

ONLINE APPENDICES

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Appendix A. Literature Overview

| | Focus Group (FG) | Comparison Group (CG) | Definition Focus Group | Definition Comparison Group | Region | Method | Type of survey questions | Sampling | Takes losses into account | MPL | Incentivized | FG more prone to accept uncertainty than CG |
|--------------------|--|--|--|---|---------------|--------|---------------------------------|----------|---------------------------|-----|--------------|---|
| Risk | | | | | | | | | | | | |
| Brockhaus (1980) | Start-up entrepreneur (n = 31) | Business managers (n = 62) | Major owner and manager of a business venture | Business managers | United States | S | Hypothetical risk-taking | R | No | No | No | No |
| Hull et al. (1980) | Owner-managers (n = 57) | Business school alumni (n = 250) | A person who organizes and manages a business undertaking | Business school alumni | United States | S | Personality inventory questions | NR | No | No | No | Yes |
| Caird (1991) | Owner-managers (n = 73) | Professional groups (n = 189) | Innovative business owner-manager who takes calculated risks | Teachers, nurses, civil servants, clerical trainees, lecturers and trainers | United States | S | Not available | NR | No | No | No | Yes |
| Begley (1995) | Firm founders (n = 114) | Business Managers (n = 114) | Founder, running a young company or desiring to run a high-growth company | Business managers | United States | S | Hypothetical risk-taking | NR | No | No | No | Yes |
| Koh (1996) | Entrepreneurially inclined MBA students (n = 22) | Not-entrepreneurially inclined MBA students (n = 32) | Characteristics: need for achievement locus of control, propensity to take risk, tolerance of ambiguity self-confidence and innovativeness | Do not have characteristics of focus group | United States | S | Hypothetical risk-taking | NR | No | No | No | Yes |

Notes. FG, focus group; CG, comparison group; S, survey; E, experiment; R, random; NR, nonrandom; MPL, Multiple Price List.

Appendix A. Literature Overview (cont'd)

| | Focus Group (FG) | Comparison Group (CG) | Definition Focus Group | Definition Comparison Group | Region | Method | Type of survey questions | Sampling | Takes losses into account | MPL | Incentivized | FG more prone to accept uncertainty than CG |
|-----------------------------|--|---|--|---|---------------|--------|-------------------------------|---------------|---------------------------|-----|--------------|---|
| Risk | | | | | | | | | | | | |
| Sarasvathy (1998) | Entrepreneurs participating in education program (n = 4) | Bankers participating in same education program (n = 4) | Founders of companies participating in education program | Bankers participating in same education program | United States | S | Hypothetical risk-taking | NR | No | No | No | Yes |
| Stewart et al. (1999) | Entrepreneurs (n = 428) | Corporate Managers (n = 239) | Small business owner | Corporate Managers | United States | S | Bipolar questions | NR | No | No | No | Yes |
| Van Praag and Cramer (2001) | Currently or ever self-employed (n = 258) | Never self-employed before (n = 1,505) | Individuals who start a new business or purchase an existing one | Never self-employed before | Netherlands | S | Interviews | R | No | No | No | Yes |
| Uusitalo (2001) | Self-employed (n = 428) | Not self-employed (n = 428) | Self-employment | Not self-employed | Finland | S | Ability and personality tests | R | No | No | No | Yes |
| Cramer et al. (2002) | Self-employed at some point in time (n = 330) | Never self-employed (n = 1,567) | Self-employment | Never self-employed | Netherlands | S | Hypothetical risk-taking | R | No | No | No | Yes |
| Elston et al. (2006) | Full-time Entrepreneurs (n = 42) | Full-time Entrepreneurs (n = 38) | Entrepreneurship as sole business focus and no additional source of income | Report an entrepreneurial venture and additional full-time jobs | United States | E | - | NR | No | No | Yes | No |
| Djankov et al. (2006) | Entrepreneurs (n = 414) | Non-entrepreneurs (n = 561) | Owner or co-owner of a business with ≥ 5 employees | Not a owner or co-owner of a business with ≥ 5 employees | China | S | Hypothetical risk-taking | Stratified RS | No | No | No | Yes |

Notes. FG, focus group; CG, comparison group; S, survey; E, experiment; R, random; NR, nonrandom; MPL, Multiple Price List.

Appendix A. Literature Overview (cont'd)

| | Focus Group (FG) | Comparison Group (CG) | Definition Focus Group | Definition Comparison Group | Region | Method | Type of survey questions | Sampling | Takes losses into account | MPL | Incentivized | FG more prone to accept uncertainty than CG | |
|-------------|-------------------------------|---|---|---|---|--|--------------------------|--------------------------|---------------------------|-----|--------------|---|-----|
| Risk | | | | | | | | | | | | | |
| | Djankov et al. (2007) | Entrepreneurs (n = 400) | Non-entrepreneurs (n = 550) | Owner / manager of a business with ≥ 6 employees | Not owner / manager of a business with ≥ 6 employees | Russia | S | Hypothetical risk-taking | Stratified RS | No | No | No | No |
| | Macko and Tyska (2009) | Entrepreneurs (n = 40) | Students (n = 86) | Business owner | Students | Poland | E | - | NR | No | No | Yes | No |
| | Caliendo et al. (2010) | Individuals who transfer into self-employment (n = 147) | Individuals who remain employed (n = 8,561) | Self-employed | Individuals who remain employed | Germany | S | Hypothetical risk-taking | RS | No | No | No | Yes |
| 4 | Sandri et al. (2010) | Entrepreneurs (n = 15) | Students (n = 84) | Founders of privately held firms | Students | Germany | E | - | NR | Yes | Yes | Yes | No |
| | List and Mason (2011) | Entrepreneurs (n = 29) | Students (n = 101) | CEO | Students | Costa Rica | E | - | NR | No | No | Yes | No |
| | Burmeister-Lamp et al. (2012) | Entrepreneurs (n = 25) | Students (n = 29) | Individuals who start a new business | Students | Germany | E | - | NR | Yes | No | No | No |
| | Graham et al. (2013) | US CEOs (n = 1,017) | Non-US executives and CFOs (n = 1,276) | US CEOs | Non-US executives and CFOs | United States and other parts of the world | S | Hypothetical risk-taking | NR | Yes | No | No | Yes |
| | Holm et al. (2013) | Entrepreneurs (n = 700) | Population at large (n = 200) | Owner/founder of a firm | Population at large | China | E | - | R | No | Yes | Yes | No |

Notes. FG, focus group; CG, comparison group; S, survey; E, experiment; R, random; NR, nonrandom; MPL, Multiple Price List.

