

# Corporate Diversification Strategy to Restore A Firm Value (A Study of Companies Registered in Indonesia Stock Exchange)

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## ABSTRACT

This research is conducted to evaluate and examine the corporate diversification strategy, capital structure and firm value based on balance approach Trade-Off Theory and Pecking Order Theory. The diversification index (related and unrelated) was determined based on Hirschman - Herfindahl Index. The capital structure variable consists of assets utilization, bankruptcy cost, company's growth and dividend policy. The research also examines company rationalities in doing corporate diversification strategy, capital structure and their influence toward company value.

The population of the research consists of the companies registered in Indonesia Stock Exchange. The samples were taken using purpose sampling technique. Based on the determined criteria, 43 sample fulfilling the criteria were obtained with six year observation period (in 2002 – 2007) and 253 observations.

The research findings showed that the related and unrelated diversification strategy influenced the capital structure and company value. The attitude of the companies registered in Indonesia supported the Pecking Order Theory in related diversification and unrelated diversification companies. These are the efforts of companies to prioritize internal fund resources coming from free cash stream in order to reduce business risk. The capital structure policy in effort to increase company value the companies need to consider corporate diversification strategies, both related and unrelated.

**KEY WORDS:** Diversification Strategy – Related and Unrelated, Hirschman - Herfindahl Index, Capital Structure, Firm Value, Pecking Order Theory, Trade-Off Theory.

## INTRODUCTION

Corporate diversification strategy is a corporate strategy. The firm must be applying diversification strategy to increase both to comparative strategy and firm value. The firm value to create cover in related an unrelated diversification. The corporate business units' strategy will be to increase return or to decrease cost of business strategy (Hitt, *et al.*, 2001). The expert of strategy will be to compare the theory base on verification of the resource with diversification hypothesis. He shall to created the firm value or not yet (Campa & Kedia, 2002; Gomes & Livdan, 2004; Miller, 2004).

As empirical (Campa & Kedia, 2002; Miller, 2004) proved that a decision making to corporate diversification can to create weighted of firm value. Diversification can be effective for added value with two mechanism: (1). To develop economies of scope in corporate business units to synergy profitable result, and (2). To develop market power to cause furthermore return (Hitt, *et al.*, 2001). Mackey, 2006, use to optimal free cash flow for company as cash return for shareholders in corporat diversification. This effect to many indicators that the truth about the corporat done related or unrelated diversifications. Even though, a researcher priority not yet examined further for the correlation (Lang & Stulz, 1994; Gomes & Livdan, 2004; Campa & Kedia, 2002; Mackey, 2006). The expert of strategy will be to compare the theory base on verification of the resource with diversification hypothesis. He shall to created the firm value or not yet (Campa & Kedia, 2002; Gomes & Livdan, 2004; Miller, 2004).

This research to developed and evaluate corporate diversification strategy in Indonesia Stock Exchange. Further this research to explore both to related and unrelated diversification base on several criteria of management efficiency to assets utilization. This research more to developed with compare to determine capital structure base on the equilibrium Trade-Off Theory and Pecking Order Theory to support assets utilization, bankruptcy cost, investment growth, and dividend policy. The added researches to explore excess value as for corporate value are to corporate diversification like related and unrelated diversification.

## METHODS

### Fundamental Theory

The research about diversification strategy and capital structure by Kracaw *et al.* (1992), Kochhar dan Hitt (1998), and Chkir Cosset (2001), and Singh, *et al.*, (2003), make to notice that corporate leverage positive correlation at product line

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diversification but negatif correlation that geografis diversification and financial strategy influence by strategic decision. If increase debt proportion then high stock price, yet at increase for debt will be decrease firm value because benefit of used corporate debt in Martin dan Sayrak (2003), Mackey and Barney (2006), that diversification destroy firm after account that dividen payment by firm, support by two model are dividen payment or repurchase stock for decrease value of diversification compare to corporate not action.

### **Corporate Diversification Strategy**

Each strategy is comitment series and integration act and coordination, it is create for competency exploration and compatitive superior. The strategy ormulation with effective and integration, and resource allocation, capable, and corporate competence whilw can be create external environment.

