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UNDERSTANDING SME'S FAILURE – FOCUS ON SUCCESS FACTORS AND GENDER DIFFERENCES: COMPARATIVE ANALYSIS OF SME'S IN CZECH REPUBLIC, HUNGARY AND SERBIA

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Abstract

In the last three decades women has started to conquer the business world – there are more and more women entrepreneurs all over the world. However, their proportion among business leaders is still much lower than their proportion in the society. In the EU, policy-makers pay special attention to women's businesses – especially in the SME sector. Doing business is by default a risky activity and failure or financial difficulty is almost a natural part of it. Learning from hard times and from the experiences of others may help entrepreneurs to create better strategies to survive.

The aim of this paper is to highlight factors and reasons for financial distress, in order to provide ideas how to prevent these difficulties. The research conducts 329 entrepreneurs who suffered from financial distress previously in the Czech Republic, Hungary and Serbia via online survey.

There are not any significant differences in perceiving financial difficulties regarding gender. However, there are slight differences among countries, mainly in entrepreneurial factors.

Keywords: small- and medium enterprises (SMEs), competitiveness, critical success factors, women entrepreneurship

1. INTRODUCTION

Small- and medium sized enterprises are often vulnerable because of financial reasons. However, there may occur slightly differences in perception of failure among

them. That provides a basis for a country comparison, which highlights the similarities, and differences.

Recognizing diverse market framework can result in various conditions and opportunities, this research investigates

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countries with common historical past. Thus, three post-socialist countries: Hungary (1989), the Czech Republic (1990), and Serbia (1992) are examined. However, the regime change occurred in four years (shown in bracket), after the common past, these states have been developed differently, and the disparity prevails slightly. A comparison can contribute to get a more thorough and complex picture of financial problems. Although this approach is quite challenging, because success factors are morefold and often dependent on each other (Ng & Kee, 2012).

Many researchers throughout the years was dealing with the definition of “entrepreneur success”, such as Schenk (1998); Fried & Tauer (2009); Sofian (2019). However, there are still parallel explanations of how entrepreneurs define their overall business success (Lucky et al., 2012). There are economical (sales, profit, innovation, market share, investment, etc.) and also psychological (personal motive, work-enjoyment, autonomy, etc.) perspectives, which can depict the important aspects of business success (Dej, 2010). The success of a company can be also related with competitiveness. Many factors drive competitiveness, like macroeconomic environment, investments, social or political infrastructure, etc. (Ketels, 2016). A research by Kadocsa (2012) about competitiveness of small and medium sized enterprises revealed, that the main goals of studied Hungarian SMEs were the better serving of their consumers and to reach higher profit. Further, aspects that are mostly affecting their operation were the good relationship with consumers, and financial resources. In the annual report (2017/2018) on European SMEs by European Commission pointed out internationalisation is still an important

driver to grow a successful business. There is no standard framing how a successful business had to look like. Success can be reflected in many ways and forms, and every entrepreneur has different view on success (Dej, 2010).

The aim of this study to highlight failure perception of entrepreneurs to provide management suggestions for future success.

2. RESEARCH HYPOTHESES

2.1. Gender Differences in Entrepreneurship

Economically and culturally it is more typical that majority of business is established by men. They have higher education, more experiences as managers and have higher risk-taking personality. Therefore, it is more realistic to expect men to start their business than women (Langowitz & Minniti, 2007). However, society is changing and women’s role in the economy and within families has gone through a great transformation in the last decades. More career paths are open to women, and they definitely try to use their chances as their proportion in higher education has increased notably – which can be the first step to gain more knowledge to start their own business.

Blagojević (2006) approaches female entrepreneurship as a multidimensional phenomenon. It helps women to use their resources to improve their lives; it reduces unemployment and a gear of sustainable development as they try to harmonize social, ecological and economic goals at the same time.

Gender differences have some scheme and common features. While both gender-

group want to achieve independence with their own business, men want to create new things and open new opportunities and women focus more on accomplishing a special goal. In majority of the cases job dissatisfaction or layoff (for men) or job frustration and change in personal circumstances (for women) lead to entrepreneurial motivation. Men start business in their 20-30's while women initiating business in their 30-40's. There is also remarkable difference in the activity they choose: men start more productive and capital-intensive jobs, while women invest in labour-intensive jobs (Hisrich & Peters, 2002). Traditionally, men have much more experience when they start a business, they also more educated and in this men's world they can hold and strengthen their positions easier. However, women's role in the background or as a partner can significantly contribute to the success of a man. Financial background of the business shows also differences among the gender groups. Women suffer more difficulties in raising the initial capital for their businesses, and they have less personal assets to serve as a guarantee for getting credits. They also have less informal sources of providing the financial background of their business (Blagojević, 2006). According to experts, women entrepreneurs show higher level of empathy, they are family-focused and interested in their employees' wellbeing". Typically, female entrepreneurs begin their operations to sustain themselves or their families (Mong, 2016).

Judgement of success and failure may also shows difference for female entrepreneurs, who are more frequently involved in the continuity and stability of their business than its expansion and its internalization. Therefore, the following

hypotheses are going to be tested in this paper related to gender issues:

H1a: Female entrepreneurs are more reluctant to make drastic decisions (such as closing business or firing employees) in their business in case of a financial distress than their male counterparts are.

