

## ABSTRACT

As a developing country, Indonesia must be able to meet society's fundamental needs including clothing, food, and sheltering place. That is why the development in industry sectors is needed to do in order to meet those needs, manufacturing industry, especially timber industry, things made from wood (including furniture) and braided goods are manufacturing industry which is able to meet sheltering need. The purpose of this research is first, to know the free variables which has a significant influence toward the output. Secondly, to know the production factors which have a dominant influence toward its output. Thirdly, to know the production methods used in timber industry, things made from timber (including furniture) and braided goods in Indonesia.

This research notices the output of timber industry, things made from timber (including furniture) and braided goods in Indonesia, since this industry is an industry which has special qualities in manufacturing industry. Free variables or any factor suspected having any influence toward the output of timber industry, things made from timber (including furniture) and braided goods in Indonesia are capital, labor and raw materials.

The result of estimation using the model of *Ordinary Least Square (OLS)* is collectively shows that those free variables have any influence toward the output in timber industry, things made from timber (including furniture) and braided goods in Indonesia. Partially, the three variables included in the model are capital, labor, and raw materials has a significant influence toward the output in the timber industry, things made from timber (including furniture) and braided goods in Indonesia. The production method used in timber industry, things made from timber (including furniture) and braided goods in Indonesia is labor intensive.

Keyword : output, capital, labor and raw material.