Appendix A. Literature Overview (cont'd)

| | Focus Group (FG) | Comparison Group (CG) | Definition Focus Group | Definition Comparison Group | Region | Method | Type of survey questions | Sampling | Takes losses into account | MPL | Incentivized | FG more prone to accept uncertainty than CG |
|------------------------|--|--|--|--|--|--------|--------------------------|----------|---------------------------|-----|--------------|---|
| Loss | | | | | | | | | | | | |
| Gächter et al. (2010) | Entrepreneurs of large German car manufacturers (n = 65) | Managers of large German car manufacturers (n = 147) | - | - | Austria, Germany and Switzerland | E | | R | Yes | Yes | Yes | n/a |
| Graham et al. (2013) | US CEOs (n = 1,017) | Non-US executives and CFOs (n = 1,276) | US CEOs | Non-US executives and CFOs | United States and other parts of the world | S | Hypothetical risk-taking | NR | Yes | No | No | Yes |
| Ambiguity | | | | | | | | | | | | |
| Schere (1982) | Firm founders (n = 52) | Managers (n = 65) | Firm founders | Managers | United States | S | Statements | NR | No | No | No | Yes |
| Koh (1996) | Entrepreneurially inclined MBA students (n = 22) | Not-entrepreneurially inclined MBA students (n = 32) | Characteristics: need for achievement, locus of control, propensity to take risk, tolerance of ambiguity, self-confidence and innovativeness | Do not have characteristics of focus group | United States | S | Hypothetical risk-taking | NR | No | No | No | Yes |
| Macko and Tyska (2009) | Entrepreneurs (n = 40) | Students (n = 86) | Business owner | Students | Poland | E | - | NR | No | No | No | Yes |
| Holm et al. (2013) | Entrepreneurs (n = 700) | Population at large (n = 200) | Owner/founder of a firm | Population at large | China | E | - | R | No | No | No | No |

Notes. FG, focus group; CG, comparison group; S, survey; E, experiment; R, random; NR, nonrandom; MPL, Multiple Price List.

Appendix B. Example Survey Cover Letter (translated)

Dear relation of ACE,

Since its establishment in 2006, the Amsterdam Center for Entrepreneurship (ACE) has been conducting high-quality research in the field of entrepreneurship. We aim to continue this ambition into the future.

That's why we have initiated a new large-scale study in collaboration with Synpact and VNO-NCW De Baak, which explores differences in decision-making between entrepreneurs, managers and employees. We would greatly appreciate it if you would be willing to participate in our new unique study, which includes making choices that have real financial consequences. While your participation will predominantly be an important contribution to science, the results of this research will also be used to develop training material for entrepreneurs, managers and employees.

Our questionnaire is online and will take no longer than 20 minutes of your time. Depending on your decisions and luck, you can win an amount up to €675 if you are selected as a prize winner. To avoid any conflicts of interest, a civil-law notary will monitor the drawing of the prize winners, and will make sure that the draw obliges with all legal requirements.

We are very enthusiastic about the value of such insights and we strongly believe that the study outcomes can also be beneficial for you. We will therefore offer interested respondents the opportunity to receive a free individual report containing the main results of this study. However, for this report to be really valuable we need the participation of many people. That is, we need you.

We look forward to hearing from you. To participate please click on the link below:

https://uvafeb.qualtrics.com/SE/?SID=SV_2mnigp2XTFh3xXL

Can we kindly request you to finalize the survey before October 16th? Since VNO-NCW De Baak, Synpact and ACE are jointly sending out this survey, it might be that cross-postings will occur. Our sincere apologies for this in advance. We only require your participation once.

Appendix C. Risk -, Loss -, and Ambiguity Aversion Within Entrepreneurs ($n = 910$)

| Dep. variable: | (1) Risk Aversion | (2) Risk Aversion | (3) Loss Aversion | (4) Ambiguity Aversion |
|--|-------------------------|-------------------------|-------------------------|------------------------------|
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) |
| i) Incorporated ($n = 446$) | -0.187*** [-2.70] | -0.116* [-1.66] | -0.067 [-0.95] | 0.118 [1.59] |
| ii) Above median no. of employees ($n = 401$) | -0.169** [-2.39] | -0.005 [-0.07] | -0.001 [-0.02] | 0.097 [1.28] |
| iii) Above median ent. income ($n = 377$) | -0.207*** [-2.86] | -0.035 [-0.51] | -0.003 [-0.04] | -0.052 [-0.71] |
| iv) Founder ($n = 757$) | -0.061 [-0.72] | -0.050 [-0.59] | -0.113 [-1.33] | -0.137 [-1.41] |
| v) In survival phase (firm age ≤ 5 years, $n = 347$) | -0.014 [-0.18] | 0.026 [0.32] | 0.039 [0.48] | -0.162* [-1.87] |
| Control variables | YES | YES | YES | YES |

This table reports risk -, loss -, and ambiguity aversion differences within entrepreneurs, including all controls but without income (which is another proxy for success). Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix D1. Risk -, Loss -, and Ambiguity Aversion of Entrepreneurs vs. Others

| | (1a) | (1b) | (2a) | (2b) | (3a) | (3b) |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|--------------------|-------------------|
| Dep. variable: | Risk | Risk | Loss | Loss | Ambiguity | Ambiguity |
| | Aversion | Aversion | Aversion | Aversion | Aversion | Aversion |
| Survey (S) or Experimental (E) | (E) | (E) | (E) | (E) | (E) | (E) |
| Entrepreneur | -0.191*** [-4.23] | -0.161*** [-2.90] | -0.168*** [-3.70] | -0.199*** [-3.61] | 0.063 [1.34] | -0.003 [-0.05] |
| Age | -0.025* [-1.82] | -0.034** [-2.14] | -0.015 [-1.12] | -0.009 [-0.58] | 0.008 [0.64] | 0.012 [0.79] |
| Age ² / 100 | 0.028* [1.83] | 0.036** [2.08] | 0.017 [1.13] | 0.012 [0.71] | -0.013 [-0.89] | -0.016 [-1.00] |
| Female | 0.058 [1.23] | 0.014 [0.26] | 0.074 [1.62] | 0.038 [0.69] | -0.018 [-0.37] | -0.014 [-0.26] |
| Education | | 0.022 [0.70] | | 0.030 [0.93] | | 0.035 [1.08] |
| Experience | | 0.003 [1.05] | | -0.001 [-0.20] | | -0.004 [-1.25] |
| Ln(income) | | -0.025 [-0.78] | | -0.070** [-2.15] | | 0.053 [1.56] |
| constant | 2.401*** [8.19] | 2.830*** [6.57] | 1.549*** [5.67] | 2.123*** [5.06] | 0.977*** [3.44] | 0.329 [0.75] |
| Obs. | 2,288 | 1,805 | 2,288 | 1,805 | 2,288 | 1,805 |
| Log lik. | -5,055.4 | -3,970.4 | -4,920.8 | -3,865.8 | -4,919.7 | -3,841.1 |

This table reports risk -, loss -, and ambiguity aversion of entrepreneurs and others (managers and employees combined), including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix D2. Risk -, Loss -, and Ambiguity Aversion of Entrepreneurs and Managers in Firms ≤ 15 yrs

