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ABSTRACT: Studies on entrepreneurs as one of the main components contributing to entrepreneurship particularly for new venture creation processes, has been widely highlighted by previous researchers. An entrepreneur is the main actor in entrepreneurship based on how they think and make decisions. Most previous researchers studying the cognitive aspects of the entrepreneur have looked at the process of creating new ventures in general, but research focusing on creating e-commerce businesses has not been investigated much at all. The aim of this study is to identify how the role of cognitive characteristics of e-commerce entrepreneurs has contributed to the creation of new e-commerce businesses in Malaysia. This research uses a case studies approach in which data was collected by interviewing a total of twelve e-commerce entrepreneurs from May 2013 until December 2014. The findings of this study have found the contribution to the creation of new businesses by cognitive entrepreneurs in e-commerce in Malaysia is based on personal background (i.e. education, family) and experience in a previous work & business that facilitates their creation of new businesses. Therefore, the government's role in encouraging entrepreneurial activity in the country needs to emphasize elements of entrepreneurs' cognitive ability in order to enhance the economic development of the country through the emergence of new business in e-commerce in the future.

KEYWORDS: Entrepreneurship, new venture creation, psychology and e-commerce

I. INTRODUCTION

The research of entrepreneurship has begun debated since some issues that have been highlighted by different perspectives and definitions of the new venture creation. Per Davidsson (2005, p. 1) referred to several definitions by previous researchers regarding the phenomenon of entrepreneurship amongst others as new entry (Lumpkin & Dess, 1996), the creation of new enterprise (Low & MacMillan, 1988), the creation of organizations (Gartner, 1988), a process of creating something different with value (Hirsch & Peters, 1989). However, all these definitions highlighted creation of organizations, therefore, this study looks the definition of the term entrepreneurship as referring to the creation of new organization based on the William B. Gartner (1988) to answer the question “How does an organization come into existence” which involves a complex process through the interaction of the various components. Referring to R. A. Baron (1998), cognitive and reasoning of thinking are the mechanisms in entrepreneurship which in many aspects answer questions why and when entrepreneurs think differently than other people to pursue opportunities for creating new business?. The different human cognition prosesses are caused of information they are received from previous experiences and/or personal background which greatly influence their personal judgment and decision to start new creation. The study of cognitive perspective is a valuable tool for answering entrepreneurship’s basic question “why” (R. A. Baron, 2004). The basic question in entrepreneurship according to R. A. Baron (2004) is why do some choose to become entrepreneurs and why some can recognize opportunities to create the new organization and other do not. The capability of cognitive process between entrepreneurs compare with others leads to decision to start new venture creation.

Studies on entrepreneurship particularly regarding the new venture creation in e-commerce is still less investigated by many previous studies to find out the question how does an organization come into existence? Therefore, the aim of this study is to identify how the role of cognitive domain of e-commerce entrepreneurs as one element in the individual components that have contributed to the new venture creation in Malaysia. Generally speaking Dheeriya (2009) describes the e-commerce as any venture conducted solely on the internet or the World Wide Web. E-commerce business is different compared to the brick-and-mortar business because its nature of business uses mainly on internet and technology-based computer systems. According to him, the conceptual framework concerning online entrepreneurship has yet to formally developed to date compared with regular entrepreneurship is often debated by many previous researchers. William B. Gartner (1985) explains that the process of new venture creation is likely to vary according to the type of business, industry or specific entrepreneurs which affected the emergence of new business. Therefore, there is a crucial important to know
II. METHODOLOGY

Altogether twelve successful entrepreneurs who were highlighted by the Communication Commission (MCMC) 2013 were interviewed using purposive sampling as method of sampling. Entrepreneurs who were interviewed varies, involved in variety of sectors such as business involvement, gender, location and historical background in e-commerce business. All the twelve e-commerce entrepreneurs interviewed are in small and micro enterprises (MSE) which has a number of employees not exceeding 30 or total sales not exceeding RM30 million a year. They active in e-commerce business, running full-time business and their businesses have been operating between one to six years.

Interviews were based on semi-structured questions. Each interview was audio-recorded and transcribed verbatim immediately and analysis of the interviews produced tentative categories or themes to answer the purpose of study (Merriam, 2009, p. 171). In the early stages of data analysis, researchers inductively discovered tentative themes based on research questions.

