

ABSTRACT

The aim of this research is to analyze the effect of profitability, growth rate, firm size, complexity of the transactions, and internal control weakness State-Owned Enterprises listed in the examination report of State Audit Agency during the years of 2008 and 2009.

There are five variables in this research that consist of four independent variables namely profitability, firm size, growth and complexity of the transactions and one dependent variable that is internal control weakness. There are four hypothesis used in this research that consist of profitability negatively affect to internal control weakness, firm size negatively affect to internal control weakness, growth rate positively affect to internal control weakness, and the complexity of transactions negatively affect to internal control weakness. Statistical method used in this research is multiple regressions.

According to the results of research, it can be concluded that internal control weakness have the effect of profitability individually. While firm size, growth rate, and the complexity of the transactions have the effect of internal control weakness simultaneously.

Keywords: Internal control, Internal control weakness, Profitability, Firm size, Growth rate, Complexity of the transactions