

ABSTRACT

Industrial sector, especially manufacturing industry, is the main sector for Indonesian economic. Textile and Textile Product industry is the industry which play an important role in the manufacturing industry. Economic fluctuation, such as increasing in oil price and electricity cost, would burden Textile and Textile Product industry. This research's objective is to analyze the efficiency of Textile and Textile Product industry's subsector in Indonesia from year 2001-2005.

This research is done with efficiency concept that based on production theory, the measurement of the efficiency value is obtained by using analytical methods Data Envelopment Analysis (DEA), which with the DEA method, the efficiency score obtained in this study is a relative technical efficiency. This research is done based upon similiar research that ever did by Armenzano Yulianto in 2005, input variables used in this research are fuel cost, labour cost, electricity cost, raw material cost, and capital cost, whereas the output variables used are output value and value added. Assumption used are variabel return to scale (VRTS) and input oriented model.

The research result shows that generally most of Textile and Textile Product industry's subsector in Indonesia from year 2001-2005 has been efficient, this is showed by most of the subsector has reached efficient condition in research period. According to calculation result, the inefficiency source of subsectors which not yet reached efficient condition are reside in fuel cost, electricity cost, and capital cost.

Keywords: Textile and Textile Product industry, Data Envelopment Analysis, technical efficiency