

## ABSTRACT

*This study aims to examine the difference accounting performance measures between two types organizational strategy prospector and defender, then to examine the effect of market reaction for both organizational strategy. There are four variables is used as implicated by organizational strategy are income growth, sales growth, dividend payout, and return on investment. Life cycle theory approach is used to analyze the difference accounting performance measures prospector and defender.*

*The definite selection between prospector and defender firms are total employee to total net sales ratio, price to book value ratio, capital expenditure to total asset ratio, and capital expenditure to market equity value ratio. Four values of this research is analyzed use to Principal Component Analysis. The samples of this research are the manufacturing firms listed in Indonesian Stock Exchange in 2005 -2008. The samples are collected using purposive sampling method and resulted 32 firms become the samples.*

*The result of this research show that income and sales growth of prospector firms are greater than defender firms (significant at 0,01 level). Dividend payout of prospector firms are smaller than defender firms (significant at 0,01 level). Return On Investment of prospector firms are smaller than defender firms, but the result is not significant. While, the market reaction of prospector firms are greater than defender firms, the difference significantly at 0,01 level.*

*Keywords: Prospector and Defender, Income Growth, Sales Growth, Dividend Payout, Return On Investment, Life Cycle Theory, Market Reaction.*