

THE IDENTIFICATION ELEMENTS OF COGNITION AND MOTIVATION: THE MANIFEST EMERGENCE OF NEW E-COMMERCE VENTURES IN MALAYSIA

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ABSTRACT

Forming a venture is very challenging, and a lot of thinking. Particular attention is required to create a new venture especially in this highly profitable e-commerce field. But the cognitive aspects of an entrepreneur have only been examined with little attention in most established studies. Moreover, previous researchers have tended to ignore how the motivational questions of the entrepreneur influence the creation of a new e-commerce venture. There is still considerable uncertainty, and therefore this study aims to explore the role of cognitive and motivational factors in effect the creation of e-commerce ventures in Malaysia. This research employs a case-study methodology in which data were collected by interviewing 12 e-commerce entrepreneurs from May 2013 through December 2014. The findings showed that personal backgrounds (education and family), as well as job and business experiences, are the most important factors by cognitive entrepreneurs in Malaysia. There are three aspects of entrepreneurial motivation, namely the need for an entrepreneur to achieve his goals, strong business interest and a network external support. Malaysia's new e-commerce venture creation strongly impact to Malaysia growth of economy. Therefore, it is better for government to encourage entrepreneurial activity in the region, underlining entrepreneurs' cognitive skills and motivational elements. Therefore, the government should encourage entrepreneurial activity in the region, highlighting entrepreneurs' cognitive skills and motivational elements.

Keywords: *Entrepreneurship, New Venture Creation, Psychology and E-commerce*

1. INTRODUCTION

Scholars address various topics in entrepreneurship research, including a wide variety of concepts. The following are multiple definitions of 'entrepreneurship' proposed by scholars, according to Per Davidsson a new entry, the creation of a new enterprise establishing organizations and doing something new with meaning [1] Such various terminologies also tend to emphasize the creation of a new organization in response to the question posed by Gartner 'How does an entity come into being,' but the meanings are not self-contained. Most of the research that has been carried out has been interested in the psychology of entrepreneurs as it plays a significant role in

developing new ventures [2]. Shane points out in his insightful study the effect on the decision-making process of entrepreneurs of various qualities of individuals (i.e., cognition, motivation, and personality), which in this case applies to the circumstances of entrepreneurship [3]. Furthermore, a recent study highlighted individual characteristics as the vital elements for new social ventures and entrepreneurial family such as the need for achievement, the locus of control, age, risk-taking propensity, previous experience, and education [4, 5].

Moreover, the critical topic of interest in the field of entrepreneurship has become a cognitive feature in psychology. It is important to note that human

intelligence differs according to one person's perceived and surrounding information; in effect, it strongly influences his judgment and decision-making. Baron nevertheless argued that cognitive thinking and reasoning were in a position to establish a central structure of entrepreneurship that clarifies the distinctive style of thought between entrepreneurs. He also mentioned that the fundamental entrepreneurial problems play a significant role in shaping one's decision to become an entrepreneur and pursuit of the opportunities. The way new ventures are developed is complicated and needs much thought [6]. For the position of the cognitive point of view of Ahmad Firdause Md Fadzil, two significant factors relevant to new business, namely personal background and previous experience, are linked to this. The personal background as education and family background is the first aspect. The second aspect, however, is associated to the expertise and experience of entrepreneurs, which is expected to facilitate a decision to start a new venture in e-commerce [7].

Recent findings have, however, shown that an entrepreneur's motivation, i.e., the need for progress and external assistance, contributed actively to the development of new ventures, as shown in the results of this study. Motivation plays a significant role in developing new ventures, referring to Segal, Two key factors, namely the push factor and the pull factor, are often related to entrepreneurial motivation. Push factor means that in the external world, a person is being motivated to become an entrepreneur, such as job dissatisfaction, difficulties in getting employment opportunities, unpaid wages and long working hours. In contrast, the attraction factor explores a person's strong inclination to become an entrepreneur because of his desire for independence, fulfilment, and wealth [8]. Many researches in the area of entrepreneurship did not investigate much the development of new e-commerce ventures; therefore, the main objective of this study is to recognize the cognitive and motivational traits of entrepreneurs who have a significant impact on e-commerce engagement in Malaysia. The development of new venture creation by describing the motivational traits of entrepreneurs was ignored by earlier studies that were more focused on new venture creation. As a result, this study is trying to fill this gap by highlighting the motivational traits of the entrepreneurs. In general, e-commerce is described by Dheeriyaa as any online operation on the World Wide Web or the Internet. The most significant difference between e-commerce and conventional business is the need for internet and computerized

