

# ABSTRACT

The purpose of this study is to examine the productivity trends of the distributive trades that comprises wholesales and retail trades sector in view of their significant to the Malaysian economy. The development of distributive trades has seen remarkable growth since 1980's. The competition are intense with the establishment of foreign owned wholesales and retail trades outlets and also the arise of the direct marketing or direct selling.

When considering the tight business environment, it is important to recognize the productivity and competitiveness factors. Distributive trades need to improve productivity by expanding the companies' capability to pursue process innovations and technology upgrading. Concurrently, increase product and service quality, and expand market opportunities in order to stay competitive.

This paper provides some information about productivity, the indicators used in measuring productivity, issues and challenges facing the sector. Like the other industry, the future growth of this industry would depend on its ability to compete efficiently.