

## The Sustainable Business Model in Value Creation: Process and Outcome from Business Network Relationships

### *Model Kelestarian Perniagaan dalam Mencipta Nilai: Proses dan Hasil daripada Hubungan Rangkaian Perniagaan*

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#### ABSTRACT

*Business network relationships is a business strategy that is an embedded social process through interaction in business activities. Business network relationships help produce the network values that ensure the viability and competitiveness of small and medium enterprises (SMEs). The objective of this study aims to identify the network values from business network relationships in helping the viability and competitiveness of small and medium enterprises (SMEs) owned by Malays (native) through network values exchange activities with the network of actors that make up a network model of business sustainability. This study employed the phenomenological approach through qualitative data collection technique. A total of 20 informants were selected for the study using snowball sampling technique. In-depth interviews were conducted with the informants. Data were transcribed and subsequently analyzed thematically using the ATLAS.ti software. The research found that business network relationships produce the tangible values and intangible values to Malay entrepreneurs. Value exchange activities between social network actors involve information sharing, mentoring, assistance, business support services, advice and business problem solving. The impact of the exchange of social networking values yields various benefits to entrepreneurs ranging from the process of producing quality products and services, marketing strategies, meeting customer needs, business continuity and being able to compete in an increasingly challenging market. The implication of this research is that building a relationship with the actor of social network is a business strategy and a tool for Malay entrepreneurs to benefit in business through the various role of each actor network, resulting in the various network values which complement each other and mutually necessary in building a sustainable business with the aim of economic, social and environmental values. The research showed that Malay entrepreneurs need to build a social network in the micro and macro levels, including social institutions. This study contributes to the social enterprise literature by demonstrating that business network relationships help ensure the viability and competitiveness of SMEs through the impact of network values and achieving sustainability goals.*

*Keywords: Malay entrepreneurs; social networks; small and medium enterprise (SME); business sustainability model*

#### ABSTRAK

*Hubungan jaringan sosial merupakan satu strategi perniagaan yang tersulungnya proses sosial melalui hubungan interaksi dalam aktiviti perniagaan. Hubungan jaringan perniagaan menghasilkan nilai jaringan yang membantu kelangsungan hidup dan daya saing perusahaan kecil dan sederhana milik orang Melayu. Kajian ini bertujuan mengenal pasti nilai jaringan sosial dalam membantu kelangsungan hidup dan daya saing perusahaan kecil dan sederhana milik orang Melayu melalui aktiviti pertukaran nilai jaringan bersama aktor jaringan sosial yang membentuk sebuah model kelestarian perniagaan. Kajian ini dijalankan menggunakan pendekatan fenomenologi melalui teknik pengumpulan data kualitatif. 20 orang informan dipilih dengan menggunakan kaedah bola salji. Temu bual mendalam dilakukan bersama informan. Penganalisan data kualitatif adalah secara bertema menggunakan perisian ATLAS.ti. Hasil kajian mendapati hubungan jaringan sosial menghasilkan nilai material dan nilai bukan material kepada usahawan Melayu. Aktiviti pertukaran nilai antara aktor jaringan sosial melibatkan perkongsian maklumat, tunjuk ajar, bantuan, perkhidmatan sokongan perniagaan, nasihat dan menyelesaikan masalah perniagaan. Impak dari pertukaran nilai jaringan sosial menghasilkan pelbagai manfaat kepada usahawan bermula dari proses penghasilan produk dan perkhidmatan yang berkualiti, strategi pemasaran, menepati kehendak pelanggan, kelangsungan perniagaan dan mampu bersaing dalam pasaran yang semakin mencabar. Kesimpulannya, membina hubungan bersama aktor jaringan sosial merupakan strategi perniagaan dan merupakan alat bagi usahawan Melayu untuk memiliki manfaat dalam perniagaan melalui peranan setiap aktor jaringan yang pelbagai, menghasilkan nilai jaringan yang berbeza, saling melengkapi dan saling diperlukan dalam membina sebuah perniagaan lestari yang bermatlamatkan nilai ekonomi,*

*sosial dan persekitaran. Implikasi kajian menunjukkan bahawa usahawan Melayu perlu membina hubungan jaringan sosial di peringkat mikro dan makro termasuk institusi sosial. Kajian ini memberi sumbangan terhadap korpus ilmu terutama dalam bidang keusahawanan sosial yang mana hubungan jaringan perniagaan membantu kelangsungan perniagaan dan mampu berdaya saing melalui impak nilai jaringan dan mencapai matlamat kelestarian perniagaan.*

*Katakunci: Usahawan Melayu; jaringan sosial; perusahaan kecil dan sederhana (PKS); model kelestarian perniagaan*

## INTRODUCTION

The goal of the business sustainability model is to optimise value and benefits from economic, social, and environmental aspects by maintaining productivity and profitability in business (Geissdoerfer, Pieroni, Pigosso, & Soufani 2020; Schaltegger, Hansen, & Lüdeke-freund 2016; Syllick & Hockerts 2002). The business sustainability model is a set of interaction relationships with stakeholders in constructing, receiving, achieving and performing value exchange activities with various stakeholders (Boons & Lüdeke-Freund 2013; Geissdoerfer, Vladimirova & Evans 2018). Clarkson (1995) classifies stakeholders into two categories, namely, primary, who are key individuals in the operation of a business organisation such as employees, suppliers, customers and investors; while the second category is secondary which is individuals or institutions that can influence and provide support to business organisations such as government agencies, universities, communities and non-governmental organisations. This explains that a business organisation needs the involvement of various parties for the purpose of business continuity and sustainability. A business model is not only limited to the internal environment of an organisation, but also involves the external environment of the organisation such as customers, suppliers and any individual or organisation that can provide the resources needed by entrepreneurs (Doganova & Eyquem-Renault 2009; Teece 2010; Zott & Amit 2010; Zott, Amit, & Massa 2011).

Many researchers explain that social networking is one of the important factors in influencing sustainability in the field of entrepreneurship (Bansal, Garg, & Sharma 2019; Evans et al. 2017; Greco & Jong, 2017). The influence of social networking provides various benefits to entrepreneurs such as acquiring new opportunities, obtaining human resources, financial resources and knowledge sharing from social networking actors which provide opportunities for success in business (Agbim, 2019; Klyver, Honig, & Steffens, 2018; Lux, Lamont, Ellis, Ferris, & Muchira, 2016; Rossignoli & Lionzo, 2018). However, the

accessibility of resources depends on the ability of social network actors to provide the benefits needed in business (Rossignoli & Lionzo 2018). In addition to obtaining resources, social network relationships built with network actors are seen to play a very important role in business survival, especially when businesses face risks and conflicts (Kullak, Baker & Woratschek 2021).

However, the influence of social networks in business models is still a question and study by researchers (Zott et al. 2011). This explains the need for a comprehensive study in investigating the types of social networks involved in the formation of a business sustainability model (Schaltegger et al. 2016) and what are the implications of the value of social networks (Evans et al. 2017). In summary, this study aims to discuss the formation of business models influenced by social networks. This study focuses on the value formation process and the impact of social networks in shaping a business sustainability model.

