

ABSTRACT

This study aims to analyze the profitability of the relationship between structure and performance within the framework of the structure-conduct-performance (SCP) relationship in the Fast Moving Consumer Goods Industry in Indonesia. There are three hypotheses related to the relationship between market structure and performance as proxied by profitability using the Smirlock model. The first hypothesis is the traditional hypothesis, which describes a positive relationship between concentration ratio and profitability. The second hypothesis is the efficiency hypothesis, which describes a positive relationship between market share and profitability which indicates an efficiency that increases market share which will then lead to an increase in market concentration as a result of the company's effective efficiency behavior which will then increase profits. And the third model is a model to confirm the presence or absence of collusion as a result of the traditional hypothesis with the MSCR variable as the interaction variable. The sample in this study were 36 companies operating in the FMCG industry that had gone public and were listed on the Indonesia Stock Exchange in the 2015-2019 period.

Concentration Ratio (CR) and Market Share are used as indicators of market structure in the Fast Moving Consumer Goods Industry. While profitability as a proxy for performance can be seen from the Return on Equity (ROE) with control variables Asset, Growth and Debt to Equity Ratio (DER).

The results show that the market structure of the Fast Moving Consumer Goods Industry has a Loose Oligopoly market structure. This is indicated by the average CR4 value of 43.95 percent. Based on the regression results using the fixed effect model (FEM) method, market share has a significant positive effect on profitability in the fast moving consumer goods industry in Indonesia, while the concentration ratio has no effect on profitability in the fast moving consumer goods industry in Indonesia, and the MSCR variable has a negative effect. to profitability. This shows that the Fast Moving Consumer Goods Industry in Indonesia strongly supports the efficiency hypothesis and does not support collusion in the industry.

Keywords: market structure, concentration, market share, traditional hypothesis, efficiency hypothesis, collusion, profitability, fast moving consumer goods industry.