

ABSTRACT

This research aims to analyze the level of efficiency in the Micro and Small Industry (IMK) manufacture sector based on the Standard Classification of Indonesian Business Fields (KBLI) for 2017-2021. Efficiency is the implementation of maqashid syari'ah in the form of safeguarding religion, reason, property, soul and offspring. The IMK manufacture sector has great potential and contribution to the Indonesian economy by contributing 61.7% to GDP. IMK helps the government in dealing with unemployment problems, improving the quality of human resources, and equalizing income in Indonesia.

This research analyzes 23 IMK manufacture sectors. The type of data used is secondary data originating from the published report of the Indonesian Central Statistics Agency in the form of Micro and Small Industry Profiles for 2017-2021. The data analysis method uses Data Envelopment Analysis (DEA) to determine the efficiency value in each IMK manufacture sector which is processed with Banxia Frontier Analyst 3 software. This research analyzes input and output variables that cause inefficiency in the IMK manufacture sector, the output variable used is income with The input variables are production costs and labor expenditure.

The results of research using DEA calculations show that of the 23 IMK manufacture sectors in 2017-2021, only 15 industrial sectors were able to reach an efficient level, this shows that the IMK manufacture sector in Indonesia is not yet fully optimal. The industry that has succeeded in maintaining its optimal level of efficiency for 5 years is the food industry (KBLI 10). These findings indicate that there is still room for increased efficiency in this industrial sector. The variable that causes inefficiency in the IMK manufacture sector in 2017-2021 is labor expenditure. Expenditures incurred on labor will have an impact on the output produced, resulting in a suboptimal level of efficiency.

Keywords: *Efficiency, Micro and Small Manufacture Industries, Data Envelopment Analysis (DEA)*