

ABSTRACT

The management of Micro, Small, and Medium Enterprises (MSMEs) based on superior potential in rural areas is still a thorny problem. MSMEs based on superior potential need to be developed to support the economy of a region. One of them is the Cashew Nut Micro Industry in Rejosari Village, Wonogiri District, Wonogiri Regency. The majority of people in Rejosari Village pursue cashew business in their daily lives but the profits generated are still inefficient. This study aims to analyze the level of profit efficiency of the cashew nut industry and analyze the influence of factors that are suspected to affect inefficiency consisting of the age of the owner, the owner's education, the length of business, and the business status of the cashew nut industry's profit efficiency in Rejosari Village.

This research is a quantitative research. The population in this study was 132 cashew business owners. The sample used was 100 business units using stratified random sampling technique. The data used is in the form of primary data based on questionnaires and observations. The analysis method used is Stochastic Frontier Analysis (SFA) using Frontier 4.1.

The average value of profit efficiency resulting from this study was 0,95. Based on this value, it means that profit efficiency has led to efficient conditions. It can also be concluded that the variables of the owner's age, the length of business, and the business status have a positive and significant effect on the profit efficiency of the cashew nut industry. Meanwhile, the owner's education variable has a positive and significant effect on the profit efficiency of the cashew nut industry. The results of this study are expected to be used well by the government in improving profit efficiency, especially in the scope of the cashew nut industry in Wonogiri Regency.

Keywords : *Efficiency profit, cashew nut industry, stochastic frontier analysis*