

The differences regarding approach to entrepreneurial risk depending on time period of an entrepreneurial activity

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Summary

The aim of this article is to evaluate and compare the influence of the length of conducting business to the assessment of business risks by small and medium-sized enterprises (SMEs) in selected regions of the Czech Republic and Slovakia. The survey and data collection was carried out in 2013 in the regions of Zlin and Trenčin, which are two neighboring regions of the Czech Republic and Slovakia; they are mutually connected and have similar economic parameters.

It can be assumed that entrepreneurs operating in the market for a relatively longer time, during the life of their companies, have met the need for additional financial resources and know the criteria used in the credit process, they are able to consider changes in approach of the banks' lending policy over the past ten years and probably are capable to manage financial risks of their company. The research results have showed that the most important business risk is the market risk, followed by the financial risk. Both entrepreneurs' groups of beginners and experts chose a very important personality characteristics of the businessmen, namely they are: do not be afraid of risk, responsibility, persistence and professional knowledge (expertise), to be with a different sequence of preferred properties. Only the entrepreneurs-beginners in Slovakia believe that the banks use too cruel criteria in the credit process, the other group thinks that banks behave appropriately. Both groups of entrepreneurs have relatively similar knowledge about the criteria used in the credit process and believe that they are able to manage the financial risks in their companies.

Keywords: small and medium-sized enterprises, entrepreneurial orientation, business risks, market risk, financial risk, entrepreneur's personality characteristics

JEL codes: L 26, O 16, G 32

SMEs are considered to be an important generator of economic development. They contribute to a solution of economic, political and social issues of the state. On the other hand, the fulfillment of these assumptions affects significantly the rights and conditions of the environment, which state creates for SMEs. It is not only about the legislative conditions, but also about the various forms of financial support.

Throughout their existence, SMEs face a number of business risks, such as: market, financial, operational, production, personnel and security risks. SMEs attitude to risk is substantially affected by the evolution of the economic environment. Monitoring and an on time implementation of the changes of fiscal and monetary policy of the state to a risk management of the SMEs is an important prerequisite for a good handling not only of their financial risk.

Due to the nature of SMEs a personality of the entrepreneur plays an important role in their management. An entrepreneurs' attitude to the risk is significantly influenced by their personality characteristics in terms of risk aversion, tendency to risk or neutral (moderate) attitude. The tendency to seek a high-risk situation is also associated with a tendency to be optimistic and to see opportunities rather than threats in any situations (Dai, Maksimov, Gilbert, Fernhaber, 2014). Each of the extremes of this attitude has a different impact on achieving business goals. While rather averse approach to risk may ultimately mean giving up of potentially valuable opportunities, maximization of a risk-based approach can result in significant financial losses.

Business experience is also an important factor, respectively the period during which the entrepreneur operates on the market. Cassar (2014) found out, that businessmen with an extensive industry experience have more realistic expectations, and this advantage is particularly apparent in areas with greater uncertainty, for example High-technology.

The age of entrepreneur has also inherent importance for business activity. The marginal effect of the age on entrepreneurial behavior for a self-employed increases with an age, even for a person who is 60 years old (Kautonen, Down, Minniti, 2014). Costs dedicated to time increase with an age and dissuade the older individuals from choosing the forms of employment that involve risk or postponement of satisfaction. (Lévesque and Minniti, 2006)

The aim of this article is to identify and compare how different is the evaluation and attitude to the risk in two groups of entrepreneurs of SMEs. The first group consists of businessmen who have less experience with the business practice and whose time of doing business is relatively short (so called „beginners“) and the second group consists of entrepreneurs who are in the business sector for a relatively long time and should have a greater entrepreneurial experience (so called „experts“). The results are based on the data on SMEs in the Zlin (Czech Republic) and the Trencin (Slovakia) regions from 2013.

