

# **The effect of internationalization to risk in industrial manufacturing company that listed on the Indonesia Stock Exchange 2010-2014 period**

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## ***ABSTRACT***

*The objective of this study is to examine the effect of internationalization to risk in industrial manufacturing company that listed on the Indonesia Stock Exchange 2010-2014 period. This study uses 3 regression analysis model, which is model of linear, quadratic, and cubic to test the hypothesis. The number of observation used in this study is 385 observations. The result shows that internationalization has a significant positive effect on systematic risk, total risk, and unsystematic risk of the company. At the level of internationalization of less than 10%, there is an inverted S-shaped pattern between internationalization and total risk, as well as between internationalization and unsystematic risk,. whereas there is no significant effect on systematic risk of the company. While the level of internationalization is more than or equal to 10%, internationalization has a significant positive effect on systematic risk, and there is an inverted U-shaped pattern between internationalization and the total risk, as well as between internationalization and unsystematic risk..*

**Keywords:** *internationalization, systematic risk, total risk, unsystematic risk*