IJEBA: *International Journal of Economics, Business and Applications*

p-ISSN: 2477-1244, eISSN: 2477-1236

DOI: https://dx.doi.org/10.31258/ijeba.7.1.67-82

Received:

Effect of Diversification, Good Corporate Governance, Corporate Social Responsibility on Business Risk (Study on Manufacturing Companies listed on the Stock Exchange I 2015-2019)

Surya Habibie

Faculty of Economics and Business, University of Riau, Pekanbaru, Indonesia

Email: Suryahabibie27@gmail.com

ABSTRACT*: This study aims to analyze the effect of Diversification, Good Corporate Governance, and Corporate Social Responsibility on Company Risk. The population in this study were manufacturing companies listed on the Indonesia Stock Exchange (IDX) during the 2015-2019 period, which amounted to 176 companies. The research method used in this research is the explanatory method which aims to test the effect between variables through hypothesis testing using quantitative data. The results showed that diversification had a positive and significant effect on Corporate Risk, Good Corporate Governance had a positive and significant impact on Corporate Risk, and Corporate Social Responsibility had a positive and significant impact on Corporate Risk. Company risk in this study is measured using Business Risk. Diversification, Good Corporate Governance, and Corporate Social Responsibility have a positive and significant effect on Company Risk. Corporate Social Responsibility has a positive and significant impact on Company Risk.*

Keywords: Diversification, Good Corporate Governance, Corporate Social Responsibility, Corporate Risk.

INTODUCTION

In the current era of globalization, the development of the industrial world plays a vital role in national economic growth. It is undeniable that industrialization has a positive impact on the economy in Indonesia. The manufacturing industry sector has emerged as a dominant value-added contributor multiplied. Currently, the manufacturing industry is an industry that has a reasonably significant contribution to the growth of Gross Domestic Product (GDP) or Gross Domestic Product (GDP). Gross Domestic Product (GDP) is one of the essential indicators to measure economic health. GDP represents the total sales value of all goods and services produced in a certain period.

The increase in Gross Domestic Product growth encourages the achievement of economic growth targets that the government of a country has set. In 2016, four sectors contributed significantly (> 10%) to the growth of Gross Domestic Product (GDP). These sectors are the manufacturing industry (20.5%), the agricultural sector (13.5%), the trade & repair of cars and motorcycles (13.2), and the construction sector (10.4%). In 2019, Hartarto (Indonesian Minister of Industry, 2016-2019) said that the industrial sector was still the most significant contributor to gross domestic product (GDP) at 19.7 percent, followed by trade and motorcycle repairs at 13.01 percent. And the agricultural sector percent 12.7 percent.

Table 1. GDP Growth of Each Sector

Sectors	2015	2016	2017	2018	2019	Share 2019
Manufacturing Industry	4.33	4.26	4.29	4.27	3.80	**19.70**
Wholesale & Retail Trade, Car and Motorcycle Repair	2.59	4.03	4.46	4.97	4.62	**13.01**
Agriculture, Forestry & Fishery	3.77	3.37	3.87	3.91	3.64	**12.72**
Construction	6.36	5.22	6.80	6.09	5.76	**10.75**
GDP	**4.88**	**5.03**	**5.07**	**5.17**	**5.02**	**100**

Source: BPS-Statistics Indonesia

From the GDP growth data for various sectors in Indonesia above, it can be seen that GDP growth from the manufacturing sector tends to decline every year. This condition will increase the risk of these industrial companies so that the company's performance is feared to decline. It will affect the decrease in the level of interest. Foreign investors invest in these companies because of riskier. However, we can see that the manufacturing industry sector is still the most significant contributor to GDP growth in 2019. However, GDP growth in the manufacturing sector is still lower than in sectors with small contributions, such as other service sectors. This sector only contributed 1.81%, but this sector experienced the most considerable growth at 8.99%. This condition is caused by GDP growth not reaching the 5.3% target. Based on this, it can be concluded that the manufacturing sector has a critical role in the growth of Gross Domestic Product (GDP) in Indonesia.

