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## **PERSONAL CHARACTERISTICS OF ENTREPRENEURS IN THE CONTEXT OF PERCEPTION AND MANAGEMENT OF BUSI- NESS RISK IN THE SME SEGMENT**

**Abstract.** The issue of business in the segment of small and medium-sized companies is a very actual area of scientific research today. Currently, great importance is given to research of personal and knowledge preconditions of people for doing business. The aim of this article was to examine the relationship between personality characteristics and approach to the perception and management of business risks. Based on the preferred personality qualities and knowledge the entrepreneurs have been included into two categories, namely they are artist-entrepreneurs and businessmen-laborers, also the differences in their entrepreneurial attitudes have been examined. Both groups of entrepreneurs in our research rate market risk as the most important risk, which was demonstrated by a decline in performance of companies during the crisis. Our results showed that there are significant differences in the attitudes of these two categories of entrepreneurs in approaching credit risk, where it was found out that the defined categories of business have different approaches to knowledge of credit conditions of commercial banks. The results of our study have showed a high degree of confidence of individual groups of entrepreneurs when evaluating their ability to manage financial risks in the company and the high intensity of entrepreneurial optimism regardless of the personal characteristics of entrepreneurs.

**Keywords:** small and medium enterprises, personal characteristics of entrepreneurs, financial risk, credit risk

**JEL classification:** L26, O16, G21

### **Introduction**

Small and medium-sized enterprises play an important role in the economic system of any developed country.

In this context, it is clear that the issue of entrepreneurship in the small and medium-sized companies is very topical area of scientific research. Currently, great importance is given to research of personal and knowledge characteristics of people for business because many of the results that are mentioned below show the fact that to be an entrepreneur does not fit all the

people and the business needs a specific properties. These properties may affect the approach to the assessment and management of business risks that significantly influence the success in business.

### **Theoretical background**

The business environment is determined by personality characteristics and motives of individual entrepreneurs. Business situations are often unique in their unpredictability, complexity and changing requirements during the business process. Entrepreneurs must be capable to have the features of several personalities at once and as one person to demonstrate the ability to act as investors, inventors, accountants, dispute investigators, leaders, technologists, marketing specialists and top sellers. For this reason, the more knowledge and skills the entrepreneur is capable to demonstrate the better. (Frese, Gielnik, 2014)

According to Deáková, Drážovská, Grznárik and Kondášová (2010) the most important personal qualities for an entrepreneur are: courage, self-reliance, responsibility, determination, perseverance, proactive approach, creativity and scholarship in a particular area, where this businessman intends to do business. The entrepreneurs have a tendency to choose themselves an area of business that has a consistency between their personal characteristics and requirements for success. In addition, they tend to manage their business by using their strong and specific qualities. (Sidik, 2012)

Kvietok (2013) states, that decision to take on the business risk is symptomatic of a certain type of people. (According to Hvide and Panos, 2014 the individuals who are more risk tolerant are more likely to start up firms.) A significant part of the motivation to take risks in business follows from the success motivation. To achieve the set goals, successful people are willing to take on reasonable risks associated with feedback about the level of achieved results. Entrepreneurs are sort of being managed with an inner feeling, which means that they feel that their personal fate is the result of their own efforts. They are independent, autonomous, and rely on themselves, what are the characteristics of entrepreneurial personalities. Psychological research of entrepreneurs has shown that another characteristic feature of business people is the ability to make decisions under conditions of uncertainty. Entrepreneurs are stimulated more with the success itself than by money. Money is simply a measure of achievement and success for such people.

Creativity, risk taking and independence increase the probability of becoming entrepreneur, and decrease the probability of becoming employee (Knórr, Alvarez, and Urbano, 2013). Almeida, Ahmetoglu, Chamorro-Premuzic (2014) show, that entrepreneurial individuals are characterized primarily as enterprising and creative, and to some degree as social and investigative. According to Beugelsdijk and Noorderhaven (2005), entrepreneurs differ from the general population and from paid employees in a lot of characteristics. They are more individually oriented; they have a greater individual responsibility and effort. In this context Omerzel and Kušce (2013) indicate that the inclination to take risks, self-efficacy and the need for independence are the most important factors affecting personal performance of the businessman. According to Fairlie and Holleran (2012) the personality with a higher tolerance for risk uses more of their professional knowledge from the past than personalities with a lower tolerance for risk. In this context Cassar (2004) states that these people have realistic expectations in business, and this advantage is manifested mainly in areas with a high degree of uncertainty, such as high-technology.

