



Significant Aspects of Managing Personnel Risk in the SME Sector

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Abstract. *Personnel risk significantly affects the operation of small and medium-sized enterprises. The aim of the paper is to define and present significant factors affecting the perception of personnel risk in the SME segment, and compare the current status and development in the Czech Republic and Slovakia. The empirical research was conducted in 2020 in the SME segment in the Czech Republic and Slovakia via an online questionnaire, using a sample of 822 respondents. The obtained data were evaluated using the Chi square and Z score. Personnel risk significantly affects the SME segment and its business activities. This risk is perceived as the most significant business risk in both countries, even though its intensity is moderate and does not have a heavy negative impact on SMEs' activities. The overall evaluation of personnel risk's impact on SMEs' activities is similar in both countries. The evaluation of employee turnover was relatively positive, as a considerable part of entrepreneurs stated that turnover is low and does not have a negative impact on their business. The evaluation of turnover was similar in both countries. Based on entrepreneurs' statements, there are certain gaps in employee error rate, which affects their business. Slovak entrepreneurs provided a worse evaluation of the quality of their employees than the Czech entrepreneurs. Entrepreneurs in both countries are dissatisfied with the way their employees strive to improve their performance or how they compete among each other. The comparison based on business size and age did not yield significant differences, nor did it provide a clear trend despite the general belief presented in literature that larger enterprises have a better access to important fields of business management.*

Keywords: small and medium-sized enterprises, personnel risk, human capital, turnover, employee error rate

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Introduction

Small and medium enterprises are the core part of the economic system and contribute to achieving favorable macroeconomic indicators. To keep contributing and growing, SMEs must tackle challenges, threats, and use the possible opportunities to enhance their revenues. However, in the current scenario, businesses operate in a very complex and fluctuating environment. The business environment is a profound concern for the state and institutions to make it encouraging to boost entrepreneurship (Ajaz Khan et al., 2019). This brings different types of risk exposure internally as well as externally, and makes SME operations very challenging. Looking into SMEs' risk exposure, risk is an integral and unavoidable part of business and cannot be separated from the business functioning. If it cannot be removed or avoided, the only option is to manage it optimally, to reduce its impact, and simultaneously take advantage of the existing opportunities in the business environment. Hence, businesses must know how to identify, measure, design action plans and mechanisms to counter risk, and this becomes even more severe in the case of SMEs as they have very limited resources and structural support (Verbano & Venturini, 2013).

According to the European Commission (2020) strategy, the future focus is on three key areas: smart growth, sustainable growth, and inclusive growth. Studies advocate that these key areas cannot be achieved without the important involvement of skills, knowledge, or value of people, commonly recognized as human capital (Pelinescu, 2015; Ghinea, 2017). Therefore, the challenges and risks related to humans must be understood by the managers to manage them optimally. Looking into the meaning of personnel risk, it is related to humans employed in the business process. Human capital is one of the key factors for SMEs' sustainability and growth (El Shoubaki et al., 2019; Kot et al., 2018; Mura et al., 2019; Dima et al., 2017), it needs constant attention and management. Personnel management is related to maintaining fair terms and conditions of employment, and managing personnel activities efficiently in each specific functional department. In order to achieve overall organizational success, personnel must play a key role in the firms' business operations (Taslim Ahammad, 2017; Anyakoha, 2019). Human resources are the only source that manages other resources, therefore these risks come under personnel management. Employer attractiveness influences the employees' intention to stay or leave to another organisation (Rozsa et al., 2019).

Different types of risks are related to internal and external factors also within supply chain, and these related risks must be controlled by the SMEs through their action plans (Islam & Tedford, 2012; Kot et al., 2020) in order to survive. Regarding internal factors that are mainly controllable on the hands of managers, it is up to the SMEs how they manage them. Risks that are related to internal resources of the firm such as human resources, capital, etc. are controlled within firms' authority. These critical internal factors can advance competence, and increase the effectiveness of the firms, and impact their performance (Hanggraeni et al., 2019). Out of all types of challenges, managing people is one of the most critical and risky areas for the firms (Ortlieb & Sieben, 2012). This paper aims to determine managers' perception of personnel risk related to the current situation of personnel risk in SMEs, employee retention, performance, and competition. The paper is focused on examining firms' attitudes towards managing personnel risk in the SME segment through a self-reported questionnaire within the Czech Republic and Slovakia. Literature in the chosen area is not very rich, especially regarding the SME segment, and the outcome of the study will be useful for the SMEs to understand how to be proactive in personnel risk management. The study is also intended to classify and compare the perceptions of SME managers and owners in the Czech and Slovakia. The

outcomes of the study may fill the gaps that exist in the personnel risk management systems in SMEs, which is important for their long-term survival and the stability in both countries. Similarities between the countries provide a common platform for comparison, and the outcome of the study will provide an important added value.