e-commerce systems [9]. Nevertheless, the online entrepreneurship conceptual structure remains to be established appropriately. Another opinion from Gartner was that the process of development of new ventures is dissimilarly by every form of business, industry, and entrepreneurs. Therefore, the dimension of entrepreneurial personality is essential to consider when it comes to the creation of new e-commerce ventures [10, 25].

Entrepreneurship has been established as one of the significant contributing elements to growth in the business [11, 12]. The economic systems and market activity are mainly shaped by the enterprise [13], based on wealth creation [14,15] in turn promoting entrepreneurship for new products/services development [16]. It cannot be denied that entrepreneurship and entrepreneurship generally foster economic development even if they are not seen as a country's principal growth factor.

The digital media era has witnessed the proliferation of technologies which are integrated with internet growth, which include; ICT and telecommunication, e-commerce, and other associated businesses. However, the benefits of e-commerce have made it the world's newest attraction based on public demand, and can be tracked online. Almost every aspect of e-business can be monitored online, including the customer base, sales, product delivery, and profit. The development of e-commerce has produced an excellent and robust profit, which, consequently, beats the conventional way of doing business, and this has turned e-commerce into a very reliable sales revenue growth source for firms [9]. According to Sallehudin, the implementation of e-commerce also increases non-profit organisation performance [17, 18]. The global statistic states that sales of e-commerce goods and services (B2C) in 2014 recorded a USD 1.5 trillion value, which is an increase of almost 20% compared to 2013. According to this study, the most popular category of products sold was not comprised of consumables but non-consumables such as clothing, travel services (hotel reservations or flights), e-books, event tickets, sporting goods, children's games, and others, which shows a two-digit percentage increase compared to 2011 for e-commerce purchases [19]. Meanwhile, e-commerce companies' has grown in Malaysia based on profits announced by Mr. Azizan Mohd Findi, the Planning and Coordination Commission's General Secretariat, who estimated approximately two billion dollars in 2010-2011 and three billion dollars in the following year [26]. Therefore, reasonable to sum up that e-commerce

growth in Malaysia is promising, given the limited details on credible figures expressing the number of business entities in the region. Based on above statistics there is need to work on e-commerce venture creation and the factor contributing to the development of the ecommerce in Malaysia. However, previously both theoretical and practical perspectives are ignored.

Nevertheless some of the scholars were very concerned about the factors influencing a new venture creation as the main driver for a country's economic growth by broadening the opportunities of new business, new jobs, and innovation [3, 19].

2. METHODOLOGY

The interview was conducted in this study for data collection purposes of 12 successful entrepreneurs recommended by the Communication Commission (MCMC) 2013. The variety of demographic backgrounds of the interviewees, such as types of their business, gender, place, and historical experience, has been explored in this study. The participants come in this context from small and micro enterprises (SMEs), which hire less than 30 people and have annual sales of less than RM30 million. In this regard, it is important to emphasize that the interviewees were very much active in their full-time e-commerce companies that had been operating from 1 to 6 years before the interview. Every interview was recorded and transcribed immediately, with a semi-structured interview of all twelve participants. The interviews examined provided appropriate categories or themes that could fulfil the objective of the study [20].

