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Awareness of Social Business in Social Media in Malaysia

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ABSTRACT

The social enterprise movement in Malaysia is gathering momentum. An increasing number of social entrepreneurs are taking an interest in this field of activity. Indirectly, this scenario increases the awareness of its significance and, in a range of viewpoints, promotes the social business experience in Malaysia. This article is an explanatory study to determine the awareness of social business in Malaysia. A review of the literature was conducted from library research and website sources. It is divided into three sections: (i) definitions of social business, (ii) operating models for social enterprises in Malaysia, and (iii) definitions of social media and its development, and the awareness of social business among young people and their relationship with social media in general. The first section begins with various definitions and interpretations of the term 'social enterprise', while the second part provides an operating model for social enterprises that are active in Malaysia as well as in relation to the market and potential beneficiaries. The third part is a discussion on social media by looking at definitions and the development of social business in Malaysia in general. With this explanation, it is hoped that the awareness of using social media in social business can be highlighted.

Keywords: *Social Business, Social Media, Entrepreneur, Operating Models, Social Enterprise.*

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INTRODUCTION

The idea of social enterprises was initiated in Malaysia over the last decade. Former Malaysian Prime Minister, Mohammad Najib Tun Razak, established a social entrepreneurship unit under the Malaysian Global Innovation and Creativity Centre (MaGIC) in 2013 to accelerate impact-driven enterprises, with the intention to build networks for more than 100 social enterprises to share knowledge and best practices with sustainable movements. Other initiatives come from organizations such as ASHOKA, and later, British Council Malaysia. These two are examples of organizations which instigated nurturing community-based social enterprises from start-up and semi-established stages across Malaysia, through competitions followed by capacity building, networking, events, and provision of seed funds. In 2015, these initiatives were run jointly with the Arthur Guinness Foundation (AGF) (The Star, 2015). Furthermore, the British Council organized a series of workshops to support civil societies and NGOs that have an intention to become social enterprises and facilitated tertiary education institutions in hosting an entrepreneurial ecosystem by a series of workshops and trainings for the universities for developing skills for entrepreneurship and community development planning (British Council, 2018).

Along with the emerging movement of social business, various terminologies in social entrepreneurship research and policy call for exploration. Previous studies highlight the macro-level factors of entrepreneurship, including economic opportunities, quality of governance, macro-level resources and abilities, and performance-based and socially supportive cultures, which ignite the environment for social enterprises (Thai & Turkina, 2014; Alusius Hery Pratono & Ari Sutanti, 2016). Besides that, the main literature indicates the internal attributes of social enterprises including social mission statement, services as a model for social change, promotion of collective identity, and multiple objectives with different values of change and mutual aid (Hasenfeld & Gidron, 2005; Alusius Hery Pratono & Ari Sutanti, 2015).

Social media is widely practiced in the business environment for marketing products and services. The literature on social media as a marketing tool revealed that the use of social media in organizations uncovers four affordances: visibility, persistence, edit ability, and association, which

significantly affect socialization, information sharing, and power processes in organizations (Jeffrey & Leonardi, 2016). Furthermore, the Attention, Interest, Desire, and Action (AIDA) model has been applied widely in marketing activities based on either traditional methods or online (Shahizan, Siti Zaleha & Nor Shuhada, 2015). Even though social enterprises can be considered a young term in social science and still lacks a consistent theory to define, it is being seen as "a large tent" for all kinds of activities (Oprica, 2013), the phenomenon of social enterprises is gaining momentum more than ever before. The same is happening with social media and social networking. Although social enterprises and social networking are not inter-related and do not have any connection, social enterprises can strongly benefit from the wise use of social media, and social network and networking.

This research tries to answer the question of how social business benefits from the use of social media in creating awareness in Malaysia. This article explores the dynamics of social business in Malaysia, including the legal framework and definitions, and the use of social media in creating an awareness in the local business environment. The result of this study is expected to support the inter-relationship of social media and social business in Malaysia.

Local Context

Malaysia is an upper middle-income country and it has transformed itself since the 1970's, from an agriculture-based and raw materials producing country into one with a multi-sector economy. Under the former Prime Minister, Mohammad Najib, Malaysia is endeavoring to achieve high-income status by 2020 and to move further up the value-added production chain by attracting investments in high technology, and knowledge-based industries and services. Recently, the Malaysian GDP increased from 4.2% in 2016 to 5.4% in 2017. Similarly, the GDP per capita increased from $27,800 (2016) to $28,900 in 2017. The percentage of the unemployed decreased from 3.5% in 2016 to 3.4% last year, where Malaysia was ranked 38 out of 217 countries for unemployment rate by the Central Intelligence Agency (2018).