The paper is divided into four parts. The first part establishes the theoretical background related to the organizational perception and personnel risk management. The second part describes the aim of the study, the methodology applied, and the data collection details. The third part provides the results and analysis of each framed hypothesis. The final part provides the details about the study findings within the discussion section and conclusion with limitations and future research scope.

Theoretical background

Risk management is about risk identification, measurement, and the minimization of its effects on business operations, specifically in SMEs, as small firms have limited resources. One of the major challenges SMEs currently face is the management of complexities (Okřeǵlicka et al., 2015). Globalization, economic fluctuations, dynamic markets, unstable demands, and challenges to manage resources put managers in a tough competition. Similarly to large organizations, small firms also need to adopt risk management strategies to handle the threats and challenges arising from internal and external sources as they have the potential to seriously threaten the survival of the firms (Islam & Tedford, 2012; Verbano & Venturini, 2013). Moreover, there are different types of risks in the SMEs segment, e.g. operational, financial, strategic risk, etc. Many studies have attracted much attention, as existing literature shows, but a few new emerging risks are still not covered enough (Ferreira de Araújo Lima et al., 2020; Seilerová, 2019) for the firms' long-term survivals. The overall enterprise risk management covers wide areas, but the severity of personnel risk makes it more complicated. The discussed studies reveal the importance of risk management in the SME segment, specifically personnel risk. Hence, one of the necessities for long-term survival and stability is effective and efficient personnel risk management.

The study is focused on the SME segment where most of the firms are managed by either owners, entrepreneurs, or key managers. Consequently, managers' perception of personnel risk in the firm plays a major role. Studies indicate that if entrepreneurs in SMEs focus on human resources management, it can help the firms to sustain their development (Uyar & Deniz, 2012). Therefore, poor personnel management can negatively affect the firms' functioning. Hence, it is vital to create and enhance awareness among entrepreneurs and managers about risk management, specifically for businesses in eastern Europe where the economy heavily depends on the SMEs' survival (Sira et al., 2016; Kisel'áková et al., 2015; Meyer et al., 2017; Dinca et al., 2019). In this context, Hermoso-Orzáez et al. (2019) state that analytical and economic methods are available in the industry to manage personnel risk efficiently, improving the firms' cost effectiveness and competitiveness.

Another study states that it is important for firms to have the capability to identify serious risks in advance, plan for them, and take corrective measure to avoid business threats (Belás et al., 2018). The above discussion supports the claim that systematic risk management must be implemented by entrepreneurs and business managers, especially in SMEs. Considering the severity of personal management, managers must be proactive in personnel risk management, as they are the key resources for the firms' survival. Thus, to create awareness about personnel risk management, it is imperative to investigate managers' and entrepreneurs' perceptions of personal risk in the firms, specifically, how

they perceive it, plan for it, and what are the key challenges they face in their routine operations.

Managers understand the relationship between the personnel working within a firm and the overall business performance. Some risks are related to it, therefore, to manage personnel risk, organized frameworks and assessment tools need to be used to manage it (Flouris & Yilmaz, 2010). Another study implies that suitable avoidance of personnel-related risk can enhance personnel quality and can subsequently minimize the loss from the risk (Kraev & Tikhonov, 2019). In large firms, there may be a separate risk manager, but in the case of SMEs, the same manager or entrepreneur can also act as the firms' risk manager. As managers and entrepreneurs are responsible for personnel risk management, they cover three major areas: staffing, staff utilization, and staff development (Fedotova et al., 2018). On the other hand, personnel risk is a very wide term starting from framing the human resources management strategy, followed by continuous management of all internal and external sources from where the risk can possibly arise (Mitrofanova et al., 2017). Therefore, as a risk manager entrepreneur at SME must know how to identify, manage, and control it. In business, the decision-makers' attitude is one of the factors which influence risk perception (Bernat et al., 2014; Cera et al., 2019). Managerial experience and the intensity of internationalisation in the SME segment by owners/managers also show significant impact on SME's risk management (Korsakienė et al., 2019).

