

## **Effect of Company Age, Firm Size, and Structure Ownership to Company Performance in sub Manufacturing Company sector goods and consumption listed on the Indonesia Stock Exchange**

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**Abstract:** This study aims to analyze the effect of company age, Size Company, structure ownership to performance company. The independent variable in this study is company age, size company and structure ownership. Meanwhile, the company's performance as the dependent variable is measured by return on assets. Population in this research is a sub-sector manufacturing company goods and consumption listed on the Indonesia Stock Exchange (IDX) in 2018-2020. The sampling technique used was purposive sampling method which resulted in a sample of 41 companies. The type of data collected is secondary data. This study uses multiple regression analysis, the results of which show that the variables are company age and size company effect on company performance (ROA), but on the variable structure ownership No influential to performance company (ROA).

**Keywords:** Company Age, Size Company, Structure Ownership, and Performance Company.

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### **1. Introduction**

Indonesia is a country that has level economy medium and is often referred to as a developing country located in Southeast Asia. With exists level economy existing middle class in Indonesia Lots company manufactures established in Indonesia. One \_ factor important in company To use support continuity business that is performance company. company will walk with better and more proceed if performance company the walk with good and appropriate with objective company.

Competition business in industry manufacture the more strict along with development resulting economy \_exists demands for company For Keep going develop innovation, and improve performance.

In something performance company, there a number of influencing factors \_ continuity performance company become Good or no. As for influencing factors\_performance company such as, *Company Age*, *Company Size*, and *Structure Ownership*.

The level of competition in the current era of globalization is increasing rapidly, great competitors will emerge from all over the world, entrepreneurs who cannot develop their businesses are threatened with bankruptcy. One way to increase profits for the company is to improve company performance (Novitasari, 2020). Company performance is the determination of certain measures that can measure the success of a company in generating profits and is a reflection of the company's ability to manage and allocate its resources (Permatasari, 2019). The more big company so the more great performance is also a must done, the more there are many problems and aspects that must be done in performance company. According to Mwita (2000) the notion of performance is a result of work achieved because it provides the company's strategic goals, customer satisfaction and economic contribution, whereas according to Hyndman & Anderson (1997) performance can also be seen from the production model consisting of three stages, namely input, output and results so that performance can be interpreted in efficiency and effectiveness .

The age of the company also affects the achievement of company performance. Rossi (2016) has conducted a literature study regarding the effect of company age on company performance and shows that there are variations in research results regarding the effect of company age on company performance. Selcuk (2016) shows that young companies show a decrease in profitability from the start but they may be profitable again at old age. Loderer and Urs Waelchli (2010) concluded that the older the company, the lower its profitability will be.

Duration company Survival is also influenced by sustainability Performance Company applied to the company That alone. Company will standing long when Performance Company walk with ok. The longer the company that endure so will convince investors that company That walk with ok. The longer the company That stand so company the Already have more experience \_ about performance. Often happen still company\_new, performance his company walk not enough Good Because Not yet own Lots experience in Performance Company.

Size Company can be interpreted as a comparison of the size of the business of a company or organization (Sholicah, 2015). Size Company is a scale where the size of the company can be classified according to various ways, including total assets, stock market value, and others (Prasetyorini, 2013). Thus, company size is the size or amount of assets owned by the company (Hery, 11-12: 2017).

Size Company can be seen from the company's financial condition in general it can be seen from the amount of total assets. In this case the higher the total assets owned, the higher the possibility of the company's ability to maintain its viability. Size Company is also affected easy or how difficult company obtain funds from outside. If company big, then will convince investors to invest in the company such, however if company that small, investors will hesitant in provide capital to the company the. According to Law No. 9 of 1995, company shared become two, ie company small and corporate medium or big.

According to Wahyudi & Pawesti (2006) ownership structure by some researchers is believed to be able to influence the running of the company which ultimately affects the company's performance in achieving the company's goals, namely maximizing company value. Ownership structure is very important in determining the value of the company. Two aspects to consider are (1) concentration of outsider ownership of the company and (2) ownership of the company by managers (*manager ownership*). Owners of companies from outsiders are different from managers because it is unlikely that owners from outsiders are involved in the company's daily business affairs (Widyastuti, 2004).