Geographically, Malaysia is located in Southeastern Asia, with the peninsular bordering Thailand and Singapore, and one third of Borneo

neighboring Indonesia and Brunei, where a total of 329,847 sq km provide valuable agriculture export products such as palm oil, rubber, cocoa, rice, timber and pepper. The total Malaysian export value was worth $188.2 billion in 2017 compared to $165.3 billion in 2016 which puts Malaysia in position 29 out of 224 countries in terms of world export rate.

Malaysia is home to 31 million citizens where 61.3% are Muslims, followed by Buddhists (19.8%) and Christians (9.2%). Meanwhile, ethnic composition in Malaysia comprises of Bumiputera (61.7%, which are the Malays and indigenous people, including Orang Asli, Dayak and Anak Negeri), Chinese (20.8%), Indians (6.2%) and others. Therefore, the Bumiputera have been most directly involved in shaping politics in general, while Malaysian foreign policy discourse emphasizes that Malaysia is a moderate Muslim nation. The voters division in Malaysia's first general election in 1955 showed the dominance of the National Front or *Barisan Nasional*, which is the coalition of the Malaysian People's Movement Party or *Gerakan Rakyat Malaysia* (GERAKAN), Sabah Liberal Democratic Party (LDP), Malaysian Chinese Association (MCA), Malaysian Indian Congress (MIC), United Sabah Party or *Parti Bersatu Sabah* (PBS), Sarawak United People Party (SUPP), United Malays National Organization (UMNO), and United Pasokmomogun Kadazandusun Murut Organization (UPKO). In the 2008 general election, the National Front (BN) seemed to have fewer voters than before, where BN won only slightly over the People's Alliance (currently known as Alliance of Hope), which is a coalition between the Democratic Action Party (DAP), People's Justice Party (PKR), and the Malaysian Islamic Party (PAS).

METHODOLOGY

This study engaged with content analysis as an approach to data analysis. Content analysis is a method of investigating documents in order to describe and quantify phenomena systematically and objectively. It enables the researchers to have a deep understanding of the data by testing conceptual issues. Content analysis was first used in the 19th century as a method of analyzing various types of documentation (F.L. Cole, 1988) such as hymns, newspaper and magazine articles, advertisements and political speeches (Harwood & Garry, 2003). The use of content analysis in communication,

journalism, sociology, psychology and entrepreneurship during the last few decades has shown a steady growth. Content analysis gives the opportunity to deconstruct the words into fewer content-related categories. Therefore, every word, phrase and the like would share the same meaning. As a result, content analysis empowers the researcher to build up the characteristics of social enterprises, operational definitions and the conceptual framework of social enterprises in Malaysia. The purpose of the research was to be a bridge between the sectors and the emergence of new sectors between the government, non-profit organizations and traditional profit-oriented companies, and explore the relationship between social enterprises and social media in creating an awareness of the existence of social enterprises in Malaysia.

THE RISE OF THE PEOPLE-CENTRIC APPROACH

Traditionally, the government has been viewed as the main provider in delivering public services or goods. With a transition in perspective, it is slowly moving towards the people as a people-centric approach. The people-centric approach means that resources and public services are portioned by the people, which meets the increasing demand for access and quality of service. The idea of a people-centric approach allows innovation within the service where it remains relevant and useful.

The same idea has been practiced and applied for non-profit organizations that focus on improving their operating models to ensure long-term sustainability and durability, where the idea of revenue-generating components is used to counterbalance the risk of a fall in donation revenue. However, for a profit-oriented company, this goes beyond the current practice of the Corporate Social Responsibility (CSR) program where it is under the company's marketing and communication departments.

A combination of these priorities give rise to a fourth division, named as the "social enterprise" sector. The social enterprise division is where impact-driven and individual entrepreneurs meet. They have strong social or environmental visions at their core and have business models that run their operation. In Malaysia, social enterprises are gaining the interest of youths who are venturing in start-ups, with more than 100 social enterprises,

and growing. With the increasing number of social enterprises, social entrepreneurship is a rapidly growing sector due to its capacity to develop social innovations which are financially doable for private sector investors (Ronnie Teo, 2015).

Countries like the UK, South Korea, Vietnam, Thailand, Singapore, Myanmar and Australia are taking initiatives in making social entrepreneurship and social enterprises as key national agendas. They have established national agencies in focusing the growth of social enterprises within the countries. Taking an example from the leading country in South East Asia—Thailand—there are now over 120,000 social enterprises, while in the UK, there are over 70,000 social enterprises with the ability to contribute more than five per cent to the national gross domestic product (GDP) (Malaysian Social Enterprise Blueprint Report, 2015). In light of the progression of social enterprises in Malaysia, it is essential to define and examine their condition and progress in Malaysia.

