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Exploration of Opportunity Recognition in Ecotourism Sustainable Entrepreneurship

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Abstract—Entrepreneurship is related to development. Opportunity recognition is considered an important part of realizing entrepreneurial action and sustainable development. Sustainable entrepreneurship has the initial goal of entrepreneurship while still prioritizing the issues of social (human), environmental (planet) and economic (profit) concepts, but there are few published studies that empirically test the model, even though these issues are important for measuring performance. This study aims to explore the ability to recognize entrepreneurial opportunities in Rural-Owned Enterprises in terms of sustainable ecotourism in Bali. Rural-Owned Enterprises as village business institutions are established to advance village socio-economics without compromising future generations. Data collection was carried out by in-depth interviews with seven sustainable entrepreneurs. Mixed methods were adopted to answer the research objectives. The research approach is qualitative by collecting, reducing data, and presenting data. Furthermore, the development of the questionnaire used the findings of qualitative analysis. Questionnaires were distributed to managers of Rural-owned enterprises. Thirty managers out of fifty have answered questionnaire sent by e-mail. Quantitatively, the data were analyzed using descriptive statistical analysis. The result of the study show that quantitatively, the managers of ecotourism Rural-Owned Enterprises on average seventy percent agree that the practice of identifying sustainable entrepreneurial opportunities is determined by 1) prior knowledge; 2) motivation; and 3) entrepreneurial knowledge. In the future, the results of this research can be further developed by linking opportunity recognition to sustainable entrepreneurship by prioritizing aspects of local culture.

Keywords—Rural-owned enterprises; recognition of opportunities; sustainable entrepreneurship; ecotourism

I. INTRODUCTION

This Rural-owned enterprises are village business institutions as part of government programs and

efforts to alleviate poverty and achieve prosperity. Rural-Owned Enterprises as government intervention in the formation of economic institutions have an important role to improve the welfare of the lower classes adapted to the village potential [1]. Currently, business managers with the support of government regulations have the task of meeting the needs of current and potential consumers while preserving nature for future generations.

Village business institutions must not only be concerned with financial benefits, but their business decisions must also consider environmental and social aspects [2].

In fact, there are still many Rural-Owned Enterprises that have an ecotourism management business unit showing unsatisfactory performance [3]. The study confirms that sustainable ecotourism management is able to meet the needs of consumers and tourists while maintaining the integrity of the heritage, reducing the impact of tourism activities, ecological integrity, and biodiversity as a buffer for living ecosystems [4].

The marketing literature increasingly recognizes the important role of entrepreneurs with a proactive, innovative attitude for marketing success [5], and sustainable development [6]. Research tends to investigate how performance problems are solved from an entrepreneurial perspective [7]. Entrepreneurship characterizes a visionary proactive corporate culture and practices an entrepreneurial management style to anticipate future demands and create value within the company [8]. Rural communities embrace entrepreneurship as a local economic development strategy [9]. In reality, the survey results show that entrepreneurs have not been able to develop their business because of (1) low market orientation; (2) weakness of entrepreneurial attitudes and interests [10]. On the other hand,

entrepreneurial orientation becomes an important tool in terms of achieving financial aspects, and preparing business plans while taking into account the value, social and environmental issues of their business decisions [11].

Management literature emphasizes that entrepreneurial opportunity recognition activities are considered important to sustain social, environmental, and developmental benefits for others [12]. A conceptual model that refers to the commitment of entrepreneurs to estimate cash flows while maintaining the earth, nature, ecosystems and the potential for pollution has been widely carried out [7].

Individuals should be able to accurately and precisely identify new opportunities. Opportunity recognition plays an important role in achieving entrepreneurship including sustainable entrepreneurship. Opportunity recognition is the ability and process by which individuals are able to identify, recognize, and discover potential opportunities as the basis for creating new businesses, services, technologies, and markets. Individual ability and insight to identify profitable opportunities, enabling them to take advantage of industry resources and opportunities that competitors may not be aware of. Likewise, sustainable entrepreneurship is the ability to discover, create and exploit opportunities in order to create future processes, ideas, methods, products and services that support the preservation of the natural and communal environment and provide sustainable social, economic and environmental benefits [13].

