

THE PERCEPTION OF BUSINESS RISKS BY ENTREPRENEURS BASED ON THEIR EXPERIENCE OF BUSINESS FAILURE

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ABSTRACT

The aim of the article is to compare the attitudes to business risks and business failure among entrepreneurs that have experience with bankruptcy and entrepreneurs that do not have experience with bankruptcy in the business environment of small and medium-sized enterprises. The main objective of the article is to evaluate business risks: market, economic, financial, strategic, personnel, legal, and operational risk; and statements about the experience with business failure. Questionnaires of 454 small and medium-sized enterprises were collected and prepared for evaluation in 2020. Statistical hypotheses were rejected through the statistical method Z- test. The results showed interesting findings. The most important business risks are the market, financial, and personnel risk according to entrepreneurs. Entrepreneurs without the experience of business failure have more positive attitudes (66.7%), and there is no risk of bankruptcy to their company for 5 years than entrepreneurs with experience of business failure (45.2%). The next finding is that entrepreneurs without the experience of business failure have more positive attitudes (60.6%) to the rate of the market risk (lack of sales for my company) as adequate than entrepreneurs with experience with business failure (38.4%). Also, it was shown that entrepreneurs without experience with business failure have more positive attitudes (59.8%) to the error rate of employees, which is low and has no negative impact on my (our) business than entrepreneurs with experience of business failure (53.4%).

KEYWORDS: business risks, experience with business failure, business environment, small and medium-sized enterprise, entrepreneurship.

JEL CLASSIFICATION: M21, G32, L26

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INTRODUCTION

A set of influences affecting the existence and development of all business activities is generally denoted as business environment (Polteva et al., 2019). The results of business activities are considerably dependent on the business environment a company operates in (Dvorský et al., 2019; Belás et al., 2015).

Small and medium-sized enterprises (SMEs) represent 99% of all businesses in the EU. The definition of an SME is important for access to finance and EU support programmes targeted specifically at these enterprises (European Commission). Small and medium enterprises are facing constant changes in the business environment and the way to deal with these changes also depends on the ability of the enterprise to adapt and accept the variability of everyday life (Karpak & Topcu, 2010).

The case study has the following structure. The first part presents the most significant business risk according to researchers and several studies relating to business failure. The second part shows information regarding the empirical study from the business environment in the Czech Republic: the aim of the article, information about the questionnaire, business risk statements, the basic structure of respondents, definition of statistical hypotheses and criterion of a case study and the statistical method. The third part of the article shows the important results in the selected section: 3.1. Partial results of the most important business risk and 3.2 Partial results of other business risk. The third part also details the evaluation of hypotheses. The last part of the article summarizes the aims, results, limitations of the case study, and future research of the author.

1. SHORT THEORETICAL REVIEW

Several authors address the causes, factors and consequences associated with business failure. Balcaen & Ooghe (2006); Çera et al. (2019) and others identify areas that, if ignored, will undoubtedly increase the likelihood of business failure. These are: lack of planning (Ajaz Khan et al., 2019; Yan and Yan, 2016); lack of working capital (He et al., 2019); providing an excessive loan to customers (Hanzaee et al., 2011); failure to implement fast outsourcing (Alzhrani, 2020); competition in the market (Tipu, 2019) or monitoring corporate finances (Durica et al., 2019).

Many researchers examine business risks. Generally, many studies showed that market (Hudakova et al., 2018), financial (Kljucnikov et al., 2018) and economic risks (Bozic & Rajh) are significant business risks.

Cepel et al. (2020) found that selected economic, political, social and technological factors have an impact on the quality of the business environment in Slovakia. The most important factor is the macroeconomic environment. This factor is followed by monetary policy and interest rates. The third most important factor is state regulation and business support.

