



SOCIAL CAPITAL AND SOCIAL NETWORKS IN THE MALAYSIAN CORPORATE ELITE WORLD: A CONCEPTUAL FRAMEWORK

(Modal Sosial dan Jaringan Sosial di Dunia Elit Korporat di Malaysia: Satu Kerangka Konseptual)

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ABSTRACT

This article offers a conceptual understanding of the nature of social capital and social networks and their role in corporate elite organisation during capitalist big business growth in Malaysia, be it during or after the 1990s rapid growth. It appreciates both notions as closely intertwined and hence, act as conceptual and analytical tools for explaining and understanding, particularly the nature of business group organisation, in the 1990s or after. To date, although acknowledging the presence of networks, some analysts hardly focuses, conceptually and empirically, on corporate elite organisation based on social networks and social capital, particularly their structure and characteristics. Instead, they tend to explain and analyse effects of the networks and also view them in the form of interpersonal dyadic ties. This also implies that the nature of economic action, especially the organisation of business groups, appears to be carried out in a relatively atomised manner independent of social capital or social networks. Thus, the action is not fully understood. Based on some empirical findings mainly from a sociological study conducted by the author on interlocking directorships and social networks of some multi-ethnic Malaysian corporate elite members of the 1990s, a conceptual framework is developed. This article presents that framework which integrates the concept of social capital with the concepts of social networks, human capital and interlocking directorships to allow an alternative if not better understanding of corporate elite and business group organisation in Malaysia, during or after the 1990s.

Keywords: Social Capital, Human Capital, Hocial Networks, Horporate Elite Organisation.

ABSTRAK

Artikel ini menawarkan satu pemahaman konseptual berkenaan sifat modal sosial dan jaringan sosial serta peranan mereka dalam pengorganisasian elit korporat di Malaysia semasa dan selepas pertumbuhan ekonomi pesat pada 1990an. Ia menekankan hubungkait yang rapat antara kedua konsep dan maka itu, bertindak sebagai alat konseptual dan analitikal untuk menerang dan memahami pengorganisasian elit korporat, terutamanya pengorganisasian kumpulan perniagaan, pada atau selepas 1990an. Setakat ini, para penganalisis jarang tumpu, secara konseptual dan empirikalnya, pada pengorganisasian elit korporat berdasarkan kepada sifat dan strukturnya walaupun mengiktiraf kewujudannya. Sebaliknya, mereka cenderung menjelas dan menganalisis kesan dari jaringan malah melihat jaringan berbentuk hubungan personal yang bersifat diadic. Ini juga memberi implikasi bahawa sifat tindakan ekonomi, khususnya pengorganisasian kumpulan perniagaan, seolah-olah berlaku secara atomistik terasing dari modal sosial atau jaringan sosial. Maka, tindakan ekonomi itu tidak dapat difahami sepenuhnya ataupun kurang diberi penjelasan. Berpandukan kepada hasil satu kajian empirikal dan sosiologikal yang telah dilakukan oleh pengarang artikel ini tentang hubungan kepengarahan dan jaringan sosial dalam kalangan sebilangan elit korporat di Malaysia pada tahun 1990an, satu kerangka konseptual telah dapat dicipta. Artikel ini mempersembahkan kerangka ini yang telah dapat mengintegrasikan konsep modal sosial dengan konsep jaringan sosial, modal manusia dan hubungan kepengarahan demi untuk memberi pemahaman yang lebih jelas ataupun lebih baik tentang pengorganisasian elit korporat ataupun kumpulan perniagaan di Malaysia, semasa atau selepas 1990an.

Kata kunci: Modal Sosial, Modal Manusia, Jaringan Sosial, Pengorganisasian Elit Korporat.

INTRODUCTION

This article offers a conceptual understanding of the nature of social capital and social networks and their role in corporate elite organisation during capitalist big business growth in Malaysia, be it during or after the 1990s rapid growth in the country. This understanding is elaborated in the form of a conceptual framework. This framework appreciates both the notions of social networks and social capital as closely intertwined, and hence, act as conceptual and analytical tools for explaining and understanding corporate elite organisation, especially from the angle of business group organisation. This article also theorises the organisation as occurring both within and beyond intercorporate levels. In particular, creation of social capital and social networks (and their particular types) takes place at those levels. Explaining their formation is thus the task of this article. For this article, corporate elite members refer to people who are company directors who hold many or single company directorships in public-listed companies in Malaysia. They also include big business people who own and controlled those companies in which those directors hold directorships.

