

ABSTRACT

Indonesia which classified to developing country has a particular characteristic in low productivity level of input labor. The gap of economic growth between developing and developed countries become higher. Since then, all of the developing countries want to reach convergence with developed countries. The productivity level is a major key to accelerate the rate of economic growth in every country. The purpose of this research is to decompose Total Factor Productivity (TFP) and to analyze Indonesia's sectoral efficiency patterns in 2001-2010 period.

The method to decompose sectoral TFP is used Growth Accounting Model (GAM) approach. The GAM model is derivated from Neoclassical production function of Solow growth approach which has been modified, where technology as the exogenous factor. The assumption which is used in the input is constant return to scale. The result of TFP sectoral is used to comparize efficiency in sectoral.

The result of this research shows that the capital role is proofed as input component which has the greatest role compared to another input. It is showed by the number of average contribution capital growth (SKG) per year is 82,31%. The role of technology (TFP) is proofly low to contribute economic growth of Indonesia, which is 7,71% (yoy). The growth of TFP has a strong correlation to capital productivity which value is 99,11%. It means that to increase the role of input technology, need an effort to increase the capital productivity. A sector which has the highest efficiency level both in labor input, capital and technology are transportation and communication sector; and construction sector.

Key words : Total Factor Productivity (TFP), Growth Accounting Model (GAM), Economic Growth, Efficiency.