According to Soininen, Martikainen, Puumalainen and Kyläheiko (2012) consider innovativeness, risk-taking and proactivity as essential characteristics of entrepreneurial orientation.

The results of their studies do not support the assumption that entrepreneurial orientation is positively related to profitability of small firms. On the other hand, there is a positive relationship between the entrepreneurial orientation of the firm and the firm's rate of growth. Kraus, Rigtering, Hughes and Hosman (2012) state that entrepreneurs' proactivity significantly improved financial performance of the company, regardless in which turbulent environment the company is situated.

According to Eggers, Kraus, Hughes, Laraway and Snyckerski (2013) to drive company to growth, the firm will need to deploy a strategy centred on entrepreneurial orientation or other risk stagnation. In this regard Lasagni (2012) indicates that her results show that innovation performance is higher in SMEs that are proactive in strengthening their relationships with innovative suppliers, users, and customers. The owners of these companies play central role in the initiation and development of innovation and they are often become the only person involved in the innovation process (North and Smallbone, 2000). The outcome of the study by Ahlin, Drnovšek and Hisrich (2013) shows that entrepreneurial creativity directly affects the level of innovative output. Martínez-Roman and Romero (2013) have found out that SMEs that have introduced their substantial product innovations are led by the businessmen with a large internal motivation. Small businesses that are trying to avoid risks are rarely involved in substantial innovations. Boyer and Blazy (2014) examined the determinants of survival of non-innovative and innovative enterprises; the survival of these companies is associated with personality characteristics, such as gender, age, association with a national minority, professional experience and financial resources. The outcome of this research is that younger individuals, women and persons belonging to national minorities have a significantly higher risk of failure of their business than other entrepreneurs.

Some authors question the intensity of the impact of personal characteristics of the entrepreneur on the company's performance. Sidik (2012) states that previous studies have revealed that despite the existence of a positive relationship between the characteristics of entrepreneurs and business performance of SME, this relationship is still inconclusive and the other constructs are getting in to play the game. According to Lee and Tsang (2002) weak effects of personality characteristics on the performance of companies that were found out in their study suggest, that the emphasis on the impact of psychological characteristics in relation to business performance can be displaced and there is a need to direct the interest in the research on relationship between entrepreneurial skills, experience, method of learning and performance.

Important issue of SMEs is represented by financial gap because many of these companies have very limited access to external financial resources. Due to the financial crisis, banks are even less willing to lend to business sector which lead to further exacerbated problems to which facing companies. (Evropská komise, 2011) Many companies are afraid to ask for a loan because they fear of rejection of an application by a bank. This fact has been observed in smaller firms, corporations, serial entrepreneurs, firms providing knowledge-intensive services, non-family firms, companies without established banking relationships and companies pursuing cost-focused strategy (Freel, Carter, Tagg, Mason, 2012).

Small and medium-sized companies, as stated by Dierkes, Erner, Langer and Norden (2013), are riskier, more informational opaque and more dependent on bank loans and on trade credit. Canales and Nanda (2012) regard small businesses, especially young small businesses, as those that have insignificant internal cash flow to finance the operations.

Small business lending is analyzed in the research of Kirschenmann and Norden (2012), who state that there are multiple mechanisms in small business lending that explain the positive relation between borrower risk and loan maturity. As small firms are bank-dependent, these mechanisms, bargaining power, are information asymmetry are of particular importance for them.

According to Moro and Fink (2012) essential role in SMEs financing is played by banks because while accessing equity on capital markets they have more difficulties comparing to others. As a rule, banks use several technologies at a time to decide whether and how much to lend, leaded by different lending technologies. The interesting findings have been achieved by Hernández-Cánavas and Martínez-Solano (2010), who argue that even though the companies with longer lasting relationship with the bank have better access to the debt, but they are less flexible to change banks and these companies carry higher financial charges as well. SMEs that maintain a relationship with the two banks have the lowest interest costs, followed by firms that borrow from only one bank, while companies that cooperate with more than two banks have the most expensive debt.

