ABSTRACT: Today’s digital era offers ease of information that causes fierce competition. An individual may conclude that trying to start a new business is a worthwhile thing to do. On the other hand, the opportunities for entrepreneurship are not easily achieved. By using prior knowledge as cognitive factors and alertness to the business idea as behavioral factors may impact two aspects, the discovery and the creation of entrepreneurial opportunity. The purpose of this study is to investigate the influence of prior knowledge and business idea alertness on the entrepreneurial opportunity. The samples of this study were one hundred (100) Indonesian entrepreneurs. Partial Least Square (PLS) processed by Smart PLS 3.0 was used to test the proposed model. Findings of this study show that prior knowledge has a positive effect on business idea alertness. The higher the prior knowledge and business idea alertness, the higher the entrepreneurial opportunity.

Keywords: knowledge, entrepreneurship, business idea alertness, opportunity
1.2 Purpose of This Study
This study aims to clarify whether prior knowledge and business idea alertness have a positive impact on the discovery and creation of entrepreneurial opportunity in Indonesia.

1.3 Prior Knowledge and Entrepreneurial Opportunity
The process of entrepreneurship can be divided into two sub-processes: opportunity discovery and opportunity exploitation (Shane, 2003). An entrepreneur is an individual who is able to identify, evaluate, and exploit opportunities.

Prior knowledge refers to the sources of information developed from work experience, education or other means (Shepherd & DeTienne, 2005). Individuals with prior knowledge are more likely to focus on the important aspects of existing information and process it more efficiently, hence able to identify a greater number of opportunities. Individuals with greater shares of prior knowledge about customer problems are able to identify more opportunities with higher degrees of innovation. Therefore, Prior knowledge acts as a guide that helps an individual to spot the opportunities. Ardichvili et al. (2003) introduce prior knowledge as one of the effective factors in the process of opportunity recognition. Prior knowledge increases the likelihood of opportunity identification in the market system and improves service and product development (Tang & Murphy, 2012).

According to Park, Sung & Im (2017), as cognitive factors, prior knowledge and social networks are known determinants of the level of alertness. Individuals with a higher level of alertness tend to recognize entrepreneurial opportunities by connecting distinct ideas and knowledge. Prior knowledge and experience would also relate to the opportunity recognition process as a cognitive factor. Individuals with greater experience and knowledge will show a greater ability to sense and recognize opportunities since they have experienced a similar situation and accumulated knowledge on different opportunities. Previous research has also revealed that prior knowledge and experience play an important role in opportunity recognition. Overall, an individual with knowledge through education and experience will be more likely able to discover entrepreneurial opportunities than other people. Hypothesis 1 (H1): Prior knowledge has a positive influence on the discovery and creation of entrepreneurial opportunity.

1.4 Prior Knowledge and Entrepreneurial Opportunity
Prior knowledge fosters people’s alertness to entrepreneurial opportunities. Siegel & Renko (2012) conclude that the individual’s knowledge influence their interpretation of events and opportunities. Individual knowledge has an influence on business idea alertness to entrepreneurial opportunities. Different knowledge and cognition factors can influence individuals’ alertness, and that could explain why a person might recognize opportunities that others cannot (Par Sung & Im 2017).

1.5 Entrepreneurial Alertness and Entrepreneurial Opportunity
Entrepreneurial alertness is defined as “the ability to notice without searching opportunities that have been overlooked” and “the sense to notice that which has not been suspected of existing at all” (Kirzner, 1997). Entrepreneurial alertness involves scanning, searching for new information, market, and technological changes that are transformed into a business idea.

Entrepreneurial alertness and learning which are two of the most important cognitive characteristics of entrepreneurs will help them in obtaining, organizing, and processing new information (Dimov, 2007). Ardichvili & Cardozo (2000) state that most entrepreneurs have a high level of alertness during the process of opportunity recognition. Therefore, entrepreneurial alertness is one of the key factors in recognizing opportunities. As a behavioral factor, alertness plays an important role in recognizing entrepreneurial opportunities. Kirzner (1997) argues that alertness involves “creative and imaginative action” that influence the opportunity discovery in the future market. The behavioral action of evaluation and judgment of alertness reflect the effort needed to seek an opportunity that produces profit or beneficial chances.

Cobert (2007) scrutinizes that people have to build the capability of transferring and judging the information and knowledge that they acquire. Combination of one’s prior knowledge and experience are the basis of opportunity discovery (Fiet, 2007). Hence, a person’s entrepreneurial alertness can influence their ability to create entrepreneurial opportunities. Hypothesis 3 (H3): Business idea alertness has a positive influence on the discovery and creation of entrepreneurial opportunity.
2 RESEARCH METHODS

This study examined the factors influencing entrepreneurial opportunities namely prior knowledge and alertness. The type of this study is causal using a quantitative method. The sampling technique is non-probability, purposive sampling. Data was collected from 100 samples.

