

## ABSTRACT

This research's goal is to determine the nature of relationship between government ownership, private ownership, assets and leverage with the privatized State Owned Enterprise's market performance. Previous studies indicate that these relationships are inconclusive. Therefore, it is necessary to conduct a forward research due to this inconclusiveness, and conclude the relationship between those variables with the SOE's market performance.

Population method performed in this research, by using all of the audited financial statements of privatized SOE in Indonesia from 2004-2011. By the total of one hundred and fourteen research objects being analyzed using linear regression to determine the relationship between variables such as government ownership, private ownership, assets and leverage with the SOE's market performance.

Results of this research show that the first hypothesis which is government ownership has a non-linear relationship with the SOE's market performance can be accepted. Result from the regression performed shows a non-linear convex relationship between government ownership and the market performance, meaning that it has a significant negative relationship, but at the optimum point, this condition will revert to a positive significant relationship. Second hypothesis which states that private ownership will have a positive relation with market performance should be declined, as a result of the regression performed which indicate that the relationship is negative and insignificant. This condition might result from the recent measurement method that never been conducted by previous studies in this area. On the third hypothesis, this research propose that size has a negative relationship with the market performance, and the result of the regression performed shows that this hypothesis should be declined, because it shows a positive relationship between size end the market performance. The last or fourth hypothesis in this research claims that leverage has a negative relationship with the market performance, this hypotesis should be accepted because the regression performed results the same as th hypothesis. This research also shows that, it is a necessary to perform a further research so the relationship between these variables and SOE's market performance can be determined more clearly, by using a more accurate and update data, analysis model and measurement method.

Keyword : government ownership, private ownership, state owned enterprise, privatization, assets, leverage, market performance.