According to Neuberger and Rätthke (2009), a relationship between the bank and the client is determined by credit techniques. They can be determined as relational lending or transaction lending. Transaction lending is based on hard data (quantitative data) such as: return on equity, operating cash flow, profitability, interest coverage, liquidity, etc. Relational lending is primarily based on soft information (such as personality and character qualities, business strategy, quality of management in the company, ownership structure, etc.) acquired by the bank through direct contact with the client, in the local territory and under long-term observation of the company's financial performance. The authors state that there is no significant impact of the direct aspects of credit risk on the SME segment.

In relationship to the features of the personality of the businessmen Mishra and Lalumiere (2011) in the results of their study show that personality characteristics such as impulsivity, search for sensation, low self-control may represent mechanisms through which the preferences of risk are manifested in the behavior. Risk-taking, respectively willingness to abandon already known and right ways and get down to the business with uncertain income should be important for achieving the objectives of the international level. The tendency to seek high-risk situation is also associated with a tendency to be optimistic and perceive opportunities rather than threats in any situation (Dai, Maksimov, Gilbert, Fernhaber, 2014). A reasonable optimism is desired from the perspective of the development of the company. An excessive optimism may have harmful effects because entrepreneurs are making strategic errors or plunge into a large number of tasks at once (Frese, Gielnik, 2014). The riskiness of borrowers or their tendency to excessive risk due to their nature and asymmetric information change between small young companies and lenders are a source of agency problems that lead to credit rationing or liquidity constraints for smaller companies (Elston, Audretsch, 2010).

Mijid and Bernasek (2013) have dealt with the difference between the genders in the credit rationing in small firms. It is generally accepted that women tend to have smaller firms (in terms of sales and number of employees), they are more focused on less profitable areas of business, have slower growth and generally tend to have less profitable business. The research of these authors has shown that women-owners of the companies are more rejected by banks in lending than their male opponents. The results further suggest that for women-owners of the business the credit rationing is rather due to the characteristics of their business than as a result of discriminatory lending on the banks' side.

The situation can be explained by the fact, that small companies tend to have low credit risk caused by their small size and mostly unlimited guarantee of their legal form: commercial banks provide commercial personal guarantee for loans.

Banks officially state that there is a rule in the rating process: the smaller the company is, the more important soft information becomes. Belás et al. (2013) report that the entrepreneurs' personal characteristics are very important in financial performance of the company as determined by the level of credit risk in the SME segment, while Witzany (2010) considers an expert approach to be important in the rating process. The authors states that accounting data

have low explanatory power in relation to SMEs. Dierkes, Erner, Langer and Norden (2013, p. 2877) state that the accuracy of aggregate and firm-specific default predictions is significantly improved by sharing business credit information. Altman, Sabato and Wilson (2010) argue that use of non-financial variables of default indicator substantially improves the quality of rating models (predictive power). Default prediction accuracy is improved for older firms and those with limited liability. This depends on the number of firms covered by a local credit bureau office and the sharing of firms' payment history. The authors report that the higher the value of credit business information is, the lower the realized default rates are. The value of soft business credit information sharing is higher for less distant and smaller firms.

Beck, Demirguc-Kunt and Peria (2011) while comparing credit involvement of local banks and large international banks in the SME segment, approved that soft information is treated by foreign banks as less important than by domestic banks. The latter use more decentralized processes within the credit approval process and work more with risk management. According to these authors, foreign banks regard the collateralization of loans more important than soft information.

Moro and Fink (2012), Belás, Cipovová, Novák, and Polách (2012), Cipovová and Belás (2012) state that the econometric findings show that lending relationships cannot be reduced to facts and figures because, by leveraging strong relationships, trust can also support and increase the amount of other soft and hard information that the loan manager can access and, thus, help the loan manager to take decisions. In this context Belás and Polách (2011) state that models for credit risk measuring are representing tendency to exactly define complex economic processes using mathematical or statistical models. Such models in despite to sophisticated approach cannot and fail to express truly a complexity of economical system, determined by other important undefinable values, such as attitude, expectation, each economic entity preferences.

The European Commission document (2006) argues that in the research of McKinsey & Company, 3/4 of medium- and large-sized banks consider indebtedness of enterprises as the most important quantitative factor of internal rating. Half of the banks consider both liquidity and profitability equally important. Among huge variety of possible qualitative factors, about 50 % of medium- and large-sized banks give priority to the quality management of SMEs, market situation and legal form of SME. As indicated in the document, qualitative factors have a greater impact on ratings of larger companies and larger loans. For the start-ups, the share of these factors is approximately 60 % of the overall rating. The share of qualitative factors is significantly lower (on average 20 to 30 %) in the case of companies with sufficiently long business history (minimum 2 years).

