

Hot Articles

“April|2017”

Business & Economics



Title: [Forecasting Stock Returns Using Option-Implied State Prices](#)

Author: Konstantinos Metaxoglou & Aaron Smith

Journal: Journal of Financial Econometrics nbx009.

First published: 28 March 2017

Doi: 10.1093/jjfinec/nbx009

Abstract

Options prices embed the risk preferences that determine expected returns in asset pricing models. Therefore, functions of options prices should predict returns. In this paper, we show that the State Prices of Conditional Quantiles (SPOCQ)—functions of options prices introduced in Metaxoglou and Smith (2016)—exhibit strong predictive ability for the U.S. equity premium. These SPOCQ series provide estimates of the market's willingness to pay for insurance against outcomes in various quantiles of the return distribution. They also relate to expected returns in prominent asset pricing models. Our SPOCQ series that captures relative risk aversion exhibits strong predictive ability for S&P 500 returns at horizons between 6 and 18 months, both in the full sample, 1990–2012, and out of sample. Our SPOCQ series that captures volatility aversion, however, exhibits no predictive ability due to the lack of skewness in the return distribution for the horizons considered.

Database

Oxford Journal

Title: [Towards a capability theory of \(innovating\) firms: implications for management and policy](#)

Author: David J. Teece

Journal: Cambridge Journal of Economics

First published: 01 April 2017

Doi: 10.1093/cje/bew063

Abstract

Business enterprises lie at the core of ecosystems that drive economic development and growth in market economies; yet, until recently, mainstream economics has mostly treated firms like homogeneous black boxes run by opportunistic managers. The field of strategic management has developed a more nuanced approach to the understanding of how firms are created, organized and grow, how they innovate and compete and how managers manage. One of the leading paradigms in the field is the dynamic capabilities framework. In this paper, contrasts and complementarities are drawn between dynamic capabilities and economic theories of the firm, including transaction cost economics and agency theory. Connections to the Cambridge school are highlighted, including the duality between Keynes's 'animal spirits' and the dynamic capabilities entrepreneurial owner/manager. Leibenstein's x-inefficiency is juxtaposed here with d-ineffectiveness. Knowledge-based theories of the firm consistent with Cambridge conventions emerge. Intellectual exchange between strategic management and economics is encouraged to help improve the intuition behind models of firms and the economy.

Database

Oxford Journal

Title: [Immigration, public opinion and the recession in Europe](#)

Author: Timothy J. Hatton

Journal: Economic Policy

Volume: 31 **Issue:** 86 **Page:** 205-246

Doi: 10.1093/epolic/eiw004

Abstract

It is widely believed that the recent recession has soured public attitudes towards immigration. But most existing studies are cross-sectional and can shed little light on the economy-wide forces that shift public opinion on immigration. In this paper I use the six rounds of the European Social Survey (2002-2012) to test the effects of macro-level shocks on immigration opinion for 20 countries. For Europe as a whole the shifts in opinion have been remarkably mild but with differences between countries that reflect the severity of the recession. Pro-immigration opinion is negatively related to the share of immigrants in the population and to the share of social benefits in GDP, but only weakly to unemployment. These effects are common across different socioeconomic groups and there is little evidence of divergence in opinion. The continuing rise in support for right wing populist parties during the recession owes more to growing Euro-scepticism than to a surge in anti-immigrant sentiment.

Database

Oxford Journal

Title: [Tourism Specialization, Absorptive Capacity, and Economic Growth](#)

Author: Glauco De Vita & Khine S. Kyaw

Journal: Journal of Travel Research

Volume: 56 **Issue:** 4 **Page:** 423-435

Doi: 10.1177/0047287516650042

Abstract

This article investigates the relationship between tourism specialization and economic growth while accounting for the absorptive capacity of host (tourism destination) countries, defined in terms of financial system development. We use the system generalized methods-of-moments (SYS-GMM) estimation methodology to investigate this relationship for 129 countries over the period 1995–2011. The results support the hypothesis that the positive effect of tourism specialization on growth is contingent on the level of economic development as well as the financial system absorptive capacity of recipient economies. Consistent with the law of diminishing returns, we also find that for countries with a developed financial system, at exponential levels of tourism specialization, its effect on growth turns negative. Significant policy implications flow from these findings.

