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Analysis of Market Structure, Behavior and Performance at the Manding Leather Industry Center of Bantul Yogyakarta

[1*] Suripto, [2]Isna Tri Wulandari , [3]Ignatius Abasimi

Email : [1*] suripto@ep.uad.ac.id , [2] isna_tr234@gmail.com, [3] abasimi.ignatius@gmail.com
[1,2] Development Economics Study Program, Faculty of Economics and Business, Ahmad Dahlan University
[3] School of Economics and Finance, Xi'an Jiaotong University, China
* *Corresponding Author*

Abstract

Bantul Regency has the largest and only leather product industry center in the DIY Province. Marketing at the center of the leather industry is competition between each leather producer. This is a crisis problem and must find a solution to overcome it. The analysis that can be used to determine the marketing system is SCP (Structure-Conduct-Performance) analysis. This research was conducted at the leather industry center in Manding, Sabdodadi, Bantul district, Bantul, Yogyakarta Special Region. This study aims to determine the structure, behavior and market performance of the leather industry center in Manding. The method used by the researchers in this study used primary data from leather craftsmen and secondary data (BPS) as well as interviews and filling out questionnaires. The results showed that the structure of the leather market in Manding was an oligopoly with a CR4 calculation of 70.14%. For the market behavior of the leather industry in Manding with the CLR calculation, it is included in the labor-intensive industry class with the calculation results below 20% and market performance seen from the PCM obtained an average of 0.53%. With the largest PCM is 0.95% but the largest PCM does not become the largest market share (MS) means the benefits seen from PCM do not affect the market share. Based on the research results, to get a bigger profit to match the market share, the leather industry players must start to export their leather handicrafts so that the profit they get is equal to a high market share.

Introduction

The economic condition of a country can be seen from the value of the country's national income which is influenced by the business sectors in it. The processing industry consists of two types of industry, namely the oil and gas processing industry and the non-oil and gas processing industry. One of the processing industries that contribute to national income is the leather center industry. This industry processes raw leather into semi-finished leather and finished leather. Raw leather is one of the raw materials for industries that produce leather goods. The raw skin used comes from animal skins, such as cows, buffalo, sheep, and others. The leather industry has experienced significant development.

The importance of knowing the position of market share strength is closely related to the company's ability to produce efficient products (Alfaihani et al., 2021). The position of the market structure is also useful for providing structuring and coaching policies for the leather industry to be efficient. This is in accordance with the findings (Jiao et al., 2021) which states that market structure is closely related to company resilience which in turn affects profits.

Yogyakarta is a city of students and a city of tourism where there are many well-known educations in Indonesia. There are many tourist destinations in this city, it's no wonder that many foreign nationals always come to this city to visit one of the tourist destinations in Yogyakarta. With so many foreign and foreign tourists, Yogyakarta people are becoming more creative and innovative in entrepreneurship, one of which is in the field of leather crafts. In Yogyakarta, precisely in Manding, Bantul Regency, apart from many beaches such as fir beaches, parangtritis, parangkusumo and others, there is also the largest leather industry center in Yogyakarta. The leather industrial area in Manding is the largest leather industrial area in Yogyakarta (BBKKP, 2006).

This leather industrial area was inaugurated by Bank Indonesia on December 11, 2006. This leather industry center was founded in 1957 and experienced a crisis until now the leather industry has been developed and has become the only largest industry and the largest in the DIY province. In the Manding area or this village, it is used as a leather industry center shop. In 1962 the production of leather handicrafts stopped completely. The onslaught of Japanese products at lower prices is the cause. From 1962 to 1975 the Manding leather industry was in real decline and in crisis. Craftsmen began to rise a year later, after the DIY Permda intervened. Various programs are offered, ranging from training, equipment assistance, capital to the establishment of a technical implementing unit (UPT) and cooperatives. The local government even brings together the craftsmen directly to potential foreign buyers. From there, Manding rose again, the number of production grew very rapidly to 96 business units. Absorbing 650 workers, the result is that in the period 1976-2000 leather crafts are mushrooming and multiplying.

Price changes that occur in the market, the bargaining position of leather craftsmen are closely related to the condition of the structure and market behavior of the leather craftsman industry (Jaya, 2001). The structure and behavior of the leather craft industry market affects the market performance of the leather craftsman industry and vice versa. The market structure of the leather craftsman industry will explain how the market conditions faced by leather industry craftsmen and traders as market players and affect the process of forming the price of the leather goods.