The current literature is mostly conceptual and propositional which cannot be tested empirically (eg Patzelt & Shepherd, 2011). Research based in Germany confirms the role of recognizing sustainable development opportunities in relation to the planet, economy, and people, but the results cannot be generalized due to conceptual differences between the West and developing countries [14].

Research by Kimuli et al., (2020) states that resources, self-confidence, and knowledge drive entrepreneurial intentions and attitudes. However, the findings confirm that the willingness of entrepreneurs to utilize prior knowledge has less significant effect on intention, business interest that combines social, economic, and environmental value creation.

Furthermore, although there is a lot of research on recognizing opportunities for creating ideas, values while considering the issue of using sustainable natural resources that may differ from traditional entrepreneurship, few have explored what managers motivate in relation to recognizing sustainable entrepreneurial opportunities. This study explores why the degree to which one person recognizes sustainable entrepreneurial opportunities is high, while others lack the ability. This research was able to obtain a new model of introducing opportunities in

building sustainable entrepreneurship in the context of ecotourism Rural-owned enterprises in Bali.

II. LITERATURE REVIEW

The entrepreneurial process always starts with the identification of ideas and potential businesses to be explored and then developed into new ideas, processes, products, services. Sustainable entrepreneurship is defined as the ability to realize future products and services with economic, social and ecological benefits [9].

Sustainable entrepreneurship should recognize opportunities in practice [12]. The distribution of information in society determines the discovery of opportunities, and it turns out that only a small number of individuals are able to identify opportunities in the market. The ability to find adequate opportunities in entrepreneurship can influence new ideas and unique competitive advantages. The recognition of opportunities can affect entrepreneurial success. Only those who recognize the existence of value and opportunity can benefit while those who are not able to recognize opportunity only fail [7].

Opportunity recognition is the ability to see market potential as a potential demand for new products/services. Challenges in honing opportunity recognition skills are the individual's lack of ability to pay attention to changes in the external environment, lack of self-confidence, lack of motivation, lack of experience, and lack of persistence [15]. Studies show that organizations are able to identify entrepreneurial opportunities due to prior knowledge of environmental, social and economic conditions [9].

Previous research proposed models and propositions which stated that prior knowledge of nature and the communal environment, motivation to develop benefits for oneself; motivation to provide economic, social, and environmental benefits to others, and entrepreneurial knowledge play a key role in the identification of sustainable development opportunities [12].

The recognition of opportunity is determined by moral intensity. When moral intensity is high, there is a tendency for an individual to use prior knowledge in the process of pursuing opportunities for sustainable entrepreneurship. Other studies propose various factors to communal environment, motivation to benefit individuals, motivation to offer benefits to others, and entrepreneurial knowledge [14].

On the other hand, Choongo, Van Burg, Paas, & Masurel (2016) found no positive effect and detected the concept of entrepreneurial knowledge on the identification of opportunities. Although, there is considerable interest in studying the factors that drive opportunity recognition on sustainability, empirical studies are still few because most of the research is still conceptual. This study uses a model to explore the

elements that influence opportunity recognition in sustainable entrepreneurship.

III. RESEARCH METHODS

Research aims to explore the practice of recognizing opportunities for sustainable entrepreneurship in the case of Rural-owned enterprises managing ecotourism, and determining the level of recognition of sustainable entrepreneurial opportunities, based on available information. Research & Development (R&D) approach is used in research with reference to model development [14]. This study used a cross-sectional descriptive approach with mixed sequential exploratory methods and was carried out in two stages. The exploratory sequential mixed methods approach is a method with two main stages, in which the first stage, qualitative research is carried out first, interview result were reduced, presented, and compared by the theory in Hanohov and Baldacchino’s research, and the finding are concluded. The second stage was to use these finding to conduct quantitative research [17].