The results of Oláh et al. (2019) and Vu & Ngo (2019) indicate that personnel and operational risks are most present in the tourism sector. The analysis confirms that agriculture and industry are more exposed to operational risks than other services. This may indicate that in many job types, people prefer to work in other sectors. For construction companies, legal and personnel risks are the most important forms of risk, while in the agricultural sector, operational and other business risks are crucial.

Verbano & Venturini (2013) case study shows that the articles mainly deal with operational risks (54%); in particular, information technology management, followed by production planning and process management. This is followed by articles about financial risks (29%) that mainly involve credit problems, both from the viewpoint of the lenders (banks or credit institutions) and of the SMEs, assuring the credit institutions of their stability and solvency. Strategic risks are considered by 14% of all papers, where special attention is paid to innovation aspects, and only one paper discusses hazard risks, specifically personnel injuries.

Pereira et al. (2019) said that top managers contact key customers to check on the changes required or to persuade them to change requirements, accept a higher price or redirect an unattractive order to competitors. They approve revisions on the key customers' list, discuss with key account managers how to redirect an unattractive opportunity to competitors and try to improve gains even in attractive orders.

Li & Branine (2019) research on 227 employees showed that there exists a relationship between employees' perceptions of HRM practices and employee outcomes in Chinese SMEs. This provides an

effective way for SME owners and HR practitioners to generate desirable employee attitudes and behaviours, which, ultimately contribute to improving organizational performance.

2. AIM, METHODOLOGY AND METHODS

The aim of the article is to compare the attitudes to business risks and business failure among entrepreneurs that have experience with bankruptcy and entrepreneurs that do not have experience with bankruptcy in the business environment of small and medium-sized enterprises. Respondent is defined as the manager or owner of small and medium sized enterprises. This study is the partial results of an internal research project which was conducted at Tomas Bata University in Zlin in 2019-2020. Respondents were selected by using "the random selection method" (using function "Randbetween") from the specialized database - Cribis of entrepreneurs. The number of respondents is 454 small and medium-sized enterprises in the Czech Republic. The criterion of the study is the experience of business failure by respondent. The questionnaire contained 77 statements on which respondents could comment. The Czech version of the questionnaire is available at: <https://forms.gle/J9dtBLFe3fzZuULC8>

Respondents gave their opinions on the risk statements which could affect enterprise failure – I completely agree (Answer (A) 1); I agree (A2); I do not take an attitude (A3); I disagree (A4) and I completely disagree with the risk statement (A5). The statements of business risks are for:

- **Strategic risk statements (SR):** SR1: Strategic management in a company is an integral part of corporate governance. SR2: Strategic management is implemented in everyday life of our company and through action plans and programs. SR3: Proper strategic management improves the competitive ability of our company and its stability on domestic and foreign markets. SR4: Our company regularly monitors, evaluates and manages strategic risks.
- **Market risk statements (MR):** MR1: I rate the market risk (lack of sales for my company) as adequate. MR2: Business competition motivates me to perform better. MR3: Selling products and services on the market is challenging. However, our company has adequate sales volume. MR4: Our company uses innovative ways to win new markets and retain existing customers.
- **Financial risk statements (FR):** FR1: I consider financial risk as part of everyday business. FR2: I evaluate the financial performance of our (my) company positively. FR3: I understand the most crucial aspect of financial risk. FR4: I can adequately manage the financial risk in my (our) company.
- **Personnel risk statements (PER):** PER1: Personnel risk in the company is considered adequate and does not harm my business. PER2: Employee turnover is low and has no negative impact on my business. PER3: The error rate of employees is low and has no negative impact on my (our) business. PER4: Our employees are competitive and strive to improve their performance.
- **Legal risk statements (LEG):** LEG1: I consider the legal risk-appropriate and it does not harm our (my) business. LEG2: Business is affected by frequent legislative changes, but it has no negative impact on our (my) business. LEG3: I do not consider the business environment to be 'over-regulated'. LEG4: I understand the essential legal aspects of doing business.
- **Operational risk statements (OPE):** OPE1: We use company capacities at a sufficient level. OPE2: We place great emphasis on the innovation of our products and services, and it is positively reflected in the stability and performance of the company. OPE3: The number of possible requests for specific products/services has a downward trend. OPE4: Our company is not dependent on a limited number of suppliers.