While the behavior of the leather industry market reflects how the craftsmen and traders of the leather industry behave in carrying out business activities so that it will affect the amount of costs. The amount of costs incurred by the leather craftsman industry traders will affect the margin. In this study, the research location was limited to the Manding area, Sabdodadi, Bantul, Yogyakarta by taking 15 respondents as leather craft producers. Respondents who were taken only included home industry scales and small industries with a production capacity of <200 leather crafts per year and sold leather craft products directly to consumers. Marketing channels are only limited to the Yogyakarta area. In this study, only leather bags, shoes and sandals were studied. Therefore, this research intends to determine the structure, behavior and market performance of the leather industry center in Manding.

Literature Review

Industrial economics is a specialty in economics that helps explain why markets need to be organized and how their organization affects how industrial markets work. Industrial economics examines the structure of markets and companies with more emphasis on empirical studies of the factors that influence market structure, market behavior and performance (Jaya, 2001). According to Dumairy (1996), the industrial sector is considered a sector that can lead other sectors in the economy.

Structure-Behavior-Performance Approach

In the theory of industrial organization, there is the concept of SCP (Structure-Conduct and Performance) which is a theory used to see the condition of the market structure and competition that occurs in the market. This theory explains that the performance of an industry is strongly influenced by the market structure. Market structure will influence the behavior and strategy of companies in an industry and behavior will affect performance. If the structure affects market performance, then this will determine the market position of each company. Each company has its own position in an industry. Some have a broad market share and face relatively little competition. The performance of the entire market is the performance of each company in aggregate, so that market performance is a function of the ratio of the concentration of companies

in the industry. Structure, refers to the market structure defined by the market concentration ratio.

Market concentration ratio is a ratio that measures the distribution of market share in the industry. Conduct, is the behavior of companies in the industry. This behavior is competitive or collusive, such as in pricing, advertising, production and predation. Performance or performance is a measure of social efficiency which is usually defined by the ratio of market power (the greater the market power, the lower the social efficiency) (González et al., 2019)

Market Structure

The market structure can show the competitive environment between sellers and buyers through the process of forming prices and the number of products offered in the market (Jaya, 2001). Market structure is an important measure in observing variations in industry players and performance, because it can strategically affect competitive conditions and the level of prices for goods and services. Thus, the influence finally reaches human well-being. The structure also shows the market attributes that influence the nature of the competitive process. The main types of market structure can be described as follows:

a) Perfect competition market is a market where there are a large number of buyers and sellers, because the number is so large that each seller and buyer cannot influence the price. The price level used in this market is the price level formed by the market mechanism.

b) 3. Monopoly market is a market condition where there is only one seller who controls the market. Producers in a monopoly market have no competitors so they are able to increase and decrease prices by changing the number of goods they sell.

c) An oligopoly market is a form of market in which there are only a few sellers, not only one seller in power in the market. Each seller has an influence on the prices of the goods it sells, but not as much as the monopolist's influence. Furthermore, an industry is said to have a monopolistic competition structure if it has the following conditions (Baye, 2000): there are many sellers and buyers, each firm in industry produces differentiated products, there is freedom to enter and exit the industry.

The market structure has several important elements, namely market share, concentration and barriers to market entry. From an institutional point of view, the market structure also consists of all formal rules and/or rules that coordinate transactions in the market. Every market participant (trader) has rules of the game to follow (Duc, 2002)(González et al., 2019).

Market share

Market share is the percentage of the company's income from the total industry income which can be measured from 0 to 100 percent (Jaya, 2001). The higher the market share, the

higher the market power owned by the company. The role of market share is as a source of profit for the company. Companies that have a high market share will create a monopoly that pursues profit as much as possible.

Concentration Ratio

Concentration is a combination of market share of oligopolistic companies where they are aware of their interdependence (Jaya, 2001)(Cantillo et al., 2022). The combination of market share forms a degree of concentration in the market. The average income (return) of a concentrated industry will be higher than the income of a less concentrated type of industry. There are four concentration indices, namely:

a. A standard concentration ratio requires data on the size of the overall market and the sizes of the companies that lead the market.

b. The Hirschman-Herfindahl index is the sum of the squares of the market shares of all firms in an industry.

c. The Rosenbluth index is based on the ranking of each company and its market share.

d. The Entropy Index measures the market share of all firms.