A conceptual understanding of social capital and social networks is significant because most analyses of capitalist big business growth in Malaysia, namely in the 1990s, rarely acknowledge social capital and social networks as explanatory variables of capitalist big business organisation or growth in Malaysia, especially for business group organisation; organisation neither at nor beyond intercorporate levels (see for instance Crouch 1996; Gomez 1990; Gomez 1991; Gomez 1995; Gomez 1999; Gomez 2002; Gomez & Hsiao 2004; Gomez et. al. 2004; Jesudason 1997; Jomo 2005; Heng 1992; Leigh 1992; MacIntyre 1994; McVey 1992; Sieh-lee 1992 and Searle 1999). Some people generally do not see social capital or social networks or their particular types (e.g. interlocking directorships) as contributing to patterns of corporate elite or business group organisation. As such, various types of social networks are hardly analysed; one of them being interlocking directorships. Studies generally tend to regard dyadic interpersonal ties and not social networks as the structural links between particular corporate elite members (e.g. big business members) and between particular big business members and political elite members. Dyadic ties and social networks are two different types of social relations; conceptually and empirically. Dyadic ties are interpersonal ties established between two persons while social networks are a series of interpersonal social ties formed between more than two persons at one time or in one occasion.

Moreover, besides the lack of emphasis on interlocking directorships and social networks, social networks is also rarely emphasised as a structural basis of social capital. The general lack of attention on social capital and forms of social networks also implies that nature of action (including economic action) of corporate elite members in the 1990s growth is not fully understood or least explained. This refers to economic action based on social capital and social networks. Hence, economic action of big business people for instance, appears to be carried out in a relatively atomised manner independent of social capital or social networks. As mentioned, there are few studies that systematically analyse interlocking directorships, social networks or social capital, namely pertaining to the structure and nature of the interlocks, networks and capital, in the context of Malaysia corporate elite organisation or capitalist big business growth. To date, there is only one study on interlocking directorships in the top one hundred companies in Malaysia that was carried out by Lim (1981) in the 1970s and another study focusing on interlocking directorships as social networks carried out by Chan (2004) in the mid 1990s. Chan's work is sociological in nature and it focuses on social relationships as the structural mechanism to organise multi-ethnic corporate elite members and business groups, and specifically, on interlocking directorships

as the main form of social network while other forms of social networks support the interlocks.

Drawing mainly on ideas from the study by Chan (2004), the author of this article develops the conceptual framework that would allow an alternative if not better understanding of the nature of corporate elite organisation and growth, namely business group organisation in Malaysia, be it in the 1990s or thereafter in present or future times. This framework argues that to understand the nature of the organisation or growth, conceptually, one can integrate the notion of social capital with the concepts of social networks, human capital and interlocking directorships. All these concepts are closely intertwined with one another, conceptually, theoretically and empirically. To be specific, the author includes the idea of social and human capital into the conceptualisation of interlocking directorships and social networks. This is because empirically, in addition to interpersonal dyadic ties, corporate elite members then and today are also linked and organised through particular forms of social networks that are all considered as a form of social capital. One form of social network is interlocking directorships. Interlocking directorships refer to a series of interpersonal social relations that are structured on common directorships and formed within the intercorporate level (see Chan 2004; Scott 1991). Other forms of social networks are shaped beyond the intercorporate level. All these networks are considered as social capital because they contribute to corporate elite economic action, in terms of acting as a structural mechanism for the organisation of business groups. The economic action of corporate elite is therefore embedded in social networks, i.e. social capital. In short, the concepts of social capital, social networks and interlocking directorships can offer an alternative and additional conceptual and possibly empirical understanding of the nature of corporate elite organisation or economic action (i.e. business group organisation) in the process of capitalist big business growth in the country, during or after the 1990s.

Conceptualising social networks as social capital that are developed at and beyond intercorporate levels is also significant as the two concepts can allow a broader empirical understanding of the role of corporate elite members, especially multi-ethnic big business people, in capitalist big business growth, especially business group organisation, in the country at any point in time. Corporate elite members, namely the big business people, generally play a key role during and after the 1990s. The ideas of social capital and social networks would enable one to understand “how” the elite members play their roles or “what” are the mechanisms used by them to play their roles. These “how” and “what” issues seldom receive attention in some analyses of the role of corporate elite members, even the big business people, in capitalist big business or business group development. In fact, addressing the “how” and “what” issues can even offer some ideas and insights on how corporate elite members, namely big business people, can play a more effective role in future capitalist big business and economic development in the country. This article specifically focuses on conceptualising how particular types of social networks are formed, what constitutes the essence of the networks, how the networks are regarded as social capital, and what is the use of social networks or social capital. In short, addressing these “how” and “what” issues will allow an empirical understanding, besides a conceptual one, of the structural nature of contemporary and future corporate elite organisation (i.e. business group), and hopefully, a broader understanding of contemporary and future nature of capitalist big business growth in Malaysia.

