

# The Chances Analysis as Support in Evaluating New Ideas in Entrepreneurial Business

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**Abstract:** One of the generally accepted indicators of the achieved economic development of one country and quality the life of its inhabitants represents the Gross Domestic Product expressed per capita, expressed in US dollars, taking into account the relative value of purchasing power of the national currency. It was precisely this indicator that served to categorize countries, by methodology World Economic Forum, according to the level of economic development of: highly developed countries, the countries of the middle level of development and the country of lower development. The categorization of countries has been made based on the dominant factor of the impact on GDP growth. Therefore, countries whose GDP growth is based on innovation (Innovation-driven), more efficient using production factors (Efficiency-driven), and the increased engagement of factors of production (Factor-driven). It was precisely the creation of this kind of indicators that made it possible to compare national economies respecting the same starting points. Precisely the ambient entrepreneurial conditions are the basic generator of support to entrepreneurial ventures.

**Key words:** economic, product, development, categorization, factors

## Introduction

The development and availability of these elements is strongly reflected both on the motives of entrepreneurial behavior and on the scope and structure of the entrepreneurial process. Recognized by the GEM (Global Entrepreneurship Monitor) research, the framework of entrepreneurial conditions, as an upgrade of the general economic environment, with established interrelationships with certain forms of entrepreneurial activity, treats the imprisonment as the basic and initial impulse of entrepreneurial behavior. Entrepreneurial ventures are believed to be initiated by those individuals who believe that they possess adequate knowledge, skills, and a certain level of motivation to express an entrepreneurial initiative. However, in addition to these elements, the ability to see opportunities is also necessary. So, first of all national economic conditions influence the creation of business opportunities for entrepreneurs while they are direct entrepreneurial conditions put in the function of supporting entrepreneurs for the exploitation of the observed opportunities based on support through developed elements of direct enterprise frameworks such as the availability of entrepreneurial capital, government programs and policies, entrepreneurial education and training, physical infrastructure, etc. Entrepreneurship is seen as a process, recognizing the existence of all its phases from conceptualization to the end of the entrepreneurial venture, opens the possibility of implementing various support programs for the start-up and development of entrepreneurial ventures. Namely, the portion of the entrepreneurial process enables the consideration of concrete and specific problems as well as the necessary knowledge and skills for successful overcoming of a certain stage of the entrepreneurial process. The paper presents several approaches to the entrepreneurial process.