H1b: Female entrepreneurs suffers more from the negative personal effects of the financial distress of their business.

The research tries to find evidence to support or reject these hypotheses among the gender groups of the three countries: Hungary, Czech Republic and Serbia.

2.2. Critical Success Factors of Small- and Medium Enterprises

Companies, including small and medium sized enterprises (SMEs) pursue and strive for sustaining economic and financial efficiency and avoid failure. This topic employs entrepreneurs and researchers all around the world. The suggestions are quite similar, however, they can slightly defer from each other for economic, social, and cultural reasons among countries (e.g.: Attahir, 1995; Chittithaworn et al., 2011; Islam et al., 2011; Ramukumba, 2014; Nyoni & Bonga, 2018; Al-Tit et al., 2019). These country-based analyses emphasize the differences of the certain country from others. This literature review is novel, because it approaches the topic from specific countries point of view using these examples as case studies (Table 1.).

The fundamental attributes which determine the operation of a company can be defined as critical success factors (CSFs) (Velimirović et al., 2019). Martin and Palakshappa (2003) indicate that CSFs are company processes and other activities that support companies, but not necessarily the

Table 1. Critical success factors of SMEs in certain countries

Literature	Critical success factors					
	Enterprise factors	3E Environmental factors incl. customers	Entrepreneurial factors and management	Business support	Capital, resources, liquidity	Product and service quality
Attahir (1995)			+			
Martin & Palakshappa (2003)			+			
Philip (2010)		+	+			+
Islam et al. (2011)	+					
Chittithaworn et al. (2011)	+	+	+		+	
Ramukumba (2014)		+				+
Douglas et al. (2017)		+	+			+
Nyoni & Bonga (2018)	+	+	+			
Al-Tit et al. (2019)			+	+	+	

Source: Authors' compilation according to the above cited literature.

company itself. They and Attahir (1995) show that management skills as key to success, such as technical, human and conceptual skills. However, a lot depends on the engagement of the owner and employees to business, as they call it on “passion”, and on striving for development (Martin and Palakshappa 2003, p. 16.). Conducting enterprises in Zimbabwe, Nyoni and Bonga (2018) introduces a more extended view: the 3E model (enterprise factors, environmental factors and entrepreneurial factors) which refers to multiple customer relationship, thus to customers and partners. In the same time, 3E narrows down CSFs, as Nyoni and Bonga (2018) emphasize the critical characteristic of the attributes, thus these should be more focused. Owners and managers should be aware of the most decisive factors, in order to concentrate on them (Nyoni & Bonga, 2018). In Saudi Arabia, business support (financial, governmental and familial) seems to be crucial, although individual management, capital availability and management factors are also important (Al-Tit et al., 2019). Firm characteristics do not play a prominent role in success (Islam et al., 2011; Al-Tit et al., 2019), however, Chittithaworn and her co-authors (2011) investigating SMEs in Thailand found that above all SMEs characteristics are

determinative. Conducting SMEs in Bangladesh, market presence has a significant impact on success, thus companies, which have been launched into the market for a longer time, are more successful (Islam et al., 2011) that might be related to know-how (Philip, 2010) and reputation, and should be coupled with development strategy (Ng & Kee, 2012). Product quality, management methods and the environment have also a remarkable impact on SMEs success in Bangladesh (Philip, 2010). Product quality was also highlighted as critical success factor in Kenya and South Africa, as well as, customer loyalty and management skills (Ramukumba, 2014; Douglas et al. 2017).

Most of the conducted cases emphasized entrepreneurial and management skills, which are crucial to success, such as the ability to define aims and vision, create and develop know-how, motivate and empower staff (Attahir, 1995; Martin & Palakshappa, 2003; Philip, 2010; Chittithaworn et al., 2011; Douglas et al., 2017; Nyoni & Bonga, 2018; Al-Tit et al., 2019). The environmental factors, such as market framework, the relationship with partners, and loyal customers can also contribute to preferable performance of SMEs (Philip, 2010; Chittithaworn et al., 2011; Ramukumba,

2014; Douglas et al., 2017; Nyoni & Bonga, 2018). Other attributes like enterprise factors, economic and financial situation are divisive, and seem to be play a less decisive role.

Summarizing, according to the literature, H2, H3 and H4 hypotheses can be developed.

H2: Environmental factors can be critical success factors of SMEs.

H3: Entrepreneurial and management factors are the most crucial in avoiding financial distress of SMEs.

H4: Failure perception differences may occur among countries.

