The Effect of Trade Wars, Risk Management Score, and Diversification Strategy on Operating Margin IDX-Listed Companies

Natali Ikawidjaja
Ciputra School of Business; Makassar, Indonesia
E-Mail: nikawidjaja25@gmail.com

ABSTRACT

This study aims to analyze the impact of trade wars on the operational strategies of companies listed on the Indonesia Stock Exchange (IDX), highlighting the role of risk management as a mitigation mechanism. Global trade tensions, such as those between the United States and China, have created significant uncertainty in the flow of goods and exchange rates, directly and indirectly impacting the operational stability of companies in developing countries, including Indonesia. This study uses a mixed methods approach combining quantitative and qualitative analysis. Quantitative data were collected from company annual reports for the 2018–2023 period and analyzed using OLS linear regression to examine the effect of the trade war index, risk management score, and diversification strategy on operating margin. Meanwhile, qualitative analysis was conducted through a content study of annual reports and sustainability reports to capture companies' strategic narratives in the face of external pressures. The results show that all three independent variables significantly influence operating margin. Companies with robust risk management systems and clear diversification strategies are able to maintain more stable performance amidst global tensions. These findings strengthen contingency theory and strategic risk management and provide an important contribution to the study of corporate resilience in an era of global uncertainty.

Keywords: *Corporate Resilience, Diversification, Operational Strategy, Public Companies, Risk Management, Trade War.*

Submitted:
JULY 2025

Accepted:
DESEMBER 2025

ABSTRAK

Penelitian ini bertujuan untuk menganalisis dampak perang dagang terhadap strategi operasional perusahaan-perusahaan yang terdaftar di Bursa Efek Indonesia (BEI), dengan menyoroti peran manajemen risiko sebagai mekanisme mitigasi. Ketegangan perdagangan global seperti yang terjadi antara Amerika Serikat dan Tiongkok telah menciptakan ketidakpastian yang signifikan terhadap arus barang dan nilai tukar, yang berdampak langsung maupun tidak langsung pada stabilitas operasional perusahaan di negara berkembang, termasuk Indonesia. Penelitian ini menggunakan pendekatan mixed method yang menggabungkan analisis kuantitatif dan kualitatif. Data kuantitatif dikumpulkan dari laporan tahunan perusahaan periode 2018–2023 dan dianalisis menggunakan regresi linier OLS untuk menguji pengaruh trade war index, risk management score, dan diversification strategy terhadap operating margin. Sementara itu, analisis kualitatif dilakukan melalui studi isi terhadap laporan tahunan dan sustainability report untuk menangkap narasi strategis perusahaan dalam menghadapi tekanan eksternal. Hasil penelitian menunjukkan bahwa ketiga variabel independen berpengaruh signifikan terhadap operating margin. Perusahaan yang memiliki sistem manajemen risiko yang baik dan strategi diversifikasi yang jelas mampu mempertahankan kinerja lebih stabil di tengah ketegangan global. Temuan ini memperkuat teori kontingensi dan manajemen risiko strategis serta memberikan kontribusi penting dalam kajian ketahanan korporasi di era ketidakpastian global.

Kata kunci: *Ketahanan Perusahaan, Diversifikasi, Strategi Operasional, Perusahaan Publik, Manajemen Risiko, Perang Dagang.*

JIMKES

Jurnal Ilmiah Manajemen Kesatuan
Vol. 13 No. 6, 2025
pp. 4877-4888
IBI Kesatuan
ISSN 2337 – 7860
E-ISSN 2721 – 169X
DOI: 10.37641/jimkes.v13i6.3805

INTRODUCTION

Over the past decade, global geopolitical and economic dynamics have undergone significant shifts. One major issue that has emerged is the escalating international trade tensions, or trade war, particularly between the world's two largest economic powers: the United States and China. This tension has given rise to global uncertainty, impacting the flow of goods, services, investment, and even macroeconomic stability across various countries (Chinn & Ito, 2020). Amidst rising trade tensions, organizations such as the OECD (2020) have noted disruptions to global supply chains, changes in cross-border value chains, and increased volatility in national policies in the trade and industrial sectors.

As an open economy, Indonesia is highly vulnerable to global fluctuations, with heavy dependence on imported raw materials, concentrated export markets, and exchange rate volatility forcing domestic companies to respond quickly to external changes. A study by Bank Indonesia (2022) highlighted that trade wars can weaken corporate stability and raise systemic risk, especially in manufacturing and trade sectors, while internal pressures such as financial distress, high leverage, and earnings management practices further worsen performance during shocks (Bukhori et al., 2022; Joe & Ginting, 2022; Prakoso et al., 2024). In these conditions, companies must move beyond reactive survival and develop adaptive strategies, as Barua (2020) describes an "uncertainty-ready strategy" approach where flexibility and risk anticipation become central to decision-making, leading firms to diversify export markets, streamline supply chains, adjust cost structures, and strengthen risk management to protect profitability from credit and operational risks in the Indonesian context (Utami & Silaen, 2018; Fahlevi et al., 2023).

