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## THE MOST IMPORTANT ATTRIBUTES OF ENTREPRENEURS. CASE STUDY OF THE ENVIRONMENT OF CZECH SMES.

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### ABSTRACT

*The aim of this paper was to define and quantify the most important attributes of entrepreneurs in the segment of small and medium-sized enterprises. The partial objective was to compare the opinions of the entrepreneurs in relation to their gender, age and level of education. Scientific questions, defined in this paper, were verified through empirical research conducted in the Czech Republic in 2015 on a sample of 1,141 entrepreneurs. In our research, we found that entrepreneurs consider expertise, responsibility and perseverance to be the most important personal characteristics and skills. Propensity to risk and decisiveness are ranked right after them. The same group of three most important attributes is presented by all defined groups of entrepreneurs, which means that the assessment of the importance of these attributes remains the same regardless of gender, age and level of education of the entrepreneur. It is interesting that the weight of the expertise increases with the age of the entrepreneur. This trend is caused by the fact that men significantly more intensively presented this opinion. When evaluating the attitudes of entrepreneurs to other characteristics and skills no significant differences in relation to gender, age and education were identified.*

### KEYWORDS

*entrepreneur, small and medium-sized enterprises, personality traits and skills*

### JEL

L26, J16

### INTRODUCTION

The research of the business environment of small and medium-sized enterprises (SMEs) is very current in economic theory, and is focused on different attributes of the activities of these companies, which constitute an important part of the economic system of each country.

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While evaluating the significance of SMEs to the economic system the opinion about their exceptional status to tackling unemployment, their substantial benefit to the diversity of the market offers and to the development of innovation activities prevails (Fetisovová et al., 2012, Synek et al., 2006).

Economists and politicians pay particular attention to the adjustment of external business conditions, to the creation of business environment and laws governing business activities. "*Almost no, or just a very small attention is payed to the fact that the implementer of entrepreneurship is a man, who has his own ideas, desires, motives, and attitudes, which lead him to doing business, to found a company, to become a self-employer*" (Flešková, Babiaková, Nedelová, 2011).

In this context, we consider to be necessary to examine the views and attitudes of entrepreneurs in the SME segment. The contribution of this paper consists in the definition of the most important personal characteristics (attributes) and skills of entrepreneurs, quantification and comparison of these attitudes in terms of gender, age and the level of education of entrepreneurs. The acquired knowledge can help to optimize the parameters of the educational system, resp. to form the new economic policy approaches to this segment.

## 1. 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 entrepreneur intends to do business.

Kvietok (2013) states, that decision to take on the business risk is symptomatic of a certain type of people. 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.

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. Individuals who demonstrate increased risk aversion are more likely to become entrepreneurs (Hvide, Panos, 2014).

According to Honjo (2015) individual who believe that they have knowledge, skills and experience in the field of business management, are more willing to become an entrepreneur in their

professional life. Moreover, opportunity seeking behaviour is found to positively affect the entrepreneurship process and entrepreneurship choice. Individual age is not found to be a significant predictor of entrepreneurship choice and thus it shows the irrelevancy of individual age to business start-ups. Moreover, positive effect of risk taking ability to the process of entrepreneurship was found. When someone is not afraid of risk taking, he/she can and is willing to invest in entrepreneurship projects.

Innovation is significantly affected by the business experience and a positive tendency of innovation can help the person to become an entrepreneur (Plotnikova, Romero, Martinez-Roman, 2016).

People with masculine values are competitive, aggressive and motivated to gain wealth through business development. On the other hand, people having such feminine attributes as cooperation, adaptability, aware of others, flexibility etc. are also required to have a successful business operation by maintaining harmonization in the workplace (Goktan, Gupta, 2015).

According to Kautonen, Down, and Minniti (2014) people are interested to have their own business especially until the age of 40. On the other hand, older individuals would like to enjoy more free time with their families and as a result they do not want to engage in any other business activities.

## **2. OBJECTIVES, METHODOLOGY AND DATA**

The aim of this paper was to define and quantify the most important attributes of entrepreneurs in the segment of small and medium-sized enterprises. The partial objective was to compare the opinions of the entrepreneurs in relation to their gender, age and level of education.

In this paper we define these scientific questions:

SQ1: What are the most important personal predispositions and skills for doing business?

SQ 2: Is a willingness to take risks the most important prerequisite for doing business.

SQ 3: Are there any significant differences in the attitudes of entrepreneurs in relation to their gender, and the level of education exist?

Statistically significant differences between the designated groups of entrepreneurs were compared through Pearson statistics at significance level of 5%. If the calculated p-value was lower than 5%, we rejected the null hypothesis and the alternative hypothesis was adopted. The calculations were made through the free software available at:

<http://www.socscistatistics.com/tests/ztest/Default2.aspx>.