## LITERATURE REVIEW

### BUSINESS SUSTAINABILITY MODEL CONCEPT

Generally, a business model is defined as a design or architecture in the process of generating value for which that value can benefit the recipient by using certain mechanisms (Teece 2010). While, the concept of business sustainability model rationally discusses how a business organisation constructs, accepts and leverages values in economic, cultural or other contexts, in a sustainable manner (Nosratabadi et al. 2019). Previous researchers have argued that business models are not only limited to the internal environment of an organisation, but also involve the external environment of the organisation such as customers, suppliers and any individual or organisation that can provide the resources needed by entrepreneurs (Doganova & Eyquem-Renault 2009; Teece 2010; Zott & Amit 2010; Zott et al. 2011). The business sustainability model provides various advantages to business organisations in achieving sustainable development goals by maintaining productivity and profitability

in the business (Schaltegger et al. 2016). This explains that the value and benefit to the economy, social and environment is a fundamental matter in building a business sustainability model that is built from the internal and external environment of a business organisation. Nosratabadi et al. (2019) explained that there are four approaches in building a business sustainability model namely designing value supply; designing value construction; designing value acceptance; and generate social network sustainability by building and accepting values gained through social, environmental and economic. While to achieve the level of business sustainability, there are five paradigms described by Evans et al. (2017) which one of them is the value of the network by emphasising the use, design and governance in a network structure. Thus, this article aims to provide a deeper and comprehensive understanding of the extent to which social network relationships produce network value and provide benefits in a sustainable business organisation that aims for economic, social and environmental value by maintaining productivity and profit in business.

#### SOCIAL NETWORKING IN BUSINESS SUSTAINABILITY MODELS

Social networking is particularly important to business sustainability models in building value that transcends organisational spheres, including all stakeholders and not just involving customers alone (Evans et al. 2017; Lüdeke-Freund & Dembek 2017; Rossignoli & Lionzo 2018; Schaltegger et al. 2016). Network values involve different roles on each actor and different organisational needs, in which each actor provides contributions in the form of suggestions or views that form a value that is beneficial to members in a network (Den Ouden 2012). Kullak et al. (2021) explained that it is important to have a wide and diverse number of social network actors to obtain maximum resources. In fact, building relationships with diverse actors in a network structure provides various network values and business opportunities that can be shared with network actors.

The network value required in business can not only be built through an informal relationship (Kullak et al. 2021) such as family relationships, but can also be built through a formal relationship such as government agencies or formal organisations. According to Chin et al. (2020), at a certain level, success in business is influenced by the influence of the government through the assistance provided by

the government in solving constraints or obstacles in business. Cooperation between governments provides opportunities in the production of quality products and services to obtain mutual benefits. The cooperative relationship between the government provides balanced benefits to customers and the public. The network relationship with the government through collaborative partnership with stakeholders is able to produce the network value needed in business and at the same time can provide economic and social benefits (Chin et al. 2020).

The network value of these informal and formal relationships has a positive impact on the performance and development of a business organization. This can be explained through a statement by Rossignoli & Lionzo (2018) which states that the impact of social networks changes three elements in the concept of a business sustainability model, namely (1) the value of improvement which is obtaining various help and guidance; (2) the value of business opportunities, which is a focus on costs, profits and opportunities in the market for the purpose of meeting customer needs and changes in the business environment; and (3) the value of business development and the benefits to the environment, which is to expand the business to the next level, gain profit and provide benefits to the economy, society and the environment with the aim of sustainable business. Thus, relationships built with social network actors not only provide benefits to a business organisation, but are able to provide a positive impact on the economy, social and environment through a rational decision and innovative behaviour.

Innovative behaviour can be explained through a situation where social relationships are built and maintained with social network actors (formal and informal) for the purpose of obtaining benefits and interests in business (Amat & Ishak, 2020; Nurdin et al. 2014). Doganova & Eyquem-Renault (2009) explained that social networking is an innovative action which consists of creative behaviours with social network actors that form a social network that is a necessity in shaping business models. Business sustainability models require network values from systematic behaviours and actions through the roles and responsibilities of network actors (Evans et al. 2017: 605). Therefore, for the purpose of profit in sustainable business, the need for change through an innovative behaviour in business along with the times for the purpose of resource accessibility, use of the latest technology, business continuity and being able to remain competitive in the market (Kullak et al. 2021).

## NETWORK VALUE FORMATION IN BUSINESS SUSTAINABILITY MODELS

Previous researchers have explained that networks play an important role in the value formation process (Chesbrough & Rosenbloom 2002; Evans et al. 2017; Holm, Eriksson, & Johanson 1999; Kullak et al. 2021; Lepak, Smith, & Taylor 2007; Rossignoli & Lionzo 2018; Tsai & Ghoshal 1998). According to Gummerus (2013), value formation is divided into two streams namely value formation process and value outcome. The process of value formation involves actors, activities and resources, while the outcome of value can be explained through how the value received benefits the recipient (Gummerus 2013). Value creation is derived from the organisational environment including stakeholders, suppliers and not just from customers alone where each of them can contribute benefits from the value built (Evans et al. 2017; Gummerus 2013; Holm et al. 1999; Lüdeke-Freund & Dembek 2017; Schaltegger et al. 2016; Walter, Ritter, & Gemünden 2001). This explains that there is a social process with social network actors in the internal and external environment of business organisations in order to obtain value that is important in business.

Allee (2008, 2009) describes the business network value model by focusing on the exchange of values (tangible and intangible) in both financial and non-financial forms controlled by a number of social network actors (individuals or institutions) in a network. According to the researcher, the value of network or the value of network interaction is seen as a set of roles and interactions between individuals or institutions to achieve economic interests and social interests. To analyse network value, tangible value exchange involves formal transactions (contracts) involving raw materials, services and not only involving value in physical form only, but also involving value in the form of knowledge of a product and service, after sales service or any service. which provides a recorded profit in the form of a contract. Meanwhile, the exchange of intangible values involves the sharing of information and knowledge in the form of informal (no contract) such as providing assistance, helping the business towards goodness and building social relationships. The joint activities of network actors for intangible value involve the sharing of business strategy information, knowledge sharing, mutual-assistance and cooperation in solving problems encountered and providing problem-solving suggestions to the authorities (Allee 2008, 2009).

Allee also discusses network value, which consists of two sources namely internal network value and external network value. Internal networking value involves activities that focus on individual and group relationships found in an organisation, while external networking value involves business relationships with business networking friends, suppliers, investors and customers. Internal and external network values share the same goal of producing goods or benefits to consumers (Allee 2008, 2009). This explains that value formation in business models involves exchange relationships from a diverse number of actors (Evans et al. 2017; Kullak et al. 2021; Zott et al. 2011) and it is the entrepreneur's job to manage and shape those relationships (Freeman 2010).

## THE INFLUENCE OF NETWORK STRENGTH IN NETWORK VALUE FORMATION IN BUSINESS SUSTAINABILITY MODEL

Values are fundamental to a network, so understanding the function of a network as a whole is fundamental to understanding how and why values are constructed. Allee (2008) explains that there are three elements in a network value strategy namely role, activity and acceptance. The role element can be explained through the role of social network actors (individuals, communities and institutions), who can contribute and have a function through actions, interactions, values and can make decisions. The activity element involves a direct relationship between social network actors who each have a role in generating exchange value (tangible and intangible). While the element of acceptance is an output whether physical or non-physical such as knowledge, expertise, advice, information that benefits individuals or organisations (Allee 2008).