However, not all companies have the same capacity to make these adjustments. As explained by Ghoshal and Bartlett (1997), organizational structure and managerial orientation will determine the speed and effectiveness of responses to external pressures. On the other hand, Porter (1985) emphasized that competitive advantage in the global era requires strategies that are not only efficient but also resilient to disruption. Therefore, an organization's capacity to strategically manage risk is crucial. Recent studies have mapped risk management as a growing field in the Asia-Pacific region and highlighted the role of agility and supply chain sustainability in, yet these discussions rarely connect directly to trade war impacts on operational margins (Setyawan et al., 2025; Syamil et al., 2025).

In the Indonesian context, the need for an adaptive operational strategy is increasingly relevant. According to Kartikasari and Yuliana (2022), the pandemic and trade tensions have exposed the fragility of national supply chains, especially for companies heavily dependent on raw material imports from countries involved in trade wars. They emphasize that the supply chain risk management approach must be broadened, encompassing not only logistics and supplier risks, but also geopolitical and international policy risks. At the same time, an adaptive governance approach to crisis management has also begun to be widely discussed in the Indonesian context. Djalante (2018) emphasizes the importance of institutions and risk governance in strengthening system resilience, including at the corporate level. Amid uncontrollable external pressures, internal resilience, both strategic and structural, is a company's primary asset for remaining competitive.

The impact of trade wars is not only direct, such as decreased export volumes or increased import tariffs, but also impacts labor markets, investment locations, and supply chain efficiency. Hummels et al. (2021) show that offshoring and production relocation are emerging trends, demonstrating how companies are responding to global tensions through changes in operational structures across borders. In this context, Indonesian companies are also potentially affected, both directly as exporters and indirectly as part of regional or global supply chains. Although several local studies have examined cost structure adjustments and supply chain risks, most remain descriptive and fail to empirically link trade war intensity with operating margin through risk management and diversification mechanisms (Santoso & Gunawan, 2020; Rizki & Prasetyo, 2021).

This study aims to examine how the US-China trade war affects the operating margin of IDX-listed companies and how risk management maturity and diversification strategies help maintain performance stability. The specific aim is to provide evidence-based insights into corporate resilience in developing countries facing global uncertainty. By using a mixed-methods approach, this research combines regression analysis of financial data with content analysis of strategic narratives in annual reports.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

The Effect of Trade War Index on Operating Margin

A trade war is a political-economic phenomenon that occurs when two or more countries retaliate against each other with protectionist policies, primarily in the form of tariffs and trade barriers. One of the largest trade conflicts in the past decade was the trade war between the United States and China, which began in 2018. These tensions triggered significant changes in the international trading system, including disruptions to global supply chains, increased logistics costs, and uncertainty surrounding cross-border investment (WTO, 2020; Bown & Kolb, 2021). Several studies have shown that international trade tensions impact corporate behavior and strategies in both developed and developing countries. According to Evenett and Fritz (2019) and Gereffi et al. (2021), companies tend to restrain expansion and adjust production patterns when faced with protectionist policies.

On the other hand, Gertz (2019) emphasizes that trade wars also have psychological effects on markets, such as fluctuations in exchange rates, stock indices, and investor sentiment. In the Indonesian context, public companies listed on the Indonesia Stock Exchange (IDX), particularly in the manufacturing and export-import sectors, are particularly vulnerable to the indirect impacts of these conflicts, given their interconnectedness with international supply chains. Prakoso et al. (2024) found that external shocks increase the risk of business failure among food and beverage firms, while Bukhori et al. (2022) revealed higher financial distress probabilities during periods of global uncertainty. The intensity of trade wars, often measured through tariff changes and global economic policy uncertainty, directly influences cost structures and revenue streams. Such pressures usually lead to lower operating margins unless firms implement effective countermeasures. Therefore, this study proposes that the trade war index reflects external pressure that affects firm performance.

H1: Trade war index has a significant effect on operating margin.

Strategic Risk Management on Operating Margin

One of the main ways companies respond to external pressures, such as trade wars, is by adjusting their operational strategies. However, an effective strategy will not be optimal without a sound risk management system. Many studies recognize risk management as an integral part of corporate strategy, not merely a control tool. ISO 31000 (2018) emphasizes that risk should be viewed as an element that impacts the achievement of organizational objectives and, therefore, must be managed systematically. Jüttner et al. (2003) and Tang (2006) added that in the context of global supply chains, risk management must encompass external risks such as regulatory changes, geopolitical conflicts, and natural disasters.