Questionnaires were distributed to 100 Indonesian entrepreneurs who established their own company. Respondents consist owners of Micro, Small, Medium sized Enterprises (MSMEs) in Indonesia. Respondents were asked to fill out a questionnaire and all items in a questionnaire were measured with a 7-point Likert scale. The study used Partial Least Square (PLS) and processed using Smart PLS 3.0 to assess whether there is a positive relationship between prior knowledge and alertness on entrepreneurial opportunity.

3 RESULTS AND DISCUSSIONS

The demographic characteristics of the participants in the sample are shown in Table 1. It appears that the majority of respondents are manufacturing entrepreneurs and most are 31-40 years old.

Table 1. Descriptive Statistic

| Gender | % | Age    | % |
|--------|---|--------|---|
| Male   | 50| < 25   | 15|
| Female | 50| 25 - 30| 28|
| Total  | 100| 31 - 40| 39|

| Business Type | % | Age    | % |
|---------------|---|--------|---|
| Manufacture   | 59| > 51   | 10|
| Services      | 24|        |    |
| Distributor/ Retailer | 17|        |    |
| Total         | 100| Total | 100|

Table 2. Reliability and Validity of Constructs

| Construct                    | Composite Reliability | Cronbach's Alpha |
|------------------------------|-----------------------|------------------|
| Prior Knowledge (PK)         | 0.855                 | 0.789            |
| Business Idea Alertness (BIA)| 0.862                 | 0.802            |
| Entrepreneurial Opportunity (EO) | 0.808                 | 0.754            |

As seen in Table 2, the items are reliable. The Cronbach’s Alpha was the assessment of the reliability which is greater than 0.70.

Table 3. Reliability of Constructs and Convergent Validity

| Constructs                          | R²  |
|-------------------------------------|-----|
| Business Idea Alertness (BIA)       | 0.141|
| Entrepreneurial Opportunity (EO)    | 0.455|

Table 4. Hypotheses Testing Results

| Hypothesis                          | P-value | Description          |
|-------------------------------------|---------|----------------------|
| H1: Prior Knowledge → EO            | 0.000   | supported            |
| H2: Prior Knowledge → BIA Alertness | 0.000   | supported            |
| H3: Business Idea Alertness → EO    | 0.044   | supported            |

Table 4 shows that the hypotheses are proved to be significant or supported. It is confirmed as follows:

H1: The positive relationship between prior knowledge and discovery and creation of entrepreneurial opportunity is confirmed by value 0.186, p<0.05.
H2: The positive relationship between prior knowledge and business idea alertness is confirmed by value 0.376, p<0.05.
H3: The positive relationship between business idea alertness and discovery and creation of entrepreneurial opportunity is confirmed by value 0.582, p<0.05.

Figure 1. The result of a Path Analysis.

4 CONCLUSION

Based on the results of the study, it can be concluded that all hypotheses are supported. Prior knowledge has a positive influence on the discovery and creation of entrepreneurial opportunity, prior knowledge has a positive influence on business idea alertness, and business idea alertness has a positive
influence on the discovery and creation of entrepreneurial opportunity.

The higher the prior knowledge possessed by an entrepreneur, the higher the business idea alertness, the discovery and the creation of entrepreneurial opportunity. The higher the business idea alertness owned by the entrepreneur, the higher the discovery and the creation of entrepreneurial opportunity in business.

Therefore, if an entrepreneur wants a high business idea alertness, then he should prepare himself by strengthening or deepening good business through various media or doing an internship in another successful business place. The entrepreneur will be able to improve business idea alertness through great experiences.

Prior knowledge and business idea alertness are proven to have a positive effect on discovery and entrepreneurial creation, this shows that the entrepreneurial opportunity through discovery and creation will be greater if the entrepreneur has experience or knowledge from the related business. Good prior knowledge and high business idea alertness can play an important role in identifying opportunities, and will make it able to recognize the discovery and creativity of entrepreneurial, which can be an important factor for entrepreneurs to create business opportunities, and able to play an important role in the business evaluation and entrepreneurial assessment.

Moreover, some recommendations will be given to enlarge entrepreneurial opportunities. Creativity and innovation are important capital in running a business. That is the reason why every entrepreneur must equip himself with various knowledge and other discourses as a source of inspiration. Creative ideas can be a source of inspiration in creating a particular product innovation so that it will provide a greater chance of success in business. Entrepreneurs can use social media or other online media to increase knowledge related to current market conditions. In addition, entrepreneurs can find various inspirational business ideas to improve competitive.

There is a suggestion for further research. It would interesting to include a variable in order to accelerate business knowledge and idea alertness to expand further of entrepreneurial opportunities in future research.

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