## Previous entrepreneurship researches

Entrepreneurs who are in the phase of gathering resources (financial, human, material) and who are made certain financial investments but did not reach the payout stage at the same time for a period of three months, are considered to be emerging enterprising or enterprising entrepreneurs. Entrepreneurs who have paid off earnings for more than three months and less than forty-two months are counted in the category of owner-manager of new enterprises. Together, these two groups constitute the total entrepreneurial activity whose business endeavors are in the early stages of the process. Unlike their entrepreneurs who have paid salaries for more than three years in continuity have been presented as owners of existing enterprises whose business has lost all the elements of the new entrepreneurial endeavor. Interconnection and conditionality of entrepreneurial behavior and motive for starting entrepreneurial endeavors are so expressed that it is possible to talk about the matter that deserves an evaluation of the most complex and essential performance to achieve business success. Finding a secret the attitude of the behavior and motives of participants in the entrepreneurial process is a decisive step on the road achieving success. Certainly, motives as the guiding principle of every entrepreneur are subject to change, as is the case with behavior, in line with the change in the influence of external and internal factors. Given the ambient conditions, these two crucial concepts, experiencing transformations, which confirms their mutual conditionality and cause-and-relationship relationship? When it comes to entrepreneurship, there is no uniquely accepted definition in scientific literature. Scott & Venkataraman (2000) see entrepreneurship as a space within which an individual invests research effort in identifying chances and opportunities, with the goal of creating a new product or services in accordance with the requirements and needs of consumers. Such a product can be profitable exploited with a wide range of effects that it contributes to. Entrepreneurship can be defined as a process of value creation by collecting available resources for the purpose of exploiting profitable opportunities (Stevenson et al., 1990). Some authors view entrepreneurship as unity three elements: innovation, risk taking and proactivity (Covin & Slevin, 1989; Zahra 1993). The above-mentioned claim, in its research, confirmed Tang et al. (2009) stating that the behavior of the entrepreneur was shaped by the influence of the three elements. It is indisputable that Schumpeter is the first economist to link entrepreneurs with economic flows, which is free from the prevailing approach to comparative statistics and recognized the economy as a self-transforming system with an entrepreneur as an agent of change (Schumpeter, 1934). Schumpeter presents entrepreneurs as innovators creating conditions for gaining profits by creating temporary monopolies through organizational and technological ones innovation. With their activities they constantly disturb the existing state of balance that prefer existing business actors by compelling them to react to emerging threats. This process of "creative destruction" manifests itself in the improvement of productivity and consequently greater economic growth (Schumpeter, 1947). This approach has been enhanced and developed beyond by Baumol (2002) developed a new growth theory with the explicit role of Schumpeter entrepreneur as a transformer of knowledge into the economic knowledge and significant participants in economic growth. Within the available literature contribution Entrepreneurship to economic growth is more important in its later stages when growth is based on knowledge, as opposed to the early stages of economic development that is characterized the increased intensity of exploitation of production factors (Acs & Naude, 2013). In addition to economic innovations that stimulate entrepreneurship, their role is equally important when it comes to creating jobs through self-employment and creating small businesses (Barth et al., 2006). Consequently, the influence of entrepreneurship is directed towards the economic development of a country. Through the development of innovation, employment and other positive effects, many authors see entrepreneurship as an extremely important mechanism for influencing economic development (Schumpeter 1934; Acs & Audretsch 1988). According to the aforementioned authors, this would mean that in countries with the lowest degree of economic development whose economic activity is dominantly oriented to the exploitation of natural resources, it is necessary to focus the main focus on improving the basic conditions of economic development, such as government stability, infrastructure, primary education, and health care.

## **Basic conditions for supporting entrepreneurial behavior**

American economist and winner of the Nobel Prize Solow (1956) in his work, based on Analysis of the time series in the period from 1909 to 1949 found that the growth was non-agricultural production caused by 7/8 technological changes, while the influence of capital is evident in the amount from 1/8. By introducing new technologies in the production process it is possible to achieve it economic growth and development with an unchanged or even smaller amount of work, engaged raw materials, materials, etc. The precondition for sustainable development, the advancement of society and economic growth is in new technologies. Of course, the stimulation of R & D and scientific research activities it is located in an institutional setting that simultaneously in the interactive relationship with entrepreneurs creates the basis for economic growth. Some authors in their research unambiguously confirm that the quality of the institutional environment influences the creation of an economic one growth (Acemoglu et al., 2001; Rodrik et al., 2004) A stimulating business environment requires involvement of all relevant institutions and decision makers during its construction. A stimulating, stable and predictable business environment is basic medium and long-term business planning factor. How to Invest in Projects in the form of starting up business ventures and developing existing business, they appreciate the concepts mid-term and long-term planning, building a stable business environment in many ways determines key business performance indicators. Reducing business risk can be achieved through the stability of one country's political institutions. Through the stability of the Government of the country, a predictable political and business environment is created that provides new investment cycles. The significance of the political system has been highlighted through its participation in the formation and determination of the country's credit rating, which in large part affects the interest rates on which the state and the economy will borrow in the future from international institutions. The creation of the global market, whose existence we are witnessing today, has been greatly assisted technological achievements and their constant progress and development. The emergence of internet technologies, the creation of a global network, has led to a faster flow of information and the connection of physically distant geographic spaces. The interaction of the company with consumers through the use of new technologies within their business is the most visible in the service sector. As a possibility of simultaneous improvement of the company's performance and creation of customer satisfaction, the use of self-service technologies is imposed. These technologies are recognized as the generator of transformations of business processes in the last two decades (Bitner et al., 2010). Their use reduces the cost of labor, increases productivity and improves the organization's performance. Consumers are now available through multiple channels and flexible time frames (Meuter et al., 2000). The techniques and tools of self-service technologies that companies use can be identified as mobile kiosks, internet usage, interactive voice command, mobile services. The largest role and responsibility in creating a business environment belongs to the Government of one country. Through their policies and programs, the Government's actions are directed in several directions: improvement of the regulatory environment, offering entrepreneurs financial assistance simplifying bureaucracy, improving the cognitive environment by providing transfer of knowledge and skills for doing business, improving the normative environment by improving the social perception of the entrepreneurial sector. Significant contribution of government institutions is also reflected in ensuring the availability of financial resources during all stages of development of entrepreneurial venture. In addition to securing financial resources distributed through ministries, local and regional agencies, funds, the governments of the countries seek to develop a domestic or regional capital market for the exclusive development of the sector of small and medium enterprises and entrepreneurs. Entrepreneurship is a process based on creativity, proactivity, innovation, risk taking, development and implementation of projects, all in the function of achieving targeted targets. This process is based primarily on the ability of an individual to transfer his ideas into concrete actions. As the process is based on an entrepreneur's abilities, it is necessary to include in the process of consideration his knowledge and skills on which the entire process is based. Acquired knowledge through a formal and non-formal education process forms the basis of the entrepreneur's ability to start a business venture.