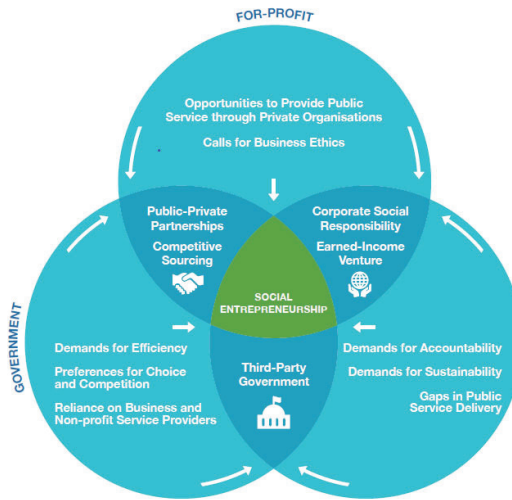**Figure 1: Social Enterprise Venn Diagram (MaGIC, 2015)**

The function of the social enterprise is not to replace the existing sectors; instead, social enterprises aim to connect and unite these three traditional sectors with regard to delivering economic, social and environmental value for all the stakeholders (Ronnie Teo, 2015). This cross-sector collaboration has fulfilled needs for these three branches:

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Firstly, benefits for the government. Social enterprises are considered an opportunity for the government to be proactive and focused in integrating public demands and expectations in delivering public services and goods. Government ministries, agencies and their sub-divisions are overwhelmed by strict procurement and processes which cause delays in delivering public services or goods. With the partnership between government and social enterprises, certain responsibilities of the government are transferred to social-public-private partners. It is then centered on performance incentives and rewards for social enterprises. In addition, the government is pursuing an alternative to reduce its operational expenses and channel funds towards services and goods which have an impact to the targeted population. This partnership brings advantages for the government as it simultaneously increases operational performance and cost efficiencies.

Second, improvement for non-profit organizations. Social enterprises reflect the possibility for non-profit organizations to have a business module in running their operations. This cross-sector collaboration has given rise to a necessity for non-profits to be more transparent, accountable, and for the adoption of sustainable revenue to operate their organizations (Defourny & Nyssens, 2006).

Finally, advantages for traditional private entities. Social enterprises have developed chances for the improvement of traditional private entities. Private entities will be concerned with the ethical and transparent ways of doing business with regard to meeting the expectations of shareholders. This cross relation demonstrates a level of commitment to go beyond the traditional corporate responsibility programs (Defourny & Nyssens, 2006; Malaysian Social Enterprise Blueprint Report, 2015). Referring to the needs of the above-mentioned sectors, it is essential to define what a social enterprise in Malaysia is in terms of its legal framework.

Characteristics of Social Enterprises

In defining social enterprises, the fundamental differences between non-profit and for-profit organizations must be understood. Social enterprises achieve a purpose like those of non-profits, but nevertheless still do give attention to financial profit. Based on the fundamental of social enterprises, co-existing terms have arisen in addition to social enterprise;

take for example, social business, social venture and socially-responsible businesses. Therefore, the need to have definitions is unavoidable, especially in providing a legal context and recognition in the startup of this sector. Various kinds of definitions in relation to social enterprises have been developed. Thus, before further elaboration on the definitions, it is important to understand the two characteristics of social enterprises. The main objective of a social enterprise is to balance both impact and business in order to solve a legitimate social or environmental issue through its offerings, which are driven by market needs. The second characteristic of a social enterprise is that it is an entity that operates by being inclusive and transparent in its activities, while being accountable to its shareholders and beneficiaries (Borneo Post Online, 2017).

In understanding the main objective, it is important for any social enterprise to have business viability, where it can generate revenue and profits from trading activities by offering products and services which are in demand in the market. Business viability in the perspective of social enterprises refers to its ability to sustain and grow itself through the business, meaning that they are, by nature, profitable and expandable. The unique quality of social enterprises is its drive to solve a legitimate issue that is often neglected by either the public servant or the private sector.

As for the second characteristic, it can be further elaborated into four criteria as mentioned below:

The first criteria are "Inclusive Equity"—it is where ownership of the social enterprise is fairly distributed between the shareholder, management and beneficiary. Secondly, is being "Responsible and Transparent"; a social enterprise should be accountable and responsible for the consequences related to the activities/products/services of the social enterprise. Furthermore, disclosure of the business operations of the social enterprise must be accurate and timely with the aim to inform the shareholders and beneficiaries of latest updates. The third criteria is "Inclusive Governance" which means governing in a fair and transparent way, and focusing on achieving the mission and objectives of the social enterprise. Finally, a social enterprise has "Fair Compensation and Returns". A social enterprise has to oblige with the idea that it provides financial returns to the beneficiaries and stakeholders. It is an exchange for specific impact outcomes and

compensation towards the employees fairly, in acknowledgement of their role and involvements in the social enterprise (Malaysian Social Enterprise Blueprint Report, 2015).

