ANALYZING THE STRUCTURE-CONDUCT-PERFORMANCE OF
THE TOFU INDUSTRY IN BANDA ACEH

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ABSTRACT

Background: At this time the food industry sector is growing very rapidly and increasing fierce competition among business people such as the tofu industry in Banda Aceh City. This encourages the importance of the application of SCP in describing the overall state of the market both the structure, behavior, and performance resulting from industry.

Aim: This research aims to describe the structure, behavior, and performance of the industry as well as the influence of these three dimensions on the tofu industry in Banda Aceh City.

Method: This study uses a quantitative approach and uses a census method where the population is all tofu producers registered with the Banda Aceh City Labor Office in the industrial section of 2019-2020 which amounted to 13 industries. CR4 and IHI analysis is used to measure structure, CLR analysis is applied to measure behavior, and PCM is used to improve the performance of the tofu industry in Banda Aceh City. The effect test on 3 dimensions is measured using Path Analysis.

Findings: Found CR4 values 36.43 percent, IHI 729.99 points, CLR 11.06 percent, and PCM 12.08 percent. As well as found the relationship of variable MS to PCM positive and significant, CLR relationship to positive PCM is not significant and the relationship of MS to PCM through positive CLR is not significant.

KEYWORDS tofu industry, competition, SCP, path analysis

INTRODUCTION

At this time the food industry sector is growing very rapidly and increasingly fierce competition among business actors. This opens the opportunity for healthy and unhealthy competition such as the presence of a monopoly market structure controlled by certain companies (Zulfi, 2015).

The market structure will encourage business people to take varied strategic decisions in the face of competition, this is often referred to as corporate behavior. Behavior in competition can be reflected in pricing strategies, advertising strategies, production strategies, enterprise integration, as well as research and development (Mankiw, 2018). Determination of the right competition strategy will affect the growth and sustainability of a business. Therefore, the market structure will affect the company's behavior in policymaking that will determine the company's performance both in terms of profit and business sustainability (Shabastian, 2013).

This is a driver of the importance of understanding the market structure by every business actor in improving the performance of his company (Raider, 1998). To that end, the Structure-Conduct-Performance (SCP) paradigm can be applied in describing the overall state of the market both the structure, behavior, and performance resulting from industry. This SCP paradigm can be used in every industry such as the food industry that continues to grow over time (Rekarti, 2016). Many food industries have very good prospects and continue to grow in
Banda Aceh City. One of the food industries that continues to grow is the tofu industry produced by small and medium-sized industrial enterprises (SMEs) where the consumption of tofu for the last 10 years shows the growth that can be seen in Figure 1.

![Average Per Capita Tofu Consumption Every Year, 2009-2019](image)

**Figure 1.** Average Per Capita Tofu Consumption Every Year, 2009-2019 (Source: BPS, 2020)

One of the food industries that continues to grow in Banda Aceh city is the tofu industry which has a positive growth trend at the level of per capita consumption. In general, the tofu manufacturing business is a household industry that is in high demand by consumers both from the upper class to the lower class. Given the promising market segment conditions as well as the magnitude of consumer spending, the possibility of industry growth will continue to increase. This has a positive effect on the development of the tofu industry itself, but also industry businesses know will be faced with intense competition that continues to increase between competitors, either those who have been in the market or who want to enter the tofu industry market in Banda Aceh City. (BPS, 2020)(Ambara, Ustriyana, & Rantau, 2017)

The success or absence of strategies and behaviors implemented by every business person knows in the face of market competition can be seen from the resulting performance. The level of profit or loss of the company is one of the measurements that are often used to assess the results of a company's performance. The higher the added value, the efficiency of industrial performance is increasing so that the profits obtained will be greater (Canh, 2019).

On this basis, this research is aimed at reviewing how the structure, behavior, and performance of the tofu industry in Banda Aceh as well as the structural relationship, behavior, and performance of the tofu industry in Banda Aceh through the Structure-conduct-Performance paradigm using industry tofu market data.