Thus, in the context of this study the value of networks (tangible and intangible) can be explained through social processes by focusing on the strengths of network relationships involving strong relationships (primary) and weak relationships (secondary) by looking at the roles, activities and benefits derived from each owned social network actors as discussed by Jack (2005). Strength of ties in a social network is defined as a strong relationship or intensity and quality or diversity that can be distinguished from weak ties and strong ties based on time period, emotions in relationships, intimacy and reciprocity (Granovetter 1973). According to Granovetter (1973), strong ties can be explained through relationships between individuals who have



high levels of emotion or close relationships and the existence of frequent interactions to produce a relationship of mutual trust. Meanwhile, a weak relationship is a relationship between individuals who have a low level of emotion or not close and less interact with each other. He also explained that a network should consist of a strong network and a weak network because it is the nature of the network in influencing the operation and structure of the network (Granovetter, 1973). Thus, the focus on relationship strengths provides an understanding of exchange relationships involving the activities and roles of each social network actor (strong ties and weak ties) in a business network and can explain in depth the influence of social networks on business sustainability.

## METHODS

This study was conducted in mid-2018. This study is a qualitative study that uses a phenomenological approach to discuss the process of value formation and the impact of social networks in building a business sustainability model. The main focus in the phenomenological approach is to describe the experiences and knowledge of social actors about a concept based on their worldviews rather than the views and perceptions of researchers as discussed by Blakie (2010). Interviews between researchers and informants focused on the roles, processes and impacts of social networks that shape business sustainability models. In-depth interviews were conducted involving a total of 20 Malay entrepreneurs in Kuala Terengganu. The population of this study is small and medium enterprise (SME) Malay entrepreneurs who operate businesses around Kuala Terengganu, Terengganu, Malaysia. According to the Department of Statistics Malaysia, the state of Terengganu has the highest Bumiputera (native) population at 95 percent compared to other states throughout Malaysia (Malaysia 2021). Therefore, Kuala Terengganu was chosen as the study location because this state is a place of business focus among the Malays and can represent the population of Malay entrepreneurs. The researcher has determined that Malay entrepreneurs who are eligible to be informants in this study must hire at least five employees with a minimum annual turnover of RM300,000; and has been in the field of entrepreneurship for over five years and the business is successful. This coincides with the study of SME entrepreneur survivalism conducted by Storey dan

Wynarczyk (1996) where the period of time for an entrepreneur to survive in the business they are involved in is from the first year to the fifth year of business. Thus, through the experience gained during the survival period in the business, the informants were able to provide the data needed in this study and subsequently were able to build a credible business sustainability model.

This study uses a snowball sampling technique for the purpose of obtaining a group in the population that can meet the requirements of an entrepreneur defined in this study. Voice recording tape was implemented in the interview because this method can stimulate a long conversation by giving the informants the opportunity to express their experiences and opinions. All interviews were copied and formatted to be entered in the ATLAS.ti database. They were then used to create data categories and indexes. This method also allows the researcher to categorise the themes neatly, systematically and allows the processing and analysis of the data to be done carefully. To protect the informant's personal information, the informant's name is replaced with P (*participant*). This study uses the member check method to ensure that the content of interview transcripts, categories and themes that are constructed are not biased and that the researcher's interpretation is accurate and achieves the level of reliability of the study.

## RESULTS

The results of the study from in-depth interview data present the value of social networks (tangible and intangible) in the sustainability of Malay small and medium businesses which are divided into two, namely the value of the primary network (strong ties) and the value of the secondary network (weak ties). Network value exchange analysis (tangible and intangible) focuses on roles, activities and benefits (outcomes) among social network actors. To analyse network value, tangible value exchange involves formal transactions (contracts) involving raw materials, services and not only involving value in physical form only, but also involving value in the form of knowledge of a product and service, after sales service or any service which provides a recorded profit in the form of a contract. Meanwhile, the exchange of intangible values involves the sharing of information and knowledge in the form of informal (no contract) such as providing assistance, helping the business towards goodness

and building social relationships. Joint activities of network actors for intangible value involve the sharing of business strategy information, knowledge sharing, mutual-assistance and cooperation in solving problems encountered and providing problem-solving suggestions to the authorities (Allee 2008). According to Allee (2009), social networking through the role and value of different interactions and functions between social network actors (individuals or institutions) is able to provide positive impact to business organisations such as financial resources, information and support. Network values involve different roles on each actor

and different organisational needs, to which each actor contributes in the form of suggestions or views that form a value that is beneficial to members in a network (Den Ouden 2012).

PRIMARY NETWORK VALUE

The findings of the study found that the value of primary network or strong network of relationships in this study is family (spouse, parents, siblings, children, and relatives), close friends, business network friends, suppliers, employees, customers, mentors and business partners.

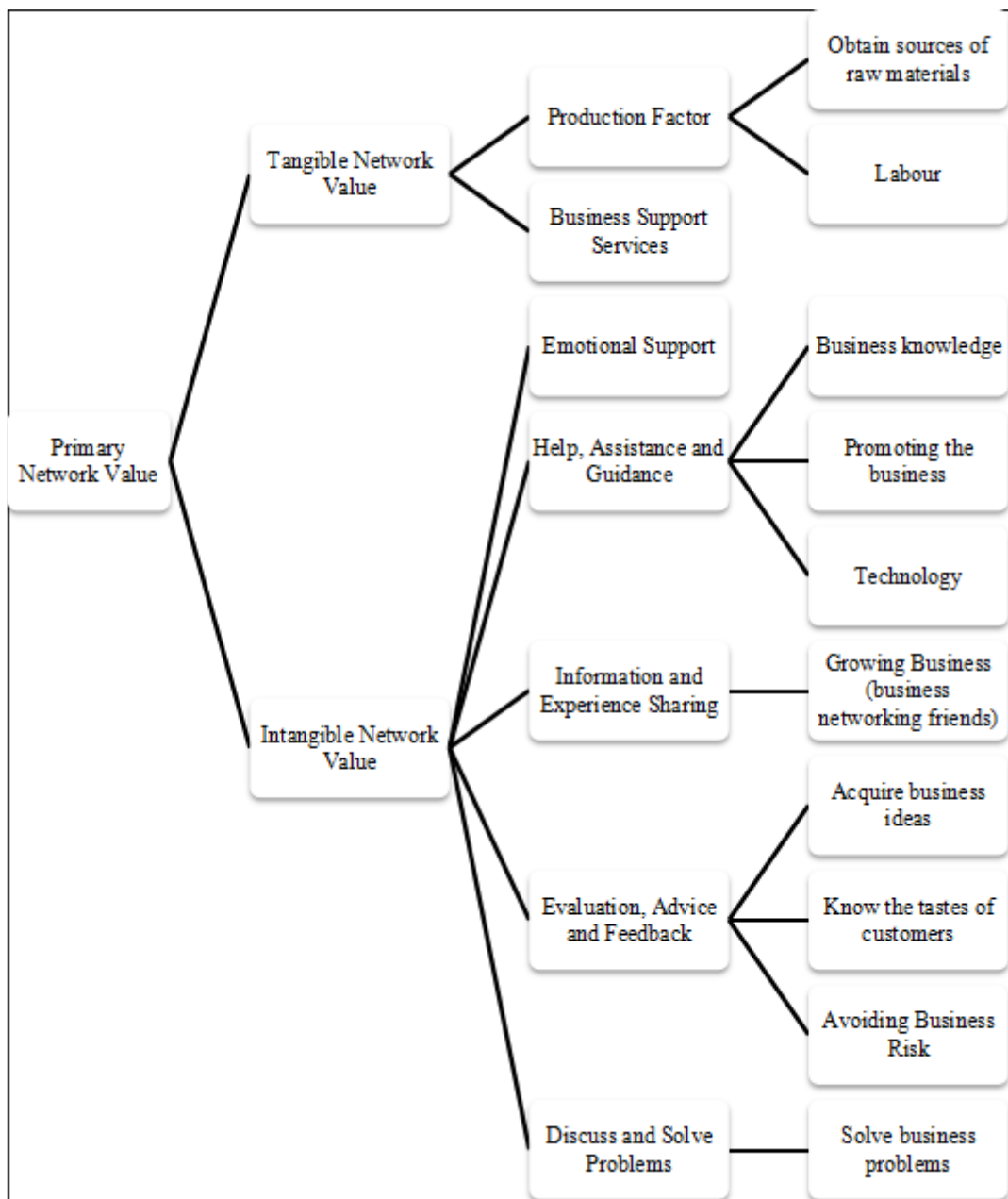


FIGURE 1. Primary network value received among Malay entrepreneurs

## TANGIBLE NETWORK VALUE

### PRODUCTION FACTORS - OBTAINING RAW MATERIAL SOURCES

Although suppliers are individuals who are not directly involved in business activities, but the role they play is very important for business survival. The results show that the close relationship between the informant and the supplier allows the informant to obtain raw material resources by way of indebtedness. The following are the informant's statement:

