

ABSTRACT

The choice method of inventory valuation is an important thing, because every decision made has its own economic consequences. The interest conflict between economic agents can occur when a company must choose inventory method choice to implement. The accounting choice on inventory method refers to Pernyataan Standar Akuntansi Keuangan (PSAK) No. 14, 2008 revision which gives companies freedom to use FIFO method or Average Method.

This research aims to examine the accounting choice on inventory method through several factors including company size, inventory turnover, and cost of goods sold variability. The population of this research is manufacturing companies listed on Indonesia Stock Exchange in 2009-2013 period. There are 31 samples gained by using purposive sampling. Logistic regression is used in analyzing the influence between dependent and independent variables.

The result shows that company size, inventory turnover, and cost of goods sold variability simultaneously influence accounting choice on inventory valuation method (p -value $0,018 < 0,05$). Partially, none of the independent variables influence accounting choice on inventory valuation method.

Keywords: inventory valuation method, company size, inventory turnover, cost of goods sold variability.