

ABSTRACT

The purpose of this research is to analyze the effect of the convergence of IFRS on cost of equity capital. Convergence of IFRS as an independent variable is proxied by using dummy variables. Cost of equity capital was measured by CAPM (Capital Asset Pricing Model). This research uses a control variable size, leverage, and market to book ratio.

The sample in this research is manufacturing companies listed in Indonesia Stock Exchange during the period 2007-2016. The sampling method in this research is purposive sampling. The analysis technique in this study using multiple regression analysis.

These results of this study indicate that convergence of IFRS have a significant influence on cost of equity capital with a negative direction. This indicates that cost of equity capital reduce after IFRS convergence occurred in Indonesia.

Keywords: Convergence of IFRS, Cost of Equity Capital