In management studies, the strategic risk management approach explains that strategic decision-making, such as market selection, factory location, or raw material procurement, must be made with long-term risk exposure in mind. Companies with a sound risk management system will have mechanisms for identifying, assessing, and mitigating risks embedded in every operational activity. According to Suherwan et al. (2025), risk management acts as a mediating variable between board characteristics and financial performance in Indonesian firms. Mala and Jumono (2025) further showed that stronger credit risk management through capital adequacy improves regional bank stability. Research by Ivanov (2020) shows that companies with high integration between risk management and operational strategy are able to maintain more stable performance during global crises, including the COVID-19 pandemic and trade wars. The maturity of risk management disclosure in annual reports can be scored to reflect actual implementation quality. Higher scores indicate better preparedness and quicker response to external shocks. Thus, risk management maturity directly supports operating margin stability.

H2: Risk management score has a significant effect on operating margin.

Diversification Strategy on Operating Margin

Operational strategies are medium-to long-term plans encompassing resource management, production efficiency, supply chain management, and cost structures to achieve competitive advantage (Porter, 1985; Christopher, 2016). In the context of global uncertainty, these strategies must be flexible and adaptive. Alfaro and Chor (2021) state that global companies are now beginning to “reallocate supply chains” to reduce dependence on specific regions. Market diversification, the use of local suppliers, the digitalization of production processes, and logistics optimization are common strategies implemented to minimize risks from foreign trade policies. According to Syamil et al. (2025), agility combined with supply chain sustainability and risk management significantly improves manufacturing operational performance. Persada et al. (2025) found that digital transformation and business incubation help SMEs diversify and achieve better results through reduced dependency.

In the Indonesian context, several local studies have begun to address the integration between global risk and corporate strategy. For example, Santoso and Gunawan (2020) found that manufacturing companies impacted by global fluctuations tend to adjust their cost structures and reduce their dependence on imports. Rezeki and Kanchanawongpaisan (2025) highlighted how e-business adoption creates competitive advantage through market and supplier diversification among Micro, Small and Medium Enterprises (MSMEs). A study by Rizki and Prasetyo (2021) underscores the importance of evaluating supply chain risks in responding to external pressures. Companies that explicitly mention diversification in annual reports usually show stronger resilience during crises. Diversification reduces exposure to single-market shocks and creates alternative revenue streams. Therefore, implementing diversification strategy positively influences operating margin.

H3: Diversification strategy has a significant effect on operating margin.

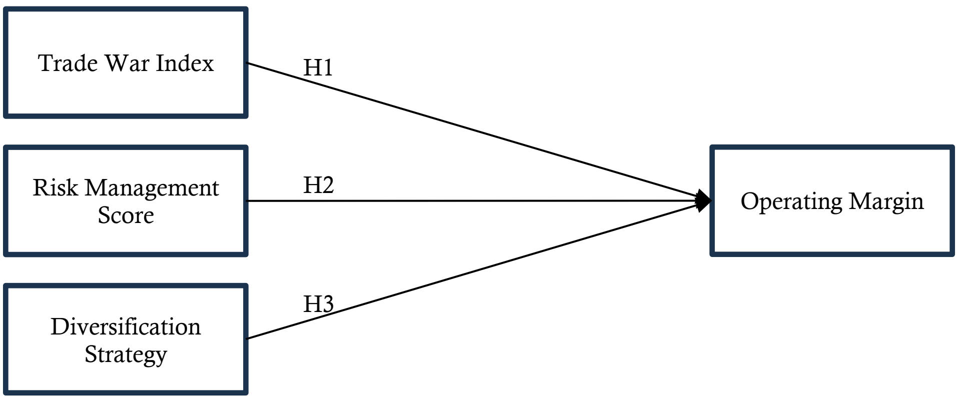

Figure 1. Conceptual Framework

This study integrates the three independent variables into a single framework to explain variations in operating margin. The trade war index represents external pressure, while risk management score and diversification strategy capture internal responses.

Figure 1 illustrates the relationships among variables. All arrows point toward operating margin, showing direct effects proposed in the hypotheses. The framework is built upon contingency theory (external fit) and strategic risk management theory (internal capability). According to Syamil et al. (2025) and Suherwan et al. (2025), combining external awareness with internal readiness creates resilience. This visual representation guides the empirical testing in the methodology section. The theoretical framework underlying this research is contingency theory and strategic risk management theory. contingency theory, as explained by Donaldson (2001), states that organizational effectiveness depends on the alignment between internal strategy and the external conditions faced. In this regard, companies need to adjust their structure and strategy according to environmental uncertainty created by trade wars. Strategic Risk Management Theory views risk management as a value-creating activity rather than just a compliance exercise. Setyawan et al. (2025) mapped risk management as a rapidly evolving field in Asia-Pacific firms, confirming its strategic role. Agustin et al. (2025) demonstrated how geopolitical risk moderates relationships between ESG performance and stock price stability, reinforcing the need for proactive risk approaches. These theories suggest that no single strategy fits all situations. Firms must continuously adapt risk management and operational choices to external pressures. The combination of both theories provides a solid foundation for understanding how Indonesian public companies respond to trade war challenges.