The author considers it important to investigate the differences in the attitudes of SMEs to business risks – the positive answers on the statement (I completely agree (A1) and I agree (A2)). To fulfill the aim of the paper the author formulated the following statistical hypotheses:

H1: There are no statistically significant differences between the selected groups of respondents (based on their experience with business failure) in the agreed attitudes to the statements on the most important business risks: market risk (H1MR1, H1MR2, H1MR3, H1MR4); financial risk (H1FR1, H1FR2, H1FR3, H1FR4) and personnel risk (H1PER1, H1PER2, H1PER3, H1PER4).

H2: There are no statistically significant differences between the selected groups of respondents (based on their experience with business failure) in the agreed attitudes to the statements on the other business risks: strategic risk (H2SR1, H2SR2, H2SR3, H2SR4); legal risk (H2LEG1, H2LEG2, H2LEG3, H2LEG4); operational risk (H2OPE1, H2OPE2, H2OPE3, H2OPE4).

In order to evaluate the given statistical hypotheses essential to meet the aim of the article, the author used the descriptive statistics (pivot table, relative and absolute frequency). In order to determine the frequency of respondents' attitudes, the author used a simple sorting of the statistical sign and the sorting according to two statistical signs (selected criterion of the study (Answer 1, ..., Answer 5)). Descriptive characteristics are needed to calculate the Z- test. The Z- test method was applied to accept or reject statistical hypotheses (H1, H2 and H3). The assumption for carrying out the Z-test (normal distribution of samples according to statistical features and the representativeness of the sample – number of respondents) was fulfilled. All these results were performed using the SPSS Statistics analytical software. The formula Z- test for two population proportions is following (Hair et al., 2010; Rao & Scott, 1981):

$$Z - test = \frac{(\bar{p}_1 - \bar{p}_2)}{\sqrt{\bar{p} * (1 - \bar{p}) * (\frac{1}{n_1} + \frac{1}{n_2})}}, \quad (1)$$

where:

n_1 - number of respondents with experience of business failure;

n_2 - number of respondents without experience of business failure;

p_1 – proportion of respondents with positive attitudes of statements with experience of business failure;

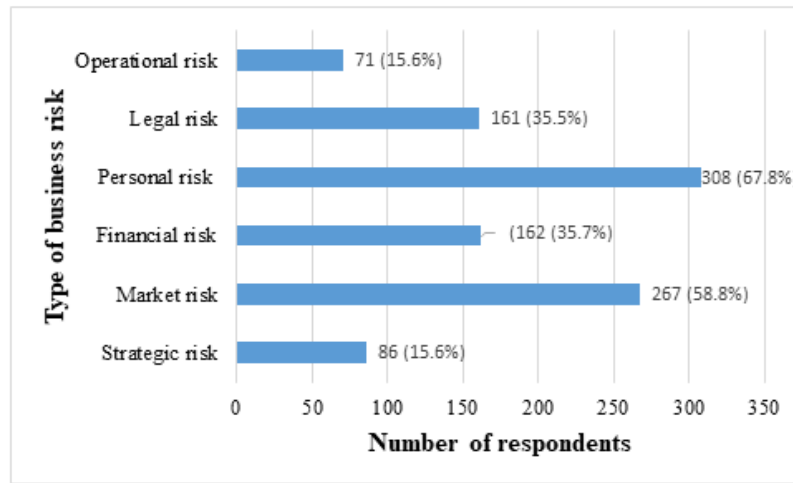
p_2 – proportion of respondents with positive attitudes of statements without experience of business failure;

