Kappa ratios and (higher-order) stochastic dominance

Original Article | Published: 21 June 2017

Volume 19, pages 245–253, (2017)   Cite this article

Risk Management

Aims and scope→

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 95 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

> **Store and/or access information on a device**

> **Personalised advertising and content, advertising and content measurement, audience research and services development**

Accept all cookies

Reject optional cookies

Manage preferences

Access this article

Log in via an institution →

Subscribe and save

✓ Springer+ Basic   €32.70 /Month

- Get 10 units per month
- Download Article/Chapter or eBook
- 1 Unit = 1 Article or 1 Chapter
- Cancel anytime

Subscribe now →

Notes

1. We note that there are other approaches to measure risk, see, for example, Bea (2009) and Kutan and Yaya (2016).

2. We denote risk-seeking SD for risk seekers as RSD while Levy (2015) denotes it as RSSD. Readers may refer to Li and Wong (1999), Wong and Li (1999), Wong (2007), Levy (2015), and Guo and Wong (2016) for more information.

References

Article   Google Scholar

Bea, R., I. Mitroff, D. Farber, H. Foster, and K.H. Roberts. 2009. A new approach to risk: The implications of E3. *Risk Management* 11 (1): 30–43.

Article   Google Scholar

Beedles, W.L. 1979. Return, dispersion and skewness: Synthesis and investment strategy. *Journal of Financial Research* 2: 71–80.

Article   Google Scholar

Brockett, P.L., and J.R. Garven. 1998. A reexamination of the relationship between preferences and moment orderings by rational risk-averse investors. *GENEVA*

Darsinos, T., and S. Satchell. 2004. Generalizing universal performance measures. *Risk* 17: 80–84.

Google Scholar

Fong, W.M., H.H. Lean, and W.K. Wong. 2008. Stochastic dominance and behavior towards risk: The market for internet stocks. *Journal of Economic Behavior and Organization* 68 (1): 194–208.

Article   Google Scholar

Fong, W.M., W.K. Wong, and H.H. Lean. 2005. International momentum strategies: A stochastic dominance. *Journal of Financial Markets* 8: 89–109.

Article   Google Scholar

Guo, X., and Wong, W.K. 2017. The preferences of omega ratio for risk averters and risk seekers. Social Science Research Network Working Paper Series 2938547.

Hammond, J.S. 1974. Simplifying the choice between uncertain prospects where preference is nonlinear. *Management Science* 20 (7): 1047–1072.

Article   Google Scholar

Hanoch, G., and H. Levy. 1969. The efficiency analysis of choices involving risk. *Review of Economic studies* 36: 335–346.

Article   Google Scholar

Leung, P.L., and W.K. Wong. 2008. On testing the equality of the multiple Sharpe Ratios, with application on the evaluation of iShares. *Journal of Risk* 10 (3): 1–16.

Article   Google Scholar

Levy, H. 1969. A utility function depending on the first three moments. *Journal of Finance* 24 (4): 715–719.

Article   Google Scholar

Levy, H. 2015. *Stochastic dominance: Investment decision making under uncertainty,* 3rd ed. New York: Springer.

Google Scholar

Niu, C.Z., W.K. Wong, and L.X. Zhu. 2016. *First stochastic dominance and risk measurement; MPRA Paper 75027*. Germany: University Library of Munich.

Google Scholar

Ogryczak, W., and R. Ruszczyński. 1999. From stochastic dominance to mean-risk models: Semideviations as risk measures. *European Journal of Operational Research* 116: 33–50.

Article   Google Scholar

Ogryczak, W., and A. Ruszczyński. 2001. On consistency of stochastic dominance and mean-semideviation models. *Mathematical Programming* 89: 217–232.

Article   Google Scholar

Sortino, F.A., and R. van der Meer. 1991. Downside risk. *Journal of Portfolio Management* 17: 27–31.

Sriboonchitta, S., W.K. Wong, S. Dhompongsa, and H.T. Nguyen. 2009. *Stochastic dominance and applications to finance.*, Risk and economics Boca Raton: Chapman and Hall/CRC, Taylor and Francis Group.

Stoyan, D., and D.J. Daley. 1983. *Comparison methods for queues and other*

Theory 37: 119–146.

Article   Google Scholar

Acknowledgements

School of Business, Ningbo University, Ningbo, China

Qunfang Xu

Department of Finance, College of Management, Asia University, 500, Lioufeng Rd., Wufeng, Taichung, Taiwan

Wing-Keung Wong

Corresponding author

Correspondence to [Wing-Keung Wong](#).

Rights and permissions

[Reprints and permissions](#)

Your privacy, your choice

We use essential cookies to make sure the site can function. We, and our 95 **partners**, also use optional cookies and similar technologies for advertising, personalisation of content, usage analysis, and social media.

By accepting optional cookies, you consent to allowing us and our partners to store and access personal data on your device, such as browsing behaviour and unique identifiers. Some third parties are outside of the European Economic Area, with varying standards of data protection. See our **privacy policy** for more information on the use of your personal data. Your consent choices apply to springer.com and applicable subdomains.

You can find further information, and change your preferences via 'Manage preferences'. You can also change your preferences or withdraw consent at any time via 'Your privacy choices', found in the footer of every page.

We use cookies and similar technologies for the following purposes:

Store and/or access information on a device

Personalised advertising and content, advertising and content measurement, audience research and services development

Accept all cookies

Reject optional cookies

Manage preferences