1. Theoretical background

SMEs play a key role in modern developed economies. They include the vast majority of private sector enterprises and ensure more than 50% of employment and manage economic growth. On the other hand, due to their size, they often face both internal (lack of management skills) and external (unfavorable market conditions and institutional settings) obstacles that may hinder their further growth. (Hessels, Parker, 2013)

SMEs perform important tasks within the economic system. According to the European Commission (2011, p. 4) more than 98% of the business sector are SMEs, which represent 23 million of European small and medium-sized enterprises. They provide about two-thirds of the total employment relationships in the private sector and have created approximately 80% of all new jobs in the last five years.

SME segment plays an important role in the economy of the Czech Republic. In terms of numbers an overwhelming majority of the companies in the Czech Republic is presented by small and medium-sized enterprises – for the period of 2003-2010 their share accounted for 99,9% annually [8]. From the total employment SMEs have participated in about a half, the outputs from the economy are about one third of the total volume. Between 2009 and 2010 small and medium businesses were generating 32,6 % of nominal GDP of the Czech Republic and 36,1% of the gross value added [9]. In Slovakia the share of SMEs was 99,2% of the total number of business entities, and the share in total employment was 72,2%. The value added proportion was 55,6% and the share of the generated profit before tax was 51,6%.

According to Sidik (2012), only a small part of SMEs achieves an exceptional performance and sustainable growth. An essential element of high performance of companies is considered to be an entrepreneurial orientation, which is significantly influenced by the entrepreneur's personality (Lim, Envick, 2013). The expansion of knowledge concerning business orientation was significantly contributed by Lumpkin and Dess (1996), who define it through the five constructs: innovation, tendency for risk-taking, proactivity, autonomy and competitive aggressiveness. Kraus, Rigtering, Hughes and Hosman (2012) report that proactivity contributes significantly to the performance of the companies, no matter how turbulent is environment this business is located in. According to Gomezelj, Kusce (2013) among the most important factors affecting the performance of personal entrepreneur is an inclination to risk-taking, self-efficacy and the need for independence, while in addition to personal factors market conditions are also crucial for business performance. Ahlin, Drnovška and Hisrich (2014) state that entrepreneurial creativity and perception of self-efficacy directly affects the level of product and process innovations in the enterprise. Earlier studies revealed that despite the existence of a positive relationship between the

characteristics of businessman and corporate performance of SME, this relationship is still inconclusive and other constructs come into play as well, and in addition to innovative performance, innovative capacity, organizational search and market orientation is also considered to be an entrepreneurial orientation (Sidik, 2012). To behave as entrepreneur means that the company engages in the strategic observable activities – innovation, proactivity and risk-taking – and these activities are consistent. (Anderson, Eshima, 2013)

According to Mishra, Lalumière (2011) the results indicate that stable personality qualities (impulsivity, sensation search, low self-control), may represent the approximate mechanisms through which the behavioral preferences to take risk are manifested. The tendency to seek high-risk situation is also associated with a tendency to be optimistic and to perceive the opportunities rather than threats in any situations. Probability to become and to be an entrepreneur increases with an increasing of risk tolerance. (Caliendo, Fossen, Kritikos, 2014)

Avlonitis & Salavou (2007) indicate that active entrepreneurs unlike passive entrepreneurs adopt a more aggressive orientation characterized by willingness to undertake action of high risk and before that of competition. Nonetheless, proactiveness on contrary to the risk-taking is found to be an important contributor to the performance of new products introduced by both groups.

The risk, which is understood in the sense of uncertainty of future results, to some extent is always connected with the business activity. Risks arise when a substantial amount of resources is invested in the project with uncertain incomes or with potentially high prospect of failure (Grande et al., 2011, Hansen et al., 2011). The basic business risks for SMEs include limited access to credit, lack of capital strength, increased competition, high taxation, low levels of managerial skills, low level of diversification, administrative complexity, risk of failure, the relationship between work and personal life (Fetisovová, Vlachynský & Sirotko, 2004) and the risk of doing business (2013). Furthermore, while performing their activities, SMEs are also exposed to other risks, such as the production, personnel, security, and with a great intensity is mainly active the financial risk.

