GOOD CORPORATE GOVERNANCE ON DEBT COSTS WITH VOLUNTARY DISCLOSURE AS A MODERATING VARIABLES

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Abstract

This study aims to determine whether good corporate governance has an effect to the cost of debt and to find out whether voluntary disclosure strengthens it or not strengthen the influence of good corporate governance on the cost of debt. This research is a quantitative research with regression analysis with moderating variables. Data used is secondary data derived from the company's annual report. Variable which is used in this study good corporate governance as an independent variable, cost debt as the dependent variable and voluntary disclosure as a moderating variable. Research The company has 60 samples with the sampling technique used purposive sampling. The result of this research is that good corporate governance has no effect on debt costs and voluntary disclosure strengthen the effect of good corporate governance on debt costs.

Keywords: Good Corporate Governance, Debt Costs, Voluntary Disclosure

INTRODUCTION

According to Melantika (2018) voluntary disclosure is a free choice of management a company to provide accounting information and other information besides mandatory disclosures that are deemed relevant for informed user decision making presented on the company's annual report. According to Sabrina (2007) voluntary disclosure is expected to be able to be used as material for consideration by creditors in making a decision. Company information available and disclosed or published is taken into consideration analyze the default risk.

Sengupta (1998) in R. Lanny Wulansari (2004) provides evidence that the company those with the high disclosure rating of financial analysts will enjoy lower interest cost of issuing debt. According to Singgah in Juniarti (2009), cost of debt is the pre-tax interest rate that the company pays to the giver the loan. Chen and Jian's research (2007) found a significant negative relationship and strong between voluntary disclosure and the cost of debt.

Apart from voluntary disclosure it can affect the cost of debt, corporate governance either can affect the level of cost of debt based on research Asbaugh et. Al. in Juniarti and Silviana (2014), Rebecca's (2012) research on the Corporate Governance Index, Family Ownership, and Institutional Ownership of the cost of debt. Corporate Quality Governance is considered capable of influencing the cost of company debt. This research using voluntary disclosure as a moderating variable. The moderating variable to be strengthen or even weaken the influence of cooperative governance on the cost of debt sourced from research Nancy Yunita (2009). Based on previous research that has been previously described, this study aims to determine the effect of good corporate governance of debt costs and voluntary disclosure strengthens the influence of good corporate governance of debt costs.

METHODS

This type of research is a quantitative research. The object of this research is the cost of debt to the company, good corporate governance by the company as well voluntary disclosure. The type of data used in this research is secondary data, and the data source used is internal data. In this study, the population was used is a property, real estate, and construction sector service company listed
on the IDX 2017-2018 period. The sampling technique used in this research is purposive method sampling. With 30 samples each year that meet the sample criteria, so the sample in this study as many as 60 samples. The research data analysis step consisted of test Classical Assumptions, and Hypothesis Testing.

RESULTS AND DISCUSSION

Classical Assumption Test Results

The results of the normality test can be seen in the appendix, the results of the three tests show that at In this study the data were normally distributed with the Asymp value . Sig. (2-tailed) which is bigger than alpha value 0.05. The multicollinearity test results can be seen from the three VIF value test models for good corporate governance and voluntary disclosure is less than 10 and a tolerant value is more than 0.1 so it can concluded that there is no multicollinearity.

The results of the autocorrelation test can be seen from the DW results that are smaller than the upper limit (4-du) and is greater than the lower limit (dl) which results in a decision that there is no autocorrelation. The results of the heteroscedasticity test to detect heteroscedasticity can be done with using the scatter plot method, a good model is if the results are not available certain patterns on the chart. The results of the analysis using the scatterplot method show that the dots are scattered randomly and do not form a certain pattern. This can be concluded that there is no heteroscedasticity in the regression model.

Results of Moderated Regression Analysis (MRA)

\[ Y = 0.099 + 0.059 \text{GCG} \]
\[ Y = 0.179 - 0.064 \text{GCG} + 0.036\text{VD} + 0.315\text{GCG} \times \text{VD} \]

From the results of the moderated regression analysis that must be met, it produces an equation as above with the explanation for the first equation that if there is an increase in good corporate governance 1, there is an increase in the cost of debt of 0.059. Equation second, every 1 increase in the value of the moderating variable, the cost of debt has increased by as much 0.315.

The results of the individual parameter significance test (t test) indicate that the first hypothesis is good corporate governance affects the cost of debt rejected due to the t value lower than t count and a significance value of more than 0.05. For the second hypothesis voluntary disclosure strengthens the effect of good corporate governance on the cost of debt received evidenced by the value of the moderating variable with a significance value of 0.000 less than 0.05.

The result of the coefficient of determination (R^2) shows that good corporate governance 0.058 or 0.058% effect on debt costs and the rest is affected by other variables not examined in this study. And the moderating variable has an influence 0.922 or 92.2% strengthened the effect of good corporate governance on debt costs the rest is influenced by other variables.

The results of testing the first hypothesis indicate that H1 is rejected with a significance value of 0.064 exceeds 0.05. The first hypothesis has a coefficient value of 0.059 means that every 1 increase in good value corporate governance increases the value of the cost of debt by 0.059. The first hypothesis is good corporate governance has no effect on the cost of debt because creditors think that the implementation of good corporate governance does not guarantee that the company experiences failed to pay. As well as a report on the implementation of good corporate governance published in the annual report the company may not be the real condition of the company. The information presented can be manipulated for use attract investors who will invest and creditors who will provide capital in the form of debt loans to companies. Creditors tend to look at the company's previous loan history. The existence of good corporate governance also does not guarantee that the company has a small risk so that creditors do not use good corporate governance as a benchmark for providing loans to company.

The results of testing the second hypothesis indicate that H2 is accepted with a variable significance value moderation of 0.000 less than 0.05. The second hypothesis has a coefficient
value of 0.315 which means each 1 increase in the value of the moderating variable will increase the value of the effect of good corporate governance on debt cost of 0.315. The second hypothesis of voluntary disclosure strengthens the effect of good corporate governance of the cost of debt due to a broader disclosure than disclosure can usually provide more information to investors and creditors. The breadth disclosure made by the company can influence decision making for creditors. The existence of this voluntary disclosure can encourage more disclosure of corporate governance information. The more open the information about corporate governance, the better the value of good the corporate governance of the company which will impact on the value of the company. Then it will be taken into consideration when creditors provide loans.

CONCLUSION
This study analyzes the effect of good corporate governance as measured by using proxies good corporate governance index to the cost of debt and analyze voluntary disclosure as the moderating variable of the effect of good corporate governance on the cost of debt. Research yields The conclusion is that good corporate governance has no effect on debt and voluntary costs disclosure strengthens the effect of good corporate governance on the cost of debt. Limitations on This study is a sample of companies used in this study is not much. For future research is expected to use the calculation of good corporate governance with a proxy different so that it can add to the research results from previous research.

REFERENCES


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