

An Anglo-German Foundation Report

# **Entrepreneurs and risk: A study of German and UK entrepreneurs in Spain**

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## **Executive Summary**

This report details the research and findings of a comparative study of UK and German entrepreneurs establishing and running enterprises in Spain. For our study, we conducted 20 in-depth qualitative interviews and carried out extensive desktop research. Our research objectives were to understand more about the risk perceptions, behaviours and risk mitigation strategies of the two nationality groups in a third, neutral country, in order to understand more about the determinants of risk in entrepreneurship. In reporting our findings, we developed an initial typology of migrant entrepreneurs in Spain, reporting similarities in the types of people who decide to relocate to Spain and establish businesses as well as the push and pull factors that underlie these highly personal decisions. We found extensive differences in the risk mitigation strategies pursued by the two different nationality groups, with the overall conclusion that it is largely the 'prepared professional' and the 'artisan' groups of migrant entrepreneurs who appear to both understand the risks associated with their decisions more clearly, and seek to reduce their exposure to risk more astutely and more frequently.

So, can we conclude from our findings which nationality appears to be the more entrepreneurial? Our somewhat controversial conclusion is that it is predominantly the Germans who display a more classic entrepreneurial mindset insofar as a realistic assessment of business risks and the development of adequate risk mitigation strategies are essential components of successful entrepreneurship. While there appears to be many thousands of would-be entrepreneurs in the UK with no hesitation in releasing the considerable equity in their properties to establish businesses in that most risky of settings – a foreign country – it is our impression that many British entrepreneurs do not take the careful, informed and well-planned approach that can provide the basis for the future success and longevity of their enterprises.

We contend that deficiencies in risk perception and risk mitigation strategies may be an important factor for the limited success that both the UK and Germany have in fostering entrepreneurship 'at home'. Given the differences we identified, we suggest that the UK government in particular should promote entrepreneurship education and training that is predicated on a better understanding of the business risks inherent in

entrepreneurship, and especially migrant entrepreneurship, including the need to prepare for the institutional environment of host countries, to have adequate language skills and a solid level of competence in the chosen entrepreneurial field. The German government, on the other hand, would be well advised to look more deeply into the reasons for German nationals' pronounced fear of failure, low confidence in their entrepreneurial competence, and reported lack of perceived entrepreneurial opportunities 'at home'.

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**Notes to the editor:**

The Anglo-German Foundation contributes to the policy process in Britain and Germany by funding comparative research on economic, environmental and social issues and by organising and supporting conferences, seminars, lectures and publications which encourage the exchange of knowledge, ideas and best practice, both between the two countries and between researchers and practitioners.

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