Figure 2: Characteristics of Social Enterprises
(Malaysian Social Enterprise Blueprint Report, 2015)

Legal Definition of Social Enterprise

The above mentions the characteristics of the social enterprise which are co-related with its definition. The framework of the social enterprise which has been characterized by the European Research Network (Defourny & Nyssens, 2006) has widened, where social enterprises can be seen as an organizational model. In this school of thought, social enterprises are organizations that focus on both economic and social value creation, more often than not, with a trade-off between the two. This may include non-profit organizations that set up income-generating business units or business ventures that employ people from marginalized communities (Rozana Sani, 2017). This idea of social enterprise is at the base of social enterprise policies in countries such as South Korea, the US, and the UK (Malaysian Social Enterprise Blueprint Report, 2015). Besides the idea of the social enterprise as an organizational model, it has also been viewed as the initiative of a

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change maker. In this school of thought, the idea of the social entrepreneur is molded as a social innovator. (Defourny & Nyssens, 2006). Therefore, a social enterprise can be defined as an organization that has been produced by someone who has applied entrepreneurial approaches to the social sector. The social entrepreneur finds innovative, new means of addressing social problems or meeting social needs. This concept of a social enterprise does not necessarily require that the social enterprise has a commercial business model (Malaysian Social Enterprise Blueprint Report, 2015).
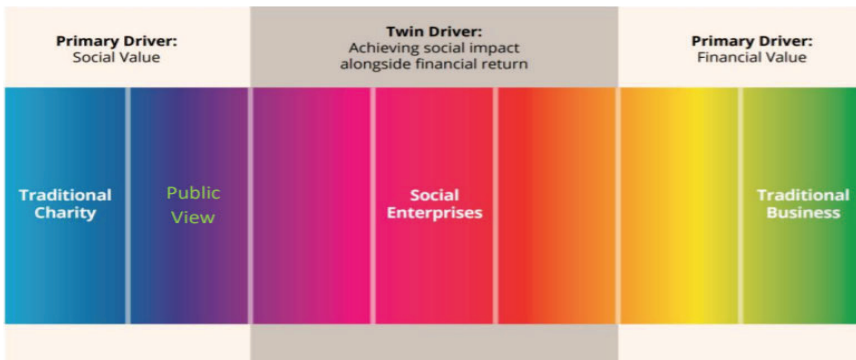
Figure 3: Spectrum of Social Enterprise Transition (Raise, 2016)

Working Definition for Social Enterprises in Malaysia

As a trusted and upstanding government agency that promotes social enterprises in Malaysia, the Malaysian Global Innovation and Creativity Centre (MaGIC) developed a blueprint known as the Malaysian Social Enterprise Blueprint Report in 2015. In developing the working definition of social enterprises, which is adopted from various countries, MaGIC had set four goals so as to answer the question, "What is Social Enterprise?":

Goal 1: The definition is designed to support the development of enterprises that might not naturally flourish in the market economy. As a result, it should benefit organizations whose primary mission is social.

Goal 2: The definition must be sufficiently specific to provide policymakers, investors, and grant makers the confidence that when they support a social enterprise, they are supporting a bona fide purpose-driven organization. It should be able to provide answers

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to classify a wide variety of organizations, whose social purpose is ambiguous. The definition should also be difficult for profit-driven organizations to abuse.

Goal 3: The definition must be sufficiently open to allow social entrepreneurs to innovate and adopt a wide variety of business models and approaches to addressing social challenges.

Goal 4: The social enterprise definition should be applicable to different types of legal entities, including Sdn Bhd, associations, or companies limited by guarantee. Malaysian social enterprises incorporate all these forms.

As a result of these four goals, MaGIC has defined a social enterprise as any legally registered organization which satisfies all of the following requirements:

1.   The primary mission of the organization is to address any of the social agendas listed below. The organization takes all reasonable effort to execute the mission;

2.   The organization is designed to use a commercial business model to sustain itself;

3.   The majority of its profit is reinvested into carrying out its social mission;

4.   The organization fulfils its social agenda in a way that is both distinct and socially meaningful from any other traditional commercial enterprise, especially in operations and management.

Social agendas include the improvement of:

Table 1: List of Target Groups for Social Enterprises (MaGIC, 2015)

1	Material living conditions for the bottom 40% income bracket	9	Children
2	Health	10	Culture
3	Education	11	Disability
4	Productive and valued activities for bottom 40% income bracket	12	Unity and discrimination
5	Governance and basic rights	13	Older persons
6	Leisure and social interactions (inclusion of other members in society)	14	Poverty
7	Natural and living environment	15	Water and sanitation
8	Economic and physical safety	16	Participation of women and youth in the workforce

OPERATIONAL FRAMEWORK FOR MALAYSIAN SOCIAL ENTERPRISES

In the Malaysian context, the operational framework evolved in four dimensions, which are social mission, tax and legal document, financing strategies, and public awareness on social media.