### **Diversification Index as Measure Corporate Diversification**

The corporate diversification index based on diversification rate in increase firm value use to Hirschman-Herfindahl Index (HHI) as measure competitive rate in market (Cessari, 2000). Based HHI concept, the corporate diversification strategy will diversify if HHI index is decrease. Measure corporate diversification is derivative of Caves weighted index of diversification, in Chatterjee, 2001; Charoenwong & Kamphaeng 2000; Su). Proxy diversification is 1). Amount for business segmentation, industry sector at Indonesia Capital Market, 2) Account of Index diversification (DI) related and unrelated as Diversification Index (DI) = 1/Herfindahl Index.

### **Diversification Strategy Variable and Firm Value Creation**

Diversification index for each firm must be optimal as direction by market and characteristic strategic or preparation each firm. The optimalization can be create base on resource od sales annual to total assest ratio.

### **Diversification Strategy Variable and Capital Structure**

#### **1. Assets Utilization**

Myers, 2001; Brigham & Daves, 2004; Ross *et al*, 2005, measure management effective use to corporate assets, it is measure assets utilization as proxy agency cost, as sales annual to total assets ratio.

#### **2. Bankruptcy Cost**

Bankruptcy cost is high hope can to decrease debt ratio (Akhtar, 2005). Proxy bankruptcy cost, suggestion each researcher use to ratio between Earnings before interest and taxes = EBIT to average to total assets corporate. The potensial relation total assets with other variable, account that interest expense (Akhtar, 2005).

#### **3. Firm Growth**

Firm growth is a variable judgment in leverage decision. The firm growth increased with debt financing, while it is positive correlation between firm growth and debt ratio. Myers (1977) explain that investment corporate have to much investment to intangible assets need a little to debt for capital structure, and hope decrease agency cost with debt risk. The research Myers (1977) found proof that firm growth has to influence significant and negatif correlation that debt ratio.

#### **4. Dividend Policy**

Horne dan Wachowicz (2001) suggestion that dividend policy is corporate financing decision. Dividend Payout Ratio determine return earning for financing resource. When to much the return e arning then to turn amount return earning for dividend payment.

#### **5. Firm Value**

To Supporting firm value can be do with entity that firm value, Copeland et all. (1990). The other to support estimation firm value, (Weston & Copeland, 1996):

1). ROIC > WACC. It is the mean return on invested capital, ROIC, to much with weight average cost of capital/WACC. 2) The amount investment, and 3) Competitive superior interval.

## **RESEARCH DESIGN**

### **Research Concept Design**

This study explore of theories model financial management and strategic management. The corporate diversification strategy as for related and unrelated diversification for extern and intern financial resources affected to capital structure and corporate value.

The corporate like to diversification more to bankruptcy cost therefore to decrease debt ratio. An implication cooperate leverage for related diversification like more decrease than unrelated diversification to leverage. For the corporate growth perspective that related corporate diversification like to increase growth rate and have to opportunity expansion for dividend payment like decrease compare to unrelated corporate diversification.

**1. Diversification Strategy**

The research about a financial diversification a center point capability corporate in explore to financial resource. A financial diversification brings to financing cost as significant with resource needs as intern and extern financing. The potential study has to correlation diversification and financing characteristic (Chatterjee & Wenerfelt, 1991; Kochhar & Hitt,1998; Simerly & Li, 2000; Ray, 2004).



