The Inclinations Of Entrepreneurial Cognition And Competencies: The Case Study Of Successful E-Commerce New Venture Creation In Malaysia

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Abstract
A number of research on entrepreneurs have been intensively conducted for the past years considering that it is one of the important elements in business. An entrepreneur is responsible for every aspect of new ventures creation considering that they are the lead person in every business decision. The process of forming new ventures is very challenging and involves a lot of thought. The process of forming new ventures has only received little attention in most established studies investigating the cognitive aspects of entrepreneur. On top of that, researchers tend to ignore the issues related to business ability in the creation of e-commerce ventures. Much uncertainty still exists; hence, this study set out to determine the role of entrepreneurial cognitive and competencies that acts as the crucial components in the creation of new e-commerce ventures in Malaysia. In this study, a case-study approach is adopted for the purpose of data collection by conducting an interview on twelve e-commerce entrepreneurs from May 2013 until December 2014. The findings revealed that personal background (education and family) as well as work and business skills are the important factors in the creation of new ventures by cognitive entrepreneurs in Malaysia. In the case of entrepreneurial competencies, it was deemed crucial for entrepreneurs to be equipped with both computer and communication skills to facilitate the creation of new ventures. Therefore, it is best for the government to promote entrepreneurial activity in the country by highlighting the elements of entrepreneurs in terms of cognitive ability and entrepreneurial competencies. Finally, the emergence of new ventures is hoped to further strengthen the economic progress of the country.

Keywords: Entrepreneurship, New Venture Creation, Psychology, Competencies, and E-Commerce

1. INTRODUCTION
Scholars have long debated about numerous issues in the studies of entrepreneurship, which include some widely varying definitions of these terms. According to, the followings are several definitions of entrepreneurship proposed by a few scholars: (1) a new entry, (2) the creation of new enterprise, (3) the creation of organizations, and (4) a process of creating something different with value. However, these varying terminologies seem to emphasize more on the creation of new organization in response to the question "how does an organization come into existence" brought up by. In relation to this, most of the established studies were also interested in entrepreneurs’ psychology as it plays a big role in the creation of new ventures. In her interesting analysis, draws the attention towards the effect of different individuals’ attributes (i.e. cognition, motivation and personality) on the process of decision-making among entrepreneurs, which in this case refers to entrepreneurship circumstances.

Furthermore, a cognitive element in psychology has become the main subject of interest in the field of entrepreneurship. It is important to note that human knowledge vary from one another based on the fact that their perceived knowledge is shaped by surrounding elements, which hugely controls their judgment and decision-making process. Nevertheless, stated an argument that both cognitive and reasoning build up the fundamental structure of entrepreneurship which explains the distinct style of thinking among entrepreneurs. He further suggests that the underlying issue of entrepreneurship plays a major role in influencing one’s decision to become an entrepreneur and make the best out of their given opportunities. However, the recent trends have pointed out that the key of becoming an excellent business person include the need to be equipped with communication and computer skills instead of just relying on one's psychological factor to form a new venture creation. This notion is in agreement with the findings of the present study which acknowledge the significant effect of communication and computer competencies on new venture creation amongst e-commerce entrepreneurs in Malaysia. Most studies in the field of entrepreneurship have not explored the new venture creation of e-commerce in much detail; hence, the principal objective of this study is to determine the aspect of competencies in the new venture creation amongst e-commerce entrepreneurs in Malaysia. In general, describes e-commerce as any activity performed online on the World Wide Web. The main distinction between e-commerce and conventional business can be explained based on the need to use internet and computerized systems in e-commerce. However, the conceptual framework of online entrepreneurship has yet to be properly established. On another note, pointed out that each type of business, industry, and entrepreneur distinctively affect the process of new venture creation. Hence, it is very important to understand the aspect of entrepreneurial competencies in influencing the creation of new venture in e-commerce. On top of that, it has been established that entrepreneurship is one of the major elements that contribute to economic

