

CHAPTER V

CONCLUSIONS

5.1 Conclusion

This research was conducted to examine several factors that affect company's transfer pricing decision. These factors include foreign ownership and exchange rate. Based on the results of the data analysis that has been collected and processed, the conclusions of this research results are as follows:

1. Foreign ownership has significant effect on company's transfer pricing decision.

The variable foreign ownership shows a positive and significant effect on the company's transfer pricing decision. Thus the greater the foreign ownership in a company, the higher effect of foreign ownership in determining the least amount of transfer pricing.

2. Exchange rate has not significant effect on company's transfer pricing decision.

The variable exchange rate shows a negative and insignificant effect on the company's transfer pricing decision. This indicates that changes in exchange rates are not considered by the company to conduct transfer pricing transactions. Where this is indicated by the number of companies that have losses on foreign exchange in their operations.

5.2. Suggestion

According to the results of research conducted, the suggestions from the authors are as follows:

1. The sample used in this research focused on manufacturing companies in general without specifically classifying between industrial sectors which include basic industrial and chemical sectors, various industrial sectors and consumer goods industry sectors. Subsequent research can develop this research by comparing between industrial sectors in manufacturing companies so that more detailed and different results will be obtained in each sector because each industrial sector has different characteristics.
2. Further research is expected to add to other factors that might affect the company's transfer pricing decision. Like the debt covenant suggested by Ika Nurjanah et al., 2015 that is in accordance with the debt hypothesis where companies that have high debt ratios tend to use accounting methods that can increase their company's profits.