STUDY AREA AND METHODOLOGY

This section is about stating the study area of the author's study that led to the conceptual framework, and also about the methodology, namely about how the conceptual framework came about. As mentioned earlier, the framework is developed from some primary and secondary empirical and documentary findings from a study the author conducted in the 1990s on interlocking directorships of corporate elite members in Malaysia. The study and framework are generally based on the discipline of sociology, namely economic sociology and sociology of organisation. The elite members studied are multi-ethnic directors (mainly Malays and Chinese) who are located in many public listed companies, especially those owned and controlled by big businessmen of certain large conglomerates. All these companies are found in Klang Valley and other parts of Malaysia. The companies are involved in various industries and economic activities, e.g. industrial products, consumer products, finance, manufacturing, hotel and others. The elite members hold executive directorships or non-executive directorships, including chairmanship, president and vice-president positions. They hold at least two directorships; hence the term multiple directors conferred to them in the study. The author used a special method to analyse patterns of interlocking directorships and other kinds of social networks (see Chan 2004). This method is called social network analysis. Social network analysis is both qualitative and quantitative in nature. It is created by sociologists to trace and study systematically patterns of social relationships, e.g. social networks (see Scott 1991 and Wasserman & Faust 1994). In the author's study, social network analysis uncovered some significant insights and results on the structure of the relationships and its structural properties that consequently assisted in the creation of the conceptual framework.

DISCUSSION OF THE RESULTS OF THE STUDY: THE CONCEPTUAL FRAMEWORK

The following section and subsections of this article discuss the framework and its relevant concepts based on the results of the author's study and also some secondary data analysis. The framework is developed from integrating the concept of social capital into the concepts of social networks and interlocking directorships. The concept of social capital will be firstly elaborated and followed by social network and interlocking directorships concepts. The overall explanation of this framework is summarised in Figure 1 of this article.

a) The Concept of Social Capital

Discussion of social capital requires a parallel conceptual understanding of human capital. In addition, the concept of physical capital is briefly introduced as a way to contrast this concept with social capital and human capital.

Physical capital are resources that are created by making changes in materials so as to form tools that facilitate production (Coleman 1990). As for human capital, it refers to resources that are created by changing persons so as to give them skills and capabilities that enable them to act in new ways (Coleman 1990). It is individually owned capital, and some examples include educational background, technical and professional skills and expertise, experiences, and personality traits. For Scott, human capital is constituted by attributes or properties or characteristics which belong to persons as individuals.

For the case of Malaysian multi-ethnic corporate elite members of the 1990s and presumably of contemporary and future Malaysia. Some of the corporate elite members hold at least five directorships in those companies. They generally have common directorships

between themselves; that means they are directors in similar companies or sit on the same company boards. Some of them also hold similar single directorships; that means being directors in one or a single company. Moreover, some of them are also prominent big business people in the Malaysian economy while others are non-business people. All these people have many individual properties or rather many kinds of human capital (see Chan 2004). The following Figure 1 clearly illustrates the various kinds of human capital of the corporate elite members. Their individual properties usually include being knowledgeable (esp. business-related knowledge), possession of personality traits (kind-heartedness, trustworthiness, reliable, responsible, loyal, etc.) and possession of multiple directorships notably in public-listed companies in Malaysia. The corporate elite members, including the big businessmen are executive and/or non-executive directors. Furthermore, some corporate elite members possess business experiences and business acumen as they are businessmen who own and control prominent business groups.

During the peak of the 1990s economic boom, there were several prominent business groups in Malaysia that were owned by Malay, Chinese and Indian business groups. According to Cheong, some of the business groups were Berjaya Group, Arab Malaysian Group, Lion Group, Hong Leong Group and others (see Cheong 1990; Cheong 1992; Cheong 1993 and Cheong 1995 for a list of other business groups). Some of these groups are still standing strong today. Other individual properties include possession of experiences in business management and administration, technical or professional skills (lawyers, corporate lawyers, merchant bankers, accountants, engineers, business managers, etc) (Kasuya 1995; NSTP on-line 1996). Many of them are top lawyers, top business managers and administrators, top merchant bankers, top accountants, and others. Moreover, they possess friendship ties with certain corporate elite members or big businessmen and/or friendship with key state and/or political leaders, good business contacts and educational qualifications (Bachelor's Degrees, Masters' Degrees and Doctorates). Many of them are graduates in local and overseas institutions of higher education. Many of the corporate elite members have high social status as indicated through possession of social titles such as "Dato'", "Datuk" and "Tan Sri".