After the theme built, researchers made a comparative analysis of the data that emerged among informants in categories. There are several steps to analyze the data inductively (category construction) which began with open coding on a passage in the interview transcripts that are related to answer the research questions (Merriam, 2009, pp. 178-193). After that, the coding inserts to one category (the grouping of open code) or called axial coding by Corbin and Strauss (2008). The early stage of developing themes involved three stages processes: open coding, axial coding and selective coding. This approach is the same with the grounded theory method by Corbin and Strauss (2008). Referring to approach by Corbin and Strauss (2008) tentative themes began when researchers start to analyze the data with open coding to identify the passages in the transcript of the interview is line by line from each informant for the themes construction to answer the research questions. Then, after refinement of the transcript of interview, open coding would be placed under the axial coding “coding that comes from reflection on interpretation and meaning”. In another words, axial coding is derived from several open coding that has been constructed and has almost the same meaning reflects a particular theme. Next, a third process was to build selective coding of the main categories, comprising several axial coding, which supported the construction of the main categories.
III. FINDING

The findings of the study based on fifteen interviews identified four among twelve entrepreneurs associated their previous education contributed the new venture creation in e-commerce. Education, they received play very important roles as the basic guideline before they made decision to start new business. Previous education gave them basic ideas to create new business and how to manage their businesses with good strategies. For example, according to informant nine (P9), her previous study at MMU was a good flatform to get knowledge about graphic multimedia and digital media skills - basic abilities to start new venture in e-commerce.

“Yes (previous study). My previous study at Malaysia Multimedia University (MMU) helped me a lot in this business. I am very... like the computer. It is highly impact because during my studies, I was taught about graphics, multimedia and digital media. So I can create graphics, take pictures, edit the pictures. I can do it. So during the early stages of startup my business that knowledge really helps me. all about graphic skills. This is online business. All about image”

That basic knowledge received from previous study at Malaysia Multimedia University (MMU) refers to P9; was applied during startup duration in the e-commerce business. She did all the basic requirements needed in e-commerce business based on basic knowledge that she acquired beforehand.

“Just expertise, means the knowledge I acquired during my previous study, I applied that knowledge to startup my business online. In terms gotta image, update the image. Then have to find information to internet. That knowledge indeed helps me”

Sharing same opinion with P9, referring to informant eleven (P11) she also learned a little-bit about marketing strategy and branding. That knowledge was applied in order to help her in starting new business;

“My previous study can be use to create my business now. So I know little-bit about marketing and branding. When I want to startup my business, I can recall back the things I learned before. Oo... I learned about this before. I learned about the target marketing, market reach. I learned about branding, word of mouth. Like that. So I can use back for my business”

Degree in Hospitality at UITM gives her an advantage to starting new business because she know the basic a knowledge of marketing strategy;

“Yes. That is influence is (previous education). It may be an advantage to me. Maybe not all people learned about branding right? So is an advantage actually. How I am going to make customer remember and know about our business”

This pattern was clearly discerned, according to informant number three (P3) she also degree holder from Malaysia Multimedia University (MMU) in computer digital art (same college with P9). She was exposed in e-commerce as compulsory subjects at the said university. She also claimed almost all MMU students involved in e-commerce business after graduated because they already exposed with basic knowledge of e-commerce.

“I have a degree in Computer Digital Art at Malaysia Multimedia University. I was study at Multimedia University. Before that, I was supposed to study in United Kingdom in the architecture. But the economic crisis pada1997 I think. When I finished SPM in 1996, I entered for A level in 1997. So, because of got the JPA scholarship. So we should not be to UK. So they offered me to Multi Media University. So I study the Computer Digital Art till graduation in MMU”

“I exposed since study of the Malaysia MultiMedia University. So if you know many students from Malaysia Multimedia University (MMU) starting the business online. We are already exposed to doing the business online since at university. That is good advantage we are studied MMU”

Difference situation with informant number two (P2), He is not a degree holder but only had high proficiency certificate in technical design at IKBM– training institute. During his stint at the institution, he learned a lot of things about how to design the product base on steel material. The basic of skills can be applied for wood-based produk what he had done in the current business. His expertise in parang (machete) maker, sold the product via e-commerce starting year 2009. Recalling the memories when he first started business based on wood-based product, he had no any experience to make “parang” because never see before how people do it. With basic skills as steel-based designer he tried to make parang from learning from other who is an expert. After that, he able to made parang together with its case with good quality, surpassing customers’ expectation. After 5 years operated the business he gained confident to penetrate potential market via e-commerce after realized the huge opportunities through e-commerce business in 2009. In another case, he is also ex-student
Islamic religious school in Seremban Negeri Sembilan. While in school he used to learn about the importance of Muslims doing business to change their lives. Therefore, he wanted to be a successful entrepreneur in the future. Technological changes especially in internet hitherto has encouraged him to pursue his dream and seized opportunities by establishing new firm in e-commerce to tap untapped market due to burgeoning industry.

