

Hedging Decision: Growth Opportunity, Firm Size, and Dividend Policy (Study of BUMN Companies Listed on Indonesia Stock Exchange 2011-2020)

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Abstract

Hedging is a procedure that can be carried out to protect the company from losses on fluctuations in the rupiah exchange rate against foreign currencies. State-owned companies that conduct transactions with foreign currencies are urged by the Government to hedge to avoid additional debt due to fluctuating exchange rates. This study aims to ascertain the effect of growth opportunity, firm size, and dividend policy simultaneously and partially on the hedging decisions of BUMN companies listed on the Indonesia Stock Exchange for the 2011-2020 period. The secondary data used in this study came from the financial statements and annual reports of BUMN companies registered on the Indonesia Stock Exchange for 2011-2020. The population in this study is BUMN companies listed on the Indonesia Stock Exchange for the period 2011-2020. Purposive sampling was used in this study's sample selection, resulting in the collection of 113 samples from 12 companies between 2011 and 2020. The data analysis techniques used in this study are descriptive statistical analysis and logistic regression analysis. Based on the study's results, it was concluded that growth opportunities, firm size, and dividend policies simultaneously affect hedging. Accordingly, growth opportunity and firm size significantly positively affect hedging decisions in BUMN companies listed on the Indonesia Stock Exchange from 2011-2020. Meanwhile, the dividend policy negatively affects hedging decisions in BUMN companies listed on the Indonesia Stock Exchange from 2011-2020.

Keywords

Growth Opportunity, Firm Size, Dividend Policy, Exchange Rate and Hedging

1. Introduction

Changes in the rupiah exchange rate can affect the company's financial condition and operating processes. The use of derivative instruments can protect multinational companies from the risk of increasing exchange rate fluctuations. Companies affected by foreign exchange rate uncertainty can cope with hedging (Wang & Makar, 2019). Most companies obtain capital from rupiah and US dollars or other foreign currencies. To minimize the risk of asset losses and liabilities arising from fluctuations in the rupiah exchange rate, companies can implement a hedging policy. Using hedging can improve the capital market, trade between countries, and control of company assets (Giraldo-Prieto et al., 2019). Based on the regulation of the Minister of Finance of the Republic of Indonesia Number 12 / PMK.08 / 2013, hedging is a way to mitigate business risks that arise against interest rates or uncertain currencies in the financial markets. Based on data from the bi.go.id the movement of the rupiah exchange rate against the US dollar from 2016 to 2018, the rupiah exchange rate began to decline to Rp 14,481. In 2019 it began to strengthen to

IDR 13,901, while in 2020, it decreased again to IDR 14,105. One of the causes of the weakening of the rupiah exchange rate due to the COVID-19 pandemic. The decline of the rupiah exchange rate can affect companies in carrying out foreign exchange activities, increase the amount of sovereign debt, and affect stock prices.

Various institutions in Indonesia strongly support the use of derivative instruments for business actors. For example, Bank Indonesia has obliged companies to hedge to avoid losses due to exchange rate fluctuations on foreign debt. Bank Indonesia also directs State-Owned Enterprise to conduct hedging and to control the company's finances in good condition. In addition, the Ministry of State-Owned Enterprises issues guidelines for preparing Standard Operating Procedures (SOPs) for hedging transactions.

Companies with a high growth rate need to hedge to overcome business risks. This statement is in line with the results of the growth opportunity study affecting hedging decisions Kodriyah et al., (2019). Large companies tend to hedge because the company is likely to conduct transactions between countries, so it is necessary to do hedging. Research by Mahasari & Rahyudi (2020) and Setiawan & Mahardika (2019) state that the company's size affects hedging decisions. Companies in making funding decisions must consider the dividend policy. When the dividend distribution of a company is still left, the company can do hedging. Research by Gewar & Suryantini (2020) shows that dividend policy affects hedging decisions.

This research was conducted because many state-owned companies still have not implemented hedging accounting. Meanwhile, the government has urged state-owned companies to hedge to reduce the amount of foreign debt when the exchange rate depreciates. However, uncertainty in the rupiah exchange rate can be detrimental to companies. this research is interesting to re-conduct and examine the factors that influence hedging decisions.