In the study, the tentative themes concepts originating from the research questions were used during the initial process of data analysis. Once the themes had been developed, the data were then compared according to each category. The first step of inductive analysis (category construction) involves the open coding of a passage in the interview transcripts, in answer to the research questions [20]. Resulting, the coding is classified under one category known as axial coding suggested by Corbin & Strauss [21]. The themes for this study were developed on the basis of three stages; (i) open coding, (ii) axial coding and (iii) selective coding, in lined with Corbin & Strauss's grounded theory [21]. In particular, open coding requires the themes to be determined by constantly analysing line-by-line in interview transcripts, to

answering the research questions. Next review of the transcripts, the open coding was 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 texts that share similar meanings or, that constructs a particular theme. Axial coding is essential in formulating a theme as it extracts several open coding except with similar meanings. Selective coding is the final stage of data analysis, which selectively codes the main categories that are comprised of several axial coding texts, to reinforce the establishment of the main categories.

3. FINDING AND DISCUSSION

Human cognition processes are stimulated when we gain understanding and knowledge through thought, experience, and our senses. Ideas are therefore received from previous experiences and personal backgrounds, which have a considerable influence on personal judgment and decision-making. With this understanding, the decision to start new ventures is based on this cognitive ability. The findings of this study have clearly shown that cognition is a strong link between cognitive elements and an entrepreneur's thinking and reasoning to his great influence on the creation of new e-commerce ventures in Malaysia. The cognitive roles of personal background, due to family involvement in business, and other personal experience related to business information, as well as computer and technology knowledge, have influenced the development of new ventures by e-commerce entrepreneurs in Malaysia. The cognitive perspective framework, which is of paramount importance for the creation of new e-commerce ventures, is shown in Figure 1:

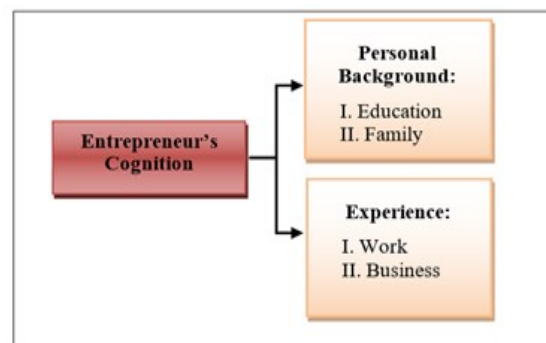


Figure 1: Cognition As A Component Which Contributes To New Ventures In E-Commerce In Malaysia.

Based on Figure 1, the role of the cognitive perspective is derived from two key factors. The first factor relates to the role of cognitive in the personal background of an entrepreneur, which could include previous education and their family background. The second factor refers to the cognitive characteristics of entrepreneurs possessed by their previous work and business experience, namely before they decided to start an e-commerce venture in Malaysia.

The personal background of an entrepreneur, including their education, any specialized training, such as marketing or computer skills, before starting their business, plays a vital role in their decision to set up a new e-commerce venture. Education gives them information on how to generate basic ideas and how to start a new e-commerce venture. It enhances their critical thinking and their ability to ask themselves tough questions about their goals and, if any, to provide an honest self-assessment of their perceived strengths and weaknesses. Their family background is also an influential factor in the creation of new ventures among entrepreneurs. Their family background and family support in their business provide entrepreneurs with information and exposure to the business experience of trusted advisors. Since most entrepreneurs are young, this is particularly important if other family members share their knowledge of creating a product and managing a business successfully. Family support is essential, but other aspects of support could also affect the decision of the entrepreneur to start a new business. If the young family life of an entrepreneur is miserable, they may have a strong desire to help themselves as well as their parents, and this attraction of income growth as it relates to the support of an entrepreneur for their family could encourage the creation of new e-commerce.

Work experience is also a key factor for entrepreneurs who are leading new venture growth in Malaysia. Previous work experience by entrepreneurs gives them hands-on business knowledge, especially when it comes to computers that are a fundamental element needed to set up an e-commerce business. Previous work experience can be a catalyst for entrepreneurs if they have a terrible experience with a former boss or feel that their last company has not, as it should meet the targets. That is a keen diver for an entrepreneurial mind that sees the potential of a new business but is unable to develop a strategy because it is not the company's decision-maker. This weakness in

Malaysia's workplace hierarchy creates a spark that encourages great entrepreneurs. Along these lines, this study also included entrepreneurs among interviewees who had such challenging experiences in applying for work that difficulties support them to start their new e-commerce venture as their sole basis of income in their lives. On a more positive note, some entrepreneurs had different experiences in other solid and profitable businesses before start-up e-commerce venture. They already had a solid substance in business from the basic knowledge they gained from others in business, positive mentors who inspired them to create their own new e-commerce business.