Many companies have applied various strategies and even combined them with more than one strategy. However, organizations certainly have limited resources that can only choose alternative strategies and avoid excess debt. Strategies like diversification are becoming the most chosen to be used by companies worldwide. Diversification is a strategy companies use with existing markets and products (Kahloul

& Halara, 2010). This strategy is also expressed by Haberberg and Rieple (2008) in Kusumawati 2008, that the company's diversification is to spread risk and achieve company goals. This strategy means that companies that carry out diversification and aim to reduce risk to suppress these risks also aim for growth and added value when the company invests in the right business. Profits for the Company will also increase. Ahmad (2005) states that diversification is a corporate growth strategy in which companies expand their operations by moving to different industries. With a diversification strategy, the company does not only focus on one business unit, but the company can provide innovation to produce new business units or expand its business.

Another strategy to reduce company risk or improve company performance is implementing good corporate governance, or Good Corporate Governance (GCG). Good corporate governance (GCG) is a system that regulates and controls companies that create added value for all stakeholders (Ahmad, 2005). It is hard to deny that Good Corporate Governance (GCG) has become increasingly popular over the last ten years. Not only popular but the term is also placed in the first position. GCG is one of the keys to the company's success to grow and be profitable in the long term while winning the global business competition. Second, the economic crisis in Asia and Latin America has arisen due to the failure to implement GCG (Daniri, 2005). The emergence of Good Corporate Governance (GCG) is based on agency theory, which expects information disclosure to minimize conflicts of interest between agents and principals. Conflicts of interest can occur in any company.

Apart from how the company carries out its corporate governance, the company must also pay attention to the possibility of an increase in risk caused by external companies, such as the interests of the environment in which the company operates. Moreover, society demands that companies pay attention to social and environmental aspects. This aspect is better known as corporate social responsibility (CSR) in Indonesia. Corporate Social Responsibility (CSR) is a concept that organizations, especially companies, have a responsibility to consumers, employees, shareholders, communities, and the environment in all aspects of the company's operations. In a global context, The term Corporate Social Responsibility (CSR) began to be used in the 1970s. It became increasingly popular, especially after the book Cannibals With Forks: The Triple Bottom Line in 21st Century Business by Elkington (Kythle et al., 2005). Developing three essential components of sustainable development, namely economic growth, environmental protection, and social equity, initiated by the World Commission on Environment and Development (WCED) in the Brundtland Report,

Elkington packaged CSR into three focuses: 3P, which stands for profit. Planets and people. A good company is not only looking for economic profit (profit) but also has a concern for environmental sustainability (planet) and community welfare (people). According to Lu (2016), CSR is a form of cooperation between companies (not only Limited Liability Companies) with all matters (stakeholders) who directly or indirectly interact with the company to ensure the existence and sustainability of the company's business (sustainability). This understanding is the same as Social and Environmental Responsibility, which is the company's commitment to participate in sustainable economic development in order to improve the quality of life and the environment that is beneficial, both for the company itself, the local community, and society in general (Lu, 2016). Experience and knowledge are needed to ensure the success of CSR. Commitment to participate in sustainable economic development to improve the quality of life and the beneficial environment, both for the company itself, the local community, and society (Roziq & Danurwenda, 2015).

Based on the description above, the author intends to research to determine the effect of Diversification, Good Corporate Governance, and Corporate Social Responsibility on Company Risk.

LITERATURE REVIEW

Agency Theory

Agency theory or agency theory is a theory that explains the working relationship between company owners (shareholders) and management. Agency relationship in agency theory that the company is a collection of contracts (nexus of contract) between owners of economic resources (principals) and managers (agents) who take care of the use and control of these resources. They also state that the owner of the company must hand over its management to an agent (Kurniasari, 2011) and Montgomery (1994) uses agency theory as an analytical concept to explain how diversification strategy is a strategy that can explain management's motives in distributing wealth.

Stakeholder Theory

Stakeholder theory says that the company is not an entity that only operates for its interests but must provide benefits to its stakeholders. Thus, the existence of a company is strongly influenced by the support provided by stakeholders to the company. Rahmawati (2012) said that the company's survival depends on the support

of stakeholders, so the company's activity is to seek that support. The stronger the stakeholder, the greater the company's effort to adapt. Social disclosure is considered part of the dialogue between the company and its stakeholders.