## **Entrepreneurial education**

Investments in the field of entrepreneurial education have very positive effects on the entrepreneurial sector. Functional cooperation with the economy and successful transfer of technologies requires the construction of certain capacities. It is necessary for the University to create an entrepreneurial climate within the institution and at the same time activate its own entrepreneurial capacities. At the same time, raising the University's capacity for cooperation with the economy as well as creating significant incentives for the activities of scientific and research personnel in cooperation with the economy are activities of importance for ensuring successful cooperation and linking the economy with the Universities, which can be largely determined by the absorption capacities of academic knowledge within business entities. After identification of possibilities, in the framework of cooperation with the economy, through the University the technology transfer office, the question arises of defining its founding structure and licensing strategies, which differ in the level of autonomy of the centers and the possibilities of commercialization of technologies. The establishment of technology transfer centers can take several forms: traditional University structures, non-profit research organizations and a profit-oriented center of associated private capital (Markman et al., 2005). After the completion of the research and development project and the provision of patented technology, the technology and knowledge transfer offices are provided with the possibility of commercialization through one of several licensing strategies, such as: licensing in return for future research sponsorships, licensing in the form of equity participation and licensing for cash. The positive aspects of these types of licensing represent the fact of providing conditions for the development of future research development projects. Transfer technology through university offices for transfer of knowledge and technology from there is an undoubted influence on the formation of new ones and the development of current entrepreneurial ventures. Through research sponsored by the industry, consulting services, licensing technologies as well as active participation in the process of development of the same university office confirm their role in strengthening entrepreneurial activity and initiative. With the help of the adopted organizational structure of the offices, various adopted strategies for technology transfer and cooperation with the economy, they are undoubtedly one of the main factors influencing the regional development and economic growth of the economies of individual countries.

