

## **CHAPTER V**

### **CONCLUSION, IMPLICATION, AND LIMITATION**

#### **A. Conclusion**

Based on the result of research on the effect of tax minimization, firm size, foreign ownership, bonus mechanism, and exchange rate can be summarized as follow:

1. Tax minimization has a positive effect on transfer pricing decisions. So the first hypothesis (H1) is accepted.
2. Firm size variable has no effect on the transfer pricing decision. So the second hypothesis (H2) is rejected.
3. Foreign ownership does not affect the transfer pricing decision. So the third hypothesis (H3) is rejected.
4. Bonus mechanism variable does not affect the transfer pricing decision. So the fourth hypothesis (H4) is rejected.
5. Exchange rate variable does not affect the transfer pricing decision. So the fifth hypothesis (H5) is rejected.

#### **B. Implication**

1. For The Theoretical Implication

This research result consisten with the agency theory, provide an overview of the factors that influence the company taking the decision to transfer pricing, especially multinational companies in Indonesia, and also add reference to future research in accounting field.

## 2. Practical Implication

For the government, this research is expected to be able to provide an understanding about how tax minimization, firm size, foreign ownership, bonus mechanism, and exchange rate influence the company to take the decision to do a transfer pricing transaction. So it can be used as an evidence to find out more about transfer pricing abuse in a company.

## C. Limitation

This research has several limitations which could bring a betterment for the future research:

1. Independent variables in this research are tax minimization, firm size, foreign ownership, bonus mechanism, and exchange rate that only has the value of Nagelkerke R Square is 0.327. This means that 32.7% of pricing transfer variables can be explained by tax minimization, firm size, foreign ownership, bonus mechanism, and exchange rate variables. While the rest of 67.3% is explained by other factors outside the model that is being analyzed.
2. Further research is expected to add other factors that may affect the company's decision to transfer pricing, such as the debt to equity ratio (DER).
3. Further research should use more samples and timeseries of the company in order to be generated under existing conditions in Indonesia.