

ABSTRACT

This study aims to analyze the short-term and long-term relationships between Return on Assets, Market Share, First Installment Default, and Promotions at PT ADMF Tbk in Semarang, as well as to examine the causal relationships between the variables. The approach used is the Structure–Conduct–Performance (SCP) framework with the Vector Error Correction Model (VECM) method. In this study, market share represents market structure, First Installment Default and promotions represent company behavior, and Return on Assets serves as a financial performance indicator. The VECM estimation results indicate that there is a significant long-term relationship among these variables, where First Installment Default has a positive effect on Return on Assets, while promotions and market share have a negative effect on Return on Assets. In the short term, promotions are proven to be effective in reducing the First Installment Default rate, while market share tends to be stable and unresponsive to changes in other variables. Additionally, causality analysis through impulse response functions and variance decomposition indicates that most variables in the model are primarily influenced by their internal dynamics. These findings underscore the relevance of the SCP approach in understanding the interplay between market structure, firm behavior, and financial performance, and provide implications for marketing strategies, risk management, and the sustainable strengthening of market positions.

Keywords: *Return on Assets, First Installment Default, SCP, VECM.*