

Abstract

Risk attitudes of entrepreneurs are well-established drivers of business performance. Most empirical studies in this field only take into account risk propensity, leaving out the complementary concept of risk perception. Using data on 611 entrepreneurs from Tanzania, we show that risk perception is positively associated with business performance. In addition, we classify the entrepreneurs in four different groups based on their risk profile. The results show that the worst performing entrepreneurs are those with low risk perception and high risk propensity.