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growth\textsuperscript{10,11}. Market activity and economic system are majorly shaped by entrepreneurship\textsuperscript{12} based on the creation of wealth or something valuable\textsuperscript{13,14}, which in turns promotes entrepreneurial activity for products and services\textsuperscript{5}. It cannot be denied that entrepreneurs and entrepreneurship widely encourage economic development even though they are not regarded as the main income of a country. The new media age has witnessed the expansion of technologies that are integrated with the development of internet, which include ICT and telecommunication, e-commerce, and other related businesses. However, the advantages of e-commerce have made it the new interest of the world based on popular demand. The development of e-commerce has managed to produce strong and excellent profits which consequently beat the conventional way of business, and this has turned e-commerce into a very reliable aspect in the global sales revenue growth firms\textsuperscript{8}. Meanwhile, e-commerce has also set its foot in Malaysia based on the amount of profit reported by Mr. Azizan Mohd Findi, the General Secretariat of Planning and Coordination Commission, with almost two billion dollars recorded from 2010 to 2011 and three billion dollars in the following year. Hence, it is safe to summarize that the development of e-commerce in Malaysia has been very promising despite the limited information on the figure expressing the number of business entities. As a result, the issues related to the factors influencing an entrepreneur to start a new business has received considerable critical attention among many scholars\textsuperscript{15} considering that entrepreneurship is the main driver of economic growth of a country\textsuperscript{16,17} which is expanded through the opportunities of new businesses, job and innovation.

2. METHODOLOGY
In the case of the present study, a total of twelve successful entrepreneurs suggested by the Communication Commission (MCMC) 2013 were interviewed for the purpose of data collection. The demographic background of the interviewees was also considered, which include their business sector, gender, location, and historical background of e-commerce business. In relation to this, it is important to highlight that the participants come from small and micro enterprises (MSE) with less than 30 employees and annual sales amounting less than RM30 million. On top of that, they are very involved in their full-time e-commerce business that has been up and running between one to six years (start-up duration). A semi-structured interview was performed on all twelve participants, with each being tape-recorded and rewrite immediately. The analysed interviews had managed to offer tentative categories or themes that could fulfill the purpose of study\textsuperscript{18}.

The tentative themes were derived from the research questions in the initial phase of data analysis. The data are then compared according to each category once the themes have been developed. The first step of inductive analysis (category construction) involves the open coding on a passage in the interview transcripts in response to the research questions\textsuperscript{19}. Next, the coding was classified under one category known as axial coding proposed by\textsuperscript{19}. The themes are develop based on three stages which are open coding, axial coding, and selective coding, which is consistent with the grounded theory proposed by\textsuperscript{19}. Specifically, open coding requires the themes to be determined by constantly analysing the interview transcripts line by line because they are the key to answer the research questions. Following the review of the transcripts, the open coding was then established under axial coding which is described as “coding that comes from reflection on interpretation and meaning”. In other words, axial coding is derived from several open coding that share similar meanings that construct a particular theme. Axial coding is important in formulating a theme as it extracts several open coding with similar meanings. Selective coding is the final stage of data analysis which selectively code the main categories that comprise of several axial coding, with the purpose of reinforcing the establishment of the main categories.