Database

SAGE Journal

Title: [Investigating causality in international air freight and business travel: The case of Australia](#)

Author: David Tan & Kan Tsui

Journal: Urban Studies

Volume: 54 **Issue:** 5 **Page:** 1178-1193

Doi: 10.1177/0042098015620520

Abstract

Few studies have examined the link between air cargo and business travel, despite there being a generally accepted understanding that these two variables are inextricably related to each other. This paper examines the relationship between air cargo and business travel at the international level and analyses how these two variables are causally related. Moreover, we break down the sample into three major Australian states (New South Wales, Queensland, and Victoria), as each possesses a distinct flavour in trade and commerce. Utilising Granger causality methods, we have found evidence that there is a direct causal relationship between business travel and air cargo in the short run, and a bi-directional relationship in periods of 12 months and longer. The nature of the Granger causality at the state-level substantially differs from state to state, suggesting that the economic landscape of Australia's local economy has a significant impact on the air cargo and business travel relationship.

Database

SAGE Journal

Title: [Urban political ecologies of housing and climate change: The 'Coolest Block' Contest in Philadelphia](#)

Author: Gareth A S Edwards & Harriet Bulkeley

Journal: Urban Studies

Volume: 54 **Issue:** 5 **Page:** 1126-1141

Doi: 10.1177/0042098015617907

Abstract

Urban authorities and a range of private and civil society actors have come to view housing as a key arena in which to address climate change whilst also pursuing wider social, economic and environmental objectives. Housing has been a critical area for urban studies, but often considered in sectoral terms and work on urban responses to climate change has followed this positioning. By contrast, an Urban Political Ecology (UPE) perspective would position housing in more integrated terms as part of the metabolism of the city. Yet so far there has been relatively little written in UPE about either housing or climate change. This paper therefore seeks to bring UPE into dialogue with the emergent literature focused on governing climate change through housing. It does so through a detailed study of the 'Retrofit Philly "Coolest Block" Contest'. We argue that this contest highlights the ways climate change is changing the way housing is embedded in the circulations of the city, pointing to changes in who is governing housing, how housing is being governed and who is able to access the benefits of (climate change-branded) action on housing.

Database

SAGE Journal

Title: [The Contemplative Self After Michel Henry: A Phenomenological Theology](#)

Author: William C. Hackett

Journal: Irish Theological Quarterly

Volume: 82 **Issue:** 2 **Page:** 169-171

Doi: 10.1177/0021140017695699

Abstract

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Database

SAGE Journal

Title: [THE DECOUPLING OF EMERGING ECONOMIES: THEORETICAL AND EMPIRICAL PUZZLE](#)

Author: Antonio Pesce

Journal: JOURNAL OF ECONOMIC SURVEYS

Volume: 31 **Issue:** 2 **Page:** 602–631

Doi: 10.1111/joes.12165

Abstract

With the growing importance of the emerging economies (EEs) in the international scene, a lively debate has begun on whether the national economic cycles are converging or the cycles of EEs and advanced economies (AEs) are becoming disconnected, the so-called ‘hypothesis of decoupling of EEs from the AEs’. Given the important practical implications that decoupling could have, for example, on the definition of national and international economic policies and on business strategies aimed at investment diversification and risk management, the question kindles not only the interest of academics but also policymakers and practitioners are very interested in the issue. The decoupling question has been long debated in different circles and from different points of view. This survey aims to retrace the steps of this debate and to provide some suggestions for future empirical researches.

Database

Wiley Online Library

Title: [Hindu and Islamic Economics: On the Need for a New Economic Paradigm](#)

Author: Waleed El-Ansary

Journal: THE MUSLIM WORLD

Volume: 107 **Issue:** 2 **Page:** 299–331

Doi: 10.1111/muwo.12192

Abstract

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Database

Wiley Online Library

Title: [ECONOMIC FREEDOM & HAPPINESS INEQUALITY: FRIENDS OR FOES?](#)

Author: Daniel L. Bennett & Boris Nikolaev

Journal: CONTEMPORARY ECONOMIC POLICY

Volume: 35 **Issue:** 2 **Page:** 373–391

Doi: 10.1111/coep.12190

Abstract

This article examines the relationship between economic freedom and happiness inequality for a large sample of countries. We find that economic freedom is negatively associated with happiness inequality and robust to several alternative measures of happiness inequality, including the standard deviation, mean absolute difference, coefficient of variation, and Gini coefficient. Among the economic freedom areas, legal system and sound money are negatively correlated with happiness inequality. Drawing on the Engerman-Sokoloff hypothesis, we use a measure of factor endowments as an instrument for economic freedom to provide a further robustness test, finding a negative association between economic freedom and happiness inequality

Database

Wiley Online Library