Legitimacy Theory

Rahmawati (2012) argued that legitimacy theory and stakeholder theory are theoretical perspectives within a political economy theory. Because the influence of the wider community can determine the allocation of financial resources and other economic resources, companies tend to use environmental performance and disclosure of environmental information to justify or legitimize company activities in the eyes of the public.

Signal Theory

According to Brigham and Hauston (2010), a signal theory is an action taken by a company to provide clues to investors about how management views the company's prospects.

Market Power Theory

Market View Theory views diversification as a tool to prevent competition from the power of conglomeration. Diversification in this approach will positively influence a company's performance (Montgomery, 1994).

Company Resource Theory

This approach means that the company should be able to manage and utilize existing resources in the company effectively and efficiently, and optimally. Thus it will have an impact on increasing the value of the company. Montgomery (1988) also states that to optimize company resources is to diversify the company. By using the same resources, companies can create different products and develop businesses that impact improvements in production activities. The development of effective new machines must follow this condition.

Trade-off Theory

This theory refers to the optimal level of debt achieved when tax shields reach the maximum amount against the costs of financial distress.

The Effect of Diversification on Company Risk

Diversification is an entirely appropriate way to reduce the risks in a company. Using a market power view approach assumes that diversification by the company is expected to be the right way to prevent business competition with competitors operating in the same business segment and prevent other companies from trying to

enter the same business segment. Diversification is one strategy to reduce company risk by spreading it in the form of assets. In addition, diversification is also defined as an investment strategy by placing funds in various instruments with differing levels of risk and profit potential; this strategy is commonly referred to as asset allocation (Lestari & Sari, 2014).

As the Market View theory views diversification as a tool or a way to prevent competition that comes from the power of conglomeration, and diversification in this approach will positively influence the performance of a company (Montgomery, 1994).

The Effect of Good Corporate Governance on Company Risk

In companies, information asymmetry often occurs between company owners and company managers. Companies responsible for decision-making certainly have more information than company owners so this information asymmetry can trigger agency conflicts. This agency conflict causes a decrease in company performance and company value, increasing company risk. Good corporate governance is needed to reduce agency conflict.

As explained in agency theory, management is an agent appointed by the company owner and is given the task and authority to manage the company on behalf of the company owner. Agency theory or agency theory arises when company owners hire other parties to manage their companies.

The Effect of Corporate Social Responsibility on Company Risk

Corporate Social Responsibility (CSR) is a concept that organizations, especially companies, have a responsibility to consumers, employees, shareholders, communities, and the environment in all aspects of the company's operations. Corporate social responsibility is the set of policies in promote a balance between corporate profits and the benefits of society as a whole.

Based on the Stakeholder Theory that stakeholders are individuals or groups who can influence or be influenced by the company's achievements. Each stakeholder has different interests, such as the community, which is one of the company's stakeholders interested in the company's sustainability and the attention of the environment around the company's operational activities. According to Rahmawati (2012), the theory of legitimacy argues that legitimacy theory and stakeholder theory are theoretical perspectives within the framework of the political economy theory. Because the influence of the wider community can determine the allocation of financial resources and other economic resources, companies tend to use environmental-based

