

## ABSTRACT

### MANAGERIAL OWNERSHIP, CAPITAL STRUCTURE, AND FIRM PERFORMANCE MANUFACTURES COMPANY LISTED IN INDONESIAN STOCK EXCHANGE

This research examines the relationship among managerial ownership, capital structure, and firm performance, focusing on whether there is simultaneous effect between managerial ownership, capital structure, and firm performance.

In general, this research had six objective. The first objective was to examine the relationship managerial ownership to capital structure. The second objective was to examine relationship capital structure to managerial ownership. The third objective was to examine relationship capital structure to firm performance. The fourth objective was to examine relationship firm performance to capital structure. The fifth objective was to examine relationship firm performance to managerial ownership, and the last sixth objective was to examine relationship managerial ownership to firm performance. There is six variables used by this research consist three endogen variables consists managerial ownership, capital structure, and firm performance and three exogen variables consist institution ownership, firm size, and firm growth. This research used sample from manufacture company in Indonesian period 2002-2006 and data had collected from Indonesian Capital Market Directory (ICMD).

The analysis was started with descriptive statistic sample, then employs two stage least square to test the hypothesis. this research result that there is significant relationship between managerial ownership to capital structure, capital structure to firm performance, and firm performance to managerial ownership. Also found that there is simultaneous relationship between capital structure and firm performance, and between firm performance and managerial ownership. But there is no simultaneous relationship between managerial ownership and capital structure.

Key Words : *Managerial ownership, capital structure, firm performance, two stage least square*