ABSTRACT

Amalliya Mega Prastika. 2014, THESIS. Title : “Analysis Factors Affecting Selection of Inventory Accounting Methods On Manufacturing Company Registered in BEI”
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Keywords : Accounting Methods, Inventory, FIFO Method, Average Method.

The aims of this research is to obtain empirical evidence of firm size, capital intensity, variability of cost of goods sold, inventory variability, and gross profit margin affect to inventory accounting method in manufacturing companies, either partially or simultaneously.

This research uses descriptive quantitative approach. The population in this research amount to 134 companies 2009-2012 and a sample was 40 companies. The method used in sample selection was purposive sampling method. This research used logistic regression analysis with SPSS 21.0 version. Partial test using Wald test and simultaneous test using the overall test of model fit.

The results of this research indicate that the partial for variable firm size and variability of cost of goods sold have a significant effect on the level of 5%. Variable firm size have a significant effect because of companies with large size typically perform earnings management and one of the tools is inventory accounting method. The companies in this research mostly uses the average method, a company with a large scale. While the variability of cost of goods sold also obtain significant results because companies tend to use the average method, so as to produce in cost of goods sold who more stable (smooth). Meanwhile, capital intensity, variability of inventory and gross profit margin not significant effect on the 5% level on selection of inventory accounting methods. Capital intensity has not effect because the inflation who occurred in 2010, so the intensity of the company fixed cost or variable costs to be reduced, lead to unstable capital intensity. Variability of inventory not affect inventory accounting methods because of this research many companies using average methods, who has a homogenous inventory, so the inventory have a small variations. On variable gross profit margin was also no effect because the effects of inflation causes income to be reduced, so that the gross profit margin is too volatile. On simultaneous testing, the results showed the variable firm size, capital intensity, variability of cost of goods sold, inventory variability, and the effect on the gross profit margin affecting selection of inventory accounting methods.