ABSTRACT

The aim of this research was to analyze the entry-exit phenomenon in the manufacturing industry in Indonesia and analyze the factors that affect the entry in the manufacturing industry in Indonesia. The large number of entry and exit indicates the magnitude of industry's evolution. With the emergence of new companies can encourage long-term economic growth. The method used in this research is regression method by using fixed effect panel data. The data used in this research is the survey data of large and medium industry based on ISIC 5 period 2010-2014.

The results showed that industry growth (GR) is the only incentive variable that showing its role as the trigger of the entry of new companies. GR has a significant positive effect on the entry. While the variable of Price Cost Margin (PCM) has not a significant effect on the entry, so that PCM does not act as the trigger for the entry of new companies. Then, the minimum efficiency of scale (MES) and capital (CAP) variables proved to be an effective barrier to entry for the company. This indicated by the significant negative effects of both variables on the entry. Meanwhile, the replacement effect in this study was not proven. This is indicated by the exit variable that has no significant effect on the entry.

Keywords: Entry-Exit, industrial evolution, manufacturing industry, panel data regression, replacement effect