

## ABSTRACT

Operating strategy is one way that can be developed by the company by utilizing the plant operations to be a driving force in the face of new environments and improve company performance. The purpose of this study was to analyze the effect of operating strategy on business performance on medium and large industries in Kudus district. There are four variables operating strategies to be studied influence of variable cost efficiency strategy, a strategy of quality, delivery and flexibility strategies.

Samples were taken at 111 large and medium industrial enterprises consists of 66 medium industries and 45 large industries. Sampling methods using purposive sampling with consider the age of the firm since its establishment more than 5 years and the area marketing has reached out Kudus. Methods of data collection using questionnaires and interviews. Multiple linear regression is used as a method to analyze the effect of the relationship between variables, which had previously been performed test data quality and test of the classical assumptions.

The results showed that all the variables operating strategy of cost efficiency, quality, delivery and flexibility has a positive and significant relationship to the business performance. Cost efficiency strategies into the most influential variables on business performance. By considering the influence of the four operating variables is expected the company will be able to maintain and improve its business performance.

*Keywords: Business performance, cost efficiency, quality, delivery, flexibility.*