Rathnayake and Gang (2017) state that institutional ownership has no effect on company performance. Most of these studies add several other variables as covariates such as company size and age. Firm size is almost always stated to have a positive effect on firm performance in various studies, but this is not the case with firm age. Rathnayake and Gang (2017) state that company age has a positive effect on ROA

Motivation writer take title this for know is only long - established companies and companies\_big only can\_own performance enough company\_ok.

Study This is development from research by Ni Kadek Nina Yanti Putri, I Dewa Made Endiana, I Gusti Come on beautiful Pramesti (2021). Novelty study this is the first exists reduction two variable independent that is *Corporate Social Responsibility and Investment Opportunity* added with independent variables *Company Age*. Based on background back above, author\_interested take title Effect of Company Age, Firm Size, and Structure Ownership Asset to Firm Performance (Study Cases in Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2018-2020 Period). Study This expand scope observation on the company manufacturing sub sector industry goods and consumption listed on the Indonesia Stock Exchange (IDX) for the 2018-2020 period.

## **2. Review literature and hypotheses**

### **Theory agency**

According to Atmaja, (2008:12) this theory was first put forward by Michael C. Jensen and William H. Meckling in 1976. In their paper, Jensen and Meckling discussed agency relations. Agency relationship is the relationship between managers and shareholders. In a company whose shares are still 100% owned by the owner, there will be no agency problem. However, when managerial ownership is less than 100%, it may potentially cause agency problems. This is because managers often act in their personal interests and ignore the interests of other shareholders (Yulianto et al., 2014).

### **Theory Signaling**

*Signaling theory* emphasizes the importance of information released by companies on investment decisions of parties outside the company. Information is an important element for investors and business people because information essentially provides information, notes or descriptions for past, present and future conditions for the survival of a company and how the market for securities is. Complete, relevant, accurate and timely information is needed by investors in the capital market as an analytical tool to make investment decisions.

### **Development hypothesis**

#### **Influence *Company Age* to Performance Company (ROA)**

The age of the company shows the company's ability to take advantage of previous company experience. These companies usually have a good reputation, making it possible to have high profit margins when selling their goods. Research conducted by Cahyarifida (2017) revealed that company age has an effect on the company's financial performance supported with study Rossi (2016) has conducted a literature study regarding the effect of company age on company performance and shows that there is an influence of company age on company performance.

H1: *Company Age* effect on the company's financial performance seen from RO A.

**Influence Company Size to Performance Company (ROA)**

Something company big and established will easy for going to the capital market. convenience For relate with the capital market then means flexibility more big and level Investor confidence is also more big Because have performance more operational\_big . Big company capable interesting more investor interest big compared to with company small, because have flexibility placement more investment\_well (Putra and Chabachib 2013).  
 H2: Size company influential to performance company seen from ROA.

**Influence Structure Ownership managerial to Performance Company (ROA)**

According to Rachman (2014), great its small amount ownership share managerial in company can indicate exists similarity interest between management with shareholders. The more increasing proportion ownership managerial so will the more Good performance company so that manager will motivated For increase performance For company. Research conducted by Sari (2015) shows that ownership managerial influential on the company's financial performance , is supported with research conducted by Putri, NK, Endiana , I. d., & Pramesti ( 2021) stated that ownership influential to performance company  
 H3: Managerial ownership influences the company's financial performance in terms of RO A.

**Influence Structure Ownership institutional to Performance Company (ROA)**

According to Jensen and Meckling (1976), managerial ownership and institutional ownership are the two main corporate governance mechanisms that help control agency problems (*agency conflict*). High institutional ownership can increase. The greater the ownership by the institution, the greater the voice power and encouragement of institutions to oversee management and consequently will provide greater impetus to optimize the value of the company so that the company's performance will also increase.  
 H4: Structure Ownership institutional influential to Performance Company seen from ROA.

