Abstract

Since China started its economic reformation in the late 1970s, a few Singapore Chinese Businessmen seized the opportunity and initiated their investments there. This phenomenon became more and more popular in recent years. My article is to dissect the relationship between the utilization of Social Capital and the success of Singapore Chinese businessmen’s investments in China. I will focus on a case study of Poh Choon Ann and his investment behaviour in China. His example shows that Social Capital is one of the main factors leading to the success of investment in China.

The concept of Social Capital was originally introduced by western sociologists. It has gained importance in a variety of research fields in the last three decades. Social capital refers to the social resources that people can derive value from. In this thesis, I intend to integrate the facts drawn from the case study into the theory by building up a structural model which includes,

a. The content and the forms of Social capital. These include the personal connections of Poh Choon Ann and his participation in different organizations.
b. The ways and methods of building Social capital. For example, the conversion of Economic capital and Human capital into Social capital, occupation of the position of structural hole and accumulation of mutual trust.

c. The influences and the effects of Social capital, such as the economic profits of his companies and his own strong social influence.

By comparing with other examples, this article argues that Poh Choon Ann’s example is not an isolated case. Gaining economic success through established social networks is the common phenomenon among Overseas Chinese Entrepreneurs in Southeast Asia since the colonial period. It is also widely practiced by the new generation of ethnic Chinese today.

Furthermore, Poh Choon Ann’s personal characters such as entrepreneur spirits are the reasons for his success as well. His listed company in Singapore also provided him enough cash flow for the overseas investment. To be more objective, the policies of China government and the efforts by Singapore government also helped Singapore Chinese businessmen in setting up the companies in China. The political and economic environment of Asia should not be neglected either.
The findings of this paper suggest that Social Capital is a theoretical tool to explain the success of Singapore Chinese business men's overseas investment. This conclusion is also important in the practical world. It suggests some hints and provokes inspiration for those who wish to invest in China. However, the value of Social Capital will face the challenges as the world is more integrated today.