

Abstract:

Do potential entrepreneurs exploit welfare-destroying opportunities as much as they exploit welfare-enhancing opportunities as it is assumed in several normative models? Do we need to prevent potential entrepreneurs from being destructive or are there intrinsic limits to harm others? We experimentally investigate how people with different entrepreneurial intent exploit risky investment opportunities that are associated with negative and positive externalities. We find that participants who consider entrepreneurship as a future occupation invest significantly less than others in destructive opportunities. Nevertheless, our results support prior evidence that the entrepreneurially talented invest more in destructive opportunities. The latter effect seems to be entrepreneurship-specific, because the investment behavior of the generally more talented does not differ from that of other participants. Taken together, our results suggest that people who are willing to exploit destructive opportunities do not only do this in private ventures, but also – and maybe even more so – in wage employment.

Highlights:

- ❖ We examine correlations between entrepreneurial attitudes, investment with externalities and other-regarding behavior.
- ❖ We consider investments causing positive, negative, and no externalities.
- ❖ Entrepreneurial self-efficacy correlates with more investment in general.
- ❖ Entrepreneurial intent correlates with less investment for negative externalities.