Economic theory predicts that market forces are more prevalent in market shares that exhibit a high degree of concentration. Market power is reflected by the small number of companies that dominate the market or the presence of dominant companies in an industry. The greater the percentage figure (close to 100 percent) means the greater the industrial concentration of the product. If the concentration ratio of an industry reaches 100 percent, then the market is a monopoly. On the other hand, based on an analysis of the structure of an industrial economy, it is in the form of an oligopoly if the four largest companies control at least 40 percent of the sales market share of the industry in question (Kuncoro, 2002)(Cantillo et al., 2022)(Bime M.J.*, Mai Bong J.K., 2016).

Barriers to Market Entry

Potential competitors are companies outside the market that have the possibility to enter and become actual competitors. Anything that allows a decrease in the opportunity or speed of entry of new competitors is a barrier to entry. These obstacles include all ways to use certain legitimate tools such as patents and franchises (Jaya, 2001).

According to Shepherd (1990) (Jiao et al., 2021)that the existence of barriers to entry will prevent potential competitors from entering the market and become real competitors. Anything that reduces the likely scale or speed of a firm's entry is referred to as a barrier to entry. Barriers to entry are divided into two types, namely exogenous barriers and endogenous barriers. Exogenous barriers are barriers to entry into the market which are beyond the control of leading firms and are a fundamental cause that cannot be changed. Meanwhile, endogenous barriers are

barriers to entry that originate from within the company itself, such as pricing policies from establish firms, creation of excess capacity, image of brand loyalty of a product, product mastery strategy, and raw material strategy.

Another factor of barriers to entry is the Minimum Efficiency Scale (MES) measurement. If the MES is large relative to the market, the new firm will not be able to open an efficiently operating factory without increasing industrial output. Companies under the MES will not be able to compete with companies already in the market.

Market Behavior

According to Hasibuan (1993), market behavior is a pattern of responses and adjustments made by a company in the market to achieve its goals. Usually behavior is done by looking at the market conditions to be entered or the market conditions when they try. An industry makes adjustments to carry out its role in the market so that it achieves its goals. This behavior is clearly seen in pricing, promotion, coordination of activities in the market and also product policy (Alfaihani et al., 2021).

In terms of coordination occurs very broadly as collusion. In a monopoly market, the behavior in setting the price and quantity of the product aims to get the maximum profit. Monopolies also set the price level not through a market mechanism. The behavior of each company will be difficult to predict in an oligopoly market condition. In an oligopoly market, the actions taken are related to the policies taken by the closest competitors (Jaya, 2001), (Huang et al., 2017), .

Market Performance

Market performance is the result of work that is influenced by market structure and behavior (Hasibuan, 1993). Performance in relation to the economy has many aspects but is usually centered on three main aspects, namely efficiency, technological progress, and balance in the industry (Jaya, 2001). Efficiency is to produce a maximum output value by using a certain number of inputs, both in quantity and economic value and there is no wasted resource value. The efficiency level is divided into two, namely internal efficiency (X-efficiency) and external efficiency. The level of internal efficiency describes a well-managed company. Internal efficiency is obtained through good management within the company. Measurement of X-inefficiency is simply obtained from the excess of unwanted costs and is expressed as a percentage of the actual cost (Jaya, 2001). Allocation efficiency describes the allocation of economic resources in such a way that there is no further improvement in production that can increase the value of output. Technological advancements have the impact of discovering and updating technology, people can create a new work and increase the productivity of an existing production of goods. If this works well, new productions are offered, costs fall, and lower prices will increase consumer profits (Jaya,

2001). Justice in distribution is closely related to efficiency in allocation. Justice has three main dimensions, namely welfare, income and opportunity (Alfaihani et al., 2021). Welfare and income are related to the value of money. While opportunity is related to the opportunities that each person has.

The leather industry is an industry that produces raw materials for the leather goods industry. In this research on the leather industry, the market structure, behavior and market performance will be explained. The market structure is analyzed using the concentration level of the four largest companies (CR4), and barriers to market entry. Meanwhile, to analyze the performance seen through PCM. Industry behavior is analyzed by looking at product, promotion, distribution, and business strategies.

