

Section 3:

ICT transformation in the nonprofit sector

3.1 The environment for uptake and use of ICT by the nonprofit sector

Sources of data on uptake and use of ICT within the nonprofit sector are limited and unrepresentative of the sector as a whole. As mentioned in the introduction, the anecdotal evidence from government grant programs points to a large unmet need for ICT within the sector. Our Community recently polled several thousand community groups and found 40 per cent of respondents do not have an email address or immediate access to the Internet.

The governments of Canada and several European countries as well as the European Commission have recognised the need to promote the use of ICT by the nonprofit sector. In recent years the governments of the United Kingdom (UK) and Canada have commissioned major studies into the ICT capability and needs of their respective nonprofit sectors. Organisations in these countries identified ICT as an important tool for many of their functions and services but faced significant challenges in its acquisition and effective use. An overview of some UK and Canadian studies are provided at Appendix A.

Despite attempts at gaining a reliable picture, there is no representative survey of ICT adoption and use by the sector in Australia. A recent study of the technological capability of 500 nonprofit organisations delivering government services revealed that 71 per cent use the Internet for finding information, interacting with other nonprofit organisations and government agencies and transacting with financial bodies. Fifty six per cent continue to use paper to collect initial membership data (FACS 2002a).

In a literature review examining impacts of ICT on the nonprofit sector, Barraket (2002) concluded that Australian organisations have a relatively low base in uptake and unevenness in ICT capacity is limiting its potential within the sector. The key findings of that review are:

- empirical research on the effects and potential of ICT on service delivery is extremely limited
- available research suggests that third sector organisations are under-using ICT capacity in the development and delivery of services
- as some third-sector organisations play a critical role in the delivery of (their own and government) services to disadvantaged peoples, improvement to the technological capacity of these organisations is a public policy concern
- while the use of ICT is relatively widespread throughout the third sector, the full potential of ICT enabled strategies—particularly the potential for networking, ecommerce and organisational learning—is not being exploited
- the range of barriers to full adoption of ICT practices within third sector organisations includes access to ICT and technical support, technological literacy and cost.

ICT capacity within the nonprofit sector

The overall assessment is that nonprofits are taking up ICT at broadly similar rates to business, but with some time lag.

The Monash Centre for Community Networking Research survey (CCNR 2003) of the nonprofit sector found a majority of organisations had basic access to ICT and the Internet, indicating an upward trend in ICT adoption when compared with earlier research.² It found high satisfaction rates among respondents for technologies already in use. CCNR suggested that the comparatively recent take-up of the technology by many respondents, combined with a lack of deeper knowledge about the opportunities and limits of the Internet, may lead to unrealistic expectations of what it can deliver and the cost-benefits for the organisation. Fifty per cent of respondents without Internet access reported it did not suit their operations.

In 2002 some 25 per cent of responding organisations had broadband access (cable, ISDN, ADSL). Connection rates ranged from 12.5 per cent of organisations with revenue under \$25 000 to 62 per cent of those with revenue over \$1 million (CCNR 2003).

The CCNR findings mirror the trends found in general e-business, where adoption rates for ICT are stabilising. As of June 2002, 84 per cent of all businesses used a computer, 72 per cent had access to the Internet and 24 per cent had a web presence. Similar figures were found in June 2003 (ABS 2004c; NOIE 2003b).

In businesses with more than 19 employees, computer and Internet penetration levels already exceed 90 per cent while, in businesses with five to 19 employees, computer and Internet use was above 90 per cent and 80 per cent respectively. Technology use among micro businesses (those with less than five employees) was at least 12 percentage points behind other businesses but the figures on computer and Internet use were high at nearly 78 per cent and 65 per cent respectively (ABS 2004c).

The most current data available at the time of writing was the *Sensis e-Business Report*, a survey of 1800 SMEs, which found 'the Internet has now become part of the standard toolkit for any business' (Sensis 2004a).

Eighty six per cent of all SMEs connect to the Internet—amounting to 86 per cent of small and 99 per cent of medium enterprises. A total of 45 per cent of SMEs reported having a website for their business—comprising 73 per cent of medium enterprises and 41 per cent of small enterprises (Sensis 2004a). As with Australian businesses, the majority of nonprofit organisations could be said to be 'small' (Woodward 2003) and so would be expected to exhibit a similar profile in terms of their take-up and use of ICT.

Further analysis of the Monash CCNR data indicates a marked regional/urban divide and further differences between small and large organisations. At one extreme, 30 per cent of small regional organisations have a website, while at the high end over 80 per cent of large, city based nonprofit organisations have a website

² *Monash Community Information and Communication Technologies Index* (CCNR 2003). The survey in 2002 produced 923 useable responses from random sampling of 2915 community organisations drawn from Our Community and the Yellow Pages.

(compared to 70 per cent of large regional organisations). In line with general business trends, nonprofit organisations with turnover of \$1 million or more are significantly more likely to use their website for e-business (Denison 2003).

ICT adoption rates are also influenced by industry sector. In 2003 personal services and health and community services had lower than average Internet access and website adoption rates. In the personal services sector 53 per cent of organisations have access to the Internet and 23 per cent have a web presence.

In June 2000 nonprofits comprised well over half of the employers in the community services sector, amounting to 5938 out of a total 9287 organisations (ABS 2001). Statistics at June 2003 for the health and community services industry sector, which also includes private and government run organisations, show that 72 per cent of organisations had access to the Internet while only 16 per cent had a web presence (ABS 2004c). In July 2004 Sensis (2004a) found 89 per cent of health and community services enterprises connected to the Internet compared to 86 per cent of SMEs in general.

The adoption rate of broadband, as a relatively new technology, can be an indicator of efficient participation in e-business. Small enterprises are slower to adopt broadband than medium enterprises. By July 2004, 43 per cent of SMEs had broadband connections—comprising 41 per cent of small enterprises and 73 per cent of medium enterprises (Sensis 2004a).

In the community services subset there is evidence of some improved take-up but also a tendency to caution in its adoption of technology. Sensis found in May 2004 that SMEs in the community services subdivision had broadband access at around half the rate (21 per cent) of SMEs in general, but 71 per cent indicated an intention to adopt broadband within 12 months (Sensis 2004b). By way of comparison, a contemporary study found 32 per cent of rural and remote private medical practices use broadband and nine per cent have no Internet connection (Digital Business Insights 2004).

Conversely, the cultural and recreational services sector is ahead of the pack. In 2003, 81 per cent of organisations had Internet access and 37 per cent had a web presence (ABS 2004c). A small survey of cultural organisations conducted for DCITA in 2003 found a notable 57 per cent of respondents used broadband connections. Ninety of the 95 respondents were small government, business and nonprofit organisations, of which 87 had Internet access and 88 maintained a website.

In summary, smaller nonprofit organisations located in regional, rural and remote areas are likely to have significantly lower levels of Internet access and are less likely to have a broadband connection or a web presence. Adoption rates differ across industry sectors.

Barriers to adoption and effective use of ICT

The evidence of a comparatively low ICT uptake within the nonprofit sector suggests persistent barriers to its adoption and effective use, the most significant being cost and ICT literacy (Barraket 2002; CCNR 2002).

The *Community Manifesto* highlighted the main barriers as:

Many community groups lack the knowledge, skills and funding to make full use of the potential of the new technology for increasing participation, improving advocacy, providing social support, and transferring strategies across the sector.

(Our Community 2003)

Impediments to effective use, such as awareness of potential applications, are likely to be more complex and pervasive due to the present low levels of adoption. Discussion at the *Connecting Up* conference articulated these difficulties (Connecting Up 2004). Overseas research, in particular the UK (United Kingdom Cabinet Office 2001) and Canada (Voluntary Sector Initiative 2003), reports similar issues.

