Abstract

This study examines the relationship between firm value and both international and industrial diversification involvements for a sample of 49 manufacture listed firms in Indonesian Stock Exchange over 2010-2012. This study uses multiple regression method, Tobin’s Q ratio to measure firm value and dummy variabel to measure diversification. The result of this study showed that industrial diversification has no significant effect on firm value, international diversification has a negative effect to firm value, and industrial and international diversification has a negative effect to firm value.

Keywords: Industri diversification, International diversification, Firm value