Basic evaluation of questions according to the characteristics of company and of respondent: size classification of enterprise: 23.6% small enterprise, 63.9% micro enterprise, 12.5% medium enterprise; type of entity: 29.7% sole trader 29.7%, 58.6% limited liability company, 7.5% joint-stock company, 4.2% another form of business; how long have you been doing business: 5.9% less than or equal to 3 years, 6.2% more than 3 and less than or equal to 5 years, 14.1% more than 5 and less than or equal to 10 years, 73.8% more than 10 years. Region representation of Czech Republic was as follows: 7.5% Zlín Region, 11.7% Moravian-Silesian Region, 9.0% Olomouc Region, 7.9% South Moravian Region, 6.4% Liberec Region, 13.4% Prague- capital city, 6.6% Pardubice, 4.9% Pilsen Region, 6.4% Central Region, 2.9% Hradec Kralove, 5.1% Vysočina region, 7.3% South Region, 6.4% Usti Region and 4.6% Karlovy Vary.

3. RESULTS

Before proceeding with the comparison of business risks according to the chosen criterion, attention is focused on identifying the most significant business risks. Figure 1 evaluates the absolute and relative number of respondents who consider this type of business risk to be one of the three most significant business risks.

Figure 1 The most significant business risks according to the attitudes of the respondents



(Source: own data collection)

The total number of marked options was 1362 responses (454 - the number of respondents and 3 options). Respondents in total gave 1,055 answers (77.4%). These results show that respondents used the opportunity to indicate several options in the object question. The results of the respondents show that the three most significant risks include: 1. personnel risk; 2. market risk and 3. financial risk. Only 71 respondents (15.6%) consider operational risk as one of the three most significant risks.

3.1 Partial results of the most important business risk

The following Tables 1, 2 and 3 summarise the results of the evaluation of the most important business risk statements (Market Risk, Financial Risk, Personnel risk) of respondents from the Czech Republic according to their experience of business failure.

The structure of the respondents' attitudes (statements of market risk – MR1, MR2, MR3 and MR4) were: **MR1:** I completely agree (A1) – 72 (15.8%), I agree (A2) – 187 (41.2%), I do not take an attitude (A3) – 133 (29.3%), I disagree + I completely disagree (A4 + A5) – 62 (13.7%); **MR2:** I completely agree (A1) – 155 (34.1%), I agree (A2) – 183 (40.3%), I do not take an attitude (A3) – 74 (16.3%), I disagree + I completely disagree (A4 + A5) – 42 (9.3%); **MR3:** I completely agree (A1) – 91 (20.0%), I agree (A2) – 211 (46.5%), I do not take an attitude (A3) – 104 (22.9%), I disagree + I completely disagree (A4 + A5) – 48 (10.6%); **MR4:** I completely agree (A1) – 79 (17.4%), I agree (A2) – 150 (33.0%), I do not take an attitude (A3) – 137 (30.2%), I disagree + I completely disagree (A4 + A5) – 88 (19.4%).

Table 1 The evaluation of 'market risk statements' by respondents

MR1	Experience with business failure		MR2	Experience with business failure	
	No	Yes		No	Yes
A1+A2	231	28	A1+A2	291	47
[%]	60.6%	38.4%	[%]	76.4%	64.4%
Z- test (P- value)	3.522 0.001*		Z- test (P- value)	2.153 0.032	
MR3	Experience with business failure		MR4	Experience with business failure	
	No	Yes		No	Yes

A1+A2 [%]	260 68.2%	42 57.5%	A1+A2 [%]	196 51.4%	33 45.2%
Z- test (P- value)	1.775 0.075**		Z- test (P- value)	0.977 0.327	

Notes: * Statistically significant differences with a significance level ($\alpha = 0.01$); ** Statistically significant differences with a significance level ($\alpha = 0.1$).