The identified barriers to ICT adoption by nonprofit organisations result from a lack of:

- funding for initial investment as well as for upgrades, maintenance and the training and retraining of staff—the cost of advice and short technology upgrade cycles add to the total cost of ownership
- accessibility in terms of availability and the cost of adaptive and assistive technologies—especially in nonprofit organisations whose main client group includes the aged or people with disabilities
- strategic partnerships—governments need to reconsider funding and sustainability for nonprofits
- overall strategic direction across some sectors, such as aged care—board members and senior management need to show leadership
- strategic understanding of ICT and its potential to help achieve organisational goals by senior management and board members—resulting in failure to consider ICT as part of the business strategy
- general ICT proficiency among both paid staff and volunteers, including internal technical expertise and ongoing technical support
- reliable, informed and trusted sources of advice on technical issues
- sharing of resources, infrastructure, knowledge, coordination, best practice and purchasing power between organisations
- evidence-based research into the impact of ICT on the sector.

A symposium of nonprofit organisations and government representatives in 2001 outlined the consequences of falling behind in ICT adoption:

For community organisations, lack of access to up-to-date communication technology can reduce their ability to effectively service clients; inhibit their ability to access government information, guidelines and application forms (particularly since there is increasingly an expectation that these documents will be accessed and submitted electronically); and diminish their administrative efficiency, thereby increasing their costs.

(Call to ACTT 2001, p. 9)

Initiatives promoting ICT adoption by the nonprofit sector

The social and economic importance of the nonprofit sector has received significant international recognition. The European Commission has acknowledged the importance of the nonprofit sector in the development of the 'information society', arguing that voluntary organisations act as front-line conduits (or mediators) between disadvantaged groups and ICT. This study found that some also offer direct support and services such as providing content on the Internet and encouraging disadvantaged groups to produce their own online content. Others provide a supporting role, encouraging the use of ICT by disadvantaged groups as a natural extension of their overall service delivery (European Commission 2001).

The governments of New Zealand and Ireland recognise the importance of the nonprofit sector in developing their information societies. They have funded a range of strategies for improving the ICT capability of the nonprofit sector to engage online with government, provide community ICT access and deliver their services online.

The UK and Canadian governments have also funded enhancements to the ICT infrastructure and capacity of their nonprofit sectors. These include investment in improved hardware and software and a range of related initiatives to develop online content and services, provision of training, provision of advisory and technical support, improved ICT planning and funding strategies, promotion of good practices and case studies and information and awareness raising activities. In the US the nonprofit sector generally relies far less on direct support from government and more on corporate and philanthropic assistance.

Appendix A provides brief summaries of sources of information on these international initiatives.

Australian initiatives promoting ICT adoption by the nonprofit sector

A variety of projects delivered by the Australian Government and state, territory and local governments exist to promote the adoption of ICT by nonprofit organisations. The sector itself has actively promoted ICT use. Enabling organisations, such as Our Community, Infoxchange Australia, Community Information Strategies Australia Inc. (CISA) and Pro Bono Australia, use the Internet to provide information on funding opportunities and to provide online resources and tools.

The Australian Government's Family and Community Networks Initiative, administered by FaCS, aims to develop local capacity to respond to issues. Its current focus is on supporting Indigenous communities.

An example of its projects is the trial use of digital technology to improve the educational levels of Cape York primary schoolchildren. The *Local Answers* component of the initiative builds on such success by providing funds for small-scale projects developed by communities in response to their own issues.

The bulk of Australian Government support for community use of online technologies, such as the Networking the Nation (NTN) program, has focused on rural and regional Australia. Many nonprofit organisations operating in these areas have benefited from NTN funding to undertake a wide range of community-based ICT projects.

State, territory and local governments are also encouraging the nonprofit sector and the community to go online, often supported by NTN funding. Examples include Queensland's Community Housing On Line accommodation service and the New South Wales Better Service Delivery Program, which is a collaboration between the state government and NCOSS to provide a secure electronic system for the referral of client information between all the state's human service organisations.

Organisations that use ICT need to take account of the special needs of staff, members, volunteers or clients with disabilities, including website accessibility in the case of those that provide goods and services over the Internet. The Australian Government provided \$1.5 million in each of 1998–99 and 1999–2000 to support innovations that help people with disabilities gain improved access to online information and communications services. Further government programs are listed at Appendix B.

Potential for emerging technologies to further transform nonprofit organisations

All ICT enabled organisations/users/managers face the challenge of positioning their organisations to take advantage of technological developments such as the implementation of broadband. Emerging technologies encompass new forms of delivery of content (such as wireless and web standards for device independence), new platforms for developing ICT applications (such as open source) and web services that link business processes internally and with partners and trading communities (DCITA 2004e; NOIE 2003a; NOIE 2003c). The associated case studies (DCITA 2004b) highlight examples of this—such as the use by Endeavour and Philanthropy Australia of open source products and community radio station 2RRR's use of a standards-based RSS newsfeed.

The nonprofit sector can increase sustainability and reduce individual costs by aggregating demand for infrastructure and services. The Internet allows cheaper delivery of telephony and traditionally broadcast media such as radio. New ICT service delivery models such as bureau services and web-enabled thin client networks offer many possibilities to aggregate infrastructure but individualise usage.

For example, the CISA case study shows how five different organisations collocated in the Mental Health Resource Centre aggregated their demand for ICT services to make real dollar savings. CISA's solution was open source software for a stable and secure server environment that in turn allowed a low-cost open source desktop using existing hardware (DCITA 2004b).

Australian and international research demonstrates the potential for broadband to further transform nonprofit organisations (NOIE 2004; OIIFD 2003). Recognising the potential economic and social benefits of

broadband connectivity, Australian governments at all levels have collaborated on a national framework for broadband development, the National Broadband Strategy. It highlights the social benefits of broadband connectivity:

A high level of community connectivity can serve to break down isolation, aid the acquisition and transfer of knowledge and skills, and promote the creation of mutually beneficial partnerships and alliances. Community [electronic] networks also have positive implications for the development of social capital within communities.

(NOIE 2004, p. 14)

Several elements of the strategy are highly relevant to nonprofit organisations, including the range of measures to stimulate the provision of broadband infrastructure and promote the take-up of broadband services. Part of the strategic vision is for media and service sectors to generate broadband content and service activities as a means for developing Australia's cultural identity. Nonprofit organisations positioned to seize the opportunity can make a real difference to their communities. Organisations such as PY Media (discussed further below), arts organisations and lifelong learning organisations such as the U3A Online (DCITA 2004b) create valuable online content.

The Higher Bandwidth Incentive Scheme (HiBIS) is part of the Australian Government's contribution to the National Broadband Strategy and part of its response to the report of the Regional Telecommunications Inquiry of 2002. HiBIS will help small nonprofit and community organisations in regional and rural Australia access higher bandwidth services at prices comparable to those available in metropolitan Australia. Nonprofit organisations located in eligible areas with fewer than 20 employees or nonprofit organisations that intend to provide public Internet access facilities will be eligible for HiBIS-subsidised broadband.

The Coordinated Communications Infrastructure Fund (CCIF), a \$23.7 million Australian Government program, will support broadband infrastructure projects that have aggregated demand both across key sectors, such as health and education, and across particular geographic areas.

An example of a funded CCIF project is the Loddon Mallee Health Alliance. It represents the ICT interests of 16 hospitals and 65 health agencies located at 160 sites across 41 towns throughout north-western Victoria. Members of the alliance include nonprofits such as Interchange (www.interchange.org.au), a community based nonprofit program providing support to families who have a child or a young person with a disability.

