

## **ABSTRACT**

This study aims to prove empirically the impact of diversification strategy on the performance of firms with managerial ownership as a moderating variable on the manufacturing companies listed on the Indonesia Stock Exchange. The sample used is a manufacturing companies from 2009-2011 with samples determined by using purposive sampling method and total samples can be used 23 companies. Testing the hypothesis using multiple regression analysis with method moderating variable and the test results show hypothesis first (H1) is diversification strategy on the performance of firms, rejected. The second hypothesis (H2) is managerial ownership is able to moderate the relationship between diversification strategy and firm performance, rejected.

Keyword : Diversification, Firm performance, Managerial Ownership