

The modern enterprise and the stock market : exploring the effects of uncertainty on the valuation and on the financing of innovation and intangibles

Citation for published version (APA):

Pacher, S. (2012). *The modern enterprise and the stock market : exploring the effects of uncertainty on the valuation and on the financing of innovation and intangibles*. [Doctoral Thesis, Maastricht University]. Datawyse / Universitaire Pers Maastricht. <https://doi.org/10.26481/dis.20121206sp>

Document status and date:

Published: 01/01/2012

DOI:

[10.26481/dis.20121206sp](https://doi.org/10.26481/dis.20121206sp)

Document Version:

Publisher's PDF, also known as Version of record

Please check the document version of this publication:

- A submitted manuscript is the version of the article upon submission and before peer-review. There can be important differences between the submitted version and the official published version of record. People interested in the research are advised to contact the author for the final version of the publication, or visit the DOI to the publisher's website.
- The final author version and the galley proof are versions of the publication after peer review.
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Propositions
Accompanying the doctoral dissertation

The Modern Enterprise and the Stock Market: Exploring the Effects of Uncertainty on the Valuation and Financing of Innovation and Intangibles

by
Sebastian Pacher

1. If we are to understand the workings of the economic system we must examine the meaning and significance of uncertainty and to this end some inquiry into the nature and function of knowledge itself is needed. (Knight, 1921/2006: 199)
2. In general there is a wide variety of ways in which existing technologies could be improved and there are several alternative paths toward achieving any of these. Almost always uncertainty about where the bets ought to be laid is accompanied by disagreement on this matter among experts. (Nelson, 1990: 195)
3. High quality patents decrease the dispersion in stock market participants' beliefs about innovation outcomes by reducing the likelihood of negative expectations. (Chapter 2)
4. Studies examining the effects of uncertainty on corporate investment should model R&D investments and physical investments separately. (Chapter 3)
5. Investor recognition increases a firm's ability to access external capital markets for R&D financing. (Chapter 3)
6. Exploratory R&D alliances are particularly valuable when firms face strong uncertainty, as the value of the information that these alliances convey to stock market participants increases with the volatility of fundamentals. (Chapter 4)
7. Investors' perceptions about the risk and returns associated with firms' alliance activities change in response to external shocks in the firms' environment. (Chapter 5)
8. Innovation requires financial commitment. However, as a financial institution, the fundamental role of the stock market is to provide liquidity, not commitment. (William Lazonick, 2006)
9. The average short run effect of new stock issues on R&D is positive. However, the long run equilibrium effect may still be negative, on average.
10. A negative abnormal return need not imply that the market takes a dim view of fundamentals. Instead, it might simply reflect the market's discomfort in the face of an upcoming period of hard-to-interpret information. (Epstein and Schneider, 2008: 199)
11. It is always hazardous to try to recast a finished piece of scholarship, notwithstanding its faults. Like amateur interference with clockwork mechanisms, the bits all too often resist reassembly. (Evans, 2006)
12. In a world devoted to the satisfaction of private wants, the good life can be at best a marginal concern, an affair of eccentrics and enthusiasts. Its adherents are liable to be plagued by the thought that they are not 'up to' the pressures of competition, that their ideals are a mere mask of failure. Thus, although it is true that a liberal society permits any number of visions of the good life, it is by the same token hospitable to none of them. (Skidelsky and Skidelsky, 2012: 93)