Research Method

This research is a type of quantitative research that can be used to examine a particular population or sample. Sample collection techniques are generally carried out randomly, data collection using research instruments by testing predetermined hypotheses. The research method used is in accordance with the objectives and problems in this study, the method used is descriptive quantitative research method. This study describes the structure, behavior and market performance of the leather industry center in Manding Village, Sabdodadi, Bantul, Yogyakarta. The type of investigation in this study is a causal study, this research is limited to knowing how the structure, behavior and market performance of the leather industry center in Manding.

In simple terms, the sample is the part taken from the population (wider area) to be studied and the results can describe (representative) the population. To determine the sample used in this study, there are several sampling techniques used. Sampling in this study used Simple Random Sampling, namely the sample was selected randomly without regard to the strata in the population (Sugiyono, 2017: 82). According to Subiyakto (2011: 19) population is a group of people, events, or things that will be investigated by researchers. Meanwhile, according to Sugiyono (2017: 80) the population is a generalization area consisting of objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. From the above definition, the population for this research is all shops that produce leather crafts in Manding Village, Sabdodadi, Bantul, Yogyakarta. The population in this study are sellers who produce their own leather handicrafts as many as 15 shops.

The method used in this study is a qualitative descriptive method by looking at the influence of the variables that are interconnected. Qualitative descriptive method is carried out with an approach, namely the SCP (Structure-Conduct-Performance) approach. SCP (Structure-Conduct-

Performance) is used to identify complex marketing systems. The simplest relationship of the three variables is a linear relationship where the structure affects behavior then behavior affects performance (Martin 2002). This approach is carried out to monitor competition among producers in a market.

Market Structure Analysis

Each company or industry has a different market share ranging from 0 to 100 percent of the total sales of the entire market. Market share describes the profits the market gets from its sales (Jaya, 2001).

$$MS_i = \frac{Si}{S_{total}} x100\%$$
(1)

From the formula above, *MSi* is leather industry market share, *Si* is the amount of production in the leather industry market and S_{total} is the total number of production of the entire leather industry market.

Concentration Ratio (CR)

The concentration level can be calculated through the Concentration Ratio (CR). The concentration ratio is a percentage of the industry's total output or sales revenue. The ratio of a number of markets measures the market share of the total industry output that is accounted for by that market. According to Cramer (2009), CR4 is the sum of the market shares of the four largest companies from a market area.

$$CRm = \sum_{i=1}^{m} MSi$$
(2)

The description of the formula above are *CR4* is The market concentration ratio of the industry and *MSi* is market share of industry i (%). The greater the percentage (closer to 100) means the greater the industrial concentration of the production. If the concentration ratio of an industry reaches 100 percent, it means that the market is a monopoly.

Barriers to Market Entry

Barriers to market entry can be seen by the number of competitors emerging to achieve the desired profit target and seize market share. The method used to see barriers to market entry is to measure economies of scale that are close to the company's output. The output value is then divided by the total industry output.

$$MES = \frac{RO4}{TO} X100\%$$
(3)

The description of the method are *MES* is Average Output of the 4 largest companies and *To* is total output.

Market Behavior Analysis

Market behavior is how market participants, namely producers, consumers and marketing institutions adapt to the sales and buying situations that occur (Prasetyo, 2007). Market behavior is not always constant, it will always change. The analysis used includes pricing and market institutional systems in addition to measuring industrial behavior using the Capital to Labor Ratio (CLR) variable. CLR is a comparison between the company's share of expenditure for capital (capital lost) with the company's share of expenditure for labor (Labour cost). The formula for the CLR, namely (Arini, 2013), where the SBM is share cost of capital and the SBT is share labor cost:

$$CLR = \frac{SBM}{SBT} X 100\%$$

(4)

Market Performance Analysis

Market performance analysis is carried out using Price-Cost-Margin (PCM) analysis. Another variable used as an indicator of performance is the production of profit from Price Cost Margin (PCM). PCM is stated as an indicator of the company's ability to increase prices above production costs. PCM is obtained by dividing the difference between the total revenue minus the total cost of production by the total revenue. High PCM levels can occur if there is a high market concentration ratio. PCM (Lerner Index) can be formulated as follows (Lipczynki, 2005). Where *TR-TC* is added value, TR is total revenue as a output value and TC is total cost as an input value.

$$PCM = \frac{TR - TC}{TR} X 100\%$$

(5)

Result and Discussion

This study focuses on the SCP (Structure-Conduct-Performance) approach which is also a variable in this study. Market structure discusses the organization of a market so that market organization affects the state of competition and pricing in it. In the market structure there are several elements that must be considered, namely: market share, market concentration, and barriers to market entry. Market share is the amount of market share owned by a business concerned. Market share describes the profits that the market gets from its sales (Jaya, 2001)(Yang et al., 2017).