Bank concentration, according to Agostino, Gagliardi and Trivieri (2011), positively affects SMEs' default risk when credit relationships are very concentrated. That happens when companies have few credit relationships with other, than their main bank, intermediaries and mostly borrow from that bank. It could be possibly interpreted by the fact that, while increasing the debt from the main bank and not developing multiple banking connection (in an attempt to induce competition among lenders), entrepreneurs remain locked into lending relationships, which lead to the potential negative effects of concentrated markets. Highly concentrated lending relationships cause detrimental effect of bank market structure on firm default probability, which gets stronger the longer the duration of bank-firm relations are.

Gambini and Zazzaro (2013, p. 1004) argue that the growth of bank-independent small firms is greater than that of small firms maintaining a stable credit relationship with a main bank. This situation is especially true for small expanding firms. At the same time for downsizing firms, having a stable relationship with a main bank does not restrain their decline in employment and asset size. Results indicate almost the opposite for medium-large firms, and long-lasting bank ties have a modest impact on the growth of their performance.

## Research aim, methodology and Data

The aim of this article was to examine the relationship between personality characteristics and approach to the perception and management of business risks.

The research was conducted in selected regions of the Czech Republic and Slovakia through questionnaire investigation in 2013. A total of 449 owners of small and medium-sized companies have joined our research, of those 180 from Zlin region (Czech Republic), 164 from Žilina region (Slovakia) and 105 from the Trenčín region (Slovakia).

The results of the research indicate that the largest share of SMEs was found in the Zlin region. Their business focus included undertaking trade activities (35%), manufacturing activities (29%), construction activities (12%), transport activities (4%), and agricultural activities (3%). The remaining share of SMEs represents companies doing business in other sectors.

The Žilina region has the following structure of companies: manufacturing companies (17%), trade (21%), construction (17%), transport (6%) and agricultural companies (1%). The largest share of SMEs represented companies doing business in other sectors (38%).

The Trenčín region has the following structure of companies: manufacturing companies (21%), trade (21%), construction (18%), transport (4%) and agricultural companies (5%). The largest share of companies operates in other sectors (31%).

Of the 180 surveyed companies in the Zlin region, 70% had been in business for more than 10 years, 21% for 5 to 10 years, and 9% for 1 to 5 years. Therefore it can be concluded that our survey contains fairly experienced entrepreneurs. These firms' size structure was broken down as 58% micro enterprises, 31% small enterprises, and 11% medium-sized enterprises.

In the Žilina region, 164 of the surveyed companies had been in business for more than 10 years, 38% for 5 to 10 years and 30% for 1 to 5 years. In this region companies were equally distributed from the perspective of length of business. The size structure of the companies was as follows: 66% micro enterprises, 20% small enterprises, and 14% medium-sized enterprises.

Of the 105 surveyed companies in the Trenčín region, 54% had been in business for more than 10 years, 25% for 5 to 10 years, and 21% for 1 to 5 years. The size structure of the companies was as follows: 62% micro-enterprises, 31% small enterprises, and 7% medium-sized enterprises.

Despite the fact that these regions belong to two different countries, they share many common characteristics, because they are neighbors with each other, have similar conditions for their development and intensively trade together. Therefore, it is assumed that this sample is homogeneous. The selection of respondents was conducted by a random selection and sample size is considered as representative enough.

The Zlin Region has an area of 3,964 km<sup>2</sup> and about 600,000 inhabitants. In 2012, the GDP per capita was about 11,720 EUR, and the unemployment rate was about 8%.

The Žilina Region has an area of 6,800 km<sup>2</sup>. The total population is approximately 700,000 and the population density is 102 inhabitants per km<sup>2</sup>. The unemployment rate increased to 11.91% in 2011. The GDP per capita that year was 10,794 EUR.

The Trenčín Region has an area of 4,502 km<sup>2</sup> and has about 600,000 inhabitants. The GDP per capita reached 10,744 EUR in 2010 (88.57% of the average GDP per capita in Slovakia), and the registered unemployment rate was at 10.89% in 2012 (significantly below the national average of 14.44%).

