

## ABSTRACT

### *The Influence of, Labor, Capital and Operational Input to Value Added of the median and large scale Manufacturing Industries' Sub Sectors in period 1986 – 2002 East Java Province*

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Industrialization is one way to increase per capita income and decreasing unemployment rate, but up to now industrialization has not produced optimum result yet. It has been researched about influence of each input factor to the growth of industry. How strong influence of Labor, Fixed Capital Asset, and Operational input to Value Added increasing ?, Which sub sector need to be given priority to increase industries' output growth?. Are manufacturing industries increasing return to scale ?. How does efficiency rate available?. Is elasticity input factor and input factor growth rate Positive ?.

Based on statistical data analysis using SPSS version 11, There are three out of five hypothesis of nine sub sector were accepted, those are : Operational input variable influence significantly to Value Added; Operational input, assume the other variables constant, is dominant variable; Simultaneously input variable, Labor, Fixed Capital Asset Investment, and Operation input, influence Value Added variable significantly. Data analysis using economic growth model produce growth rate of each variable. Intersection of result of statistical analysis and economic growth model has characteristic of each sub sector.

From processing data and findings above, it can be concluded that: The only Manufacture of Fabricated Metal Product, Machinery and Equipment which have decreasing of scale; The efficiency of all Industry in East Java are still low; Fixed capital asset Investment variable has not only weak influence, but even insignificant to Value Added; And operational input variable, generally, elastic to Value Added,

The result of mathematical intersection model, analysis can be determined that industries' priority are Basic Metal Industry; Other Manufactured Industry; and Manufacture of Wood and Alike.

*Keyword: Manufacture industry, Growth, Elasticity, Return to Scale, Efficiency of Industry, Value Added, Labor, Operational Input.*