

Structure, conduct, and performance: evidence from the Indonesian food and beverages industry

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Abstract This article employs the Structure–Conduct–Performance (SCP) paradigm to investigate the simultaneous relationship between industrial concentration, price rigidity, technical efficiency, and price-cost margin in the Indonesian food and beverages industry. This research extends the SCP framework by including price rigidity and technical efficiency as additional key variables. The results suggest that there is a simultaneous relationship between industrial concentration, price rigidity, technical efficiency, and price-cost margin with a positive bi-directional relationship between industrial concentration and price-cost margin. These findings imply that an appropriate course of action for the regulator in this highly concentrated industry is to reduce industrial concentration in order to increase competition, reduce upward price flexibility, and increase technical efficiency in the long run.

Keywords Structure–Conduct–Performance · Food and beverages industry · Panel data and simultaneous equations model · Technical efficiency

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