1.1 Objective

In accordance with the regulation of the Minister of Finance of the Republic of Indonesia number 12/PMK.08/2013, hedging is a method for mitigating business risks associated with fluctuating interest rates or currencies on the financial markets. Cooperating with partner companies, securing the value of a material, and obtaining low interest rates are all advantages of hedging. Hedging is crucial for companies that conduct international business. The purpose of hedging decisions is to minimize expenses and maximize shareholder wealth. The research objectives are as follows:

1. To find out about growth opportunities, firm size, and dividend policies for BUMN company listed on the Indonesia Stock Exchange for the 2011-2020 period.
2. To find out the influence of growth opportunities, firm size, and dividend policy on hedging decisions on BUMN company listed on the Indonesia Stock Exchange for the 2011-2020 period.
3. To find out the effect of growth opportunity on hedging decisions in BUMN company on the Indonesia Stock Exchange for the 2011-2020 period.
4. To find out the influence of firm size on hedging decisions on BUMN company listed on the Indonesia Stock Exchange for the 2011-2020 period.
5. To find out the effect of dividend policy on hedging decisions on BUMN company listed on the Indonesia Stock Exchange for the 2011-2020 period.

2. Literature Review

2.1 Signaling Theory

Bergh et al., (2014) stated that the signal is a hint from the management to the investor. Signal theory deals with knowledge of useful signals or useless signals. The signal theory states that management has more accurate information about the company's condition than outside parties. Management provides relevant reports, and investors will respond to the reports. Investors can make observations to analyze the information as a good or bad signal. Good signals will help investors in deciding to invest.

Signal theory reveals that hedging decisions are a way for management to provide information about risk management to protect company assets from fluctuating exchange rates and improve company performance to provide positive signals for investors. For example, in signal theory, it is determined that a company that has a high growth rate will increase the company's assets.

2.2 Hedging

According to Beams et al., (2018:422), hedging is a procedure aimed at protecting the value of the company's assets from risks that can incur losses for the company from price changes. Hedging is particularly advantageous for firms and nations that frequently conduct transactions involving interest rates and exchange rates. For example, if a company has debt in foreign currency or unstable interest rates, the company will inevitably be affected by rising interest rates and exchange rate fluctuations.

Hedging transactions can be carried out using derivative products. Derivatives are contracts of two parties to buy or sell various commodities at a point in the future at agreed prices (Beams et al., 2018:421). According to PSAK 71, hedging items include assets, liabilities, estimated net transactions or investments in overseas business activities, and definite commitments that have not been recognized. Hedging with derivative products consists of futures contracts, futures contracts, option contracts, and swap contracts.

2.3 Growth Opportunity

According to Scott (2015:167) the opportunity for a company to develop lies in how the company uses the opportunity to improve the company in the future. The company's high growth opportunities will require more funds, especially external funding, to cover the company's investment needs (Indrajaya et al., 2011). Debt poses a risk to the company. The risk is due to exchange rate fluctuations. To avoid the risks, companies can use hedging activities to take advantage of a derivative instrument (Mahardika, 2018).

The growth ratio is a measure of the growth that the company has achieved over a certain period (Scott, 2015:168). When determining this growth rate, the company can distinguish between nominal and actual growth. Little growth means that inflation is not considered, but real growth isolates inflation so that the company can safely determine what growth the company achieved.

The author predicts that growth opportunities will affect hedging decisions. According to Hidayah & Prasetyono (2016) the high growth opportunity, it is possible for the company to experience an underinvestment problem. Because companies with a high growth rate require considerable funds to develop the company, they will execute foreign currency external funding if they cannot fund with internal cash. Due to fluctuations in exchange rates, external funding using foreign currencies is likely to be subject to the risk of an increase in debt and default. Consequently, the greater the growth prospect, the greater the chance that the company will establish a hedging policy.

2.4 Firm Size

According to Hartono (2016:685) the size of the company is a measuring instrument or tool to determine the length, width, area, or magnitude of a company. Large companies tend to make a lot of transactions with companies abroad. Such business activities can pose risks and require hedging to prevent greater foreign exchange exposure. Therefore, companies with large sizes will know more about the benefits of hedging than companies with small companies (Setiawan & Mahardika, 2019). Therefore large companies need to be aware of the importance of hedging company assets (Kussulistiyanti, 2016).