"I build my capital in terms of trust. Because the suppliers believe in me, so the suppliers loan it first, but when it is time to pay I will pay on time as promised. On the value of trust, I was able to run the business with the help of suppliers. Suppliers believe in my attitude; they are willing to provide assistance. Suppliers allow debt on the value of trust" - (P6)

"Suppliers trust me by giving me debts. I asked to write in the debt book first and he agreed. He believed in me because I had been dealing with him for a long time. In the beginning of the business, he did not give me debts, but when we had been in business for a long time, he gave me debts." - (P11)

The value of trust becomes a priority in a strong ties relationship. The close relationship between informants and suppliers is built through the frequency of relationships involving business transactions. This allows for the existence of transactions built on mutual trust. As a result, the informants in this study can conduct business activities by sourcing raw materials from suppliers by way of indebtedness. Flexible debt grants from suppliers provide help informants continue business activities and business continuity.

### PRODUCTION FACTORS - LABOUR

Employees and business partners are individuals who are close to the entrepreneur and are the backbone to the success of a business. Entrepreneurs are responsible for forming and managing an organisation that has a group of people who function in groups and each of them has a clear job specialisation. The findings of the study found that employees and friends play an important role in helping informants manage the business. The following are the informant's statement:

"In the early stages I did everything, now I hand everything over to the employees according to the division. We have to trust others. If we do not trust anyone, we can't do business." - (P6)

"Company owners cannot move on their own. Need teamwork. If there are no teamwork, the business will not succeed. Employees need to have an honest, trustworthy, loyal attitude to the company. Discipline and attitude are taken into account in the selection of staff. I manage the management part only. I also study with the staff together. I choose employees who can really do the job because their job is to help the company." - (P12)

"Since I can't manage all the work, I had to hire a partner for him to manage the shop. I've known him since school days. I need a partner who can take care of my staff and clients, providing motivation to the staffs, has a strategy and so on. I also look at his background such as in the field of human resources and great at searching new opportunities. He is a government retiree and I asked him to manage the government-related business division as he has expertise in that area. I give 10 percent of the company's shares because now I am saturated and there are no new ideas in the business." - (P12)

The above statement explains that in order to build a successful business, informants need to build close relationships with employees and friends. Successful businesses require a clear division of labour and able to work in a team. A clear distribution of tasks and assistance from employees and friends can streamline business activities. As such, informants are able to focus fully on management activities and business strategy. All activities and problems encountered are discussed and resolved together.

### BUSINESS SUPPORT SERVICES (MENTOR)

The knowledge and skills possessed by entrepreneurs are limited. Therefore, entrepreneurs need individuals who can guide and provide guidance in managing a business through the sharing of information and experience possessed. The study found that informants seek advice and guidance from individuals who have extensive experience in building and managing a business successfully. The following are the informant's statement:

"The paid mentor class (Azizan Osman) that I joined. I have to attend classes other than those organised by the government because I feel I don't belong in the same level. I have to use a new approach in accordance with the current demand because people used to watch television and read newspapers only, but now people do not read newspapers, they also rarely watch television. That's why I'm developing now" (P5)

"I have a business group where there are mentors who share business, latest information, opinions and so on. I pay him RM3,000 a month for him to help me build and grow the business. I obtained the mentor's details from the internet as he is a professional mentor. I share and learn a lot with him in these past 2 to 3 years." - (P16)

“Whenever I face any problem, I usually consult my mentor. He is more of a social entrepreneur whose business is to help another people’s business. He has business experience up to the corporate level. So, I refer to him a lot.” - (P5)

Mentors are individuals who are close with informants. This is because all confidential information in the business is shared between the informant and the mentor. A mentor is an individual with extensive experience in business who is able to guide and provide guidance to entrepreneurs in managing a business. Thus, mentors are the main source of reference especially when informants face problems in business.

## INTANGIBLE NETWORK VALUE

### EMOTIONAL SUPPORT

Emotional support is needed when entrepreneurs face problems in business. Providing words of encouragement and emotional support is very much needed by entrepreneurs especially when faced with problems in business. The results of the study found that the informants received social support from individuals who were around the informant such as family members and business network friends. The following are the informants’ statement:

“My brother understands me; he is always there for moral support. Sometimes I have days of frustration and lack of enthusiasm. So sometimes my brother calls to say ask how am I coping with business.” - (P9)

“The most contributions are words of encouragement. I am motivated to continue the field of cattle breeding as a result of the enthusiasm given by friends. Money alone is not enough if our spirit is not strong. When friends give encouragement, we become more enthusiastic.” - (P20)

Moral support can be obtained from individuals close to the informant. Providing words of encouragement and support can restore the informant’s enthusiasm and confidence to continue the business. Moral support is vital for the informant especially when the informant is facing issues in their business.

### HELP, ASSISTANCE, AND GUIDANCE - BUSINESS KNOWLEDGE

The results of the research found that the close relationship with business network friends and suppliers allows for the sharing of business knowledge. Sharing business knowledge is crucial for informants to manage business especially in business issues such as company management, human resources, accounting and marketing strategy. The followings are the informants’ statements:

“I always visit the ponds of my friends who also farm shrimp. We often exchange ideas and information.” - (P10)

“I have five suppliers who can provide cooperation and honest in business. I often discuss business matters with them. In addition, I also have a friend who also runs a car workshop business. We often share information and skills in car repair. So, we share knowledge with each other.” - (P1)

Knowledge guides and influences informants on how to think and act in managing a business. Knowledge sharing from social network contacts helps informants plan business strategies using effective business techniques, be able to compete and stay in the market.

### HELP, ASSISTANCE, AND GUIDANCE - PROMOTING BUSINESS

Close relationships with business friends and customers create social relationships that provide mutual help and assistance such as promoting informant products and services. The following are the informants’ statements:

“On the value of trust and good values that I have, friends tell me about my attitude to other friends. As a result, many other suppliers offer raw material assistance to me. It was my friends who promotes my business.” - (P6)

“Customers will usually promote my products on social media, write about my products in blogs, make cooking videos using my products. Agents from other states also sell my products at school and promote my products on Facebook.” - (P7)

Close relationships built on the value of trust give the informant an advantage especially in promoting the informant’s products and services to the public. This helps informants save time and cost in product and service marketing activities. Sharing about the advantages, quality and satisfaction of products and services from customers and business network friends helps promote products and services to the public.