**3. Methodology and Procedures**

**3.1 Population and Sample**

Table 1: Selection Process Sample Study

No.	Criteria	Amount
1	Registered infrastructure company _ in the Indonesia Stock Exchange for the 2018-2020 period.	41
2	Issuing company report annual ( <i>annual report</i> ) during year study namely 2019-2021 on the Indonesia Stock Exchange (IDX).	-5
3	Companies that do disclosure <i>corporate social responsibility</i> in reports annual company period 2019-2021	-1
Amount sample research = 52 companies x 3 years		123
Outlier data during processing		-26
<b>Amount sample study</b>		<b>97</b>

Source: Data Processing, 2023

Population in study this are 71 companies infrastructure listed on the Indonesia Stock Exchange. Form study this is study quantitative form report annual with sample company infrastructure listed on the Stock Exchange Indonesia period 2018-2020. Data in study this is the secondary data obtained through method documentation on the official website of the Indonesia Stock Exchange (www.idx.com) and the official website each company. Method *purposive sampling* in study this used as method taking sample. Criteria election sample served in table 1.

### 3.2 Measurement Variable operational

Table 2: Measurements operational

Variable	Indicator	Source
Company Age (AGE)	$Age = Age_{th t} - Age_{th n}$	Ratahnayake and Gang 2017
Size (Size)	Size = Ln Total Assets	Son and Chabachid 2013
Structure Ownership managerial	Ownership managerial $\frac{\text{Amount share managerial}}{\text{Total shares circulating}} \times 100\%$	Putri, Endiana, and, Pramesti 2021
Structure Ownership institutional	Ownership institutional $\frac{\text{Amount share institutional}}{\text{Total shares circulating}} \times 100\%$	Putri, Endiana and Pramesti 2021

Source: Process Data, 2023

### 3.3 Data Analysis Techniques

On research this testing hypothesis use analysis regression double. Method multiple linear regression used for determine influence variable independent to variable dependent.

$$ROA = a_1 + b_1 \text{Size} + b_2 \text{Age} + b_3 \text{K. Inst} + b_4 \text{K. Mnj}$$

## 4. Results and Discussion

### Analysis Statistics Descriptive

Table 3: Statistical Test Results Descriptive

	N	Minimum	Maximum	Means	std. Deviation
age	97	9.00	115.00	40.0928	18.91322
size	97	25.51	32.73	28.5229	1.50230
Ownership managerial	97	0.00	0.93	0.1630	0.27679
Ownership institutional	97	0.00	0.99	0.5878	0.31342
ROA	97	-0.12	0.60	0.0844	0.12132

Source: Process Data, 2023

From Table 3 is presented statistics descriptive with amount sample 97. *Company Age (age)* own minimum value of 9.00 and value maximum of 115.00 with a mean of 40.0928. Default value deviation *age* as big 18.91322 (below average), that is *age* own level low data variation. Firm size (*size*) indicates mark drink of 25.51 and value maximum of 32.73 with a mean of 28.5229. Default value deviation *SIZE* of 1.50230 (below average), that is *SIZE* own level low data variation. Structure ownership managerial own minimum value of 0.00 and value maximum of 0.93 with a mean of 0.1630. Default value deviation in Structure Ownership managerial of 0.27679 (above average), that is Structure ownership managerial own level high data variation. Structure Ownership institutional own minimum value of 0.00 and value maximum of 0.99 with a mean of 0.5878. Default value deviation in Structure Ownership institutional of 0.31342 (below average), that is Structure Ownership institutional own level low data variation. Performance The company (ROA) has minimum value of -0.12 and value maximum of 0.60 with a mean of 0.0844. Default value the deviation in ROA is 0.12132 (above average), meaning that ROA has level high data variation.