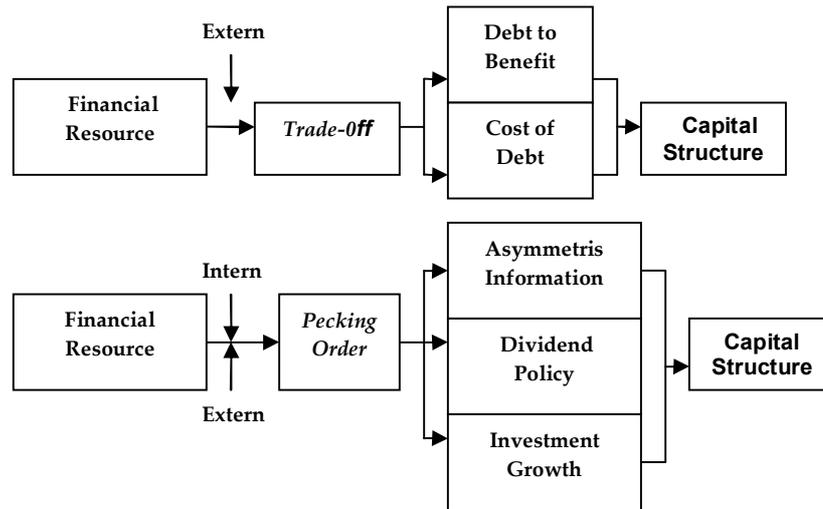
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Figure 1. The Preposition Theory and Diversification Strategy

**2. Capital Structure**

The several strategies to support argue that financial decision as urgent strategy (Barton & Gordon, 1988; Chaterjee, 1990; Chaterjee & Wenerfelt, 1991; Kochhar, 1997; Simerly & Li, 2000; Ray, 2004). So, Jensen (1986) to explain that the capital structure effect to strategy choice by top management. This study explain to capital structure and corporat strategy.

Chatterjee & Wernerfelt (1991); Simerly & Li (2000); Charoewong & Kamphaeng (2000); Chen & Ho (2000); Chkir & Cossets (2001), to explain that diversification can do to financial resource for a firm.The financial need to investment objective, several will fund of extern resource. In this research for correlation exam both to corporat strategy – capital structure and diversification decision and the fund chareteristic needed in a financial decision.

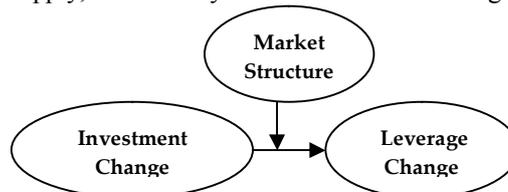


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Figure 2: The Preposition Theory and Research: Trade off and Pecking Order to Capital Structure

**3. Contingensi Knowledge's**

An empiric study Zou & Xiao (2006) that capital structure variable have to urgent implication to company leverage. The leverage rate correlation with company investment will be significant than the industry more consenstrate. Suitbility of capacity utilization, productivity, industry demand and supply, and industry consenstration will be long term capital structure (Chen, 2005).

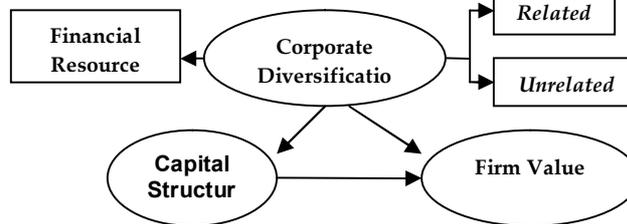


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Figure 3. The Correlation Change of Investment with Capital Structure

#### 4. Company Value (Firm Value)

The corporate value increase can be stockholder wealth, covered to increase profitability divide as dividend and capital gain of stock price. The stock price increases to cover with future prospect or profitability of the company. The corporate value can be measure with Return on Assets and Basic Earning Power (BEP) (Simerly & Li, 2000; Chandra, 2006).



Source: Developed to dissertation

Figure 4. The Proposition Theory and Research:  
Firm Value

### RESEARCH METHOD

The research sample is purposive sampling base for criteria and selection of judgment sampling, when the corporate subject have to profitable or the best position use for information (Sekaran, 2003:137).

#### Population and Sample

This research population is companies registered in Indonesia Stock Exchange period 2001 and have to the financial statement for January 2002 until December 2007. The basic of Indonesian Stock Exchange (December 2008 until 2007) until has to 383 corporates, eventhough listed since 1 January 2001 registered 316 corporates.

The sample determination base on chriteria for this research, so target populatin as selection is 43 corporate. So, the observations amount as 258 observations.