Second cognitive factor related to personal background also contributes to the new venture creation among e-commerce entrepreneurs because of family life history involved in business. Tacit knowledge that they acquired and accumulated within their mindset strongly embedded due to such entrepreneurship environment. Conscious and subconscious mind about early exposure to business that can be considered as advantages that not easily gained by others. Seven out of twelve entrepreneurs were interviewed, concurred that their entrepreneurship much related with family history as a significant factor in business startup. Referring to informant number one (P1); he has a sister and brother who also involved in business. His mother was the founder of kapok pillow more than 20 years ago in his hometown. After his mother retired in 2006, that company was taken over by him until year 2011, wherefirst year his business via e-commerce was started. Having a great mother as the founder of the company kapok pillow producer in the village; his late grandfather is the pioneering who started business in rice processing plant in Alor Star, Kedah. In year 2011 where internet infrastructure accessible in his hometown, he started to realizing the potential of e-commerce and interested in exploring more details how to expand the market share.

“...When we have an own product to sell the customer, the main focus is how are we going to be market the product? That's influence my decision to do the business online”

“...Now times change, people now are using broadband internet facilities to make their life easier. So from there I took the opportunity to market online”

Referring to informant number twelve (P12), his wife family is from family business background which motivated him to participate to join them in the business. As for informant number ten (P10), his father was small business entrepreneur who used to sell traditional cakes around their village. Although his father not so successful businessman but that situation does not prevent him to be an entrepreneur, but always motivates him to be successful businessman. Family background plays an important factor for ones to be an entrepreneur because ones familiar with such situationand become part and parcel of their life. In other words such as a candle flame that burns inside just waiting to burst to become entrepreneurs, sooner or later.

According to informant number five (P5), he likely born to be a businessman because almost all his family have owned businesses.

“What I said earlier I was born to be a businessman ... my blood flow ... is an entrepreneur, because most of my family is businessman”

He informed the researchers that while he was a child he always helped his mother business during school break. Later, that experience gave him more confident and brave enough to embark on his business on his own.

“It basically teaches me... brave, more confident with yourself”

Informant number eleven (P11) mentioned in those days she always helped her mother to sell traditional biscuits especially during hari raya. That situation that she experienced in early life has caused a great interest in her to be an entrepreneur. During study in once of many UTM campuses, she polished her entrepreneurship capabilities, unlike other students she was very active in business;

“...It was effect (family background).Yes. My mother is very active to make the biscuits especially during hari raya celebration. She makes the biscuits from my village tradition. Not at hari raya celebration only but my mother also received a large quantity of demand with sold a thousand of pieces to made door gift and so on. So it’s maybe about the blood flowing (spirit of business). But what I noticed is actually from standard six, I was kind of person excited to sell goods. Even before create this business I was sold cookies that I has made myself during my study in UTM. Although I am not got a lot of money but I enjoyed it. Actually it more about the interests and not just to be business follower or I want to get more money ...”

Out of twelve entrepreneurs were interviewed, only three entrepreneurs reiterated that failing to get job that they applied pushed them into the world of entrepreneurship. According to informant number twelve (P12), he started his new business because of job opportunities in Malaysia were very limited based on his qualification.

“One reason I started this business because of employment opportunities in Malaysia is limited. I looked at the limited job because of what? When i'm done my master tried to find work, very difficult. So, I see why I am
having master even difficult to get work. The reason I was freshie and no experience. I think there is indeed difficult to get work. So if they do not give the job to me, I had to choose my own work to doing business”

Similarly informant number ten (P10) was unemployed about a few years before he started his new venture.

“So when I finish my study, I was unemployed. I tried all kinds of job. I am worked as canteens school assistant and helped my father at market night. I also work as sales man walk home by home sell to the product. The work like people say there is no real meaning of life. I did not meet the true meaning of life. After unemployment my age 21 until age 25, I have done all kind of work while stay in my village. People talk no real life. There is no money sometimes”

Previous working experience of informant number two (P2) had contributed very significantly for the new venture creation in e-commerce. His last previous work as a technical assistant, he work as designer and foreman in the factory that he was exposed with computer skills since a monochrome computer to done the routine work. The basic knowledge of computer skills gave him an advantage to start new business especially in e-commerce that much dealing with computer.