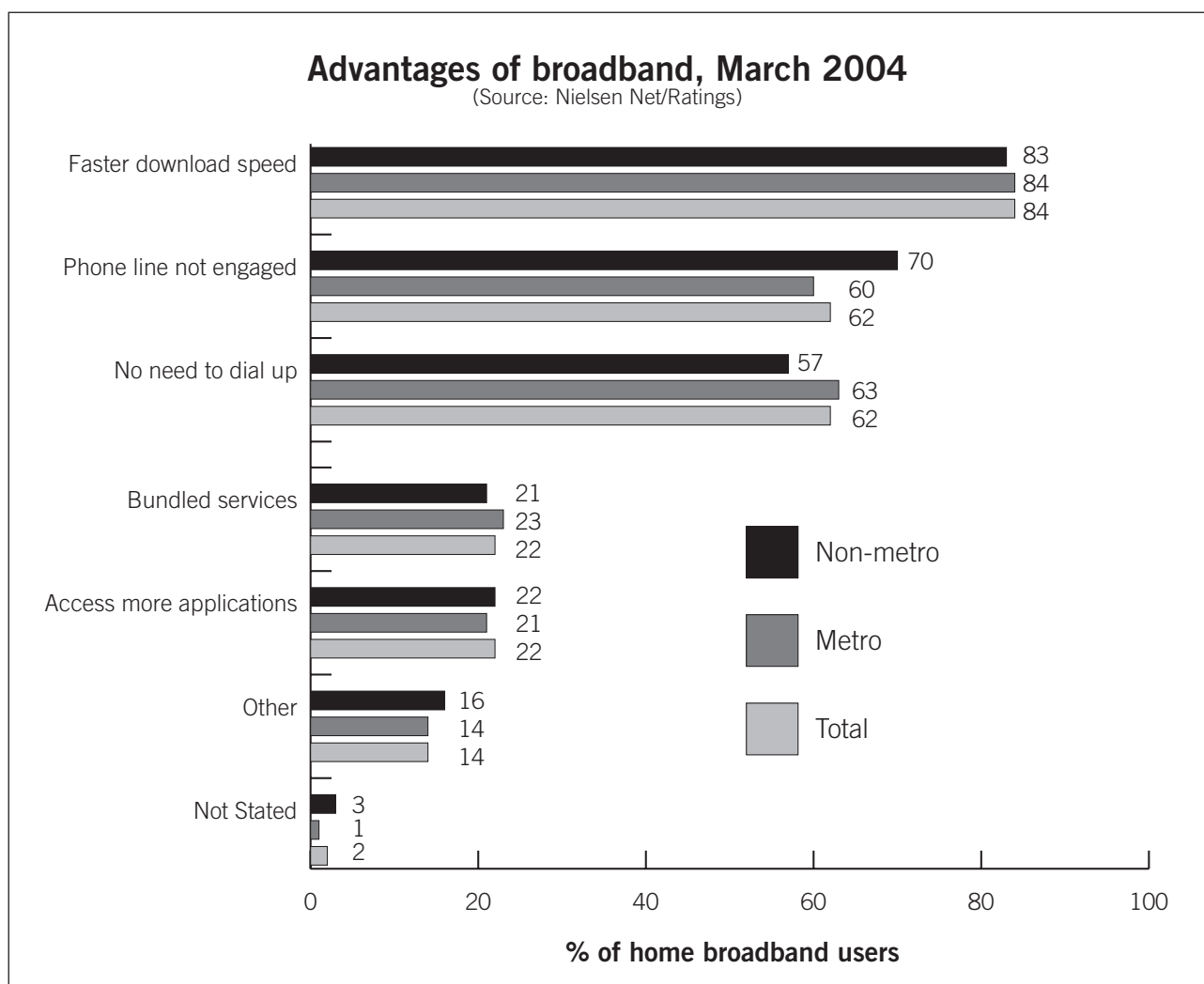
CCIF funds will aid Indigenous communities in the remote Ngaanyatjarra Lands in Western Australia to link via a broadband backbone and last-mile services. Schools, police, justice, health and other government agencies, nonprofit organisations and commercial entities of the region will enjoy high-speed data, Internet, videoconferencing and voice services. This will present significant social, economic and health benefits.

DCITA also administers the \$8.4 million Demand Aggregation Brokers program that has established a national network of brokers to consolidate community demand for broadband investment in regional areas. By aggregating demand, the program enhances the power of consumers to seek more affordable prices for

broadband services while presenting an attractive business proposition for suppliers. National brokers work on behalf of the education and health sectors while state and territory brokers represent more local needs. The first round of funding, announced in July 2004, contributed \$2.9 million for better broadband deals for communities in 13 regional areas across Australia.

Nonprofit organisations are potential anchor tenants for their communities under this scheme. One of the first funded projects is led by the Pitjantjatjara Yankunytjatjara Media Association (PY Media), incorporated in 1987 to assist Indigenous communities in the far north of South Australia to develop their own media centres (see www.waru.org). PY Media aims to use broadband to reduce the isolation of its many client communities through the delivery of health, communication, education, business and cultural services. Funding will help provide education about broadband services and identify possible service providers and technologies for the region.

As Australians become more intensive users of the Internet, the desire for greater efficiency is foremost in their minds. Research shows that speed, efficiency and convenience are critical factors driving the shift from narrowband to broadband in Australia (AC Nielsen 2004; Sensis 2004a).



Wesley Mission's decision to use broadband was driven by its relationship with the Job Network. It has over 150 sites in New South Wales, many of them in rural areas, so it chose a broadband package that relates costs to usage rather than distance. Its strategy of centralisation for cost and efficiency is consistent with the organisation's philosophy of 'anytime/anywhere'. In 2003 Wesley connected its major sites by a broadband virtual private network, with plans to increase connections to a total of 100 sites in 2004. The network delivers quality of service, security and performance and allows centralised backup of data and delivery of applications. Now Wesley can open new sites quickly.

Broadband builds efficiency

'Broadband is here to stay' is the advice from John Armour, former IT manager at Wesley Mission. 'If you are large you can do as Wesley did. If you are small, band together and combine your purchasing power.' (Armour 2004)

The diversity of the nonprofit sector means that organisations will always be at different levels of sophistication in their use of ICT. The *Connecting Up* conference in Adelaide in May 2004 showcased the achievements of South Australian communities and innovations in the nonprofit sector across Australia. In particular, the conference explored options for:

- leveraging the aggregated ICT requirements of the state's nonprofit sector, including procurement of hardware, software and equipment servicing, web services and telephony
- a consortium of nonprofit groups and corporate sponsors establishing a low-cost business-to-business gateway for organisations in the community services and health sectors in South Australia
- improved access to and use of emerging technologies such as broadband, wireless networks, open source software and other emerging technologies.

(Connecting Up 2004)

Many, particularly larger, nonprofit sector organisations have adapted well to the demands and requirements of the Internet age. Some early adopters of ICT, such as the Endeavour foundation, are looking to the future with plans to make increased use of mobile devices such as personal digital assistants (PDAs) to enable real-time and accurate data entry for casework (FACS 2002b).

Discussion points: the environment for uptake and use of ICT by the nonprofit sector

This section has outlined the nonprofit sector's current ICT capacity, the barriers the sector faces, and initiatives to promote full ICT adoption and the potential offered by emerging technologies.

1. What other evidence and research is available to indicate the state of ICT readiness of the nonprofit sector in Australia?
2. What further work needs to be done to gain a reliable picture of the ICT capacity and needs of the nonprofit sector and of nonprofit organisations?
3. Should the industry sector of operation, for example welfare or community arts, be considered in programs to promote nonprofit adoption of ICT?
4. Are there any overseas approaches to assisting nonprofit organisations with their ICT needs that might be worth considering in Australia? How might they need to be modified?
5. How might nonprofit organisations best identify the level of need and demand for broadband connectivity and aggregate their broadband needs and demand:
 - (a) at a local and regional level?
 - (b) on a state/territory-wide basis?
 - (c) at a sectoral level?
 - (d) at a national level?
6. How might nonprofit organisations also identify and aggregate their needs and demand (as above) for:
 - (a) procurement?
 - (b) e-business systems and capability?
 - (c) wireless, open source software and other emerging technologies?
 - (d) access to the Internet and email?
 - (e) training and technical support?

