

ABSTRACT

Firms which belong to Food, Beverage and Tobacco Industry or as classified by its business (ISIC 31) are manufactures that create the largest employment relative to other types of manufactures.

The respondents of this study are those belong to the above-mentioned industry (ISIC 31) which are situated along the highway Surabaya- Malang areas comprising : Kota Surabaya, Kabupaten Sidoarjo, Kabupaten Pasuruan, Kabupaten Malang and Kota Malang.

The results of this study are as follows :

1. Among the variables examined, including Labor Cost, Means of Production, Number of Labor, Labor Productivity, Output Value, Input Cost, and Product Price it has been proved that Labor Productivity significantly influences the Demand for Labor.
2. As for the Mid-segment of the industry the variables consisting of Labor Cost, Means of Production, Output Value and Product Prices are the significant determinants of Labor Demand; The Output Value is proved to be the most significant variable influencing the Demand for Labor.
3. As for the Larger observation, the variables consisting of Labor Productivity, Output Value, Product Price, and Cost of Labor are the significant determinants of Labor Demand; Labor Productivity being predominant.
4. Labor Productivity directly as well as indirectly influence the demand for labor within the industry of Total, Mid -segment, and the Larger Group.
5. The Demand for Labor within the industry (ISIC 31) in Mid-segment and the Larger one is not yet effective. Therefore, a sound manpower planning should take into considerations the internal factors within the industry (ISIC 31) in order to anticipate the development of the demand for labor in East Java.

Key words : Labor Productivity
Demand for Labor
Effective Manpower Planning