### Discussion

Testing statistics with analysis regression double require an assumption test classic before regression test was carried out. Normality test results show that normally distributed. Multicollinearity test results for the equation models regression show mark factor inflation (VIF) between 1.252-3.018 and tolerance values between 0.331-0.799, p. This describe that No There is problem multicollinearity in equality regression. Autocorrelation results show mark significance 1886 with use method *Durbin Watson*. From the results regression obtained the DW value is 1,886, with n as many as 97 samples, and 4 variables. According to DW table gain results DU value of 1.7560 with terms  $DW > DU$  so that get result  $1.886 > 1.7560$ . This describe that No There is problem with autocorrelation. Heteroscedasticity test results with the spearman rho test showed mark significance each

variable study above 0.05 so No happen problem heteroscedasticity in the equation regression study this. Heteroscedasticity test results can seen in table 4

Table 4 Heteroscedasticity Test Results

Variable	Significance	Information
<i>age</i>	0.387	No happen heteroscedasticity
<i>size</i>	0.800	No happen heteroscedasticity
Structure Ownership managerial	0.953	No happen heteroscedasticity
Structure Ownership institutional	0937	No happen heteroscedasticity

Source: Data Processing, 2023

Equality regression in study this is using the fit with model F value = 3.668 and a significance of 0.008. Adjusted R coefficient value<sup>2</sup> show figure 0.100. Testing hypothesis with analytical models multiple linear regression show equality following:

$$ROA = a_1 + b_1Size + b_2Age + b_3K. Inst + b_4K. Mnj$$

Table 5: Hypothesis Test Results

Variable	B	Q	Significance	Description
<i>age</i>	0.002	2,290	0.024	H <sub>1</sub> Accepted
<i>size</i>	0.019	2,094	0.039	H <sub>2</sub> Accepted
Structure Ownership managerial	-0.018	-0.263	0.793	H <sub>3</sub> Rejected
Structure Ownership institutional	-0.028	-0.430	0.669	H <sub>4</sub> Rejected

Source: Data Processing, 2023

Based on results testing analysis that has been done through analysis statistics descriptive and testing hypothesis show that *Company Age* influential to Performance Company (ROA). *Company Age* own mark regression of 0.002 with level significance 0.024. Significant value of 0.024 more small of 0.05 (0.024 < 0.05), then **H<sub>1</sub> is accepted**. Based on testing this can collected that *company age* influential to Performance Company (ROA). Test results this in line with research conducted by (Rathnayake and Gang, 2017) which explains that *company age* influential to Performance Company (ROA).

Firm size (*size*) has mark coefficient regression of 0.019 with significance gender diversity 0.039 more small from 0.05 up **H<sub>2</sub> accepted**, that is Size Company influential to Performance Company (ROA). this in line with research (Sari and Dwi, 2019) which states that size company influential to Performance Company (ROA).

Structure Ownership managerial own mark coefficient regression -0.018 with significance of 0.0793 more big of 0.05 then **H<sub>3</sub> rejected**. Based on results testing this can concluded that structure ownership managerial influential to Performance Company (ROA). Research results this different with research (Putri, NK, Endiana, and Pramesti, 2021) which states that effect to Performance Company (ROA).

Structure Ownership institutional own mark coefficient regression -0.028 with significance 0.669. Significance value of 0.669 more big of 0.05 then **H<sub>4</sub> rejected**. Based on results testing this can concluded that Structure Ownership institutional No influential to Performance Company (ROA). this different with research (Erayanti, 2019) that structure ownership institutional influential to Performance company (ROA).

## 5. Conclusion

Based on results data analysis and discussion about influence *company age*, size company and structure ownership to performance company to company manufacturing sub sector goods and consumption listed on the Indonesia Stock Exchange (IDX) for the period 2018 to with 2020, can concluded that *company age* and size company influential to performance company. For observation structure ownership managerial and structure ownership institutional No influential to performance company.

Research results obtained \_ in the study this still own limitations caused by their existence limitations. Study This Still use observation period short and review special about possible impact of the pandemic happens inside too operationalization company manufacturing sub sector goods and consumption as well as performance

company. because\_ it, still possible done study with period medium and term long as well as can possible use variable other like carbon credit and good corporate government.

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