

CHAPTER V

CONCLUSION, SUGGESTION AND RESEARCH LIMITATION

A. Conclusion

The purpose of this study is to obtain empirical evidence the influence of derivative transactions, corporate social responsibility disclosure, and political connections toward tax avoidance. Sample used in this research are company's financial statements listed in BEI in 2014 to 2016. Based on the results of data analysis and testing, it can be concluded as follows:

1. Derivative transactions have negative significant effects toward tax avoidance. This proves that tax avoidance rates of companies who use derivatives transactions are lower than companies that does not use derivative transactions.
2. Corporate social responsibility disclosure has no significant effects toward tax avoidance. This proves companies that engage in tax avoidance tend to disclose a wider CSR disclosure to get support from society and environment to maintain its existence and cover up the company's bad image.
3. Political connections have negative significant effects toward tax avoidance. This proves companies that have political connection with the government or special connections have low tax avoidance rates compared with similar companies that does not have political connections.

4. The value of Adjusted R Square is 0.251 or 25.1%. It means that the dependent variable (Tax Avoidance) can be explained 25,1% by the independent variables (Derivative Transactions, Corporate Social Responsibility Disclosure, and Political Connections). The other 74,9% is explained by other variables which is not contain in the model.

B. Suggestion

Based on the results and discussion that has been described previously, then suggestions for further research that can be given by the writers are as follows:

1. The next research should use samples of financial companies listed in Indonesia Stock Exchange in order to know whether the financial company doing tax avoidance. Financial companies are advised because they are more indicate derivative transactions than manufacturing companies.
2. The next research should add more observation periods on their research since it will depict the condition of sample and derive a different result. Thus, they will have a true picture relationship of the variables and sample employed in the research.
3. The next research should add more variables which influence tax avoidance because there are still many factors that contribute in influencing tax avoidance, such as corporate ownership structure, tax rate and company characteristics.
4. The next research should use another measurement to measure derivative transactions, don't use dummy variable to measure derivative transactions.

5. The next research should use the latest version of SPSS as an analytics tool.

C. Research Limitation

This research has some limitation, they are:

1. The sample is limited to manufacturing sector with a relatively short sampling period, only 3 years from 2014-2016. Thus, only 175 sample manufacturing companies can be used for research, since almost half of the other data do not meet the sample criteria.
2. Data of tax avoidance is based on financial statements only, thus less describes the actual situation.
3. The measurement to measure derivative transactions only use dummy variable.
4. Dummy of derivative transactions and political connection variable requires more knowledge and involve subjectivity of researchers, thus there is the possibility of different interpretations between companies.
5. Checklist of corporate social responsibility disclosure variable involves subjectivity of the writer, thus there is possibility of different interpretations between companies.