3.2 The case for nonprofit organisations to use ICT to build capacity and capability

Business, government and the nonprofit sector share the need to optimise operational efficiency and their capacity to deliver services. Governments and the nonprofit sector have a further need to maximise the social impact of their programs. In the case of the nonprofit sector, community expectations of both efficiency and effectiveness can be even higher, as the Ovum study of The Smith Family reveals (NOIE 2002). There are both compelling and urgent reasons for nonprofit organisations to improve their performance, including ever-present social need and changes in the sector's operating environment.

Social challenges facing the sector were discussed in a recent study commissioned by Jesuit Social Services, which found evidence that disadvantage is becoming entrenched in specific Australian communities (Vinson, 2004). Studies undertaken by leading organisations such as the Australian Council of Social Services,

The Smith Family, Mission Australia and The Brotherhood of St Laurence have also explored entrenched and often generational levels of disadvantage and social marginalisation among vulnerable groups of Australians such as those on low incomes, the elderly and Indigenous Australians.

The Senate Community Affairs Committee (2003–4) report *A hand up not a hand out: Renewing the fight against poverty* noted that ‘the level of poverty in our community is increasing and becoming increasingly entrenched’ and recommended improved government support and collaboration with nonprofit organisations.

There are many examples within the nonprofit sector of initiatives aimed at breaking the cycle of poverty through promoting ICT literacy, training and life skilling. The case studies analysed in Section 4 present a number of these initiatives, such as The Smith Family’s Learning for Life program and Inspire Foundation’s Beanbag Net Centres.

Lisa Berkman, Professor of Public Policy at Harvard University’s School of Public Health, has observed that a strong and vibrant nonprofit sector can also do much to address community disadvantage:

Community organisations have the power to tangibly improve population health. In this case, what’s good for individuals and what’s good for the community are the same thing. Those with the most social connectedness, i.e. who have a high level of participation in social and community organisations and networks, have lower mortality rates ... Community groups are the engines that drive our ability to change behaviour, reduce morbidity, expand life expectancy and innovate change.

(Berkman, cited in *Our Community* 2003, p. 6)

The relationship between peak nonprofit sector bodies and governments is evolving. Fifty per cent of peak bodies rely on government funding, representing a steady increase since the 1950s (Melville 2003). Further, there is a complex regulatory environment around nonprofits, particularly charities (Woodward 2003). *The Report of the inquiry into the definition of charities and related organisations* noted that:

The environment in which charities and related entities operate is changing. Their focus is shifting from the provision of relief to those in need to prevention and early intervention and developing the capacity of communities to address their own needs. They are facing increasing competition for funds and changed arrangements for government funding. Some are in competition with the for-profit sector.

(Charity Definition Inquiry 2001, p. 4)

The Job Network program provides more than \$1 billion to support an extensive network of employment service providers around Australia, with the bulk of funding provided on the basis of outcomes achieved. Some nonprofits, such as The Salvation Army and Mission Australia, compete with private sector employment agencies for this funding.

In this challenging environment nonprofit organisations need to take every opportunity to build internal capability, a fact emphasised by delegates at the Communities in Control conference in 2003:

The technological revolution offers enormous opportunities for community groups, as well as enormous additional stress. The falling prices of computer-based equipment and the increasing electronic interconnection of society have brought powerful instruments within the reach of any group that knows how to use them; however, much of that knowledge has not been taken up by community groups. High costs and poor training have meant that many of the socially marginalised grassroots groups who need the technology most are instead falling still further behind.

(Our Community 2003, p. 16)

Improved internal capability allows nonprofit organisations to do more, better. ICT can also improve their reach: enhance their ability to communicate with members, provide new ways for members to network and enhance external communications. The sector's distinctive features—such as its member stakeholders, governance (e.g. board structure and control, relationship with external funders), reliance on volunteers and fundraising—all impact on its ability to respond to change. Spencer (2002) presents such a case for embracing ICT:

Non-profits are typically a step behind for-profit and government organisations in capitalizing on new technology. The reasons are fundamental to their operation, lack of funding and technical expertise and a failure to see the importance of the Internet in fulfilling organisational objectives. Despite these disadvantages, the Internet holds considerable potential for fulfilling objectives of providing information, educating, advocating, building expertise, raising money and developing relationships with members, volunteers, sponsors and the public.

The CEO of Our Community, Rhonda Galbally, commented that one of the key challenges to the sector is to avoid duplicating or reinventing solutions because of the relative isolation in which nonprofit organisations operate. A networked environment can minimise the 'waste' in building and rebuilding projects of state and national relevance and ICT can facilitate information sharing to improve the capacity of the whole sector (email to DCITA May 2004).

Case studies by Barraket (2002) and others (DCITA 2004b; NOIE 2003a) reinforce the view that ICT-enabled strategies are more likely to succeed when several organisational conditions exist, including:

- board and senior management support
- stakeholder involvement
- effective evaluation.

In summary, the potential applications for ICT that improve the operational efficiency and capacity of nonprofit organisations include:

- enhanced internal administration such as database management or information sharing
- relationship building through newsletters and email
- garnering online support for advocacy
- providing social support online
- online learning, training, and capacity building
- e-business such as fundraising, online banking, purchasing and reporting
- engaging in national and international networks and linkages, and online conferencing
- online consultation and feedback.

Building internal capability

The ability of well applied ICT or e-business to improve the efficiency of back office operations is apparent in business and government. The major economic drivers include improved organisational business efficiencies, enhanced relationships through electronic networks and transformed service delivery (Call to ACTT 2001). There is a wealth of literature on the transformational effect.

A study by Ovum conducted for NOIE examined the benefits of increased productivity, improved processes and strategic positioning in 18 organisations, including three nonprofits—The Smith Family, the Hawthorn Football Club and Infoxchange Australia (NOIE 2002). A study of SMEs conducted for NOIE (2003a), again including nonprofit organisations in the cultural, health and community service sectors, found similar benefits in the adoption of e-business (see www.e-businessguide.gov.au).

Birds Australia (www.birdsaustralia.com.au) identified that the benefits of their website are improved information gathering on bird sightings, streamlined membership processing and improved promotion. The site has raised Birds Australia's profile in other organisations, government bodies and overseas.

(OurBrisbane 2003)

Section 4 of this paper uses this earlier research to demonstrate effective ICT practice in nonprofit organisations.

Geiselhart (2002) offers a useful description of Internet use by nonprofits as the creation of an 'electronic commons' and the Anglicare and Wesley Mission case studies present two examples of this. Further, experience in Australia indicates that e-business can generate shared benefits such as reduced costs, a boost

in efficiencies and improved profitability when all parties in a supply chain cooperate in the development of their online strategies (DCITA 2004e; NOIE 2002). Nonprofit organisations can similarly benefit.

The sources of productivity and process improvements from effective use of ICT include:

- more efficient member and customer service
- reduced rework through reuse, eliminating duplication and member or customer self service
- reduced processing or cycle time, which can reduce follow-up enquiries and complaints (NOIE 2002).

As well as improving productivity, effective ICT implementation can transform the way an organisation operates. For example, a productivity gain can allow an organisation to serve more customers rather than lead to reduced staff. The Smith Family illustrated this with the improvements made to cater for an expanding client base, particularly in its Learning for Life program (DCITA 2004b; NOIE 2002).

Online engagement

Nonprofit organisations can use ICT to improve their ability to engage with their members, other nonprofit organisations, the private sector, government and the wider community. The importance of collaboration for the nonprofit sector is highlighted by the *Community Manifesto*:

Successful collaborations between different-sized community organisations (as between community organisations, bureaucracy, and business) require trust, mutual respect, a non-competitive modus operandi, an openness to share resources, learning and knowledge, and a respect for the legitimacy of community-controlled approaches.

(Our Community 2003, p. 18)

Engagement with members

Dealing with members online, such as through the Our Community membership service (DCITA 2004b), can be more efficient than manual systems. Members can engage with the organisation and each other through online networks, newsletters and email, online campaigns and online learning or training.

As an example, the Wildlife Information and Rescue Service (WIRES) uses email and chat in an innovative way to allow carers to share experience and expertise (see inset).