Based on the findings of the analysis, it has clearly shown that the motivation of entrepreneurs has a significant influence on the process of new e-commerce venture creation in Malaysia. Three key elements have been identified as motivating drivers, namely the need for achievement of the entrepreneur, his interest in business, and his external support network. These are all essential elements for the creation of e-commerce venture in Malaysia)

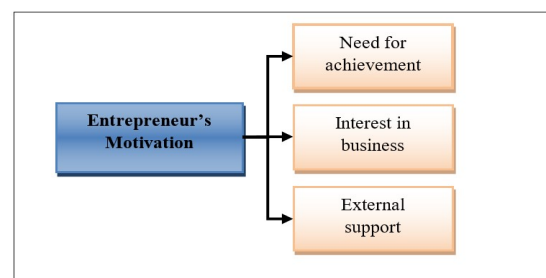


Figure 2: *The Motivation Aspects Are Contributing To E-Commerce New Ventures In Malaysia.*

The first element of an entrepreneur's motivation, about Figure 2, is their need to achieve their goals. The desire to succeed is an internal stimulus that encourages future business success. The motivation of entrepreneurs to succeed is driven by driving factors such as their personal background and a strong desire to earn a profitable income through their e-commerce venture.

Background history plays an essential role in triggering an entrepreneur's desire to achieve his goal of future success. A person who is brought up in a low-income family environment will be more motivated to change their fate through business opportunities. In addition to their historical background, the study also found that there are more attractive factors, namely the desire to earn a

profitable income through e-commerce. This is also a significant influence, especially since online social media continuously reinforces this idea and feeds the entrepreneur's desire for entrepreneurship.

The potential of e-commerce is undeniable as it can generate profitable revenue through an almost limitless ability to expand product market penetration. High-income generation through e-commerce is due to the large number of products sold, not only within the limits of specific locations but also to the opening up of more extensive and even global markets. Because businesses are not necessarily limited to particular places, because of the broader market base, firms with more extensive market opportunities indirectly increase the number of sales of their products to customers. As a result, many entrepreneurs have worked to make better profits in their business by marketing products not only on the local market but also internationally. To achieve this goal, entrepreneurs should focus on a marketing strategy that uses e-commerce advertising to introduce products to as many customers as possible. This is because generative business income relies on the number of products sold through market penetration. To generate more profit, entrepreneurs must take advantage of the opportunity to run their e-commerce business in a way that will fully penetrate the target market location for their product. However, e-commerce can also be an essential platform for entrepreneurs to market their products to customers across all areas. For entrepreneurs who are keen to expand their market products and provide convenience to buyers, e-commerce is the perfect choice to attract customers away from local businesses. Internet networks can only connect entrepreneurs and customers in these larger markets through e-commerce platforms.

Interest in business is an internal stimulus to entrepreneurial motivation, apart from a desire to succeed. In general, the interests highlighted by entrepreneurs are divided into two categories, those of the business itself and equally strong interest in information technology. Both interests are of vital importance in the process of creating an e-commerce venture. As most of us know, an interest in the business is an essential foundation that motivates someone to set up a new business. Interest encourages a person's intentions and behavior to try something he has dreamed of or wished for, even without a clear motive or plan. Interest is often linked to a person's background, such as family history, education, and life

experience, which encourages them to behave in such away. Initially, an entrepreneur's inherent interest in business can take the form of a regular job. Still, this interest, combined with other interests, can be a catalyst for entrepreneurship in e-commerce. Therefore, in addition to business interests, the entrepreneurs interviewed were also known to have a keen interest in information technology (IT), which is the foundation for an e-commerce business. People who are interested in information technology inclined their start-up, which is closely related to their interest and the essential need for e-commerce start-up. For individuals who are not interested in information technology, e-commerce is not an appropriate start-up business, as it requires a high commitment of time in front of the computer and a fair, extensive knowledge of computer systems and software.