| | (1) | (2) | (3) | (4) |
|--------------------------------|----------------------|----------------------|----------------------|-------------------|
| Dep. variable: | Risk | Risk | Loss | Ambiguity |
| Survey (S) or Experimental (E) | Aversion | Aversion | Aversion | Aversion |
| | (S) | (E) | (E) | (E) |
| Entrepreneur ($n = 641$) | -0.686*** [-8.21] | -0.315*** [-3.98] | -0.212*** [-2.66] | -0.010 [-0.12] |
| Manager ($n = 81$) | -0.230** [-2.09] | -0.195 [-1.63] | 0.055 [0.44] | -0.186 [-1.46] |
| Age | 0.038** [1.99] | -0.018 [-1.02] | 0.014 [0.77] | 0.005 [0.28] |
| Age ² / 100 | 0.028 [1.38] | 0.023 [1.15] | -0.018 [-0.87] | -0.008 [-0.42] |
| Female | 0.148** [2.45] | 0.001 [0.02] | 0.033 [0.53] | -0.028 [-0.44] |
| Education | 0.081** [2.04] | -0.006 [-0.15] | 0.068* [1.85] | 0.011 [0.30] |
| Experience | 0.004 [1.17] | -0.003 [-0.67] | 0.001 [0.22] | -0.005 [-1.18] |
| Ln(income) | -0.104** [-2.50] | 0.028 [0.70] | -0.079** [-2.05] | 0.053 [1.29] |
| constant | -2.327*** [-4.24] | -2.104*** [-4.11] | -1.728*** [-3.39] | -0.516 [-0.97] |
| Obs. | 1,342 | 1,342 | 1,342 | 1,342 |
| Log lik. | -2,509.4 | -2,958.9 | -2,890.6 | -2,881.5 |
| ENT = MAN ¹ | < 0.01*** | 0.30 | 0.03** | 0.15 |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table reports risk -, loss -, and ambiguity aversion of entrepreneurs and managers in firms ≤ 15 years, and employees, including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix D3. Risk -, Loss -, and Ambiguity Aversion of Entrepreneurs and Managers in Firms ≤ 25 FTE

| | (1) | (2) | (3) | (4) |
|--------------------------------|----------------------|----------------------|----------------------|-------------------|
| Dep. variable: | Risk | Risk | Loss | Ambiguity |
| | Aversion | Aversion | Aversion | Aversion |
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) |
| Entrepreneur ($n = 808$) | -0.633*** [-8.69] | -0.283*** [-3.86] | -0.159** [-2.23] | 0.001 [0.00] |
| Manager ($n = 53$) | -0.134 [-0.89] | -0.243* [-1.69] | 0.126 [0.90] | 0.316** [2.00] |
| Age | 0.037** [2.20] | -0.024 [-1.38] | -0.006 [-0.38] | 0.023 [1.40] |
| Age ² / 100 | -0.027 [-1.47] | 0.028 [1.47] | 0.005 [0.27] | -0.028 [-1.55] |
| Female | 0.144** [2.44] | -0.011 [-0.18] | 0.028 [0.46] | -0.015 [-0.25] |
| Education | 0.075** [2.09] | -0.001 [-0.00] | 0.059* [1.65] | 0.033 [0.91] |
| Experience | -0.003 [-0.98] | -0.001 [-0.18] | 0.003 [0.76] | -0.005 [-1.31] |
| Ln(income) | -0.106*** [-2.65] | 0.017 [0.45] | -0.065* [-1.70] | 0.025 [0.65] |
| constant | -2.357*** [-4.56] | -2.295*** [-4.67] | -1.974*** [-4.06] | -0.323 [-0.64] |
| Obs. | 1,434 | 1,434 | 1,434 | 1,434 |
| Log lik. | -2,689.2 | -3,156.0 | -3,084.8 | -3,061.3 |
| ENT = MAN ¹ | < 0.01*** | 0.77 | 0.04** | 0.04** |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table reports risk -, loss -, and ambiguity aversion of entrepreneurs and managers in firms ≤ 25 FTEs, and employees, including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix E1. Cross-Occupational Experience of Entrepreneurs, Managers and Employees

| | Entrepreneurs (<i>n</i> = 910) | Managers (<i>n</i> = 397) | Employees (<i>n</i> = 981) |
|--|------------------------------------|-------------------------------|--------------------------------|
| % with Managerial Experience in the past | 70.7 | - | - |
| Level of past Managerial Experience (scale: 1-5) | 1.72 | - | - |
| % that is also Employee now | 9.0 | - | - |
| % that is also Entrepreneur now | - | 16.9 | 10.1 |
| Level of current entrepreneurial experience (scale: 1-8) | - | 1.81 | 1.33 |
| % with entrepreneurial experience in the past | - | 12.1 | 8.9 |
| Level of past entrepreneurial experience (scale: 1-8) | - | 2.33 | 1.71 |

The ‘level of managerial experience’ is measured based on a question about the number of directly reporting subordinates when and if entrepreneurs were managers beforehand. The answering categories that we coded 1 to 5, respectively, are: 2-5 // 6-10 // 11-25 // 26-50 // More than 50. The ‘level of entrepreneurial experience’ measure is based on the categorized answers to managers and employees how many fulltime equivalent people they employed when they were entrepreneurs. This question was posed only to those who had been entrepreneurs in the past. Answer categories were: 0 // 1-4 // 5-10 // 11-25 // 26-100 // 101-250 // 251-1,000 // More than 1,000 employees. The first answer (0) corresponds with a value of 1, the second answer (1-4) with a value of 2, and so on.

Appendix E2. Cross-Occupational Experience and Risk -, Loss -, and Ambiguity Aversion

| | (1) | (2) | (3) |
|--|----------------------|----------------------|--------------------|
| Dep. variable: | Risk | Loss | Ambiguity |
| Survey (S) or Experimental (E) | Aversion | Aversion | Aversion |
| | (E) | (E) | (E) |
| Entrepreneur | -0.351*** [-4.30] | -0.257*** [-3.27] | 0.062 [0.75] |
| Entrepreneur x Also employee | 0.198 [1.64] | -0.165 [-1.25] | 0.021 [0.15] |
| Entrepreneur x Level of past mgmt experience | 0.032 [1.24] | 0.036 [1.36] | -0.053* [-1.80] |
| Manager | -0.264*** [-3.16] | -0.008 [-0.10] | -0.031 [-0.34] |
| Manager x Also entrepreneur | 0.068 [0.47] | -0.056 [-0.45] | 0.060 [0.42] |
| Manager x Level of past ent. experience | 0.004 [0.08] | -0.017 [-0.37] | 0.074 [1.22] |
| Employee x Also entrepreneur | -0.127 [-1.09] | -0.126 [-1.25] | -0.092 [-0.81] |
| Employee x Level of past ent. experience | 0.005 [0.21] | 0.011 [0.37] | -0.044 [-1.53] |
| Control variables | YES | YES | YES |
| Obs. | 1,805 | 1,805 | 1,805 |
| Log lik. | -3,967.6 | -3,863.3 | -3,837.4 |
| ENT = MAN ¹ | 0.31 | < 0.01*** | 0.33 |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table reports risk -, loss -, and ambiguity aversion of entrepreneurs, managers and employees, including controls for cross-occupational experiences and interactions. Control variables are the same as in Table 5. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F1. Descriptive Statistics of the Measures of Risk Aversion and Loss Aversion (Second Experiment)

| <i>Panel A: Means</i> | Observations | Mean | Median | St. dev. | Minimum | Maximum |
|--------------------------------------|--------------|---------|--------|----------|---------|---------|
| Risk Aversion | | | | | | |
| - Survey measure ¹ | 1,931 | 3.40 | 3 | 1.70 | 0 | 10 |
| - Experimental measure (gain domain) | 1,931 | 5.60 | 6 | 2.43 | 0 | 10 |
| - Experimental measure (loss domain) | 1,931 | 3.81 | 4 | 2.20 | 0 | 10 |
| Loss Aversion | 1,931 | 3.30 | 4 | 2.21 | 0 | 8 |
| Lambda (λ) | 1,931 | 4.48 | 1.71 | 12.17 | 0.06 | 264 |
| Willingness to Accept (WTA) | 983 | € 10.22 | 9 | € 7.31 | 0 | 21 |
| Willingness to Pay (WTP) | 948 | € 5.54 | 5 | € 5.84 | 0 | 21 |

| <i>Panel B: Correlations</i> | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
|--------------------------------------|------------------|----------------------------|----------------------------|------------------|-------------------------|
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| Risk Aversion | | | | | |
| - Survey measure ¹ | - | | | | |
| - Experimental measure (gain domain) | 0.23 *** | - | | | |
| - Experimental measure (loss domain) | 0.08 *** | 0.09 *** | - | | |
| Loss Aversion | 0.24 *** | 0.28 *** | 0.17 *** | - | |
| Lambda (λ) | -0.04 | -0.21 *** | -0.33 *** | 0.20 *** | - |
| Willingness to Accept (WTA) | -0.05 ** | -0.04 | -0.05 ** | 0.03 | 0.00 |
| Willingness to Pay (WTP) | -0.06 *** | -0.04 | -0.01 | -0.04 ** | 0.05 ** |