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Social challenges facing the sector were discussed in a recent study commissioned by Jesuit Social Services, which found evidence that disadvantage is becoming entrenched in specific Australian communities (Vinson, 2004). Studies undertaken by leading organisations such as the Australian Council of Social Services,

The Smith Family, Mission Australia and The Brotherhood of St Laurence have also explored entrenched and often generational levels of disadvantage and social marginalisation among vulnerable groups of Australians such as those on low incomes, the elderly and Indigenous Australians.

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There are many examples within the nonprofit sector of initiatives aimed at breaking the cycle of poverty through promoting ICT literacy, training and life skilling. The case studies analysed in Section 4 present a number of these initiatives, such as The Smith Family’s Learning for Life program and Inspire Foundation’s Beanbag Net Centres.

Lisa Berkman, Professor of Public Policy at Harvard University’s School of Public Health, has observed that a strong and vibrant nonprofit sector can also do much to address community disadvantage:

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(Berkman, cited in *Our Community* 2003, p. 6)

The relationship between peak nonprofit sector bodies and governments is evolving. Fifty per cent of peak bodies rely on government funding, representing a steady increase since the 1950s (Melville 2003). Further, there is a complex regulatory environment around nonprofits, particularly charities (Woodward 2003). *The Report of the inquiry into the definition of charities and related organisations* noted that:

The environment in which charities and related entities operate is changing. Their focus is shifting from the provision of relief to those in need to prevention and early intervention and developing the capacity of communities to address their own needs. They are facing increasing competition for funds and changed arrangements for government funding. Some are in competition with the for-profit sector.

(Charity Definition Inquiry 2001, p. 4)

The Job Network program provides more than \$1 billion to support an extensive network of employment service providers around Australia, with the bulk of funding provided on the basis of outcomes achieved. Some nonprofits, such as The Salvation Army and Mission Australia, compete with private sector employment agencies for this funding.

In this challenging environment nonprofit organisations need to take every opportunity to build internal capability, a fact emphasised by delegates at the Communities in Control conference in 2003:

The technological revolution offers enormous opportunities for community groups, as well as enormous additional stress. The falling prices of computer-based equipment and the increasing electronic interconnection of society have brought powerful instruments within the reach of any group that knows how to use them; however, much of that knowledge has not been taken up by community groups. High costs and poor training have meant that many of the socially marginalised grassroots groups who need the technology most are instead falling still further behind.

(Our Community 2003, p. 16)

Improved internal capability allows nonprofit organisations to do more, better. ICT can also improve their reach: enhance their ability to communicate with members, provide new ways for members to network and enhance external communications. The sector's distinctive features—such as its member stakeholders, governance (e.g. board structure and control, relationship with external funders), reliance on volunteers and fundraising—all impact on its ability to respond to change. Spencer (2002) presents such a case for embracing ICT:

Non-profits are typically a step behind for-profit and government organisations in capitalizing on new technology. The reasons are fundamental to their operation, lack of funding and technical expertise and a failure to see the importance of the Internet in fulfilling organisational objectives. Despite these disadvantages, the Internet holds considerable potential for fulfilling objectives of providing information, educating, advocating, building expertise, raising money and developing relationships with members, volunteers, sponsors and the public.

The CEO of Our Community, Rhonda Galbally, commented that one of the key challenges to the sector is to avoid duplicating or reinventing solutions because of the relative isolation in which nonprofit organisations operate. A networked environment can minimise the 'waste' in building and rebuilding projects of state and national relevance and ICT can facilitate information sharing to improve the capacity of the whole sector (email to DCITA May 2004).

Case studies by Barraket (2002) and others (DCITA 2004b; NOIE 2003a) reinforce the view that ICT-enabled strategies are more likely to succeed when several organisational conditions exist, including:

- board and senior management support
- stakeholder involvement
- effective evaluation.

In summary, the potential applications for ICT that improve the operational efficiency and capacity of nonprofit organisations include:

- enhanced internal administration such as database management or information sharing
- relationship building through newsletters and email
- garnering online support for advocacy
- providing social support online
- online learning, training, and capacity building
- e-business such as fundraising, online banking, purchasing and reporting
- engaging in national and international networks and linkages, and online conferencing
- online consultation and feedback.

Building internal capability

The ability of well applied ICT or e-business to improve the efficiency of back office operations is apparent in business and government. The major economic drivers include improved organisational business efficiencies, enhanced relationships through electronic networks and transformed service delivery (Call to ACTT 2001). There is a wealth of literature on the transformational effect.

A study by Ovum conducted for NOIE examined the benefits of increased productivity, improved processes and strategic positioning in 18 organisations, including three nonprofits—The Smith Family, the Hawthorn Football Club and Infoxchange Australia (NOIE 2002). A study of SMEs conducted for NOIE (2003a), again including nonprofit organisations in the cultural, health and community service sectors, found similar benefits in the adoption of e-business (see www.e-businessguide.gov.au).

Birds Australia (www.birdsaustralia.com.au) identified that the benefits of their website are improved information gathering on bird sightings, streamlined membership processing and improved promotion. The site has raised Birds Australia's profile in other organisations, government bodies and overseas.

(OurBrisbane 2003)

Section 4 of this paper uses this earlier research to demonstrate effective ICT practice in nonprofit organisations.

Geiselhart (2002) offers a useful description of Internet use by nonprofits as the creation of an 'electronic commons' and the Anglicare and Wesley Mission case studies present two examples of this. Further, experience in Australia indicates that e-business can generate shared benefits such as reduced costs, a boost

in efficiencies and improved profitability when all parties in a supply chain cooperate in the development of their online strategies (DCITA 2004e; NOIE 2002). Nonprofit organisations can similarly benefit.

The sources of productivity and process improvements from effective use of ICT include:

- more efficient member and customer service
- reduced rework through reuse, eliminating duplication and member or customer self service
- reduced processing or cycle time, which can reduce follow-up enquiries and complaints (NOIE 2002).

As well as improving productivity, effective ICT implementation can transform the way an organisation operates. For example, a productivity gain can allow an organisation to serve more customers rather than lead to reduced staff. The Smith Family illustrated this with the improvements made to cater for an expanding client base, particularly in its Learning for Life program (DCITA 2004b; NOIE 2002).

Online engagement

Nonprofit organisations can use ICT to improve their ability to engage with their members, other nonprofit organisations, the private sector, government and the wider community. The importance of collaboration for the nonprofit sector is highlighted by the *Community Manifesto*:

Successful collaborations between different-sized community organisations (as between community organisations, bureaucracy, and business) require trust, mutual respect, a non-competitive modus operandi, an openness to share resources, learning and knowledge, and a respect for the legitimacy of community-controlled approaches.

(Our Community 2003, p. 18)

Engagement with members

Dealing with members online, such as through the Our Community membership service (DCITA 2004b), can be more efficient than manual systems. Members can engage with the organisation and each other through online networks, newsletters and email, online campaigns and online learning or training.

As an example, the Wildlife Information and Rescue Service (WIRES) uses email and chat in an innovative way to allow carers to share experience and expertise (see inset).

Section 3: ICT transformation in the nonprofit sector

3.1 The environment for uptake and use of ICT by the nonprofit sector

Sources of data on uptake and use of ICT within the nonprofit sector are limited and unrepresentative of the sector as a whole. As mentioned in the introduction, the anecdotal evidence from government grant programs points to a large unmet need for ICT within the sector. Our Community recently polled several thousand community groups and found 40 per cent of respondents do not have an email address or immediate access to the Internet.

The governments of Canada and several European countries as well as the European Commission have recognised the need to promote the use of ICT by the nonprofit sector. In recent years the governments of the United Kingdom (UK) and Canada have commissioned major studies into the ICT capability and needs of their respective nonprofit sectors. Organisations in these countries identified ICT as an important tool for many of their functions and services but faced significant challenges in its acquisition and effective use. An overview of some UK and Canadian studies are provided at Appendix A.

