# EFFECT OF CORPORATE GOVERNANCE ON COST OF EQUITY BEFORE AND AFTER INTERNATIONAL FINANCIAL REPORTING STANDARD IMPLEMENTATION

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We suggest you to cite this article as:
Situmeang, C., Erlina, Maksum, A., Supriana, A. 2018. Effect of corporate governance on cost of equity before and after international financial reporting standard implementation. *Junior Scientific Researcher*, Vol IV, No. 1, pp. 1-13.

**Abstract**
*The ability to compete between companies at the time of intercompany production efficiency is no longer a differentiator, the determinant of competitiveness includes the aspect of funding to be one of the determinants of competitiveness. One of the company's competitiveness capabilities is determined by the capital cost or the discount rate used in evaluating a project. The higher the cost of capital will be the lower the competitiveness of the company. There are many factors that determine the cost of a company's capital, but this research focuses only on the aspects of Corporate Governance (CG). Investors will assume that the risk in companies that have good CG quality will be smaller than companies that do not have good CG quality. On the other hand, IFRS implementation has a variety of purposes including improving the implementation of CG in a company, so it is theoretically suspected that IFRS implementation will increase CG's influence on CoE. The approach used is to study the capability of the linear regression model formed and to conduct a comparative analysis among regression models established by data from manufacturing companies listed on the Indonesia Stock Exchange during 2007-2011 as data prior to IFRS implementation and 2012-2015 for data after IFRS implementation. Based on the results of data processing obtained evidence that Corporate Governance negatively affect the Cost of Equity (CoE). This contradicts the theory because the better the CG value of a firm the CoE will be to decrease. When compared to the period before and after IFRS implementation, there is no evidence of a relationship between CG and CoE.*

***Keywords: Corporate Governance; Cost of Equity; IFRS***
***JEL Codes:*** *D53, E44, F34, H63.*