Memberships in business and professional associations (Malaysian Business Council, chambers of commerce), memberships in social and golf clubs (e.g. Royal Selangor Golf and Country Club, Royal Selangor Club, Kelab Golf Negara Subang and Lake Club), and memberships in political parties (usually in the dominant Malay party, i.e. United Malay National Organisation/UMNO, in the ruling coalition political party, the Barisan Nasional/BN) are other individual properties (Kasuya 1995, NSTP on-line 1996). Some of the corporate elite members, especially the non-big businessmen, are politicians of UMNO and UMNO Youth, a wing of UMNO (Kasuya 1995, NSTP on-line 1996). Yet another individual property or human capital is possession of experiences as former top state bureaucrats and former top state managers in key state and public institutions, and former state-owned corporations (e.g. former Secretary-General of the powerful Economic Planning Unit in the Ministry of Finance, former Chief of Police of the Malaysian Police Force, former Attorney-General, former Executive Chairman of Telekom, former Deputy Chief of Police, former statesman, former Chairman of National Equity Board or Permodalan Nasional Bhd/PNB, former Chairman of Malaysian Industrial Development Authority/MIDA, former manager of state corporation Peremba and former magistrate) (Kasuya 1995; NSTP on-line 1996). Relatively many corporate elite members in the author's study are former top state bureaucrats and former top state managers. Some of them are politicians or political members of UMNO.

Social capital can be developed from human capital. Human capital can transform into social capital when the parties who share the human capital (or have in common the human capital) “use” their commonality to form social capital, i.e. a particular kind of social relation known as social network, and act upon the network (Chan 2004). Other kinds of social capital, e.g. trust, power and status, can also be created and “used” for action. In sum, actors can establish social networks and establish trust, power and status based on their common human capital. Therefore, social capital can be in the form of social networks. For Nan Lin, Ensel and Vaughn (1981), social networks are understood as social ties, and social capital as social resources. According to them, social capital are social resources embedded in the social relations among the persons, for example, power, status, wealth and social ties (Nan Lin, Ensel & Vaughn 1981; see also Nan Lin 1982 and Nan Lin 1990). To compare social capital with human capital and physical capital, social capital are “resources that are created when the relations among actors change in ways that facilitate action” (Coleman 1990: 304). In Coleman’s words, social capital is “embodied in the relations among persons” (1990: 304). In short, social capital can only be developed when people establish relations or networks with one another. “Social capital” is thus a relational concept. Furthermore, only in a social network can other forms of social capital develop further and sustain the continuity of the social networks and economic action.

For the Malaysian corporate elite members, their shared human capital that become the basis of their social capital are company directorships in similar companies (common directorships) or a similar company, similar personality traits (e.g. trustworthiness, loyalty, responsibility, reliability), similar values (e.g. business), similar principles (business and life), similar outlook (esp. concerning business), similar schools, memberships in similar social and golf clubs or business associations or political parties (usually UMNO), and similar experiences as former top state bureaucrats and former top state managers. Some social capital are created at the intercorporate level while others beyond intercorporate level. Social capital can also be in form of trust, obligations and expectations. As mentioned earlier, the corporate elite members can be Chinese, *Bumiputeras*, i.e. the Malays, and others. The predominantly Malay state motivates the social capital creation at the multi-ethnic corporate elite level, directly through the key socio-economic policy, the New Economic Policy (the NEP) between 1970 to 1985, and indirectly through various other policies and according to some analysts in personalised manner throughout the late 1980s and the 1990s (see Gomez 1999). Before the 1990s, the contribution of corporate elite members, namely Chinese big businessmen, was necessary to achieve the NEP’s goals in socio-economic growth through redressing inter-ethnic wealth and income inequality, and reducing inter-ethnic poverty gap, especially between the Malays and the Chinese, through redistribution of wealth and income. At that time, the Malay state, on behalf of the emerging and yet relatively economically weak *Bumiputera* business people (i.e. the Malays) formed multi-ethnic economic cooperation with the Chinese business people.

During the 1990s, partly to continue meeting the unfulfilled NEP’s goal of inter-ethnic wealth and income redistribution leading to 30% *Bumiputera* share of the economy, through privatisation, the state continues to encourage multi-ethnic economic and business cooperation between corporate elite members (especially Chinese and Malay big business people) in terms of business development and/or participation of *Bumiputera* corporate elite members (i.e. the Malays) in Chinese owned or non-*Bumiputera* owned companies through top corporate positions (e.g. directorship) and corporate shareholdings (see Jesudason 1997 and Heng 1992). Many Malays hold multiple directorship positions in many Chinese owned public listed and private companies thus leading to formation of interlocking directorships between the Malay and Chinese corporate elite members (Chan 2004). As such, multi-ethnic

interpersonal social relations are developed through interlocking directorships; in other words, the multi-ethnic interpersonal social relations are shaped at the intercorporate level. Throughout the 1990s, there is a tendency for Chinese businessmen to form interlocking directorships with Malay corporate elite members (including Malay businessmen), some Malay corporate elite members who are linked to either the key political leaders and/or UMNO and/or former bureaucrats. However, although the interlocking directorships are present, they are usually not a common subject of analysis.