Consequently, a lot depends on the managers' and entrepreneur's perceptions, knowledge, and skills. Studies support the notion that emphasis must be put on increasing knowledge and consciousness about risk management, especially in eastern Europe, e.g. in the V4 countries, as they majorly depend on SMEs (Hudakova et al., 2018; Durda & Ključnikov, 2019). The similarities between the Czech Republic and Slovakia provide a justifiable platform to compare these twin nations. Looking into the cultural, religious, and intellectual values, they are identical and share many beliefs (Oláh et al., 2019; Stverkova et al., 2018). The present study justifies the comparison made by the number of other studies that compared not only different types of risks in the Czech Republic and Slovakia, but other aspects as well (Dvorský et al., 2019; Oláh et al., 2019). A study in Slovakia aimed at identifying types of risks as per their severity in the business through owners' and managers' perceptions. Interestingly, they found that personnel risk is among the top four types of perceived risk among owners and managers (Hudakova et al., 2018).

Another study identified one of the major perceived risk situations by owners and managers in the firms to be entrusting staff with responsibilities in the business (Gilmore et al., 2004). A study investigating the connection between a firm's performance and employee turnover found a strong association between the two (Ferreira & Almeida, 2015). Studies even mentioned that a high level of employee turnover could affect the business severely by enhancing the direct and indirect costs. In addition, high employee turnover can put the firm at risk of not achieving its ultimate organizational goals; therefore, it is an area of great concern for the firms. Top management is less concerned about it, and this could have a major effect on the firms' performance (Chowdhury & Nazmul, 2017). Therefore, managers and owners must consider it as a crucial factor for the firms' survival and growth. The relationship between managerial behavior and employee turnover is also a critical factor, it needs to be taken care of to reduce the turnover of employees for more stability in business (Reina et al., 2018). In short, high employee turnover is unfavorable for organizational performance, and managers play a key role in this process. Hence, it would be interesting and logical to investigate the

owners and managers' perceptions of the employee turnover risk, and to determine its effect on firms, whether it has a negative effect or is neutral in case of Czech and Slovak firms. Risk sharing between personnel is an important factor of employees' engagement among the generation Y (Horváthová et al., 2019).

Human errors are common and can have a significant impact. They can result in faulty products, time wasting, employee endangerment, increase in employees' stress level, client's displeasure, etc. To tackle them, firms must have an effective error management system in place (Guchait et al., 2015). There are several reasons that can cause human errors in a firm, such as work-related stress, stress from job insecurity, wage, or location, etc. (Roll et al., 2019). It would be wise to understand the managers' and owner's opinions regarding the employee error rate and its effect on the firm's performance. It is especially important for SMEs, as they have limited resources and small structures that give them less space to make a mistake. To minimize and avoid the negative impact of employee error rate, managers must develop skills and awareness to understand and to minimize and tackle it efficiently. Lack of skills and low experience of workers can also lead to human error occurrence. As much as 90% of the accidents in manufacturing units happen because of human error (Yeow et al., 2014). While education of the employees has a moderate positive relationship on job performance and lowers related risks (Ranasinghe, 2019), the quality of human performance also depends on knowledge strategy of the company (Bencsik et al., 2018). Knowledge management contributes to job satisfaction and staying intention of the employees (Zamir, 2019). Considering its importance, it is imperative to understand the owners' and managers' perceptions regarding human error and its impact on SMEs.

A healthy organization's employee performance improves and maintains good competition among staff, which ultimately leads to organization growth. There could be various factors responsible for employee performance enhancement at the firms' level. Some studies reveal a positive relationship between employees' trust towards managers and workplace performance (Brown et al., 2015). Another study found that engagement at work has a positive significant impact on employee productivity (Hanaysha, 2016). Congenial workplace environment, management, reduction of stress, adoption of strategies for friendly and pleasant workplaces, sociable ethical diversity and assistance to female staff, efforts to make employees feel more responsible, and openness in their jobs are advantageous for SMEs' performance improvement and growth. Studies found that employees who had a stronger engagement at the workplace had a higher level of commitment towards the organization, which contributed to better organizational performance (Cheng & Chang, 2019). Overall, firms need to have a congenial environment at the workplace that would give employees a fair platform to contribute their best and maintain a healthy competition for a sustainable growth and development. Reducing their credibility in employees' eyes could have enormous consequences, given the critical position of SMEs (Rozsa & Kmecová, 2020).