As far as 2014, there is no specific legal structure for social enterprise practices in Malaysia (Social Enterprise Malaysia, 2014). However, it is possible to modify the company structure to that of social enterprises or social enterprise-like organizations from other countries. Malaysia's social enterprise structure has adopted the United Kingdoms' from the UK Community Interest Company (CIC) (Arkitrek, 2014). It is further discussed below:

For social mission, it is agreed that:

1. There must be a genuine Social Objective (Community Interest Test) against which success can be measured. The Community Interest Test expects that "a reasonable person might consider (the CIC's) activities are being carried on for the benefits of the community" (Malaysian Social Enterprise Blueprint Report, 2015)

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In financing strategies, social enterprises in Malaysia:

1. Can accept equity investment money and issue shares in order to run the enterprise.

2. The business is for profit, and profits are another measure of success and are essential to the sustainability of the business.

3. The business must have an asset lock. The meaning of asset lock is, in any circumstances that the company winds up, the companies' assets are prohibited from being distributed amongst the owners for their personal gain. As an alternative, the company's assets should be transferred to another asset-locked body or non-for-profit organization.

4. Returns to owners in the form of dividends are limited to 35% of annual profits but exclude profiteering or excessive personal gain for the owners.

The Malaysian Social Enterprise Blueprint Report (2015) followed South Korea and the USA when it comes to the third part of Malaysia's operational framework, which is Tax and Legal Treatment. Previous participants from the focus groups in the creation of the blueprint suggested that the Malaysian government should provide tax exemptions in a permitted period of time and perhaps for the portion of income reinvested back to the social enterprise. At the same time, tax incentives are given to make it easier for donors and corporate bodies to contribute to social enterprises.

Finally, the awareness of the existence of social enterprises in Malaysia is discussed. There is a suggestion under the Malaysian Social Enterprise Blueprint Report to recognize social enterprise accomplishments and showcase the results produced to create and improve public awareness over the existence of social enterprises in Malaysia. MaGIC (2015) suggested that social enterprise education should be included in school curriculums where the establishing of a national vision for social enterprises would be advisable.

Figure 4: Operational Framework of Malaysian Social Enterprises

DEFINITION OF SOCIAL MEDIA SITES

By definition, Social Media Sites (SMS) refer to web-based services used by individuals to construct public or limited profiles within a defined system which list the other users that share connections to the site (Boyd & Ellison, 2007; Perlman, 2012). Considering a web-based technology, allows content creation by anyone belonging to the site and enables social interaction in the forms of networking, information exchange, collaboration, and/or deliberation, where these tools give the users interactive capacity to connect with each other (Brainard & Edlins, 2015). Thus, social media would facilitate "rich, critical, self-reflective, tolerant and sustained citizen engagement," by permitting the citizens to have a time of freedom (Knox, 2013). El Ouiridi, Segers and Henderickx (2014) mention that social media technologies also include mobile and web-based platforms that allow users to share content, collaborate, and/or build networks and communities, with the possibility of reaching and/or involving large audiences.

The use of social media permits the users to do two things: First, users can see and navigate their own list of connections. Second, depending on the permissions given by other users, they may see and navigate the lists of other

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users within the system. SMS focus on the network of connections made by a site and the distribution of and access to information. The most prominent examples of these are Facebook, Twitter, and Google (Perlman, 2012). Each of these is a web-based innovation that permits content creation by individual users. On each site, the individual person can set up an individual account that enables them to create and share personal items or media.

Types of Social Media

With the idea of online networking, each of these social media technologies allows for a certain degree of interaction between the users. There are prominent social media with their functional identities: collaborative projects (e.g. wiki and blogs), content communities (e.g. YouTube, Flickr, Slideshare), social networking sites (e.g. Facebook), virtual game worlds (e.g. World of Warcraft and Dota) and virtual social worlds (e.g. Second Life). Besides the aforementioned social media sites are: Twitter, a micro blogging platform, LinkedIn, a social network sites for the professionals, Instagram, a photo sharing application which provides multiple layer filters and privacy, Snapchat, an online tool that allows users to send photo messages that automatically delete themselves, Periscope, a live video streaming application, Tumblr, a micro-blog for multimedia sharing, and Vine, an application to share brief video clips (Ouirdi, 2016).

Progression of Social Media in Malaysia

Nowadays, many private companies embrace pubic profile pages on Social Network Sites (SNSs) such as Facebook, Twitter, and LinkedIn for an effective way to disseminate information, foster conversations and dialogues with the digital-savvy publics, and have meaningful and customized interactive relationships. Social media customers can individually interact with a business enterprise on its public profile web page (Men & Muralidharan, 2016; Graham, 2014).