Financial stability of SMEs facilitating the process of obtaining the bank loans is determined by both the macroeconomic environment (GDP, employment) and the microeconomic conditions (Belas, 2013). In this context Fidrmuc, Ciaian, Kancs and Pokrivcak (2013) have found that the companies with a relatively high cash balances and availability of funds in the bank accounts are significantly less likely to default on loans, as well as companies with relatively high pre-tax profits. Previous research, however, highlighted the lack of data provided by companies and opened the question of the quality and reliability of these data provided by SMEs when assessing their quality in the credit process. Information asymmetry, which is faced by loan managers, is indirectly confirmed by the fact that the executives of SMEs do not reveal an accurate picture, fearing that their company's confidential information would be distributed. (Moro & Fink, 2013)

Hernández-Cánovas and Martínez-Solano (2010) found out that even though the companies with a long-lasting relationship with the bank have better access to credit money, they are less flexible to change banks, while these enterprises face higher fees for financial services. SMEs that maintain relations with the two banks at the same time have the lowest interest costs, followed by the firms that borrow from only one bank, unlike companies that work with more than two banks have the most expensive credit.

The riskiness of the borrowers or their propensity for risk arising from their nature and asymmetric information between small young companies and lenders are a source of negotiating problems that lead to credit rationing or liquidity constraints in smaller enterprises. (Elston, Audretsch, 2010)

A small and medium-sized enterprise manager has especially good conditions for a risk management because its position is in close proximity to all aspects of individual operations and such executive knows many of the strength and vulnerabilities of their business. On the other hand, despite the existence of consciousness of the SME owners about common sources of risks that affect their daily activities, it is very unlikely that they would be aware of the sources of risk with which they have no direct experience. Therefore in SMEs it is necessary to systematically assess risk and actively work with it, which makes a content of the risk management itself. (Belás et al., 2013)

The relationship between investor protection and income inequality is not monotonous, because the effect of risk-taking is visible with low levels of investor protection, while sharing the risk manifest itself when taking on more risk. (Bonfiglioli, 2012).

The aim of this article is to identify and compare the differences in evaluations and attitudes towards risk in two groups of entrepreneurs of SMEs. The first group consists of businessmen who have less

experience with the business practice and whose time of doing business is relatively short (so called „beginners”) and the second group consists of entrepreneurs who are in the business sector for a relatively long time and should have a greater entrepreneurial experience (so called „experts”) in two selected regions of the Czech Republic and Slovakia.

2. Objectives and Methodology and Data

The aim of this article is to evaluate and compare the impact of the length of doing business by the entrepreneurs from the small and medium-sized enterprises in the selected regions of the Czech Republic and Slovakia to the assessment of business risks.

The data were collected in 2013 through a questionnaire survey given to SMEs in the selected regions of the Czech Republic and Slovakia, namely 180 of enterprises in the Zlin region and 105 companies in the Trencin region. The data were kindly provided by the owners of the companies.

The Zlin region has an area of 3964 km² and has about 600,000 inhabitants, GDP per capita is around 11 750 EUR, unemployment in 2013 was 6,9%.

The Trencin region has an area of 4502 km² and has about 600,000 inhabitants, GDP per capita is around 9 900 EUR, unemployment rate in 2013 was around 10,8%.

In the Zlin region the following structure of SMEs was detected: the largest share (35%) were companies engaged in business activities, manufacturing companies (29%), construction companies (12%), transport companies (4%), agricultural companies (3%). The remainder is represented by SMEs engaged in other activities.

In the Trencin region the structure of SME was as follows: the majority (31%) of the companies were engaged in other activities than it was mentioned in the questionnaire, the same proportion (21%) were manufacturing companies and firms engaged in business activities (21 %), further there were construction companies (18%) and agricultural companies (5%), transportation companies (4%).