Altogether, this paper analyzes business owners' and managers' opinions regarding personnel risk in the current situation in the Czech Republic and Slovakia. Studies indicate that top-level managers with better and more accurate perceptions tend to implement strategies that could have the most impact on the firms' performance (Castrogiovanni et al., 2011). Indeed, the above-mentioned literature highlights the importance of personnel risk in the SME segment for its stability and expansion. Therefore, this study investigates managers' and owners' perceptions regarding personnel risk in the firms, its importance and effect on the key people who manage its

routine affairs, in order to understand these perceptions and correctly assess the current situation on the Czech and Slovak market.

Aim, Methodology and data

The aim of the paper is to define and present significant factors affecting the perception of personnel risk in the SME segment, and compare the current status and development in the Czech Republic and Slovakia.

An empirical research in the field of SMEs' strategic management was conducted between October 2019 and March 2020 in the Czech Republic and Slovakia via an online questionnaire. Link to the questionnaire in the Czech Republic: <https://forms.gle/okjZypAru4BpSHFb8> and Slovak republic: <https://forms.gle/rzX3qYeqrqRFeAF6>. We selected 8,250 companies in the Czech Republic and 10,100 companies in Slovakia from the Cribis database using the random selection method. We contacted these companies by e-mail and asked them to fill out the questionnaire. The total number of accepted questionnaires in the Czech Republic was 454 and 368 in Slovakia. The questionnaires were filled out by business owners and top managers as follows: 354 owners and 100 managers in the Czech Republic, and 285 owners and 83 top managers. Survey response rate was 5,5 % in the Czech Republic and 3,6% in Slovakia.

In the Czech Republic, the following enterprises took part in the research: 290 microenterprises, 107 small enterprises, and 57 medium-sized enterprises. The structure of companies in the research follows the structure of SMEs in the Czech Republic. Length of operating the business: 119 enterprises up to 10 years and 335 longer than 10 years. The education level of the entrepreneurs was as follows: 231 had high school education and 223 college education. There were 323 men and 131 women in the research.

In Slovakia, the participation was as follows: 216 microenterprises, 106 small enterprises, and 46 medium-sized enterprises. The structure of companies in the research follows the structure of SMEs in Slovakia. Length of operating a business: 105 up to 10 years and 263 longer than 10 years. The education level of the entrepreneurs was as follows: 77 had high school education and 291 college education. 253 men and 115 women took part in the research.

This study analyzes these 4 statements:

ST1: Personnel risk in the company is considered adequate and does not harm my business.

ST2: Employee turnover is low and has no negative impact on my business.

ST3: The error rate of employees is low and has no negative impact on my (our) business.

ST4: Our employees strive to improve their performance and competition among them prevails.

Personnel risk is defined as lack of qualified employees and negative impact of human factor in an enterprise. Entrepreneurs could choose from the following responses: strongly agree, agree, neither agree nor disagree, disagree, strongly disagree.

The following ranges were defined to evaluate respective factors of personnel risk SMEs: The positive response rate ranging from 0 to 20% was evaluated as high intensity risk, from 21 to 40% as considerable intensity risk, from 41 to 60% as average intensity risk, from 61 to 80% as moderate intensity risk, and 81% and higher as minimum intensity risk.

The following scientific hypotheses were defined based on the method of scientific estimation:

H1: More than 60% of the respondents in the Czech Republic and Slovakia agree with the ST1 claim.

H1a: There are no statistically significant differences between the Czech Republic and Slovakia in the overall structure of responses and in entrepreneurs' positive responses when evaluating ST1.

H1b: There are no statistically significant differences in entrepreneurs' positive responses when evaluating ST1 based on the defined parameters (business size and age) in the Czech Republic and Slovakia.

H2: More than 60% of the respondents in the Czech Republic and Slovakia agree with the ST2 claim.

H2a: There are no statistically significant differences between the Czech Republic and Slovakia in the overall structure of responses and in entrepreneurs' positive notions towards ST2.

H2b: There are no statistically significant differences in entrepreneurs' positive responses when evaluating ST2 based on the defined parameters (business size and age) in the Czech Republic and Slovakia.