**Define the Structure Conduct Performance Paradigm**

The framework for knowing the causes and effects of why marketing systems run unfairly (Adil) and inefficiently is done through a structure, behavior, and market appearance approach.
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(S-C-P approach). The approach is based on three interrelated things, namely, the way companies organize in a market (Structure), telling as a whole how they make decisions (Behavior), which in turn will change the level of efficiency and fairness (Justice) that occurs in the market (Appearance) (Seperich, 1994).

This SCP approach is done to oversee competition between companies in various markets, how the company performs actions due to running not by expectations, it will have an impact on the fairness and efficiency of the marketing system. In the SCP model, it is often noted how the structure of the market affects market behavior and then how behavior affects the appearance of the market. In addition, in various studies often the relationship between structure-behavior or behavior-appearance can affect each other or there is a causal relationship (Anindita, 2004).

Market Structure

Market structure is an organizational characteristic that determines the relationship between various sellers in the market, between various buyers in the market, between sellers and buyers, and between sellers who control the market with the power of other suppliers of goods, including the strength of new companies that may enter the market. In other words, the market structure addresses the organizational characteristics of a market that affect the level of competition and pricing in the market. Through the market, the structure will be known whether a market will lead to having a perfect competition structure (Perfect market) or imperfect competition (Imperfect market).

There are several criteria for determining market structure: a) Concentration level of buyers and sellers, b) Level of product differentiation, c) Conditions for market entry (barriers to entry), d) Level of market knowledge, e) Level of integration and diversification. Kotler (2008) explained that the number of sellers and buyers, product differentiation, barriers to entry, cost structure, vertical integration, and conglomeration levels form the basis for the formation of competitive market structures in the industry. The number of sellers and buyers relates to bargaining positions between sellers, buyers, or between buyers and sellers.

Market concentration, also often referred to as industrial concentration, refers to the extent to which the market share of the largest company in a market (Industry) accounts for most of the economic activity such as sales, assets, or jobs (Koch, 1980). The rationale underlying industrial measurement or market concentration is the economic theory of industrial organizations that states that, other things. In other words, high market concentration is more conducive for companies engaging in monopolistic practices that lead to resource misallocation and poor economic performance. Market concentration in this context is used as one of the indicators of market strength (OECD, 2003). Increased market concentration leads to decreased competition and efficiency and increases market forces (Hall & Tideman, 1967).

Market Conduct

Market behavior refers to a pattern of corporate behavior that indicates how to adopt or adapt to a market in which they act as sellers or buyers. Market behavior is an interaction of the behavior of various companies, which include: their strategies, tactics, and practices.
Market behavior is the behavior of a company in changes in price, output, product characteristics, sales costs, and research costs (Bain, 1959).

Analyzing corporate behavior is usually measured through variable capital-to-labor ratio (CLR). The Capital-Labour Ratio is used to look at production techniques used in industry. The greater the value of the Capital-Labour Ratio, the greater the value of expenditure for capital costs, the greater the industry tends to be capital intensive. Vice versa, if the capital-labor ratio is small, it means that spending on labor is getting bigger, then the industry tends to be labor-intensive.

**Market Performance**

Performance is the result of work that is influenced by the structure and behavior of the industry where the usual results are identified with the amount of market control or the magnitude of a company's profits in an industry. In more detail, performance can also be reflected through efficiency, growth (including market expansion), employment opportunities, professional prestige, personnel welfare, and group pride (Kotler, 2008).

Performance is the result of work that is influenced by the structure and behavior of the industry where the results are usually seen from the magnitude of market control or the number of profits of a company in an industry (Rajapathirana & Hui, 2018). Performance in an industry can be observed through added value, productivity, and efficiency. Value added is the difference between the input value and the output value. Productivity is the result achieved per labor or unit of production factor within a certain period of time. Efficiency is a comparison of how much a company can benefit from a variable to get as much output. One calculation that can be used in measuring performance is Price Cost Margin (PCM). In theory, PCM in the context of a dominant firm (Imperfect market competition) is derived from the equation of profit maximization, so the Lerner Index equation is obtained, where PCM is the ratio of profit to total income (Lipczynski, Goddard, & Wilson, 2017).

