

ABSTRACT

This study aims to investigate the direct influence of the board characteristics, corporate social responsibility (CSR) disclosures, and the cost of equity capital (CEQ) as well as indirect mediating impact of CSR Disclosures in the board characteristics-CEQ nexus, using agency theory, stakeholder theory, and signalling theory.

This study applies panel data regression analysis to the population of non-financial companies listed on the Indonesia Stock Exchange from 2018 to 2020. By using a purposive sampling method, a sample of 32 non-financial companies was obtained, resulting in a total of 96 observations.

The main findings showed that board size, board independence, board gender diversity, and number of board meetings have a positive and significant effect on CSR disclosure. In addition, three board characteristics (board size, board independence, and gender diversity) have a negative and significant effect on cost of equity capital, but board meetings have an insignificant effect on cost of equity capital. At the same time, CSR disclosure has a negative and significant effect on cost of equity capital and fully mediates the relationship between board characteristics (board size, board independence, board gender, and board meetings) and cost of equity capital.

Keywords: CSR, Corporate governance, Board characteristics, Cost of equity capital