#### Research Variable

In this research have to 3 concept as, corporate diversification strategy and firm value. As regard to the research variables and measure research variables.

#### Dependent Variable

The firm value is dependent variable. The firm value as the successful operation management measured and the future prospect for stockholders belief it. The variable measures to firm value with indicators as stock price and Return on Invested Capital (ROIC).

#### Intervening Variable

The capital structure is the intervening variable. The capital structure as a proportion for debt. The capital structure will to account of Debt to to Total Assets Ratio (DAR) variable. DAR devided to amount of debt and total assets in perod 2001 until 2007. This measured to support of researcher Barton & Gordon (1988); Kochhar & Hitt (1998); Chkir & Cosset (2001); Singh, *et al.* (2003); Subroto, B (2003); Chen, 2005; Chandra, (2006); Chathoth).

#### Independent Variable

The effect to independent variables as corporate diversification strategy (related dan unrelated diversification), asset utilization, and bankruptcy cost, investment growth and devidend policy for the capital structure and firm value.

#### Measure of Research Variables

##### 1. Corporate Value = V

As the operational management successfull and

The future prospects for stockholder belief it. (Kracaw, Lewellen & Woo, 1992; Kochhar & Hitt, 1998; Chen & Kim, 2000; Martin & Sayrak, 2003; Sudarma, 2004, Djumahir, 2005, Chandra, 2006; Chathoth & Olsen, 2007).

$$\text{Value} = \frac{\text{Market price per share}}{\text{Book value per share}}$$

## 2. Return on Invested Capital (ROIC)

The combined of two uncertainty resource and used variability to business risk measure as base on of corporate risk (stand-alone risk).

(Myers, 1984; Weston & Copelland, 1992.; Ross & Jaffe 2005).

$$ROIC = \frac{NOPAT}{Capital} = \frac{EBIT(1 - T)}{Capital}$$

## 3. Capital Structure (DAR)

The debt ratio of total assets (Barton & Gordon, 1988; Kochhar & Hitt, 1998; Chkir & Cosset, 2001; Singh, et al, 2003; Subroto B, 2003; Chen, 2004; Chandra, 2006; Chathoth & Olsen, 2007).

$$DAR = \text{Total Debt} / \text{Total assets}$$

## 4. Diversification Index (DI)

The value created of related diversification or unrelated diversification when the strategy of corporate business units increase to profitability or decrease to cost of business strategy (Hitt & Ireland; 2001).

**Diversification Index (DI) = 1/ HHI**

- Related diversification if HHI = 1

- Unrelated diversification if HHI < 1

Where: HHI = Hirschman Herfindahl Index

## 5. Asset Utilization (AUR)

The management effectivity use to measure company assets (Myers, 2001; Ross, et al., 2005, Eldomiaty, 2008).

$$\text{Asset Utilization Ratio} = \frac{\text{Annual Sales}}{\text{Total Assets}}$$

## 6. Bankruptcy Cost

The measure decrease to debt rate for expected managerial policy (Akhtar, 2005).

Bankruptcy = BKRT =

Standard Deviation of EBIT / Interest cost

## 7. Invested Growth

Proxy to investment growth rate and corporate value of assets (Voulgaris et al. 2002; Brigham & Davis, 2004).

Total Assets Growth (TAG) =

$$\Delta (\text{Total Assets}) / \text{Total Assets}$$

## 8. Dividend Policy

As trade off between return earning and dividend payment. The initial public offering as operational management successful measure and the future prospect to stockholders belief it.

(Mollah *et al* , 2000; Panno, 2003, Deshmukh, 2005).

*Dividend Payout Ratio (DPR) =*

$$\frac{\text{dividend per share}}{\text{earning per share}}$$

## Analysis Method

Research data analysis about both to related and unrelated corporate diversification base on diversification index for all sample of public company. Hirshman-Herfindahl Index (HHI) measure to corporate debt exposure to industrial sector as proxy use to diversification index (DI) (Cessari R., 2000).

