ABSTRACT

CSR disclosure used to make consideration in decisions making by investors to invest in a company. To be able to attract investors, there is cost that usually called as cost of equity capital. The company expects cost of equity capital reductions through CSR disclosures with GRI G4 reporting standards guidelines. With CSR disclosure the company will be favored by potential investors so it will make the cost of capital equity reduced.

This study aims to find out the corporate social responsibility disclosure and cost of equity capital and examine the influence of corporate social responsibility disclosure to cost of equity capital in companies listed on LQ45 index in Indonesia Stock Exchange (IDX) period 2012-2016.

This research use data that obtained from annual report data. The sample are choosen by purposive sampling and obtained 22 companies that are listed consistently during the research period in 2012-2016. Data analysis method in this research is panel data regression analysis using E-views software version 9.5.

The results showed that there were 7 companies with CSDI score above average, while 15 companies were below average. As for the cost of capital equity, there were 15 companies that have COE above average and 7 of them were below average. The result of panel data regression analysis shows that corporate social responsibility disclosure does not have a significant effect on cost of equity capital.

Based on the results of this study, the company can perform corporate social responsibility disclosure with the GRI G4 guidelines so that it can be considered to lower the cost of equity capital. This is because, with CSR disclosure the company can provide a positive signal to investors that the company is not experiencing in financial problems so that investors can use the information carefully to minimize errors in economic decision-making.

Keywords: COE, CSR Disclosure, GRI G4