H3: More than 60% of the respondents in the Czech Republic and Slovakia agree with the ST3 claim.

H3a: There are no statistically significant differences between the Czech Republic and Slovakia in the overall structure of responses and in entrepreneurs' positive notions towards ST3.

H3b: There are no statistically significant responses in entrepreneurs' positive notions towards ST3 based on the defined parameters (business size and age) in the Czech Republic and Slovakia.

H4: More than 60% of the respondents in the Czech Republic and Slovakia agree with the ST4 claim.

H4a: There are no statistically significant differences between the Czech Republic and Slovakia in the overall structure of responses and in entrepreneurs' positive notions towards ST3.

H4b: There are no statistically significant differences in entrepreneurs' positive notions towards ST3 based on the defined parameters (business size and age) in the Czech Republic and Slovakia.

To evaluate the defined scientific hypotheses, the method of descriptive statistics (percentage), Chi square and the Z score method were used. Statistically significant differences were compared through Pearson statistics at the significance level of 5%. The calculations were made through the free software available at www.socscistatistics.com.

Results and discussion

The following tables present the results of the empirical research and their statistical processing.

Table 1. Personnel risk in the Czech Republic (CR) and Slovak Republic (SR)

ST1: Personnel risk in the company is considered adequate and does not harm my business	Czech Republic 454	Slovak Republic 368	Z-score/ p-value
1. Strongly agree	61	48	0.1802
2. Agree	170	122	
1+2 together: %/Number	50.88/231	46.20/170	
3. Neither agree nor disagree	115	98	
4. Disagree	70	82	
5. Strongly disagree.	38	18	
Chi square/ p-value: 9.9988/0.0404			

Source: (own research)

*Note: the p-value of the Z-score was used to compare the positive answers of the respondents.

The results of the research imply that there is an average intensity of personnel risk in SMEs' activities in both countries, as 50.88% of the Czech and 46.20% of the Slovak entrepreneurs agreed with the claim that personnel risk in an enterprise is adequate and does not negatively affect the business.

P-value chi square (0.0404) confirmed that there are statistically significant differences in the overall structure of responses from Czech and Slovak entrepreneurs, while no statistically significant differences were discovered in their positive responses (p-value=0.1802).

H1 was not confirmed.

H1a was not confirmed.

Table 2. Comparison of Czech and Slovak entrepreneurs' notions towards ST1 based on business size and age

ST1: Personnel risk in the company is considered adequate and does not harm my business	CR ME/SE// -10/10+	SR ME/SE// -10/10+	Z-score: p-value CR:BS/AC SR: BS/AC
1. Strongly agree	51/10/16/45	33/15/16/32	0.0643/0.4473
2. Agree	106/64/41/129	73/49/32/90	0.1868/0.9045
1+2 together: Number	157/74/57/174	106/64/48/122	
1+2 together in %	54/45/48/52	49/42/46/46	
Number of businesses	290/164/119/335	216/152/105/263	

Source: (own research)

Notes: ME - microenterprises, SE - small and medium-sized enterprises, -10 enterprises aged up to 10 years, 10+ enterprises over 10 years of age, BS - business size, AC - age of company

It was discovered that there are no statistically significant differences in entrepreneurs' positive responses when evaluating ST1 based on the defined parameters (business size and age) in the Czech Republic and Slovakia.

H1b was confirmed.

Table 3. Employee turnover in the Czech Republic (CR) and Slovak Republic (SR)

ST2: Employee turnover is low and has no negative impact on my business	Czech Republic	Slovak Republic	Z-score/ p-value
1. Strongly agree	454	368	0.8887
2. Agree	127	93	
1+2 together: %/Number	57.93/263	58.42/215	
3. Neither agree nor disagree	136	122	
4. Disagree	97	73	
5. Strongly disagree.	57	56	
Chi square/ p-value: 3.2195/0.5218	37	24	

Source: (own research)

57.93% of the Czech and 58.42% of the Slovak entrepreneurs agreed with the ST2 claim. It can be said that this factor had an average intensity in both countries.

It was discovered that there are no statistically significant differences between the Czech Republic and Slovakia in the overall structure of responses and in entrepreneurs' positive evaluation of ST2.

H2 was not confirmed.

H2a was confirmed.

