

ABSTRACT

Many companies in Indonesia conduct transactions with foreign companies using foreign currencies, for example US Dollars with the aim of meeting the needs for supplies, machinery, etc. In recent years the rupiah exchange rate against the US Dollar has fluctuated. The fluctuations in the rupiah exchange rate tend to lead to a weakening rupiah. This is a risk threat for companies that conduct transactions with foreign parties. To minimize this risk, companies can do hedge.

This study aims to determine how the effect of Market To Book Value, Firm Size and Profitability both simultaneously and partially on Hedging Decision Making in Companies in the Automotive and Component Sub-sectors listed on the Stock Exchange in 2014-2017.

The sampling technique used in this study was purposive sampling technique which obtained 12 research samples in a period of 4 years so that 48 units of the company samples were obtained Automotive and Component sub-sectors that were listed on the Stock Exchange in 2014-2017. The data analysis technique used is descriptive statistical analysis and logistic regression.

Based on the results of the study indicate that Market To Book Value, Firm Size and Profitability simultaneously influence the Hedging Decision Making. Partially Market To Book Value has a negative and not significant effect on hedging, Firm Size has a significant positive effect on hedging, and Profitability has a positive and not significant effect on hedging.

From these results it can be concluded that, Market To Book Value has a negative and insignificant effect because with the phenomenon that occurs MTBV does not fully become the foundation of the company implementing hedging. Firm Size has a significant positive effect because the larger the size of the company, the risk experienced will increase so that hedging is carried out. Profitability has a positive and insignificant effect because the risk experienced by increasing profitability can be minimized by natural hedging so that it does not have a significant effect.

Keywords: *Market to book value, Firm size, Profitability, Hedging,*