

ABSTRACT

The objective of this research was studied the difference of economic value added (EVA), market value added (MVA), and return on equity (ROE) between the firms which are dominated by insider ownership and the firms which are dominated by external blockholder ownership. It used 118 samples of manufacture public companies which are listed in Jakarta Stock Exchange until the end of 2000. The samples were divided into 80 firms that dominated by insider ownership and 38 firms that dominated by external blockholder ownership.

This study used one-tail independent t-test to find whether EVA of the firms which were dominated by insider ownership lower than EVA of the firms which were dominated by external blockholder ownership, whether MVA of the firms which were dominated by insider ownership lower than MVA of the firms which were dominated by external blockholder ownership, whether ROE of the firms which were dominated by insider ownership lower than ROE of the firms which were dominated by external blockholder ownership.

Futhermore, it showed that EVA of the firms which were dominated by insider ownership higher than EVA of the firms which were dominated by external blockholder ownership, MVA of the firms which were dominated by insider ownership higher than MVA of the firms which were dominated by external blockholder ownership, and ROE of the firms which were dominated by insider ownership lower than ROE of the firms which were dominated by external blockholder ownership. It meant that, using EVA and MVA, performance of the firms which were dominated by insider ownership higher than performance of the firms which were dominated by external blockholder ownership, whereas using ROE performance of the firms which were dominated by insider ownership lower than performance of the firms which were dominated by external blockholder ownership.

Key Words: agency theory, ownership structure, insider ownership, external blockholder ownership, firm performance, economic value added (EVA), market value added (MVA), return on equity (ROE).