

3. Is there any significant difference between Price Earning Ratio FIFO method and Price Earning Ratio average method by calculating production investment opportunity proxy as the control variable?

1.3 Problem Limitation

To focus in this research, the researcher makes several limitations in his investigation. In this case, there have been some scopes of limitations, which are:

1. The manufacturing companies that are listed in the Jakarta Stock Exchange (JSX) from period of 2002 to 2004.
2. The manufacturing companies that do not change the inventory accounting from period of 2002 to 2004.
3. The manufacturing companies that only use one accounting method that is FIFO or Average method from period of 2002 to 2004.

1.4 Research Objectives

The overall objective of this research is to provide empirical evidences on which factors influencing the choice of inventory method, and its effect on price earning ratio.