Based on table 1, it can be seen that the market share in the Leather Craft industry in Manding is 38.24% the highest with the name Roosman Leather Shop which can produce 24,000 leather crafts per year. The percentage of the market share of the Leather Craft industry in Manding is the lowest at 0.38245% with Yanto Leather Shop which can only produce 240 leather crafts per year.

Table 1. Calculation of Market Share (Market Share) of Leather Craft Industry in Manding 2018

No	Name of Store	Output (Amount of Production)	Market Share (%)
1	Roosman Leather	24,000.00	38.24
2	Yanto Kulit	240.00	0.3824
3	Gandung Supranto	480.00	0.7648
4	Subardi	1,440.00	2.29
5	Suparman Kulit	1,056.00	1.68
6	Andre Collection	1,728.00	2.75
7	Seaga	6,576.00	10.48
8	Melia Kulit	3,840.00	6.12
9	Fadhila Kulit	1,920.00	3.06
10	Dwijaya Kulit	2,640.00	4.21
11	Martha Kerajinan Kulit	2,880.00	4.59
12	Arum Handycraft	2,160.00	3.44
13	Bening Sandal Murah	9,600.00	15.30
14	Toko Hari	3,120.00	4.97
15	Aldo Leather	1,080.00	1.72
Jumlah		62,760.00	100.00

Source: Primary Data, processed

Market Concentration (Concentration Ratio)

Based on the results of market share, market concentration and market entry barriers, the market structure can be determined by CR4 (Concentration Ratio of The Bighest Four). According to Cramer (2009), CR4 is the sum of the market shares of the four largest companies from a market area.

Table 2 . Roosman Leather Bening Cheap Sandals Seaga Melia Leather Calculation Resultof Concentration Ratio of 4 Companies

Name of Store	Market share			
	Roosman Leather	Bening Sandal Murah	Seaga	Melia Kulit
CR4	38.24%	15.30%	10.48%	6.12%
results	**70.14%**			

Source: Primary Data, processed

Based on the table above, the calculation of market structure using the concentration ratio (CR4) gets a result of 70.14% which means that the CR4 value in the Leather Craft industry in Manding is in the high oligopoly market type because the CR4 value is in the range of oligopoly

market structure values. The greater the percentage figure (closer to 100) means the greater the concentration of industry and production.

Barriers to market entry (Barrier to entry)

Barriers to market entry can be seen by the number of competitors emerging to achieve the desired profit target and seize market share. To see barriers to market entry, namely by measuring economies of scale that are close to the company's output. The output value is then divided by the total industry output.

Table 3. MES Calculation Results Average Output of The 4 Largest Companies

Roosman Leather	Seaga	Bening Sandal Murah	Melia Kulit	Total Output
24000	6576	9600	3840	62,760.00
The average output of the 4 largest companies			11004	0.18

Source: Primary Data, processed

Based on the calculations in Table 3, the MES value is 0.18%. the results of the calculation of these values indicate that the absolute market conditions. Absolute market conditions where new entrants have the opportunity to gain market share with a low level of difficulty. These results indicate that the barriers to market entry are within normal limits so that new entrants have a good chance to remain competitive for a larger market share.

Market Behavior

Market behavior is how market participants, namely producers, consumers and marketing institutions adapt to the sales and buying situations that occur (Prasetyo, 2007). Market behavior is not always constant, it will always change. The analysis used includes pricing and market institutional systems in addition to measuring industrial behavior using the Capital to Labor Ratio (CLR) variable. That is the comparison between the company's share of expenditure for capital with the company's share of expenditure for labor (wages).

Based on the results of the calculation of the CLR value in the leather craft industry (see table 4). Manding is a leather industrial area that is classified as a labor-intensive industrial area, this is indicated by the CLR results that the percentage is higher in the labor-intensive industry. Labor-intensive industry is an industry that requires a larger workforce than tools or technology in its operations.