performance and disclosure of environmental information to justify or legitimize the company's activities in the eyes of the public, unlike stakeholder theory which states that companies and their management activities and make reports by the wishes and power of different stakeholder groups (Rahmawati, 2012). Legitimacy theory focuses on the interaction between companies and society. Legitimacy is an essential thing in the future development of the company. Deegan also states that legitimacy theory focuses on the obligation of companies to ensure that they operate within the framework and norms that are appropriate in the society in which the company exists. Unlike stakeholder theory which states that companies and their management activities make reports per the wishes and power of different stakeholder groups (Rahmawati, 2012). Legitimacy theory focuses on the interaction between companies and society. Legitimacy is an essential thing in the future development of the company. Deegan also states that legitimacy theory focuses on the obligation of companies to ensure that they operate within the framework and norms that are appropriate in the society in which the company exists. Unlike stakeholder theory which states that companies and their management activities make reports following the expectation and power of different stakeholder groups (Rahmawati, 2012), legitimacy theory focuses on the interaction between companies and society. Legitimacy is an essential thing in the future development of the company. Deegan also states that legitimacy theory focuses on the obligation of companies to ensure that they operate within the framework and norms that are appropriate in the society in which the company exists. Legitimacy is an essential thing in the future development of the company. Deegan also states that legitimacy theory focuses on the obligation of companies to ensure that they operate within the framework and norms that are appropriate in the society in which the company exists. Legitimacy is an essential thing in the future development of the company. Deegan also states that legitimacy theory focuses on the obligation of companies to ensure that they operate within the framework and norms that are appropriate in the society in which the company exists.

METHOD

The type of data in this study is quantitative. At the same time, the data source is secondary data obtained from the annual financial statements of manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2019 period. The population used in this study are companies in the manufacturing sector, totaling

176 companies listed on the Indonesia Stock Exchange from 2015 to 2019. The sampling technique in this study used the purposive sampling method (with specific criteria). The sample is a company that has the following characteristics:

1. Listed on the Indonesia Stock Exchange continuously throughout the year (2015-2019).
2. The company never experienced delisting in the research period.
3. Have a complete financial report during the research period.
4. The company has no negative equity value.
5. The company has a business segmentation (geographical) of more than 2

Of the 176 manufacturing companies listed on the IDX for the 2015-2019 period, 41 companies have met the criteria to be sampled in this study.

Operational Definitions Variable

a. Company Risk

According to (Merna & Al-Thani 2005), company risk is the uncertainty caused by the company's actions and deviation of distribution results. In other words, corporate risk is the risk that arises as a result of the company's operational activities, debt, and markets. Here the researcher uses business risk proxies. Company risk is measured from 3 proxies: business risk EBIT, a market risk with beta as the measurement, and financial risk is measured by Degree of Financial Leverage (DFL). Business risk in this research is proxied by EBIT.

b. Diversification

According to Harto (2005), diversification is a strategy to develop a business by expanding or expanding business and geographical segments. Company owners can take various ways to implement diversification, such as developing various existing products, expanding market share, opening branch offices, and opening lines of business-new ventures or conducting mergers and acquisitions. The measurement of diversification uses the Herfindahl Index.

c. Good Corporate Governance

According to Aldridge and Sutojo (2008), *Corporate governance* is a system used to direct and control a company's business activities. Corporate governance is disclosed through an annual report signed by the directors and commissioners with measurement standards issued by the KNKG. If disclosed, each question is given a value of 1 and 0 for those not disclosed. The measurement of corporate governance is done by dividing the amount disclosed by the number of questions provided. The

measurement of GCG in this study was measured using the standard KNKG measurement in which the questions given were expressed with a value of 1 and those that were not disclosed with a value of 0. The standard measurement of KNKG can be seen in Appendix 1.

d. Corporate Social Responsibility

According to Wahyudi and Azheri's (2008) opinion, CSR is the commitment of every company in carrying out its obligations to pay attention to stakeholders and the environment in which the company carries out operational activities based on applicable legal provisions. CSR in this study is proxied by using CSR Disclosure. Measurement of Corporate Social Responsibility uses CSR disclosure indicators issued by the Global Reporting Initiative obtained from the website www.globalreporting.org. The measurement of Corporate Social Responsibility in this study uses GRI G4, where the indicators are divided into 3, namely economic, environmental and social, and include labor practices and work comfort, human rights, social society, and product responsibility. Each dimension contains several indicators, each with a total of 91 indicators.

e. Profitability

This study measures profitability measurement by Return on Assets (ROA).

f. Leverage

Leverage in this study is the amount of long-term debt owed by the company compared to assets or equity. The measurement of leverage in this study uses three indicators, namely the Long-term Debt to Asset Ratio.