Back to conceptualising social capital of the corporate elite members, sharing particular kinds of human capital leads to formation of social capital in the form of social relations, i.e. social networks, and action based on those networks (Chan 2004). Action for the corporate elite members is seen in the form of development of businesses and business groups, formation of other kinds of social networks, provision and acquisition of business-related knowledge and knowledge on state machinery, provision and acquisition of expertise on business management, enhancement of social and corporate prestige, enhancement and maintenance or development of contacts or potential contacts with key state and political leaders, access or potential access to state and political institutions, potential acquisition of directorship positions in the future, and mutual monetary or economic benefits. Thus, action based on social networks brings mutual benefits (Chan 2004). Trust underpins creation of various kinds of social networks. The next section on social networks elaborates.

Another point about social capital in the case of the Malaysian corporate elite members is that social capital have a general function (Chan 2004; see also Knoke & Kuklinski 1982 for the general context). According to Coleman, function of social capital is represented as the “value” of social capital to actors, i.e. social capital are “resources that can be used by the actors to realize their interests” (1990: 305). For the corporate elite members, their social capital usually brings mutual economic and social benefits to parties who own the social capital or form the social networks. That is the general value of their social capital, regardless of the level of creation of the capital. In short, without social capital or social networks, actions (including economic ones) based on the social capital or rather social networks may not be possible, and in relation to that, the attainment of mutual benefits. In simple terms, there is no value to a social capital if it cannot bring benefits to the corporate elite members and help them to realise their interests. Shared human capital is not a social capital when it cannot lead to action and bring mutual benefits to parties concerned. The next section on social networks elaborates.

b) The Concept of Social Networks

As noted earlier, social network is a specific form of social capital. Social network is a specific type of relation linking a defined or finite set of persons, objects or events (Wasserman & Faust 1994: 20; see also Scott 1991; Van Dijk 2006). For the Malaysian corporate elite members, two and more of them are linked through social networks. The social networks are interpersonal relations.

The earlier section highlights social capital of the corporate elite members as shaped through shared human capital (or shared attributes). It also explains several kinds of social networks that can be established by Malaysian corporate elite members, at the intercorporate level as well as beyond the intercorporate level. In other words, particular kinds of shared human capital lead to certain kinds of social networks. To elaborate, similar company directorships or common directorships in various companies (e.g. public-listed ones) lead to a specific form of social network known as interlocking directorships. The interlocking

directorships link the corporate elite members as well as the companies they hold directorships. Similar memberships in business associations lead to social networks based on similar memberships in business associations, and similar memberships in social and golf clubs lead to social and golf club ties. Similar former schools become the basis for old school ties. Furthermore, similar memberships in political parties (e.g. UMNO) act as a base for social networks based on similar memberships in political parties, and similar previous experiences as former top state bureaucrats and former top state managers lead to social networks based on those similar previous experiences. There are also friendship ties with big business people, corporate elite members, political members, and key state and political leaders.

The above elaboration thus confirms the various kinds of social networks. The different kinds of shared attributes help to identify the corporate elite members and the big business people as members of particular kinds of social networks (see Knoke & Kuklinski 1982). The persons, in Knoke and Kuklinski's words, "possess some attributes that identify them as members of the same equivalence class for purposes of determining the network of relations among them" (1982: 12). One can actually create several analytical categories of corporate elite members. For example, those who establish social networks based on similar previous occupational experiences in state and public institutions can be categorised as state-linked elite members. They are mostly former state bureaucrats and former state managers. Those who establish networks based on similar political memberships or friendship ties with key state and political leaders can be categorised as politically linked elite members. This category would include some big businessmen.

Furthermore, for the corporate elite members, particular kinds of social networks can support other kinds of social networks; in other words, some kinds of social networks are established in conjunction with other kinds of social networks. The element of trust is like cement binding the networks. The earlier section of this paper also notes some other relevant human capital as considerations in formation of social networks, e.g. some personality traits, business contacts, work experiences and educational and professional qualifications. Moreover, as stated earlier, formation of social networks crosscuts ethnic and cultural backgrounds; this means that social networks are formed between multi-ethnic corporate elite members.

