

ABSTRACT

This study aims to identify the effect of Environmental, Social, Governance and Profitability Disclosure on Cost of Debt and Cost of Capital. The dependent variables used in this study are Cost of Debt and Cost of Capital, with independent variables in the form of environmental disclosure, social disclosure, governance disclosure, and profitability. Profitability variable is measured using ROA proxy.

The data used in this study are sourced from the financial statements of companies listed on the Indonesia Stock Exchange during the 2020-2022 period and from the Bloomberg terminal. The research sample, consisting of 96 companies for three consecutive years, was selected using purposive sampling method. The hypothesis in this study was tested using multiple linear regression analysis.

By using multiple linear regression models, the relationship between environmental, social, governance disclosure, and profitability on the cost of debt and cost of capital can be identified. The results of this study indicate that environmental disclosure, social disclosure, and profitability have a negative and non-significant determination on the cost of debt. The results also show that environmental disclosure and social disclosure have a negative and non-significant determination on the cost of capital. The results also indicated that governance disclosure has a negative and significant determination on the cost of debt but has a positive and non-significant determination on the cost of capital. Meanwhile, profitability shows a positive and non-significant determination on the cost of capital.

Keywords: Environmental Disclosure, Social Disclosure, Governance Disclosure, Profitability, Cost of Debt, Cost of Capital.