

ABSTRACT

This study aims to determine whether the board of commissioners' effectiveness weakens the relationship between diversification strategy and firm performance. The theory used in this research is agency theory. Population in this research is all go public companies listed in Indonesian Stock Exchange during 2011 until 2015. Determination of sample is done by purposive sampling method and the amount of sample is 30 firms. Data analysis technique used in this research is moderated regression analysis (MRA). The result of this research is board of commissioners' effectiveness can not weaken the relationship between diversification strategy and firm performance.

Keywords: diversification strategy, board of commissioners, ROA