¹ Reverse coded measure of “Willingness to take risks”

This table shows the descriptive statistics of the three measures of risk aversion and two measures of loss aversion. The survey measure of risk aversion is a reverse coded measure of the original self-reported willingness to take risks. In the reverse coded survey measure, 0 corresponds to the highest level of willingness to take risks and 10 the lowest. The experimental measures of risk aversion are both in the gain and loss domain equal to the number of safe decisions made in the 10 decisions, and ranges from 0 to 10. Hence, more risk averse participants have a higher score. Similarly, the loss aversion coefficient measures the number of safe decisions made in the loss aversion multiple price list (range: 0-8). Finally, the coefficient of lambda (λ) was computed applying the methodology outlined in Appendix F4. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***.

Appendix F2. Descriptives of Variables Used for Stricter Definitions (Second Experiment)

| | Entrepreneurs (<i>n</i> = 697) | | Managers (<i>n</i> = 265) | Employees (<i>n</i> = 969) |
|--|------------------------------------|---|-------------------------------|--------------------------------|
| <i>Panel A: Income</i> | | <i>Panel A: Income</i> | | |
| < €25,000 | 10% | < €25,000 | 2% | 31% |
| €25,001 - €50,000 | 25% | €25,001 - €50,000 | 13% | 53% |
| €50,001 - €75,000 | 23% | €50,001 - €75,000 | 29% | 14% |
| €75,001 - €125,000 | 21% | €75,001 - €125,000 | 40% | 2% |
| €125,001 - €200,000 | 12% | €125,001 - €200,000 | 10% | 0% |
| €200,001 - €300,000 | 5% | €200,001 - €300,000 | 3% | 0% |
| €300,001 - €400,000 | 1% | €300,001 - €400,000 | 3% | 0% |
| > €400,000 | 3% | > €400,000 | 0% | 0% |
| <i>Panel B: Entrepreneur characteristics</i> | | <i>Panel B: Manager characteristics</i> | | |
| Founder | 82% | CEO | 16% | - |
| Business taken over | 18% | General Manager | 62% | - |
| Joined the firm within 5 yrs | 0% | Project Manager | 22% | - |
| <i>Panel C: Firm age and legal structure</i> | | <i>Panel C: Firm age and size</i> | | |
| Start-up phase (0 - 3 yrs) | 20% | Firm age ≤ 5 yrs | 4% | 6% |
| Survival phase (0 - 5 yrs) | 38% | Firm age 6 - 50 yrs | 49% | 55% |
| | | Firm age > 50 yrs | 47% | 39% |
| Incorporated | 44% | Firm size ≤ 25 FTE | 11% | 12% |
| Sole proprietorship | 44% | Firm size 26 - 1000 FTE | 50% | 48% |
| Other | 12% | Firm size > 1000 FTE | 39% | 40% |
| <i>Panel D: Firm size</i> | | <i>Panel D: Management level</i> | | |
| No. of FTE in own firm: | | Direct reports: | | |
| 0 | 18% | 2 - 5 | 38% | - |
| 1 | 29% | 6 - 10 | 29% | - |
| 2 - 5 | 23% | 11 - 25 | 22% | - |
| 6 - 10 | 10% | 26 - 50 | 8% | - |
| 11 - 25 | 11% | More than 50 | 3% | - |
| 26 - 50 | 4% | | | |
| 51 - 100 | 2% | | | |
| 101 - 500 | 3% | | | |
| More than 500 | 1% | | | |

Appendix F3. Background Characteristics of Entrepreneurs, Managers, and Employees (Second Experiment)

| | Entrepreneurs (<i>n</i> = 697) | Managers (<i>n</i> = 265) | Employees (<i>n</i> = 969) |
|--|------------------------------------|-------------------------------|--------------------------------|
| Age | 49.11 ^{a,b} | 47.22 ^{b,c} | 43.88 ^{a,c} |
| Female (dummy) | 0.28 ^a | 0.32 ^c | 0.44 ^{a,c} |
| Education (highest degree): | d,e | e,f | d,f |
| - High School | 5% | 2% | 11% |
| - Lower intermediate vocational degree | 14% | 4% | 33% |
| - College education | 46% | 42% | 37% |
| - University education | 35% | 52% | 19% |

- a) Significant difference between entrepreneurs and employees at the 5% level (two-sample t-test)
- b) Significant difference between entrepreneurs and managers at the 5% level (two-sample t-test)
- c) Significant difference between managers and employees at the 5% level (two-sample t-test)
- d) Significant difference between entrepreneurs and employees at the 5% level (Kolmogorov-Smirnov test)
- e) Significant difference between entrepreneurs and managers at the 5% level (Kolmogorov-Smirnov test)
- f) Significant difference between managers and employees at the 5% level (Kolmogorov-Smirnov test)

Appendix F4. Raw Differences in Risk Aversion and Loss Aversion (Second Experiment)

| | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Willingness to Accept (WTA) | Willingness to Pay (WTP) | Lambda (λ) |
|---------------------------------------|---------------------|----------------------------|----------------------------|---------------------|-----------------------------------|--------------------------------|-------------------------|
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) | (E) | (E) |
| Correspondence with experiment one | exact | exact | - | times 50 | - | - | - |
| Entrepreneurs ($n = 697$) | 2.88 ^{a,b} | 5.16 ^a | 3.86 | 2.68 ^{a,b} | € 9.46 ^{a,b} | € 5.73 | 3.37 ^{a,b} |
| Managers ($n = 265$) | 3.33 ^{b,c} | 5.09 ^c | 3.97 | 3.51 ^b | € 11.56 ^b | € 6.21 | 5.36 ^b |
| Employees ($n = 969$) | 3.79 ^{a,c} | 6.07 ^{a,c} | 3.74 | 3.70 ^a | € 10.53 ^a | € 5.27 | 4.88 ^a |

a) Significant difference between entrepreneurs and employees at the 5% level (two-sample t-test)

b) Significant difference between entrepreneurs and managers at the 5% level (two-sample t-test)

c) Significant difference between managers and employees at the 5% level (two-sample t-test)

Explanation Of The Final Column In Appendix F4

In the main text we note that, by making parametric assumptions, the choices in the non-mixed and mixed domains can be used to obtain individual specific estimates of the extent of loss aversion. Here we elaborate on how these inferred values of loss aversion coefficient λ are calculated.