Table. 4 Calculation of CLR (Capital to Labor Ratio)

No	Store Name	Share Capital Cost	Share Labor Cost	CLR
1	Roosman Leather	500000	12000000	0.04
2	Yanto Kulit	2000000	4800000	0.42
3	Gandung Supranto	1000000	9600000	0.10
4	Subardi	1000000	7200000	0.14
5	Suparman Kulit	100000000	13440000	7.44
6	Andre Collection	100000000	16800000	5.95
7	Seaga	5000000	1020000	4.90
8	Melia Kulit	30000000	12000000	2.50
9	Fadhila Kulit	200000000	9000000	22.22
10	Dwijaya Kulit	5000000	6300000	0.79
11	Martha Kerajinan Kulit	40000000	9000000	4.44
12	Arum Handycraft	5000000	4800000	1.04
13	Bening Sandal Murah	40000000	13440000	2.98
14	Toko Hari	20000000	5040000	3.97
15	Aldo Leather	500000000	10800000	46.30

Source: Primary Data, processed

Market Performance

Market performance is a critical indicator of how well the marketing activities of farmers or traders should be concentrated for the general welfare. Another variable used as an indicator of performance is the production of profit from Price Cost Margin (PCM). PCM analysis is used to analyze the relationship of market structure to market performance. PCM is stated as an indicator of the company's ability to increase prices above production costs. PCM is obtained by dividing the difference between the total revenue minus the total cost of production by the total revenue.

Based on the results of the calculation of PCM Table 5 from all leather industrial areas in Manding, it was obtained an average of 0.53%. The simple explanation regarding the highest PCM is owned by Aldo Leather with a value of 0.95% and the lowest PCM value with a value of 0.23%. This is because the leather industrial area in Manding with the highest PCM, namely Aldo Leather at 0.95%, did not turn out to be the leather industry with the highest MS value. The industry with the largest PCM has an even lower market share.

Concentration Ratio is used to measure the largest company's market share to total industry sales. The concentration ratio is the percentage of a market share owned by the company. Based on the analysis of the structure in the industrial economy, the industrial structure is said to be in the form of an oligopoly if the four largest companies control at least 50% of the sales share of the industry concerned (Kuncoro, 2002). With the concentration ratio method of 4 large companies (CR4), the results were 70.14%. Which means that the CR4 value at the leather

industry center in Manding is in the High Oligopoly market type. This is seen based on the type and interval, namely the CR4 value at the leather industry center in Manding which is in the range of oligopoly market structure values, namely 50-75% is in the high oligopoly category. Based on the calculation of Market Share (MS) it can be seen that some of the leather industry in Manding has a market share of more than 30%.

Table 5. PCM Calculation of Each Industry

No	Name of Store	Total Revenue	Total Biaya	PCM
1	Roosman Leather	60000000	36500000	0.39
2	Yanto Kulit	60000000	35400000	0.41
3	Gandung Supranto	72000000	18000000	0.75
4	Subardi	96000000	48000000	0.50
5	Suparman Kulit	144000000	49500000	0.66
6	Andre Collection	960000000	62400000	0.94
7	Seaga	120000000	90000000	0.25
8	Melia Kulit	60000000	24000000	0.60
9	Fadhila Kulit	120000000	42300000	0.65
10	Dwijaya Kulit	60000000	42500000	0.29
11	Martha Kerajinan Kulit	120000000	65400000	0.46
12	Arum Handycraft	120000000	93000000	0.23
13	Bening Sandal Murah	120000000	36000000	0.70
14	Toko Hari	48000000	35600000	0.26
15	Aldo Leather	1800000000	90000000	0.95
Jumlah total		3960000000	768600000	8.02
Rata-rata		264000000	51240000	0.53

Source: Primary Data, processed

Based on the calculation results of the barriers to market entry through the MES value of 0.18%, it can be concluded that the results of this calculation indicate that the market conditions are absolute. Namely a situation where new entrants have the opportunity to gain market share with a low level of difficulty. These results indicate that the barriers to market entry are within normal limits.