RESEARCH METHODS

This study employs a mixed methods approach that integrates both quantitative and qualitative methodologies to provide a comprehensive understanding of the research problem. The use of this approach is based on the premise that the impact of the trade war on corporate operational strategy and risk management encompasses both measurable and contextual dimensions. Quantitatively, the effects can be assessed through corporate financial indicators, while qualitatively, they are reflected in strategic narratives and managerial decisions embedded in corporate documents. By combining these two dimensions, the study aims to capture not only statistical relationships but also the underlying strategic reasoning and organizational behavior driving corporate responses to global economic pressures.

The qualitative stage complements the quantitative findings through an in-depth content analysis of specific sections within corporate annual and sustainability reports, particularly those addressing risk management, corporate governance, and operational strategy. This stage aims to uncover how companies articulate their strategic responses to external disruptions such as trade wars, and how these narratives reflect adaptive learning, resilience, and risk mitigation efforts. The companies selected for qualitative analysis were chosen based on the quantitative results, specifically those demonstrating consistent performance despite heightened trade pressures. This selection process ensures that the qualitative insights are grounded in empirical evidence and provide contextual explanations for the statistical relationships observed.

The quantitative stage constitutes the initial phase of the research. Secondary data were collected from the annual reports of companies listed on the Indonesia Stock Exchange (IDX) between 2018 and 2023. The analysis focused on key indicators such as operating profit margin, risk management scores derived from disclosures in annual reports, and the trade war index as a proxy for global trade tensions. Panel regression techniques were applied to examine the relationship between the trade war and corporate operational performance.

To ensure validity and reliability, the study applies methodological rigor across both approaches. Quantitative validity is supported by strong theoretical grounding, drawing on frameworks such as ISO 31000 for risk management, Porter’s (1985) theory of operational strategy, and contingency theory. Qualitative validity is strengthened through source and method triangulation, comparing data across multiple years and firms to ensure consistency. Reliability is maintained by using verified data sources, systematic data collection, and transparent documentation of the coding process through an audit trail. The integration of both methods ultimately enhances the depth and credibility of the findings, offering both theoretical and practical contributions to the study of corporate strategy and risk management amid global uncertainty.

RESULTS

The results of this qualitative study indicate that public companies in Indonesia have demonstrated a clear strategic response to external pressures brought about by the global trade war. These responses are not uniform, but rather depend heavily on the level of preparedness of each company's risk management system and its long-term orientation. In general, changes in operational strategy are evident in companies' tendencies to diversify their markets, enhance supply chain efficiency, and relocate raw material sources. This aligns with literature indicating that in conditions of global uncertainty, companies with flexible and adaptive operational strategies tend to maintain their performance (Alfaro & Chor, 2021; Ivanov, 2020). For example, Astra International explicitly mentions expanding export markets and increasing local capacity as responses to global supply chain disruptions.

Another important finding is the shift in the orientation of the risk management narrative. In some companies, the previously supplementary "Risk Management" section has shifted to become a key component of corporate strategy. This aligns with the strategic risk management approach, which positions risk as an integral part of the decision-making process, not simply a control tool (Tang, 2006; ISO 31000, 2018). This reinforces the assumption of contingency theory, which states that no one strategy fits all. Organizations need to adapt their structures, processes, and strategic decisions based on the environmental situation they face. Companies that recognize global environmental changes, such as trade wars, tend to adjust their internal processes, not only technically but also in strategic communications to shareholders. The use of terms such as "resilience," "geopolitical uncertainty," and "geographic diversification" indicate that companies are beginning to adapt not only structurally but also narratively.

However, corporate responses to external crises are not entirely uniform. Some companies still show limitations in integrating risk management into their core business strategies. Some companies only mention external risks in general terms without explaining measurable mitigation measures. This indicates that the understanding and implementation of strategic risk management among Indonesian companies still varies. From a methodological perspective, these qualitative findings enrich the quantitative results (not presented here) by providing context, nuance, and explanations for why some companies are able to maintain performance amidst global tensions, while others experience declines. By examining the narratives of companies' strategies and policies in their official documents, researchers can capture dimensions that are not visible from numbers alone.

To better illustrate the response strategies adopted by Indonesian public companies during the period of escalating global trade tensions, an analysis was conducted of the annual reports and memos of selected companies listed on the IDX from 2018 to 2023. The purpose of this analysis was to identify recurring strategic themes reflecting how companies adapted their operational approaches to mitigate risks associated with the trade war. The thematic coding process revealed several dominant strategies consistently mentioned across the sample of companies, ranging from risk management to supply chain restructuring. These themes were then quantified based on their frequency of occurrence in sections of the strategy reports, including "Management Discussion and Analysis," "Operational Strategy," and "Risk Management." The Figure 2 summarizes the most frequently observed response strategies.