Despite attempts at gaining a reliable picture, there is no representative survey of ICT adoption and use by the sector in Australia. A recent study of the technological capability of 500 nonprofit organisations delivering government services revealed that 71 per cent use the Internet for finding information, interacting with other nonprofit organisations and government agencies and transacting with financial bodies. Fifty six per cent continue to use paper to collect initial membership data (FACS 2002a).

In a literature review examining impacts of ICT on the nonprofit sector, Barraket (2002) concluded that Australian organisations have a relatively low base in uptake and unevenness in ICT capacity is limiting its potential within the sector. The key findings of that review are:

- empirical research on the effects and potential of ICT on service delivery is extremely limited
- available research suggests that third sector organisations are under-using ICT capacity in the development and delivery of services
- as some third-sector organisations play a critical role in the delivery of (their own and government) services to disadvantaged peoples, improvement to the technological capacity of these organisations is a public policy concern
- while the use of ICT is relatively widespread throughout the third sector, the full potential of ICT enabled strategies—particularly the potential for networking, ecommerce and organisational learning—is not being exploited
- the range of barriers to full adoption of ICT practices within third sector organisations includes access to ICT and technical support, technological literacy and cost.

ICT capacity within the nonprofit sector

The overall assessment is that nonprofits are taking up ICT at broadly similar rates to business, but with some time lag.

The Monash Centre for Community Networking Research survey (CCNR 2003) of the nonprofit sector found a majority of organisations had basic access to ICT and the Internet, indicating an upward trend in ICT adoption when compared with earlier research.² It found high satisfaction rates among respondents for technologies already in use. CCNR suggested that the comparatively recent take-up of the technology by many respondents, combined with a lack of deeper knowledge about the opportunities and limits of the Internet, may lead to unrealistic expectations of what it can deliver and the cost-benefits for the organisation. Fifty per cent of respondents without Internet access reported it did not suit their operations.

In 2002 some 25 per cent of responding organisations had broadband access (cable, ISDN, ADSL). Connection rates ranged from 12.5 per cent of organisations with revenue under \$25 000 to 62 per cent of those with revenue over \$1 million (CCNR 2003).

The CCNR findings mirror the trends found in general e-business, where adoption rates for ICT are stabilising. As of June 2002, 84 per cent of all businesses used a computer, 72 per cent had access to the Internet and 24 per cent had a web presence. Similar figures were found in June 2003 (ABS 2004c; NOIE 2003b).

In businesses with more than 19 employees, computer and Internet penetration levels already exceed 90 per cent while, in businesses with five to 19 employees, computer and Internet use was above 90 per cent and 80 per cent respectively. Technology use among micro businesses (those with less than five employees) was at least 12 percentage points behind other businesses but the figures on computer and Internet use were high at nearly 78 per cent and 65 per cent respectively (ABS 2004c).

The most current data available at the time of writing was the *Sensis e-Business Report*, a survey of 1800 SMEs, which found 'the Internet has now become part of the standard toolkit for any business' (Sensis 2004a).

Eighty six per cent of all SMEs connect to the Internet—amounting to 86 per cent of small and 99 per cent of medium enterprises. A total of 45 per cent of SMEs reported having a website for their business—comprising 73 per cent of medium enterprises and 41 per cent of small enterprises (Sensis 2004a). As with Australian businesses, the majority of nonprofit organisations could be said to be 'small' (Woodward 2003) and so would be expected to exhibit a similar profile in terms of their take-up and use of ICT.

Further analysis of the Monash CCNR data indicates a marked regional/urban divide and further differences between small and large organisations. At one extreme, 30 per cent of small regional organisations have a website, while at the high end over 80 per cent of large, city based nonprofit organisations have a website

² *Monash Community Information and Communication Technologies Index* (CCNR 2003). The survey in 2002 produced 923 useable responses from random sampling of 2915 community organisations drawn from Our Community and the Yellow Pages.

(compared to 70 per cent of large regional organisations). In line with general business trends, nonprofit organisations with turnover of \$1 million or more are significantly more likely to use their website for e-business (Denison 2003).

ICT adoption rates are also influenced by industry sector. In 2003 personal services and health and community services had lower than average Internet access and website adoption rates. In the personal services sector 53 per cent of organisations have access to the Internet and 23 per cent have a web presence.

In June 2000 nonprofits comprised well over half of the employers in the community services sector, amounting to 5938 out of a total 9287 organisations (ABS 2001). Statistics at June 2003 for the health and community services industry sector, which also includes private and government run organisations, show that 72 per cent of organisations had access to the Internet while only 16 per cent had a web presence (ABS 2004c). In July 2004 Sensis (2004a) found 89 per cent of health and community services enterprises connected to the Internet compared to 86 per cent of SMEs in general.

The adoption rate of broadband, as a relatively new technology, can be an indicator of efficient participation in e-business. Small enterprises are slower to adopt broadband than medium enterprises. By July 2004, 43 per cent of SMEs had broadband connections—comprising 41 per cent of small enterprises and 73 per cent of medium enterprises (Sensis 2004a).

In the community services subset there is evidence of some improved take-up but also a tendency to caution in its adoption of technology. Sensis found in May 2004 that SMEs in the community services subdivision had broadband access at around half the rate (21 per cent) of SMEs in general, but 71 per cent indicated an intention to adopt broadband within 12 months (Sensis 2004b). By way of comparison, a contemporary study found 32 per cent of rural and remote private medical practices use broadband and nine per cent have no Internet connection (Digital Business Insights 2004).

Conversely, the cultural and recreational services sector is ahead of the pack. In 2003, 81 per cent of organisations had Internet access and 37 per cent had a web presence (ABS 2004c). A small survey of cultural organisations conducted for DCITA in 2003 found a notable 57 per cent of respondents used broadband connections. Ninety of the 95 respondents were small government, business and nonprofit organisations, of which 87 had Internet access and 88 maintained a website.

In summary, smaller nonprofit organisations located in regional, rural and remote areas are likely to have significantly lower levels of Internet access and are less likely to have a broadband connection or a web presence. Adoption rates differ across industry sectors.

Barriers to adoption and effective use of ICT

The evidence of a comparatively low ICT uptake within the nonprofit sector suggests persistent barriers to its adoption and effective use, the most significant being cost and ICT literacy (Barraket 2002; CCNR 2002).

The *Community Manifesto* highlighted the main barriers as:

Many community groups lack the knowledge, skills and funding to make full use of the potential of the new technology for increasing participation, improving advocacy, providing social support, and transferring strategies across the sector.

(Our Community 2003)

Impediments to effective use, such as awareness of potential applications, are likely to be more complex and pervasive due to the present low levels of adoption. Discussion at the *Connecting Up* conference articulated these difficulties (Connecting Up 2004). Overseas research, in particular the UK (United Kingdom Cabinet Office 2001) and Canada (Voluntary Sector Initiative 2003), reports similar issues.

The identified barriers to ICT adoption by nonprofit organisations result from a lack of:

- funding for initial investment as well as for upgrades, maintenance and the training and retraining of staff—the cost of advice and short technology upgrade cycles add to the total cost of ownership
- accessibility in terms of availability and the cost of adaptive and assistive technologies—especially in nonprofit organisations whose main client group includes the aged or people with disabilities
- strategic partnerships—governments need to reconsider funding and sustainability for nonprofits
- overall strategic direction across some sectors, such as aged care—board members and senior management need to show leadership
- strategic understanding of ICT and its potential to help achieve organisational goals by senior management and board members—resulting in failure to consider ICT as part of the business strategy
- general ICT proficiency among both paid staff and volunteers, including internal technical expertise and ongoing technical support
- reliable, informed and trusted sources of advice on technical issues
- sharing of resources, infrastructure, knowledge, coordination, best practice and purchasing power between organisations
- evidence-based research into the impact of ICT on the sector.