While discussing the forms of social networks, it is worth focusing on another structural characteristic of social networks. It is content of relations (Knoke & Kuklinski 1982). Content of relations also indicates function of relations. Theoretically, contents of relations (or social networks) can be sentimental, instrumental and transactional in nature, or authority based (Knoke & Kuklinski 1982). The social networks can be also be used for communication purposes or based on kinship and descent. Particular contents of relations can thus identify particular kinds of networks, even when imposed on the identical sets of elements (i.e. people) (Knoke & Kuklinski 1982). Thus, kinds of social networks are usually differentiated through specific contents of relations, and the different values they have for the actors in terms of realising their interests or fulfilling their needs (see also Coleman 1990). However, in the case of the Malaysian corporate elite members, most kinds of social networks may have overlapping contents of relations with a certain content of relation predominating over others, and in relation, a general function. The last paragraph of this subsection elaborates.

Social networks based on sentiments are relations whereby individuals express their feelings of affection, admiration, loyalty, trustworthiness, i.e. they like one another and can get along with one another and probably do things together. Sentiment relations are usually

personal in nature. Specifically, friendship networks are sentimental in content. Similarities in certain aspects like values, outlook, backgrounds, interests, personality traits, and others can become the bases of friendship networks. Trust is an important binding element. Moreover, especially in the case of the corporate elite members, interlocking directorships or other kinds of social networks can also be based on sentiments. For example, many corporate elite members who are interlocked through interlocking directorships may also be friends with one another, namely the big businessmen and multiple directors on their company boards. Moreover, the interlocking directorships and those other social networks support the friendship networks. That means those corporate elite members may also be members of, for instance, the same social and golf clubs or political parties. The networks they establish may have the same content of relations, i.e. friendship.

Instrumental relations are relations whereby actors contact one another in efforts to secure valuable goods, services and information (Knoke & Kuklinski 1982). The relations are instrumental in content when the actors “make use” of one another, e.g. for business purposes. They can be personal and impersonal in nature. They are personal when the persons involved are friends. For the corporate elite members, their interlocking directorships are usually instrumental in content. Big businessmen may form interlocking directorships with relevant corporate elite members who can assist them in their business growth. They may be friends. It is widely assumed that some big businessmen who form social networks with politicians or politically-linked corporate elite members will obtain or stand a chance of obtaining lucrative state rents in the form of licenses, contracts and others from key state leaders such as the Prime Minister Mahathir Mohamed during the mid 1990s who reputedly dispensed rents in a personalised manner (see also Crouch 1996; Gomez 1994; Gomez 1999; Gomez 2002; Gomez & Jomo 1997 and Hwang 2003 for their study of Malaysian political economy and capitalism). Such big businessmen are termed as “rent-seekers” (see also Yoshihara 1988 for his arguments on ersatz capitalism). The big businessmen may also have in common with those corporate elite members friendship ties with key state and political leaders. Therefore, between themselves, they can establish another kind of social network that is based on similar friendship with the leaders.

Moreover, some of the businessmen and corporate elite members may be members of the same political party, i.e. UMNO (see NSTP on-line 1996; Kasuya 1995). Some of the businessmen and corporate elite members may also be the same social and golf clubs or business or professional associations (see NSTP on-line 1996; Kasuya 1995). Some of them may be former school mates. Therefore, interlocking directorships, social network in the form of friendship ties with key state and/or political leaders, social network based on similar memberships in political parties, social and golf club ties, old school ties and social network based on similar memberships in voluntary and professional associations can be instrumental in nature, besides being based on sentiments. These kinds of social networks can be formed simultaneously; some if not all of them. Nonetheless, the social networks of the corporate elite members may largely be instrumental in nature. As mentioned earlier on mutual benefits, the corporate elite members whom the businessmen establish social networks with may usually receive something in return, i.e. remuneration, social status or prestige, new and more experiences as company directors (e.g. business administrative skills), contacts or potential contacts with the business world, and for some elite members, new or continuation of contacts or potential contacts with the state and its key state leaders or political parties and their leaders, and access or potential access to the state and political institutions concerned. For politicians-cum-corporate elite members, it is commonly assumed they may obtain monetary support from their multiple directorships for their political activities (see Gomez