#### HELP, ASSISTANCE, AND GUIDANCE - LATEST TECHNOLOGY

Over time, business methods have undergone a transformation. The use of social media applications such as Facebook and Instagram as a medium in business transactions is becoming increasingly important in business continuity. Informants in this analysis stated that close individuals such as children help a lot in product marketing by using the latest technology in line with the desire and effectiveness in business activities. The following are the informant's statement:

"Children use technology and sell the product online such as Facebook and Instagram. From there, customers can get to know my product and can continue to buy using online payment and delivery is done by post. I'm not good at this technology. All I leave to my children. Now after using technology, my sales are increasing because customers prefer to buy online because it saves more money, time and energy." - (P13)

Due to the changing demands and tastes of customers, informants need to improve and enhance the quality of existing products and services in order to meet the needs and tastes of customers. Help from close individuals such as family members can help informants market products around the world. The use of modern technology in marketing activities has become a major thing in business nowadays.

#### INFORMATION AND EXPERIENCE SHARING - GROWING BUSINESS (BUSINESS NETWORKING FRIENDS)

Close relationships with customers and close friends help informants obtain information that can be used to grow the business. The following are the informants' statements:

"If I want to find a market in the government, I will meet friends who work with the government sector. I asked my friend how I can grow the business, my friend will tell all the processes correctly." - (P9)

"When I hang out with clients (agents), I get a little bit of information. For example, when I meet a supermarket officer, the officer will tell me what large companies do that are successful in selling their products. From there I learned a lot of new things and used that information in my business." - (P19)

The informants in this study obtained information from close individuals for the purpose of growing the business. The knowledge and experience possessed by well-known and close individuals facilitates

information exchange activities. Since the trust existed, the information and experience shared is easily accepted and can save time, cost and energy.

#### EVALUATION, ADVICE AND FEEDBACK - ACQUIRING BUSINESS IDEAS

The informants in this study obtained business ideas in the form of suggestions and feedback from close individuals for the purpose of improving products and services and business strategies. The followings are the informants' statements:

"Friends also give many suggestions to improve business performance, including product quality, and potential locations to sell products" - (P5)

"Customers also give feedback, for example, if they saw the quality seem to be affected. Customers provide feedback as reminders to me. I am very grateful for that comment because sometimes I overlook it" - (P5)

The informants in this study obtained business ideas as a result of discussions with business network friends who also run the same business as the informants. Close business network friends are the most suitable individuals because they have the same understanding, experience and goals in business. Feedback and suggestions from customers also help informants generate new ideas in improving the quality of products and services.

#### EVALUATION, ADVICE AND FEEDBACK - KNOWING CUSTOMERS' TASTES

Feedback from customers is important for informants to know the level of customer satisfaction and taste whether they are aligned with the products and services offered. As a result of the feedback, informants can find out the shortcomings and weaknesses of the products and services offered. At the same time, the informant also asked for suggestions for the purpose of improving their products and services.

"Customers also give feedback, for example, if they saw the quality seem to be affected. Customers provide feedback as reminders to me. I am very grateful for that comment because sometimes I overlook it" - (P5)

Feedback from customers is important for informants to be able to produce quality of products, tastes of customers, customer satisfaction and solved problems.

#### EVALUATION, ADVICE AND FEEDBACK - AVOIDING BUSINESS RISK

Experienced network contacts can help informants avoid any risk of loss in the business through the sharing of information and advice. Informants in this study seek information and advice from experienced networking contacts before making any decisions in business activities.

“I have been offered to participate in exhibitions abroad. After discussing with a friend because my friend has already joined the exhibition. My friend did not encourage me to join the program because it is a lot of expense and high risk and can give huge losses. The agency only helps half of the cost. Because I have to take into account various costs such as the cost of employee accommodation, food and drink and others, I did not participate in the program.” - (P11)

Business networking friends are powerful networking contacts who always provide information and advice in business activities. Because business network friends operate the same type of business as informants, they are easy to share information and the risks that will occur at every action taken in the business. Therefore, obtaining information and advice from experienced social networking contacts is able to avoid the informant from the risks that can bring losses to the informant's business.

#### DISCUSS AND SOLVE PROBLEMS - SOLVING BUSINESS PROBLEMS

The informants in this study discussed and solved problems with close individuals such as employees. In addition, close business network friends also help informants solve problems by discussing problems and providing suggestions in solving problems encountered.

“If I have problems with my business, I will call the chief supervisor to discuss and resolve the issues. There should always be discussions with employees. I discuss problems with employees by providing advice and information about the business. In business, I have a lot of communication with employees.” - (P6)

“When I face problems, I will discuss or ask for advice with my closest business friends. I have several friends and I also have older friends who also do business and are successful. Those who are older than me have a lot of experience in business and they also help to give advice and guidance to me.” - (P15)

Close business networking friends were the main source of reference for the informants in this study. This is because business network partner is the most suitable individual to discuss business matters because they also run the business. They understand each other because they are in the same field. In addition, they regularly meet and communicate through participation in courses and training, entrepreneurship expos and so on. Obtaining advice, suggestions, knowledge sharing, information and guidance is the goal of the informant in relation to social network contacts.

#### Secondary Network Value

The findings of the study found that the value of secondary networks or weak ties networks in this study are government agencies, private agencies, financial institutions, associations, customers, suppliers, and business network friends.

