Taylor & Francis
Online

Applied Economics ›
Volume 42, 2010 - Issue 22

1,138 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.

Previous article | View issue table of contents | Next article

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

Related research

People also read | Recommended articles | Cited by 34

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

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