Data analysis method

The PLS or Partial-Least Square test is a variant-based structural equation approach (Structural Equation Modeling/SEM). This approach is used to perform path analysis widely used in behavioral studies, so PLS is a statistical technique used in models with more than one dependent variable and one independent variable (Murniati, 2013). This research uses a data analysis method using warpPLS 7.0 software.

RESULTS AND DISCUSSION

Table 2. Descriptive Statistics Table

Variable	Indicator	Year					Average
		2015	2016	2017	2018	2019	
Diversification	**Herfindahl Index**	0.47	0.47	0.46	0.46	0.51	0.47
GCG	KNKG standard	0.49	0.50	0.51	0.51	0.51	0.50

CSR	CSRDi	0.17	0.16	0.16	0.17	0.18	0.17
Profitability	ROA	0.04	0.05	0.03	0.04	0.05	0.04
Leverage	*Long Term Debt to Asset Ratio*	0.19	0.19	0.19	0.18	0.20	0.19
risk	Business Risk	940.42	962.91	1032.21	1200.65	1257.07	1078.65

Source: Processed Data, 2021

Evaluation of the Measurement Model (Outer Model)

1. Convergent Validity Test

Table 3. Combined Loading and Cross-Loading Table

	Diversification	GCG	CSR	Company Risk	Profitability	*Leverage*	Type (as defined)	SE	P-Value
Diversification	**1,000**	0.000	0.000	0.000	0.000	0.000	Reflect	0.058	<0.001
GCG	0.000	**1,000**	0.000	0.000	0.000	0.000	Reflect	0.058	<0.001
CSR	0.000	0.000	**1,000**	0.000	0.000	0.000	Reflect	0.058	<0.001
Company Risk	0.000	0.000	0.000	**1,000**	0.000	0.000	Reflect	0.058	<0.001
Profitability	0.000	0.000	0.000	0.000	**1,000**	0.000	Reflect	0.058	<0.001
Leverage	0.000	0.000	0.000	0.000	0.000	**1,000**	Reflect	0.058	<0.001

Source: Processed Data WarpPLS 7.0

The results in the output of table 3 show the loading factor value of each construct which is above 0.50 to 0.60 with p-value < 0.05. Thus the output has met the criteria.

2. Discriminant Validity Test

Table 4. Correlations Table among l.vs. with sq. rts. of AVEs

	Diversification	**GCG**	**CSR**	**Company Risk**	**Profitability**	**Leverage**
Diversification	**1,000**	0.150	0.229	0.025	0.734	0.130
GCG	0.150	**1,000**	0.220	<0.001	0.019	0.010
CSR	0.017	0.003	**1,000**	<0.001	0.460	0.034
Company Risk	0.025	<0.001	<0.001	**1,000**	0.020	0.854
Profitability	0.734	0.019	0.460	0.020	**1,000**	0.009
Leverage	0.130	0.010	0.034	0.854	0.009	**1,000**
	Note: Square roots of average variances extracted (AVEs) are shown on diagonal.					

Source: WarpPLS Processed Data

The output from table 4 shows that the square root of the AVE of each construct is greater than the correlation value between the constructs and other constructs. Hence, the model has sufficient discriminant validity.

Evaluation of the Structural Model (Inner Model)

Table 5. Quadratic Coefficient R

	Index	P-value	Criteria	Information
APC	0.224	<0.001	<0.05	Accepted
ARS	0.294	<0.022	<0.05	Accepted
AARS	0.276	<0.044	<0.05	Accepted
AVIF	1.114	AVIF 5, ideal≤ 3.3		Accepted
AFVIF	1.165	AFVIF 5, ideal≤ 3.3		Accepted
GoF	0.542	Small 0.1, Medium 0.25, Large 0.36		Big
SPR	0.800	SPR 0.7, ideal = 1		Accepted
RSCR	0.936	RSCR 0.9, ideal = 1		Accepted
SSR	1,000	SSR 0.7		Accepted
NLBCDR	1,000	NLBCDR 0.7		Accepted

