ABSTRACT

This study aims to analyze the market structure, efficiency, and determinants of firm performance in Indonesia's food and beverage industry. The study applies the Structure-Conduct-Performance (SCP) framework developed by the Harvard School (Market Power Hypothesis) and the UCLA-Chicago School (Efficiency Structure Hypothesis). Panel data were collected from the annual reports of food and beverage companies listed on the Indonesia Stock Exchange during the 2021–2024 period. This study employs Data Envelopment Analysis (DEA) and panel data regression for the empirical analysis. DEA, a non-parametric method, is used to measure technical efficiency and scale efficiency, while panel data regression is applied to examine the determinants of firm performance, proxied by Return on Equity (ROE). The results indicate that the Indonesian food and beverage industry has an oligopolistic market structure, as reflected by an average Herfindahl-Hirschman Index (HHI) of 1,278.46, a four-firm concentration ratio (CR4) of 65.42 percent, and relatively high barriers to entry. In addition, the industry demonstrates high levels of technical efficiency and scale efficiency, with average scores of 0.901 and 0.911, respectively. The regression results reveal that technical efficiency and scale efficiency have a positive and significant effect on firm performance, whereas market power has a negative but statistically insignificant effect. These findings suggest that firm performance in the Indonesian food and beverage industry is driven more by efficiency than by market power, thereby supporting the Efficiency Structure Hypothesis proposed by the UCLA-Chicago School.

Keywords: *Market Power Hypothesis, Efficiency Structure Hypothesis, Herfindahl-Hirschman Index, Technical Efficiency, Scale Efficiency, Return on Equity, DEA.*