





4 Firm Concentration Ratio

$$50 + 25 + 4 + 4 = 83\%$$

Firm

Share of the
market



B





E

F

G





50%

25%

4%

4%

4%

4%

4%

4%

1%





The Herfindahl– Hirschman Index

$$50^2 + 25^2 + 4^2 + 4^2 + 4^2 + 4^2 + 4^2 + 4^2 + 1^2 =$$

$$2,500 + 625 + 16 + 16 + 16 + 16 + 16 + 16 + 1$$

$$= 3,222$$









Firm	Share of the market	4 Firm Concentration Ratio	The Herfindahl-Hirschman Index
A	50%	50+25+4+4 = 83%	$50^2+25^2+4^2+4^2+4^2+4^2+4^2+4^2+1^2 =$ $2,500+625+16+16+16+16+16+16+1$ $= 3,222$
B	25%		
C	4%		
D	4%		
E	4%		
F	4%		
G	4%		
H	4%		
I	1%		

	Number of Firms			
Monopoly	1			
Duopoly	2			
Perfect Competition	10,000			