**Definisi Path Analysis**

Path Analysis is one of the most popular multivariate analysis techniques. Path Analysis was developed in 1918 by Sewall Wright. Wright, a geneticist, wrote in the 1920s popularizing this now widely applied statistic as an approach to research efforts (Crossman, 2020). Path analysis can be viewed from a variety of perspectives. This is a way to sort out colinearity patterns between predictors and criterion variables. This approach tends to determine whether the pattern of colinearity relationships is temporal or causal.

Path Analysis is best illustrated and understood through path diagrams. A path diagram is simply a diagram in which an arrow is drawn from a variable to another variable that is considered to have an influence. Variable names can be represented by numbers written in squares, rectangles, or oval shapes. A very interesting feature of the path analysis diagram is that the position of the variable can be changed or changed and the interactive effect checked. This is why different models can be generated from the same set of variables. And even new variables can be incorporated into an existing model or some variable removed from it.
These possibilities make no sense if it sticks to the traditional meaning of the terms independent and dependent variables or predictor variables and criteria as used in correlational statistics and regressions (Fidelis & Sunday, 2018).

**METHOD**

This research will be conducted in Banda Aceh City. The research will be conducted in March 2021. The scope of this research is limited to tofu industry activities in Banda Aceh City ranging from production to tofu marketing in Banda Aceh City. The objects used in this study are the tofu industry as well as market participants in the tofu industry in Banda Aceh City. This study uses a quantitative approach and uses a census method where the population is all tofu producers registered with the Banda Aceh City Labor Office in the industrial section of 2019-2020 which amounted to 13 tofu industries. In this study, we used two types of data retrieval methods, primary data, and secondary data. Primary data collection is done by interviewing the manufacturer. Secondary data is collected from a variety of sources, such as government agencies, reports, newsletters, and websites.

**Analysis of Concentration Ratio Four (CR4)**

In CR4 Analysis required preliminary data i.e. Market Share of every company knows. For this reason, market share measurements are taken using the following equations:

\[ MS_i = \frac{P_i}{TP} \times 100\% \]

Where \( MS_i \) is the Market Share of company \( i \), \( P_i \) is the total production absorbed by the market in company \( i \), and \( TP_i \) is the total production of all companies absorbed by the market. Once known market share every company knows, mada can be continued with the equation of Concentration Ratio Four (CR4) as follows:

\[ CR_4 = MS_1 + MS_2 + MS_3 + MS_4 \]

Where: CR4 is the concentration ratio of the four largest companies, MS is the market share of traders. The criteria: 1. CR4 < 0.4 then the market structure is perfect competition (Competitive) or monopolistic competition (monopolistic Persaingan needs to be seen whether there is product differentiation or not) 2. 0.4 < CR4 < 0.8 then the market structure is oligopoly/oligopsony (Often when the CR4 value is above 60-80% is called a tight oligopoly and the CR4 value is above 40-60% called a loose oligopoly. Although this meaning is often unclear because measuring the strength of oligopoly/monopoly can be tested through the strength of market power but discussed at an advanced level. 3. CR4 > 0.8 then the market structure tends to be monopoly/monopsony. Note: if CR4 < 0.4 then the market structure can be perfectly competitive and can also include monopolistic, which determines the level of differentiation of the product.

**Analysis of Hirschman Herfindahl Index (HHI)**

The equation of the Herfindahl Index is as follows:
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\[ \text{IHH} = (S1)^2 + (S2)^2 + \ldots + (S_{\text{sec}})^2 \]

In which IHH: Hirschman Herfindahl Index n: The number of traders in a market area of Si products: Share of commodity purchases from the ist trader (i = 1,2,3,...,n). The criteria: An index of less than 1,500 is considered a competitive market, an index between 1,500 to 2,500 is considered a moderately concentrated market, an index of more than 2,500 or greater is considered a highly concentrated market (Kvålseth, 2018).

