

ABSTRACT

The purpose of this study is to empirically testing and analyzing the relationship between strategy, management control system, capability and performance. Specifically, the used construct in this study is strategy, which constitutes as intended strategy, emergent strategy and implemented strategy. While the used constructs in running the management control system are interactive control system and diagnostic control system. And the used constructs in capability are internal learning, external learning, and proprietary process and equipment.

There are two well built ground theories to support this study. These theories are contingent theory and resource based view theory. This study used middle and top manager in a manufacturing firm as its sample. The sampling method is purposive sampling, meanwhile the analysis technique is structural equation modeling.

There are four results from this study. The first result is follow: Strategy (intended strategy, emergent strategy and implemented strategy) gives a significant influence for interactive control system. The second result is follow: Strategy (intended strategy, emergent strategy and implemented strategy) gives a significant influence for diagnostic control system. The third result is follow: interactive control system and diagnostic control system gives influence for capability. And the fourth result says that capability gives an influence for the firm's performance.

Keywords: strategy, management control system, capability, performance and manufacturing