Using a common utility specification (cf. Köbberling and Wakker 2005), a respondent is indifferent between accepting and rejecting a lottery that gives a 50% chance of winning G and a 50% chance of losing L when (see equation (8) in Abdellaoui et al. 2008):

$$\delta^+ u(G) + \delta^- \lambda u(L) = u(0) = 0, \quad (1)$$

where δ^+ and δ^- represent probability weighting (of $p = \frac{1}{2}$) in the gain and loss domain, $u(G)$ and $u(L)$ utility curvature in the gain and loss domain, and $\lambda > 0$ the loss aversion coefficient. Careful elicitation methods have been developed that allow parameter-free elicitation of these different components (cf. Abdellaoui 2000, Abdellaoui et al. 2007, and Abdellaoui et al. 2008). Unfortunately, these methods are rather time consuming and as such unsuitable for our subject pool. But if one is willing to make the simplifying assumption that utility is linear for the moderate amounts of money involved,¹ we can use the three lottery choices to obtain an unconfounded measure of loss aversion. Note that for $u(x) = x$ the loss aversion parameter follows from:

$$\lambda = \frac{\delta^+}{\delta^-} \times \left[-\frac{G}{L} \right] \quad (2)$$

With linear utility, δ^+ follows from the certainty equivalent of the lottery in the gain domain (winning €300 with 50% chance). Similarly, δ^- follows from the point of indifference for the lottery in the loss domain (losing €300 with 50% chance). A weight δ^+ below one half then reflects risk aversion for gains, while δ^- below one half reflects risk loving for losses.

With the ratio $\frac{\delta^+}{\delta^-}$ inferred from the choices in the gain and loss domain and by using (2) above, loss aversion coefficient λ follows from the loss L that makes the respondent indifferent in the mixed domain (i.e.

¹Wakker and Deneffe (1996) and Rabin (2000) argue that for small to moderate amounts of money, utility is approximately linear. Studies that measure utility curvature under prospect theory therefore typically rely on prospects with considerable amounts of money (often in the order of magnitude of a couple of thousands euros), see e.g. Abdellaoui et al. (2007), Abdellaoui et al. (2008), and Booij and Van der Kuilen (2009).

indifferent between winning €300 with 50% chance and losing € L with 50% chance, versus getting 0 for sure). This yields an individual measure of loss aversion coefficient λ corrected for individual heterogeneity in probability weighting.

The observed differences across occupational groups (see the final column in Appendix F4) keep standing. The average loss aversion coefficient is somewhat higher than the ones typically observed in the literature. This is mainly due to the fact that for some subjects the correction for probability weighting $\frac{\delta^+}{\delta^-}$ takes an unrealistic high value. A better comparison is therefore given by the median values of λ reported in the main text (1.71 for entrepreneurs, 1.87 for managers and 1.82 for employees), which compare reasonably well with other findings in the literature (see e.g. the median value of 2.61 found in Abdellaoui et al. 2008, and of 2.25 in Tversky and Kahneman 1992).

Appendix F5. Risk Aversion and Loss Aversion of Entrepreneurs, Managers and Employees (Second Experiment)

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------------|----------------------|----------------------------|----------------------------|----------------------|-------------------------|
| Dep. variable: | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| Entrepreneur | -0.593*** [-7.51] | -0.392*** [-5.06] | 0.139* [1.80] | -0.282*** [-3.50] | -1.566* [-1.66] |
| Manager | -0.339*** [-3.56] | -0.400*** [-4.56] | 0.128 [1.47] | -0.046 [-0.54] | 0.209 [0.22] |
| Age | 0.009 [0.57] | 0.022 [1.43] | 0.022 [1.35] | 0.008 [0.47] | -0.197 [-0.95] |
| Age ² / 100 | -0.002 [-0.11] | -0.021 [-1.20] | -0.030* [-1.68] | -0.017 [-0.83] | 0.259 [1.11] |
| Female | 0.114** [1.97] | 0.0806 [1.35] | -0.182*** [-3.14] | 0.221*** [3.73] | 2.005*** [2.81] |
| Education | 0.073** [2.37] | 0.004 [0.11] | 0.092*** [2.78] | 0.080** [2.40] | -0.104 [-0.25] |
| Experience | 0.001 [0.24] | -0.005 [-1.42] | 0.004 [1.04] | 0.002 [0.58] | -0.026 [-0.65] |
| Ln(income) | -0.031 [-0.74] | -0.127*** [-3.31] | -0.063* [-1.65] | -0.084** [-2.17] | 0.023 [0.05] |
| constant | 2.124*** [3.96] | 2.824*** [5.83] | 1.369*** [2.82] | 1.736*** [3.31] | 7.875 [1.22] |
| Obs. | 1,492 | 1,492 | 1,492 | 1,492 | 1,492 |
| Log lik. | -2,690.1 | -3,138.5 | -3,128.4 | -2,988.9 | -5,915.0 |
| ENT=MAN ¹ | < 0.01*** | 0.91 | 0.89 | < 0.01*** | 0.08 * |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

The categorical variables 'education' and 'income' have been summarized into one variable instead of using a set of dummies. The education variable takes on the value 0 if the highest attained level is high school or lower, 1 if secondary education is obtained at a higher level, 2 if a participant has college education and 3 if the participant has a university degree. Income has been collapsed into one continuous variable of which the natural log has been taken, using the midpoints of the categories (and 1 million euro for the upper category). Experience measures the years of experience as entrepreneur, manager, and employee, respectively. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F6. Relationship between Subjective and Objective Measures (Second Experiment)

| | (1) | (2) |
|--------------------------------|--------------------|----------------------|
| Dep. variable: | Risk | Risk |
| | Aversion | Aversion |
| Survey (S) or Experimental (E) | (S) | (S) |
| Risk Aversion, gain (E) | 0.176*** [7.90] | 0.151*** [6.90] |
| Risk Aversion, loss (E) | 0.037 [1.63] | 0.050** [2.25] |
| Loss Aversion (E) | 0.178*** [7.79] | 0.144*** [6.28] |
| Entrepreneur | | -0.409*** [-8.73] |
| Manager | | -0.199*** [-2.90] |
| constant | < 0.001 [0.00] | 0.175*** [5.63] |
| Obs. | 1931 | 1931 |
| Log lik. | -2653.6 | -2618.1 |

This table reports the output of running the same regressions as in Table 6 in the main text. The only difference is that the variables are now *standardized* since the new loss aversion measure does not run from 0 to 10 (like all risk aversion measures), but from 0 to 8. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F7. Differences in Risk Attitude using Stricter Definitions (Second Experiment)