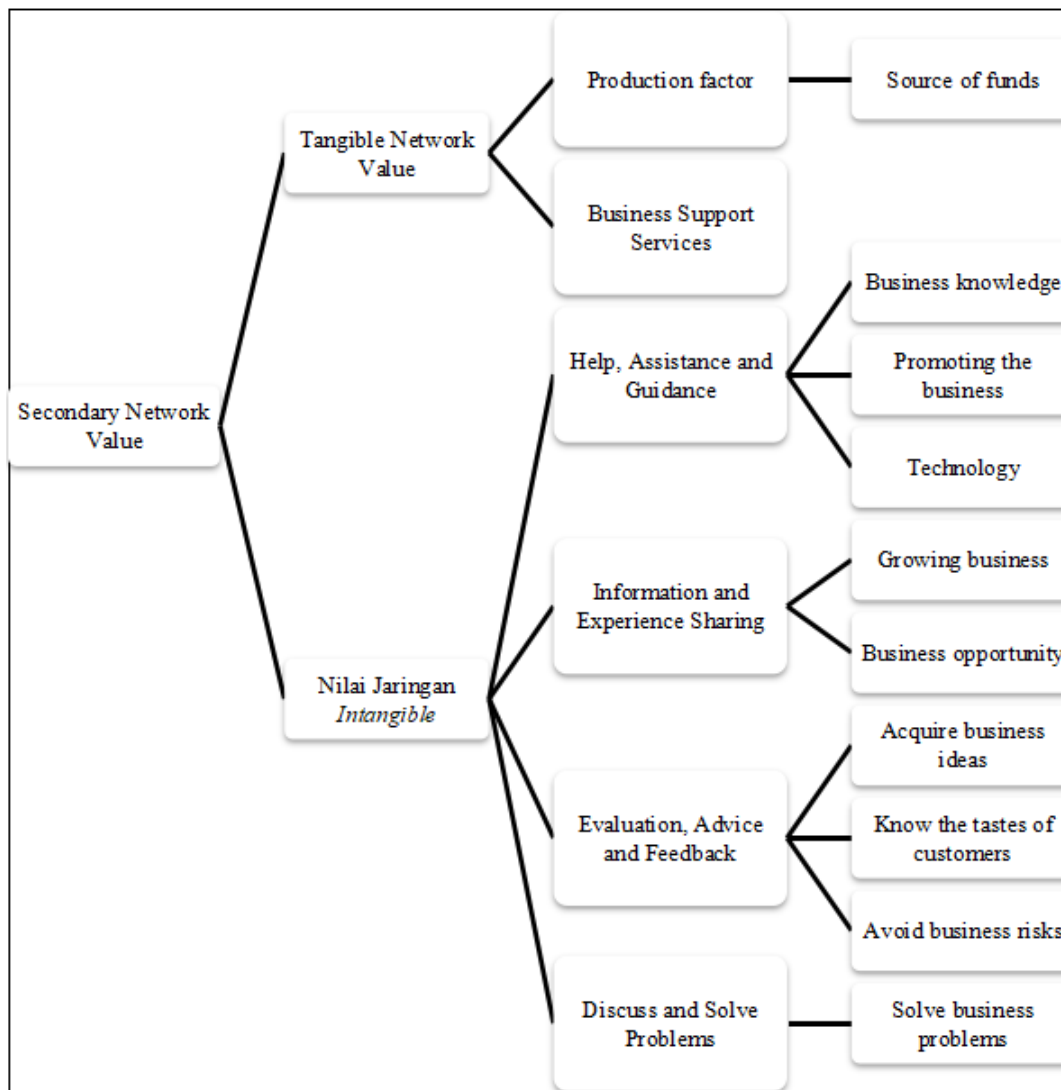


FIGURE 2. The secondary network value received among Malay entrepreneurs

TANGIBLE NETWORK VALUE

PRODUCTION FACTORS - SOURCE OF FUNDS

The results of the study found that there are two financial sources used by informants to run a business, namely through government agencies and banks. The majority of the informants in this study started businesses with their own capital. In addition to using their own savings, the informant also borrowed money from his family. To grow the business, informants need large capital and need to make loans either from government agencies or banks. The following are the informant’s statement:

“For my RM300,000 machine, I made a loan from MARA and paid every month. It is easier for me because after 2 months of operation only, I have to start repaying the loan.” - (P4)

“MARA will pay the entire cost of a project by paying in full. So, I don’t have to bother to find another capital to complete the project that I got.” - (P11)

The above statement explains that the government provides loans to facilitate business. The government provides facilities by offering reimbursement methods according to the informant’s ability. Flexible repayment methods can help informants plan more systematic business activities and avoid bankruptcy. Loan assistance from the government can also help entrepreneurs solve problems to obtain business capital.

For loans from banks, loans are made when the informant wants to grow the business. The following are the informant’s statement:

“In the beginning of my business, I did not make a bank loan. Bank loans are made at the business development stage.” - (P6)

“I made a loan with Agro Bank. I pay according to the set schedule. 3 to 4 years before the loan is paid off, the bank will offer me a new loan. Now the bank is confident in my business. If I do not make a new application, the bank will look for me to ask me to make a new loan. The bank is also willing to help create new paperwork to facilitate loan approval. In the beginning, I wanted to start a business, it was difficult for the bank to approve the loan because they were still sceptical and unsure of my business.” - (P10)

Improvements to infrastructure, business premises, increase in staff and the use of quality raw materials require substantial capital. Therefore, for the purpose of growing the business, the informant needs to make a loan with the bank. This is because at the stage of developing the business, the profile of the company has been strong and this gives confidence to the bank to offer loans to the informants. In addition, the service from the bank that facilitates loan approval has attracted the interest of informants to obtain a loan from the bank.

#### BUSINESS SUPPORT SERVICES (ENTREPRENEURSHIP COURSES, TRAINING AND EXPOS)

Courses and training are not only provided by the government, there are private agencies that provide courses and training for the purpose of helping entrepreneurs run businesses. Usually, courses and training provided by the private sector are paid. The results of the interviews of this study found that there were informants who participated in courses and training organized by the private sector. This statement can be explained through the passage below:

“I have participated in a course in Pulau Redang organised by a chicken food supplier company (Kuantan). The course identifies chicken diseases and how to treat them. I got to know about this course from my own suppliers. The supplier not only supplies the food and chicks, but also conducts courses and training.” - (P2)

“After I went to study business management classes from the private sector, I knew what was needed in business. Management courses under government agencies are available but at that time I had no awareness yet to follow the course or maybe since it was free, so I was not interested and eager to study. After I joined the paid course, I had appreciated and got to know the real needs in business.” - (P19)

According to the informants, they participated in courses and training organized by the private sector because they received guidance and complete business knowledge. Completion of courses and training from the private sector is different from

courses and training from the government. The government provides only basic and incomplete courses and training. This resulted in the informant not having sufficient business knowledge to run the business. In addition, the way of delivering and receiving knowledge is different from the private sector and the government. The private sector will use creative ways of imparting knowledge. Through courses and training from the private sector, the informants expressed their confidence and courage to grow the business.

The government also offers business support services to entrepreneurs. Not all assistance provided is free. Due to the large number of entrepreneurs and the limited amount of allocation, the informants in this study still get the opportunity of assistance from the government by paying only part of the actual cost amount. The following are the informant's statement:

“Yayasan Pembangunan Usahawan (YPU) helps to get 'nutrient food' labels on products with a payment of fifty percent of the actual price and the rest will be paid by the YPU. SME Bank helped me get 3 types of machines worth RM80 thousand and I only paid twenty percent of the original price.” - (P7)

“I started building this business in 2013. This shrimp farm was first a swamp forest area. This land originally belonged to the Fisheries Department. After I made the presentation of the paper, I was able to use this land to farm this shrimp for 20 years according to the agreement.” - (P10)

In order to manage a successful business, entrepreneurs need huge expenses. Therefore, assistance from the government is needed to produce quality products and services by using a number of raw material resources and quality infrastructure. For suppliers, business support services are offered through after-sales service. The following are the informant's statement:

“I chose to purchase the machine from Taiwan. I maintain good relationship with this supplier from Taiwan. My goal is to connect well with them because I need after sales service from them. Sometimes the machine breaks down and needs to be repaired. Due to my good relationship with them, I was able to reduce the cost of repairing the machine because I asked them to come and repair the machine when they held a machine exhibition in Kuala Lumpur. If I don't maintain good relations with them, I have to spend a lot to call them from Taiwan just to fix my machine” - (P8)

After-sales service is an aspect that is emphasised by informants in the selection of suppliers. For example, the use of the machine requires periodic inspections to ensure that the machine can always



function properly so that the production operations of products and services run smoothly. On the other hand, suppliers who are problematic in providing services will disrupt production operations and inflict losses to informants.

#### INTANGIBLE NETWORK VALUE

##### HELP, ASSISTANCE AND GUIDANCE - BUSINESS KNOWLEDGE

The government provides courses and training in assisting entrepreneurs. Assistance to basic needs such as premise sites, infrastructure and various grants can help entrepreneurs build a business. One of the efforts made by the government is by providing courses and training to entrepreneurs. The courses and training provided cover all aspects of the business from the building stage to growing the business.

“YPU provides courses on companies such as account courses, how to create paperwork, customer service, marketing and so on. Courses at YPU are also important because they teach how to make paperwork. Skills in constructing paperwork are important to apply for a grant. After I joined the course, I can do the paperwork.” - (P10)

“I joined the Peladanita Association. There are many activities and courses that can help grow businesses among women.” - (P17)

The statement of the informant above explained that the informant acquired business knowledge after participating in courses and training organised by the government. Through courses and training, informants can learn all aspects of business management and can identify mistakes in business.

##### HELP, ASSISTANCE AND GUIDANCE - PROMOTING BUSINESS

Assistance from government agencies can promote informant products and services to the public through participation in entrepreneurship programs organised by the government.

