

## **ABSTRACT**

*Small industries growth in Kendal Regency in the year 2006-2008 have decreasing fairly high in production. This degradation will affect the production of roof tile small industries and can makes the industries shut down. This research take the small industrial research object Meteseh villagers. Roof tile industries in Meteseh amount quite a lot and usage many local labor.*

*The purpose of this research is to analyze production factor that most influenced the production of roof tile industry in Meteseh Village. Population on this research are the industrialist of roof tile with the number of 215. Systematic random sampling is used to gather sample which amount to 69 respondents. Cobb-Douglas production function, test of return to scale, and efficiency examination are methods to analyze the data.*

*This research results, that the variable of clay, labor, and fire wood are positive and significant influence the roof tile production, while the variable of education is negative and not significant. Variable that mostly influence the production of roof tile is the clay. Technical efficiency point on this research is 0,974, it means that the small industries of roof tile on research area is not efficient. Regarding this result, industrialist should decrease the use of production input. Price and economic efficiency calculation are not efficient either. In this research, test of return to scale (RTS) is 1,0202. This show that roof tile industry on the research area is increasing return to scale (IRS) condition, so with this condition roof tile industry is proper or suitable to develop.*

*Keywords: Efficiency, Roof Tile, Production, Frontier, Cobb-Douglas*