Of the total number of SMEs in the Zlin region, 70% of them are active in the business for more than 10 years, 21% of the companies operate from 5 to 10 years and 9% of firms are making business from 1 to 5 years. This implies that most of the entrepreneurs who are involved in the research were experienced „experts”. In terms of size 58% of the total amount of these companies were micro-enterprises, 31% were small businesses and 11% of them were medium-sized firms.

In the Trencin region from the total amount of 105 SMEs 54% were active in the business for more than 10 years, 25% of all firms operated from 5 to 10 years and 21% of companies were operating from 1 to 5 years. Among all SMEs in Slovakia there also prevail experienced entrepreneurs „experts”. In terms of company size 61% of all companies are micro-enterprises, 31% are small businesses and 8% of the total amount are medium-sized enterprises.

The entrepreneurs in both regions were divided into two groups. The first group is consisted of entrepreneurs, who undertook a maximum of 10 years. The second group is comprised of entrepreneurs, who were doing business for more than 10 years.

The following hypotheses were set through the method of qualified estimations:

H1. Currently, the most important risk is the market risk. The average value of the market risk is at least 40% in selected regions of the Czech Republic and Slovakia.

H2. The entrepreneurs in both regions have experienced intense action of the financial risk. The average value of the financial risk is at least 30% in selected regions of the Czech Republic and Slovakia.

H3. Personal characteristics of the entrepreneur are an important factor for the success of the business. Experienced entrepreneurs („experts”) consider different business properties as important ones than entrepreneurs „beginners”.

H4. It could be assumed that experienced entrepreneurs („experts”) who operate in the business for more than 10 years have more experience with external sources such as bank loan and evaluate the behavior of banks during their business activities differently than businessmen „beginners”.

H5. It could be assumed that experienced entrepreneurs („experts”) who have already used credit financing, know the criteria assessed by banks in the credit process better than entrepreneurs „beginners”.

H6. Given the experience gained from the managing of business risk, those experienced entrepreneurs („experts”) can better manage risks in their businesses than entrepreneurs „beginners”.

The results in the pivot table were determined by using the Pearson coefficient. In the cases, where of a symptotic requirements for the test were violated, series of 5000 Monte Carlo replications from original data has been conducted. P-value is being compared with standard 5 % confidence level. P-value lowers

than confidence level leads to rejection of the null hypothesis. The null claims there is no association between variables. Calculations have been performed in statistical packages XL Statistics and R. Tools of descriptive statistics: percentage and averages has been also used.

3. Results and Discussion

Table 1 shows the results of an assessment of business risks by entrepreneurs of SMEs in selected regions of the Czech Republic and Slovakia.

Tab. 1: The identification of business risks in the Czech Republic and Slovakia

<i>While doing your business, you face many risks. Which risks do you consider as currently crucial? (Please provide a maximum of three answers)</i>	Czech Republic 2013 in %*	Slovakia 2013 in %*	p-value
1. market risk (lack of contracts) Average value** Adjusted average value***	79.44 56.43 44.83	82.86 53.27 44.14	0.58330
2. financial risk (poor approach to company's financing) Average value** Adjusted average value***	57.22 33.98 19.44	51.43 14.62 7.52	0.3269
3. operational risk (mishandling of processes)	20.56 26.35 5.42	14.29 2.76 0.39	0.2448
4. personnel risk (poor quality staff)	43.33 28.59 12.39	47.62 13.90 6.62	0.5631
5. legal risk	30.56 33.64 10.28	32.38 12.14 3.93	0.8507
6. safety risk (accidents, incidents, etc.)	21.67 34.74 7.53	27.62 5.60 1.55	0.3206

Source: own source

note: * data are calculated as the ratio of respondents which stated given answer to the total number of companies; ** average of values reported by entrepreneurs in individual regions; *** means the average values from the total file

The most important business risks perceived by the entrepreneurs in the Czech Republic and Slovakia were as follows: market, financial, personnel, legal and security risks. The market risk has been identified as a key risk by the largest number of entrepreneurs, namely 79,44% of them in the Czech Republic and 82,86% in Slovakia. Statistically significant differences between the regions have not been found. Based on these results the Hypothesis 1 could be confirmed.