Based on the preferred personal qualities and skills that were indicated in the questionnaire the entrepreneurs were classified into two categories, namely they are the artist-entrepreneur and entrepreneur-laborers, and there were also examined the differences in their entrepreneurial attitudes. Within the category of entrepreneur-artist there was included the owner of the company, which said in our questionnaire that the most important characteristics of an entrepreneur include

at least two of the following (not to be afraid of risk, creativity, imagination, intuition and optimism). To the category of entrepreneur-laborers there was included an entrepreneur who has indicated the desired properties for making the business at least two of these options (perseverance, expertise, quality education, intelligence, responsibility, determination, and patience).

The following hypotheses have been defined:

- H1: There are significant differences exist in the opinions of defined types of entrepreneurs in the current structure of business risks.
- H2: There are significant differences exist in the opinions of defined types of entrepreneurs to assess the performance of their companies.
- H3: There are statistically significant differences exist in opinions of defined types of entrepreneurs in knowledge of lending criteria.
- H4: There are statistically significant differences between the defined types of businessmen in the evaluation of commercial banks' approach to financing SMEs.
- H5: There are statistically significant differences between the defined types of businessmen in assessing changes to the current approach of commercial banks in lending to SMEs in comparison to the pre-crisis period.
- H6: There are statistically significant differences exist in opinions of defined types of entrepreneurs to manage financial risk in their companies.
- H7: There are statistically significant differences exist in business optimism among the defined types of entrepreneurs.

The associations in contingency tables were analyzed by Pearson statistics for count data. In the cases, where asymptotic 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. Also tools of descriptive statistics have been used such as: percentages and averages.

## Results and discussion

The results of our research on the evaluation of business risks are presented in Table 1.

Table 1. Assessment of business risks by entrepreneurs-artists and entrepreneurs-laborers.

<i>Doing your business, you face many risks. Which risks do you consider as currently crucial? (Please provide a maximum of three answers)</i>	Entrepreneurs-artists in %	Entrepreneurs-laborers in %	p-value
1. market risk (lack of contracts)	79.55	81.48	0.68180
2. financial risk (poor approach to company's financing)	59.09	55.84	0.58232
3. operational risk (mishandling of processes)	22.73	19.66	0.52218
4. personnel risk (poor quality staff)	43.18	42.45	0.90448
5. legal risk	34.09	33.33	0.89656
6. safety risk (accidents, incidents, etc.)	30.68	26.78	0.46540

Source: own source

According to the results of our research 79.55% of entrepreneurs-artists indicated that market risk is considered as a key one. Same answer was stated by a bit more, 81.48% of entrepreneurs-laborers. The results of our research have showed that there were not statistically

significant differences between the two groups of entrepreneurs in the evaluation of current business risks, which was confirmed by the values of the test criteria (p-value). The Hypothesis 1 was rejected.

In Table 2 there are presented the results of evaluation of decline of companies' performance by defined categories of entrepreneurs.

Table 2. Evaluation of changes in the performance of firms by entrepreneurs-artists and entrepreneurs-laborers.

<i>How has your performance changed in comparison to the pre-crisis period?</i>	Entrepreneurs- -artists in %	Entrepreneurs- -laborers in %	p-value
1. Decreased significantly (more than 20 %)	21.59	27.35	0.27134
2. Slightly decreased (to 20 %)	37.50	35.33	0.70394
3. Is stabilized	17.05	22.51	0.26272
4. Increased slightly (to 20 %)	15.91	9.97	0.11410
5. Significantly increased (more than 20 %)	4.55	2.56	0.32708

*Source:* own source

The values of the test criteria have confirmed that the changes performance evaluation of enterprises according to defined parameters is very similar and statistically significant differences in the responses have not been found. The Hypothesis 2 was rejected.

Both groups rate market risk as the most important risk, which was demonstrated by a decline in performance of companies during the crisis, because up to 59% of entrepreneurs-artists and 63% of entrepreneurs-laborers in our research have stated that the performances have dropped.

Our results are compatible with the findings of other studies. According to Fetisovová et al. (2012) the financial and economic crisis has had serious implications on the performance of small and medium-sized companies in the European Union. In 2009, the gross production of SMEs within the EU27 decreased by 5.5%. Insufficient effective demand was the most urgent issue for 29% of these SMEs. The authors report that the demand in the domestic markets of the EU27 will remain weak. In this context Cloves and Bilan (2014) state that the Czech Republic, the country endowed with greater shares of capital in production (compared with Poland, Hungary and Romania) was not immune to the recession, as confirmed by the results of our research.