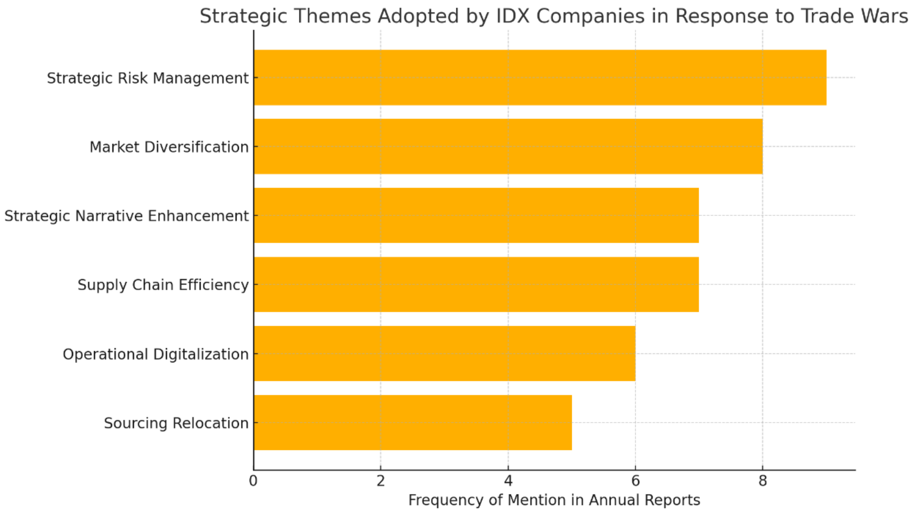

Figure 2. Strategic Themes Adopted by IDX Companies in Response to Trade Wars

As illustrated in the chart, the most prominent strategy theme is strategic risk management, which appears frequently across companies, indicating a growing awareness of external threats and the importance of a formal risk governance framework. This theme is followed by market diversification, indicating that companies are actively seeking to reduce reliance on traditional export destinations impacted by the trade war, such as China or the United States. Supply chain efficiency and enhanced narrative strategy are also among the top responses. These reflect efforts to not only streamline operations and reduce vulnerability to logistical disruptions, but also to communicate stability and resilience to shareholders and stakeholders during turbulent times.

Meanwhile, operational digitalization and sourcing relocation are emerging themes, less frequently mentioned but nonetheless important. These strategies demonstrate early-stage transformation efforts aimed at long-term adaptability and agility. This chart supports the notion that IDX-listed companies are responding to the global trade war not through passive observation, but rather with deliberate and context-specific strategies. This finding is in line with contingency theory and risk management strategies, which suggest that companies operating in volatile environments must continuously adapt both operationally and structurally to maintain their resilience.

To determine the effect of global trade tensions on the operational strategies of companies listed on the IDX, a linear regression analysis was conducted using the Ordinary Least Squares (OLS) approach. The dependent variable was operating margin, while the independent variables were the trade war index, risk management score, and diversification strategy. The trade war index represents the level of global external pressure faced by a company, the risk management score reflects the quality of the company's risk management system based on its annual report, and diversification strategy was measured using a dummy approach (1 = the company is diversifying its markets, 0 = not).

Table 1. Regression Results

Variable	Coefficient	Standard Error	t-Statistic	P-Value
Constant	-33.573	12.711	-2.641	0.046
Trade War Index	13.477	4.884	2.759	0.04
Risk Management Score	0.418	0.129	3.249	0.023
Diversification	2.627	0.968	2.715	0.042

Based on the regression results presented in Table 1, it can be concluded that all three independent variables significantly influence company operational performance, as measured by the operating margin. The trade war index demonstrates a positive coefficient of 13.477 and is statistically significant at the 5% level ($p = 0.040$). This finding suggests that, within the context of this study, companies capable of adapting to global trade tensions tend to experience improved operating margins despite external pressures. Such a result may indicate that certain firms are able to leverage crises as opportunities for strategic efficiency, innovation, or market repositioning.

Similarly, the risk score variable exhibits a positive and significant effect (coefficient = 0.418; p = 0.023), implying that firms with more developed and integrated risk management systems achieve more stable and superior operational performance under uncertain conditions. This supports the strategic risk management perspective, which emphasizes embedding risk awareness into the core of corporate strategy to enhance resilience. A well-structured risk management framework allows companies to anticipate potential disruptions and respond proactively, thereby safeguarding profitability and operational stability even in volatile environments.

The diversification strategy variable also shows a significant positive relationship with operating margin (coefficient = 2.627; p = 0.042), indicating that firms pursuing diversification, either by expanding market reach, product portfolios, or supply networks, tend to demonstrate stronger adaptability and performance in the face of international trade conflicts. Diversified companies are generally better positioned to redistribute risks and exploit new opportunities across markets, which contributes to sustained profitability.