The range of social media channels multiplies each day and new kinds of social media emerge—some content-driven through social interactions, some photo and video-based. Social media is used for various functions inclusive of news gathering and reporting, making social connections, approaching personal political agendas, or just to bypass the time in a pleasurable way (Men & Muralidharan, 2016).

It has also become a worldwide trend where the demand for investment in social media funding on a public relations platform on SNSs is expected to increase by 50% in the year 2020 (Men & Muralidharan, 2016). This idea has been strengthening with latest studies mentioning that 93% of marketers in the United States use social media for their businesses (Cooper, 2013), and more than 90% of *Fortune 500* companies use social media to interact with the public (Men & Muralidharan, 2016). Furthermore, on a global scale, there is rapid development in creating domestic social media sites with interesting features and designs that are tailored to local users' needs, such as Weibo and WeChat in China, Mixi in Japan, and Vkontakte in Russia (Men & Muralidharan, 2016).

With regard to Malaysia particularly, 80% of Malaysians have access to smartphones, putting Malaysia in third place after Hong Kong and Singapore (87%), and the amount of time spent on social media is increasing tremendously, with Malaysians at the forefront of this revolution (Malaysia Digital Association, 2016). It has been shown that Malaysians spend a great amount of time on social media networks; a total of 20,650,133 users access top social network sites, where 25 to 34-year-old Malaysians go online 30.4 minutes on average, with female users spending an average of 29.3 minutes compared to male users' 27.6 minutes. In total, Malaysians spend an average of 5.1 hours a day on the internet and an average of 2.8 hours a day on social network sites. Facebook reveals that 80% of all Malaysians who have access to the internet are also on Facebook. That brings the number to 18 million users—that's more than half the population. What's more, Malaysians also have 1.6 times more friends than the global average (Soyacincau, 2016). Malaysians spend a whole lot of time-consuming video content on Facebook as statistics reveal that Malaysians spend, on average, 159 minutes watching videos on the social media site. That's 55% more than the global average of 102 minutes. Malaysians also spend more time watching videos on smartphones (66 minutes) than watching live television (59 minutes). It makes Malaysia in the top 10 in the world for video consumption (time spent watching) on Facebook (Malaysia Digital Association, 2016).

In the corporate world, social media now plays a significant role where it affects the credibility of the CEOs themselves. Based on an interesting study, social media engagement is vital, as 42.3% of respondents believed

that Chief Executive Officers (CEOs) who did not possess social media were less relevant in the digital age (Brandfog, 2013). The same study indicated that 46.8% of respondents agreed that CEOs who do not engage on social media become out of touch with their customers.

Due to the above-mentioned factors, social media is essential for public users as well as private companies. In Malaysia, a strong presence of social media can be seen clearly in the 2008 Malaysian General Election where it closed the gap for Malaysian citizens to discuss political issues and gave possibilities for the opposition party to sway the election result. The government authorities had under-estimated the impact of social media on the Malaysian voters (Mohamad Azizuddin, 2014). Now, social media like blogs, news portals, Facebook, Twitter and YouTube have turned out to be trendy, inexpensive tools with free access, particularly for the youths (Graham, 2014; Mohamad Azizuddin, 2014).

In Malaysia, the largest market research agency, TNS, released findings from what it claims was the most important study on internet usage. It surveyed 50,000 people, in 46 nations worldwide. Out of all these countries, Malaysia registered the highest usage of social networking sites. On average, those surveyed spent 5.1 hours a week on websites such as Facebook and Friendster (Malaysian Digital Association, 2016). Furthermore, Malaysians had a greater number of Facebook friends than everywhere else—233 in comparison to only 29 in Japan (Mohamad Azizuddin, 2014).

SOCIAL MEDIA RESOURCES AND SOCIAL BUSINESS

Resources and capability-based views believed that a firm's business performance is determined by its effectiveness in converting resources (assets, knowledge, processes) into capabilities (eg. Customer links sales abilities, reputation placement) which brings competitive advantages. Jordi and Jordi (2015) introduced a conceptual framework (Figure 5) that identifies the channels where social media resources are transformed into business performance capabilities. Social media sites comprise of seven type of resources which are: identity, conversations, sharing, presence, relationships, reputation and groups. On the other hand, in business,

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performance is in regards to financial, operational and corporate social performance capabilities. In measuring financial performance, sales and growth level, profitability and stock price are included. While in operational performance, share position, new product introduction, product quality, operating efficiency and customer satisfaction are measured. Finally, corporate social performance relies mainly on the firm's ability to have an honest relationship with society with special attention given to reputation and branding.

