

ABSTRACT

Culture as a behavior manifestation and social value in society plays an important role in the creating of accounting in order to conform with the society where the accounting science is being implemented. Gray (1988) states the hypothesis of culture's influence on accounting. The purposes of this research are to test and to turn out the verification of Gray's hypothesis (1988) in Indonesia.

This research uses the data which are compiled from Badan Pusat Statistik (BPS) and the financial statements of companies listed in Indonesian Stock Exchange (BEI) for eleven years (2000-2010). The instrument of the research is the Partial Least Square by using SmartPLS 2.0 software.

The result of this reseach can accommodate three out of thirteen of the hypothesis, also there are three results which is contradict with the hypothesis. In addition, there is one result which is not hypothesized by Gray (1988).

Keywords: culture, accounting, Hofstede, Gray, PLS