

ABSTRACT

This study aims to examine how managerial ability moderates the effect of CEO characteristics (age, education, working experience) on hedging decision.

To investigate the relationship, this study used a Partial Least Squares (PLS) – Structural Equation Modelling (SEM). The population used is energy sector companies listed on the Indonesia Stock Exchange for the period 2016 – 2022. Sampling was carried out by purposive sampling with a total final sample of 91 samples which were studied according to predetermined criteria.

The findings show that CEO age, CEO education have a positive impact on hedging decision. On the contrary, CEO working experience has a negative impact on hedging decision. While, managerial ability moderates the effect of CEO age, CEO education on hedging decision. On the opposite, managerial ability does not moderate the effect of CEO working experience on hedging decision. In addition, this study found that the control variables (capital structure and profitability) are not related to hedging decision.

Keywords: CEO age, CEO education, CEO working experience, managerial ability, hedging decision