| Dep. variable: | (1) Risk Aversion | (2) Risk Aversion (gain) | (3) Risk Aversion (loss) | (4) Loss Aversion | (5) Lambda (λ) |
|--|----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|--------------------------------|
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| <i>Panel A: Subsets of Entrepreneurs, all Managers & Employees</i> | | | | | |
| i) Incorporated ($n = 306$) | -0.580 ^{a,b} [-5.36] | -0.429 ^a [-4.13] | 0.195 [1.88] | -0.870 ^{a,b} [-3.65] | -1.615 ^b [-1.27] |
| ii) Above median no. of employees ($n = 310$) | -0.619 ^{a,b} [-6.42] | -0.394 ^a [-4.15] | 0.217 ^a [2.30] | -0.596 ^{a,b} [-2.98] | -0.229 [-0.21] |
| iii) Above median ent. income ($n = 189$) | -0.495 ^{a,b} [-3.95] | -0.249 ^a [-2.20] | 0.150 [1.25] | -0.998 ^{a,b} [-3.62] | -1.344 ^b [-0.89] |
| iv) Founder ($n = 626$) | -0.618 ^{a,b} [-7.22] | -0.415 ^a [-5.03] | 0.005 [0.06] | -0.647 ^{a,b} [-3.53] | -0.001 [-0.00] |
| v) In survival phase (firm age ≤ 5 yrs, $n = 221$) | -0.518 ^{a,b} [-6.08] | -0.365 ^a [-4.46] | 0.133 [1.62] | -0.517 ^{a,b} [-3.62] | -1.236 [-0.75] |
| vi) Not in surv. phase (firm age > 5 yrs, $n = 476$) | -0.484 ^{a,b} [-5.51] | -0.357 ^a [-3.40] | 0.171 ^a [2.08] | -0.522 ^{a,b} [-2.70] | -1.780 ^b [-1.58] |
| β (Entrepreneur) in Appendix F5: | -0.593 ^{a,b} | -0.392 ^a | 0.139 | -0.282 ^{a,b} | -1.566 ^b |
| <i>Panel B: Subsets of Managers, all Entrepreneurs & Employees</i> | | | | | |
| vii) CEO or general manager ($n = 230$) | -0.344 ^{b,c} [-3.41] | -0.408 ^c [-4.40] | 0.060 [0.67] | -0.238 ^b [-1.10] | 0.090 ^b [0.27] |
| viii) CEO ($n = 46$) | -0.386 ^{b,c} [-2.16] | -0.485 ^c [-2.95] | 0.095 [0.57] | -0.216 [-1.31] | 0.477 [0.24] |
| ix) Above median no. of dir. reports ($n = 168$) | -0.350 ^{b,c} [-3.13] | -0.405 ^c [-4.18] | 0.071 [0.68] | -0.143 ^b [-0.59] | 1.634 ^b [1.50] |
| x) Above median man. income ($n = 183$) | -0.370 ^{b,c} [-3.09] | -0.466 ^c [-4.21] | 0.126 [1.22] | -0.053 ^b [-0.21] | 1.494 ^b [1.29] |
| xi) Manager in a firm that is > 15 yrs old ($n = 272$) | -0.343 ^{b,c} [-3.40] | -0.407 ^c [-4.51] | 0.077 [0.86] | -0.171 ^b [-0.79] | 0.527 ^b [0.61] |
| β (Manager) in Appendix F5: | -0.339 ^{b,c} | -0.400 ^c | 0.128 | -0.046 ^b | 0.209 ^b |
| <i>Panel C: Combinations of A&B</i> | | | | | |
| i) vs. viii); p-values Wald tests | 0.12 | 0.74 | 0.46 | 0.85 | 0.43 |
| ii) vs. ix); p-values Wald tests | 0.02 | 0.80 | 0.14 | 0.02 | 0.01 |
| iii) vs. x); p-values Wald tests | 0.09 | 0.47 | 0.63 | < 0.01 | 0.05 |
| Control variables | YES | YES | YES | YES | YES |
| a) Significant difference between (subset of) entrepreneurs and employees at the 5% level (Wald test) | | | | | |
| b) Significant difference between (subset of) entrepreneurs and (subset of) managers at the 5% level (Wald test) | | | | | |
| c) Significant difference between (subset of) managers and employees at the 5% level (Wald test) | | | | | |

Appendix F8. Risk and Loss Aversion Within Entrepreneurs ($n = 697$, Second Experiment)

| Dep. variable: | (1) Risk Aversion | (2) Risk Aversion (gain) | (3) Risk Aversion (loss) | (4) Loss Aversion |
|--|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) |
| i) Incorporated ($n = 306$) | 0.087 [1.04] | -0.145* [-1.77] | 0.175** [2.19] | -0.008 [-0.09] |
| ii) Above median no. of employees ($n = 310$) | 0.062 [0.08] | -0.093 [-1.16] | 0.068 [0.86] | -0.015 [-0.18] |
| iii) Above median ent. income ($n = 377$) | 0.025 [0.26] | -0.083 [-0.98] | 0.129 [1.44] | -0.110 [-1.19] |
| iv) Founder ($n = 626$) | -0.246** [-2.46] | 0.048 [0.46] | -0.191** [-2.04] | -0.138 [-1.41] |
| v) In survival phase (firm age ≤ 5 years, $n = 221$) | 0.022 [0.24] | -0.024 [-0.25] | -0.140 [-1.47] | -0.131 [-1.38] |
| Control variables | YES | YES | YES | YES |

This table is the equivalent of Appendix C and reports risk - and loss aversion differences within entrepreneurs, including all controls but without income (which is another proxy for success). Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F9. Risk Aversion and Loss Aversion of Entrepreneurs vs. Others (Second Experiment)

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------------|----------------------|----------------------------|----------------------------|----------------------|-------------------------|
| Dep. variable: | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
| Survey (S) or Experimental (E) | (E) | (E) | (E) | (E) | (E) |
| Entrepreneur | -0.435*** [-6.46] | -0.206*** [-3.23] | 0.080 [1.24] | -0.261*** [-3.83] | -1.662** [-1.99] |
| Age | 0.003 [0.17] | 0.015 [0.94] | 0.024 [1.50] | 0.008 [0.42] | -0.193 [-0.93] |
| Age ² / 100 | 0.001 [0.04] | -0.018 [-1.01] | -0.031* [-1.73] | -0.016 [-0.82] | 0.258 [1.10] |
| Female | 0.110* [1.91] | 0.076 [1.28] | -0.181*** [-3.12] | 0.221*** [3.72] | 2.007*** [2.83] |
| Education | 0.056* [1.81] | -0.016 [-0.47] | 0.098*** [2.99] | 0.078** [2.36] | -0.094 [-0.23] |
| Experience | 0.005 [1.62] | 0.001 [0.09] | 0.002 [0.60] | 0.003 [0.80] | -0.029 [-0.72] |
| Ln(income) | -0.089** [-2.34] | -0.195*** [-5.40] | -0.041 [-1.14] | -0.092*** [-2.59] | 0.059 [0.18] |
| constant | 2.841*** [5.66] | 3.662*** [7.93] | 1.093** [2.43] | 1.836*** [3.78] | 7.425 [1.37] |
| Obs. | 1,492 | 1,492 | 1,492 | 1,492 | 1,492 |
| Log lik. | -2,696.6 | -3,147.6 | -3,129.4 | -2,989.0 | -5,915.0 |

This table is the equivalent of Appendix D1 and reports risk - and loss aversion of entrepreneurs and others (managers and employees combined), including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F10. Risk Aversion and Loss Aversion of Entrepreneurs and Managers in Firms \leq 15 yrs (Second Experiment)

