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**TITLE: DECOMPOSITION OF TOTAL FACTOR PRODUCTIVITY GROWTH: THE CASE OF MALAYSIAN MANUFACTURING SECTOR, 1983-2000**

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**ABSTRACT:**

This paper examines productivity growth of Malaysian manufacturing industries from 1983 to 2000. Unlike previous studies, this research uses data from two sources; Malaysian Input-Output Tables and Malaysian Industrial Manufacturing Survey to estimate productivity growth. The focus of the analysis is on the decomposition of overall TFP growth into three effects; technical change effect, inter-industry structure effect and final demand effect. The results show the final output is the largest contributor to growth in overall TFP. On the other hand, there was a substantially small contribution from technical change and particularly inter-industry structure effects. When extending the decomposition of final demand effect into price and real share effects, the results found that there was a remarkable influence of change in relative prices to the value of output share produced.