## **The chances analysis as support in evaluating new ideas in entrepreneurial business**

In the modern business environment, the role and importance of entrepreneurial firms is becoming more and more important. Their business is significantly facilitated by the aforementioned trends, as they are deleted borders between large and small business systems, as well as borders between countries. Entrepreneurial economy is based on positive effects generated by entrepreneurial firms - a large number of new products and ideas, entrepreneurial firms exert pressure to large bureaucratic organizations towards greater efficiency and innovation, and the provision of larger ones opportunities for minorities that do not fit into the corporate value system. Precondition of each company business is planning. Planning is done with each sector of the company individually. In this sense, we can distinguish the planning of sales, procurement, finance or personnel. A key place in the planning process belongs to financial planning. The basic result of financial planning is a budget that we define as an income and expense plan for the next, usually a one-year period. Planning approaches can be: strategic and operational. Strategic planning is focused on defining objectives and strategy based on the previously defined vision and mission of the enterprise. Strategic planning has a longer time horizon and a much wider scope, given that it tangles the entire enterprise. Operational planning specifies the general goals and ways of achieving them through planned and daily decisions. Operational planning results in two types of planning decisions: one-time use (business plan, project, program) and for permanent use (policies, procedure-procedures, rules). Spontaneous decision-making without a planned component can jeopardize the efficient business process, especially in complex companies with a large number of decision

points. Planning is an active and repetitive process, which is closely related to the control process. The aforementioned processes can be simplified and summarized through four bases of activity group: diagnosis of the current state, defining goals, identifying incentives and constraints, and determining actions. The next phase of the planning process is envisioning the environment and identifying important incentives(chances analysis) and limitations (hazards) in the environment. Chances are the trends in the environment that need to be used. Dangers are trends in an environment whose effects we want to minimize or, possibly, completely eliminate. It is relatively easy to identify chances and hazards in the present moment. It is much more difficult to identify trends that will be current in the future. Researching and anticipating the future is the essence of the prediction process. The goals of the company are defined more clearly and clearly after the diagnosis of the current state and identifying opportunities and hazards in the environment. Without clearly defined goals, they can not be precisely define other planning decisions. Very often entrepreneurs avoid clearnessexplicit definition of goals due to lack of confidence or ignoranceenvironments and specific business elements. The problems encountered do not have to be a priori negative occurrence in business. The task of the planner is to turn some problems into opportunities, the exploitation of which can be raised to a higher level.In this sense, reactive and proactive entrepreneurs can be distinguished. Reactive entrepreneurs react only when they have to, when certain problems are already occurring, and the actions taken are aimed at mitigating the already incurred damage. Proactive entrepreneurs are not only responding to problems that arise in the company, but also trying to anticipate future developments in the company environment and to advance their decisions in advance. In addition, these entrepreneurs are brave enough to create trends in the environment of the company, which will impose their competitors. In short, reactive entrepreneurs only react to the problems ("gas fires"), while proactive entrepreneurs solve problems, but also create new opportunities. The next phase of the planning process is envisioning the environment and identifying important incentives (chances) and limitations (hazards) in the environment. Chances are the trends in the environment that need to be used. Dangers are trends in an environment whose effects we want to minimize or, possibly, completely eliminate. It is relatively easy to identify the chances and dangers of the present moment. It is much more difficult to identify trends that will be current in the future. Researching and anticipating the future of performancesThe essence of the prediction process. Since many goals and indicators can be set at the same time, entrepreneurs do not follow each individual item but manage by exception by focusing only on priorities. By entering the conversion tracking stage, the control function is activated. Planning and control are two phases that are constantly intertwined and it is very difficult to indicate where one phase begins, and the other stops.

## **Conclusion**

The development of new ideas is of great importance for entrepreneurs in a global environment. In order for ideas to develop, it is necessary for entrepreneurs to use experiences and methods that contribute to a better understanding of all chances for improving their business, and in this way, they can help them analyze the chances. That the chance analysis will give positive results it needs to be a comprehensive part of the business planning process. Chances are the trends in the environment that need to be used. In the process of analyzing opportunities and planning for entrepreneurs, they can help others' experiences as well as research at the state level, whereby a barrier that exists is reduced or eliminated. Through research sponsored by the industry, consulting services, licensing technologies as well as active participation in the process of development of the same university office confirm their role in strengthening entrepreneurial activity and initiative.

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