This study has good content validity because all variables are derived from credible theories and previous studies, such as the ISO 31000 approach to risk management, Porter's (1985) operational strategy theory, and contingency theory. Indicator variables, such as risk management score and diversification, are compiled based on the strategic narrative in the annual report, reflecting construct validity. Statistically, the model's validity is demonstrated by an R-squared value of 0.723 and an F-statistic approaching significance, indicating that the model adequately explains the relationships between variables.

These results reinforce the hypothesis that the interaction between internal preparedness, represented by robust risk management systems, and adaptive external strategies, such as diversification, plays a crucial role in maintaining corporate performance amidst global trade wars. This finding highlights that firms which combine structural resilience with strategic flexibility are more capable of navigating complex global dynamics and achieving competitive advantage even in times of economic turbulence.

DISCUSSION

The results of this study indicate that companies listed on the Indonesia Stock Exchange (IDX) have varied responses to external pressures brought about by the global trade war, and that these responses are highly dependent on each company's internal preparedness. Using a quantitative approach, it was found that all three independent variables, trade war index, risk score, and diversification strategy, have a significant impact on a company's operating margin. The trade war index actually showed a positive impact on operating margin, which initially appeared to contradict the assumption that global tensions would depress company performance. However, these results indicate that some companies were successful in adjusting their strategies and finding opportunities for efficiency or expansion during the crisis. According to Sandy and Mulya (2025), economic growth and proper capital structure can still improve earnings response even when uncertainty is high. Akbar (2024) also found that asset turnover and company size helped food and beverage firms maintain stable stock returns between 2018 and 2021. This supports contingency theory, which states that organizational effectiveness is determined by the extent to which they are able to adapt to a changing external environment.

Furthermore, the regression results show that the risk management score has a significant positive relationship with operating margin, meaning companies with more strategic and integrated risk management systems deliver more stable performance. These findings reinforce the literature suggesting that risk management, when moved beyond administrative tasks into core business strategy, offers real protection against global disruption. Suherwan et al. (2025) proved that risk management mediates the link between board of directors and financial performance, while Mala and Jumono (2025) showed that better credit risk control through capital adequacy leads to higher bank stability. Diversification strategy also significantly impacts company margins, confirming that spreading markets and supply sources is an effective way to handle international trade tensions. Companies relying on multiple channels gain flexibility to keep operations running smoothly when conditions change suddenly.

The qualitative analysis of annual reports and sustainability reports strengthens these quantitative results. Reports reveal a clear shift in strategic narratives since 2020, with companies like Astra International (ASII) and Unilever Indonesia (UNVR) frequently using terms such as "resilience," "supply chain adaptation," and "market diversification." This shows that firms are not only making changes on the ground but also communicating their readiness to shareholders. The language shift reflects organizational learning and internal adjustment to external pressures. Muna and Lestari (2025) found similar improvements in corporate social responsibility disclosure when board characteristics support stronger risk governance, while Lewier et al. (2024) noted that solid governance reduces auditor switching during uncertain times.

Companies with high risk scores in the quantitative part tend to explain concrete mitigation steps in their reports, showing consistency between words and actions. In contrast, firms with lower scores offer only general statements without measurable plans. This difference suggests that public documents can serve as early signals of a company's true ability to handle global risks. Rezeki and Kanchanawongpaisan (2025) observed that e-business adoption helps MSMEs diversify and gain competitive advantage, a pattern also seen among larger IDX firms. Arisandy et al. (2025) further showed that even novice entrepreneurs in Lampung quickly adopt diversification to survive shocks, mirroring the behaviour of public companies.

The combined quantitative and qualitative evidence reinforces previous studies and provides fresh empirical support in the Indonesian context that risk management and diversification are key to protecting operational performance during global uncertainty. This research builds on work by Christopher (2016), Ivanov (2020), and Alfaro and Chor (2021) about supply chain resilience, while aligning with local findings from Santoso and Gunawan (2020) on cost and supply adjustments. This study strengthens contingency theory and strategic risk management theory by proving that matching external challenges with internal capabilities creates real performance gains. Managers should treat risk management as a core function and pursue diversification actively to safeguard margins. Regulators can push for clearer risk disclosure, and investors may use risk scores and diversification mentions as quick indicators of resilience. By following these steps, Indonesian public companies can turn global trade tensions from a threat into a chance for stronger competitive advantage.

CONCLUSION

This study was conducted to understand the impact of the trade war on the operational strategies of public companies in Indonesia, highlighting the role of risk management as a key mitigation mechanism. Using a mixed-methods approach, this study successfully uncovered the relationship between global external pressures and companies' internal strategic responses, both quantitatively through regression analysis and qualitatively through content analysis of corporate documents. The results show that the trade war index, risk management score, and diversification strategy significantly impact a company's operating margin. Specifically, companies with more mature risk management systems and structured market or supply diversification strategies tend to record better operational performance amid global tensions. This finding confirms that the trade war is not only a threat but can also trigger companies to make strategic adjustments that positively impact their business performance. Quantitatively, the regression model used shows that these three variables significantly explain the variation in operating margin.

