

ABSTRACT

Companies specializing in coal production sub-industry often do business with foreign companies which might have the risk of high fluctuation in prices. Hedging is defined as a method used by management to protect their assets towards price fluctuation in the future. There are several factors that can affect the coal production sub-industry companies do hedge.

The aim of this research is to analyze the influence of the exchange rate of rupiah to dollar, coal prices, and leverage to hedging decisions on companies in coal production sub-industry listed in the Indonesia Stock Exchange (IDX) for period of 2017-2021.

This research belongs to quantitative research using logistic regression analysis technique. Purposive sampling technique is utilized as sampling method. The size of the population is 22 companies, and 14 of which passed the requirements. The total sample of this research comprises 70. The data are taken from the financial statements of the coal production sub-industry companies listed in IDX, Bank Indonesia's website and the historical cost of Newcastle coal prices's website.

The result shows that, the exchange rate of rupiah, coal prices, and leverage simultaneously affect hedging decisions. Partially, the exchange rate of rupiah and coal prices have no effect on hedging decisions. On the other hand, leverage variable significantly has positive influence to hedging decisions on coal production sub-industry companies listed in the Indonesia Stock Exchange (IDX) for the period of 2017-2021.

The results of this research are expected to contribute and act as a reference for other research in hedge decisions topic. Moreover, it is hoped that this research will be beneficial for the coal production sub-industry companies and the government in issuing hedge policies. On the other hand, investors are also expected to be more careful before deciding to invest in a company.

Keywords : *Hedging Decisions, The Exchange Rate, Coal Prices, Leverage*