How should firms decide whether and when to invest in new capital equipment, additions to their workforce, or the development of new products? Why have traditional economic models of investment failed to explain the behavior of investment spending in the United States and other countries? In this book, Avinash Dixit and Robert Pindyck provide the first detailed exposition of a new theoretical approach to the capital investment decisions of firms, stressing the irreversibility of most investment decisions, and the ongoing uncertainty of the economic environment in which these decisions are made. In so doing, they answer important questions about investment decisions and the behavior of investment spending. This new approach to investment recognizes the option value of waiting for better (but never complete) information. It exploits an analogy with the theory of options in financial markets, which permits a much richer dynamic framework than was possible with the traditional theory of investment. The authors present the new theory in a clear and systematic way, and consolidate, synthesize, and extend the various strands of research that have come out of the theory. Their book shows the importance of the theory for understanding investment behavior of firms; develops the implications of this theory for industry dynamics and for government policy concerning investment; and shows how the theory can be applied to specific industries and to a wide variety of business problems.

Investment Under Uncertainty Avinash Dixit Related Books


This book was written specifically for Chinese investors on how to invest in the U.S. stock market. It was written in plain Chinese. It covers a wide variety of topics in stock investing. People with different background can easily learn from this book.

Real Estate Investment Trusts: Structure, Performance, and Investment Opportunities (Financial Management Association Survey and Synthesis)

The book offers broad understanding and unique insights into the REITs industry. Its scope is to analyze and synthesize the existing scholarly research on REITs in a way that will enable managers to improve their investments decisions and the operating performance of their REITs. It also provides up-to-date original research on REITs based on the authors’ own database, which is the most extensive data base available on REITs that is free of survivorship bias. This book helps investors evaluate RE...

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Uncertainty in Geometric Computations

Computer simulations and modelling are used frequently in science and engineering, in applications ranging from the understanding of natural and artificial phenomena to the design, test and manufacturing stages of production. This widespread use necessarily implies that a detailed knowledge of the limitations of computer simulations is required. In particular, the usefulness of a computer simulation is directly dependent on the user's knowledge of the uncertainty in the simulation. Typical limit...

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