There are four relationships which affect social media and business performance: social capital, customers' revealed preferences, social marketing and corporate networking. Each of the channels is related to a set of social media resources and business performance domains. However, these social media performance channels are neither mutually exclusive, nor do they all have to be simultaneously present.
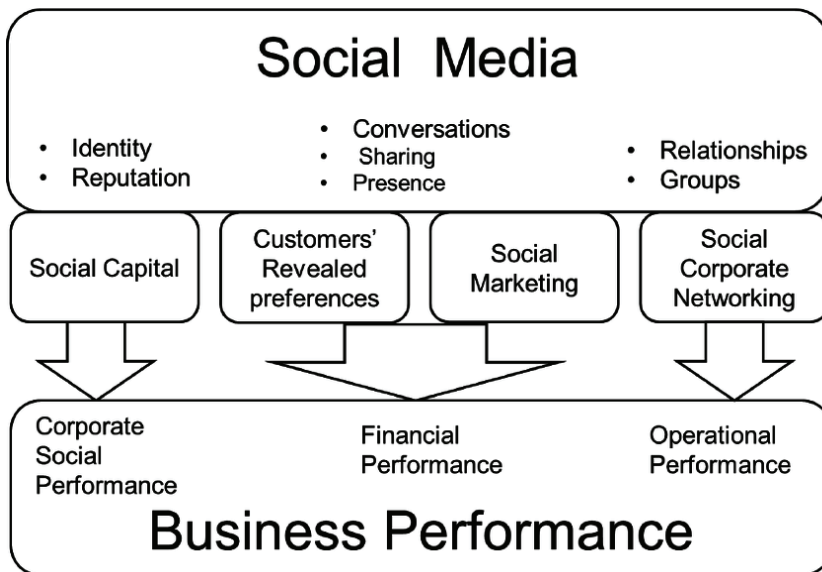

Figure 5: Conceptual Framework on Relationship between Social Media and Business Performance

Social Capital

The social capital channel refers to the extension of social media which affects a firm's relationship with society. Identity and reputation resources are transformed into Corporate Social Performance (CSP). The firm's social capital is established through trustworthy relations which comes from corporate identity and reputation. This come from activities such as seen from Wikipedia, blogs and search engines. Currently, companies face unrecorded public scrutiny though social media. In today's business environment, companies have to go beyond the traditional lines, where they are required to not only display their operation and products/services, but go one step higher by engaging with the society so as to create impact in their trustworthy relations of CSP as studies have proven that social media has a direct impact on CSP (Men & Mulidharan, 2016; Jordi & Juan, 2015). O'Connor (2010) uses the example of TripAdvisor, a website which holds the reputation of hotels by providing reviews from previous customers.

Customers' Revealed Preferences

The revealed preferences channel signifies the extent to which social media exposes customers' likings. Some social media features such as "Like", "Conversation", and "Sharing" can be conveyed into financial capabilities through the revealed preferences channel. It significantly affects financial performance as market information and expectations on the firms can be a financial indicator.

Social media sites like Twitter or Facebook can attract potential customers by the "likes" expressed or the tastes that rationalize an agent's observed actions (Jordi &Pardi, 2015). Active social users who set social trends and agendas in a varied range of topics influence and forecast real-world outcomes, resulting in "collective wisdom" (Jordi & Pardi, 2015). Some of the examples from the "collective wisdom" are unemployment rate, human tie strengths, disease tracking, box-office revenues for movies, travel destination planning, consumer confidence and financial performance (Jordi & Pardi, 2015). In addition to the "collective wisdom" outcome, the revealed preference gives impacts on strategic management and introduction of new products. The use of "like" and "follow", has become a vital point to market and promote new products/services. This channel is considered

relevant for shareholders and investment portfolio managers as it affects the share value directly.

Social Marketing

An additional value for financial capacities besides customers' revealed preferences is social marketing. Social marketing is an extended medium for social marketing resources where the use of "conversations", "sharing" and "presence" are converted into valuable sources for financial capabilities. Traditionally, when the companies want to introduce new products/ services, they rely heavily on advertising tools such as television, radio and printed billboards. Traditional media marketing is delivered directly from the marketing agents, which involves awareness and knowledge. With the new edge of social media, firms have adopted them as a parallel tool in marketing strategies (Men & Mulidharan, 2016). With social media resources (conversations, sharing and presence) on Facebook, YouTube as well as Twitter, the tactics and the objectives of advertising tools have changed. Social networks, blogs, microblogs and community forums have altered the medium of advertising to be more personal, involving conversation, sharing, collaboration and engagement (Men & Mulidharan, 2016). Past studies show how investing in online marketing has affected operational performance where there is a link between customer satisfaction and commitment to the brand itself.

Despite the fact that social media marketing has significant positive differences over conventional marketing, it does not differ much from the traditional one in terms of impact on business performance. In addition to that, social media marketing has a greater reputational risk as contrasted with the conventional medium of marketing.