In addition to internal motivation, driven by a desire for success and an interest in business, looking at external motivation is more geared towards exploring external support factors that affect a person's decision-making and actions. The results of this study show that some external factors influence the motivation of entrepreneurs to engage in entrepreneurship. Without support for external motivation, it is difficult for entrepreneurs to feel ever more optimistic and eager during the process of business creation. However, ongoing customer support is an added tonic that inspires entrepreneurs to strive for the continued survival of their businesses. Without the unwavering support of the customer, it would be difficult for the company to obtain positive feedback on the products sold on the market. The existence of loyal customers who are continually supporting the products sold is an important signal of future business prospects.

As explained, the main factor that increases the motivation of entrepreneurship depends not only on the source of internal motivation but also on external motivation, in particular, the interaction of the immediate family. These family members can stimulate entrepreneurial motivation and provide valuable business support. With proper advice, encouragement, and information shared, the entrepreneur will be able to make them more successful. External motivation also arises when an entrepreneur encounters a lull in business but sees it as an opportunity to become more eager to overcome a problem. Successful entrepreneurs are not only working on current business, but are also strategizing their next marketing campaign, brainstorming the future direction of their business,

and studying human purchasing behavior. Also, the monopoly of the middleman has given entrepreneurs a unique boost to run e-commerce for increased profit without being dependent on them in the future. After all, the middleman is typically stuck in their current location and has a finite number of customers to sell. Not so for a creative entrepreneur who can cognitively strategize to take advantage of both his internal and external motivational resources.

The findings of the study are unique and new in the new ecommerce venture creation. There are several authors who contributed towards the new venture creation. For instant, Concetta and Ernesto who presented the entrepreneurial behaviour towards the new venture creation. However, the findings of these studies are different, as current study is more focused about new ventures creation of e-commerce [21, 22].

4. LIMITATIONS OF STUDY

This research was performed by interviewing 12 e-commerce entrepreneurs listed by MCMC 2012 with a purposive sampling and snowball approach. This is the study's drawback since a limited sample is selected. This is the study's drawback since a limited sample is selected. Small sample sizes chosen based on case studies would continue to make this analysis unsuitable for adaptation to different locations and samples. Davidsson argues that there are several challenges to venture creation process studies, with limited information available. Entrepreneurship research requires a longitudinal study involving a long process of data collection, beginning with generating ideas until the organization are established. Although the amount of time an entrepreneur has taken to launch a new venture often varies. This study therefore used data collection methods based only on cross-sectional after new ventures were established during the early stages of start-up without researchers attached to the all process [13]. According to Bryman and Bell in qualitative research the problem of "generalization" is less relevant, as it focuses more on in-depth analysis. This research, hence, does not reflect the entire population of Malaysian e-commerce entrepreneurs, but is merely an exploratory analysis to find out how this phenomenon occurs. Therefore, this study emphasizes the interpretation provided in the sense of interviews in greater detail [20, 24].

5. FUTURE DIRECTION

This study used qualitative approach to explore the cognition and motivation factors towards the new e-commerce venture creation. This study recommended using the quantitative approach for testing the results of this study. Secondly, sample size was small due to in depth study a large sample size also recommended for generalization of this study.

6. CONCLUSION

In conclusion, an entrepreneur's personal background, including his or her past in education and family, jobs and business experience, plays a significant role in e-commerce's cognitive perspective, as it offers a valuable source of knowledge for entrepreneurs to introduce a successful venture compared to others who have no business information or experience to draw from. Three key motivational elements are the need to achieve goals; a strong interest in business and an external support network are also causative to the creation of new e-commerce ventures in Malaysia. The cognitive and motivational elements in entrepreneurs identified in this study provide a solid answer to the question "How does an organization come into existence?" in the field of entrepreneurship.

7. AUTHORS CONTRIBUTION:

All the authors have contributed equally to this study. The expertise of the researchers ensures a rigorous research paper in the field of entrepreneurship. Data collections, methodology, data analysis, write up and proofreading were the tasks of this paper which was spontaneously performed by the all authors.

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