ABSTRACT

Firm’s capital providers take cost of capital as their compensation for asymmetry information they encountered. Human resource disclosure is one of fundamental information that needed by firm’s capital provider to ensure that their funds is managed by right people. The purpose of this paper is to examine the extent both of cost of debt and cost of equity and identify their association on human resource disclosures in annual reports of Indonesian listed companies. This research is conducted using 709 samples of Indonesian listed companies from all industries, except financial industry for period of 2014-2015. Cross-sectional ordinary least square (OLS) is use to test research hypotheses. Contrary with expectation, researcher found that association of cost of debt and human resource disclosure is not associated. As for second hypothesis is accepted, the cost of equity associated positively with human resource disclosure. Furthermore, the research finds in slow growth industries sample, cost of equity associated positively with human resource disclosure. This paper contributes to the human resource research causal relationship with cost of debt and equity, highlight that high cost of equity gives motives for managers to increase their human resource disclosure in annual report.

Keyword: non-financial disclosure, human disclosure index, cost of debt, cost of equity.