Source: Processed Data WarpPLS 7.0

Based on the output of Figure 5.1 shows the Average Path Coefficient (APC) of 0.224 with p-value <0.001, Average R-squared (ARS) of 0.294 with p-value <0.001, and Average adjusted R-squared (AARS) of 0.276 with p-value <0.001, this means that the researcher's model can be accepted because the p-value <0.05 and can explain the data. The value of the Average block VIF (AVIF) of 1.114 and the Average full collinearity of VIF (AFVIF) of 1.165 can be accepted because < 5 indicates that latent constructs do not experience multicollinearity. Tenenhaus GoF (GoF) of 0.542 can be categorized as broad, which means that the latent construct can measure the explanation of the model very clearly. The value of Sympson's paradox ratio (SPR) is 0.8, and the R-squared contribution ratio (RSCR) is 0. 936 is acceptable and is included in the ideal category. Moreover, the value of the Statistical suppression ratio (SSR) and the Nonlinear bivariate causality direction ratio (NLBCDR) of 1,000 can be accepted in the fit model because it can explain the relationship coefficient between constructs. So, the structural model (inner model) is acceptable.

Hypothesis test

After conducting various evaluations, both the outer and inner models, the next step is to test the hypothesis. Hypothesis testing is used to explain the relationship between endogenous and exogenous variables. The correlation between constructs is measured by looking at the path coefficients and their significance level, then compared with the research hypothesis. A hypothesis can be accepted or rejected statistically the level of significance can be calculated. The significance level used in

this study is 5%. If the selected significant level is 5%, the significance level or confidence level is 0.05 to reject a hypothesis. In this study, the probability of making the wrong decision is 5%, and the probability of making the right decision is 95%.

Table 6. Hypothesis Testing Results: Direct Effect

Variable	Path Coefficient	P-value	Conclusion
Diversification→Corporate Risk	0.231	<0.001	Accepted
GCG→Corporate Risk	0.276	<0.001	Accepted
CSR→Corporate Risk	0.35	<0.001	Accepted

Source: Processed Data WarpPLS 7.0

Effect of Diversification on Company Risk

Based on the study results, it was found that the value of the path coefficients of diversification on company risk was 0.231, which showed a positive or directly proportional effect, which means that if the diversification increases, the business risk will also increase. P-Value < 0.001 indicates that the effect is significant at the 5% confidence level. Diversification has a significant effect on Business Risk. This result means that the First Hypothesis.

in this study was accepted. Diversification has a positive effect on business risk. This result shows that the better the application of diversification in a company, the business risk will also increase. This research follows agency theory which means that the more diversified the company is, the more agency conflicts that occur between the owner of the company and the management will emerge. With the company's diversification, there will be more and more separation between the management of the company's resource management. This condition will result in the company experiencing a shortage of resources and will pose a risk to the company later.

The Influence of Good Corporate Governance on Company Risk

Based on the path coefficients of Good Corporate Governance to the company's risk of 0.276, which shows a positive or directly proportional effect, which means that if Good Corporate Governance increases, then business risk will also increase. P-Value < 0.001. The research shows that the Good Corporate Governance variable has a significant effect on Company Risk. With the results of this study, the second hypothesis is accepted. GCG here has a positive influence on business risk, which means that the better the implementation and disclosure of GCG, the more likely it is to increase business risk. This result follows agency theory which states that management strives productively to increase company value by implementing GCG principles such as transparency, responsibility, fairness, and accountability so that the company has good credibility in order to improve the image and image of the company

for the welfare of shareholders and strive to reduce company risk. In improving corporate governance, some changes will eventually lead to discrepancies in the information that the shareholders will obtain. It will later be related to the Stakeholder Theory, where shareholders have an important role in the company's sustainability. Due to the difference in the information received, the shareholders will have different decisions. This result also follows the explanation of The ASX Corporate Governance in Roziq and Danurwenda (2015), that good corporate governance will underlie business risks when managing them professionally.

