

ABSTRACT

This paper aims to analyze the performance of Indonesia's construction industry during 2017-2022 by using the Structure-Conduct-Performance (SCP) paradigm. To calculate the industry's structure, Concentration Ratio (CR_4) and Minimum-Efficiency-Scale (MES) is used to determine levels of competition and barrier to entry in the market. Conduct is calculated by Capital-Labor Ratio (CLR). Performance is measured by the Price-Cost-Margin (PCM) and internal efficiency (XEFF). In order to determine the effect of Market Share (MS), CLR and XEFF towards the PCM of Indonesia's construction industry, this research uses panel data consisting of 14 firms as the cross-unit and six years (2017-2022) as the time period. By using the Fixed Effect Model (FEM) Least Square Dummy Variables (LSDV), the results indicate that CLR and XEFF has a significant positive effect towards the profitability levels of firms in the construction industry. However, the MS variable does not have a significant positive effect towards the PCM of the construction industry.

Keywords: construction industry, structure-conduct-performance, PCM, panel data Least Square Dummy Variables (LSDV)