Social Corporate Networking

The social corporate networking is the last item in the conceptual framework proposed by Jordi and Pardi (2015) which has an impact on operational capabilities. Social corporate networking signifies the informal ties of corporate staff through social networks. This medium of interaction involves a different set of social networks; take for example, Linkedin or ResearchGate, where they are social media platforms focused on professional

and academic networking. Online social platforms provide a low cost, highly accessible means of communication which encourage interaction and enable relationships with people within and without. At the same time, this communication link supports performance tasks such as online discussion, knowledge sharing and searching for potential clients (Jordi & Pardi, 2015). As a result, the expansion of inter-corporate networking has significant influence especially in terms of labor mobility among firms, and providing an efficient way to target potential professionals for job vacancies among internal contacts. Moreover, social corporate networking is an active channel, as it affects the relationship between customers and the firm.

DISCUSSION

The study shows the dynamic nature of social business in Malaysia. From a government-centric approach to people-centric approach, the community is empowered to improve the community itself. In addition, the establishment of MaGIC as the underpinning institution has shaped and expanded the social enterprise environment.

Proposition 1

Social Business may emerge when government failure or market failure, or community event failure occurs. The business model combines the advantages of the three players that may provide the finest model to overcome social and economic problems through a people-centric approach.

Social enterprise emerges as an outcome from the interaction between the three main stakeholders: market, the government and civil society. As a result, the emerging social enterprise is not influenced by market failures. Under a demanding market competition, traditional business companies can only survive if they can produce a certain level of efficiency. However, the process doesn't function properly when market failure occurs. Take for example, monopoly, asymmetric information and negative externalities. Unethical behaviors affect market competitions resulting in the need to call for government intervention (Pratono & Sutanti, 2016).

Unfortunately, in the Malaysian context, there has been a lack of trust in government and NGO institutions. In 2016, The Edelmen Trust Barometer found that the general public's trust towards the government had dropped 7 points to 39% compared to 46% in 2015 (Astro Awani, 2016), while meanwhile, the trust level in businesses remains stable. This is indicated by the effort of individuals to pursue their own interests while disregarding general interest.

Proposition 2

The way the government acknowledges the operational framework of social enterprises as a legal form is a crucial element in the development of social enterprises.

The legal framework of the social business operational model is the foundation in achieving mission control. The stages and the process of institutionalization, including the decision to choose, allow interaction among various stakeholders, individuals, and organizations, as well as different levels of interaction. From a macro perspective, the third sector is a mediator within the compound of the three level of interactions: the government, business sector and the community.

In the Malaysian context, the third sector, the community, includes various target groups which are: children, disabled people, the elderly, poor families and others which are included in social enterprise efforts. The Malaysian government can be considered progressive in the development of social business compared to the neighboring ASEAN countries, such as Thailand and Singapore, with the establishment of MaGIC in year 2013 as the architect in the expansion of social enterprises in Malaysia. With the establishment of MaGIC, social norms, patterns of behavior in accumulation of capital and knowledge, innovation through competition, seed funds and development of good policies are enabled. Without recognition from the government at the macro level, social enterprises will find it difficult to progress internally as it involves legal recognition, taxation, organization-orientation and property ownership which could later question its survival in the home country.

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Proposition 3

Social businesses with strong social media presences may gain advantage in developing their marketing capability. The use of social media sites allows the organizations to enhance their market capability and encourage their networks and target groups to adopt the social enterprise model.

Transforming social work to business activities is a challenging yet noble cause. Social enterprises face various kinds of challenges—survival of the company, profit and loss, and sustainability of the organization, which result in a high possibility of failure. Yet, social enterprises may benefit from the clustering of social networks that development agents provide. Hence, start-up social enterprises may emerge as agents of development, and nonprofit organizations may enhance the government's ability to access communities with various community development programs. Furthermore, the activities of social enterprises on social media sites may bring a significant impact to create awareness and company branding where they can convey their message publicly and attract netizens and the government in general to their objectives and activities.

CONCLUSION

The development of the social enterprise sector in Malaysia can be seen as newborn compared to neighboring countries such as Thailand, Singapore and Indonesia. Consequently, it seems that there are possibilities to strengthen social enterprises in Malaysia by conducting studies from various angles. Therefore, having a foundation on the characteristics and working definition of social enterprises is a starting point to establish a legal framework for its institution. As mentioned, a majority of the social entrepreneurs come from the youth sector with the ambition of balancing between profit and noble social causes. Hence, the awareness of social enterprises in Malaysia is in its initial stage. Social media is an alternative way, besides the traditional marketing medium, that can attract the attention of netizens and create an awareness in Malaysia. Besides creating awareness, social media also works as a tool to enhance business performance in four different ways, which are: social marketing, customers' revealed preferences, social capital and

social corporate networking. As for the conceptual framework presented in Figure 4, it can be concluded that social media resources can be an agent to enhance business capabilities which will eventually raise awareness on the existence of social media.

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