









## 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

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

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

$$= 3,222$$











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			