As the second most important risk perceived by entrepreneurs was the financial risk, specifically as a significant one this risk was considered by 57,22% of the businessmen from the Czech Republic and 51,43% of Slovakian entrepreneurs. According to these results the Hypothesis 2 could be confirmed.

The average value of market risk identified by the entrepreneurs in the Czech Republic was 56,43% and it was at the level of 53,27% in Slovakia. The level of adjusted average values (means of the entire data set) in the Czech Republic was 44,83% and it was 44,14% in Slovakia.

Table 2 shows which characteristics considered by the entrepreneurs of SMEs in selected regions of the Czech Republic and Slovakia as the most important, and it was assumed that entrepreneurs "beginners" would pick a different personality characteristics than businessmen "experts". In the Czech Republic the entrepreneurs "beginners" and "experts" considered as the most important (of three properties that could be chosen) equal properties: "not to be afraid of risk" and "perseverance". The third selected option of characteristics is different for both groups, changing the order of the properties of

“responsibility” and “expertise”, although the differences are insignificant. The “beginners” prefer responsibility (45,28%, “experts”: 44,88%), experts have put professional knowledge (expertise) on the third place (46,46%, “beginners”: 41,51%). In Slovakia there are basically repeating the same preferred characteristics as in the Czech Republic, only with differences in the ranking of selected properties. In particular the beginners considered as the most important the following qualities: do not be afraid of risk, responsibility, perseverance and expertise (both properties have reached the same value of 39,58%, whereby with the last mentioned characteristic there were found statistically significant differences between “beginners” and “experts”). The “experts” have lined up properties in the following order: professional knowledge (expertise), not to be afraid of risk, perseverance and responsibility (both properties have reached the same value of 41,07%). Based on the above findings, there could not be confirmed the Hypothesis 3 about differences on preferred personality characteristics between the entrepreneurs-beginners and the entrepreneurs-experts, and neither so while comparing both studied regions.

Tab. 2: The importance of entrepreneur’s personality characteristics.

<i>What qualities and competences should entrepreneur have?</i>	Czech Republic 2013 in %		Slovakia 2013 in %		p-value
	beginners	experts	beginners	experts	
1. Do not be afraid of risk	52.83	51.18	64.58	53.57	0.84148/ 0.25428
2. Perseverance	49.06	47.24	39.58	41.07	0.82588/ 0.88076
3. Creativity	18.87	11.02	25.00	10.71	0.15854/ 0.05486
4. Imagination	3.77	1.57	2.08	7.14	0.36282/ 0.23014
5. Professional knowledge (expertise)	41.51	46.46	39.58	66.07	0.54186/ 0.00694
6. Quality education	0.00	1.57	4.17	5.36	0.35758/ 0.77948
7. Intelligence	11.32	14.17	6.25	8.93	0.61006/ 0.61006
8. Responsibility	45.28	44.88	47.92	41.07	0.96012/ 0.48392
9. Intuition	9.43	17.32	10.42	14.29	0.17702/ 0.55520
10. Decisiveness	37.74	37.01	18.75	25.00	0.92828/ 0.44130
11. Patience	20.75	8.66	22.92	16.07	0.02382 / 0.37886
12. Optimism	7.55	7.87	12.50	5.36	0.94420/ 0.19706
13. Other	0.00	2.36	0.00	3.57	0.25848/ 0.18684

Source: own source

The occurrence of the major business risks has determined tighter credit conditions by commercial banks. This trend was also perceived by SMEs as it is shown in the Table 3.

Tab. 3: Banks’ approach to the SMEs financing.