**Analysis of Capital-Labour Ratio (CLR)**

The data required for behavioral variables consists of behavioral data for the company. Capital-Labour Ratio is a comparison between the share of a company's expenditure for capital (capital cost) and the share of corporate expenditure for labor (Labor cost) to calculate behavioral indicators using Equation 3. This is in line with previous research such as Nzima (2015). The behavioral equations used are as follows:

\[ \text{CLR} = \left( \frac{\text{Capital Cost}}{\text{Labor Costs}} \right) \times 100\% \]

Information:
- Capital Cost = Cost incurred for production (Rp)
- Labor Costs = Costs used for labor wages (Rp)

**Analysis of Price Cost Margin (PCM)**

PCM is a percentage of the profit from the excess receipt of direct costs. The higher the added value, the efficiency of industrial performance is increasing so that the profits obtained will be greater (Urata, 1979). The performance equation used is as follows:

\[ \text{PCM} = \left( \frac{\text{Added Value}}{\text{Output Value}} \right) \times 100\% \]

Information:
- Added Value = Difference between output values, other inputs and raw materials
- Output Value = Value set for per product

Analysis of the added value of agroindustrial tofu products using the Hayami method. According to Hayami, there are two ways to calculate added value: added value for processing and added value for marketing.

**Path Analysis**

The data analysis used in this study is path analysis by utilizing the help of the LISREL (Linear Structural Relationship) computer program version 8.8. Path analysis was chosen because in the research model (figure below) there is an intervening variable, namely, Conduct which moderates the relationship between partnership and Structure with Performance. Indirect relationships (Indirect effect) will be more difficult to analyze if using multiple regression analysis.
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Based on the image above each P value describes the path and path coefficient between the variables. From the path diagram above also obtained the structural equation that there are two regression tests as follows:

a) Direct influence: \( Z = a + p3X \)

b) Direct influence: \( Z = a + p2Y \)

b) Indirect influence: \( Z = a + p1X + p2Y \)

Description: Z: Dependent variables namely PCM, Y: Intervening variables are CLR, a: Constant coefficient, X: Independent variable i.e. MS, P1: Path coefficient from MS to PCM Through CLR, P2: Path coefficient from CLR to PCM, P3: Path coefficient from MS to PCM.

RESULTS AND DISCUSSION

The respondents in this study were the owners of each factory. Of the 13 questionnaires given to each plant, the entire kuesioner is well and complete so that no re-deployment is required. The response rate of this questionnaire is very high, reaching 100%. In marketing activities, it is known that the tofu industry in the city of Banda Aceh prioritizes the distribution of its products to traditional markets.

Descriptive research on industry characteristics will not be included in the data processing process. These data are only used as supporting data to provide additional justification for research results.

The Structure of the Tofu Industry

The tofu industrial market in Banda Aceh City is a type of competitive market that is characteristically perfect. This is also reinforced from the measurement of market structure involving the market share of every tofu company in Banda Aceh City. It was found that no company controlled a market share exceeding 10%, this state of state indicates an even market mastery between tofu companies in Banda Aceh City. The company with the highest market share is controlled by Tahu Solo company at 9.98%, while the lowest is controlled by Khadijah company at 5.70%. This can be seen in Table 1.
Table 1. Market Share, CR4, HHI Tofu Industry in Banda Aceh City