(Source: own data collection)

The results (Table 1) showed that there are statistically significant differences of positive attitudes (A1+A2) to the statement MR1 among respondents according to the criterion of the study (P- value = 0.001; level of significance = 0.01). Also, there are statistically significant differences of positive attitudes (A1+A2) to the statement MR3 among respondents according to the criterion of the study (P- value = 0.075; level of significance = 0.1). The hypotheses H1MR1 ($\alpha = 0.01$) and H1MR3 ($\alpha = 0.1$) were rejected. The hypotheses H1MR2 and H1MR4 were accepted.

The structure of the respondents' attitudes (statements of financial risk – FR1, FR2, FR3 and FR4) were:

FR1: I completely agree (A1) – 173 (38.1%), I agree (A2) – 179 (39.4%), I do not take an attitude (A3) – 69 (15.2%), I disagree + I completely disagree (A4 + A5) – 33 (7.3%); **FR2:** I completely agree (A1) – 105 (23.1%), I agree (A2) – 200 (44.1%), I do not take an attitude (A3) – 103 (22.7%), I disagree + I completely disagree (A4 + A5) – 46 (10.1%); **FR3:** I completely agree (A1) – 153 (33.7%), I agree (A2) – 193 (42.5%), I do not take an attitude (A3) – 85 (18.7%), I disagree + I completely disagree (A4 + A5) – 23 (5.1%); **FR4:** I completely agree (A1) – 116 (25.6%), I agree (A2) – 204 (44.9%), I do not take an attitude (A3) – 106 (23.3%), I disagree + I completely disagree (A4 + A5) – 28 (6.2%).

Table 2 The evaluation of 'financial risk statements' by respondents

FR1	Experience with business failure		FR2	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	297 78.0%	55 75.3%	A1+A2 [%]	266 59.8%	39 53.4%
Z- test (P- value)	0.489 0.624		Z- test (P- value)	2.732 0.006*	
FR3	Experience with business failure		FR4	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	293 76.9%	53 72.6%	A1+A2 [%]	269 70.6%	51 69.9%
Z- test (P- value)	0.791 0.430		Z- test (P- value)	0.127 0.897	

Notes: * Statistically significant differences on the level of significance 0.01.

(Source: own data collection)

The results (Table 2) showed that there are statistically significant differences of positive attitudes (A1+A2) to the statement FR2 among respondents according to the criterion of the study (P- value = 0.006; level of significance = 0.01). The hypothesis H1FR2 ($\alpha = 0.01$) was rejected. The hypotheses H1FR1, H1FR3 and H1MR4 were accepted because the level of significance is greater than p-values of Z- test.

The structure of the respondents' attitudes (statements of personnel risk – PER1, PER2, PER3 and PER4) were: **PER1:** I completely agree (A1) – 61 (13.4%), I agree (A2) – 170 (37.5%), I do not take an attitude (A3) – 115 (25.3%), I disagree + I completely disagree (A4 + A5) – 108 (23.8%); **PER2:** I completely agree (A1) – 127 (28.0%), I agree (A2) – 136 (29.9%), I do not take an attitude (A3) – 97

(21.4%), I disagree + I completely disagree (A4 + A5) – 94 (20.7%); **PER3**: I completely agree (A1) – 106 (23.3%), I agree (A2) – 183 (40.3%), I do not take an attitude (A3) – 88 (19.4%), I disagree + I completely disagree (A4 + A5) – 77 (17.0%); **PER4**: I completely agree (A1) – 66 (14.6%), I agree (A2) – 138 (30.4%), I do not take an attitude (A3) – 135 (29.7%), I disagree + I completely disagree (A4 + A5) – 115 (25.3%).