3. METHOD

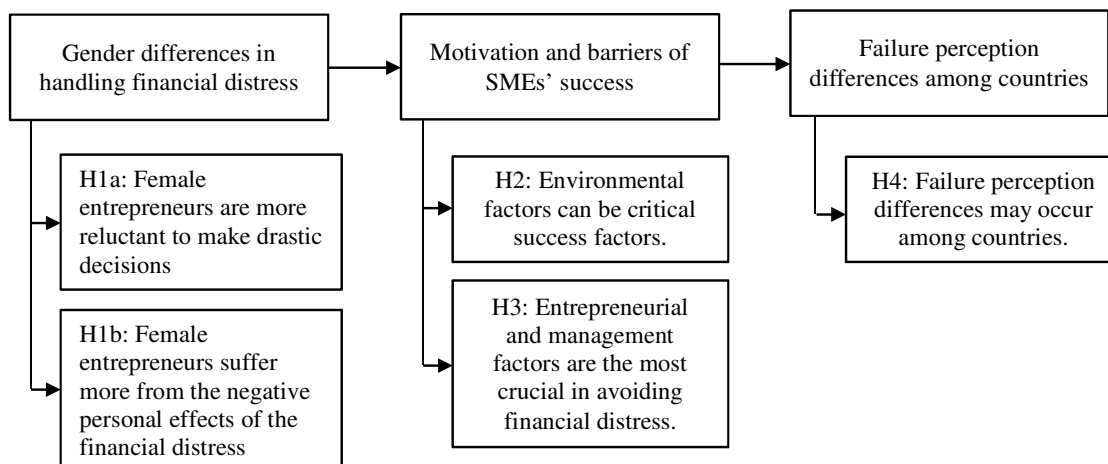
The aim of the research is to analyse the perception and attitude of entrepreneurs regarding market success and failure in the Czech Republic, Hungary and Serbia.

This research focuses on how respondents perceive the success or failure of their businesses, and which are the factors that could lead to success. The questionnaire was

elaborated by the Visegrad Project, which consists of four universities and a professional organization from Visegrad Four and Serbia (Tomas Bata University, Czech Republic; Obuda University, Hungary; University of Ss. Cyril and Methodius, Slovak Republic; Managers of Quality and Production Association, Poland; University of Belgrade, Serbia).

Small- and medium sized enterprises that suffered from financial failure are conducted, thus, regarding these factors, pre-screening was used during the sample selection process. This research applied online survey for approaching business success from different perspectives.

The topic is analysed from two perspectives: (1) which are the factors and motivations for success, and which are the barriers to success and (2) what kind of differences can be found between gender groups in experiencing and handling financial distress (Figure 1). The survey applies closed-ended questions, thus five-point Likert-scales, and open-ended questions to highlight qualitative perspectives of the topic.



Source: Authors' compilation

Figure 1. Research design

At the analysis, descriptive statistics are applied, such as mean (M), median (Me), and mode (Mo). The correlation related to gender and countries are highlighted by variance analyses. The qualitative results are analysed and evaluated based on Hungarian and Serbian data. As analysis method, content analysis, including framework method, and word cloud are used.

The total sample consists of 329 entrepreneurs whose business suffered from financial distress, in which female has a proportion of 38.3% (126 respondents), and male 61.7% (203 respondents). Considering nationality, 95 respondents are from the Czech Republic, 100 from Hungary, and a further 134 are asked in Serbia. Table 2 shows the proportion of female and male respondents and also their distribution in business in the selected countries.

4. RESULTS AND DISCUSSION

4.1. Gender Differences of Business Failure of SMEs

The common feature of these three countries is that their economies went through a transitional period after the socialist regime, which meant a big step back in the entrepreneurial mentality. It can be

said they had to relearn how real business works but in a different environment which was described by privatization, globalization and internalization and flow of foreign capital. By the changes of economic conditions and cultural traditions (e.g. change of women's and men's role in household and family) women started to colonize business world. However, legal equality of men and women does not mean total similarity in business thinking and actions. This section tries to highlight those features which worth examining in relation to business failure and its consequences from a gender-difference point-of-view.

Sample screening criteria was that the entrepreneur had to change the business direction of his/her SMEs, suffered financial difficulty or he/her was entrepreneur in the past and decided not to be anymore. We could see that only the Serbian sample shows visible difference in the proportion of female entrepreneurs who suffered financial difficulty or failure in her business in the previous years (Table 2). This suggests that among women, failure rate in Serbia can be significantly higher than in the other two countries where the proportions in the two columns show no essential differences.

Babović (2012) found that SMEs owned by men have a lower default rate SMEs (38%) in comparison with the SMEs owned

Table 2. Proportion of gender groups in the sample and among all entrepreneurs in their countries

Proportion of entrepreneurs by gender	HU		CZ		SRB	
	In the sample	Among all entrepreneurs	In the sample	Among all entrepreneurs	In the sample	Among all entrepreneurs
Female	32%	34%	33.7%	29%	46.3%	28.9%
Male	68%	66%	66.3%	71%	53.7%	71.1%
Total %	100%	100%	100%	100%	100%	100%
Total number	100	-	95	-	134	-

Source: own research; national data from: visegradrevue.eu (2015) and Avlijas et al, 2012, Chapter 1.b. p.9

by women (47%) in Serbia. One explanation can be that according to most recent studies, women-owned businesses in Serbia get five times less subsidies than men-owned ones. The main reason behind that is the “indirect discrimination”, which means that subsidies programs are typical on manufacturing, processing and export activities – sectors where women's participation is traditionally lower (United Nations, Women, 2019). In line with that, in the EU, typical activities preferred by female entrepreneurs are in the human health, social work and education sectors. This pattern can be seen among Visegrad countries, but added financial services are also worth to mention. Women show relatively lower representation in construction, transportation and storage, water supply, information and communication, and manufacturing sectors, like in the EU (Mong, 2016).

