

Individual Domains and Entrepreneurial Decision Making: Experimental Evidence from Female User Entrepreneurs

Abstract:

Domains, defined as the knowledge that individuals possess due to their experience and background, shape their search processes and behaviors. In user entrepreneurship, this knowledge helps generate new ideas amid uncertainty. Entrepreneurs use their domains for information and resources to find innovative solutions for unmet needs. However, relying too much on their domains can narrow their search and lead to incorrect assumptions about their target audience. This paper examines this issue by focusing on female entrepreneurs who develop value propositions for women. We analyze data from 172 early-stage female entrepreneurs in three Randomized Control Trials (RCTs). These trials provided training to help them conceptualize, hypothesize, and evaluate their business ideas based on rigorous information. We find that female entrepreneurs with a female-targeted value proposition undergoing the training are more likely to make substantial changes to their initial ideas compared to those with a general market value proposition and a control group of entrepreneurs who did not receive the training. Those who widen their domains tend to perform better in both the short and medium run. These results highlight the importance of addressing individual myopia in decision-making and enhancing the ability to look beyond comfort zones. This research contributes to understanding mechanisms that can improve the nature of ideas developed by entrepreneurs, extending beyond previous studies focused on reducing audience biases.

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