Table 3 The evaluation 'personnel risk statements' by respondents

PER1	Experience with business failure		PER2	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	197 51.7%	34 46.6%	A1+A2 [%]	223 58.5%	40 54.8%
Z- test (P- value)	0.803 0.424		Z- test (P- value)	0.592 0.555	
PER3	Experience with business failure		PER4	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	250 65.6%	39 53.4%	A1+A2 [%]	172 45.1%	32 43.8%
Z- test (P- value)	1.984 0.048*		Z- test (P- value)	0.206 0.834	

Notes: * Statistically significant differences on the level of significance 0.05.

(Source: own data collection)

The results (Table 3) showed that there are statistically significant differences of positive attitudes (A1+A2) to the statement PER3 among respondents according to the criterion of the study (P- value = 0.048; level of significance = 0.05). The hypothesis H1PER3 ($\alpha = 0.05$) was rejected. The hypotheses H1PER1, H1PER2 and H1PER4 were accepted because the level of significance is greater than p-values of Z- test.

3.2 Partial results of other business risks

The following Tables 4, 5 and 6 summarise the results of the evaluation of the others business risk statements (Strategic Risk, Legal Risk, Operational risk) of respondents from the Czech Republic based on their experience with business failure.

The structure of the respondents' attitudes (statements of strategic risk – SR1, SR2, SR3 and SR4) were: **SR1**: I completely agree (A1) – 185 (40.7%), I agree (A2) – 192 (42.3%), I do not take an attitude (A3) – 64 (14.1%), I disagree + I completely disagree (A4 + A5) – 13 (2.9%); **SR2**: I completely agree (A1) – 80 (17.6%), I agree (A2) – 147 (32.4%), I do not take an attitude (A3) – 153 (33.7%), I disagree + I completely disagree (A4 + A5) – 74 (16.3%); **SR3**: I completely agree (A1) – 124 (27.3%), I agree (A2) – 171 (37.7%), I do not take an attitude (A3) – 116 (25.5%), I disagree + I completely disagree (A4 + A5) – 43 (9.5%); **SR4**: I completely agree (A1) – 72 (15.9%), I agree (A2) – 141 (31.1%), I do not take an attitude (A3) – 130 (28.6%), I disagree + I completely disagree (A4 + A5) – 111 (24.4%).

Table 4 The evaluation 'strategic risk statements' by respondents

SR1	Experience with business failure		SR2	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	320 84.0%	57 78.1%	A1+A2 [%]	186 48.8%	41 56.2%

Z- test (P- value)	1.322 0.219		Z- test (P- value)	-1.150 0.250	
SR3	Experience with business failure		SR4	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	249 65.4%	46 63.0%	A1+A2 [%]	181 47.5%	32 43.8%
Z- test (P- value)	0.384 0.704		Z- test (P- value)	0.576 0.562	

(Source: own data collection)

The results (Table 4) showed that there are no statistically significant differences in positive attitudes (A1+A2) to the statements of strategic risk among respondents according to the criterion of the study. All hypotheses (H2SR1, H2SR2, H2SR3 and H2SR4) were accepted.

The structure of the respondents' attitudes (statements of legal risk – LEG1, LEG2, LEG3 and LEG4) were: **LEG1:** I completely agree (A1) – 45 (9.9%), I agree (A2) – 166 (35.6%), I do not take an attitude (A3) – 131 (28.9%), I disagree + I completely disagree (A4 + A5) – 112 (24.7%); **LEG2:** I completely agree (A1) – 64 (14.1%), I agree (A2) – 117 (25.8%), I do not take an attitude (A3) – 123 (27.1%), I disagree + I completely disagree (A4 + A5) – 150 (33.0%); **LEG3:** I completely agree (A1) – 50 (11.0%), I agree (A2) – 69 (15.2%), I do not take an attitude (A3) – 106 (23.4%), I disagree + I completely disagree (A4 + A5) – 229 (50.4%); **LEG4:** I completely agree (A1) – 168 (37.0%), I agree (A2) – 195 (43.0%), I do not take an attitude (A3) – 77 (17.0%), I disagree + I completely disagree (A4 + A5) – 14 (3.0%).

