

Chapter 20

Social Capital Management Challenges in Malaysia

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ABSTRACT

The main objective in this chapter is to understand the challenges of Social Capital Management in Malaysia. In the same time will also explore how social capital able affect Malaysian firms to be successful in international business with the global market's environment, there is full of uncertainty impact that may affect the entrepreneur's international performance. At the end of this chapter able to have an idea how to handle social capital and outcome all challenges. Not just so, in the chapter enable managers to discover more about Malaysian culture, value and firm behavior. Social capital might not a common term that can be found in business area. In this chapter we will discuss further more in the term of social capital.

INTRODUCTION: WHAT IS SOCIAL CAPITAL

The main objective in this chapter emphasizing the challenges of Social Capital Management in Malaysia. In the same time will also explore how social capital able affect Malaysian firms to be successful in international business with the global market's environment, there is full of uncertainty impact that may affect the entrepreneur's international performance, with comparing with example from other country. At the end of this chapter able to have clear idea how to handle social capital and outcome all challenges. The chapter enable manager and student to discover more about Malaysian culture, value and firm behaviour. Social capital might not a common term that can be found in business area. In this chapter will further discuss more into the term of social capital. As Social capital is becoming an important concept for multinational firms. Malaysia is a fast-paced developing country (Burt, 1997). As country getting develop the connection within foreign nation will be relatively increased as well. Malaysian firms getting involve in global markers operation and foreign investment or trade. Malaysian

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firms operating in global markets might face adequate resources to compete effectively; therefore access and connection is a significant material for them to be successful and competitive. Access of networking needed resources through formal and informal relationships with other firms. This is where social capital start up in business field. Malaysia is also a member of Asian countries, Malaysian cultures also emphasized a lot on relationships.

Social capital became relatively popular in recently year. However we might not be realize the term has been presence for almost a century. "Social capital" firstly appeared in a book published in 1916 in the United States that discussed how neighbors could work together to oversee schools, the Author of the book Lyda Hanifan referred to social capital as "those tangible assets count for most in the daily lives of people: namely goodwill, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit".

After the publication of Lyda's book giving researcher the fundamental idea and theory to research and explore the meaning of social capital. Until today still hard to develop or define a united definition of social capital. The term of "social capital" come with the combination of social and capital, meaning a social community and capital which include some relation of money or value, how can link both of words? In simple we can conclude that a group of community that connecting each other with a trust to shared values and understandings and work together to build a concrete and stronger capital (Roudini & Osman, 2012).

China, one of the most resourceful and opportunities among Asian countries with emphasizing the value of relationship, whereas United States might not be emphasizing strong relationship as compare with Asian countries. Most Asian countries emphasizing on relation capital, based on theory of GuanXi (China), KanKei (Japan) and Inmak (Korea), provides the framework for business dealings in many Asian countries. To expand business toward global, firms have to confront with countless challenges and trouble in building their strong relationship and connection. Understanding each country and region culture are required a strong knowledge and capabilities. Business owners or firms may not be capable enough to have knowledge that able to encounter a strong social capital management. Some business owner need to hirer or outsource employees or agency that able to help them to provide the social capital management.

Social capital is giving global firms a potential competitive advantage in global markets. To be success and survive in global market, Malaysian firms must develop social capital and learn to manage relational networks to gain and sustain a competitive advantage in global markets. To establish a well-developed strong social capital firms need learn how to develop and manage social capital. Technical knowledge need to be transfer from human to human, this bring that social capital structure mainly come from human, building human capital or social capital always involve time (Bourdieu, 1986).

Social capital will bring advantages is firm able to management in good way. Without a good manage of social capital can cause disadvantages. Some firms limit by their networks and thus experience opportunity costs and path dependence. Asian countries often have strong network ties in their domestic markets, including Malaysian firms. For Malaysian firms to explore new networking outside nation, in parallel they also need develop more ties in global market to operate effectively. As a result, the development and management of social capital become more critical importance for competitive advantage in global markets, challenges always come across in the path build workable social capital management. (Chelliah, Mohamed, & Yusliza, 2010)

In some research point out that the term of social capital is similar with social networking. True, social networking share a much similar meaning with social capital, but social capital involve more higher of integration or cooperation between firms in business market field.

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