Panic and Voza (2019) highlights the main obstacles for women to be leaders of a business in Serbia. Economic barriers can be very common for both gender groups such as lack of capital, difficulty in entering the market, lack of knowledge, administrative difficulties of getting credits, legislation issues. Despite the growing trend of women in higher education, women are still form the great majority of illiterate people. Culturally the biggest problem is the deeply embedded traditional role of women – mainly at the rural areas - who should take care of the family and household instead of being breadwinner (Panic and Voza, 2019).

Education is one of the key factors for the success –and the lack of it for the failure- of an SME. The typical hypothesis is that the higher the level of the education of an entrepreneur the less likely he/she will fail, because knowledge helps the entrepreneur to make better analysis and to understand more

the environment and processes, therefore to make better decisions in the future. According to Vuković and Urošević (2019), entrepreneurship was believed as something needed less education to do but this attitude has changed in Serbia, and the higher and higher proportion of women in higher education can help them to start their own business in the future. The same tendency is experienced in Hungary in connection with the proportion of women in higher education.

In our sample, the education level of respondents was relatively higher in the Hungarian and in the Serbian sample – with no significant differences between gender groups. (Table 3) The Czech sample shows relatively lower proportion of highly-educated man. However, the sample screening criteria was having financial distress/failure in the past, so it may mean that higher-educated Czech male entrepreneurs could react better for the environmental changes or challenges.

Among women, those between 20 and 30 years old (or even younger in the Czech Republic and Hungary) and women above 40 in all Visegrad countries are the more active in starting a new business (Mong, 2016). Research results shows interesting finding that gender groups show no difference in the years of entrepreneurial experience at the time of the financial crisis/failure of their business. In Hungary and in the Czech Republic after 10 years (10.41 and 10.22 years) in the business they faced up with a serious situation, while in Serbia, the average is 6.36 years. That can be partly explained by the later transition in the Serbian economy (Table 4).

An interesting finding of the research is that gender groups show no difference in their actions when a financial crisis or failure

threatens their business. (Table 5) However, countries show different patterns of actions. In the Hungarian sample developing new services were the most typical reaction for the hard time, while both in the Czech and the Serbian sample closing the business seemed to be the best solution for the difficulty. In the Czech Republic, broadening the list of services were chosen only for every sixth entrepreneur.

Beside the rational and objective analysis of the consequences of a business failure for SMEs, it is worth highlighting the attitude toward business failure of entrepreneurs. In the research, two groups of statements were listed to explore the attitude of the respondents: the first three statements were

formulated as a general view on business failure, but the second three statements focused on the personal feelings and experiences of the entrepreneurs on handling the situation (emotionally, financially and their belief in their own capabilities) (Table 6).

In connection with statements reflecting to the general view on business failure, there was no significant difference in the evaluation of gender groups in the three subsamples. Although female respondents' answers showed slightly stronger self-confidence decrease because of a business failure, and they could accept that less as a part of the business, these differences were not convincing from a statistical point-of-view (Figure 2).

Table 3. Highest level of education of entrepreneurs – by gender groups in the sample in the three countries

		Male	Female	Total
HU	High school diploma and under diploma	26.5%	34.4%	29.0%
	Professional education	27.9%	18.8%	25.0%
	B.Sc./M.Sc. or PhD	45.6%	46.8%	46%
	Total	100.0%	100.0%	100.0%
CZ	High school diploma and under diploma	47.6%	43.8%	46.3%
	Professional education	22.2%	9.4%	17.9%
	B.Sc./M.Sc. or PhD	30.2%	46.8%	35.8%
	Total	100.0%	100.0%	100.0%
SRB	High school diploma and under diploma	51.4%	45.2%	48.5%
	Professional education	5.2%	8%	6.7%
	B.Sc./M.Sc. or PhD	43.4%	46.8%	44.8%
	Total	100.0%	100.0%	100,0%

Source: own research. Total sample: HU N=100, CZ N=95, SRB N=134

Table 4. Entrepreneurial experience in years at the time of the financial crisis/failure – by gender groups (mean in years)

Mean of entrepreneurial experience (in years)	HU N=100	CZ N=95	SRB N=134
Female	10.38	9.68	6.59
Male	10.42	10.5	6.21
Total	10.41	10.22	6.36

Source: own research. ANOVA test shows no significant difference between gender groups at $p < 0.05$ level ($F(1,95)=0,001$; $F(1,92)=0,206$; $F(1,106)=0,106$) in order of the countries.

Table 5. Reaction of entrepreneurs for the business failure/financial difficulty – by gender groups

		Male	Female	Total
HU	I closed the business	23.50%	34.40%	27.00%
	I changed the production with different products	26.50%	25.00%	26.00%
	I started to develop new services	50.00%	40.60%	47.00%
	Total	100.00%	100.00%	100.00%
CZ	I closed the business	55.60%	50.00%	53.70%
	I changed the production with different products	31.70%	34.40%	32.60%
	I started to develop new services	12.70%	15.60%	13.70%
	Total	100.00%	100.00%	100.00%
SRB	I closed the business	51.40%	43.90%	48.10%
	I changed the production with different products	12.50%	17.50%	14.70%
	I started to develop new services	36.10%	38.60%	37.20%
	Total	100.00%	100.00%	100.00%

