ABSTRACT

The greatest risk of international trade transactions is the risk of fluctuations in foreign exchange rates . Changes in the value of foreign currency that can unexpectedly significant impact on the company , therefore the company needs to do a risk management one of which is the hedging derivative . The purpose of this study was to determine the effect of leverage (LEV), Firm Size (FS), Market to Book Value (MTBV), Liquidity Ratio (LQ1), and Current Ratio (LQ2) on derivatives hedging activities in manufacturing firms in Indonesia in 2009 -2012.

The population in this study is a data companies listed on the Stock Exchange 2009-2012 period. The sample in this study amounted to 92 companies by using purposive sampling. The variables in this study include leverage (LEV), Firm Size (FS), Market -to-book Value (MTBV), Liquidity Ratio (LQ1), and Current Ratio (LQ2). The analytical tool used is the logistic regression analysis.

The results of multivariate test showed that the variable Leverage (LEV) negatively affect corporate hedging derivatives at α = 5 %, but not the same as predicted. Variable Firm Size (FS) and Market -to-book Value (MTBV) has a positive sign and equal to those predicted. Variable Liquidity Ratio (LQ1) and current ratio (LQ2) has a negative sign and is equal to that predicted. In general, the overall results were not receiving Ha. The accuracy data of prediction of the probability of hedging derivatives in the company amounted to 83.7 %.

Keywords : Hedging derivative, Leverage (LEV), Firm Size (FS), Market to book Value (MTBV), Liquidity Ratio (LQ1), and Current Ratio (LQ2).