The corporate characteristic variables not yet direct effect to covered capital structure to corporate value, but variable respectively affected to direct for company value.

## Hypothesis Test

### Path Analysis

The structural equation model base on correlation between variable in path diagram

(Hair, *et al.*, 1995; Ghozali, 2006 is the following.

$$\eta_1 = \gamma_{11}\xi_1 + \gamma_{12}\xi_2 + \gamma_{13}\xi_3 + \gamma_{14}\xi_4 + \gamma_{15}\xi_5 + \zeta_1 \dots\dots\dots(1)$$

$$\eta_2 = \beta_{21}\eta_1 + \gamma_{21}\xi_1 + \gamma_{22}\xi_2 + \gamma_{23}\xi_3 + \gamma_{24}\xi_4 + \gamma_{25}\xi_5 + \zeta_2 \dots\dots\dots(2)$$

Where

$\eta_1$  = Capital structure;

$\eta_2$  = Corporate Value;

$\xi_1$  = Diversification Index

$\xi_2$  = Asset utilization;

$\xi_3$  = Bankruptcy Cost;

$\xi_4$  = Investment Growth;

$\xi_5$  = Dividend Policy;

$\beta_{21}$  = Coefficient Capital Structure to firm value

Hypothesis 1, 2, and 3 (Ha.1a, Ha.1b, Ha.1c, Ha.1d, Ha.1e, Ha.2a, Ha.2b, Ha.2c, Ha.2d, Ha.2e, dan Ha.3) testing with structural equation model 1 and 2.

### RESULT

The description about the research result to be established three points that are descriptive statistic, assumption test and model validation and hypothesis test.

#### Descriptive Statistic

Descriptive statistics to variables assess utilization, bankruptcy cost, investment growth, dividend policy, capital structure and firm value the following table 1.

Table 1. Descriptive Statistic

Variable	N	Min	Maks	Mean	Standard Deviation
AUR	258	.00	3.04	1.1427	.6967
BKRT	258	.00	83.90	4.1248	7.0419
TAG	258	.01	.67	.1221	.0978
DPR	258	.01	.98	.4173	.2572
DAR	258	.04	.87	.4622	.1821
ROIC	258	.00	.52	.0961	.0805
VF	258	.15	18.17	1.9987	2.2131
Valid N (listwise)	258				

The corporate to registered in Indonesia Stock Exchange to be established sample of 43 company both to the related diversification to consist of 6 company and unrelated diversification of 37 company.

#### The Assumption Test and Model Validation Result

##### Linear and Additive

This research as a conceptual and theory is not yet correlation in multiplicative or rational between exigent, until this research model is additive. Linearity test result with is used curve fit test. The direction result that correlation all variable with reason parsimony in agreement linear and distribution data is to approach normal. This research supports to sample in 258 observations. In agreement limit evidence of statistic center that more sample to approach normal distribution.

##### Recursive Model

The effect independent variable measured to corporate diversification to capital structure and firm value with path analysis of software AMOS 4.01. Base on knowing for well or no explored model can to evaluate goodness of fit indices the following table 2.

Table 2. Evaluate of Goodness of Fit Indexes Structural Model After Modification

No.	Criteria	Result	Critic Value	Evaluation Model
1	Khi kuadrat	11.083	Relatif small	Good
2	p-value	0.747	$\geq 0.05$	Good
3	RMSEA	0.000	$< 0.08$	Good
4	Cmin/df	0.739	$\leq 2$	Good
5	GFI	0.990	$\geq 0.9$	Good
6	AGFI	0.976	$\geq 0.9$	Good
7	TLI	1.034	$\geq 0.95$	Good
8	CFI	1.000	$\geq 0.94$	Good

For to know effect to respectively variable in structural model with path coefficient ( $\alpha$  and  $\beta$ ) of to explore the model in table 3 (enclosed 1 and 2).

**Hypothesis Test Result**

As regard to important the independent variable effect to capital structure and firm value in related or unrelated diversification, will be to know of loading factor model explored to table 4,5,6,7. The base on to significant effect or not yet between to variables can to know of p-value. When p-value about under  $\alpha = 0,05$ .

