

Applied Economics >

Volume 42, 2010 - [Issue 22](#)

1,121 Views | 34 CrossRef citations to date | 3 Altmetric

Original Articles

Industry competitiveness using Herfindahl and entropy concentration indices with firm market capitalization data

David Nawrocki  & William Carter

Pages 2855-2863 | Published online: 09 Apr 2009

 Cite this article  <https://doi.org/10.1080/00036840801964666>

Sample our
Economics, Finance,
Business & Industry Journals
>> [Sign in here](#) to start your access
to the latest two volumes for 14 days



 Full Article  Figures & data  References  Citations  Metrics

 Reprints & Permissions

[Read this article](#)

[Share](#)

Abstract

While previous studies of industry concentration have traditionally utilized sales or market share data, no studies that we are aware of have been done with market capitalization data. If the markets are successful at valuing a firm's current and future prospects, it can be argued that concentration indices and other metrics based on the market value of the firms in an industry should be a good proxy for market power within an industry. This study presents a study of the market concentration using the Herfindahl and entropy concentration indices for 13 industries.

Notes

¹ Future research can explore the use of enterprise value instead of market capitalization.

² CRSP has had data accuracy problems with delisting codes and values used to compute survivor bias free industry indexes (Shumway, [1997](#)). Recently, CRSP has spent a great deal of time correcting these problems. Even so, CRSP data have to be watched carefully for problems, especially with recent data.

³ See Nawrocki ([1999](#)) for a survey of semi-variance and downside risk measures.

⁴ See Whitelaw ([1994](#)) for a description of the methodology for computing conditional returns and the monthly SD and semi-deviation statistics.

⁵ Generally, the Durbin–Watson statistics indicates no autocorrelation in all of the regressions reported in this study.

Related Research Data

[The Critical Choice Between the Concentration Ratio and the H-Index in Assessing Industry Performance](#)

Source: Journal of Industrial Economics

[Trends in Industrial Concentration in Japan, 1983–92](#)

Source: International Review of Applied Economics

[Concentration trends and profitability in the US manufacturing sector: 1970—84](#)

Source: Applied Economics

[Concentration changes and large-firm/small-firm efficiency differences: evidence from US manufacturing industries](#)

Source: Applied Economics

[The Delisting Bias in CRSP Data](#)

Source: The Journal of Finance

[Estimating the Herfindahl Index from Concentration Ratio Data](#)

Source: Journal of the American Statistical Association

[Entropy Measure of Diversification and Corporate Growth](#)



Publish today in
Finance and Space
FIND OUT MORE »

Related research

People also read

Recommended articles

Cited by
34

Information for

[Authors](#)

[R&D professionals](#)

[Editors](#)

[Librarians](#)

[Societies](#)

Opportunities

[Reprints and e-prints](#)

[Advertising solutions](#)

[Accelerated publication](#)

[Corporate access solutions](#)

Open access

[Overview](#)

[Open journals](#)

[Open Select](#)

[Dove Medical Press](#)

[F1000Research](#)

Help and information

[Help and contact](#)

[Newsroom](#)

[All journals](#)

[Books](#)

Keep up to date

Register to receive personalised research and resources by email



Sign me up



Copyright © 2026 Informa UK Limited [Privacy policy](#)

[Cookies](#) [Terms & conditions](#) [Accessibility](#)

Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG

 Taylor and Francis
Group