<i>How do you assess the banks’ approach to finance SMEs?</i>	Czech Republic 2013	Slovakia 2013	p-value
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	in %		in %		
	beginners	experts	beginners	experts	
1. banks fully accept our needs and support us	0.00	6.30	0.00	1.79	0.06148/ 0.35238
2. banks behave appropriately	37.74	39.37	27.08	41.07	0.84148/ 0.13622
3. banks behave to us with some reservations	16.98	5.51	6.25	10.71	0.01390/ 0.41794
4. banks use too harsh criteria providing loans	22.64	27.56	54.17	35.71	0.49650/ 0.05876
5. I cannot evaluate	22.64	21.26	12.50	10.71	0.83366/ 0.77948

Source: own source

The results did not confirm the differences in the opinion on the banks' approach to finance SMEs in the Czech Republic between the entrepreneurs-beginners and the entrepreneurs-experts. Most businessmen of both groups believe that banks behave appropriately. In Slovakia the opinions of the entrepreneurs-beginners and the entrepreneurs-experts is different. The „beginners” are convinced that banks use too cruel criteria. While „experts” believe that banks behave appropriately. When comparing the two regions of both countries there is only an approach of the entrepreneurs-beginners from Slovakia, which is different from three other groups assessed.

Table 4 shows that the entrepreneurs-beginners and the entrepreneurs-experts differ in their knowledge of bank lending criteria.

Tab. 4: Knowledge of bank lending criteria.

<i>Do you know bank lending criteria?</i>	Czech Republic		Slovakia		p-value
	2013		2013		
	in %		in %		
	beginners	experts	beginners	experts	
1. yes	44.23	43.31	52.08	50.00	0.9124/ 0.83366
2. no	9.62	16.54	4.17	12.50	0.2304/ 0.13104
3. I have some ideas	46.15	40.16	43.75	37.50	0.4593/ 0.5157

Source: own source

The results show that the entrepreneurs-beginners know the lending criteria of banks on a relatively better level than the entrepreneurs-experts, but with slight differences, both in the Czech Republic and Slovakia. Thus it could be concluded that there is a relatively equal knowledge that both business groups have. Therefore the Hypothesis 5 could not be confirmed.

The ability to manage financial risks was verified through the following questions. The results are shown in Table 5.

Tab. 5: The ability to manage financial risks in the company. Source: own source

<i>Do you think that you can manage financial risks in your company properly?</i>	Czech Republic		Slovakia		p-value ZL/TN
	2013		2013		
	in %		in %		
	beginners	experts	beginners	experts	
1. yes	41.51	40.00	29.79	33.93	0.84930/ 0.65272
2. to some extent	54.72	56.00	59.57	55.36	0.87288/ 0.66720
3. no	0.00	0.80	0.00	0.00	0.51570/

					0.0000
4. I cannot judge	3.77	3.20	10.64	10.71	0.84930/ 0.99202

Source: own source

The entrepreneurs addressed in this research have presented an opinion on whether they are able to manage financial risks in their companies. The results show that in Slovakia the entrepreneurs-experts can better manage the financial risks in their companies than the entrepreneurs-beginners and it can be stated that there is the same situation in the Czech Republic, as there prevails a response with the knowledge only to a certain extent.

Ratio point estimate of the Czech entrepreneurs-beginners and the entrepreneurs-experts, who believe in their ability to manage financial risks correctly (line 1+2) is 96,23% („beginners“) and 96% („experts“) and in Slovakia it is 89,36% for „beginners“ and 89,29% for „experts“. Therefore both groups have the same attitude to the outcome of the evaluating the capability to manage financial risk, with the fact that in the Czech Republic this view was supported by a relatively higher proportion of entrepreneurs.

4. Conclusion

Small and medium-sized enterprises generally, and the creation of new businesses in particular plays an important role in maintaining, as well as in the creation of a functioning market economy, especially as a means of stimulating of the competition, creating jobs and promoting economic recovery (Kessler, 2007). SMEs are considered to be important generators of economic development. They contribute to solving economic, political and social issues of the state.

Due to the fact that the functioning of SME is significantly influenced by the personality of an entrepreneur it is necessary to realize what personality characteristics such businessman should have. Our results showed that the most important is the quality „do not be afraid of risk“. The risks are an objective reality when doing business. The individual risks (production, personnel, security, legal and others) are integrated into the financial risk. Optimal risk management affects the existence of the company in the market. The search and implementation of adequate risky forms of investments may result in increase business efficiency by increasing corporate revenues and thus profits.

