

The Perception of Entrepreneurial Risk: Key Determinants in the Decision Making Process of Greek Investors

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Principal Topic

The levels of economic development in Greece as well as in the entire Eurozone level along with other country specific institutional factors have been mainly responsible for the sharp decline in the number of investment projects in the Greek domestic market. Contrary to the conventional financial theory, this paper argues that the perception of entrepreneurial risk by investors is closely related to the leverage undertaken by an investment project. It is in this framework that this study attempts to contribute some innovative conclusions on the issue of entrepreneurial risk perception, focusing on the Greek entrepreneurs as a case study.)

Methodology/Key Propositions

The study argues that there is a positive relationship between investments in new products and risk management. Our analysis suggests that entrepreneurial risk perception is adequately explained by leverage, equity, the residual amount of the related government subsidy to be collected upon project completion, and the new jobs created by the venture. Along with the actual loan burden, a key role in creating a positive influence on business risk perception is the entrepreneurs' own contribution to the project. It was also found that jobs that are subsidised during the investment period have an adverse impact on investor's risk perception.

Results and Implications

Finally, a positive relationship was found between employment spillover effects in a region and the new jobs created by an investment in an entrepreneurial project. These findings bear considerable and major economic and social implications, particularly for economies that experience accelerated unemployment rates.

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