The firm size presents large total assets due to large business activities and high income, and the company is likely to be active in international trade. As a result, the company uses foreign exchange in international business transactions. Then the company will be affected by currency exchange rate risk because it uses foreign currencies and the risk of high exchange rate fluctuations. The authors predict firm size to affect hedging decisions because large-sized companies are more aware of the importance of hedging to protect their cash flow and assets and can purchase foreign exchange derivatives to benefit from hedging.

2.5 Dividend Policy

According to Rudianto (2012:308), dividends are a component of operating profit given to shareholders who have invested in the company. Therefore, dividend policy is a company's procedure for determining the amount of profit received by shareholders. The dividend policy is described using a dividend payout ratio (DPR). The dividend payout ratio is an annual dividend payment to shareholders, which is part of the after-tax income and interest.

For investors, dividend policy is essential to measure management's ability to manage the available capital to obtain net profit and remaining net profit. For example, if the company has a high dividend payout ratio, the level of the company using hedging becomes low.

Companies that have a high rate of dividend payments tend not to carry out hedging activities because the company has only a tiny amount of retained earnings, and most of the profits will be allocated for dividend payments (Rudianto, 2012). The author predicts that dividend policy influences hedging decisions because companies that have received more than dividend funds have enough funds to invest and less need for hedging activities, so it can be said that the higher the dividend rate, the lower the company's decision to carry out hedging activities. Therefore, based on theory, the framework of thought can be described as follows: (Figure 1)

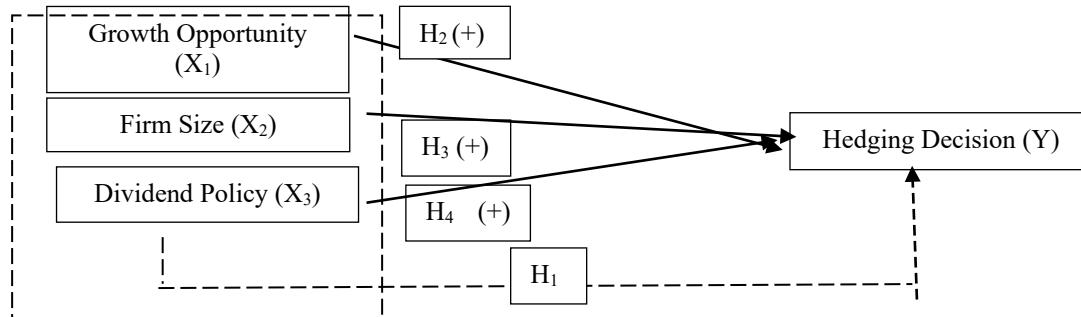


Figure 1 Research Framework
Source: data processed by the author (2022)

The hypothesis is a temporary prediction made by the researcher and must be tested for truth (Sugiyono, 2021). Based on the theory and results of previous research as well as the research framework that has been described, the following research hypotheses can be formulated:

H₁: Growth opportunities, firm size, and dividend policy have a simultaneous effect on hedging decisions in BUMN companies listed on the Indonesia Stock Exchange in 2011-2020.

H₂: Growth opportunities have a positive effect on hedging decisions in BUMN companies listed on the Indonesia Stock Exchange in 2011-2020.

H₃: Firm size has a positive effect on hedging decisions in BUMN companies listed on the Indonesia Stock Exchange in 2011-2020.

H₄: Dividend policy has a positive effect on hedging decisions in state-owned companies listed on the Indonesia Stock Exchange in 2011-2020.

3. Methods

The characteristics of this study use quantitative methods. The research strategy in this study is a case study. This research analysis unit uses a group analysis unit that links BUMN companies listed on the Indonesia Stock Exchange with the 2011-2020 research period. (Table 1) Based on the involvement of researchers, researchers did not intervene in the data because this study used secondary data in the form of financial reports from the Indonesia Stock Exchange and each company's website.

This study is non-contrived settings where events commonly occur (Sugiyono, 2021:14). This study used time series data and cross-section data because this study used structured data (Sugiyono, 2021:9). Based on the timing of the implementation, this study is combined research from cross-section and time series. Furthermore, time series research is causal which has the aim of knowing the causal relationship between the variables to be studied (Sugiyono, 2021:72).