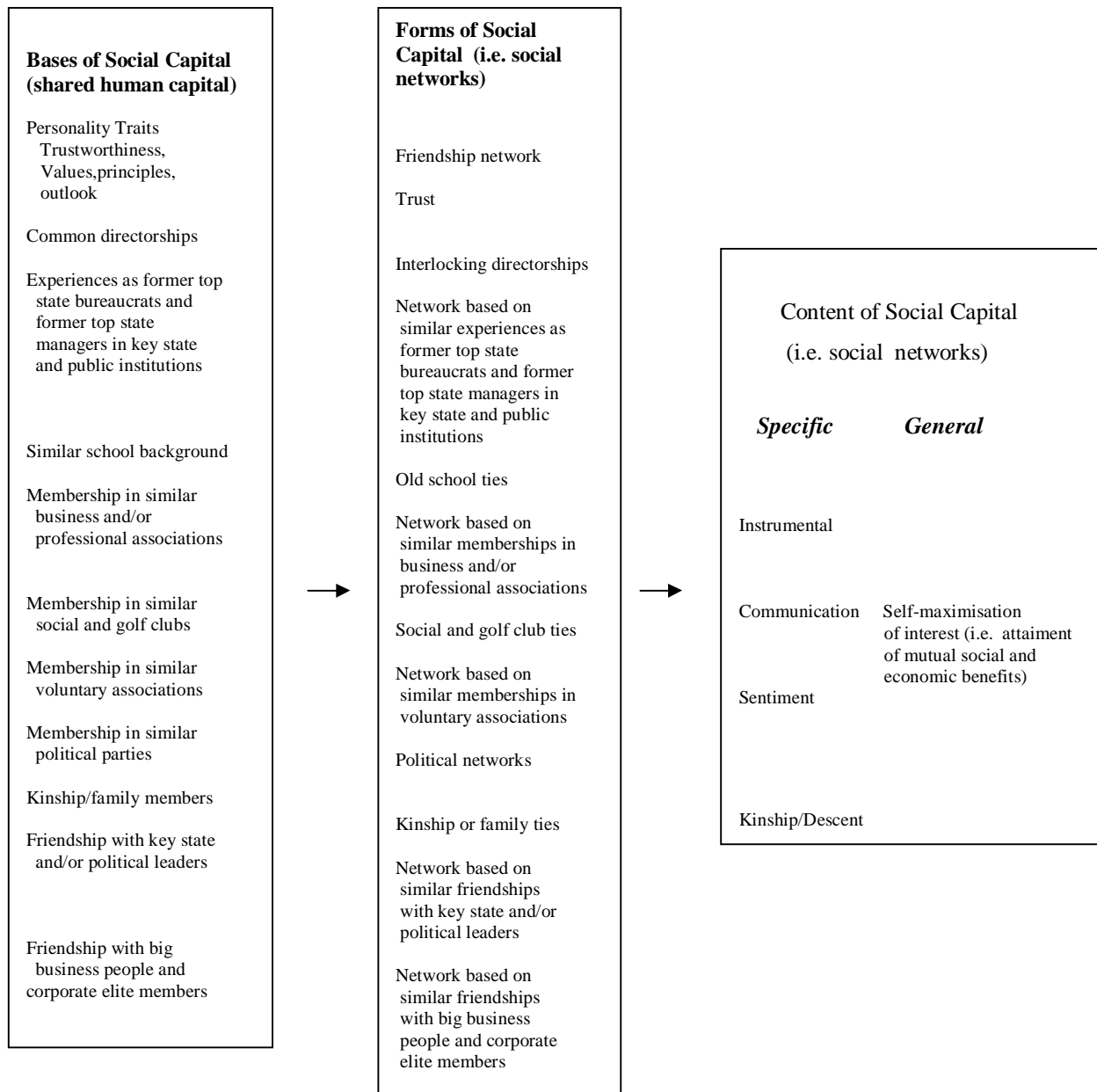
1990 and Gomez 1991). Bourdieu would argue such monetary and non-monetary benefits as material profits and symbolic profits (2001).

As for communication relations, they are links between actors that act as channels by which messages may be transmitted from one actor to another in a system (communicate with one another, pass information, pass messages esp. those related to business) (Knoke & Kuklinski 1982). Interlocking directorships are also established for communication purposes. The corporate elite members may communicate with one another through their interlocking directorships, namely between the big businessmen and their directors in their own companies and business groups. Other kinds of social networks can also be used for communication purposes, for instance, social and golf club ties, or networks based on similar memberships in business or professional associations or political parties. Communication relations become personal in nature when the persons involved are friends; thus, friendship networks can also be communication relations. To quote some examples, some of the corporate elite members, usually the big businessmen and their directors may be interlocked through interlocking directorships and are friends with one another may use their interlocking directorships for communication purposes. Some of the interlocked corporate elite members may use their social and golf club ties for communication purposes. They may also use their social network based on friendship ties with key state and political leaders, social network based on similar memberships in political parties, old school ties and social network based on similar memberships in voluntary or professional associations for the same purpose.