3. FINDING AND DISCUSSION
Human cognition affects the direction of judgment and decision of entrepreneurs because it is shaped by their last experience and knowledge. The result of this study revealed that the new venture creation in Malaysia is strongly influenced by the cognitive way of collecting thoughts and reasoning practiced by entrepreneurs. In addition, early exposure to business and business knowledge has strengthened the role of personal background in the cognitive context. Moreover, it is necessary for e-commerce entrepreneurs to be competent in using the new media technology and able to communicate in order to empower their e-commerce businesses. The two elements that are necessary to improve the entrepreneurship judgment and decision in creating new venture are excellent IT and communicative skills. In relation to this, the results of this study have managed to prove the correlation between entrepreneurial competencies with communication and IT skills as it benefits the entrepreneurs to start a new venture creation in e-commerce. On top of that, computer acts as the main element in e-commerce business; hence, it is necessary for entrepreneurs to be computer literate, especially the skills of exploring the internet to develop an online platform for e-commerce business such as blogs, Facebook, and website. Another main element that determines the success of new venture creation in e-commerce is excellent communication skills based on the fact that entrepreneurs spend most of their time dealing with clients. Hence, it is important for entrepreneurs to have good language and presentation skills in order to attract the attention of buyers. The following
Illustrates the framework of entrepreneurial cognitive and competencies that is critical in the early stage of new venture creation in e-commerce. As illustrated in Figure 1, the roles of cognitive perspective are branched out to two main factors related to new venture creation, namely personal background and work and business experience. The first factor is personal background which is further described as education and family background. Meanwhile, the second factor is related to work and business experience of entrepreneurs which is believed to assist in the decision to start e-commerce business in Malaysia. In relation to this, it is clear that personal historical background is very crucial because it is believed to be the main factor that drives the interest of entrepreneurs to create new e-commerce business. Education plays its role by providing them with the fundamental notions of business and e-commerce, while family background is helpful in promoting their interest by exposing them to entrepreneurship since they are young. The work experiences also play significant factor leading ones on the. Their previous work experienced gave them the knowledge especially in computer; it is a basic to establish the e-commerce business. On another note, it is undeniable that work experience is one of the significant factors that promotes the creation of new venture among e-commerce entrepreneurs in Malaysia considering that. For example, it would be difficult for those who have never had any experience in business environment to start their own business. However, those with adequate knowledge of business will have an added advantage to start e-commerce business considering that they have the basic ideas related to conventional business. The roles of entrepreneurs’ competencies in the new venture of e-commerce in Malaysia can also be observed in the same figure. The first factor describes the importance of good communication skills among the entrepreneurs in dealing with clients, while the second factor focuses on the need of entrepreneurs to be computer and IT literate to develop a new platform as well as for online marketing purposes. Good communication skills are extremely crucial as it helps the entrepreneurs to easily enhance the interest of clients to purchase their products, which will also promote the relationship between the seller and buyer as well as reduce trust issues. The right communication techniques are known to be very beneficial to entrepreneurs and their business; however, it should be noted that communication skills needed for e-commerce business are different from the conventional business because the seller and buyer do not meet face-to-face to conduct their business deal. In e-commerce business, the communications are performed non-verbally, which usually takes place on online platform such as emails, social chat rooms, online newsletter, and numerous others. Hence, it becomes important for entrepreneurs with e-commerce business to learn persuasive writing skills to attract clients’ attention and trust, which in turns is believed to produce larger profit. In addition, entrepreneur’s computer skills are also one of the significant factors that contribute to the success of the new venture creation amongst e-commerce entrepreneurs in Malaysia. Finally, computer and IT literacy is also deemed to be very important in the new venture of e-commerce. An entrepreneur who is very skillful in using computer is found to be more successful in setting up e-commerce business. The competency in using computer has also made it easy for entrepreneurs to explore the potential online business platforms such as blogs, websites, and social media in conducting their business. Therefore, it is safe to say that entrepreneurs who are computer literate are usually ahead than other considering that they are equipped with advanced skills to deal with technology.

4. CONCLUSION

In general, it can be summarized that personal background (education and family) as well as work and business experience are crucial elements of cognitive perspective. This is because those who are equipped with the fundamental knowledge of business will find it easier to start e-commerce business. On another note, entrepreneurial competencies which include good communication and IT skills have been proven to be very beneficial in the business of e-commerce in Malaysia as it is able to encourage clients’ trust and confidence in purchasing products. Hence, effective communication between seller and buyer is crucial in the form of indirect approach for the purpose of attracting potential clients from different background which can be conducted on online platforms such as blogs, website, or social chat rooms. Business difficulties will tend to occur if the seller and buyer fail to have a proper communication, which will subsequently reduce the trust of clients. Finally, basic computer skills play a major role in e-commerce business; hence, it is required for entrepreneurs to have the IT skills necessary to be able to set up and improve the performance of online business platforms, especially in the early phase of business start-up.
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