

CHAPTER V

CONCLUSIONS

5.1 Conclusions

This study aims to examine how the influence of existing corporate governance mechanisms in consumer goods manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2013-2018 on corporate tax avoidance. In which, for the measurement of tax avoidance in this study was measured through the Cash ETR, and the corporate governance mechanism was measured through institutional ownership, audit committee, company size, proportion of board of commissioner. From the research conducted, it can be concluded that only Institutional Ownership and Audit Committee that have negative effect on tax avoidance while the company size and proportion of board of commissioner does not effect the tax avoidance.

It indicates that the more of institutional ownership, the greater the level supervision to managers and it can reduce conflicts of interest between management so that agency problems are minimized and reduce opportunities for tax avoidance. Institutional ownership plays an important role in monitoring the performance of management to be more optimal because it is considered capable to monitor every decision taken by managers effectively.

In addition, the higher number of audit committee in a company will improve the quality of good corporate governance (GCG) within the company, so that it will reduce the possibility of the practice of tax avoidance. This shows that the audit committee in charge of conducting supervision in the preparation of the company's

financial statements can prevent fraud by the management. The audit committee shall include at least three people, one of whom is an independent commissioner and a chairman of the audit committee (BAPEPAM-LK, 2012). If the number of audit committee is less than three people, it will improve the management actions in minimizing the income for tax purposes

5.2 Limitation

This research has been carried out as well as possible and full of accuracy. However, there are limitations to this study that need to be considered:

1. There are several companies listed on the IDX, but the annual report was not published on the IDX's website or on the company's website. Therefore, it will limit the some research samples
2. This study only examined some number of corporate governance mechanisms, namely institutional ownership, audit committee, company size, and proportion board of commissioners. Other variables may also have different result.

5.3 Suggestion

From the results of the study concluded above, there are some suggestions that researchers give, namely as follows:

1. This study only uses consumer goods sub-sector manufacturing companies listed on the Indonesia Stock Exchange (IDX), further research can use a sample of all manufacturing companies / the other sub sector listed on the Indonesia Stock Exchange (IDX).
2. The adjusted Rsquare value is 0.10. It means that 10% of tax avoidance conducted by sub sector consumer goods, manufacturing companies is

influenced by Institutional Ownership, Audit Committee, Company Size and Proportion of Board of Commissioner variables. While the remaining 90% is influenced by other variables not examined in this study. Therefore, for further researcher is expected to look for the other possible variable that have not been studied in this research.

