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Reseña de "Beyond Greed and Fear" de Hersh Shefrin

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Reseñas

***Beyond Greed and Fear* (2000) Hersh Shefrin, Harvard Business School Press**

Reviewed by Javier Rodríguez

Behavioral finance is a relative new area that brings together psychology and finance. There are few books that present the theory and applications of behavioral finance in an easy to follow language as *Beyond Greed and Fear* do. Although written with a practitioner audience in mind, this book could serve as an excellent textbook. The author, Hersh Shefrin, from Santa Clara University, is an expert on the subject and has published many academic and popular press articles.

The first four chapters of the book give the reader a good introduction to behavioral finance and three of its core themes: heuristic bias, frame dependence and market efficiency. The author first explains that heuristic bias is the action of substituting a rational decision making process for a “mental-shortcut” or “rule of thumb”. The second central theme of the book is frame dependence or how people might react differently to the same problem or situation when presented in different contexts or frames. Then the author makes a good argument on how market inefficiency could be the result of mixing the first two topics of the book and the overall stock market. Market efficiency is a sensitive subject in the finance community that, in my opinion, serves as an invisible border between those who give behavioral finance at least the benefit of the doubt and those

who don't. The reaction from the finance community to what behavioral finance proposes is also presented.

From chapter five on the material of the book is presented in a case fashion. Each chapter considers an event, a particular market sector or a specific market participant. Then the author presents the view from a behavioral finance perspective. These almost self-contained chapters are build on the information contained on the first four chapters and supported by academic research, by direct quotes from important people from the industry as well as citations from the popular press. This format allows the reader to, not only learn about behavioral finance and its roots from psychology, but to see first hand its real world applications.

I believe this is an excellent book for those interested in a finance theory that allows for human error during the investment process as well as other financial decisions. The book is easy to read and do not require, as others books in this area do, a deep understanding of mathematics and statistics.

Schlosser, Eric. (2001). *Fast Food Nation: The Dark Side of the All-American Meal*. New York: Houghton Mifflin Company, 339 páginas.

Reseñado por Elizabeth Robles, Ph.D. Catedrática Auxiliar, Universidad de Puerto Rico

El autor de este libro, Eric Schlosser, es un periodista investigador que tardó dos años en estudiar la industria de los "fast foods," o negocios de comida servida al instante. En 1998, Schlosser publicó su primer artículo de "fast foods" en la revista *Rolling Stone* que generó miles de cartas. Ha escrito para el *New Yorker*, y desde 1996 es corresponsal de la revista mensual *Atlantic*. Éste ha ganado varios

Shefrin Hersh (EN). Even the best Wall Street investors make mistakes. No matter how savvy or experienced, all financial practitioners eventually let bias, overconfidence, and emotion cloud their judgement and misguide their actions. Yet most financial decision-making models fail to factor in these fundamentals of human nature. In *Beyond Greed and Fear*, the most authoritative guide to what really influences the decision-making process, Hersh Shefrin uses the latest psychological research to help us understand the human behavior that guides stock selection, financial services, and corporate fin