SUMMARY

BASYIR AHMAD. The Analysis of Hedging Impact for Telecomunication’s Public Company in Indonesia. Supervised by HERMANTO SIREGAR dan TB NUR AHMAD MAULANA.

Rupiah is one of the volatile currencies. The volatile could create foreign currency risk to the company. The company such as telecommunication has currency gap which it’s liabilities in foreign currency but income in Rupiah. This could cause negative impact to company’s financial performance.

Hedging is an alternative instrument to mitigate foreign currency risk. There were various result of hedging’ studies. In Indonesia, the research of hedging is not often especially related to firm value. Furthermore this research could encourage other new research wishfully.

The aims of this research are to have a comprehensive understanding of hedging implementation in telecommunication companies and also to comprehend the impact of hedge to firm value of the company. In this research, hedging is the moderating variable between independent variable and dependent variable. The independent variables are profit, firm size, leverage, growth, dividend and liquidity. The dependent variable is firm value. The method is ordinary least square. The sample is 2 telecommunication companies. The data observed are financial data quarterly from 2006 to 2015.

The findings show that derivative transactions used as hedge by the company are cross currency swap, forward and option. Furthermore, the use of hedging foreign exchange is not seen to affect firm value for the telecommunication company. This because 5 moderating variables are not significantly affect to the firm value and only 1 moderating variable is significantly negative affect to the firm value.

Keywords: derivative, firm value, foreign exchange, hedge, telecommunication’ company.