

ABSTRACT

The government's focus in creating regulations on the pharmaceutical industry indicates that the pharmaceutical industry is classified as an industry that is regulated by high regulations. The high entry barrier in the pharmaceutical industry creates fierce competition in the industry. In addition, an increase in production growth in the pharmaceutical industry can boost the Indonesian economy but is inversely proportional to the decline in profit performance that has occurred in several companies which has resulted in the need to carry out an analysis of the market structure and performance of the pharmaceutical industry.

This study aims to determine how the structure and performance of the pharmaceutical industry in Indonesia in 2012-2019. In addition, this study also aims to examine the relationship between the structure and performance of the pharmaceutical industry in Indonesia in 2012-2019 by looking at the consistency of the structure and performance values. The scope of the market structure that will be discussed as a benchmark in viewing an industry is looking at the number of buyers, the number of sellers, product differentiation and barriers to entry and exit. Performance can be measured by looking at the measurement values of the current ratio, leverage ratio, ROA and ROE.

This study discusses the relationship between structure and performance using a quantitative method. This study uses a total population sampling technique using 10 companies in the pharmaceutical industry which are listed on the Indonesia Stock Exchange. The data used in this study will use secondary data obtained from official documents from publications with related companies, books, journals, official websites, printed and online media. The data analysis technique in this research is qualitative and quantitative analysis. In the qualitative analysis used, the structure and performance variables will be measured using a qualitative consistency test table to see the proportions between the structure and performance variables. The measurement will calculate the concentration ratio and the MES scale to measure the structure and calculate the ratio for performance. Hypothesis testing will be carried out with the F test.

The results show that: (1) The market structure of the pharmaceutical industry in Indonesia is an oligopoly with a very high concentration of 79% during 2012-2019. (2) The mean of the MES value shows a very high barrier to entry, namely 64.98%. (3) Financial performance is still below average, except for the liquidity ratio with an average value of 315%. (4) There is consistency between the structure and performance variables, qualitatively the CR3-ROA value is 42.9% and MES-ROA is 57.1%, while quantitatively the CR3-MES-ROA value is 73%. So that special attention is needed in seeing the movements in regulation that can affect the structure and make efficiency in generating profits and increasing sales.

The results of the study are expected to be a benchmark for companies to survive in the pharmaceutical industry by using the results as a reference for

companies to be able to increase company growth and determine the relationship between the structure and performance of the pharmaceutical industry. This study aims to add insight into research and knowledge about the structure used to survive in an industry and survive in the competition between companies and determine the relationship between structure and company performance.

Keywords: *structure, performance, industrial economy, pharmaceutical industry*