

ABSTRACT

EFFICIENCY OF ALLOCATION FACTOR PRODUCTION AND PERFORMANCE WITH REGARD TO BUSINESS (CASE STUDY IN MANTILI TILE INDUSTRY IN REGION PRINGSEWU)

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industrial development seeks to increase value-added, expanding the field and job opportunities to provide goods and quality services at competitive prices in domestic and foreign markets, increase exports, support of local development and other development sectors and the development of skills in technology.

In a study of the major industrial economies is the market structure (structure), the behavior of firms (conduct) and performance (performance). Problems formulated in this study is whether the allocation of production factors has been streamlined and there tile significant effect between the efficient allocation of production factors with the profitability of business that occurs in this industry. The purpose of this research are, first, measure the efficiency of the allocation of factors of production namely raw materials, labor and fuel value of fixed investment. Second, measure the performance of industrial enterprises and to determine how closely the relationship between the level of efficiency in the allocation of production factors with the profitability of business in this industry.

The analytical tool used to answer the problem, namely: First, to know the production functions using Cobb-Douglas production function using SPSS program and the level of allocative efficiency of input use efficiency index allocation of production factors. Second, to measure the profitability of companies in the industry measuring tool is the profitability index and to measure the relationship between the level of efficiency with profitability using Pearson correlation analysis.

Results obtained in this study is based on the calculations that the allocative efficiency index of input allocative efficiency index values obtained raw material production factor is $2.672184 > 1$ and this means that its use is not efficient, fuel production factor is $0.139517 < 1$, the labor input value indeknnya is $0.536413 < 1$

and the value of fixed investment $-0.98887 < 1$ so that the use for fuel production factor, labor, and the value of fixed investment in the inefficient condition.

From the calculation of correlation between the level of efficiency in the allocation of production factors to profitability in mind that the level of efficiency of input raw materials having a low negative correlation and significant effect on profitability that is equal to -0.325 . The efficiency rate of the fuel allocation factors of production have a negative relationship strong and significant that is equal to -0.557 . The level of labor efficiency has a very low and not significantly by -0.075 . The efficiency rate of fixed investment has a low negative relationship was not significant and that is equal to -0.244 . So from the calculation results can be seen that the correlation between the efficiency of input raw materials, fuel, labor, and the value of fixed investment to the level of profitability even though the level of correlation will vary but have the same relationship that is a negative relationship.