



# The Effect of Managerial Ownership and Institutional on Company Financial Performance in PT. Indofood Sukses Makmur Tbk

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**Abstract :** The purpose of this study was to get a better understanding of the relationship between managerial ownership, institutional characteristics, and the financial performance of PT. Indofood Sukses Makmur Tbk. Using a quantitative associative technique, the research analyzed the company's financial accounts from 2018 to 2020. We looked at the data using multiple linear regression analysis. The examined firms' financial performance was unaffected by either management ownership or institutional variables. The bottom line does not correlate with managerial ownership when it comes to institutional performance.

**IndexTerms – Managerial Ownership, Institutional Ownership, Company Financial Performance.**

## INTRODUCTION

Competition is one of the biggest threats that companies face, especially bigger ones. It is the goal of any company to increase productivity and broaden their customer base in order to stay ahead of the competition. Being a potential source of both employment and trade products, manufacturing is an essential part of every national economy.

The manufacturing sector is an important investment topic because of its rapid expansion on the Indonesia Stock Exchange (IDX). The reliable annual increase in stock prices is a major draw for many investors, and industrial companies are no exception. The company's financial records could include one of these elements. Analyzing financial data may help with decision-making and asset growth. In order for a firm to flourish, the capital that investors put into it is essential. If the company isn't making a good profit, no one will invest in it.

One possible indicator of a company's health is its performance throughout a certain time frame. The operational operations of a corporation in making use of its resources determine the outcome or accomplishment of its performance. You may get a sense of the company's health by looking at its performance, suggests.

The financial statements of PT. Indofood Sukses Makmur Tbk, one of the manufacturing enterprises that will be examined, cover the year 2018–2022. The components and performance of the company's finances are detailed in these publicly accessible statements on the Indonesia Stock Exchange. A company's success factor might shift from one year to the next.

The profitability of a corporation might be affected by conflicts of interest between investors and management. Suparlan (2019) argues that managers whose financial stake in the firm is higher are more likely to put the interests of shareholders ahead of their own. A company's ownership structure may be categorized as managerial or institutional based on the percentage of shares held.

Managerial ownership is a term used to describe those who have a significant role in making choices for the company. There will be less agency issues if managers are prudent decision-makers and their interests are aligned with those of other shareholders, which happens when managers own a high percentage of the company's shares.

According to Rismayanti et al. (2020), institutional ownership occurs when financial institutions, insurance companies, and investment firms own a majority interest in a company. One component that encourages the best possible supervision of management performance is institutional ownership, as share ownership confers authority that may be used to either endorse or reject management's decisions (Henryanto Wijaya, 2020).