Table 5 The evaluation 'legal risk statements' by respondents

LEG1	Experience with business failure		LEG 2	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	187 49.1%	24 32.9%	A1+A2 [%]	158 41.5%	23 31.5%
Z- test (P- value)	2.543 0.011*		Z- test (P- value)	1.593 0.111	
LEG 3	Experience with business failure		LEG 4	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	95 24.9%	24 32.9%	A1+A2 [%]	306 80.3%	57 78.1%
Z- test (P- value)	-1.414 0.159		Z- test (P- value)	0.437 0.660	

Notes: * Statistically significant differences with a significance level 0.05.

(Source: own data collection)

The results (Table 5) showed that there are statistically significant differences in positive attitudes (A1+A2) to the statement LEG1 among respondents according to the criterion of the study (P- value = 0.048; level of significance = 0.05). Hypothesis H2LEG1 ($\alpha = 0.05$) was rejected. Hypotheses H2LEG2 (p-value = 0.111), H2LEG3 (p-value = 0.159) and H2LEG4 (p-value = 0.159) were accepted.

The structure of the respondents' attitudes (statements of operational risk – OPE1, OPE2, OPE3 and OPE4) were: **OPE1:** I completely agree (A1) – 111 (24.5%), I agree (A2) – 228 (50.2%), I do not take an attitude (A3) – 87 (19.2%), I disagree + I completely disagree (A4 + A5) – 28 (6.2%); **OPE2:** I completely agree (A1) – 121 (26.6%), I agree (A2) – 176 (38.8%), I do not take an attitude (A3) – 112 (24.7%), I disagree + I completely disagree (A4 + A5) – 45 (9.9%); **OPE3:** I completely agree (A1) – 225 (45.6%),

I agree (A2) – 146 (32.1%), I do not take an attitude (A3) – 69 (15.2%), I disagree + I completely disagree (A4 + A5) – 14 (3.1%); **OPE4**: I completely agree (A1) – 160(35.3%), I agree (A2) – 110 (24.2%), I do not take an attitude (A3) – 81 (17.8%), I disagree + I completely disagree (A4 + A5) – 103 (22.7%).

Table 6 The evaluation ‘operational risk statements’ by respondents

OPE 1	Experience with business failure		OPE 2	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	291 76.4%	48 65.8%	A1+A2 [%]	254 66.7%	43 58.9%
Z- test (P- value)	1.912 0.056*		Z- test (P- value)	1.277 0.201	
OPE 3	Experience with business failure		OPE 4	Experience with business failure	
	No	Yes		No	Yes
A1+A2 [%]	317 83.2%	54 74.0%	A1+A2 [%]	234 61.4%	36 49.3%
Z- test (P- value)	1.869 0.061*		Z- test (P- value)	1.929 0.054*	

Notes: * Statistically significant differences with a significance level 0.1.

(Source: own data collection)

The results (Table 6) showed that there are statistically significant differences in positive attitudes (A1+A2) to statement OPE1 among respondents according to the criterion of the study (P- value = 0.048; level of significance = 0.01). Also, there are statistically significant differences in positive attitudes (A1+A2) to statements OPE3 and OPE4 among respondents according to the criterion of the study (OPE3: P- value = 0.061 and OPE4: p-value = 0.054; level of significance = 0.1). Hypothesis H2OPE1, H2OPE3, H2OPE4 ($\alpha = 0.05$) were rejected. Hypotheses H2OPE2 was accepted because the level of significance is greater than the p-values of Z- test.

4. DISCUSSION

According to entrepreneurs, the most important business risks are the market, financial and personnel risks. There are statistically significant differences in attitudes that the rate of the market risk (lack of sales for my company) is adequate among selected groups of entrepreneurs according to the criterion of the study. Entrepreneurs without experience of business failure have more positive attitudes (60.6%) than entrepreneurs with experience of business failure (38.4%). The criterion is not significant for the evaluation of other statements of market risk with a significance level 0.05.