The risk score and diversification strategy are proven to increase margins, while the trade war index, which was initially assumed to be negative, actually shows a positive coefficient, indicating the adaptability of some companies to the global crisis. Qualitatively, an analysis of annual reports shows that companies are actively adjusting their strategies, strengthening risk management, and developing new strategic narratives that are more oriented toward operational resilience and flexibility. Thus, it can be concluded that public companies in Indonesia are not passive in the face of external pressures such as the trade war. Instead, most of them demonstrate a planned and measured strategic response, reflected both in performance data and in company-documented narratives.

The findings offer important theoretical and practical implications by showing that strong internal preparedness can turn global uncertainty into competitive advantage. Managers should integrate risk management into core strategy and pursue diversification to protect margins, while regulators can encourage clearer risk disclosure to help investors identify resilient firms. However, this study has limitations, including reliance on secondary data from annual reports, potential bias in manual scoring of risk management quality, and a relatively short observation period that may not capture long-term effects. Future research could use primary data through surveys or interviews with executives, extend the analysis to compare Indonesia with other ASEAN countries, or examine post-2023 developments after new trade agreements to see if the same patterns still hold.

REFERENCES

[1] Agustin, I. N., Tan, M., & Marheni, D. K. (2025). Assessing the moderating role of geopolitical risk in the nexus between ESG performance and stock price crash risk: A GMM approach. *Journal of Accounting and Investment, 26*(3), 947-968.

[2] Akbar, A. (2024). The effect of total asset turnover ratio, company size and leverage on stock returns in food and beverage companies listed on the Indonesia Stock Exchange in the 2018-2021 period. *Jurnal Ekonomi, 13*(2), 1253-1262.

[3] Alfaro, L., & Chor, D. (2023). *Global supply chains: The looming "great reallocation"* (No. w31661). Cambridge: National Bureau of Economic Research.

[4] Arisandy, Y., Mekaniwati, A., Munawar, A., Darmawan, I., & Rizal, Y. (2025). The development of self-employed novice entrepreneurs in Lampung Province, Indonesia. *Jurnal Ilmiah Manajemen Kesatuan, 13*(2), 675-684.

[5] Bank Indonesia. (2022). *Kajian stabilitas keuangan: Dampak geopolitik dan perdagangan global*. Retrieved on June 1, 2025, from https://www.bi.go.id

[6] Barua, A. (2020). *Dealing with uncertainty: Trade wars and corporate strategy*. Deloitte Insights. Retrieved on June 1, 2025, from https://www2.deloitte.com

[7] Bown, C. P., & Kolb, M. (2021). *Trump's trade war timeline: An up-to-date guide*. Peterson Institute for International Economics. Retrieved on June 1, 2025, from https://www.piie.com

[8] Bukhori, I., Kusumawati, R., & Meilani, M. (2022). Prediction of financial distress in manufacturing companies: Evidence from Indonesia. *Journal of Accounting and Investment, 23*(3), 588-605.

[9] Chinn, M., & Ito, H. (2020). *The global impact of trade tensions*. Cambridge: National Bureau of Economic Research.

[10] Christopher, M. (2016). *Logistics & supply chain management* (5th ed.). London: Pearson Education.

[11] Djalante, R. (2018). Adaptive governance and disaster risk reduction in Indonesia. *Mitigation and Adaptation Strategies for Global Change, 23*(3), 331-351.

[12] Donaldson, L. (2001). *The contingency theory of organizations*. London: Sage Publications.

[13] Evenett, S. J., & Fritz, J. (2019). *Going it alone? Trade policy after three years of populism*. Global Trade Alert Report. Retrieved on June 1, 2025, from https://www.globaltradealert.org

[14] Fahlevi, A. R., Sedovandara, D. F., Daffa, M. A., Dzikri, M. A. A., & Faizi, M. F. N. (2023). Pengaruh ukuran perusahaan, sales growth, dan gender diversity terhadap nilai perusahaan. *Jurnal Ilmiah Akuntansi Kesatuan, 11*(1), 49-58.

[15] Gereffi, G., Lim, H. C., & Lee, J. (2021). Trade policies, firm strategies, and adaptive reconfigurations of global value chains. *Journal of International Business Policy*, *4*(4), 506.

[16] Gertz, G. (2019). *Trade wars are class wars*. Brookings Institution. Retrieved on June 1, 2025, from https://www.brookings.edu

[17] Ghoshal, S., & Bartlett, C. A. (1997). *The individualized corporation: A fundamentally new approach to management*. New York: HarperBusiness.

[18] Hummels, D., Munch, J. R., & Xiang, C. (2021). Offshoring and labor markets. *Journal of Economic Perspectives, 35*(2), 45-66.

