



Second Assignment in Special Topics of Business Economics

The excel file named FirmPerf.xls reports the variables from different firms in different sectors over the 1997-2007 period (*please see sheet 2 for more information concerning the variable*). Using the theoretical foundation and the methodological approaches already developed in our lectures please estimate the following:

1. Using specific variables please estimate HHI and market share indices for each firm that participate in our dataset. Also calculate concentration ratio for the specific industries. Analyze your estimations and present your argumentation.
2. Estimate Lorenz curve and Gini coefficient for an industry and interpret your results.
3. Following the relevant literature present the theoretical background of studies that refer to variables that affect firm's profitability. Moreover, give briefly some empirical studies presenting their findings.
4. Using an appropriate econometric technique and having in your mind the available variables please estimate a model the following model: $\pi_i = \beta' x_i + e_i^{\pi_i}$

Where x_i is a vector of the firm's specific characteristics as well as the characteristics of the industry in which the prospective adopter is examined, β' a vector of parameters to be estimated and $e_i^{\pi_i}$ an error term that is associated with the firm's profitability.

5. For a sub-sample of our firms please test the hypothesis of the positive or not effect of R&D expenditures on firm's performance.



Please use the above estimations to create a report (in Latex) which will describe your results concerning the abovementioned questions (no more than 3000 words). The report should present your estimations and your explanations about firm's financial performance and their determinants in an analytically way using possible argumentation.