Source: own research Total sample: HU N=100, CZ N=95, SRB N=134. There is no statistically significant difference between gender groups at $p < 0.05$ by Chi-Square test. (Chi-Square: 1.373 $p = 0.503$; Chi-Square: 0.300 $p = 0.861$; Chi-Square: 0.978 $p = 0.613$ in order of appearance of countries)

Table 6. Attitude toward business failure in general – means by gender groups

Means on a 5 point scale	HU N=100			CZ N=95			SRB N=134		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Failure decreases the self- confidence of an entrepreneur	3.46	3.75	3.55	3.41	3.63	3.48	3.71	3.76	3.73
Failure is a part of business, people have to accept that	3.71	3.50	3.64	3.79	3.78	3.79	3.86	3.82	3.84
Failure is just something what teaches you for the future	3.72	3.28	3.58	3.63	3.59	3.62	3.82	3.84	3.83

Source: own research (mean on a 5 point agreement scale: 1 – totally disagree, 5- totally agree) No statistically significant difference has been found in ANOVA at $p < 0.05$ between gender groups.

Cronbach alpha for the second three statements examining the personal reactions of the businessmen and -women for the failure, were 0.834 in the Czech sample, 0.733 in the Hungarian sample and 0.798 in the Serbian sample. That shows our scales are reliable. Hungarian respondents show

stronger personal reactions to the experienced failure than the respondents do from the other two countries. Moreover, for women the difficulty in their firms affected their personal life emotionally worse than for men; and they feel a decrease in their self-confidence as well. However, these patterns

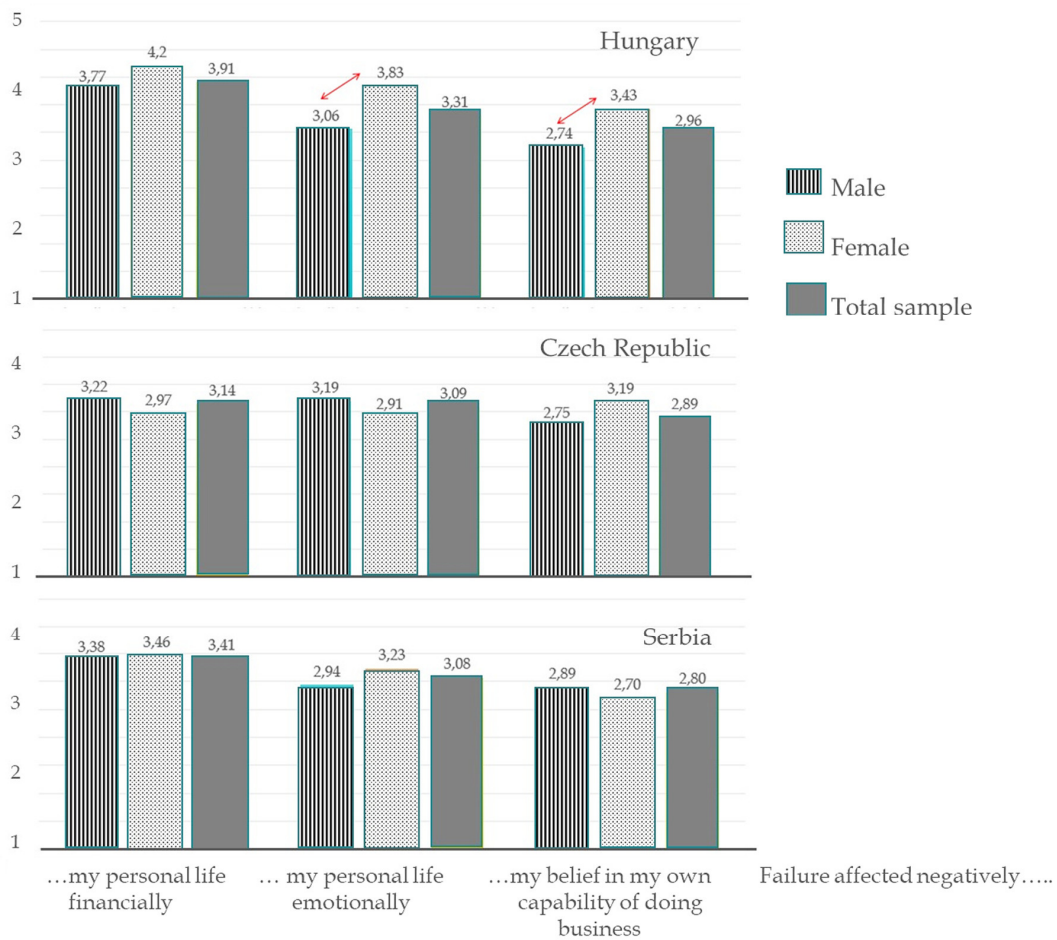
cannot be seen (at all or not as strong as) in the Serbian or in the Czech samples.

Another interesting result of this study - partly contrary to expectations - is the downsizing of employees because of the failure. Women are said to be more sensitive and emotional in decision-making and more caring and understanding toward their employees. Therefore it was surprising that at the time of the financial crisis/failure of their firms, firing employees was as frequently used as a solution (or was a necessity) as for men.

