

ABSTRACT

This research examined the effect of manufacturing strategy on firms performance, in term of financial performance. The questionnaire sent to CEOs (Chief Executive Officer) of manufacturing firms listed on Standard Trade & Industry Directory Indonesia 2002 which published by Kompas, PT.

The result of simultaneously test found that cost strategies, quality strategies, flexibility strategies and delivery strategies have significant relationship with firm performance. It implies the fact that appropriate strategy can improve the performance of an organization. This research found that Indonesia manufacturing firm that adopt quality strategies can achieve better performance in term of financial performance. However, the result of partially test did not support to two hypothesis formulated, it show that cost strategy did not have significant relationship with firm performance, and this research also no found the significant relationship between flexibility strategies and firm performance.

The findings of this study support the fact that manufacturing strategy can be practiced in Indonesia. The findings of this study also implies that an appropriate manufacturing strategy is required to ensure high performance.

Key words: *Manufacturing Strategy, Cost Strategy, Quality Strategy, Flexibility Strategy, Delivery Strategy and Performance.*