

ABSTRACT

ESG information disclosure can affect on corporate financing. The purpose of this study is to examine the effect of ESG disclosure on Cost of Equity, ESG disclosure on Cost of Debt, and ESG disclosure on Cost of Capital in companies operating in ASEAN Countries for the 2014-2017 period. The sample in this study were 283 companies using purposive sampling technique.

The study utilize structural equation modeling using Smart PLS version 3.0 to test the hypothesis. Hypothesis testing was conducted to determine the effect of overall ESG disclosure on Cost of Equity, Cost of Debt, and Cost of Capital. ESG disclosure measured by using environmental, social, and governance indicators whose data sources are obtained from bloomberg to assess ESG disclosure score. Cost of Equity, Cost of Debt, and Cost of Capital measured by Weighted Average Cost of Capital (WACC).

The results of this study indicate that ESG disclosure has a negative effect on Cost of Equity and Cost of Capital. Meanwhile, ESG Disclosure has no effect on Cost of Debt. Control variables of firm size show a positive influence on the Cost of Equity, Cost of Debt, and Cost of Capital. Debt to Equity Ratio has a negative effect on Cost of Capital.

Keywords: ESG Disclosure, Cost of Equity, Cost of Debt, Cost of Capital, Firm Size, dan Debt to Equity Ratio