A particularly important problem of SMEs is a financial gap since many of these companies have limited access to external financial sources. Even before the economic downturn, some small businesses were having trouble accessing the funds necessary for growth and innovation. As a consequence of the financial crisis, banks in many countries are even less willing to lend to businesses, which further escalates the problems faced by companies. (Evropská komise, 2011). According to Fetisovová et al. (2012) the approach to financial resources for SMEs represents a serious problem for SMEs. However, in the short term, it is less urgent than the lack of demand on domestic markets.

In our research, there was also compared the risk assessment from the regional perspective. It was found out, that entrepreneurs in Zlin region and entrepreneurs in Zilina and Trencin regions assess the risks very similarly. The only exception were the differences in the safety risk assessment, where entrepreneurs in Zilina region statistically significantly more perceived the effect of this risk in comparison with the businessmen from Zlin region. (Belás et al., 2014).



It could therefore be assumed that the current assessment of business risks, which was found out through our own research in the segment of SMEs in the analyzed region is relevant: the most significant risk to the SME segment is a market risk, followed by financial risk. This assessment is not dependent on regions and neither from the defined categories of entrepreneurs.

In Table 3 there are given results of knowledge of commercial banks' lending criteria.

Table 3. Knowledge of lending criteria of banks by the entrepreneurs-artists and entrepreneurs-laborers.

<i>Do you know the criteria which banks assess in their lending process?</i>	entrepreneurs- -artists in %	entrepreneurs- -laborers in %	p-value
1. Yes	55.68	38.00	<b>0.00262</b>
2. No	10.23	15.14	0.23800
3. I have some idea	34.09	46.86	<b>0.03078</b>

Source: own source

The Hypothesis 3 was confirmed. It was identified that there exist statistically significant differences in opinions of defined types of entrepreneurs in the knowledge of lending criteria. The entrepreneurs-artists statistically significantly more stated that clearly aware of commercial banks' lending criteria in comparison with the entrepreneurs-laborers (p-value=0.00262), while at the same time statistically less was received an answer: I have some idea (p-value=0.03078).

Behr and Güttler (2007) see the solution on companies' part understanding banks' approach within the evaluation of creditworthiness, and being able to evaluate their expected probability of default (PD) using a rating model. This could facilitate companies with evaluating their position from the bank's side. This might also lead the firms to provide necessary documents on their activity for better assessment of their creditworthiness, lead to the possibility of further negotiations with the bank about credit conditions. Additionally, firm's knowledge of its own PD allows greater transparency in the credit process, and has potential use in searching for external funding sources. The SMEs' knowledge about their creditworthiness may affect management decisions in favour of new external funding sources due to the expanding range of financing options.

Table 4. Evaluation of the current approach of commercial banks to finance SMEs.

<i>How do you assess the banks' approach to the financing of SMEs?</i>	entrepreneurs- -artists in %	entrepreneurs- -laborers in %	p-value
1. Banks accept our needs completely and meet our requirements	5.68	2.28	0.09296
2. Banks behave appropriately	31.82	30.77	0.84930
3. Banks behave unfriendly	13.64	10.26	0.36282
4. Banks use too harsh criteria for lending	30.68	34.76	0.47152
5. I do not know	18.18	21.94	0.44130

Source: own source

The Hypothesis 4 has not been confirmed. It was found out that there are no statistically significant differences between the defined types of businessmen in the evaluation of the current approach of commercial banks to finance SMEs.

According to our results, a positive evaluation of the approach of commercial banks for funding SMEs was reported by 37.50% of the entrepreneurs-artists and by 33.05% of the entrepreneurs-laborers.

Table 5. Evaluation of approach of commercial banks to finance SMEs.

<i>How has the banks' approach as for the lending changed compared to 2008?</i>	entrepreneurs- -artists in %	entrepreneurs- -laborers in %	p-value
1. Their approach has significantly deteriorated	18.18	12.54	0.16758
2. Their approach has slightly deteriorated	29.55	19.09	<b>0.03156</b>
3. Their approach has slightly improved	11.36	11.40	0.99202
4. Their approach has significantly improved	2.27	1.14	0.41222
5. Their approach has not changed	10.23	13.11	0.46540
6. I do not know	28.41	42.74	<b>0.01428</b>

*Source:* own source

The Hypothesis 5 was partially confirmed, as it was found out that there were statistically significant differences between the defined types of businessmen while evaluating changes to the current approach of commercial banks to lending to SMEs in comparison to the pre-crisis period in response No.2. This was the largest group of the respondents, if there are excluded those respondents who did not know how to answer this question.

