Abstract
This paper examines the value effect from different aspects of hedging activity and foreign operations, using a sample of Swedish firms over the period 1997–2001. A main finding is that there seems to be a positive value effect from hedging transaction exposure, but that translation exposure hedging does not add value. Further, the results suggest that firm value is positively related to geographical diversification and firms’ net long positions in foreign currency. The latter may be caused by the depreciation of the Swedish currency during the sample period.

JEL classification
F31, G39

Keywords
Hedging; Derivatives; Firm value; Geographical diversification
CEO risk preferences, hedging intensity, and firm value
2023, Journal of International Money and Finance
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2019, International Review of Financial Analysis
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Citation Excerpt:
...The free cash flow hypothesis (Jensen, 1986) states that firms with excess free cash flow are likely to invest in negative net present value (NPV) projects, resulting in lower firm value. Pramborg (2004), Bartram et al. (2011) and some others find evidence consistent with that argument, yet Campa and Kedia (2002) and Allayannis et al. (2012) find contrary results. Thus, we have no conjecture on the sign of an association between liquidity and Tobin's Q....

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How corporate derivatives use impact firm performance?
2016, Pacific Basin Finance Journal

Citation Excerpt:
...By doing so, they are able to develop larger markets including cross-border sales, source cheaper raw materials from overseas markets, and generally operate on a much larger scale and hence better scale of economy. Although no previous studies have provided direct support for this observation, a number of studies have found statistically significant relationships between derivatives usage and foreign sales and operations growth, as well as geographical diversification (for instance, see Allayannis and Weston, 2001; Bartram et al., 2009; Choi et al., 2013; Fauver and Naranjo, 2010; Pramborg, 2004). This study shows that effective interest rate to be statistically significant at 0.01, when interacting with derivatives use, in explaining ROA....

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2014, Decision Support Systems

Citation Excerpt:
...Therefore, profitability is assumed to impact firm value. A profitable firm is likely to trade at a premium compared to a less profitable one [75]. Faley [34], Pramborg [75], Bae et al. [8], Uyar and Kılıç [87], Connelly et al. [23], and Ammanna et al. [3] have all found a significant positive impact of profitability on firm value....