

**Advances in  
Behavioral Finance & Economics:  
The Journal of the Academy of  
Behavioral Finance**

**This Journal is an Official Publication of the  
Academy of Behavioral Finance- ABF**

[www.aobf.org](http://www.aobf.org)

**P.O. Box 157  
Montrose, CA 91021-0157, USA**

## **Editor**

John R. Nofsinger, Ph.D.  
Washington State University

## **Academy of Behavioral Finance & Economics**

### **Advisory Board**

Julie Agnew, Ph.D.  
William & Mary

Itzhak (Zahi) Ben-David, Ph.D.  
The Ohio State University

Simon Gervais, Ph.D.  
Duke University

James A. Howard, Ph.D.  
University of Maryland University College

Alok Kumar, Ph.D.  
University of Texas at Austin

Christof Lehmann, M.psych  
Psykologhjørnet, Denmark

Arthur B. Markman, Ph.D.  
University of Texas at Austin and  
Cognitive Science Society

John R. Nofsinger, Ph.D.  
Washington State University

Robert Olsen, Ph.D. (Chair)  
Decision Research

Richard L. Peterson, M.D.  
MarketPsy Capital, LLC

Victor Ricciardi  
SSRN: Behavioral & Experimental Research

Angela Stanton, Ph.D.  
Claremont Graduate University and  
Max Planck Institute of Economics, Jena, Germany

Avanidhar Subrahmanyam, Ph.D.  
UCLA

**Advances in  
Behavioral Finance & Economics:  
The Journal of the Academy of  
Behavioral Finance**

**Library of Congress ISSN 1551-9570**

Copyright © 2011  
Academy of Behavioral Finance- ABF

No part of this issue or any material protected by this copyright notice may be reproduced or utilized in any form or by any means, electronic or mechanical, including photocopying, recording by any information storage and retrieval system, without written permission from the copyright owner. All rights of reproduction in any form reserved. Please direct your permission inquiries to [staff@aobf.org](mailto:staff@aobf.org)

## Table of Contents:

### Introduction

Investor Behavior and Economic Cycles: The Impact of Human Biases and Cognitive Limitations on Economic Booms and Busts Page 1

Beryl Y. Chang, Vernon Gerety

Metanoia and the Market Page 27

Philip Z. Maymin

Investor Type, Cognitive Governance and Performance in Young Entrepreneurial Ventures: A Conceptual Framework Page 42

Christophe Bonnet, Peter Wirtz

Microfinance Malaise: How Behavioral Economics Informs an Understanding of U.S. Microlending Page 63

Caroline Glackin

Prospect Theory and Gain-Framing: The Relationship between Cost Perception and Satisfaction Page 87

Joann Fredrickson

### Appendix

2011 Annual Meeting of the Academy of Behavioral Finance & Economics

Academy of Behavioral Finance & Economics Groups on LinkedIn

Advances in Entrepreneurial Finance: With Applications from Behavioral Finance & Economics

2011 Annual Meeting of the Academy of Entrepreneurial Finance

**Introduction to Volume 1, Issue 1, Winter 2011**

Welcome to the inaugural issue of *Advances in Behavioral Finance & Economics*, the Journal of the Academy of Behavioral Finance & Economics. A new volume will be published each year in two or more issues.

The journal welcomes submissions in which human behavior plays some role in explaining how markets, companies, and the economy function. Interpret this broadly as is illustrated by the breadth of articles in this volume, which includes studies of microfinance, real estate, asset pricing, lottery jackpots, entrepreneurship, and more.

As the fields of behavioral finance and economics evolve, so have appropriate scholarly research methods. Some methods are adapted from fields like psychology that have a long history of examining behavior. Nevertheless, behavioral finance and economics scholars integrate those methods for investigating both individual behavior and its impacts on markets and the economy. All of these methods are welcome in this journal, including theory, traditional finance and economics' methods, experiments, meta-analysis, and surveys. In fact, the articles in this volume demonstrate these methods.

The papers in this first volume were presented at the Academy's annual academic conference in September, 2010 and then survived the review process. The first volume is being published in two issues.

John Nofsinger

Washington State University

Winter 2011