ABSTRACT

THE IMPACT OF CORPORATE DISCLOSURE ON THE COST OF CAPITAL IN MANUFACTURING COMPANIES LISTED ON INDONESIAN STOCK EXCHANGE YEAR 2014-2016

BY

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This research aims to analyze the nature relationship of corporate disclosure to the cost of capital by using asymmetric information as an intervening variable. The role of asymmetric information is to mediate the relationship between corporate disclosure and cost of capital. Better quality of disclosure could reduce the cost of capital by reducing asymmetric information. Corporate disclosure that is used in this study is mandatory disclosure which is regulated by BAPEPAM-LK. This research was conducted with data of manufacturing company in Indonesian Stock Exchange (IDX) year 2014-2016.

Sampling was done by purposive sampling, the number of sample that fulfill the criteria is equal to 40 companies. Hypothesis testing is done by using multiple regression analysis. The results of this study show that corporate disclosure has a significant negative effect to asymmetric information and cost capital, while asymmetric information has significant negative effect to cost capital and does not support the hypothesis of this research. The finding of this study is asymmetric information can not mediates the relationship between corporate disclosure to the cost of capital.

Keyword: Signalling Theory, Mandatory Disclosure, Cost of Capital