ABSTRACT

Hedging is an action to minimize and mitigate risk and protect assets or liabilities against the risk of fluctuations in interest rates or currency in the future. Hedging can be done either in the form of derivative instruments or natural hedging. The purpose of this study was to find out how liquidity, solvency, and firm's size affect hedging decisions in coal industry companies listed on the Indonesia Stock Exchange (IDX) in 2018 to. 2022.

This study used a purposive sampling technique. The sampling method produces 14 of the 33 research data companies and 105 sample data during the study period. The analytical method used in this research is descriptive analysis and logistic regression analysis.

The results of this study reveal that liquidity, solvency, and firm's size simultaneously influence hedging decisions in coal industry companies listed on the Indonesia Stock Exchange (IDX) in 2018 to 2022. Partially, liquidity and firm's size have a positive effect on hedging decisions. Meanwhile, solvency has no effect on hedging decisions.

This research is expected to be used as material for consideration of hedging decisions for companies. This research is also expected to assist investors in investing in companies that hedge. For academics, this research can contribute to advanced research methods and advanced accounting, and can be used as a reference by adding other variables, changing the research object, or increasing the research period.
Keywords: *hedging, liquidity, solvency, firm's size*