

## **Factor Analysis of Social Capital**

**By**

**Zainul Zolkifeli**

Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia

Email: [zainulzolkifeli@gmail.com](mailto:zainulzolkifeli@gmail.com)

**Novel Lyndon**

Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia

**Azahan Awang**

Faculty of Social Sciences and Humanities, Universiti Kebangsaan Malaysia

### **Abstract**

The idea of social capital arises from the assumed that associates of the community are unlikely to solve the several problems they face individually. This social capital method is an alternative to the economic development approaches of the low -income community that usually get financial aid from the government. Previous studies have outlined factors or dimensions based on their respective studies. Therefore, the purpose of this study was conducted to identify several high value social capital factors from the entire study. This study uses quantitative methods and is conducted in cross -section containing 70 items and is divided into two parts, part A (demographic) and Part B (social capital). The social capital section has six factors namely network and communication, trust, norms, values and habits; social rules, capabilities or ability and religious needs. Data is processed using Statistical Package for the Social Sciences (SPSS) and factor analysis tests. The findings of the study found that four new social capital factors have been identified as dimensions of empowerment, social interactions, beliefs and social norms. In summary, this study presents only a number of social capital factors identified. There are still many other factors that can be studied in advanced studies. Factors such as motivation, politics and other factors can be taken into account in the next study. These studies will also open more research opportunities that can be explored based on other factors that can contribute to improving the quality of life, especially the low -income group.

**Keywords:** social capital; factor analysis; quantitative; poverty; quality of life

### **Introduction**

The idea of social capital ascends from the thought that associates of the community are unlikely to solve the several problems they face individually. Good devotedness and cooperation are important from all members of the community to discourse the problem. This kind of thoughtful inspired an educationalist in the United States in the early 20th century named Lyda Judson Hanifan to present the idea of social capital for the first time. In his writing 'The Rural School Community Center' (Hanifan, 1916), it is said that social capital is not capital according to public understanding such as wealth, wealth or money. But it covers more indirect

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meaning in the form of assets or capital needed in community life.

Although Hanifan has used the term social capital almost a century ago, the term was introduced in the academic world since the late 1980s. Pierre Bourdieu, a French sociologist, in a text entitled "The Forms of Capital" in 1986 to say that in order to understand the structure and method of this social world the need for capital discussions in all forms, it is not enough to talk about capital as it is in an economic theory.

This social capital method is an alternate to the economic development approaches of the low -income community that usually get financial aid from the government. According to Kabir et al. (2006), the World Bank has thinkable social capital as an important component in dropping poverty and generating more opportunities in improving standard of living. In addition, previous studies have sketched factors or dimensions based on their respective studies.

Issues related to the quality of life of the B40 are critical in the national development agenda. The National Social Policy (DSN) approved in 2013 emphasizes on the level of quality of life in society. This is evidenced by the general objectives outlined in this policy, ensuring that individuals, families and communities nevertheless of ethnic, religious, gender, and political and regional groups can take part and contribute to the country's growth and enjoy the well -being of life. However, it is found that the quality of life of the B40 is still at a low level due to the rising cost of living. Statistics released by the Department of Statistics Malaysia showed that in 2016 2.7 million people in Malaysia belonged to the B40 group of less than RM 4,360 a month. Therefore, this study was conducted to identify a number of high value social capital factors from the entire study.

## **Literature review**

Social capital refers to the norms and social relations that are important assets to society through social, economic, and political possessions. In the history of social science, the values that exist in social relations have long been measured collective and individual. Although there are deep debates on social capital theories such as Tonnies, Tocqueville, Durkheim, Simmel, Marx, and Weber (Flora, 1998; Portes & Sensenbrenner, 1993; Woolcock, 1998; Shirkarimi et al., 2020). However, in the theoretical assessment there are three opinions of modern theory that are seen as the basis of social capital theory, namely the theory pioneered by Coleman, Putnam and Bourdieu.

There are various social capital factors used by previous studies. Among them are Ronald (1981) World Values Survey, this model highlights on two factors of trust and association in the organization. New South Wales Study by Ony and Bullen (2000) using eight dimensions factors namely community involvement, social activities, feelings of trust, neighborhood, family relationship, tolerance, life value and job factors. The Barometer of Social Capital Colombia by John (1999), also emphasized on eight factors namely organizational trust, participation, mutual dependence, civil government, political participation, hierarchy, social control and horizontal relations.

Meanwhile, the dimension of the Integrated Questionnaire for the Measurement of Social Capital (SC-IQ) by Christiaan et al. (2004) used six factors namely group and network, trust, cooperation, information and communication, unity and social comprehensive and empowerment. Narayan and Cassidy (2001) developed other frameworks to measure social capital in their study in Ghana and Uganda. Their social capital factors are characteristic of groups, norms, togetherness, daily intimacy, neighborhood relationships, volunteers, and trusts.

A study by Roslan et al (2012) on families initiate that social capital was one of the factors in growing the income and quality of life of the community. Grootaert and Narayana (2001) found that social capital reduced the possibility of poverty incidence among Bolivia people. According to this study, the return on investment in social capital is normally greater in poor families than rich families.

Empirical studies also show that social capital contributes to improved productivity. Entrepreneurs who have been in good connection with entrepreneurs and other companies are significantly able to obtain more sales value than entrepreneurs who do not create any connection (Fafchamps & Minten, 2002). Business -based business relationships also enhance the firm's efficiency, especially in terms of facilitating and reducing transaction costs.

