

Are entrepreneurs lone wolves? An experimental analysis of sorting into teams

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Abstract:

In this paper we aim to shed light on the role preferences play in founders' decision to start up alone rather than in a team. To this end, we conduct a large scale lab-in-the-field experiment analyzing endogenous team formation among entrepreneurs, managers and employees. In a setting where the team option entails potential efficiency gains we show that entrepreneurs are no less likely to choose team production than non-entrepreneurs. Any raw difference between occupational categories in opting for revenue sharing is attributable to demographic characteristics, and to a lesser extent to risk attitudes and confidence. In a second treatment, focusing on joint decision making we find no evidence for entrepreneurs being less inclined to share decision rights than employees or managers. These results bring into question the widely held belief that entrepreneurs are 'lone wolves' with exceptionally strong preferences for working individually rather than in teams.