

- A Field Experiment on Entrepreneurial Characteristics with respect to Uncertainty -

Abstract. The question whether entrepreneurs carry specific behavioral traits compared to non-entrepreneurs has triggered a long-standing debate in economics and organizational research. The question is not only of great academic interest, it also has implications for policies aimed at advancing entrepreneurial activity and thereby economic development and growth.

This paper scrutinizes real entrepreneurs' willingness to expose themselves to various types of uncertainties, namely standard risk, ambiguity, competition (the risk to loose in a competition) and trust (social risk). Earlier studies have addressed some, but never all dimensions of uncertainty at the same time. The paper takes an experimental and behavioral approach in which actual incentivized economic decisions are studied. The data comprises a stratified random sample of 700 entrepreneurs (operating manufacturing firms located in seven cities in the Yangzi delta region), whose behavior is compared to a randomly selected control group of 200 non-entrepreneurs. The results indicate that entrepreneurs are significantly more trusting than the control group, but also significantly less willing to take risk when a certain alternative is available. These results signify the importance of distinguishing between different dimensions of uncertainty when different groups are compared.