In addition, a united and united community is always associated with the Norma trusting and helping between neighbors. These neighborhood relations are seen as determinants of the well -being of the people in their residence (Sheau, 2006). This good relationship is also able to generate economic development, reduce crime rates, safeguard the social welfare of the community and improve political stability (Salmi, 2006).

In conclusion, it was found that the social capital factors that were widely studied in the previous study as a whole, using 6 factors for social capital, namely, network and communication, belief, norms, values and habits; social rules, capabilities or ability and religious needs.

## **Methodology**

This study uses quantitative methods and is conducted by cross -sectional or also known as cross -section that uses questionnaires to collect information and research data. This study has identified respondents in several cities and suburbs for the population as a study in every state on the East Coast. The sampling method is based on the formula of determining the size of the study sample by Krejcie and Morgan (1970). Based on the formula, the calculation of the sample number to be taken into account includes the size of the study population selected in the sampling framework of 525,250 low -income groups on the East Coast of Peninsular Malaysia in 2016. Therefore, the sample number taken was 400 people

This study uses a set of questionnaires containing 70 items and is divided into two sections, part A (demographic) and part B (social capital) using Likert scale. The questionnaire in this study was developed and modified according to previous studies such as Rahmah et al. (2016) and Nurul (2017). The tools used for data processing purposes of this study are

Statistical Package for the Social Sciences (SPSS). The test used in SPSS to analyze data is factor analysis.

## Results And Discussion

Questionnaire on social capital factors containing 59 proposed items were analyzed using factor analysis. The results of the Bartlett's Test of Sphericity show that this test results are significant, which at the  $P < 0.05$  value shows that the correlation between the items is sufficient to conduct factor analysis. Through the KMO test the value obtained was 0.859, the value was relatively high and surpassed the minimum level of 0.50. This indicates that the value of the KMO has no problem and the appropriate factor analysis is performed on the data of these social capital factors.

Component rotation matrix is performed to indicate the correlation between the items and the factors after varimax voting. This analysis shows that the first factor contains 10 items (capacity or ability 5, ability or ability 8, social rules 5, ability or ability 4, capacity or ability 7, social rules 6, social rules 8, ability or ability 10, Social Rules 7 and Social Rules 10), the second factor contains 4 items (trust 10, norms, values and habits 1, norms, values and habits 3 and beliefs 4), the third factor contains 9 items (religious requirements 9, religious requirements 5, Religious Needs 6, Religious Needs 4, Religious Needs 8, Religious Needs 3, Religious Needs 10, Religious Needs 7 and Religious Needs 2) and Four Factors have 5 items (norms, values and habits 10, norms, values and habits 7, norms, values and habits 6, norms, values and habits 9 and social rules 3).

**Table 1.** *Factor analysis of social capita*

Item	Factor Value	
Empowerment 1	.710	
Empowerment 2	.696	
Empowerment 3	.684	
Empowerment 4	.674	
Empowerment 5	.669	
Empowerment 6	.646	
Empowerment 7	.633	
Empowerment 8	.612	
Empowerment 9	.611	
Empowerment 10	.607	
Social Interactions 1	.706	
Social Interactions 2	.614	
Social Interactions 3	.602	
Social Interactions 4	.600	
Belief 1		.774
Belief 2		.766
Belief 3		.744
Belief 4		.742
Belief 5		.731
Belief 6		.718
Belief 7		.701
Belief 8		.696
Belief 9		.610
Social Norms 1		.796
Social Norms 2		.731
Social Norms 3		.707
Social Norms 4		.665
Social Norms 5		.600
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.859	
Bartlett's Test of Sphericity : Approx. ChiSquare	18349.664	
	Df	1711
	Sig.	.000

The minimum coefficient value proposal is exceeding 0.30 to meet the minimum requirements for these factors (Chua, 2009). However, this study set the coefficient value received for this study was 0.60. This value was chosen in line with the recommendation of Tabachnick and Fidel (2001) which states that the good coefficient value exceeds 0.60. This recommendation is in line with Pallant (2016) which puts the minimum coefficient value of 0.60. This setting was also used by Ibrahim (2006) to determine the coefficient of the various intelligence assessment instruments.

Referring to the table above, the study found that the items in the first factor could be classified under the construct of empowerment, the second factor could be placed under social interaction constructs, the third factor could be placed under belief constructs and the fourth factor could be placed under social norms. The four new social capital factors that have been produced are the dimensions of empowerment, social interactions, beliefs and social norms. All of these dimensions are in line with the study by Yusoff (2015). Based on the factor analysis results, several items were deleted and rearranged making all new items are 28 items.

## Conclusion

In conclusion, this study has successfully addressed several key factors of social capital based on the test factor test conducted. In addition, based on previous studies, it was found that this social capital played an important role and was able to change the economic situation of

the community, especially those belonging to the low -income group. Therefore, stakeholders should take seriously and take efficient steps in ensuring that these low -income groups can improve their standard of living by taking advantage of social capital factors.

This study also presents only a few factors of social capital identified. There are still many other factors that can be studied in advanced studies. Factors such as motivation, politics and other factors can be taken into explanation in the next study. These studies will also open more research opportunities that can be explored based on other factors that can contribute to improving the quality of life, especially the low -income group.

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