

ANALYSIS DETERMINANT EFFICIENCY OF IKAT WEAVING CRAFTS BUSINESS IN KUPANG CITY

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) contribute to the Gross Regional Domestic Product (GDP) and employment absorption in Kupang City, East Nusa Tenggara. The MSME Sector in Kupang City that is favored and continues to increase quality. However, there are still technical efficiency problems in the sector. The research aims to 1). Know and analyze the level of technical efficiency ikat woven crafts. 2). Knowing the variables that affect the technical efficiency to businessman ikat weaving crafts in Kupang City.

The method used in this research is Stochastic Frontier Analysis (SFA). The data in this study using primary data. The sample size in this study was 100 respondents with a purposive sampling method using several criteria. The input variables used are working capital, raw materials, labor, and looms. The output variable in this study is the production woven crafts. While the external variables that affect technical inefficiency are education, craftsman age, and long business.

The results of the study show that the ikat weaving crafts business in Kupang City is not technically efficient. The variables of working capital, raw materials, and labor have a positive and significant effect on the production of woven crafts. The loom variables has no effect on the production of woven crafts in Kupang City. Education influences the technical inefficiency of woven crafts production in Kupang City. Meanwhile, the craftsmen age and long business did not affect the technical inefficiency of woven crafts production in Kupang City.

Keyword: *Technical Efficiency, Stochastic Frontier Analysis, Woven Crafts*