This study used observational data collection techniques. The sampling technique used in this study was nonprobability sampling. The nonprobability sampling technique used in this study is the purposive sampling technique. Furthermore, the researcher conducted data analysis for hypothesis testing. The hypothesis is a temporary answer to the formulation of the research problem, so it needs to be proven into valid data (Sugiyono, 2021:99). In this study, the technique used is purposive sampling, so the criteria to be used are as follows:

1. BUMN companies are listed on the Indonesia Stock Exchange for 2011-2020.
2. BUMN companies listed on the Indonesia Stock Exchange consistently present financial statements for the 2011-2020 period.
3. BUMN companies listed on the Indonesia Stock Exchange consistently distribute dividends.

Table 1 Variable Operations

| Variable | Variable Concepts | Indicators | Scala |
|--------------------------------------|---|---|---------|
| Hedging (Y) | Hedging is a company's provision to protect the value of an entity (Guniarti, 2014). | Hedging = dummy variable. | Nominal |
| Growth Opportunity (X ₁) | The opportunity to grow is an opportunity for the company to make a profit in the future. If the value of a company's growth opportunity is high, this indicates that the company is in good shape (Scott, 2015). | Growth Opportunity = $\frac{MVE}{BVE}$ | Ratio |
| Firm Size (X ₂) | The company's size is the scale of the large or small scale (Marlisa & Fuadati, 2016). | Firm size = Ln Total Aset | Ratio |
| Dividend Policy (X ₃) | Dividend policy is a company's decision on the payment of dividends, whether to distribute profits in the form of dividends to shareholders or investors or to withhold profits as retained earnings for mutual funds in the future (Samrotun, 2015). | DPR = $\frac{\text{Dividend per Share}}{\text{Earnings per Share}}$ | Ratio |

Source: data processed by the author (2022)

Logistic regression analysis is used to test the predictability of dependent variables with independent variables (Ghozali, 2018:325). Logistic regression assumes that the multivariate normal distribution is not met. Hypothesis testing in this study used multivariate analysis using logistic regression. The dependent variable used in this study is a dummy variable, so that logistic regression will be used in this study. A value of 1 indicates the company that implemented the hedging, and the importance of 0 means the company that did not implement the hedging. This study does not require a normality test since logistic regression does not require a normality assumption in independent variables (Ghozali, 2018:325).

Commonly used logistic regression equations are:

$$\ln \frac{P}{1-P} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3$$

4. Data Collection

This study uses data sources from secondary data. According to Sugiyono (2019), secondary data is data obtained indirectly by researchers. Sources of data in this study include:

1. Data on the financial statements of BUMN companies on the Indonesia Stock Exchange website for 2011-2020.
2. The Indonesia Stock Exchange website, which is www.idx.co.id.
3. Journal of previous research.
4. Books related to the research topic.

The data used in this study is a type of panel data because it combines data from many companies as a sample over a period of four years, from 2011 to 2020. Panel data is data where cross-sectional units will be analyzed at different times. The panel data method combines cross section data and time series data. Cross section data is data on one or

more research objects taken at the same time, while time series data is data on a research object taken at different times.

5. Results and Discussion

5.1 Result

5.1.1 Descriptive Statistics

Descriptive statistics provide a summary or description of the data determined by the minimum, maximum, mean, and standard deviation. Descriptive statistics are important for characterizing the characteristics of the study's samples in greater detail.

Table 2 Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| Growth opportunity | 113 | .61 | 11.06 | 2.51 | 1.75 |
| Firm size | 113 | 28.63 | 34.95 | 31.91 | 1.77 |
| Dividend policy | 113 | 10% | 90% | 33.24% | 18.39% |
| Hedging | 113 | 0 | 1 | .66 | .475 |
| Valid N (listwise) | 113 | | | | |

Source: SPSS 26, processed data (2022)