There are statistically significant differences are in attitudes towards the positive evaluation of the financial performance of our (my) company among selected groups of entrepreneurs according to the criterion of the study. Entrepreneurs without experience of business failure have more positive attitudes (59.8%) than entrepreneurs with experience of business failure (53.4%). In this context, Kozubikova et al. (2016) found that the biggest differences between the Czech and Slovak Republics are observed when the impacts on financial risks’ growth and SMEs’ approach to external financing sources are compared. Czech entrepreneurs have more positive attitude than their Slovak counterparts. Some differences were also found among the attitudes of companies in terms of their age; older companies in both countries more intensively perceive the importance of financial risks during a crisis.

There are statistically significant differences are in attitudes that the error rate of employees is low and has no negative impact on my (our) business among selected groups of entrepreneurs according to the

criterion of the study. Entrepreneurs without experience of business failure have more positive attitudes (65.5%) than entrepreneurs with experience of business failure (53.4%).

The criterion is not significant for the evaluation of all statements of strategic risk with a significance level of 0.05.

There are statistically significant differences in attitudes that the legal risk-appropriate and does not harm our (my) business between selected groups of entrepreneurs according to the criterion of the study. The entrepreneurs without experience with business failure have more positive attitudes (49.1%) than entrepreneurs with experience with business failure (32.9%). The criterion is not significant for the evaluation of other statements of legal risk with a significance level of 0.05.

There are statistically significant differences in attitudes regarding the use of company capacities among selected groups of entrepreneurs according to the criterion of the study. Entrepreneurs without experience of business failure have more positive attitudes (76.4%) than entrepreneurs with experience of business failure (65.8%). Also, there are statistically significant differences in attitudes that the number of possible requests for specific products/services has a downward trend (experience with business failure: No - 83.2% respondents, Yes - 74.0% respondents) and that our company is not dependent on a limited number of suppliers (experience with business failure: No - 61.4% respondents, Yes - 49.3% respondents). These results regarding statements of operational risk are statistically significant with a significance level of 0.1.

In this context, it is interesting to study of Toulová et al. (2013). The authors found that more Austrian and German SMEs, compared to Czech, Slovak and Polish SMEs, do not apply any method of risk analysis but are more focused on some form of protection in international operations. Payment in advance was identified as the most common form. It was also found that Austrian and German SMEs prefer to use bank products rather than conclude long term contracts or verify the credibility of their foreign business partners used by Czech, Slovak and Poland SMEs. Based on statistical testing, significant differences appeared in risk perception of SMEs from different countries. Especially perception of market risks and transportation risks.

CONCLUSIONS

The aim of the article was to compare the attitudes to business risks and business failure among entrepreneurs who have experience with bankruptcy and entrepreneurs who do not have experience with bankruptcy in the business environment of small and medium-sized enterprises.

The results of a case study from the Czech business environment confirm that there exist statistically significant differences in the attitudes of entrepreneurs regarding selected statements relating to the market, financial, personnel, operational, and legal risks based on their experience with business failure.

Additionally, the case study regarding the business environment of the Czech Republic has its limitations that cannot be overlooked. These include the possibility that the entrepreneurs did not adequately understand the issues involved or that some statements in the questionnaire were expressed wrongly. The results from the sample size of 454 respondents are also limited. Furthermore, this study examined entrepreneurs from only one country. The basic statistical method, such as the Z-Test for 2 Population Proportions, was used in this case study.

In the future, we ought to concentrate our research on the comparison of business risks and the attitudes of entrepreneurs towards the business future of small and medium-sized enterprises based on the socio-demographics characteristics (age, gender, highest education, and so on) of entrepreneurs. The author

thinks that there are statistically significant differences among the selected groups of entrepreneurs. It is also important to study business risks and their impact on the business future of small and medium-sized enterprises.

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