In Table 6 there are stated the opinions of defined groups of entrepreneurs on whether they can properly manage risks.

Table 6. Evaluation of ability to manage financial risks in their own company by the entrepreneurs-artists and entrepreneurs-laborers.

<i>Do you think that you can properly manage financial risks in the company?</i>	entrepreneurs- -artists in %	entrepreneurs- -laborers in %	p-value
1. Yes	33.72	30.86	0.61006
2. To some extend	59.30	61.14	0.75656
3. No	3.49	0.86	0.06010
4. Cannot tell	3.49	7.14	0.21498

*Source:* own source

The Hypothesis 6 was rejected. There haven't been found any statistically significant differences in the opinions of defined types of businessmen to manage financial risks in their companies.

Within the regional comparison, there was found out that the entrepreneurs in Zlin region evaluate their ability to manage financial risks in the company more optimistically than entrepreneurs in the Zilina region (p-value (r.1)<0.01/p-value (r.2)=0.0210). (Belás et al., 2014).

In this context Krištofik (2010) states that the financial crisis has significantly changed the view on risk management in the SME segment in the European countries, including Slovakia. Based on many studies dealing with corporate management in Slovakia and published during the crisis, the most common failures, which can substantially affect the potential ability of a company to survive during the crisis, were for example mismanagement of cash flows or

insufficient management of financial risks, i.e., the lack of an early warning from the financial manager. The results of our research, however, showed a high degree of confidence of individual groups of entrepreneurs.

In Table 7 there are presented results of the survey on business optimism within defined groups of entrepreneurs.

Table 7. Evaluation of business optimism by entrepreneurs-artists and entrepreneurs-laborers.

<i>Do you believe that your company will survive in the next 5 years?</i>	entrepreneurs- -artists in %	entrepreneurs- -laborers in %	p-value
Definitely	48.86	41.03	0.18352
With certain concern	43.18	52.14	0.13362
With great concern	7.95	5.70	0.42952
No	0.00	1.14	0.31250

*Source:* own source

The Hypothesis 7 was thus rejected. The value of the test criteria has confirmed that there are no statistically significant differences in business optimism in the defined types of entrepreneurs.

The regional analysis has shown that the level of business optimism is high and there are no significant statistical differences in the attitudes of entrepreneurs in the evaluated regions (the only exception was that there were significant differences in the r.1 of the table while comparing entrepreneurs from Zilina and Trenčín region (calculated p-value=0.02700).

According to PwC (2010), nearly 70% of the owners of Czech companies expected growth of their businesses in the short term. This growth should have been achieved through the acquisition of new customers and the further penetration of existing clients. Entrepreneurs explained that the biggest threat to their growth is the existence of intense low-cost competition, which they will compete with by producing higher quality products and taking better care of their customers.

## Conclusion

The aim of this article was to examine the relationship between personality characteristics and approach to the perception and management of business risk.

Both groups of entrepreneurs in our research rate market risk as the most important risk, which was demonstrated by a decline in performance of companies during the crisis.

It was found that the current assessment of business risks is not dependent on the personality characteristics of businessmen, because the entrepreneurs-artists and entrepreneurs-laborers evaluated individual risks very similarly. At the same time, it could be assumed that our findings are fairly universal, and that the most significant business risk in the SME segment is a market risk, which led to significant changes in the performance of these companies.

The most important finding in the context of our research is that the knowledge of lending criteria, which represents an important element in the management of SME credit risk, is likely to depend on personal characteristics of entrepreneurs.

The results of our study have showed a high degree of confidence of individual groups of entrepreneurs when evaluating their ability to manage financial risks in the company and the high intensity of entrepreneurial optimism regardless of the personal characteristics of entrepreneurs. We found that there are not significant differences between defined types of entrepreneurs, regarding to the evaluation of the current approach of commercial banks to finance SMEs.

Our study has some limitations because it was performed on a limited sample of respondents and has a regional character. At the same time, this research suggests that there is likely a correlation exists between personality characteristics of businessmen of small and medium enterprises in approaching credit risk management, which will be the subject of our further research.

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