

Is operational hedging a substitute for or a complement to financial hedging? The case of Thai firms

ABSTRACT

This paper investigates the relationship between operational hedging and financial hedging by using total samples of 545 firm-year observations consist of 267 operationally hedged firm-year observations (firms with foreign sales) and industry matched sample of 278 non-operationally hedged firm-year observations (firms with export sales) for the period from 2000 to 2009. To investigate the decision of using financial hedging strategy is affected by the operational hedging strategy that the firm employs. It is also investigate how each strategy contributes to mitigate foreign exchange risk exposure and enhance firm value.