Table 4. The Effect of Loading Factor Asset Utilization, Bankruptcy Cost, Investment Growth, Devidend Policy to Capital Structure in Related Diversification

Relation	Loading Factor	t-account	p-value	Description
AUR → DAR	-0.332	-2.082	0.037	Significant
BKRT → DAR	-0.027	-0.160	0.873	No Significant
TAG → DAR	0.302	1.876	0.061*)	Significant
DPR → DAR	-0.051	-0.302	0.763	No Significant

Table 5. The Effect of Loading Factor Asset Utilization, Bankruptcy Cost, Investment Growth, Devidend Policy to Capital Structure in Unrelated Diversification

Relation	Loading Factor	t-account	p-value	Description
AUR → DAR	-0.073	-1.090	0.276	No Significant
BKRT → DAR	0.061	0.905	0.365	No Significant
TAG → DAR	0.002	0.036	0.971	No Significant
DPR → DAR	-0.025	-0.378	0.705	No Significant

Table 6. The Effect of Loading Factor Asset Utilization, Bankruptcy Cost, Investment Growth, Devidend Policy to Firm Value in Related Diversification

Relation	Loading Factor	t-account	p-value	Description
AUR → VALUE	-0.202	-3.472	0.001	Significant
BKRT → VALUE	0.209	0.839	0.401	No Significant
TAG → VALUE	-0.311	-0.583	0.560	No Significant
DPR → VALUE	0.170	0.255	0.799	No Significant

Table 7. The Effect of Loading Factor Asset Utilization, Bankruptcy Cost, Investment Growth, Devidend Policy to Firm Value in Unrelated Diversification

Relation	Loading Factor	t-account	p-value	Description
AUR → VALUE	0.47	4.796	0.000	Significant
BKRT → VALUE	0.171	2.309	0.021	Significant
TAG → VALUE	-0.004	-0.079	0.937	Not Significant
DPR → VALUE	0.106	1.964	0.050	Significant

## RESULTS AND DISCUSSION

The corporate diversification strategy development to see each other with a financial aspect as a expression of corporate diversification policy to related and unrelated diversification in created to corporate value (Hitt *et al.*, 2001).

The research results support to unrelated corporate diversification strategy. When assets utilization and bankruptcy cost have to positive effect and significant to corporate value which to measure with both the stock price and return on invested capital.

The research results support to researcher Barton & Gordon (1988), gave evidence for difference effect of related and unrelated corporate diversifications to both the capital structure and corporate value base on the equilibrium Pecking Order Theory and Trade-off Theory. The capital structure in public companies in Indonesia are still of debt than the equity. Even though, corporate diversifications to positive affected for investor.

This research can to support to contribution knowledge managerial practice to cover both of corporate diversification strategy and capital structure, as soon as implication to corporate value. The real management attitude can not to confirm actually the capital structure to direct for high level stock price. Management can to consider an exact capital structure.

## IMPLICATION

The research implication to direct of empiric research results explained to explore financial management theory and the effect both in capital structure and corporate value base on the determine capital structure. These results completed to both in financial management and strategic management for corporate diversification strategy.

This results more than given to evidence that effect difference related and unrelated diversifications. This results so explain base to equilibrium Pecking Order Theory and Trade-off Theory, the capital structure for public companies in Indonesia to dominate of debt to compare with equity. Even though, corporate diversification is given positive effect to investor. These facts directed that capital market in Indonesia can be opportunity as fund resources alternative. So can to direct that government policy for to correct condition the capital market in Indonesia.

This research supports to develop to long term to defend in corporate diversification. The corporate organizing into a structure can move by decrease corporate value for measure to stock price and return on invested capital. This evidence gives to contribution for strategic management science to corporate diversification strategy and financial management in agreement by Rumelt (1982); Singh, *et al.* (2003); Chattoh & Olsen (2007).