The qualitative research design explains real-world phenomena by obtaining data through semi-structured interviews with respondents. The structured interview method is suitable for use in this research because it allows the informants to explore certain phenomena, not only finding facts and information but also individual insights and subjective views. Furthermore, the quantitative design uses a questionnaire survey to collect data.

Respondents in this study were managers of Rural-Owned Enterprises, village heads, traditional villages, and ecotourism business actors and were directly involved with sustainable entrepreneurial activities that adopted the Hossain method (2015). Purposive sampling technique was used in determining the research respondents. Respondents were determined based on their willingness to participate and their involvement in the management of Rural-Owned Enterprises and tourism awareness group units. Interviews were conducted during the period from October to December 2020 adapted from Hanohov and Baldacchino (2018). The number of participants in **13** qualitative study was seven participants, while the **number of respondents in the quantitative study was 30** respondents. Prior to the interview session, the research team studied the entity profile and other information to refine the questions. The results of the analysis refer to Miles and Huberman [19]. The scope of the questions include knowledge about the practice of introducing opportunities in sustainable entrepreneurship using variables, namely: prior knowledge, motivation, and entrepreneurial knowledge. Data sourced from participants answers in the form of semi-structured interview recordings, then become a reference in compiling the questionnaire. The questionnaire consists of 27 questions.

Measurements with a 5-point Likert scale were used to assess respondents' perceptions from 1 to 5, from strongly disagree to strongly agree. The questionnaire was distributed using e-mail, and was addressed to 30 managers of Bali ecotourism Rural-Owned Enterprises. After that, the data from the questionnaire was tabulated and analyzed using a descriptive statistical analysis application.

IV. RESULTS AND DISCUSSION

All interviews were recorded and noted, and then verified. The results of in-depth interviews are shown in Table I. The results of the qualitative study found that awareness and information about nature and communal knowledge, trends, positive conditions in nature, community; motivation to benefit oneself and others encourages the discovery and exploitation of profitable and sustainable opportunities. Prior knowledge derived from socialization activities contributes to investment efforts in personal, technical, and managerial skills. Socialization such as social contact with professionals by being involved in sustainable movements, joining community and environmental groups, and having worked abroad leads to a stronger recognition of opportunities for sustainable entrepreneurship.

TABLE I. CHARACTERISTICS, SPECIFICATIONS, ITEMS

No	Characteristics	Specification	Item
1	Prior knowledge (PK)	Socialization	Discuss using the network (PK1)
			Social contact with professionals (PK2)
			Observing newspaper news (PK3)
		Spending time in other countries	Working abroad (PK4)
			Overseas experience (PK5)
			International market access (PK6)
2	Motivation to achieve goals (MO)	Motivation for self benefit	Desire for autonomy (MO1)
			Achievement need (MO2)
			Independent desire (MO3)
		Motivation for the benefit of others	Donate for others (MO4)
	Empathy and sympathy (MO5)		
	Beneficial for the welfare of others (MO6)		
	Making happiness for the world (MO7)		
	3	Entrepreneurial knowledge (EK)	Previous job
As a company agent (EK2)			
Previous project			Involvement in business foundations (EK3)
			Involvement in agricultural projects (EK4)
			Work experience in hotel and restaurant (EK5)
4	Local culture	Vertical harmonization	Building a place to worship God (LC1)
			Pray every day (LC2)
			Giving thanks and praying (LC3)
		Horizontal Harmonization	Working together to protect the village forest (LC4)
			Proactively work hard for ecotourism (LC5)
			Maintaining close brotherhood among others (LC6)
			Keeping the environment clean (LC7)
			No plastic waste in the tourist village forest (LC8)

The power of identifying with business opportunities also has the following characteristics: motivation to benefit oneself, motivation to make the world happy and other people prosperous; entrepreneurial knowledge sourced from previous work and previous projects, which is in line with the research of Hanohov and Baldacchino (2018). Previous research stated that

the process of recognizing sustainable entrepreneurial opportunities as an interaction of factors prior to knowledge about the natural and communal environment, motivation and desire for entrepreneurship, developing self-creativity; socialize with other entrepreneurs, struggle; make entrepreneurial references sourced from previous projects and work.