Based on the results of descriptive statistics Table 2, 113 samples were collected for this investigation. The growth opportunity variable has a minimum value of 0.61 and a maximum value of 11.06. The growth potential variable has a mean value of 2.51 and a standard deviation of 1.75. The minimum value for the firm size variable is 28.63, and the maximum is 34.95. The average value of the firm size variable is 31,91, with a standard deviation of 1.77. The dividend policy variable has a minimum value of 10 percent and a maximum value of 90 percent. The dividend policy variable has a mean value of 33.24 percent and a standard deviation of 18.39 percent. The minimum hedging value is 0 (no hedging activity), and the maximum hedging value is 1 (performing hedging activities). The mean value of hedging is 0.66, and the standard deviation is 0.475%. The data from each value of this research variable have a good distribution, because the average is higher than the standard deviation. There isn't a significant difference between the highest and lowest values for this research variable, the data can be said to be homogeneous.

5.1.2 Hosmer and Lemeshow Test

The purpose of the model's feasibility test is to determine whether the empirical data are compatible with the model, so that the model can be considered fit. If the value of Hosmer and Lemeshow's of fit statistic is equal to or greater than 0.05, it indicates that the model can predict the value of the observation, or that the model is acceptable because it corresponds to the observation data.

The chi-square value for the Hosmer and Lemshow goodness-of-fit statistic is 12.692 at a significance level of 0.123, which is greater than 0.05. The significance level is greater than 0.05, so H0 is accepted. Because there is no significant difference between the model and the observed values, these results indicate that the model may be accepted, and hypothesis testing may proceed.

The results of this study's calculations indicate that the logistic regression model is appropriate for further study because there is no statistically significant difference between the predicted classification and the observed classification. This research demonstrates that the hypothesized model matches the data.

5.1.3 Overall Model Fit Test

The likelihood log value was used to evaluate the overall model fit. To test the hypothesis, -2 Log-Likelihood in the first block (Block 0: Beginning Block) and the second block must be examined (Block 1: Method).

Table 3 Overall Model Fit Test

| Overall Model Fit Test | |
|-------------------------|---------|
| -2LogL Block Number = 0 | 144.326 |

| | |
|-------------------------|---------|
| -2LogL Block Number = 1 | 144.310 |
|-------------------------|---------|

Source: SPSS 26, processed data (2022)

Based on the Table 3 Iteration History in block 0 or if the model does not contain independent variables, the following is true: N = 113, Value -2 Log likelihood: 144.326. Degree of Freedom (DF) = N - 1 = 112. Table based on df 112 and 0.05 Probability = 137.702 The value of -2 Log Likelihood (144,326) is greater than 2 table (137,702), so H_0 is accepted and the model indicates that the model before the inclusion of independent variables was FIT with the data.

Block 1 of table 4.4 Iteration History, which has a model with independent variables, has N = 113. Degree of Freedom (DF) is determined by the formula N - number of independent variables - 1 = 113 - 3 - 1 = 109. DF 109 and Prob 0.05 in a Chi-Square Table yield 134.369. The overall logistic regression model used is a good regression model, as indicated by the value of -2 Log Likelihood (144.310) Chi-square table (134.369) so that it accepts H_0 . It can be concluded from this study that the regression model is workable.

5.1.4 Test Coefficient of Determination

The coefficient of determination is a test that evaluates Nagelkerke's R square to determine whether the independent variable can explain the variation in the dependent variable. Cox's and Snell's coefficients are modified to create Nagel Karke's R square, whose value ranges from 0 to 1. To do this, divide the Cox and Snell's R square value by the square's highest value. The Nagel Karke R square value can be understood as the multiple regression R square value.

According to table coefficient of determination, the R square value for Nagelkerke is 0.477. These results indicate that the variables ability to grow opportunity, firm size, and dividend policy can account for 47,7% of the variance, while the remaining variance can be accounted for by other factors not examined in this study.

5.1.5 Accuracy of Classification

Table 4 Classification Table

| | Observed | Predicted | | Percentage Correct |
|--------------------|-----------|-----------|-----------|--------------------|
| | | Hedging 0 | Hedging 1 | |
| Step 1 | Hedging 0 | 23 | 15 | 60.5 |
| | Hedging 1 | 12 | 63 | 84.0 |
| Overall Percentage | | | | 76.1 |

Source: SPSS 26, processed data (2022)

The Table 4 shows that of the 38 samples that empirically did not implement a hedging policy, as many as 23 samples (60.5%) were precisely predictable by the research model, and another 15 samples failed to be predicted by the model. Whereas of the 75 samples of companies implementing hedging policies, 63 samples (84%) were precisely predictable by the model, and another 12 samples failed to be predicted by the model. Overall, the level of accuracy of predictions or classifications, which is 76.1%, indicates that the regression model is feasible for further research.