Related and unrelated diversification with debt exposure is not yet to decrease corporate value. The effect direct of diversification strategy in a financial aspect for corporate value to support corporate condition for industri sector that the debt increase can not decrease corporate value. Assets utilization increase to corporate value. The assets improvement to debt can increase assets utilization in sales for created profitable corporate. When interest rate as constant then debt is a financial resources policy will increase to corporate value. The result of research to support for researcher Chen, *et al.*(2006).

The following base on this empiric research explains to company management, that diversification policy can exactly to financial resource for debt. Diversification policy in related and unrelated to support financial management for operational financing and investment must be agreement to intern and extern financial resources.

The increase investment growth made to attitude positive investor because corporate management will decrease to debt as *Pecking Order Theory*. The devidend payment for cash so directed nothing effect to debt. For stockholder perhaps more debt is nothing threat to invested of fund.

This research is following for ability of fund Company for debt to total assets as 40%. The debt ratio of optimal capital structure will be maximum stock price and minimum weight to average cost of capital. The management will be movement to direct to the objective capital structure and so not yet, the management will be move to initial public offering.

The investors and the other performer capital market known that corporate diversification strategy base on debt exposure to directed efficiency rate in increase for corporate assets utilization. The Investor policy expected to increase sales as moved corporate value. The investor will to meet benefit as addition rate of return for investment.

The growth opportunity company's increase may be having to difficult free cash flow for dividend payment. The investor has to dividend oriented canned to agreement for existence investment same to amount of stock. The effect corporate diversification strategy in related and unrelated diversification with debt exposure doesn't affect that increase stock price. This result to support researcher Crutchley & Hansen (1989), Mollah (2000) and Deshmukh (2005), consistence with Jensen's Free Cash flow Hypothesis, explain that debt can use to control more than necessary free cash flow by manager agree that debt policy and dividend not untied with corporate free cash flow problem.

#### LIMITATION

1. This research used to sample of companies registered in Indonesia Stock Exchange, nothing banking industry.
2. The determine category to related and unrelated corporate diversification strategy base on Hirschman-Herfindahl Index.
3. The factors in research only fundamental corporate diversification strategy, capirtal structure and corporate value. The corporate value measure to stock price and rate of return investment.

### CONCLUSIONS AND SUGGESTION

#### Conclusions

1. Corporate diversification strategy base on financial resource as debt effect to decrease capital structure in related or unrelated diversification strategy. Even though, the effect different in related diversification so increase physical and intangible assets resource benefit can to decrease debt need. While unrelated diversification will benefit internal financial resource. The investment growth increase to attitude positive for investor because ability corporate management to decrease for debt as Pecking Order Theory. The assets utilization increase capital structure but efficiency related diversification no yet and bankruptcy cost don't increase financial risk.
2. The diversification strategy in financial aspect to corporate value to able to company condition for all industry sectors that in increase to debt cannot decrease corporate value.  
The investment growth rate have not maximum while due to addition debt to direct nothing increase corporate value. While the corporate done dividend payment of free cash flows don't affect increase stock price as corporate value indicator.
3. Corporate diversification strategy directed increase to debt will to follow decrease corporate value. This direction effect clear to support Pecking Order Theory. Base on in Trade-off Theory mean that debt benefit makes decrease to compare bankruptcy cost and debt addition will decrease corporate value.

#### Suggestions

1. The public companies can do diversification policy of financial aspect as resources diversification. The company use to agreement institution ownership to managerial as indicator for increase assets utilization, while investment growth decision to point to debt. The company condition support to financial policy as debt because not to direction a financial risk can be increase cost bankruptcy cost.
2. To companies to agree economic macro indicators. To support move effect to interest rate that bankruptcy cost and the different effect to indirect for capital structure.
3. The investment decision expected increase sales to support corporate value. Investor have to devidend oriented must be agreement investment existence as well as amount stockholders. The effect related and unrelated corporate diversification strategy with debt exposure to increase corporate value.
4. The other researcher to support related and unrelated corporate diversification strategy except debt financial resourced. Two catagorie others as intentif and managerial motive is effect to corporate value (Hoskisson & Hitt, 1990)

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