“I realize my previous work is the greatest experience to start new business in e-commerce. I already know a computer since my office used computer as black and white (monochrom). So we use monochrome. All the same, it’s hard. Since DOS to the monochrom we already use computers. After I resign my job, I was started the new business in my village without involved in the computer anymore. Suddenly my village had reached to excess the internet; I was bought a new computer because I know the potential of e-commerce in my business. I already know and used the computer before although the software is so difference. I learn a lot a computer because I know that I can get a lot of benefits from that. I spent the money to learn back about the computer. I realize my previous work as factor to start e-commerce compare with those did not have basic experience in computer and did not realize the potential of e-commerce. So maybe he felt confused whether it can generate the money, facilitated or worth to do investment. At the time there is no internet coverage in my village and maybe I am staying in town my business father. So, I spent money learn and bought computer. At that time I was subscribe the broadband by telco provider.”

“.Just my experienced, I am worked in factory and as designer need to use the computer. It was the biggest contributing”

An experience of entrepreneurs in previous business is one of basic elements contributing a new venture creation via e-commerce in Malaysia. Some of e-commerce entrepreneurs started with other business before establishing a new e-commerce enterprise. In this case the first informant (P1) has experienced in brick and mortar business since year 2006 and emphasized the most important aspect in business is how to market the product. Viable marketing strategy he realized to sell product is via e-commerce;

“I had experience (business)... The first time what I see, what I said at the beginning is about the marketing. Marketing is very important. My experience (brick and mortar business), if we have product, we need to sell that product. How are we going to sell? For whom are we going to sell? That question we needs to be answer. That is issue we need to think”

Base on his experience in business, he argued that if entrepreneurs interested to sell products beyond local market, they need to explore in detail about business online because such platform able to reach huge number of potential customers.

“Based on my experience what I had said; e-commerce can able to market the product to outside. So through the internet, we can the market to the outside. So if before we are only at local market like a Pahang, Perak. But by doing business online we just only shipment the product to customer via post nationwide. Thus it greatly simplifies”

Informant number twelve (P12) also involved in other business before establishing new e-commerce business in year 2012. He started the business in KL;

“Before axisting my business online I am always joint business in bazaar. I was going to everywhere. But before I am to the bazaar, I also used the online to tell the customer that I went to open a small shop in bazaar at everywhere in Kuala Lumpur. At that time I am still a single, all the stock was store in my house. If I went to open small shop in bazaar, I will handle alone in car, moving alone. It’s very hard at early stage of my business”

The same situation was observed with informant number ten (P10), who had many experiences in
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others businesses before deciding to establish a new business based on cosmetic products. He involved in consultancy and trading business for 7 years, started in year 2006 and end in 2013, he established current company in 2014.

“Before this I was in trading (business). I am also as consultant, business consultant. I was a trainer in IPTA (public university) and IPTS (private university). Many universities call me to talk sharing in an entrepreneurship issue. Before I am creating my own product, I was sold product others people too. I was started sold from other people’s products before created my own product. I was involved in this business start from year 2006 but seriously in year 2008. So, I resign my job. Because at the moment I still worked, so I stop worked. In year 2008 I sold freelance as full time business from my home. Operate in home. So, last year I was setup my new office”

He also experience e-commerce when he manage to sell his product via online through ebay.com to for international market before establishing new company based on cosmetic product in 2014. He already knowledgeable about how to market his products via online;

“A lot of kind of business I had tried. I had sold all kind of things involved the consumer products, household and accessories. I start my first product by selling to overseas market. I sold in e-bay. So from there I got all the the experience and then start with training what I mention earlier. I teach people how to ebay business. I encouraged people to sell their product in oversea market. It is so many platforms in business online. Platform what I am explained that almost 95% percent for online business. So, many platform such e-bay, mudah.my, facebook, blogs, website, and also e-commerce”

Informant number five (P5) has started business since he studied at a local university when he identified opportunities to solve students problem. He realized the opportunities to sell the printing t-shirt for student which is stock ready to made from outsourcing suppliers. After that he also tried to involve in other business such contractor and training before he established e-commerce printing company in year 2011/2012. The same situation with informant five (P5), informant number two (P2) tried all kind of businesses after he resigned the job in 1998. He involved in many businesses such as fixing machinery, plumbing, and welding workshop but all fail. According to him experiences were helpfulin business, especially how to manage and treat customers with respect. His earlier experience can be also applied in e-commerce business.

