MANAGEMENT’S SHIO AND OWNERSHIP TO FIRM PERFORMANCE

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ABSTRACT

The research examines the effect of Chinese Astrology (SHIO) and managerial ownership on firm’s performance. SHIO is Chinese astrology based on the date of birth to predict personality as such traits, lifestyle, health and career (Liao, 2001). Personality of the managers will affect firm’s performance as managers managed daily activities of the firm. Therefore the research argued that manager’s SHIO will affect firm’s performance. The research also examines other issue of agency problem which is called managerial ownership. The separation between the principal with ownership function and agent with control function leads to a potential conflict called agency conflict. Management (agent) might engage in self-dealing to maximize their personal welfare, entering into decision making that benefits themselves over shareholders. Therefore management should grant an ownership to align their interest with shareholders interest. Sample is manufacturing firms listed in Indonesia Stock Exchange for the period of 2013-2015. The results of this study indicate that Chinese Zodiac of the CEOs have no effect on the company's performance, while managerial ownership positively affects the company's performance. Financial ratios used to measure company's performance are profitability ratios, such as Return on Assets (ROA) as the main parameter and Return on Equity (ROE) as supporting parameter or robustness with no significant effect which aims to confirm the effect of managerial ownership on the company's performance.

Keywords: Chinese Astrology, shio, managerial ownership, performance