difficult oversight, bureaucracy, opportunistic behavior of managers, and poor diversification. This demonstrates the importance of strong corporate governance mechanisms to ensure management remains focused on creating shareholder value, regardless of company size.

The researchers used a sample company, PT Fajar Surya Wisesa Tbk., as an example. In 2023, despite its relatively large size, with total assets of 12,545,144,000,000, the company recorded a net loss after tax of 625,865,000,000. This was due to weakening revenue due to low average selling prices, coupled with economic uncertainty and increased competition. Consequently, PT Fajar Surya Wisesa Tbk. was unable to generate profits by utilizing its equity.

The results of this study align with those of Ernawati & Santoso (2021), which found that company size does not positively impact company performance. Higher company size does not guarantee higher performance. Larger companies have a broader stakeholder base, so various policies of large companies will have a greater impact on the public interest than those of smaller companies. Similarly, research by Murdiansyah, Wahyuni, & Octiani Lestari (2020) found no effect of company size on company performance. Their study stated that company size does not guarantee good performance, as reflected in profits. However, the results of this study contradict research by Sutrisno & Riduwan (2022c), which found that company size does influence company performance. This is because large companies, with substantial financial resources, are able to maximize their available funds and disclose information internally to investors and creditors, thus avoiding the need for additional costs for broader disclosure.

2. The Effect of Managerial Ownership on Company Performance

Based on the hypothesis test results in Table 4.10, the study shows that managerial ownership affects Return on Equity (ROE). This suggests that the greater the proportion of shares owned by managers, the greater their incentive to improve company performance, including profitability, as measured by ROE. By owning shares, managers have a direct stake in the company's results, so they tend to act more efficiently and responsibly in managing company resources to generate optimal profits.

Theoretically, this finding aligns with agency theory, which states that managerial ownership can reduce conflicts of interest between managers (agents) and owners (principals). When managers also act as owners, their goals are more aligned with those of shareholders, namely maximizing company value. This is reflected in an increase in ROE, an indicator of a company's effectiveness in generating profits from available equity. However, it is important to note that the effect of managerial ownership on ROE is not always linear. In some cases, excessive managerial ownership can have negative effects, such as the entrenchment effect, where managers.

This can lead to a feeling of oversecurity in their position and a reduced incentive to improve performance. Therefore, it is important to consider the ideal ownership threshold to maintain its positive impact on ROE.

Overall, these findings confirm that managerial ownership is a corporate governance mechanism that plays a role in driving financial performance, particularly in increasing the efficiency of a company's use of equity.

This research aligns with (Sutrisno & Riduwan, 2022c), which states that managerial ownership has a positive effect on company performance. The higher the proportion of managerial ownership, the more active management is in improving company performance. This is because there is no conflict of interest between company management and investors in determining the company's future direction. The results of this study are similar to those of (Gunawan & Wijaya, 2020), which found that managerial ownership has a positive and significant effect on company performance. Managerial ownership encourages management to act cautiously in decision-making, as management also bears the consequences of its decisions. However, the results of this study contradict those of Yulianti & Cahyonowati (2023b), which stated that managerial ownership had no effect on company performance. Similarly, research by Nurmayanti & Shanti (2023) found that managerial ownership did influence company performance.

3. The Effect of Institutional Ownership on Company Performance

Based on the hypothesis test results in Table 4.10, the study shows that institutional ownership influences Return on Equity (ROE). This finding indicates that the presence of institutions as

shareholders in a company can positively influence the efficiency of the company's equity management in generating profits.

Institutional ownership is generally considered an effective corporate governance mechanism. This is because institutional investors, such as pension funds, insurance companies, or investment managers, possess the resources, knowledge, and long-term interests that encourage them to actively monitor and supervise managerial performance. This strict oversight encourages management to act more professionally and efficiently in running company operations, thereby increasing profitability, as reflected in ROE. Thus, companies with high levels of institutional ownership tend to have better governance, which ultimately has a positive impact on financial performance, including the use of equity to generate profits.

However, the effect of institutional ownership on ROE can also be influenced by the extent to which the institution is active in decision-making. If the institution is passive or not involved in management oversight, its effect on ROE may be insignificant. Therefore, the effectiveness of institutional ownership as a monitoring tool depends heavily on the characteristics and investment strategies of the institution.

The results of this study are similar to those of Gunawan & Wijaya (2020), which found that institutional ownership has a positive and significant effect on company performance. Institutional ownership aligns with agency theory, which states that institutional ownership can reduce agency costs by creating more optimal oversight of management performance, reducing management fraud and aligning management interests with shareholders. The results of this study also align with research by Sutrisno & Riduwan (2022c), which found that institutional ownership has a positive effect on company performance. This suggests that institutional ownership can positively impact a company's financial management by preventing conflicts between management and shareholders, allowing both stakeholders to monitor the company's cash flow. However, this study contradicts the findings of Wardhani & Suwarno (2021), which found that institutional ownership has no significant effect on company performance. The higher the institutional ownership, the lower the company's performance, as institutional ownership is a temporary ownership strategy and focuses more on short-term profits.

CONCLUSION

Based on the results of the research conducted by the researcher on the influence of company size, managerial ownership, and institutional ownership on company performance, the company performance in this study uses Return on Equity (ROE) as a proxy. Financial reports and annual reports obtained from the official websites of companies operating in the basic materials sector and the official website of the Indonesia Stock Exchange constitute secondary data in this study. Data collection used a purposive method. This method resulted in a sample of 47 companies for the years 2022 and 2023. The software used for data processing in this study was E-Views 13 and Microsoft Excel, and the data analysis method used was panel data regression analysis. The results of the hypothesis tests in this study, discussed previously, can be concluded as follows: 1. Company size does not affect company performance. 2. Managerial ownership does affect company performance. 3. Institutional ownership does affect company performance.

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