Calculation of behavior at the leather craft industry center in Manding uses the Capital to Labor Ratio (CLR) method, the results of which will show whether the leather craft industry in Manding belongs to the capital-intensive or labor-intensive market category. Labor-intensive industry is an industry that requires a larger workforce than tools or technology in its operations. From the results of research using the calculation of CLR (Capital to Labor Ratio) the leather craft industry in Manding has the most percentage less than 20%, meaning this industry is a labor-

intensive industrial area. Labor-intensive industries are industries which in their production processes tend to emphasize and rely on labor more than tools or technology in their operations.

Price Cost Margin (PCM) is an indicator used to measure performance at the leather craft industry center in Manding. The highest PCM results were found in the Aldo Leather shop at 0.95% while the lowest PCM value was found at the Arum Handycraft shop with a value of 0.23%. This is because the leather industrial area in Manding with the highest PCM, namely Aldo Leather at 0.95%, did not turn out to be the leather industry with the highest MS value. The industry with the largest PCM has an even lower market share.

In running their business, advertising and promotion play a very important role for oligopolists. Advertising and promotion will shape consumer perceptions of the difference between one product and another (product differentiation). This is because basically oligopolist sells goods that are relatively homogeneous so that they can replace each other (substitute even though not perfect). Therefore, consumer loyalty to one product must be maintained so as not to switch to another product. Sellers in an oligopoly market have the ability to determine prices because of the differences in each product offered. Each seller competes very tightly with other sellers. Competition is mainly through massive promotions and price wars. The price war in question occurs when a company intends to lower prices in order to gain a larger market share, but is followed by a price decrease by other companies so that in the end the market share obtained by each company is fixed, but with a lower selling price. Furthermore, the strategy of creating different products will add more value to these products so that they can attract tourists and consumers to visit and create their own characteristics and attractions for consumers.

Conclusions and Recommendations

The study of market structure in the leather craft industry center in Manding, Sabdodadi, Bantul, Yogyakarta can be concluded that the entire leather craft industry in Manding, the industry that has the highest market share, is 38.24%. Meanwhile, the lowest market share is 0.38%. The leather craft industry in Manding is classified as an oligopoly market. This is supported by the calculation of the concentration ratio method of the 4 largest companies (CR4) and MES. Then, he leather industry center in Manding has an oligopoly market structure. This is indicated by the calculation of CR4 and MES. The calculation result of CR4 is 70.14%, where the calculation result is 0% < CR4 > 50% and has a market share of more than 30%. The results of the MES calculation obtained a value of 0.18 which means absolute market conditions. A situation where new entrants have the opportunity to gain market share with a low level of difficulty. Judging from the analysis of the capital-labour ratio (CLR), the leather craft industry in Manding is included in the labor-intensive industry. This can be seen from the high CLR owned by every

leather craft industry in Manding, where the average leather industry is classified as a labor-intensive industry. Namely, industries that in their production processes tend to emphasize and depend on more labor than tools or technology in their operations. Based on the results of this study, it was found that the performance of the leather industry as a result of the research. Market performance reflects how the influence of competitors' strengths on a company's profit level can be seen from the company's performance. The level of profit can be reflected through Price-Cost-Margin (PCM. Based on the PCM calculation results from the entire leather industry in Manding, an average of 0.53% is obtained. The simple explanation is that the highest PCM is owned by Aldo Leather at 0.95% and the value is 0.95%). The lowest PCM with a value of 0.23%. This is because the leather industry in Manding with the highest PCM, namely Aldo Leather at 0.95%, does not turn out to be a leather industry with the highest MS (Market Share) value. The industry with the largest PCM even has a share lower market share PCM is not affected by market share.

Suggestions are based on the pattern of behavior of the leather market structure thatbusiness actors in the leather craft industry in Manding are expected to be able to further increase creativity in producing leather crafts so that they continue to attract local and foreign tourists. The role of the government is very important in supervising and making policies that support the leather craft industry center area in Manding, Sabdodadi, Bantul, Yogyakarta as one of the places in Yogyakarta in maintaining the authenticity of the leather handicrafts as a characteristic of Manding village. It is hoped that the next researcher, the discussion can be developed again to get better results so that the scope of the discussion becomes wider. In order to maintain a strategic product in an oligopoly market, it must have basic characteristics so that it can compete with the surrounding traders and to continue to attract tourists or consumers in buying these products with their characteristics. In order to get a bigger profit to match the market share, the leather industry players must start to export their leather handicrafts so that the profit they get is equal to a high market share.

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