The survey of the quality of the business environment was carried out in the first half of 2015 through a questionnaire on a sample of 1,141 respondents in the Czech Republic. The method of choosing companies was as follows. We randomly selected a total of 1650 companies from the Albertina database. These companies were contacted via email, where the business owners were asked to complete a questionnaire, which was placed on the website: [https://docs.google.com/forms/d/1U9coaC5JRL0N2QOOO6Xb8j3mnaZXdSM47Kugt4EDGFo/vie\\_wform?usp=send\\_form](https://docs.google.com/forms/d/1U9coaC5JRL0N2QOOO6Xb8j3mnaZXdSM47Kugt4EDGFo/vie_wform?usp=send_form). If these companies had not responded to our mail, we addressed them by telephone.

The structure of the respondents was as follows: 75% men, 25% women; 48% of respondents reported that they have secondary education, 34% had the university degree and 18% reported that they have secondary education without graduation; 65% of the total number of companies are

microenterprises, 27% are small enterprises and 8% are medium-sized enterprises. 62% of companies' owners stated that the company exists for more than 10 years, 21% of them stated that they operate a maximum of five years and 17% of them reported that the company belongs to an interval of five to ten years of existence.

Respondents were representing the following sectors: trade (33%), manufacturing (23%), construction (14%), transport (6%), agriculture (3%), and other services (39%).

### 3. THE RESULTS AND A BRIEF DISCUSSION

Table 1 presents the results of the evaluation of the most important personal characteristics (attributes) and skills by the Czech entrepreneurs in the SME category.

Tab. 1: The most important attributes of entrepreneurs

Attributes and skills of entrepreneurs.	Men 861	Women 280	HE 392	OE 749	35- 279	36-45 320	45+ 542
1. Don't be afraid of a risk: 46,36%	408 *47,39	121 43,21	186 47,45	343 45,79	149 <b>53,41</b>	148 46,25	232 42,80
2. Expertise: 54,25%	456 *52,78	163 58,21	220 56,12	399 53,27	128 45,88	164 51,25	327 60,33
3. Perseverance: 51,10%	448 *52,03	135 48,21	197 50,26	386 51,51	166 59,50	158 49,38	259 47,79
4. Responsibility: 52,94%	449 *52,15	155 55,36	201 51,28	403 53,81	136 48,75	172 53,75	296 54,61
5. Decisiveness: 39,18%	343 *39,84	104 37,14	164 41,84	283 37,78	113 40,50	133 41,56	201 37,08
6. Other	654	220	305	569	240	239	395
Total number of answers:	<b>2.758</b>	<b>898</b>	<b>1.273</b>	<b>2.383</b>	<b>932</b>	<b>1.014</b>	<b>1.710</b>
Z-score:							
p-value 1.	0,3271		0,8572		0,3953	0,0910	0,4533
p-value 2.	0,2627		0,6818		0,1310	<b>0,0004</b>	0,0524
p-value 3.	0,3898		0,5687		0,1868	0,0751	0,7566
p-value 4.	0,4902		0,3843		0,1527	0,0719	0,8181
p-value 5.	0,4965		0,3735		0,5093	0,7795	0,2937

Note: entrepreneurs could mark more possibilities; the minimum was 3 possibilities. HE – higher education, OE – other type of education, 35 – entrepreneurs under 35 years old, 35-46 – entrepreneurs in between 35 and 45 years old, 45+ – entrepreneurs older than 45 years. \* - the value is in %.

In our research, we found that entrepreneurs consider expertise (54.25%), responsibility (52,94%) and perseverance (51.10%) to be the most important personal characteristics and skills. Propensity to risk (46.36%) and decisiveness (39.18%) are ranked right after them. The same group of three most important attributes is presented by all defined groups of entrepreneurs, except for the case of the youngest entrepreneurs, who reported propensity to risk as the second most important factor. No significant differences were identified within the defined groups of entrepreneurs. The only interesting fact is that the significance of the expertise of entrepreneurs increases with the age (p-value = 0.004).

Tab. 2: The most important attributes according to male entrepreneurs

<i>Attributes and skills of entrepreneurs.</i>	Men HE 284	Men OE 577	Men 35- 193	Men 36-45 233	Men 45+ 435
1. Don't be afraid of a risk	132	276	113	105	190
2. Expertise	158	298	85 *44,04	114 48,93	257 59,08
3. Perseverance	146	302	122	118	208
4. Responsibility	145	304	97	118	234
5. Decisiveness	121	222	82	95	166
6. Other	225	429	164	175	315
Total number of answers:	<b>927</b>	<b>1.831</b>	<b>663</b>	<b>725</b>	<b>1.370</b>
<i>Z-score:</i>					
p-value 1.	0,5619		0,1902	0,0601	0,7039
p-value 2.	0,6101		0,1236	<b>0,0008</b>	0,0836
p-value 3.	0,6171		0,2937	0,0643	0,5093
p-value 4.	0,5157		0,3952	0,1615	0,6384
p-value 5.	0,4839		0,6818	0,8729	0,5157

We did not find any significant differences in the evaluation of the most important characteristics (attributes) and skills of entrepreneurs in relation to the level of education and the age in the group of male entrepreneurs. The only exception is the finding that the weight of expertise increases with the age of entrepreneur (p-value = 0.0008, means that there are statistically significant differences between the youngest and oldest entrepreneurs in the assessment of this factor).