The Influence of Corporate Social Responsibility on Company Performance

Based on the value of the path coefficients of Corporate Social Responsibility to the company's risk of 0.35, which shows a positive or directly proportional influence, which means that if Corporate Social Responsibility increases, then business risk will also increase. P-Value < 0.001. This study shows that the Corporate Social Responsibility variable has a significant effect on Company Risk. With the results of this study, the third hypothesis is accepted. CSR here has a positive influence on business risk, which means that the better the implementation and disclosure of CSR, the higher the business risk. This result follows the Legitimacy Theory, which states: that with good CSR implementation, the company is trying to convince the community and the surrounding environment that their business activities have adjusted to the norms in the local environment. In this case, the company also seeks to gain the community's trust and the surrounding environment because the influence of the wider community can determine the allocation of financial resources and other economic resources. The company tends to use environmental-based performance and disclosure of environmental information to justify or legitimize the company's activities in the eyes of the community in which these activities. This condition will lead to various additional costs that need to be incurred by the company to increase the company's burden, which results in increased company risk.

REFERENCES

Ahmad, M. D. (2005). *Good Corporate Governance: Concepts and Applications in the Indonesian Context*. Jakarta: Ray Indonesia

Aldridge, J. & Sutojo, E. S. (2008). *Good Corporate Governance*. Jakarta: PT Damar Mulia Pustaka.

Brigham, E. F. & Houston, J. F. (2010). *Fundamentals of Financial Management (Essentials of Financial Management)*, Book 1 Edition 11 (Translated: Ali Akbar Yulianto). Jakarta: Salemba Empat.

Haberberg, A. & Rieple, A. (2003). *The Strategic Management of Organizations*. Prentice-Hall.

Harto, P. (2005). Company Diversification Policy and Its Effect on Performance: Empirical Study on Public Companies in Indonesia. September, 297–307.

Kahloul, I. & Halara, S. (2010). The Impact of Diversification on Firm Performance and Risk: Empirical Evidence. *International Research Journal of Finance and Economics*, 35(35), 150–162.

Kurniasari, A., & Purwanto, A. (2011). *Pengaruh Diversifikasi Korporat terhadap Kinerja Perusahaan dan Risiko dengan Moderasi Kepemilikan Manajerial.* UNDIP: Fakultas Ekonomika dan Bisnis.

Kythle, B. & Ruggie, J. (2005). *CSR as Risk Management*. 1–15.

Lestari, W. R, & Sari, N. (2014). Diversification of the Risks and Performance of Banking Companies on the Indonesia Stock Exchange. *SNEB Proceedings*, 93, 1–11.

Lu, W. (2016). Corporate Social Responsibility and Firm Risk: Implications from Employee Satisfaction. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2727172

Merna, T. & Al-Thani, F. F. (2005). *Corporate Risk Management: An Organizational Perspective*. Wiley, Hoboken: NJ.

Montgomery, C. A., & Wernerfelt, B. (1988). Diversification, Ricardian Rents, and Tobin's q. *The Rand Journal of Economics*, 623-632.

Montgomery, C. A. (1994). Company Diversification. *Journal of Economic Perspectives.* 8 (3). pp 162-178.

Nguyen, P., & Nguyen, A. (2015). The Effect of Corporate Social Responsibility on Firm Risk. *Social Responsibility Journal*. 11 (2): 324–339. https://doi.org/10.1108/SRJ-08-2013-0093

Murniati, P. A. (2013). *Hypothesis Testing Tools*. Semarang. Soegijapranata Catholic University Publisher.

Rahmawati. (2012). Earnings Management Detection Model in the Public Banking Industry in Indonesia and Its Effect on Banking Performance. *Accounting and Management*. XVII (April), 13.

Roziq, A., & Danurwenda, H. N. (2015). The Effect of Good Corporate Governance on Corporate Social Responsibility through Business Risk and Financial Performance at Islamic Commercial Banks in Indonesia. *Journal of Accounting, University of Jember*. 10 (1), 90. https://doi.org/10.19184/jauj.v10i1.1248.

Wahyudi, I. & B, Azheri. (2008). *Corporate Social Responsibility, Principles of Regulation & Implementation*. Malang: In-Trans Publishing.

Yapiter, M. P., Sugiarti, Y., & Eriandani, R. (2014). Penerapan Prinsip-Prinsip Good Corporate Governance pada Program Corporate Social Responsibility Hotel X di Kupang. *Calyptra, 2*(2), 1-17.

.