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------------|----------------------|----------------------------|----------------------------|----------------------|-------------------------|
| Dep. variable: | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| Entrepreneur ($n = 536$) | -0.632*** [-7.35] | -0.395*** [-4.69] | 0.164* [1.92] | -0.365*** [-4.15] | -1.679* [-1.66] |
| Manager ($n = 51$) | -0.363** [-2.17] | -0.268 [-1.61] | 0.203 [1.23] | 0.338*** [3.06] | 0.297 [0.16] |
| Age | 0.008 [0.46] | 0.015 [0.90] | 0.025 [1.48] | -0.005 [-0.27] | -0.233 [-1.14] |
| Age ² / 100 | 0.001 [0.04] | -0.014 [-0.76] | -0.035* [-1.85] | -0.001 [-0.05] | 0.003 [1.36] |
| Female | 0.151** [2.38] | 0.109 [1.64] | -0.216*** [-3.38] | 0.208*** [3.21] | 1.584** [2.17] |
| Education | 0.050 [1.47] | -0.005 [-0.15] | 0.090** [2.49] | 0.094*** [2.60] | -0.126 [-0.30] |
| Experience | 0.001 [0.00] | -0.004 [-0.96] | 0.006 [1.43] | 0.003 [0.69] | -0.029 [-0.64] |
| Ln(income) | -0.001 [-0.03] | -0.098** [-2.40] | -0.074* [-1.81] | -0.077* [-1.87] | -0.202 [-0.41] |
| constant | 1.888*** [3.30] | 2.592*** [5.11] | 1.381*** [2.71] | 1.915*** [3.46] | 10.97* [1.71] |
| Obs. | 1,196 | 1,196 | 1,196 | 1,196 | 1,196 |
| Log lik. | -2,153.4 | -2,519.5 | -2,535.2 | -2,380.2 | -4,637.2 |
| ENT = MAN ¹ | 0.10* | 0.43 | 0.81 | < 0.01*** | 0.28 |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table is the equivalent of Appendix D2 and reports risk - and loss aversion of entrepreneurs and managers in firms \leq 15 years, and employees, including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F11. Risk Aversion and Loss Aversion of Entrepreneurs and Managers in Firms ≤ 25 FTE (Second Experiment)

| | (1) | (2) | (3) | (4) | (5) |
|-----------------------------------|----------------------|----------------------------|----------------------------|----------------------|-------------------------|
| Dep. variable: | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| Entrepreneur ($n = 631$) | -0.636*** [-7.68] | -0.385*** [-4.82] | 0.160** [2.04] | -0.228*** [-2.74] | -1.480 [-1.60] |
| Manager ($n = 87$) | -0.162 [-1.21] | -0.375*** [-3.22] | 0.078 [0.65] | -0.031 [-0.27] | -0.048 [-0.03] |
| Age | 0.008 [0.50] | 0.019 [1.17] | 0.027 [1.59] | 0.003 [0.14] | -0.213 [-1.08] |
| Age ² / 100 | 0.000 [0.00] | -0.001 [-0.97] | -0.038** [-2.03] | -0.013 [-0.64] | 0.292 [1.33] |
| Female | 0.125** [2.03] | 0.096 [1.49] | -0.203*** [-3.24] | 0.209*** [3.32] | 1.604** [2.32] |
| Education | 0.068** [2.05] | -0.007 [-0.19] | 0.088** [2.55] | 0.087** [2.47] | -0.154 [-0.39] |
| Experience | 0.001 [0.17] | -0.004 [-1.16] | 0.006 [1.47] | 0.006 [1.45] | -0.024 [-0.55] |
| Ln(income) | -0.035 [-0.78] | -0.137*** [-3.33] | -0.063 [-1.55] | -0.095** [-2.27] | -0.239 [-0.50] |
| constant | 2.173*** [3.80] | 2.962*** [5.74] | 1.265** [2.51] | 1.950*** [3.55] | 10.88* [1.74] |
| Obs. | 1,288 | 1,288 | 1,288 | 1,288 | 1,288 |
| Log lik. | -2,317.0 | -2,696.0 | -2,713.5 | -2,580.8 | -4,965.8 |
| ENT = MAN ¹ | < 0.01*** | 0.93 | 0.49 | 0.09* | 0.31 |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table is the equivalent of Appendix D3 and reports risk - and loss aversion of entrepreneurs and managers in firms ≤ 25 FTEs, and employees, including controls. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

Appendix F12. Cross-Occupational Experience of Entrepreneurs, Managers and Employees

| | Entrepreneurs (<i>n</i> = 697) | Managers (<i>n</i> = 265) | Employees (<i>n</i> = 969) |
|--|------------------------------------|-------------------------------|--------------------------------|
| % with Managerial Experience in the past | 70.6 | - | - |
| Level of past Managerial Experience (scale: 1-5) | 2.48 | - | - |
| % that is also Employee now | 12.5 | - | - |
| % that is also Entrepreneur now | - | 11.7 | 7.8 |
| Level of current entrepreneurial experience (scale: 1-8) | - | 1.42 | 1.27 |
| % with entrepreneurial experience in the past | - | 22.2 | 8.2 |
| Level of past entrepreneurial experience (scale: 1-8) | - | 1.86 | 1.65 |

This table is the equivalent of Appendix E1. The ‘level of managerial experience’ is measured based on a question about the number of directly reporting subordinates when and if entrepreneurs were managers beforehand. The answering categories that we coded 1 to 5, respectively, are: 2-5 // 6-10 // 11-25 // 26-50 // More than 50. The ‘level of entrepreneurial experience’ measure is based on the categorized answers to managers and employees how many fulltime equivalent people they employed when they were entrepreneurs. This question was posed only to those who had been entrepreneurs in the past. Answer categories were: 0 // 1-4 // 5-10 // 11-25 // 26-100 // 101-250 // 251-1,000 // More than 1,000 employees. The first answer (0) corresponds with a value of 1, the second answer (1-4) with a value of 2, and so on.


Appendix F13. Cross-Occupational Experience and Risk Aversion and Loss Aversion (Second Experiment)

| | (1) | (2) | (3) | (4) | (5) |
|--|----------------------|----------------------------|----------------------------|---------------------|-------------------------|
| Dep. variable: | Risk Aversion | Risk Aversion (gain) | Risk Aversion (loss) | Loss Aversion | Lambda (λ) |
| Survey (S) or Experimental (E) | (S) | (E) | (E) | (E) | (E) |
| Entrepreneur | -0.589*** [-6.50] | -0.415*** [-4.79] | 0.207** [2.34] | -0.224** [-2.39] | -2.785*** [-2.69] |
| Entrepreneur x Also employee | -0.113 [-0.94] | 0.107 [0.80] | -0.286** [-1.97] | -0.0600 [-0.44] | 1.321 [0.80] |
| Entrepreneur x Level of past mgmt experience | -0.004 [-0.10] | 0.001 [0.03] | -0.038 [-1.19] | -0.046 [-1.26] | 0.919*** [2.78] |
| Manager | -0.330*** [-3.23] | -0.402*** [-4.21] | 0.113 [1.21] | -0.099 [-1.07] | -0.814 [-0.65] |
| Manager x Also entrepreneur | 0.239 [1.00] | -0.213 [-1.04] | 0.023 [0.12] | 0.365** [2.19] | 7.292*** [3.09] |
| Manager x Level of past ent. experience | -0.107 [-1.23] | 0.029 [0.68] | -0.033 [-0.52] | -0.035 [-0.66] | 1.589** [2.11] |
| Employee x Also entrepreneur | -0.798 [-1.61] | 0.042 [0.08] | 0.027 [0.05] | -0.510 [-1.03] | -1.922 [-0.32] |
| Employee x Level of past ent. experience | 0.383 [1.53] | -0.107 [-0.39] | -0.006 [-0.02] | 0.254 [0.96] | 1.015 [0.33] |
| Control variables | YES | YES | YES | YES | YES |
| Obs. | 1,492 | 1,492 | 1,492 | 1,492 | 1,492 |
| Log lik. | -2,687.0 | -3,137.5 | -3,124.7 | -2,953.3 | -5,789.7 |
| ENT = MAN ¹ | < 0.01*** | 0.89 | 0.35 | 0.24 | 0.10* |

¹ This reports the p-value of the Wald test 'Entrepreneur' = 'Manager'.

