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Enhancing Business Stability Through Collaboration

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NOTES FROM THE EDITORS

The 10th International Conference on Business and Management Research was held on October 25-27, 2016 in Lombok Indonesia. This large gathering of researchers and academicians would not be possible without cooperation between Universitas Indonesia, sponsoring organizations and sponsoring academic journals: PT Pertamina Oil and Gas, PT Bank Central Asia, Asian Journal of Business and Accountancy, International Journal of Economics and Management, ASEAN Marketing Journal, Indonesian Capital Market Review, and The Southeast Asian Management Journal.

The title of the 2016 conference is “Enhancing Business Stability Through Collaboration”. The conference was opened by the keynote speech by Prof. Dr. Mohamed Ariff under the title of “Money, Bank Liquidity, and Stock Returns”. On the second day of the conference, Prof. Felix Mavondo from Monash University discussed a topic on Marketing Research and Future Studies.

From among 101 papers scheduled in the conference, only 92 papers were presented. ICBMR 2016 has implemented the “no-show policy” in which papers that are not presented at the conference, shall be deemed a “no-show” and removed from post-conference distribution. It was also decided that this conference proceeding is abstract only proceedings as the full version of the papers will be published either as journal articles or book chapter.

Without the dedication of people involved in organizing this year’s ICBMR 2016 , it would not be possible for us to make another success of it. Once again, we would like to extend special words of gratitude to all contributors to the conference program, keynote speakers, our sponsors, and especially our conference staff. Thank You!

Viverita, PhD

Sri Rahayu Hijrah Hati, Ph.D

Scientific Committee

Organizing Committee

FINANCE



5. FOREIGN-DEBT BASED HEDGING TO SHAREHOLDER VALUE : A NEW PERSPECTIVE

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Abstract

The purpose of this study is develop models to analyze the influence of foreign exchange risk towards shareholder value with foreign-debt based hedging as a mediation variable. This study had applied a new concept that was derived from synthesis of the balancing theory and the contracting theory.

This study use the population of companies listed on the Indonesia Stock Exchange (BEI) in 2010-2013. Hypotheses were analyzed with Pooled Ordinary Least Square Model, Fixed Effects Model, and Random Effects Model, then tested with the Hausman Test.

The research findings proved that the foreign exchange risk had positive effect on shareholder value with the foreign-debt based hedging as mediation. So companies that have had foreign exchange risk should apply foreign-debt based hedging to maximize the shareholder value. The findings of this study have theoretical implication that supported contracting and balancing theory. While practical implications for the government is support the discourse of the Ministry of Finance to implement a hedging policy.

Keywords : Foreign-Debt Based Hedging, Foreign Exchange Risk, Shareholder Value