Our results shows that in hard times women are as rational and logical as men in business

are. Women did not fire less employees than men: if that can help the business to survive, they are ready to make that step. In Serbia, that was the less common reaction (37% in the total sample), 42,1% was the proportion of firms decreased the number of employees in the Czech Republic, and 53 % fired employees in the Hungarian sample (Table 7). However, in the Hungarian sample it means extremely high rate if taking into consideration that in this sample only 27% of the respondents closed the business (which means almost automatically that people lose their jobs).

Although the relatively low subsample



Source: own research (statements evaluated on 5 point scale 1- totally disagree, 5-totally agree) Sample size: HU N=100, CZ N=95, SRB N=134) red arrow shows statistically significant difference between means at $p < 0.05$ ($F(1, 93)=6.614$ and $F(1, 93)=5.555$ in order of appearance)

Figure 2. Differences of personal experience of the business failure between gender groups – means on a 5-point scale

Table 7. Downsizing at SMEs at the time of the financial difficulty/failure – by gender groups of the leader of the enterprise

		Male	Female	Total
HU	Fired nobody	47.1%	46.9%	47.0%
	Fired employees	52.9%	53.1%	53.0%
	Total	100.0%	100.0%	100.0%
CZ	Fired nobody	60.3%	53.1%	57.9%
	Fired employees	39.7%	46.9%	42.1%
	Total	100.0%	100.0%	100.0%
SRB	Fired nobody	64.8%	60.7%	63.0%
	Fired employees	35.2%	39.3%	37.0%
	Total	100.0%	100.0%	100.0%

Source: own research, no statistically significant difference at 0.05 significance level between gender groups (Chi-Square test) Total sample: HU N=100, CZ N=95, SRB N=134

size of those who fired employees in each country prevent us to do further analysis on the data, it is worth to show what level in the firm hierarchy were affected by this action. Majority of struggling firms fired production workers: their proportion is between 60-70 percent in the sample. It is not surprising, because their work is connected most to the output of the firm and in critical situation, the production may be decreased. Administration, as a basic, supportive task, much less connected directly to the output. SMEs can save resources and money on it less efficiently – also because administrative workers sometimes do multiple tasks at the same (secretary, bookkeeping, customer service). The less probable action is firing middle or higher-level managers in case of financial difficulty (5-15.7%) – that was common in the three samples. SMEs hierarchical structure – in majority of the cases – is relative flat, managers are not only responsible for strategic decisions and future planning, but for operative decisions.

4.2. External Factors of Financial Difficulties of SMEs

The scale, which measures the external factors, determine financial distress is

conducted. The reliability of the applied scale is quite low. Applying Cronbach's alpha as a reliability indicator, the values are lower than the critical 0.7. For the whole sample (N=329), its value is 0.647. In case of Czech Republic that is 0.571, while Hungary has a measure of 0.645, thus Serbia has the highest value: 0.666 as it has the largest sample size. Considering the whole sample, every scale item should be kept, as deleting an item would cause decrease Cronbach's alpha. However, conducting the subsamples social and economic issues should be ignored in the Czech case, and ecological from the Serbian data, in order to increase reliability.

The inter-item correlation is negative in case of political and social issues in the Czech subsample, and regarding political and technological issues in the Hungarian subsample, and so in case of economic and ecological issues in the Serbian subsample, which refers to that, these attributes do not explain the main variable. Thus, these should be excluded from the analyses, but the total sample data show that every factor should be taken into account. The conducted attributes should be adjusted more thoroughly to the scale, in order to enhance reliability.

Not surprisingly, the reasons for financial

Table 8. External factors of SMEs' financial difficulties

Country	Political issues			Economic issues			Social issues			Technological issues			Ecological issues			Legislative issues		
	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB
N	95	100	134	95	100	134	95	100	134	95	100	134	95	100	134	95	100	134
Mean	2.26	2.99	3.31	3.56	4.08	4.04	2.95	2.94	3.49	2.54	2.99	2.74	2.18	2.99	2.01	2.96	2.15	3.43
Median	1.98	2.97	3.62	3.62	4.29	4.36	3.05	3.08	3.63	2.51	3.02	2.78	1.96	3.02	1.76	3.00	2.04	3.81
Mode	1	1*	5	3	5	5	3	3	3	3	4	3	1	4	1	1*	1	5
Std. dev.	1.31	1.47	1.65	1.18	1.11	1.30	1.10	1.17	1.32	1.15	1.42	1.31	1.21	1.42	1.20	1.45	1.06	1.60

*Multiple modes exist. The smallest value is shown.

Note: Significant differences are found related to political ($F = 13.696$, $p = 0.000$), economic ($F = 5.474$, $p = 0.004$), social ($F = 8.063$, $p = 0.000$), and legislative issues ($F = 4.023$, $p = 0.019$) among countries.

Source: Authors' compilation

distress can be led mainly to economic issues undependable from countries (Table 8.). Although that is remarkable that social issues count secondly for business difficulties. Applying ANOVA analysis, there are significant differences in perceiving failure factors related to political ($F = 13.696$, $p = 0.000$), economic ($F = 5.474$, $p = 0.004$), social ($F = 8.063$, $p = 0.000$), and legislative issues ($F = 4.023$, $p = 0.019$) among countries. However, no significant differences are found in perceiving technological and ecological issues.

