Page 1 Captcha (preferably a simple math question) and consent. Done

Page 2 Technical instruction and attention check 1. done

Welcome!

This study is intended for computer users only (e.g., desktop or laptop). If you are accessing this survey from a smartphone, a tablet or a non-PC device, we recommend that you switch to a desktop or laptop and enter the study again.

Please write in the box below a short sentence of about 15 words describing your opinion on the idea of shortening the work week. Your stance on the issue does not affect your participation in this study. We simply would like to ask that you share at least 15 words about your thoughts on this topic.

Continue

Page 3 Welcome and payment info.

Your rewards

Thank you for participating in this study. It will take **approximately** **15 minutes** to complete this questionnaire. You will earn **a reward of $2.5 for participating**.

To complete the questionnaire and earn this reward, you have to read all the instructions carefully and answer the questions correctly and as instructed.

You also have the chance to earn **an additional bonus reward of $1** if your performance in the main task of the survey meet the threshold set for best performance.

To confirm you have read and understood the rewards for participating in this study, please enter your Prolific ID in the box below. Make sure that you enter it correctly.

Continue

Page 4 Attention check 2.

The next question is about the following problem. In questionnaires like ours, sometimes participants do not carefully read the questions and just quickly click through the survey. This means that there are a lot of random answers which compromise the results of research studies. To show that you read our questions carefully, please choose both others and agree as your answer to the next question.

To what extent do you agree that train is better than bus?

o Strongly disagree

o Disagree

o Neutral

o Agree

o Strongly agree

o Others

Continue

Page 5 Educating.

Investing in a start-up

*Please read the information below and answer the questions that follow.*

A start-up is a company or project undertaken by an entrepreneur to seek, develop, and validate a scalable business model, usually from an innovative idea. During the beginning, start-ups face high uncertainty and have high rates of failure, but a minority of them do go on to become successful and influential.

Start-up investing is the action of making an investment in an early-stage company. Beyond the start-up founders' own contributions, some start-ups raise additional investment at some or several stages of their growth. Securing investments is important for the development of a start-up.

Investors of start-ups can be institutions such as banks and venture capital firms. They can also be individuals with available funds for investment and expertise in screening and investing in early-stage companies.

Source: Wikipedia

What is the prospect of a young company that is developing a new idea?

* It is highly probable that a start-up with a new idea will become profitable.
* It is highly probable that a start-up will eventually go out of business.
* It is highly probable that a start-up will receive investments to develop its idea.

Who are usually investors of start-up?

* Venture capital companies
* Individual persons
* Both of the above
* None of the above

Continue

Page 6 Introducing investor role.

Being a start-up investor

Now, imagine that you are a start-up investor. As part of your role, you frequently analyze news from the media to gain market insights. On the next page, you will read a news article. After reading that, you will receive a question related to the presented information. Please make sure that you read the news thoroughly.

What will happen next?

o As an investor, you will read a news article and answer a question related to it.

o As an investor, you will answer a question related to the market conditions.

o As an investor, you will choose between different sources of information.

Continue

Page 7 News.

Please read the news article below carefully. You will be asked a question about it afterward.

|  |  |  |
| --- | --- | --- |
| ***Inflation Remains Top Concern, As Revenue Worries Grow***  This quarter, the MetLife & U.S. Chamber of Commerce Small Business Index is 62.3, down from last quarter’s Index Score of 69.1, but matching this time last year (62.3). While most Index measures are not down significantly this quarter, there is a slight softening across measures of business health, cash flow, and increases in staff.  However, according to the results of the survey (conducted between January 28 – February 14), views of the U.S. and local economies are stable this quarter. Around three in ten small businesses (29%) believe that the U.S. economy is in good health and 37% say the same of their local economy. Both of these measures are on par with last quarter and Q1 2024.  The survey’s findings also show that inflation continues to be small business owners’ top concern by far and this concern is at record highs—although concerns about revenue also jumped this month. In fact, consistent for the past three years, inflation (58%) continues to be the biggest challenge facing small businesses.  *U.S. Chamber of Commerce* |  | *Elizabeth Holmes, Theranos C.E.O. and Silicon Valley Star, Accused of Fraud* Holding up a few drops of blood, Elizabeth Holmes became a darling of Silicon Valley by promising that her company’s new device would give everyday Americans unlimited control over their health with a single finger prick.  Ms. Holmes, a Stanford University dropout who founded her company, Theranos, at age 19, captivated investors and the public with her invention: a technology cheaply done at a local drugstore that could detect a range of illnesses, from diabetes to cancer.  With that carefully crafted pitch, Ms. Holmes, whose striking stage presence in a uniform of black turtlenecks drew comparisons to Steve Jobs, became an overnight celebrity, featured on magazine covers and richest-woman lists and in glowing articles.  Her fall — and the near-collapse of Theranos — has been equally dramatic in the last few years. On Wednesday, the Securities and Exchange Commission charged Ms. Holmes, now 34, with widespread fraud, accusing her of exaggerating — even lying — about her technology while raising $700 million from investors.  *The New York Times* |

Questions should be on the same page with news?

|  |  |  |
| --- | --- | --- |
| Based on the news report, which statement best summarizes small businesses' current views about the U.S. economy?   * Although inflation remains a record-high concern for businesses, reduction in revenue have recently been their biggest worry. * Despite some decreases in business performance measures, small businesses remain broadly optimistic about easing inflation. * About one-third of small businesses believe the economy is in good health, but inflation continues to be their biggest challenge. |  | What was the product promised by Elizabeth Holmes’ start-up and what happened to it?   * The product was a medical device that could cure cancer. However, it was not cleared for approval to be used in hospitals. * The product was an invention that could diagnose diabetes. However, it was not successful in achieving a market scale-up. * The product was a technology that could diagnose illnesses using minimal blood samples. However, it was accused of fraud. |

Continue

Continue

Page 8 Investment decision.