However, there are major differences between previous studies and the current study. The most prominent finding in this study is that the community managing ecotourism has implemented aspects of local culture (mean score = 4.03). From a cultural perspective, it can be explained that culture as a tradition, work values are obligations, religious beliefs, harmony, supported by government programs that play a relevant role in the process of economic, social and environmental development, through pro-entrepreneurship mindset and psychological attitudes [20]. Cultural harmony that adheres to beliefs, local values expressed in the form of human behavior [21].

The research finding confirm that ability to identify opportunities and entrepreneurship is strongly influenced by the cultural environment, and customs of the social environment. There are studies that depart from knowledge, culture, religious beliefs [22], and self-efficacy and social networks to move to recognize entrepreneurial opportunities in a sustainable manner.

Rural-Owned Enterprises as village economic institutions were established based on village government decisions through village deliberations, with the aim of improving the welfare of the lower classes [3]. Entrepreneurship practices are considered capable of generating the strength of village economic development [2]. Aspects of local culture are expected to be able to strengthen business recognition in achieving sustainable entrepreneurship.

This research and the findings of previous research on the recognition of opportunities are able to provide new knowledge insights in developing sustainable entrepreneurship in ecotourism Rural-owned enterprises, which is different from previous research. Local culture as a harmonization-based practice both vertical and horizontal harmonization was found to play a key role in identifying the recognition of opportunities in sustainable entrepreneurship.

Prior knowledge about nature and the communal environment, motivation to develop self-benefit, motivation to benefit others, vertical harmonization, and horizontal harmonization are characteristics that strengthen the recognition of opportunities in sustainable entrepreneurship. This research is different from previous research, namely by prioritizing the use of local cultural resources as a basis for identifying business opportunities in sustainable ecotourism Rural-Owned Enterprises.

Furthermore, TABLE II shows the results of processing descriptive statistical data.

TABLE II. AVERAGE OF RESPONDENT RESPONSES

No	Characteristics	Average Respondent Response
1	Prior knowledge of the natural and communal environment	3.93
2	Motivation	3.93
3	Entrepreneurial knowledge	4.10
4	Local culture	4.03

Overall, the finding of this study reveal that the majority of respondents interviewed agree that the ability to identify opportunities for sustainable business increases. The results of this study contribute to entrepreneurial and management knowledge in describing the management of ecotourism business by Rural-Owned Enterprises which is a collaboration between the government, companies, and local communities. This study is basically exploratory. In the future, this research can be refined by using quantitative analysis of the Structural Equation Model method to produce a more accurate model of opportunity recognition in sustainable entrepreneurship. The development of research models is a new loophole for future research by adding social value creation.

V. CONCLUSION

Opportunity is likely to continue to be an important concept in sustainable entrepreneurship. This study provide evidence and understanding that managers and stakeholders of ecotourism Rural-Owned Enterprises in Bali, Indonesia, identify the recognition of entrepreneurial opportunities because they are deeply embedded in the structure, nature of the community and local culture with economically pressed conditions.

Culture as an environmental factor in which the company operates becomes a potential opportunity. Entrepreneurship opportunities can be built based on local culture by applying vertical harmonization (God's energy) and horizontal harmonization (relationships with other humans and relationships with nature) as well as government as regulator and funder. The spirit of building and caring for a place to worship God, the belief that the universe as God's creation is able to provide prosperity, the mutual cooperation of the village community to care for and maintain the village forest as an ecotourism resource, and a close sense of brotherhood among local communities are social capital recognition of opportunities for sustainable business. The development of recognition of sustainable entrepreneurial opportunities in Rural-Owned

Enterprises as village forest ecotourism managers is able to act as a savior of the world's environment and ecosystems because it is supported by local culture and local communities that are in favor of the preservation of the natural environment. This finding becomes a marketing strategy tool for managers to build sustainable entrepreneurship that deserves global attention.

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