5.1.6 Simultaneous Test

Hypothesis testing using a logistic regression model with a 5% level of significance level method. Logistic regression is used to examine the effect of firm size, growth opportunity, leverage, and financial distress on hedging policies. If the results of the Omnibus Test of Model Coefficients test (simultaneous testing) show significant results, then overall independent variables are included in the model or in other words no variables are excluded in the model.

Based on the Omnibus Test of Model Coefficients results, it can be observed that the Chi-square value is 47.692, the degree of freedom is 3, and the significance threshold is 0.001 (p -value $0.000 < 0.05$). These findings determine whether H_0 is accepted or rejected for H_1 . Based on these findings, it can be concluded that the growth opportunity,

firm size, and dividend policy variables all have a simultaneous impact on the hedging decision of BUMN companies listed on the IDX for the 2011–2020 period.

This test aims to determine whether an independent variable influences the dependent variable. Using a significance level of 0.05, the hypothesis will be examined. If the significance value is less than 0.05, H₀ is rejected, and if it is more significant than 0.05, then H₀ is accepted

5.1.7 Hypothesis Test

Table 5 Variables in the Equation

| | | B | S.E. | Wald | Df | Sig. | Exp(B) |
|---------------------|--------------------|---------|-------|--------|----|------|--------|
| Step 1 ^a | Growth opportunity | .439 | .180 | 5.964 | 1 | .015 | 1.552 |
| | Firm size | .943 | .210 | 20.209 | 1 | .000 | 2.568 |
| | Dividend policy | -.076 | .017 | 19.421 | 1 | .000 | .927 |
| | Constant | -27.567 | 6.422 | 18.429 | 1 | .000 | .000 |

Source: SPSS 26, processed data (2022)

The Table 5 above displays the output results that make up a logistic regression equation as follows:

$$\ln P \ 1 - P = -27,567 + 0,439 \text{ GO} + 0,943 \text{ FS} - 0,76 \text{ DPR}$$

The logistic regression equation requires the Odds Ratio Exp (β) value to be able to explain the effect of each variable or indicator on the dependent variable (Ghozali, 2018) as follows:

1. The constant of -27.567 indicates that if the independent variables, namely growth opportunity, firm size, and dividend policy are zero, then the probability of the company implementing hedging decreases by 27.567 units.
2. The value of the regression coefficient on the growth opportunity variable is 0.439 which states that for every additional 1 unit of growth opportunity, it will increase the probability of the company applying hedging by 0.439 units assuming other variables are constant.
3. The value of the regression coefficient on the firm size variable has a value of 0.943 which states that for every addition of 1 unit to the firm size, it will increase the probability of the company applying hedging by 0.943 units assuming other variables are constant.
4. The value of the regression coefficient on the dividend policy variable has a value of -0.076 which states that for every addition of 1 unit to the dividend ratio, it will reduce the probability of the company applying hedging by -0.076 units assuming other variables are constant.

The variable growth opportunity has a sig value of 0.015, which indicates that the value is less than the significant value (α) = 5%. This indicates that the variable growth opportunity has a significant impact on hedging decisions. The sig value of the firm size variable is 0.000, which is less than the significant value (α) of 5%. This demonstrates that the firm size variable significantly influences hedging decisions. and dividend policy variable has a sig value of 0,00, which is less than the significance level (α) of 5%. This demonstrates that the firm size variable has negative effect on hedging decisions, because the coefficient B on the dividend policy is negative.

5.2 Discussion

5.2.1 Effect of growth opportunity, firm size, and dividend policy on hedging decisions

Based on the results of simultaneous significance testing, that obtained results below the significance level (α = 0.05) which is 0.00. The results explain that growth opportunities, firm size, and dividend policies simultaneously affect hedging decision-making.

