

**OWNERSHIP TYPE AND COMPANY PERFORMANCE:  
EMPIRICAL STUDIES IN THE INDONESIAN  
STOCK EXCHANGE**

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**ABSTRACT**

*This study is aimed to test the difference in performance among companies with various types of ownership (foreign, state, and private) on a sample of 206 companies listed in ISE (Indonesian Stock Exchange) between 1999-2006 resulting in 795 company-year observations. The ANCOVA model and multiple comparison methods are used to test the hypothesis that private-owned companies have better performance than state-owned enterprises and foreign-owned companies have better performance than private-owned companies. Contrary with the hypothesis, the result shows that state-owned enterprises have better performance than private-owned companies. The possible explanation for this is because state-owned enterprises have more experience than private-owned companies (based on LogAge). State-owned firms may get some special facilities (including the easiness to get debt funding) from government. The result also shows that foreign-owned companies have better performance than private-owned companies which support the hypothesis. Foreign-owned companies have more experience in managing enterprises than private-owned companies. Furthermore, foreign-owned companies in some industries tend to be more active in doing investment than private-owned companies. There are some implications of these results. First, different ownership type gives different effect to the company's performance. Second, government can consider foreign ownership in its privatization policy.*

**Keywords:** *Ownership type, Performance, Experience, Investment.*