4.3. Internal Factors of Financial Difficulties of SMEs

The assessed entrepreneurial factors which may result in financial distress are related to management skills, openness to novel approaches. A further enterprise factor that has been analysed is total debts, which provide a basis for implementing ideas. The applied scale is appropriate to measure the internal factors of financial difficulties as Cronbach alpha is above 0.7 (Table 9.). In case of the total and the Czech sample, reliability would be increased by excluding the fall of motivation. However, this factor enhances the appropriateness of the Hungarian and Serbian measurement.

'Management of receivables/ payables'

($M_{CZ} = 3.34$, $Me_{CZ} = 4$, $Mo_{CZ} = 4$; $M_{HU} = 3.42$, $Me_{HU} = 4$, $Mo_{HU} = 5$; $M_{SRB} = 3.60$, $Me_{SRB} = 4$, $Mo_{SRB} = 5$), and the 'fall of motivation' ($M_{CZ} = 3.15$, $Me_{CZ} = 3$, $Mo_{CZ} = 4$; $M_{HU} = 2.77$, $Me_{HU} = 3$, $Mo_{HU} = 3$; $M_{SRB} = 3.22$, $Me_{SRB} = 3$, $Mo_{SRB} = 3$) play the most important role in the internal factors of financial distress among the analysed countries (Table 10).

The differences among countries perceiving internal factors of financial distress are also conducted using variance analysis. Significant differences are in 'fall of motivation' ($F = 3.699$, $p = 0.026$), 'delegation of responsibilities' ($F = 3.050$, $p = 0.049$), the 'level of fixed assets free from any burden' ($F = 20.118$, $p = 0.000$), and in the level of 'clearing/barter transaction' ($F = 9.190$, $p = 0.000$) among countries. Although there are no significant differences in perceiving the following internal factors: 'management of receivables/payables', 'delay in fulfilling bank obligations', 'difficulties in acquisition of innovation', and 'inability to find new potential partners'.

4.4. Perceiving Failure in Hungary and Serbia: A Qualitative Approach

Conducting open-ended questions, there are significant differences perceiving failure related to the most important features, such

Table 9. Analysing Cronbach's Alpha as a reliability indicator for measuring internal failure factors of SMEs

Country	Cronbach's Alpha				Cronbach's Alpha excluding the factor			
	CZ	HU	SRB	N	CZ	HU	SRB	N
N	95	100	134	329	95	100	134	
	0.726	0.764	0.752	0.751				
Management of receivables/payables					.743	.745	.743	.741
Delay in fulfilling bank obligations					.717	.750	.717	.724
Fall of motivation					.733	.750	.733	.757
Delegation of responsibilities					.661	.741	.661	.722
Difficulties in absorption/acquisition of new technologies/innovation					.673	.736	.673	.714
Inability to find new potential shareholders/partner					.716	.741	.716	.735
The level of fixed assets free from any burden					.667	.723	.667	.705
The level of clearing/ barter transaction					.670	.730	.670	.704

Source: Authors' compilation

Table 10. Internal factors of SMEs' financial difficulties

Country	Management of receivables/ payables			Delay in fulfilling bank obligations			Fall of motivation			Delegation of responsibilities		
	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB
N	95	100	134	95	100	134	95	100	134	95	100	134
Mean	3.34	3.42	3.60	3.04	2.82	2.83	3.15	2.77	3.22	2.41	2.82	2.79
Median	4	4	4	3	3	3	3	3	3	2	3	3
Mode	4	5	5	1	1	1	4	3	3	1	3	3
Std. dev.	1.35	1.34	1.43	1.48	1.48	1.47	1.20	1.36	1.35	1.23	1.28	1.38

Country	Difficulties in absorption/ acquisition of new technologies/ innovation			Inability to find new potential shareholders/ partner			The level of fixed assets free from any burden			The level of clearing/barter transaction		
	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB	CZ	HU	SRB
N	95	100	134	95	100	134	95	100	134	95	100	134
Mean	2.33	2.54	2.62	2.47	2.90	2.77	2.05	2.49	3.07	2.05	2.50	2.79
Median	2	2	3	2	3	3	2	2	3	2	2	3
Mode	1	1	1	1	3	1	1	3	3	1	1	3
Std. dev.	1.26	1.36	1.38	1.38	1.37	1.43	0.98	1.19	1.39	1.07	1.33	1.39

Note: Significant differences are found related to fall of motivation (F = 3.699, p = 0.026), delegation of responsibilities (F = 3.050, p = 0.049), the level of fixed assets free from any burden (F = 20.118, p = 0.000), and the level of clearing/barter transaction (F = 9.190, p = 0.000) among countries.

Source: Authors' compilation

as management of receivables and/or payables and the fall of motivation.

Table 11 summarizes the responses of entrepreneurs in Hungary and Serbia countries. The notion of business success is highly diverse, and the research in these two countries shows that while some components of success turned out similarly for Hungarian and Serbian companies (such as motivation), other components of success were variable. Businesses have different ideas about success as a concept. In order to find this out,

the opinion of respondents are examined with open-ended questions, where they had to describe the key components of a successful business. The results were analysed by content analysis and coding categories were developed based on similar terms. The coded responses of entrepreneurs are shown in two word clouds using WordClouds.com. The results is depicted in Figure 3.

