

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Introduction

In this section, after conducting the finding & discussion, we will determine a conclusion from the results obtained, here we will find out what conclusions were obtained, and various kinds of suggestions and recommendations that will be discussed related to this study in order to facilitate further research.

5.2 Summary of Findings

The Effect of Tax Planning on Earning Management

Based on the results of the statistical tests, it seems that the tax planning variable or ETR (X1) has no effect on earnings management (Y). This means that there is no earnings management steps in reducing (manipulating) tax payments and tax debts by violating tax provisions in tax planning. The results of this study are consistent with study conducted by Hilmy & Sudrajat (2020), that partially tax planning does not effect on earnings management.

The Effect of Deferred Tax Expense on Return on Earning Management

Based on the results of statistical test shows that the that the variable deferred tax expense (X2) has a significant and negeative effect on earnings management (Y). This means that there are earnings management actions to minimizing profits by taking advantage of tax regulations loopholes for the amount of tax burden owned by the company. The results of this study are in line with research conducted by Jayanti et al (2020) that deferred tax expense affects earnings management.

5.3 Conclusion

This study aims to determine the effect of Tax Planning and Deferred Tax Expense on Earnings Management in Manufacture companies (consumer goods sector) listed on the Indonesia Stock Exchange in 2019-2021. Based on the results of research and hypothesis testing, the following conclusion can be drawn :

1. Tax Planning does not affects Earnings Management. It concluded that H1 is rejected.
2. Deferred Tax Expense has affect Earnings Management. It concluded that H2 is accepted.

5.4 Recommendation

Based on the conclusions, the researchers gave some suggestions for companies in this study, companies need to pay more attention and analyze the tax burden again before carrying out earnings management practices, because this practice must be careful so that mistakes do not occur.

5.5 Limitation of Study

In this study there is several limitations, there are limitations based on discussion as follows:

1. The limited of companies in Manufacture company (consumer goods sector)
So it is not possible to give the interpretation regarding this results of research to other companies.
2. There are several other variables outside of this research, that can have a great influence on the dependent variable of Earning management.

5.6 Future Reasearch

1. For future research should use more than the number of samples in this study, so it can provide a greater possibility.
2. Further research can use other sector, not only consumer goods sector. Also can compare between types of companies which is affect on earning management.
3. Further research is can increase the period to determine the effect between variables.