Chapter 13
Social Capital Management Challenges:
Thailand

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ABSTRACT

Social capital is an abstract concept, yet it is widely believed the core aspects of social capital, the quality and quantity of social relationships, are important factors in organizational and individual success. An examination of the use of bonding and bridging social capital within Thailand was made. It was found, in principle; the managing of social capital in Thailand is similar to managing social capital in other locations, although the specific practices should be aligned with the unique cultural values found in Thailand. It is suggested that creating and using both bridging and bonding social capital are important components of the business environments found in Thailand.

INTRODUCTION

Organizations and businesses are made up of people and the quality and quantity of personal relationships within an organization, as well as personal relationships connecting the organization to the wider environment, are important factors in organizational success. However, identifying and measuring the quality and quantity of these personal relationships, often called social capital, is problematic. Nevertheless, despite the difficulty in using, defining, and measuring social capital, it is generally agreed the quantity and quality of personal relationships are contributing factors to organizational and personal success.

In academia, the term social capital has evolved to be used to refer to the leveraging of personal relationships to create business or organizational competitive advantages. Yet, due to the abstract and contextual nature of personal relationships, there does not seem to be a consensus on the exact nature and definition of social capital nor on how it can be used to create competitive advantages (e.g. Bridge, 2014; Carpenter, Daniere, & Takahashi, 2004; Goulbourne & Solomos, 2003; Taylor,

2007; Wolfe, 2010). It has been speculated the extremely broad definition of the term as it is often used, covering almost all human relationships, can prevent the concept from being of practical use in conducting an objective analysis of actual practices within an organization (Dufhues, Buchenrieder, Quoc, & Munkung, 2011, p. 681).

The term social capital is often thought of as an abstract resource which alongside human, physical, and financial capital can be leveraged by an organization to create competitive advantages. It has been refer to as an "unquantifiable-but-appreciating resource" which helps produce innovation and increases knowledge flows (Wolfe, 2010, p. 214). Smedlund (2008) identified three uses of social capital by an organization, to create and transfer knowledge as well as in implementing decisions and policies. The author implied social capital can be controlled, managed, and utilized by an organization. On the other hand, Adler and Kwon (2002) claimed, "Social capital is the resource available to actors as a function of their location in the structure of their social relations" (p. 23), implying social capital is owned and used by individuals (actors) and not controlled by an impersonal organization.

Furthermore, social capital has also been thought of in less abstract terms and described as basically a relationship construct (Dufhues, et al., 2013). As a relationship construct, Bridge (2014) found social capital can be used to: (a) create trust, therefore there is less reliance on legal or regulatory enforcement; (b) create new linkages which can develop into new business partnerships; (c) provide advocacy and vouching for specific individuals; (d) assist mentoring; (e) become a source of new ideas; and (f) provide other assistance (e.g. financial loans or advice).

Adler and Kwon (2002) found there are two different views, or types, of relationship social capital. The first is bridging social capital which is focused on linking an individual to information and other resources controlled by other actors. A bridging focus on developing social capital would include creating connections with other actors both inside and outside the organization who control or have access to valuable resources including knowledge and information. The other type, or view, is of bonding social capital. This type of social capital is more concerned with relationships within groups and this view focuses on the development of more intangible benefits which are the products of close working relationships within an organization.

Furthermore, acquiring social capital has been connected with economic growth at the national level (Dinda, 2014; Inoguchi, 2000), entrepreneurial success (Nasrolahi, Mohammad, & Jalilvand, 2014), success in international business conducted by MNEs (Taylor, 2007) and improved leadership and organizational performance (Augusto, Couto, & Caiado, 2014). A cynic looking though the literature on social capital might be skeptical of all the claims about social capital and think it is being sold as a kind of magical cure-all for almost every problem an organization or society faces, yet few individuals disagree with the idea that having good relationships helps individuals, organizations, and society as a whole achieve a variety of objectives.

But from a practical standpoint, the desire to improve all human relationships might be too abstract and obvious of a goal to provide much direction for a leader of an organization. Instead, focusing on the benefits from bonding social capital on productivity and innovation, as well as the value of personal connections, bridging social capital, in gaining access to resources and information outside of the firm's boundaries, might help to provide practical and direct benefits to organizations and organizational leaders.

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