The word clouds reveal that Hungarian entrepreneurs consider capital, qualified and

above all available labour and innovation to be crucial to the success of a strong business. Although the proportion of Hungarian respondents is significantly lower than the respondents from Serbia. The results allow to infer and outline the idea of a successful enterprise. Due to the higher number of Serbian respondents, the word cloud shows that entrepreneurs use significantly more terms, but "finance", "workforce" and "investments" stand out. Entrepreneurs think that financial instruments and liquidity are important components of success, but the skilled workforce and the number of available investments cannot also be neglected.

5. CONCLUSION

The research shows how SME entrepreneurs view business success, how they see a profitable business run, and what are the challenges they face in business. The results of the research do not offer a sure-fire recipe for successful entrepreneurship, - as the operation of an enterprise depends on

many other aspects than the age of the enterprise, field of operation, or even the attitude of the entrepreneur - but it is a starting point for how entrepreneurs in the two countries imagined it. Combining the responses of entrepreneurs from different areas can be an excellent source for start-ups, which areas are worth focusing on.

The most important finding of this study concerning the gender differences of SMEs failure is that in majority of the dimensions male and female entrepreneurs show similar patterns in the three countries. They try to give a second chance for the business by providing different products or new services for the customers at the time of a financial distress, but also ready to close the business if it seems to be the best solution. The results show no support for H1a hypothesis, which means, female entrepreneurs do take rational, drastic actions to solve financial problems in their business.

Not only their actions, but also their attitude toward failure is very similar to men's attitude. The only difference was detected in the Hungarian sample is that women felt more emotional problems and loss of self-

Table 11. Factors and barriers of success – in the Hungarian and Serbian sample

Aspects of success	HU	SRB
Qualified workforce	+	+
Financial motives	+	+
Self confidence	+	+
Capital strength	+	
Productiveness	+	
Innovation	+	
Market share of products		+
Independence		+
Potential for investments		+
Barriers of success	HU	SRB
Financial difficulties	+	+
Management of account receivables	+	+
Economic issues	+	+
Lack of qualified workforce	+	
Political-legal difficulties		+

Source: own research Total sample: HU N=100, SRB N=134



Source: own research; HU: N=48, SRB: N=130

Figure 3. Failure Perception of Hungarian (upper) and Serbian (bottom) SMEs

confidence after the financial distress of the business. Therefore, results only partly support our H1b hypothesis, and in the other two countries women and men entrepreneur perceive business failure – in general and personally – the part of life and a chance to learn and develop their entrepreneurial capabilities.

More and more women take part in higher education, therefore more of them will have the knowledge and self-confidence to start a new business and make it successful. However, there are still traditional social roles – especially in Serbia –, which prevent them to use all of their chances to become businesswomen.

Environmental factors can be critical success factors of SMEs, as economic and

social issues count mainly for financial failure (H2). Considering entrepreneurial and management issues, ‘management of receivables/payables’ and the ‘fall of motivation’ are barriers to success, thus entrepreneurial preparedness can avoid financial distress (H3).

The basis of country comparison was the similar historical past. Thus, the literature review tried to form a common approach for assessing the selected countries. However, depending in the conducted factor, significant differences are explored among countries in perceiving financial distress. Thus, the most important environmental factors (economic and legislative issues) and one of the crucial features (‘fall of motivation’) in avoiding financial failure are

perceived differently. Among the most important issues, 'management of receivables/ payables' is found as key attribute in preventing failure undependable from countries. Thus, this factor may count for critical success factors in post-socialist countries.

The differences in failure perception among countries can be explored even in qualitative analysis (H4).

There are many other aspects, what can affect business success, but this research underlined the most important ones according to SMEs in Hungary, Czech Republic and Serbia. With paying attention to these factors, young entrepreneurs could lead their business into a more successful future.

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РАЗУМЕВАЊЕ ПРОПАДАЊА МСПа – ФОКУС НА ФАКТОРЕ УСПЕХА И РОДНИМ РАЗЛИКАМА: КОМПАРАТИВНА АНАЛИЗА МСПа У ЧЕШКОЈ, МАЂАРСКОЈ И СРБИЈИ

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Извод

У последње три деценије жене су започеле освајање пословног света - све је више жена предузетница широм света. Међутим, њихов удео међу пословним лидерима је и даље много мањи од њиховог удела у друштву. У ЕУ, креатори политике посвећују посебну пажњу женским пословању - посебно у сектору МСП-а. Подразумева се да је пословање ризична активност, а неуспех или финансијске потешкоће готово су природан део тога. Учење из тешких времена и искуства других могу помоћи предузетницима у стварању бољих стратегија за опстанак.

Циљ овог рада је указати на факторе и разлоге који доводе до финансијских потешкоћа како би се пружиле идеје које ће допринети да се те потешкоће спрече. Истраживање је спроведено на 329 предузетника који су раније били у финансијским потешкоћама у Чешкој, Мађарској и Србији путем интернет анкете.

Не постоје неке значајне разлике у перцепцији финансијских тешкоћа по питању пола. Међутим, међу земљама постоје мале разлике, углавном у предузетничким факторима.

Кључне речи: мала и средња предузећа (МСП), конкурентност, критични фактори успеха, женско предузетништво

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