[19] ISO. (2018). *ISO 31000: Risk management – Guidelines*. London: International Organization for Standardization.

[20] Ivanov, D. (2020). Predictive analytics in supply chain management under global uncertainty. *International Journal of Production Research, 58*(10), 2900-2915.

[21] Joe, S., & Ginting, S. (2022). The influence of firm size, leverage, and profitability on earnings management. *Jurnal Ilmiah Akuntansi Kesatuan, 10*(3), 567-574.

[22] Jüttner, U., Peck, H., & Christopher, M. (2003). Supply chain risk management: Outlining an agenda for future research. *International Journal of Logistics: Research and Applications, 6*(4), 197-210.

[23] Kartikasari, D., & Yuliana, R. (2022). Manajemen risiko rantai pasok di masa krisis global. *Jurnal Logistik Indonesia, 8*(2), 115-128.

[24] Lewier, I. G., Usmany, P., & Loupatty, L. G. (2024). The effect of financial distress, audit opinion and audit fee on auditor switching (Empirical study on mining companies listed on the Indonesia Stock Exchange). *Jurnal Ilmiah Akuntansi Kesatuan, 12*(5), 759-770.

[25] Mala, C. M. F., & Jumono, S. (2025). Credit risk management via capital adequacy: Insights on stability from Indonesia regional banks. *Jurnal Ilmiah Manajemen Kesatuan, 13*(4), 2293-2304.

[26] Muna, N. N., & Lestari, H. S. (2025). The effect of board characteristic and ownership structure on corporate social responsibility of Indonesian banking. *Jurnal Ilmiah Manajemen Kesatuan, 13*(1), 257-270.

[27] OECD. (2020). *Global value chains and trade in a post-COVID world*. Organisation for Economic Co-operation and Development. Retrieved on June 1, 2025, from https://www.oecd.org

[28] Persada, A. R., Mulyadi, H., Mahri, A. J. W., & Furqon, C. (2025). Digital transformation and business incubation on SME performance in Indonesia. *Jurnal Ilmiah Manajemen Kesatuan, 13*(4), 2183-2194.

[29] Porter, M. E. (1985). *Competitive advantage: Creating and sustaining superior performance*. Cambridge: Free Press.

[30] Prakoso, N. A., Harahap, M. N., & Nasution, R. (2024). Effect of current ratio, debt-to-equity ratio, return on assets, and company size on the risk of business failure (Empirical study of food and beverage companies listed on the Indonesia Stock Exchange in 2019-2021). *Jurnal Ilmiah Wahana Pendidikan, 10*(3), 552-568.

[31] Rezeki, S., & Kanchanawongpaisan, S. (2025). Contribution of e-business success to achieving competitive advantage in MSMEs. *Jurnal Ilmiah Manajemen Kesatuan, 13*(4), 2219-2232.

[32] Rizki, A. T., & Prasetyo, B. (2021). Analisis dampak perang dagang terhadap kinerja perusahaan manufaktur di Indonesia. *Jurnal Manajemen dan Bisnis, 23*(2), 145-158.

[33] Sandy, R. M., & Mulya, A. S. (2025). Earnings response coefficient: Earnings persistence moderated by capital structure and economic growth. *Cogent Business & Management, 12*(1), 244-265.

[34] Santoso, H., & Gunawan, A. (2020). Strategi operasional dalam menghadapi ketidakpastian global. *Jurnal Strategi Bisnis, 15*(1), 33-50.

[35] Setyawan, H., Zakaria, N. B., Ason, Y. J., Musa, K., & Mohamed Izwan, I. D. (2025). Mapping the risk management landscape: A bibliometric and practitioner-validated thematic analysis. *Asia-Pacific Management Accounting Journal (APMAJ), 20*(2), 373-401.

[36] Suherwan, N. S., Utama, R. A., & Muchtar, S. (2025). Risk management as a mediating variable in the influence of the board of directors on financial performance. *Jurnal Ilmiah Manajemen Kesatuan, 13*(1), 409-418.

[37] Syamil, A., La Ode, N., Rosariana, B. C., Aristy, L. M., & Liesl, R. (2025). The roles of agility, supply chain sustainability, and risk management on operations performance in manufacturing industry. *Jurnal Ilmiah Manajemen Kesatuan, 13*(3), 1387-1398.

[38] Tang, C. S. (2006). Robust strategies for mitigating supply chain disruptions. *International Journal of Logistics: Research and Applications, 9*(1), 33-45.

[39] Utami, U., & Silaen, U. (2018). Analisis pengaruh risiko kredit dan risiko operasional terhadap profitabilitas bank. *Jurnal Ilmiah Manajemen Kesatuan, 6*(3), 123-130.

[40] WTO. (2020). *World trade statistical review 2020*. World Trade Organization. Retrieved on June 1, 2025, from https://www.wto.org

4888