**Intro**

**Motivation. Why aspirations?**

**Theoretical predictions**

**Gap in the literature**

Despite its importance, to the best of our knowledge, there is no yet a clear direct empirical test of these predictions. We ask the following questions related to the predictions:

**Why is this important?**

These are all important outstanding questions for research and policy because….

**How do we answer these questions?**

We answer these questions in the following way.

**Findings**

**Contribution to the literature**

**Section 2: Framework and Hypotheses**

Since Simon (1955) and Selten (1998) and more recently Bogliacino and Ortoleva (2014); Dalton, Ghosal, and Mani (2016); Genicot and Ray (2017), aspirations have been conceptualized as reference points. Thus, losses and gains relative to the initial level of aspirations are what determine investment incentives, and in turn, business performance.

Understanding the causal determinants of entrepreneurial aspirations has both research and policy relevance. This section lays out hypotheses for how our experimental interventions are expected to affect entrepreneurs’ business and family aspirations, and through them, their business performance and subjective well-being. The hypotheses tested in this paper are directly derived from predictions of Dalton et al (2016) and Genicot and Ray (2017) models.

**The effect of aspirations windows on aspirations**

Ray and Genicot Ray. Aspirations are socially determined. Increasing aspirations windows 🡪 aspirations. Divergence.

**The effect of business aspirations on business performance**

Aspirations 🡪 investment/performance

Genicot and Ray (2017) “A central feature that drives their results is that aspirations that are moderately above an individual's current standard of living tend to encourage investment, while still higher aspirations may lead to frustration.” They argue that “the “best” aspirations are those that lie at a moderate distance from the individual’s current situation, large enough to incentivize but not so large as to induce frustration.”

**The effect of business aspirations on family aspirations**

**The effect of business aspirations on subjective well-being**