5.2.2 The effect of growth opportunity on hedging decisions

Based on the results of hypothesis testing, the significance value is produced as much as 0.015, where the significance value of the growth opportunity variable is smaller than 0.05. The regression coefficient value in this study showed a positive result of 0,439. This study concluded that the growth opportunity variable with the MVE /

BVE ratio indicator had a partially significant positive influence on hedging decisions. The higher the company's growth opportunities, the higher the company's level of hedging decisions.

A company that is experiencing good growth is a positive signal for internal and external parties of the company. This is in line with the signaling theory, which states that if the company has good quality, it will provide a positive signal so that related parties can distinguish the level of quality between good companies and bad companies. The results of this study support previous research conducted by Kodriyah et al., (2019), Astyrianti (2017), and Marhaenis & Artini (2020).

5.2.3 Effect of Firm size on Hedging

Based on the study's results, the value of the regression coefficient on the firm size variable was 0.00 with a probability (sig.) of 0.05 and a value of regression coefficient of 0.943. The results of this study concluded that the firm size variable with natural logarithm indicators has a significant positive influence on hedging policies.

The size of the company gives a positive signal to external parties of the company so that the company will easily get funding. With funding, it makes it easier for companies to carry out hedging activities. The results of this study are supported by research conducted by Bonita (2017), Setiawan & Mahardika (2019), Mahasari & Rahyudi (2020), Rachmat & Kustina (2019), and Ameer (2020).

5.2.4 Effect of Dividend Policy on Hedging

Based on the test results, the dividend policy variable regression coefficient has a value of -0.76 with a probability value (sig.) of 0.000. The results of this study state that dividend policy with dividend payout ratio indicator has a negative influence on hedging policy because it has a significance value greater than 0.05. The higher the dividend ratio, the better the company's financial level. The distribution of dividends in cash will result in the company obtaining a small amount of retained earnings. (Table 6) This causes the funds that can be used to carry out hedging activities will be reduced so that companies tend not to carry out hedging activities. The results of this study support previous research conducted by Astyrianti (2017).

Table 6 Summary of Investigation Results

| Hypotheses | Independent Variable | Logistics Regression Test Results Hypothesis | | | | Statement |
|------------|----------------------|--|--------------|-------|---------------|-----------|
| | | Hypotheses | Test Results | Sig | Coefficient B | |
| 1 | Growth opportunity | Positive | Positive | 0,015 | 0,439 | Accepted |
| 2 | Firm Size | Positive | Positive | 0,000 | 0,943 | Accepted |
| 3 | Dividend Policy | Positive | Negative | 0,000 | -0,76 | Rejected |

Source: SPSS 26, processed data (2022)

6. Conclusion

This study aims to determine the effect of growth opportunity, firm size, and dividend policy on hedging decisions in BUMN companies listed on the Indonesia Stock Exchange for the period 2011-2020. The sample in this study consisted of 12 companies with a research period of 10 years from 2011-2020. Based on the results and discussion, it can be concluded several things as follows:

- a. Growth opportunity, firm size, and dividend policy variables have a simultaneous impact on the hedging decision of BUMN companies listed on the IDX for the 2011–2020.
- b. Growth opportunity has a significant positive effect on hedging decisions in BUMN listed on the Indonesia Stock Exchange in 2011-2020.
- c. Firm size has a significant positive effect on hedging decisions in BUMN listed on the Indonesia Stock Exchange in 2011-2020.
- d. The dividend policy has no effect on hedging decisions for BUMN listed on the Indonesia Stock Exchange in 2011-2020.

This research proves that the decision to hedge an enterprise is influenced by the growth rate and size of an enterprise. The higher the growth rate and size of the company will increase the company's awareness to make hedging decisions so that it can avoid the risk of exchange rate fluctuations. Suggestions for subsequent researchers:

1. The object of research in this study is a BUMN listed on the Indonesia Stock Exchange, researchers can then use other research objects such as manufacturing companies listed on the Indonesia Stock Exchange.
2. The variables used in this study are growth opportunity, firm size and dividend policy, the value of Nagelkerke's R square of 0.477. The results showed that the variable ability of growth opportunity, firm size, and dividend policy was able to explain by 47.7 and the rest was explained by other factors that were not tested in this study. Researchers can then use other variables such as profitability, leverage, managerial ownership, and others.

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