A symposium of nonprofit organisations and government representatives in 2001 outlined the consequences of falling behind in ICT adoption:

For community organisations, lack of access to up-to-date communication technology can reduce their ability to effectively service clients; inhibit their ability to access government information, guidelines and application forms (particularly since there is increasingly an expectation that these documents will be accessed and submitted electronically); and diminish their administrative efficiency, thereby increasing their costs.

(Call to ACTT 2001, p. 9)

Initiatives promoting ICT adoption by the nonprofit sector

The social and economic importance of the nonprofit sector has received significant international recognition. The European Commission has acknowledged the importance of the nonprofit sector in the development of the 'information society', arguing that voluntary organisations act as front-line conduits (or mediators) between disadvantaged groups and ICT. This study found that some also offer direct support and services such as providing content on the Internet and encouraging disadvantaged groups to produce their own online content. Others provide a supporting role, encouraging the use of ICT by disadvantaged groups as a natural extension of their overall service delivery (European Commission 2001).

The governments of New Zealand and Ireland recognise the importance of the nonprofit sector in developing their information societies. They have funded a range of strategies for improving the ICT capability of the nonprofit sector to engage online with government, provide community ICT access and deliver their services online.

The UK and Canadian governments have also funded enhancements to the ICT infrastructure and capacity of their nonprofit sectors. These include investment in improved hardware and software and a range of related initiatives to develop online content and services, provision of training, provision of advisory and technical support, improved ICT planning and funding strategies, promotion of good practices and case studies and information and awareness raising activities. In the US the nonprofit sector generally relies far less on direct support from government and more on corporate and philanthropic assistance.

Appendix A provides brief summaries of sources of information on these international initiatives.

Australian initiatives promoting ICT adoption by the nonprofit sector

A variety of projects delivered by the Australian Government and state, territory and local governments exist to promote the adoption of ICT by nonprofit organisations. The sector itself has actively promoted ICT use. Enabling organisations, such as Our Community, Infoxchange Australia, Community Information Strategies Australia Inc. (CISA) and Pro Bono Australia, use the Internet to provide information on funding opportunities and to provide online resources and tools.

The Australian Government's Family and Community Networks Initiative, administered by FaCS, aims to develop local capacity to respond to issues. Its current focus is on supporting Indigenous communities.

An example of its projects is the trial use of digital technology to improve the educational levels of Cape York primary schoolchildren. The *Local Answers* component of the initiative builds on such success by providing funds for small-scale projects developed by communities in response to their own issues.

The bulk of Australian Government support for community use of online technologies, such as the Networking the Nation (NTN) program, has focused on rural and regional Australia. Many nonprofit organisations operating in these areas have benefited from NTN funding to undertake a wide range of community-based ICT projects.

State, territory and local governments are also encouraging the nonprofit sector and the community to go online, often supported by NTN funding. Examples include Queensland's Community Housing On Line accommodation service and the New South Wales Better Service Delivery Program, which is a collaboration between the state government and NCOSS to provide a secure electronic system for the referral of client information between all the state's human service organisations.

Organisations that use ICT need to take account of the special needs of staff, members, volunteers or clients with disabilities, including website accessibility in the case of those that provide goods and services over the Internet. The Australian Government provided \$1.5 million in each of 1998–99 and 1999–2000 to support innovations that help people with disabilities gain improved access to online information and communications services. Further government programs are listed at Appendix B.

Potential for emerging technologies to further transform nonprofit organisations

All ICT enabled organisations/users/managers face the challenge of positioning their organisations to take advantage of technological developments such as the implementation of broadband. Emerging technologies encompass new forms of delivery of content (such as wireless and web standards for device independence), new platforms for developing ICT applications (such as open source) and web services that link business processes internally and with partners and trading communities (DCITA 2004e; NOIE 2003a; NOIE 2003c). The associated case studies (DCITA 2004b) highlight examples of this—such as the use by Endeavour and Philanthropy Australia of open source products and community radio station 2RRR's use of a standards-based RSS newsfeed.

The nonprofit sector can increase sustainability and reduce individual costs by aggregating demand for infrastructure and services. The Internet allows cheaper delivery of telephony and traditionally broadcast media such as radio. New ICT service delivery models such as bureau services and web-enabled thin client networks offer many possibilities to aggregate infrastructure but individualise usage.

For example, the CISA case study shows how five different organisations collocated in the Mental Health Resource Centre aggregated their demand for ICT services to make real dollar savings. CISA's solution was open source software for a stable and secure server environment that in turn allowed a low-cost open source desktop using existing hardware (DCITA 2004b).

Australian and international research demonstrates the potential for broadband to further transform nonprofit organisations (NOIE 2004; OIIFD 2003). Recognising the potential economic and social benefits of

broadband connectivity, Australian governments at all levels have collaborated on a national framework for broadband development, the National Broadband Strategy. It highlights the social benefits of broadband connectivity:

A high level of community connectivity can serve to break down isolation, aid the acquisition and transfer of knowledge and skills, and promote the creation of mutually beneficial partnerships and alliances. Community [electronic] networks also have positive implications for the development of social capital within communities.

(NOIE 2004, p. 14)

Several elements of the strategy are highly relevant to nonprofit organisations, including the range of measures to stimulate the provision of broadband infrastructure and promote the take-up of broadband services. Part of the strategic vision is for media and service sectors to generate broadband content and service activities as a means for developing Australia's cultural identity. Nonprofit organisations positioned to seize the opportunity can make a real difference to their communities. Organisations such as PY Media (discussed further below), arts organisations and lifelong learning organisations such as the U3A Online (DCITA 2004b) create valuable online content.

The Higher Bandwidth Incentive Scheme (HiBIS) is part of the Australian Government's contribution to the National Broadband Strategy and part of its response to the report of the Regional Telecommunications Inquiry of 2002. HiBIS will help small nonprofit and community organisations in regional and rural Australia access higher bandwidth services at prices comparable to those available in metropolitan Australia. Nonprofit organisations located in eligible areas with fewer than 20 employees or nonprofit organisations that intend to provide public Internet access facilities will be eligible for HiBIS-subsidised broadband.

The Coordinated Communications Infrastructure Fund (CCIF), a \$23.7 million Australian Government program, will support broadband infrastructure projects that have aggregated demand both across key sectors, such as health and education, and across particular geographic areas.

An example of a funded CCIF project is the Loddon Mallee Health Alliance. It represents the ICT interests of 16 hospitals and 65 health agencies located at 160 sites across 41 towns throughout north-western Victoria. Members of the alliance include nonprofits such as Interchange (www.interchange.org.au), a community based nonprofit program providing support to families who have a child or a young person with a disability.

