

## TABLE OF CONTENTS

<b>COVER .....</b>	<b>i</b>
<b>COVER .....</b>	<b>ii</b>
<b>DECLARATION OF AUTHENTICITY OF FINAL PAPER AND UPLOAD AGREEMENT .....</b>	<b>iii</b>
<b>APPROVAL PAGE BY FINAL PAPER ADVISOR .....</b>	<b>v</b>
<b>APPROVAL PAGE BY FINAL PAPER DEFENSE COMMITTEE.....</b>	<b>vii</b>
<b>ABSTRACT.....</b>	<b>viii</b>
<b>ABSTRAK .....</b>	<b>ix</b>
<b>TABLE OF CONTENTS .....</b>	<b>xii</b>
<b>TABLE OF FIGURES.....</b>	<b>xv</b>
<b>TABLE OF APPENDICES.....</b>	<b>xvi</b>
<b>CHAPTER I INTRODUCTION .....</b>	<b>1</b>
1.1    Background of Study.....	1
1.2    Problem Formulation.....	8
1.3    Objective of the Research .....	8
1.4    Benefits of the Research.....	9
1.5    Problem Limitation .....	9
<b>CHAPTER II LITERATURE REVIEW.....</b>	<b>11</b>
2.1    Theoretical Background .....	11
2.1.1 Prospect Theory .....	11
2.1.2 Enlightened Value Maximization Theory .....	13

2.1.3 Modigliani-Miller Theorem.....	14
2.1.4 Hedging .....	15
2.1.5 Growth Opportunity .....	17
2.2 Previous Research .....	18
2.3 Conceptual Model .....	26
2.4 Hypothesis Development .....	27
2.4.1 The Influence of Growth Opportunity towards Hedging Decisions	
27	
2.4.2 The Role of Earnings Quality in Moderating the Influence of Growth Opportunity towards Hedging Decisions.....	29
<b>CHAPTER III RESEARCH METHODOLOGY .....</b>	<b>31</b>
3.1 Population, Sample, and Data Source .....	31
3.2 Research Population .....	31
3.2.1 Research Sample .....	31
3.2.2 Research Data Source.....	32
3.3 Data Collection Method .....	32
3.4 Empirical Research Model .....	33
3.5 Operational Variable .....	34
3.6 Data Analysis Method.....	36
3.6.1 Descriptive Statistic Analysis.....	36
3.6.2 Correlation Test .....	37
3.6.3 Assumption Test for Logistic Regression .....	37
3.6.4 Model Specification Test.....	39
3.6.5 Classification Table .....	41
3.6.6 Hypothesis Testing .....	41

<b>CHAPTER IV RESEARCH RESULTS AND DISCUSSION.....</b>	<b>42</b>
4.1    Research Results .....	42
4.1.1 Descriptive Statistics .....	42
4.1.2 Correlation Test .....	48
4.1.3 Results of Assumption Tests .....	50
4.1.4 Results of Model Specification Test.....	55
4.1.5 Classification Table .....	57
4.1.6 Results of Hypothesis Testing .....	58
4.2    Discussion .....	60
4.2.1 The Influence of Growth Opportunity towards Hedging Decisions	
60	
4.2.2 The Role of Earnings Quality in Moderating the Influence of Growth Opportunity towards Hedging Decisions.....	64
<b>CHAPTER V CONCLUSION.....</b>	<b>66</b>
5.1    Conclusion.....	66
5.2    Implication .....	66
5.3    Recommendation.....	67
<b>REFERENCES.....</b>	<b>69</b>

## TABLE OF FIGURES

<b>Figure 1. 1 Graph of Indonesia's Public Listed Company's Total Hedging Activity</b> .....	2
<b>Figure 2. 1 Prospect Theory's Hypothetical Value Function</b> .....	12
<b>Figure 2. 2 Conceptual Model</b> .....	27
<b>Figure 4.1 Financial Companies Which Decided to Do Hedging</b> .....	64
<b>Table 2.1 Previous Research</b> .....	18
<b>Table 3.1 Population and Sample Criteria</b> .....	32
<b>Table 3.2 Operational Variable Definition</b> .....	35
<b>Table 4.1 Descriptive Statistics for 460 Observations</b> .....	43
<b>Table 4.2 Descriptive Statistics for 450 Observations</b> .....	47
<b>Table 4.3 Spearman Correlation Test</b> .....	48
<b>Table 4.4 Linearity Test</b> .....	50
<b>Table 4.5 Autocorrelation Test</b> .....	51
<b>Table 4.6 Correlations</b> .....	52
<b>Table 4.7 Collinearity Statistics</b> .....	53
<b>Table 4.8 Variables in the Equation (Outliers Included)</b> .....	54
<b>Table 4.9 Variables in the Equation (Outliers Excluded)</b> .....	54
<b>Table 4.10 Hosmer-Lemeshow Test</b> .....	55
<b>Table 4.11 Omnibus Tests of Model Coefficients Table</b> .....	55
<b>Table 4.12 -2LogLikelihood</b> .....	56
<b>Table 4.13 Model Summary</b> .....	56
<b>Table 4.14 Classification Table of Unmoderated Model</b> .....	57
<b>Table 4.15 Classification Table of Moderated Model</b> .....	57
<b>Table 4.16 Variables in the Equation of Unmoderated Model</b> .....	58
<b>Table 4.17 Variables in the Equation of Moderated Model</b> .....	58

## **TABLE OF APPENDICES**

<b>APPENDIX A : LIST OF SAMPLE COMPANIES .....</b>	<b>A-1</b>
<b>APPENDIX B : CALCULATION OF HEDGING DECISIONS .....</b>	<b>B-1</b>
<b>APPENDIX C : CALCULATION OF GROWTH OPPORTUNITY .....</b>	<b>C-1</b>
<b>APPENDIX D : CALCULATION OF LIQUIDITY .....</b>	<b>D-1</b>
<b>APPENDIX E : CALCULATION DIVIDEND POLICY .....</b>	<b>E-1</b>
<b>APPENDIX F : CALCULATION LEVERAGE .....</b>	<b>F-1</b>
<b>APPENDIX G : CALCULATION FIRM SIZE.....</b>	<b>G-1</b>
<b>APPENDIX H : CALCULATION EARNINGS QUALITY .....</b>	<b>H-1</b>
<b>APPENDIX I : HEDGING ACTIVITY OF INDONESIA'S PUBLIC LISTED COMPANIES.....</b>	<b>I-1</b>