“YPU does a lot of entrepreneurship expos in Terengganu and outside Terengganu. YPU will invite entrepreneurs to participate in the expo. I attended the expo to introduce my products. I was having trouble marketing the product, so I talked to my family and YPU. YPU asked me to participate in expos such as in Johor, Kuala Lumpur, Terengganu to introduce the product to the public. YPU provides an exhibition space. No payment needed. It is free. KPDNKK also gave an offer to promote a cooking demo of my product on TV3 in the program “*JomSingah*.” - (P7)

Through the involvement of entrepreneurs in government-organised exhibition programs, the public can find out about the products and services offered by the informants. Good relations with the government can also be established by participating in exhibition venues organised by the government. Entrepreneurs maintain good relations with the government for the purpose of business continuity.

##### HELP, ASSISTANCE AND GUIDANCE - TECHNOLOGY

The evolving and increasingly sophisticated technology requires entrepreneurs to make changes in the business in order to be able to produce quality products and be able to compete in the market. To achieve that goal, entrepreneurs need to increase business knowledge. Informants in this study participated in courses and training organized by government agencies and associations. Ranging from the use of high-tech machines to the use of technology in product and service marketing activities.

“Now I’m just involved in online sales because I get a lot of requests from customers who want to buy online” (P6)

“I went to courses and training provided by the agency. The course taught me everything related to business which really helped me in running a business. I need to take courses to add knowledge because the system is always changing. For example, computer technology.” - (P8)

Due to the changing demands and tastes of customers, informants need to improve and enhance the quality of existing products and services in order to meet the current needs and tastes of customers. Therefore, the informants in this study attended courses and training organised by government agencies for the purpose of learning the latest technologies that can be used in their business.

##### INFORMATION AND EXPERIENCE SHARING - GROWING BUSINESS

Informants in this study were able to grow their business as a result of participating in entrepreneurship courses, training and seminars organised by government agencies and building relationships with business networking friends.

“Friends share a lot of information with me. For example, their experience in exporting products abroad.” - (P4)

“I participated in courses and training from MARDI and MARA. I joined the course from the beginning of the business and at the stage of growing and maintaining the business. They teach how to create an account, 5S (file management), how to make promotions through Facebook, online and others. Usually there is always a course, if I missed it, they will do it again.” - (P4)

“YPU calls on sellers or supermarkets to create business networks with Terengganu entrepreneurs. Discuss how to include Malay products in their supermarket (business matching). Entrepreneurs can meet and discuss directly with the supermarket. So entrepreneurs can know what criteria are needed to get their products in the supermarket.” - (P7)

The advantages gained from building social networking relationships with government agencies not only for obtaining information, advice, and money loans, but also the informants in this study can grow their business with the help of the government. In this study, the government agency, YPU acts as an intermediary in building a cooperation program or business matching between the informant and the business premises. The results of this program provide information to informants on the criteria required to enter the market in these business premises. This program helps informants to improve products and services that meet the needs of the market and thus able to grow the business. In addition to building social networking relationships with government agencies, the informants in this study also benefited from business networking friends as a result of sharing experiences in doing business.

#### INFORMATION AND EXPERIENCE SHARING - BUSINESS OPPORTUNITY

The results of this study found that the informants in this study obtained information regarding business opportunities from weak network actors such as government agencies, business network friends and associations. As a result of participating in entrepreneurship seminars, courses and training organised by government agencies and associations, informants get details on opportunities in business and at the same time get to know and build social relationships with other entrepreneurs with different backgrounds and experiences and further build networking. business.

“I knew my business network friends during a meeting at the entrepreneurship expo and we are under the same agency. Sometimes we meet during meetings and discuss together.” - (P3)

“Networking in the association only shares tender information. When a new tender opens, we share information and apply for the tender.” - (P16)

“YPU’s role is to introduce me to the fibre suppliers, and help direct me to the agencies that I should meet. I asked the YPU to set me for an appointment with the agencies involved. If I were to go and meet them directly, maybe the management won’t accept me. Hence, I asked YPU to help arrange an appointment, for example, I want to meet the Terengganu State Agriculture Department. Then, the YPU wrote a letter to the Department of Agriculture for an opportunity for me to meet. This is all the result of assistance from the YPU. YPU as a mediator.” - (P9)

Business opportunities are such as tenders, grants, entrepreneurship expo sites, suppliers and markets. All information regarding these business opportunities is shared among business networking friends, entrepreneurship seminars and during meetings within the association. In addition to sharing information on business opportunities, informants are also assisted by government agencies such as YPU which act as intermediaries in helping to obtain business opportunities.

#### EVALUATION, ADVICE AND FEEDBACK - ACQUIRING BUSINESS IDEAS

The informants in this study obtained business ideas in the form of proposals for the purpose of improving products and services.

“Every year the health department inspects my farm and gives suggestions for improvement on my farm to ensure that I continue to be eligible for a slaughtering license for the next 2 years” - (P20)

“Before this, I did not know the thickness of the plastic for spices, making my product not durable. So, I have to ask the plastic supplier what is right for my product. Suppliers also tell information about materials used by competitors such as Babas, Adabi and others. In addition, suppliers also provide information that can be used to further enhance the quality of products such as products for durability.” - (P7)

The above statement explains that the sharing of information from suppliers and government agencies can provide new knowledge to informants that can be used to make improvements to the quality of products and services. In addition, as a result of the sharing of information from suppliers and government agencies, informants can identify shortcomings and weaknesses in existing products, services and facilities to ensure the production of high quality and safe products.

#### EVALUATION, ADVICE AND FEEDBACK - KNOWING CUSTOMER TASTES

Good relationships between entrepreneurs and customers help informants identify customer tastes in the production of products and services. The results of this study found that the feedback given from customers regarding the wishes and desires of customers gives new ideas to informants in conducting business activities.

“Now I’m just involved in online sales because I get a lot of requests from customers who want to buy online.” - (P6)

“Getting feedback from customers regarding the product. For example, customers do not know how much weight of raw material is needed for one packet of spices. Previously I did not post the information. After customers always ask about this, I have made improvements to my product packaging to make it easier for customers.” - (P7)

The above statement explains that customer feedback and desires give new ideas to informants in making product and service improvements. Quality products and good service are important in business in order to attract customers to buy. Feedback from customers helps informants identify problematic products and services that can explain customer satisfaction. The results of this feedback help informants to improve the quality of products and services.

#### EVALUATION, ADVICE AND FEEDBACK - AVOIDING BUSINESS RISK

Entrepreneurs build good relationships with customers for the purpose of selling products and services. In addition, building a good relationship with customers also gives advantages to informants such as getting help from customers. The results of this study found that the informants get help from customers. The following are the informant’s statement on the matter:

“To get assistance services abroad, I chose to use agents from Malaysia who live abroad. In order to avoid being deceived by non-Malaysians.” - (P4)

The above statement explains that as a result of good relationship between the informant and the customer, the informant can avoid any risks in the business such as fraud that can cause losses to the business. This helps informants get information quickly and accurately.

#### DISCUSS AND SOLVE PROBLEMS - SOLVING BUSINESS PROBLEMS

One of the parties that became the reference for entrepreneurs to solve problems is the government. The followings are the informants statements on the matter:

“If I have a problem and need the services of a government agency, I will go to the agency to make an appointment and they will come to identify the cause of the problem and suggest a solution.” - (P4)

“The activities of the association usually consist of discussions regarding the problems faced and ways to find solutions. Associations are useful when our business is in crisis. We use this association for the purpose of solving our business problems.” - (P8)

The above statement explains that the government and associations are a source of reference for entrepreneurs in discussing and finding solutions to business problems. Suggestions from the government and associations can solve the problems faced. This explains that the informants have confidence in the government and associations in helping to solve the problems faced.