<table>
<thead>
<tr>
<th>No</th>
<th>Company Name</th>
<th>Production per month</th>
<th>Market Share (%)</th>
<th>CR4 (%)</th>
<th>HHI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum</td>
<td>Unit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Tofu Solo</td>
<td>5.600 Board</td>
<td>9.98</td>
<td>37.43</td>
<td>99.64</td>
</tr>
<tr>
<td>2</td>
<td>Tofu Abi</td>
<td>5.400 Board</td>
<td>9.63</td>
<td>37.43</td>
<td>92.65</td>
</tr>
<tr>
<td>3</td>
<td>Tofu Sumedang</td>
<td>5.200 Board</td>
<td>9.27</td>
<td>37.43</td>
<td>85.92</td>
</tr>
<tr>
<td>4</td>
<td>Tofu Aceh</td>
<td>4.800 Board</td>
<td>8.56</td>
<td>37.43</td>
<td>73.21</td>
</tr>
<tr>
<td>5</td>
<td>Wahidin</td>
<td>4.600 Board</td>
<td>8.20</td>
<td>37.43</td>
<td>67.23</td>
</tr>
<tr>
<td>6</td>
<td>Meurah Jaya</td>
<td>4.500 Board</td>
<td>8.02</td>
<td>37.43</td>
<td>64.34</td>
</tr>
<tr>
<td>7</td>
<td>Tofu</td>
<td>4.200 Board</td>
<td>7.49</td>
<td>37.43</td>
<td>56.05</td>
</tr>
<tr>
<td>8</td>
<td>MKS</td>
<td>4.200 Board</td>
<td>7.49</td>
<td>37.43</td>
<td>56.05</td>
</tr>
<tr>
<td>9</td>
<td>Abdul Kadir</td>
<td>3.900 Board</td>
<td>6.95</td>
<td>37.43</td>
<td>48.33</td>
</tr>
<tr>
<td>10</td>
<td>Mandiri Tahu</td>
<td>3.700 Board</td>
<td>6.60</td>
<td>37.43</td>
<td>43.50</td>
</tr>
<tr>
<td>11</td>
<td>Two Brothers</td>
<td>3.500 Board</td>
<td>6.24</td>
<td>37.43</td>
<td>38.92</td>
</tr>
<tr>
<td>12</td>
<td>Tjinj Jay Moy</td>
<td>3.300 Board</td>
<td>5.88</td>
<td>37.43</td>
<td>34.60</td>
</tr>
<tr>
<td>13</td>
<td>Khadijah</td>
<td>3.200 Board</td>
<td>5.70</td>
<td>37.43</td>
<td>32.54</td>
</tr>
<tr>
<td>Total</td>
<td>13</td>
<td>56.100 Board</td>
<td>100</td>
<td>37.43</td>
<td>792.99</td>
</tr>
</tbody>
</table>

Four companies that control the largest market share are Tahu Solo, Tahu Abi, Tahu Sumedang, Tahu Aceh. The four largest tofu company market shares totaled 37.43 percent, this shows the type of tofu industry market that is formed is a type of perfect competition market based on cr4 method criteria. Each company that is then summed up for the determination of the type of market of the industry knows based on the IHI method. The sum result was obtained points of 792.99. The achievement of this point shows that the tofu industrial market in Banda Aceh city is not concentrated or perfectly competitive.

The perfect competition that occurs in the industry knows very profitable when viewed on the consumer side. This is due to the price formed from the minimum average cost so that the perfect competition market guarantees the production of goods or products at the lowest cost. As for producers knowing the type of market perfect competition will encourage producers to focus on the quality of production and market share development.

**Tofu Industry Behavior**

The aspect used to capture the behavioral patterns applied by companies to know in adapting to market situations is with labor strategies. Not all companies with large capital costs incur costs for large labor as well. This applies the same as companies with small capital costs out for small labor. As can be seen in Meurah Jaya companies that incur lower working costs than Khadijah companies where Meurah Jaya company has a Capital-Labour Ratio of only 10.29% while Khadijah company reaches 10.87%. This can be seen in Figure 3.
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Figure 3. Capital-Labour Ratio of Tofu Industry in Banda Aceh City 2019-2020.

Capital-Labour Ratio’s value of every company knows in the city of Banda Aceh. Tahu Sumedang company is seen to have the highest labor costs among the 13 Tofu Solo companies with a cost of Rp.24,030,000, while the company with the smallest labor costs is incurred by the Company Tahu Tjinj Jay Moy at a cost of Rp.10,025,000. It was found that the highest capital costs among the 13 companies were incurred by Tahu Solo company at a cost of Rp.194,030,000, while the lowest capital cost was incurred by Tahu Tjinj Jay Moy company amounting to Rp.93,515,000.

From the results of calculations, obtained the Capital-Labour Ratio of each company. Where the capital-labor ratio of Tahu Solo company is highest with achievement of 12.38 percent and the lowest worth of 10.12 percent achieved by The Tahu Wahidin company. On average, the tofu industry in Banda Aceh City spends a capital cost of Rp.140,724,000 and the cost for labor is Rp.15,072,000. This can be interpreted that in general, industrial entrepreneurs know in Banda Aceh city spends 11.06% of the total costs incurred in production activities.

Industry Performance of Tofu

Advantages are indicators that can be used to analyze the performance of the tuna industry. However, generally, data on profits at the corporate level is not published. PCM is the value of profits derived from the excess acceptance of an industry for the cost of products.