Tab. 3: The most important attributes according to female entrepreneurs

<i>Attributes and skills of entrepreneurs.</i>	Women HE 108	Women OE 172	Women 35- 86	Women 36-45 87	Women 45+ 107
1. Don't be afraid of a risk	55	67	37	43	42
2. Expertise	62	101	43	50	70
3. Perseverance	51	84	44	40	51
4. Responsibility	56	99	39	54	62
5. Decisiveness	43	61	31	38	35
6. Other	80	140	76	64	80
Total number of answers:	<b>347</b>	<b>552</b>	<b>270</b>	<b>289</b>	<b>340</b>
<i>Z-score:</i>					
p-value 1.	0,1141		0,6892	0,6241	0,3576
p-value 2.	0,8729		0,6599	0,1416	0,2937
p-value 3.	0,8337		0,4179	0,6599	0,6818
p-value 4.	0,4902		0,1770	0,2113	0,8887
p-value 5.	0,5419		0,5485	0,6384	0,2670

We did not find any significant differences in the evaluation of the most important characteristics (attributes) and skills of entrepreneurs in relation to the level of education and the age in the group of female entrepreneurs.

Tab. 4: The most important qualities - a comparison between men and women according to the level of education and age.

<i>Attributes and skills of entrepreneurs.</i>	Men/Women HE 284/108	Men/Women OE 577/172	Men/Women 35- 193/86	Men/Women 36-45 233/87	Men/Women 45+ 435/107
1. Don't be afraid of a risk	132/55	276/67	113/37	105/43	190/42
2. Expertise	158/62	298/101	85/43	114/50	257/70
3. Perseverance	146/51	302/84	122/44	118/40	208/51
4. Responsibility	145/56	304/99	97/39	118/54	234/62
5. Decisiveness	121/43	222/61	82/31	95/38	166/35
6. Other	225/80	429/140	164/76	175/64	315/80
Total number of answers:	<b>927/347</b>	<b>1.831/552</b>	<b>663/270</b>	<b>725/289</b>	<b>1.370/340</b>
<i>Z-score:</i>					
p-value 1.	0,4715	0,0854	0,2077	0,8729	0,4654
p-value 2.	0,7263	0,2627	0,2113	0,5353	0,4413
p-value 3.	0,6455	0,4777	0,4473	0,3320	0,9362
p-value 4.	0,8259	0,4654	0,9442	0,3576	0,6171
p-value 5.	0,7566	0,4965	0,7039	0,9840	0,3524

When comparing the views of men and women within the defined categories (level of education and the age of entrepreneurs) no statistically significant differences in the assessment of personal characteristics (attributes) and skills of entrepreneurs were identified.

SQ1 was answered. Our research defined the most important personal characteristics (attributes) and skills of entrepreneurs.

The answer on SQ2 was negative. We found that the willingness to take risks is not the most important characteristic of the entrepreneur.

The answer on SQ3 was negative.

The results of our research are mostly compatible with the results of Frese, Gielnik (2014), Deáková, Drážovská, Grznárik and Kondášová (2010), Honjo (2015). On the other hand, our results refute the statements of Kvietok (2013), Omerzel and Kušce (2013) who featured the vital importance of willingness to take risks.

In the context of the assessment of the characteristics of entrepreneurs Srpová and Řehoř (2010) define the false myths about the entrepreneurship. "Many people never become an entrepreneur because they fear the prejudices, that one must be born an entrepreneur. They believe that one cannot learn to do business, and that most of the new companies will go bankrupt anyway. Others, by contrast, throw themselves into the business with a vision to finally be their own man". The authors refute these myths and define two elementary conditions for doing business – entrepreneurial spirit and success.

Doing business is a long-term, arduous and complicated process, which is accompanied by many obstacles, and therefore requires appropriate preconditions and personal attributes. Entrepreneur

must be resistant against uncertainty through a high level of self-motivation, free decision making and initiative to overcome the fear and apprehension of the future (Ilouga, Mouloungni, Sahut, 2014). Emotional stability and internal self-control which help to trust in their decisions (Caliendo, Fossen, Kritikos, 2014), the need for success, self-sufficiency and extroversion (Lee and Tsang, 2002) are the important characteristics of the entrepreneurs.

## CONCLUSION

The aim of this paper was to define and quantify the most important attributes of entrepreneurs in the segment of small and medium-sized enterprises, and to compare the opinions of the entrepreneurs in relation to their gender, age and level of education.

In our research, we found that entrepreneurs consider expertise, responsibility and perseverance to be the most important personal characteristics and skills. Propensity to risk and decisiveness are ranked right after them. The same group of three most important attributes is presented by all defined groups of entrepreneurs, which means that the assessment of the importance of these attributes remains the same regardless of gender, age and level of education of the entrepreneur. It is interesting that the weight of the expertise increases with the age of the entrepreneur. This trend is caused by the fact that men significantly more intensively presented this opinion. When evaluating the attitudes of entrepreneurs to other characteristics and skills no significant differences in relation to gender, age and education were identified.

The results of our research, where among others outcomes showed that the willingness to take the risk is not the most important attribute of an entrepreneur, can enrich economic theory and help to tune the approach of the state, universities or other institutions to education and the needs of entrepreneurs.

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