Different duration of action of SMEs, their position on the market, positive financial results, successful prediction of further economic development of cash-flow, liquidity and profitability, and other important criteria affects to some extent the attitude of commercial banks to SMEs while assessing their credit quality. In this context, it is often pointed to a so called funding gap, given that many of these companies have a very limited access to external sources of financing. In relation to the financial crisis, the banks are less willing to lend to the business sector, which leads to further deterioration of the problems the companies are facing. (European Commission, 2011)

However, regardless of the length of action on the market for SMEs it is very important to manage enterprise risk management and in the context of the application of appropriate tools leading either to diversity risks, mitigation its effects, or remove the causes.

An important prerequisite for obtaining external sources of credit from commercial banks is to provide relevant background information and of them to calculate the monitored credit criteria within the limits that are critically evaluated by commercial banks. The knowledge of these criteria, which, in our research has been confirmed in both groups of entrepreneurs, could help the businessmen to indicate in advance a possible success or failure in the credit process and in the second case also bring costs and energy savings expended in an effort to obtain these resources and directing to search for alternative sources of financing.

In this research, the Hypothesis 1 was confirmed. The market risk has been identified as a key risk by the largest number of entrepreneurs, both in the Czech Republic and Slovakia. The average value of the market risk was more than 40% in both regions of the two countries.

The Hypothesis 2 was also confirmed. The businessmen of the both regions have perceived the financial risk as the second most important. The average value of the financial risk was less than 30% in both regions.

The Hypothesis 3 about differences on preferred personality characteristics between the entrepreneurs-beginners and the entrepreneurs-experts could not be confirmed on the basis of the findings, and neither so while comparing both studied regions. The entrepreneurs were choosing from a lot of

characteristics: do not be afraid of risk, responsibility, perseverance and professional knowledge (expertise), albeit with a different sequence of preferred qualities.

The Hypothesis 4 can be confirmed only for Slovakia, where the entrepreneurs-beginners believed that banks use too cruel criteria in the credit process, while the businessmen-experts thought that with them the banks behave appropriately.

The Hypothesis 5 could not be fully confirmed. The results show that the entrepreneurs-beginners know the lending criteria of the banks on a relatively better level than the entrepreneurs-experts, but with slight differences, and this is valid for both the Czech Republic and Slovakia. Therefore, it could be concluded that both business groups have a relatively equal knowledge on this matter.

The Hypothesis 6 could be partially confirmed. The results show that the Slovakian entrepreneurs-experts can better manage the financial risks of their companies than the entrepreneurs-beginners and the same could be stated for the Czech Republic, as there is a predominant answer about the knowledge only to a certain extent. Ratio point estimate of the Czech entrepreneurs-beginners and the entrepreneurs-experts, who believe in the ability to manage financial risks correctly is essentially identical (96%) with the figure from Slovakia (89%). Therefore both groups have the same attitude to the outcome of evaluating the capability to manage the financial risk, with the fact that in the Czech Republic this view was supported by a relatively higher proportion of entrepreneurs.

Based on this research, it could be stated that the entrepreneurs from the Zlin region of the Czech Republic have perceived the market risk relatively less intense way than the entrepreneurs of the Trenčín region in Slovakia and vice versa was the case with the financial risks. An interesting finding was that the entrepreneurs-beginners and the entrepreneurs-experts from both regions considered the same personality traits as very important ones: do not be afraid of risk, responsibility, perseverance and professional knowledge (expertise). Regarding the banks' lending criteria both groups of the entrepreneurs-beginners and the entrepreneurs-experts have similar awareness in both countries, probably because of the need to replenish the resources of external capital like the bank credit. Both groups have a similar attitude to their ability to manage the financial risks, but with the fact that in the Czech Republic this view had a relatively higher proportion of all the entrepreneurs participated in the survey.

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