#### DISCUSSION

This study aims to explore the process and impact of business network relationships through network value exchange relationships with social network actors that form a business sustainability model. This study was conducted to answer the questions and fill the knowledge gap regarding the influence of social networks in the formation of a business sustainability model (Schaltegger et al. 2016; Zott et al. 2011) and the implications of the value of social networks (Evans et al. 2017) to the survival and the competitiveness of small and medium enterprises owned by Malays. The findings of the study were obtained through in-depth interviews, then the business sustainability model of Malay small and medium entrepreneurs is constructed as shown in Figure 3. The study found that there is a complex social process among Malay entrepreneurs with a number of diverse social network actors (primary network actors and secondary network actors) in the internal and external environment of business organisations. Through social networking activities, the exchange of network values takes place to obtain and maximises tangible values and intangible values resources owned by social network actors. Each

social network actor has a different role and value of networking but shares the same goal which is to provide value that can be utilised by entrepreneurs in managing business as described by (Den Ouden, 2012; Kullak et al. 2021). Therefore, the selection of social networking actors who can provide beneficial value to the business is important and is fundamental in building a successful business sustainability model.

Primary networks and secondary networks produce tangible values and intangible values as described by Allee (2008, 2009) Both network values (tangible and intangible) play an important role in the business viability and competitiveness of Malay entrepreneurs. The study found that tangible

values are source of production factors and business support services. While intangible values are moral support, help, guidance, information sharing, advice and solving business problems. Both network values (tangible and intangible) play an important role in the business viability of Malay entrepreneurs. Thus, to build network value, it is necessary for entrepreneurs to assess the level of needs and values possessed by each network actor and select network actors who are able to provide economic and social value which is a strategy in selecting business network actors(Allee, 2008). Therefore, the selection of social networking actors who can provide beneficial value to the business is important and is fundamental in building a successful business sustainability model.

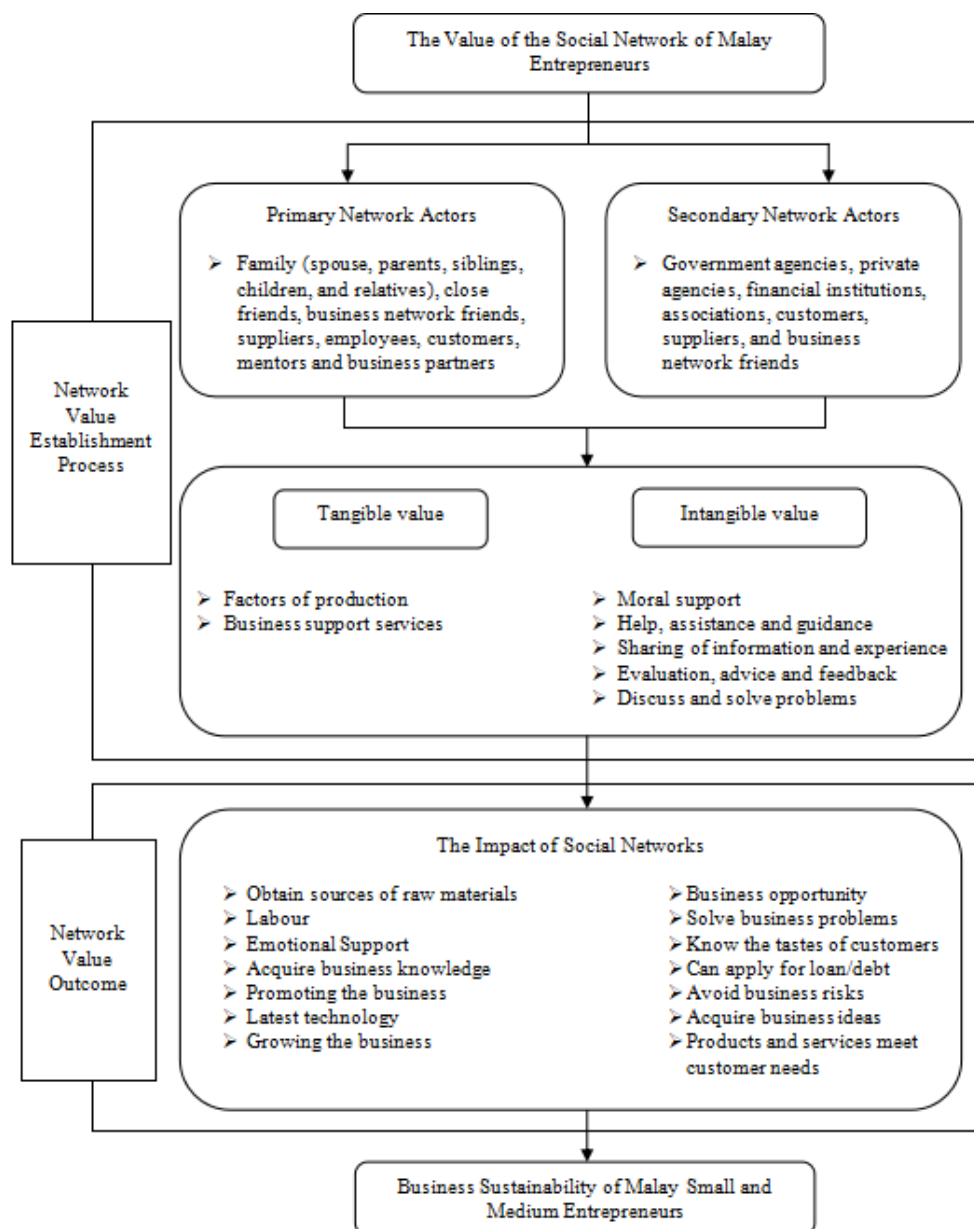


FIGURE 3. Business sustainability model of Malays' small and medium entrepreneurs



The study also found that the government acts as a broker in helping the connection of Malay entrepreneurs with social network actors (individuals or institutions) in order to obtain various benefits in business such as business opportunities, quality resources, information and the latest technology for the purpose of business development and at the same time can provide benefits to economic and social as explained by (Chin et al. 2020). Therefore, the initiative of the Terengganu state government in helping Malay entrepreneurs by establishing the Yayasan Pembangunan Usahawan (YPU) is used as a model for business support services at the national level and becomes the essence of the country's entrepreneurship policy.

Therefore, this study concludes that network actors play different roles, produce different network values, complement each other and are mutually necessary in building a sustainable business that aims for economic, social and environmental value through an innovative behaviour along with the passage of time by maintaining productivity and profit in business. This is in line with the goal of a business sustainability model which optimises value and benefits from economic, social and environmental aspects (Geissdoerfer et al. 2020).

### CONCLUSIONS

The main findings of the analysis found that the business sustainability model is formed from value exchange activities with social network actors, namely primary network actors and secondary network actors. The social process embedded in social networking activities by Malay entrepreneurs together with social networking actors produces a sustainable business that aims at economic, social and environmental values that form a business sustainability model as discussed by Geissdoerfer et al. (2020). The social process in this study can be translated through how the process of social interaction with social network actors helps Malay entrepreneurs obtain valuable resources that provide impact or results to the survival of a business. This also explains that the function of social networking is as a tool used by entrepreneurs to achieve business sustainability

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