Table 4. Comparison of Czech and Slovak entrepreneurs' notions towards ST2 based on business size and age

ST2: Employee turnover is low and has no negative impact on my business	CR ME/SE// 10/10+	SR ME/SE// 10/10+	Z-score: p-value CR:BS/AC SR: BS/AC
1. Strongly agree	107/20/31/96	60/33/22/71	0.0056/0.2005
2. Agree	75/61/32/104	69/53/37/85	0.5485/0.5823
1+2 together: Number	182/81/63/200	129/86/59/156	
1+2 together in %	63/49/53/60	60/57/56/59	
Number of businesses	290/164/119/335	216/152/105/263	

Source: (own research)

The research revealed that in the Czech Republic, there are statistically significant differences in evaluating ST2 based on the business size. Microenterprises, compared to medium-sized enterprises, showed a higher agreement with the statement that employee turnover is low and does not negatively affect their business.

H2b was not confirmed.

Table 5. The error rate of employees in the Czech Republic (CR) and Slovak Republic (SR)

ST3: The error rate of employees is low and has no negative impact on my (our) business	Czech Republic	Slovak Republic	Z-score/ p-value
1. Strongly agree	454	368	0.0251
2. Agree	106	64	
1+2 together: %/Number	63.66/289	55.98/206	
3. Neither agree nor disagree	183	142	
4. Disagree	88	80	
5. Strongly disagree.	55	62	
Chi square/ p-value: 7.5286/0.1105	22	20	

Source: (own research)

The ST3 risk factor revealed a moderate intensity in SMEs' activities in both countries. 63.66% of entrepreneurs in the Czech Republic and 55.98% of entrepreneurs in Slovakia agreed with the ST3 claim. The research confirmed statistically significant differences in entrepreneurs' positive responses (p-value=0.0251). Czech entrepreneurs agreed with the ST3 claim considerably more than their Slovak counterparts.

H3 was not confirmed.
H3a was not confirmed.

Table 6. Comparison of Czech and Slovak entrepreneurs' notions towards ST3 based on business size and age

ST3: The error rate of employees is low and has no negative impact on my (our) business	CR ME/SE// 10/10+	SR ME/SE// 10/10+	Z-score: p-value CR:BS/AC SR: BS/AC
1. Strongly agree	85/21/25/81	41/23/22/42	0.1936/ 0.0168
2. Agree	106/77/40/143	86/56/34/108	0.1936/0.5157
1+2 together: Number	191/98/65/224	127/79/56/150	
1+2 together in %	66/60/ 55/67	59/52/53/57	
Number of businesses	290/164/119/335	216/152/105/263	

Source: (own research)

Notes: ME - microenterprises, SE – small and medium-sized enterprises, -10 enterprises aged up to 10 years, 10+ enterprises over 10 years of age, BS – business size, AC – age of company

The research points to the fact that older Czech enterprises showed a higher agreement rate with the ST3 claim. This may suggest that older enterprises have a high-quality staff and a better personnel management in place.

H3b was not confirmed.

Table 7. Striving to improve their performance in the Czech Republic (CR) and Slovak Republic (SR)

ST4: Our employees strive to improve their performance and competition among them prevails	Czech Republic 454	Slovak Republic 368	Z-score/ p-value
1. Strongly agree	66	40	0.2301
2. Agree	138	110	
1+2 together: Number	44.93/204	40.76/150	
3. Neither agree nor disagree	135	131	
4. Disagree	76	73	
5. Strongly disagree.	39	14	
Chi square/ p-value: 12.5915/0.0135			

Source: (own research)

The research confirmed that entrepreneurs in both countries are dissatisfied with the quality of their employees, as only 44.93% of the Czech and 40.76% of the Slovak entrepreneurs agreed with the claim that employees strive to increase their performance and competition among them prevails.

The research revealed that there are statistically significant differences in the overall response structure of the Czech and Slovak entrepreneurs (p-value=0.0135), while there were no differences in entrepreneurs' positive responses (p-value=0.2301).

H4 was not confirmed.

H4a was not confirmed.