“But the experienced in terms of business principles. That meaning it more contributed to the business principles, we can also apply it to online business. Business online is easier because we do not to directly deal with customers. We are not talking directly face to the peoples. So we just wrote, if the word are not properly used we can delete it. That is difference. We can read what we want to posting. Read our used word nicely before to post to the customer. So compared to brick and mortar business, if we’ve mistakenly talk, it hard to backwards. It has nothing to do, right? So it more comfortable”

In the same vein, informant number four (P4) started in business since she a single when received the orders to sew traditional clothes for customers in her village. At that time the interest in the business started when she was thinking of the future. So she started business in traditional bakery in year 2005. She realized the potential market by selling traditional biscuit via online market and planned to establish the e-commerce company in year 2011.

As for informant number eleven (P11) and eight (P8), they had the business experience since their studies at universities a few years ago. Informant eight (P8) started business online during last semester of her study at Universiti teknologi MARA (UITM), she realized the opportunities of online business at the time.

“From started of business (business history)? Ok, I actually start from the time that I was study in a degree of tourism at UTM Shah Alam, last semester. I see at the time business online still not established. So I tried to start, at that time people did not know about online business. I only sell produk via blogs.Offer by blogs. But at the time no customer but just to try see how the business online. I only that time started the business online because many people still does not know about business online. At that timeYuna (celebrities) selling the product via online but she has not become an artist. She was selling clothes like that. Sugarscarf is also the pioneer in business online. So she starts first. I did not sell the hijab at time but one drop perfume, clothes. After that in year 2009 my friend told me try to sell the scarves because it had lot of potential. Some people are not wearing a scarf yet. After that, I try to sell. Alhamdulillah the response was ok; a lot of people are bought it. At the time I had no capital, one week I can make a profit 500 or more like that. At the time also I saw business online had good opportunities for the future. I was determined after finish the study I will continue to do business online”
IV. DISCUSSION

Human cognition processes are caused by information they are received from previous experiences and/or personal background which greatly influence their personal judgment and decision to start new creation. The findings of this study it is clearly demonstrated that cognition in which very much related with cognitive perspective of thinking and reasoning of an entrepreneur has a great influence on the new venture creation in e-commerce in Malaysia. The cognitive roles such as personal background due to family involvement in business and personal experiences pertaining to information, computer and technology have been recognised as important elements to influence the creation of new businesses by e-commerce entrepreneurs in Malaysia. The framework of cognitive perspective which is paramount important for early new venture creation in e-commerce is shown in table 1:

Figure 1: Cognitive as an individual component that contributes to the new venture e-commerce entrepreneurs in Malaysia

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<thead>
<tr>
<th>INDIVIDUAL PSYCHOLOGY</th>
<th>The roles of Cognitive Perspective</th>
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<tbody>
<tr>
<td>Personal Background:</td>
<td>1. Education</td>
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<tr>
<td>2. Family</td>
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<tr>
<td>Experience:</td>
<td>1. Work</td>
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<td>2. Business</td>
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Based on the figure 1, it shows the roles of cognitive perspective emerge from to two main factors that related to new venture creation in e-commerce in Malaysia. First main factor related to the roles of cognitive entrepreneur is personal background such previous education they are received and family background. Second factor refer to cognitive entrepreneur’s are related with previous work and business experience of entrepreneurs before decision to start e-commerce business in Malaysia.

The personal historical background such as education where they are received before started their business play very an important factor to lead their decision for creating the new business in e-commerce. Education gives them information to generate basic ideas and awareness on how to start the new business in e-commerce. The families backgrounds also an important in business as influential factor to the new venture creation among entrepreneurs. Family background in business gave them the information and exposure about the business experience since they are young especially about how to create the product and manage the business.

The work experiences also play significant factor leading ones on the new venture creation among e-commerce entrepreneurs in Malaysia. Their previous work experienced gave them the knowledge especially in computer; it is a basic to establish the e-commerce business. There were also among entrepreneurs who have had hard experience of finding the work that encourages them to start the new e-commerce business as a source of income in the life. There were also entrepreneurs who have had various experiences in other business before starting an e-commerce. They already had a strong foundation in the businesses such the basic knowledge from others business experienced as basic ideas to create new e-commerce busses.

V. CONCLUSION

In the conclusion, the personal background such as education and family background and also the work and business experience play important roles in cognitive perspective because it provides a useful source of information for entrepreneurs to start the new business in the future compare who those do not have any information about the business.

REFERENCES

Individual Psychology as Component of Entrepreneurial Process...


