

Thesis Summary

In the realm of global commerce, companies encounter various financial risks, with foreign exchange risk standing out as a prominent concern. This thesis explores the significance of identifying, measuring, and managing financial risks, particularly exchange rate risks, in achieving business objectives and ensuring financial stability. By employing diverse risk management methods, ranging from zero-cost techniques like leads and lags to more complex financial instruments such as forward exchange contracts and currency options, companies strive to mitigate the adverse effects of currency fluctuations. Through meticulous analysis and strategic planning aligned with organizational goals, companies can optimize their financial performance and bolster their competitive position in the market.

In today's dynamic business landscape, effective management of financial risks is indispensable for companies aiming to thrive in international markets. This thesis investigates the impact of exchange rate risk management on the financial performance of companies, emphasizing the imperative of integrating risk management strategies into overarching financial strategies. By examining various risk management techniques and their implications for financial performance, this research sheds light on how companies can mitigate the negative effects of currency volatility and capitalize on opportunities for growth and profitability.

Existing literature underscores the critical role of exchange rate risk management in safeguarding companies against adverse currency movements. Scholars have documented a range of risk management methods, from simple operational adjustments to sophisticated financial hedging strategies, each offering distinct advantages and trade-offs. Through a comprehensive review of theoretical frameworks and empirical studies, this thesis synthesizes key insights into the relationship between exchange rate risk management and financial performance, providing a foundation for further analysis and discussion.

Drawing on a combination of qualitative and quantitative research methods, this thesis examines the impact of exchange rate risk management on the financial performance of companies across diverse industries and geographic regions. Through case studies, surveys, and financial analysis, we explore how companies navigate currency risk, assess the effectiveness of different risk management strategies, and evaluate their implications for financial outcomes. By triangulating

data from multiple sources, we aim to provide a nuanced understanding of the mechanisms through which exchange rate risk management influences financial performance.

Our findings demonstrate that proactive exchange rate risk management contributes positively to the financial performance of companies, yielding tangible benefits for both the organization and its stakeholders. By implementing robust risk management strategies tailored to their specific needs and circumstances, companies can mitigate currency risk exposure, enhance financial stability, and optimize profitability. Moreover, effective risk management fosters investor confidence, bolstering the company's reputation and long-term viability in the market.

In conclusion, this thesis affirms the positive impact of exchange rate risk management on the financial performance of companies, underscoring the importance of proactive risk mitigation strategies in achieving sustainable growth and competitive advantage. By integrating risk management considerations into broader financial planning processes, companies can navigate volatile currency markets with confidence, positioning themselves for success in an increasingly interconnected global economy.