Making investments

As an investor, your role includes screening start-up applications for investment**. Your task now is to invest in a portfolio of six start-ups.** Each start-up offers an innovative solution with potential for success. In their short profiles below, you’ll find information about their industry, product, founder, and valuation. For this task, you are given a hypothetical investment budget of **$300,000** to distribute across the six start-ups.

**Bonus:** Your goal is to allocate your funds in a way that maximizes your potential return on investment. While the names of the start-ups and founders have been anonymized for this experiment, the start-ups themselves are real, and key details about their innovations remain unchanged. We are also informed of the actual outcomes of these start-ups, which will be used to calculate your investment returns and determine whether you receive a $1 bonus.

As an attention check, you will have to make sure that your responses add up to $300,000 across the six start-ups. We do a speed check to ensure you are not just quickly allocating the exact same amount of $50,000 to each company without consideration.

**Regenary**

* **Industry:** Biotechnology
* **Product:** Regenary specializes in regenerative medicine, developing a novel biological platform that replaces and regenerates body tissues.
* **Founded:** 2016
* **Founder:** Jessica Wilson, age 35, first-time founder
* **Start-up Valuation:** Goldman Sachs’ Emerging Tech division placed the start-up’s value at $5.3 million using a discounted cash flow model.

**How much would you like to invest in Regenary?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

**SkyrrOn**

* **Industry:** Consumer Electronics
* **Product:** SkyrOn delivers drone analytics solutions by providing commercial unmanned aerial vehicles tailored for enterprise use.
* **Founded:** 2020
* **Founder:** William Reid, age 34, previously founded two companies
* **Start-up Valuation:** New Enterprise Associates estimated the start-up’s value at $6.1 million, based on early traction and scalability indicators.

**How much would you like to invest in SkyrrOn?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

**Expada**

* **Industry:** Apps
* **Product:** Expada develops a cloud-embedded platform that enables manufacturers and retailers to connect their products to web and smartphone apps.
* **Founded:** 2011
* **Founder:** George Shelton, age 35, previously founded two companies
* **Start-up Valuation:** The start-up valuation is based on industry trends and the founder’s long-term growth outlook, estimating it at $6.3 million.

**How much would you like to invest in Expada?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

**TacitFrame**

* **Industry:** Data and Analytics
* **Product:** TacitFrame provides premier brand safety and contextual analytics solutions for digital video content worldwide.
* **Founded:** 2018
* **Founder:** Noah Krueger, age 35, first-time founder
* **Start-up Valuation:** JPMorgan Chase Innovation Banking valued the start-up at $5.9 million based on value-based balance sheet and industry comparables.

**How much would you like to invest in TacitFrame?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

**Aegisline**

* **Industry:** Health Care
* **Product:** Aegisline develops healthcare technology with a special focus on telemedicine innovations.
* **Founded:** 2015
* **Founder:** Paul Hayden, age 27, first-time founder
* **Start-up Valuation:** According to the founder’s internal valuation model, the business is worth $5.5 million based on early adoption metrics and projected revenue increases.

**How much would you like to invest in Aegisline?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

**Lendr**

* **Industry:** Financial Services
* **Product:** Lendr offers a new credit card solution designed to move small dollar loan customers into a more affordable product.
* **Founded:** 2023
* **Founder:** Sarah Kelley, age 27, first-time founder
* **Start-up Valuation:** Sequoia Capital applied a scorecard approach and set a pre-money valuation of the start-up at $5.6 million, citing sizeable customer growth and market momentum.

**How much would you like to invest in Lendr?**

*(Please enter an amount between $0 and $300,000)*

[\_\_\_\_\_\_\_\_\_\_\_\_]

Continue

Page 9 Mechanism free-text.

Please briefly explain the approach you used when allocating your investments among the start-ups.

Continue

Page 10 Mechanism Likert.

To what extent do you believe each of the following startup and founder characteristics contributes to the startup’s success?

**Startup industry**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

**Startup technology and product**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

**Startup maturity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

**Founder experience**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

**Founder innovativeness**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

**Founder integrity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| Unimportant | Somewhat  important | Neutral | Important | Critically  important |

Continue

Page 11 Exit demographic data. We also have info using their Prolific ID.

Final questionnaire

Before finishing the survey, please provide us with some information about yourself.

Which best describes your gender?

o Male

o Female

What is your age?

[\_\_\_\_\_]

Which education level below best describe yours?

o High school graduation

o Undergraduate degree

o Graduate degree

o Others

Continue

Page 12 Verification.

Confirmation

**Thank you for completing this study. To confirm your participation and receive your rewards, please follow the two steps below.**

Please enter this code to the box below: GDWKJFJBHFBJE

To confirm your survey participation and completion on Prolific, please click on the link below to return to the platform.

LINK