In the tofu industry in the city of Banda Aceh, companies that set high output values will not necessarily get added value or high net profits. It can be seen in Wahidin companies that have an output value of Rp.42,000 but get a lower added value from Tahu Abi company which sets its output value at Rp.40,000. Wahidin company only gets a profit of Rp.5,072 per board
or 12.98% of its output value, while Tahu Solo company gets a profit of Rp.5,390 per board or 13.48%. This can be seen in Figure 4.

![Figure 4. Price Cost Margin Industry Tahu in Banda Aceh City 2019-2020.](image)

Nilai PCM every industry knows who is in the city of Banda Aceh. The highest PCM value was obtained by Tahu Solo company with a value of 13.85 percent or from the selling price of tofu per board which was priced at Rp.40,000 and earned a profit of Rp.5,539.6. While the company knows with the lowest PCM value owned by Dua Saudara worth 10.92 percent or from the selling price of tofu per board which is priced at Rp.45,000 and earned a profit of Rp. 4,915.

On average, the tofu industry in Banda Aceh City set an output value of Rp. 42000 and received an added value of Rp.5062.8. It is also seen that the average value of price-cost margin of the company to know in Banda Aceh city is 12.08%. This can be interpreted that in general industry entrepreneurs know in Banda Aceh city get 12.08% profit from each tofu sale per board.

**Direct Influence Test**

In Appendix 9 can be found the path coefficient value achieved by the Market Share variable against Price Cost Margin of 0.471 with a calculated T value of 4.116 which is greater than the value of T table 1.96. From these values, it can be concluded that the hypothesis is acceptable where the Market Share (Structure) variable has a positive and significant effect directly on price-cost margin (performance). It can also be interpreted the higher the Market Share, the higher the Price Cost Margin.

The path coefficient value achieved by the Capital-Labour Ratio variable to the Price Cost Margin of 0.329 with a calculated T value of 4.101 which is greater than the table T value of 1.96. From these values, it can be concluded that the hypothesis is rejected where the variable...
Capital-Labour Ratio (Conduct) has a positive but not significant effect directly on price-cost margin (performance). The R-Square value achieved on the test was 0.782, it can be concluded that the impact of Structure and Conduct simultaneously on Performance was 78.2 percent. The remaining 21.8 percent was affected by other factors. In other words, performance variability that can be explained using structure and conduct variables is 78.2 percent, while the effect of 21.8 percent is caused by other variables outside the model.

**Indirect Influence Test**

To measure the path coefficient on the Market Share variable against Price Cost Margin through the Capital-Labour Ratio variable, a multiplication between the values P1 and P2 has been obtained. The P1 and P2 values that have been found respectively are 0.471 and 0.130. After the multiplication action, the value of the influence of the Market Share variable on Price Cost Margin through the Capital-Labour Ratio variable of 0.097 or 9.7 percent.

In addition, the Sobel test was also conducted in this study as a test of the significance of the indirect influence on structure variables on performance through conduct variables. The value of Z Sobel obtained is 0.62 or less than 1.812 which means that structure to performance through conduct variables has a positive but insignificant effect. From these values, it can be concluded that the Hypothesis is rejected where the Market Share (Structure) variable through the Capital-Labour Ratio (Conduct) has a positive but not insignificant effect indirectly on Price Cost Margin (Performance).

**CONCLUSION**

The competition that occurs in the tofu industry in Banda Aceh city runs very fairly where the tofu industry in Banda Aceh city has a perfect competition structure with a concentration ratio of 4 reaching 37.43 percent, and Hirschman Herfindahl index concentration level reaching 792.99 points. Conduct applied to the tofu industry in Banda Aceh City showed the allocation of costs to labor on average amounted to 11.06 percent of the overall cost. Performance industry entrepreneurs know in Banda Aceh city on average reached 12.08 percent profit from each tofu sale per board. It is also known that variable Market Share (Structure) has a positive and significant effect directly on Price Cost Margin. The Capital-Labour Ratio (Conduct) variable directly to price cost margin (performance) has a positive but insignificant effect. The value of the influence of market share variables on price-cost margin through the capital-labor ratio variable is 0.097 or 9.7 percent. Variable Market Share (Structure) through Capital-Labour Ratio (Conduct) indirectly to Price Cost Margin (Performance) positively but not significantly.

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