Table 8. Comparison of Czech and Slovak entrepreneurs' notions towards ST4 based on business size and age

ST4: Our employees strive to improve their performance and competition among them prevails	CR ME/SE// 10/10+	SR ME/SE// 10/10+	Z-score: p-value CR:BS/AC SR: BS/AC
1. Strongly agree	53/13/22/44	29/11/20/20	0.0357/0.3371
2. Agree	88/50/27/111	63/47/28/82	0.3953/0.2225
1+2 together: počet	141/63/49/155	92/58/48/102	

1+2 together in %	49/38 /41/46	43/38/46/39	
Number of businesses	290/164/119/335	216/152/105/263	

Source: (own research)

Notes: ME - microenterprises, SE - small and medium-sized enterprises, -10 enterprises aged up to 10 years, 10+ enterprises over 10 years of age, BS - business size, AC - age of company

The research revealed that microenterprises, compared to medium-sized enterprises, more intensively agreed with the claim that their employees strive to improve their performance and competition among them prevails.

H4b was not confirmed.

The results of the empirical research indicate that the intensity level of respective factors related to personnel risk range from 40 to 60%, which indicates an average intensity.

At the same time, it is important to point out that personnel risk was identified as the field most negatively affecting SMEs' business activities in both countries. 58.8% of entrepreneurs in the Czech Republic and 54.6% of entrepreneurs in Slovakia view personnel risk as the most significant business risk.

Entrepreneurs taking part in this research had a relatively negative perception of how their employees strive to improve their performance or how they compete among each other. It is important to point out that the quality of personnel management in an enterprise considerably affects the quality of personnel. Some shortcomings in SMEs' personnel management are apparent in this aspect.

The highest agreement rate in both countries was revealed in evaluating the employees' error rate. Using a certain degree of simplification, it can be said that SME employees are able to perform routine activities relatively well, but show considerable gaps when it comes to improving work habits or motivation.

The research team has been examining business risks since 2013 when the first empirical research was conducted in the SME segment in selected regions of the Czech Republic and Slovakia. In a research conducted during a gradual return to a normal state of economy following the global economic crisis, market risk placed first as the most significant business risk, while financial risk was second, and personnel risk third. At that time, entrepreneurs were more concerned with the lack of interest in their products and services than the quality of their workforce (Belás et al., 2014).

Hudáková and Masár (2018) present results from a similar empirical research conducted in the V4 countries in 2017. The authors state that market risk was the most significant business risk in Slovakia, while personnel risk ranked fourth. In the Czech Republic, SMEs rated personnel risk as the third most significant risk, similarly to Poland. Hungarian entrepreneurs viewed personnel risk as the second most significant business risk.

The actual results differ to a certain degree from the above-mentioned research. One of the reasons may be a better economic development that is accompanied by a shortage of qualified personnel, hence making personnel risk more important for SMEs. SMEs' business environment offers an interesting trend showing definite signs of imbalance. A positive phase in economic development brings a relative shortage of qualified personnel, and hinders the development of business activities. An economic crisis, on the other hand, brings along massive layoffs that also affects highly qualified personnel, which is especially important in the case of SMEs. The state should be able to implement such emergency schemes that would enable SMEs to keep their best employees. This challenge is especially valid in the recent „corona crisis.“

Conclusion

The aim of the paper was to define and present significant factors affecting the perception of personnel risk in the SME segment, and compare the current status and development in the Czech Republic and Slovakia.

Personnel risk significantly affects the SME segment and its business activities. This risk is perceived as the most significant business risk in both countries, even though its intensity is moderate and does not have a heavy negative impact on SMEs' activities. The overall evaluation of personnel risk's impact on SMEs' activities is similar in both countries. The employee turnover evaluation was quite positive, as a large part of entrepreneurs view turnover as low and has no negative effect on their business. The turnover evaluation was similar in both countries. Based on entrepreneurs' statements, there are certain gaps in employee error rate, which affects their business. Slovak entrepreneurs provided a worse evaluation of the quality of their employees than the Czech entrepreneurs did. Entrepreneurs in both countries are dissatisfied with the way their employees strive to increase their performance or how they compete among each other. This implies that SMEs show considerable gaps in the field of managing their employees' performance or in other fields of personnel management.

The comparison based on business size and age did not yield significant differences, nor did it provide a clear trend despite the general belief presented in literature that larger enterprises have a better access to important fields of business management.

This research was limited due to the following aspects: It was conducted in a favorable phase of the economic cycle that comes with a relative shortage of qualified personnel. It can be assumed that the evaluation of business risks depends considerably on the current phase of the economic cycle, therefore, the next research will examine the intensity of business risks in connection with the „corona crisis.“

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