This table is the equivalent of Appendix E2 and reports risk - and loss aversion of entrepreneurs, managers and employees, including controls for cross-occupational experiences and interactions. Control variables are the same as in Table 5. Significance at the 10% level is denoted by *, 5% by **, and 1% by ***, with t-statistics reported in parentheses. Standard errors are robust.

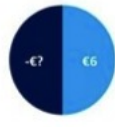
Appendix G. Screenshots of the Applied Methodologies and CDF Plots of All Measures

| | Option A | Option B |
|-------------|---|---------------|
| |  | € ? |
| Decision 1 | €300 with a probability of 50% | €25 for sure |
| Decision 2 | €300 with a probability of 50% | €50 for sure |
| Decision 3 | €300 with a probability of 50% | €75 for sure |
| Decision 4 | €300 with a probability of 50% | €100 for sure |
| Decision 5 | €300 with a probability of 50% | €125 for sure |
| Decision 6 | €300 with a probability of 50% | €150 for sure |
| Decision 7 | €300 with a probability of 50% | €175 for sure |
| Decision 8 | €300 with a probability of 50% | €200 for sure |
| Decision 9 | €300 with a probability of 50% | €225 for sure |
| Decision 10 | €300 with a probability of 50% | €250 for sure |

Looking at these 10 decisions, which of the answers below is most applicable to you?



Figure 1: Measure of Risk Aversion

| | Option A | Option B |
|-------------|---|--------------|
| |  | € 0 |
| Decision 1 | I lose €1 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 2 | I lose €2 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 3 | I lose €3 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 4 | I lose €4 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 5 | I lose €5 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 6 | I lose €6 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 7 | I lose €7 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 8 | I lose €8 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 9 | I lose €9 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |
| Decision 10 | I lose €10 with a probability of 50% I gain €6 with a probability of 50% | I receive €0 |

Looking at these 10 decisions, which of the answers below is most applicable to you?



Figure 2: Measure of Loss Aversion

| | Um A (100 balls) | Um B (100 balls) |
|-------------|---------------------|---------------------|
| | | |
| Decision 1 | €300 if it is red | €250 if it is red |
| Decision 2 | €300 if it is red | €275 if it is red |
| Decision 3 | €300 if it is red | €300 if it is red |
| Decision 4 | €300 if it is red | €325 if it is red |
| Decision 5 | €300 if it is red | €350 if it is red |
| Decision 6 | €300 if it is red | €375 if it is red |
| Decision 7 | €300 if it is red | €400 if it is red |
| Decision 8 | €300 if it is red | €425 if it is red |
| Decision 9 | €300 if it is red | €450 if it is red |
| Decision 10 | €300 if it is red | €475 if it is red |

Looking at these 10 decisions, which of the answers below is most applicable to you?



Figure 3: Measure of Ambiguity Aversion

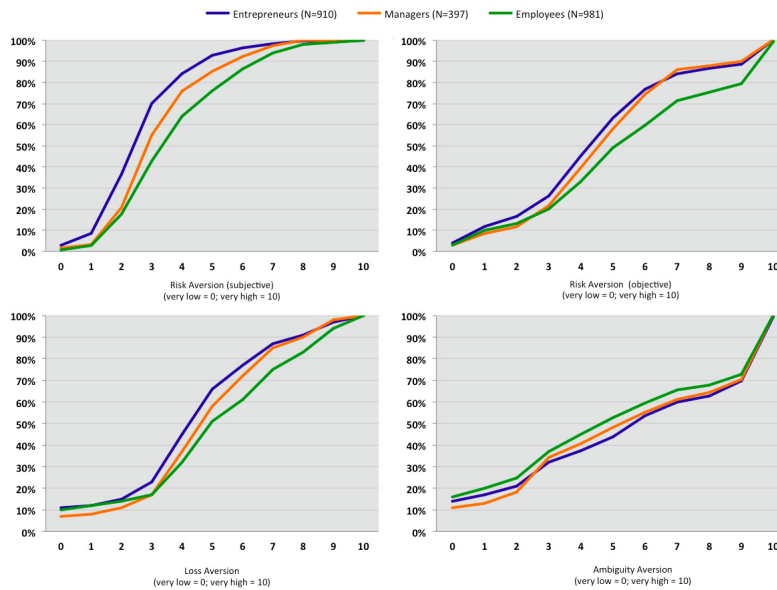




Figure 4: CDFs per Measure per Group

| | Option A | Option B |
|--------------------|---|-------------------------------|
| |  | € ? |
| Decision 1 | I keep the bread tray | I sell the bread tray for €0 |
| Decision 2 | I keep the bread tray | I sell the bread tray for €2 |
| Decision 3 | I keep the bread tray | I sell the bread tray for €4 |
| Decision 4 | I keep the bread tray | I sell the bread tray for €6 |
| Decision 5 | I keep the bread tray | I sell the bread tray for €8 |
| Decision 6 | I keep the bread tray | I sell the bread tray for €10 |
| Decision 7 | I keep the bread tray | I sell the bread tray for €12 |
| Decision 8 | I keep the bread tray | I sell the bread tray for €14 |
| Decision 9 | I keep the bread tray | I sell the bread tray for €16 |
| Decision 10 | I keep the bread tray | I sell the bread tray for €18 |
| Decision 11 | I keep the bread tray | I sell the bread tray for €20 |

In case you are on the 20 prize winners, we will randomly draw one of the decisions and implement your decision (i.e. either you will get the bread tray or the associated amount of money). N.B.: If your winning choice indicates that you wish to keep the bread tray, we will pay the shipping costs.

Please note: because we will randomly choose one decision, you cannot influence the actual selling price. Therefore it is in your own best interest to reveal your actual preferences.

Figure 5: Measure of Willingness to Accept (WTA)

| | Option A | Option B |
|--------------------|---|-----------------------------|
| |  | € ? |
| Decision 1 | I buy the bread tray for €0 | I do not buy the bread tray |
| Decision 2 | I buy the bread tray for €2 | I do not buy the bread tray |
| Decision 3 | I buy the bread tray for €4 | I do not buy the bread tray |
| Decision 4 | I buy the bread tray for €6 | I do not buy the bread tray |
| Decision 5 | I buy the bread tray for €8 | I do not buy the bread tray |
| Decision 6 | I buy the bread tray for €10 | I do not buy the bread tray |
| Decision 7 | I buy the bread tray for €12 | I do not buy the bread tray |
| Decision 8 | I buy the bread tray for €14 | I do not buy the bread tray |
| Decision 9 | I buy the bread tray for €16 | I do not buy the bread tray |
| Decision 10 | I buy the bread tray for €18 | I do not buy the bread tray |
| Decision 11 | I buy the bread tray for €20 | I do not buy the bread tray |

In case you are on the 20 prize winners, we will randomly draw one of the decisions and implement your decision (i.e. either you will buy the bread tray at the associated amount or you will not buy the bread tray). N.B.: If your winning choice indicates that you wish to buy the bread tray, we will pay the shipping costs.

Please note: because we will randomly choose one decision, you cannot influence the actual buying price. Therefore it is in your own best interest to reveal your actual preferences.

Figure 6: Measure of Willingness to Pay (WTP)