Kinship and descent relations are relations based on role relationships between family members (same family, family members) (Knoke & Kuklinski 1982). They are mainly personal in nature. Interlocking directorships can be formed between relatives, for example, big businessmen appoint their sons, brothers or nephews as their directors (see various company prospectuses and annual reports). They may also use their kinship ties for communication and/or instrumental purposes. Transaction relations (exchange relations) are networks whereby actors form relations because they need to exchange control over physical or symbolic media, e.g. gift giving, or carry out economic sales and purchases (Knoke & Kuklinski 1982). They can also be personal and impersonal in nature. Although not proven in Chan's research, it can be assumed that some big businessmen may form social networks, e.g. interlocking directorships, when they want to do business with one another. It can also be assumed that some other kinds of social networks may be used for transactional purposes. In short, the case of the Malaysian corporate elite members demonstrates that interlocking directorships are established simultaneously with some other social networks mainly for instrumental purposes between friends or family members. In general, this brief explanation on contents of relations in conjunction with kinds of social networks reveals that different social networks, especially between corporate elite members, may have a dominant similar content of relation and a similar general value and function. The kinds of social networks may be established at and beyond intercorporate level. The following paragraph further explains. Figure 1 displays various kinds of social networks in relation to various kinds of social capital and contents of relations.

Theoretically, in the case of corporate elite members, it can be assumed that the interlocking directorships and other forms of social networks generally have a dominant content of relations and thus serve one main function. Based on their social capital, corporate elite members may build the interlocking directorships in conjunction with specific social networks for the purpose of individual economic action and economic maximisation, i.e. quick and successful business growth and business group development, business involvement and attainment of mutual monetary and non-monetary benefits (or social and economic

benefits) that accompany the directorship appointments and social networks formation. The social networks may generally be built for instrumental purposes.



Source: Chan 2004, adapted from Granovetter 1996 and Knoke & Kuklinski 1980

Figure 1 : The Conceptual Framework

The corporate elite members, especially multi-ethnic big business people, establish interlocking directorships and other specific social networks with relevant corporate elite members whom they trust and can help them to build, develop and sustain their businesses and business groups. That means social capital may also facilitate productive activity (so can human capital and physical capital) (see Coleman 1990); this refers to the case of big businessmen whose trusted directors (e.g. the executive directors) continuously assist them in their successful development of their companies and business groups throughout the 1990s and until today. The big business people make business choices and act with regard to the

behaviour of their directors (i.e. other actors or relevant system members) with whom they trust and have something in common with, and form interlocking directorships and other forms of social networks with. The nature of the social relationships the big business people may have with their directors may effect the big businessmen's perceptions, beliefs and action, namely concerning their business development and desire for quick business growth (see Knoke & Kuklinski 1982). The business people are active actors who realise that relationships with some Malay (and also Chinese) corporate business elite members matter (see Field 2003 on the importance of relationships). Thus, with modification to Granovetter's ideas, corporate elite purposive action, namely economic action of the multi-ethnic big businessmen, of the 1990s and presumably of present and future times, is embedded in social relations (i.e. social networks based on social capital) (see Granovetter 1996).

Unlike the case of corporate elite members of Western advanced capitalist societies such as America and Britain whereby formation of interlocking directorships and other social networks act as a structural basis of corporate elite social cohesion and consequently, corporate elite economic action in the form of advancement of general business and capitalist interests *vis a vis* the state, the Malaysian corporate elite members build the social networks for mutual fulfilment of individual needs (see Useem 1978; Useem 1981; Useem 1982; Useem 1984 and Useem 1987 for the former case). The Malaysian corporate elite members also do not appear to use their social networks to develop a cohesive group, and consequently advance their own upper class interests, unlike some corporate elite members in America (see Domhoff 1990 and Domhoff 1996).

CONCLUSION

This article has conceptualised the notions of social capital and social networks (and its various types) within the context of multi-ethnic corporate elite big business organisation in Malaysia. Both concepts are closely interlinked and they can also act as explanatory variables of the corporate elite organisation, namely in terms of big business group organisation. By applying these two concepts and some of Granovetter's ideas, one can further theorise that economic action of the corporate elite members, particularly of multi-ethnic big business people, is embedded in social relations, especially those in the form of social capital and networks (see Granovetter 1996). The social capital and social network concepts can be applied to explain the organisation and growth, whether during or after the 1990s. In other words, application of the two concepts may enable a better if not broader understanding, sociologically or not, of the nature of the role that some Malaysian corporate elite members may play in corporate big business organisation in the country at any point in time.

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