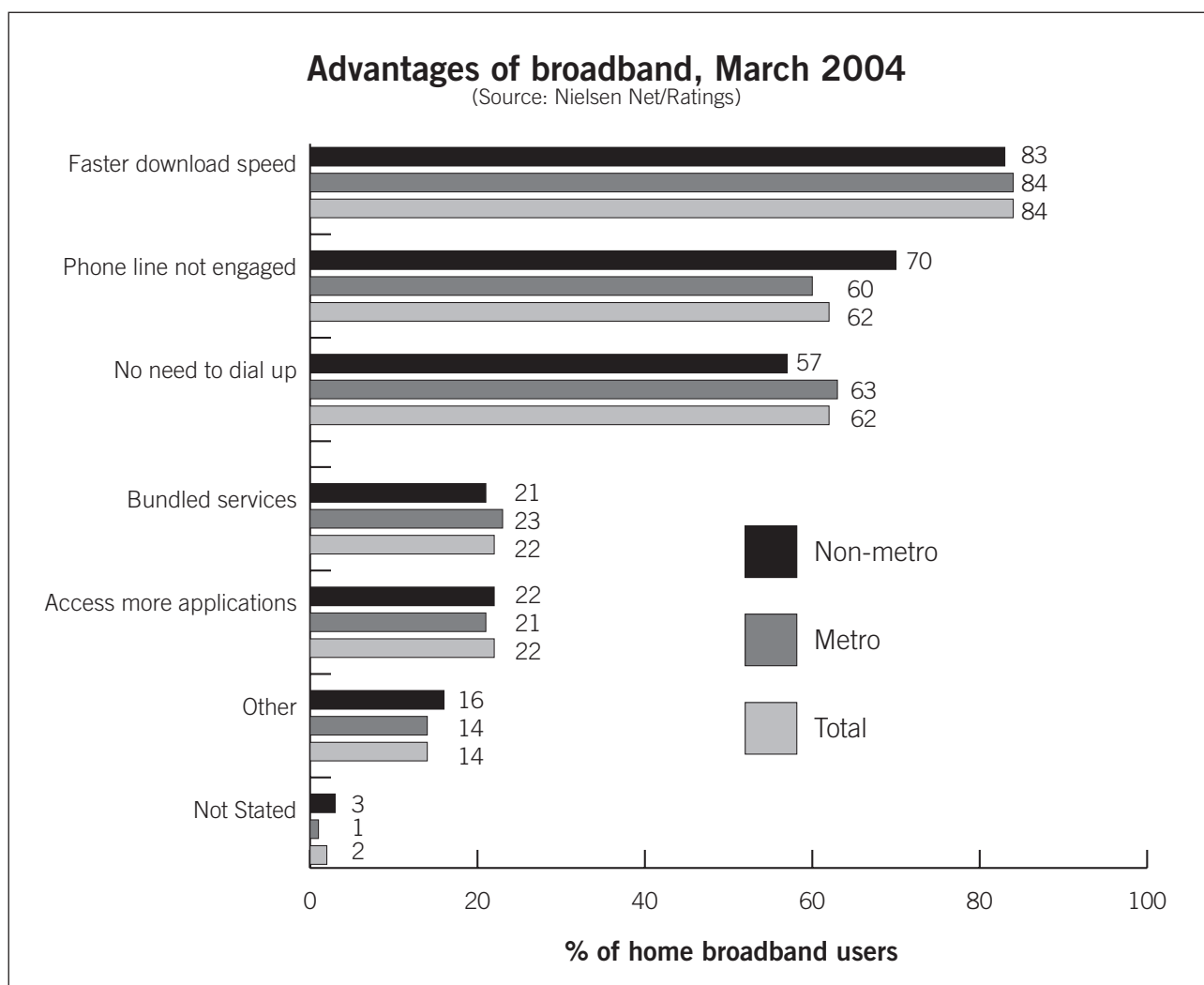
CCIF funds will aid Indigenous communities in the remote Ngaanyatjarra Lands in Western Australia to link via a broadband backbone and last-mile services. Schools, police, justice, health and other government agencies, nonprofit organisations and commercial entities of the region will enjoy high-speed data, Internet, videoconferencing and voice services. This will present significant social, economic and health benefits.

DCITA also administers the \$8.4 million Demand Aggregation Brokers program that has established a national network of brokers to consolidate community demand for broadband investment in regional areas. By aggregating demand, the program enhances the power of consumers to seek more affordable prices for

broadband services while presenting an attractive business proposition for suppliers. National brokers work on behalf of the education and health sectors while state and territory brokers represent more local needs. The first round of funding, announced in July 2004, contributed \$2.9 million for better broadband deals for communities in 13 regional areas across Australia.

Nonprofit organisations are potential anchor tenants for their communities under this scheme. One of the first funded projects is led by the Pitjantjatjara Yankunytjatjara Media Association (PY Media), incorporated in 1987 to assist Indigenous communities in the far north of South Australia to develop their own media centres (see www.waru.org). PY Media aims to use broadband to reduce the isolation of its many client communities through the delivery of health, communication, education, business and cultural services. Funding will help provide education about broadband services and identify possible service providers and technologies for the region.

As Australians become more intensive users of the Internet, the desire for greater efficiency is foremost in their minds. Research shows that speed, efficiency and convenience are critical factors driving the shift from narrowband to broadband in Australia (AC Nielsen 2004; Sensis 2004a).



Wesley Mission's decision to use broadband was driven by its relationship with the Job Network. It has over 150 sites in New South Wales, many of them in rural areas, so it chose a broadband package that relates costs to usage rather than distance. Its strategy of centralisation for cost and efficiency is consistent with the organisation's philosophy of 'anytime/anywhere'. In 2003 Wesley connected its major sites by a broadband virtual private network, with plans to increase connections to a total of 100 sites in 2004. The network delivers quality of service, security and performance and allows centralised backup of data and delivery of applications. Now Wesley can open new sites quickly.

Broadband builds efficiency

'Broadband is here to stay' is the advice from John Armour, former IT manager at Wesley Mission. 'If you are large you can do as Wesley did. If you are small, band together and combine your purchasing power.' (Armour 2004)

The diversity of the nonprofit sector means that organisations will always be at different levels of sophistication in their use of ICT. The *Connecting Up* conference in Adelaide in May 2004 showcased the achievements of South Australian communities and innovations in the nonprofit sector across Australia. In particular, the conference explored options for:

- leveraging the aggregated ICT requirements of the state's nonprofit sector, including procurement of hardware, software and equipment servicing, web services and telephony
- a consortium of nonprofit groups and corporate sponsors establishing a low-cost business-to-business gateway for organisations in the community services and health sectors in South Australia
- improved access to and use of emerging technologies such as broadband, wireless networks, open source software and other emerging technologies.

(Connecting Up 2004)

Many, particularly larger, nonprofit sector organisations have adapted well to the demands and requirements of the Internet age. Some early adopters of ICT, such as the Endeavour foundation, are looking to the future with plans to make increased use of mobile devices such as personal digital assistants (PDAs) to enable real-time and accurate data entry for casework (FACS 2002b).

Discussion points: the environment for uptake and use of ICT by the nonprofit sector

This section has outlined the nonprofit sector's current ICT capacity, the barriers the sector faces, and initiatives to promote full ICT adoption and the potential offered by emerging technologies.

1. What other evidence and research is available to indicate the state of ICT readiness of the nonprofit sector in Australia?
2. What further work needs to be done to gain a reliable picture of the ICT capacity and needs of the nonprofit sector and of nonprofit organisations?
3. Should the industry sector of operation, for example welfare or community arts, be considered in programs to promote nonprofit adoption of ICT?
4. Are there any overseas approaches to assisting nonprofit organisations with their ICT needs that might be worth considering in Australia? How might they need to be modified?
5. How might nonprofit organisations best identify the level of need and demand for broadband connectivity and aggregate their broadband needs and demand:
 - (a) at a local and regional level?
 - (b) on a state/territory-wide basis?
 - (c) at a sectoral level?
 - (d) at a national level?
6. How might nonprofit organisations also identify and aggregate their needs and demand (as above) for:
 - (a) procurement?
 - (b) e-business systems and capability?
 - (c) wireless, open source software and other emerging technologies?
 - (d) access to the Internet and email?
 - (e) training and technical support?

3.2 The case for nonprofit organisations to use ICT to build capacity and capability

Business, government and the nonprofit sector share the need to optimise operational efficiency and their capacity to deliver services. Governments and the nonprofit sector have a further need to maximise the social impact of their programs. In the case of the nonprofit sector, community expectations of both efficiency and effectiveness can be even higher, as the Ovum study of The Smith Family reveals (NOIE 2002). There are both compelling and urgent reasons for nonprofit organisations to improve their performance, including ever-present social need and changes in the sector's operating environment.

Social challenges facing the sector were discussed in a recent study commissioned by Jesuit Social Services, which found evidence that disadvantage is becoming entrenched in specific Australian communities (Vinson, 2004). Studies undertaken by leading organisations such as the Australian Council of Social Services,

The Smith Family, Mission Australia and The Brotherhood of St Laurence have also explored entrenched and often generational levels of disadvantage and social marginalisation among vulnerable groups of Australians such as those on low incomes, the elderly and Indigenous Australians.

The Senate Community Affairs Committee (2003–4) report *A hand up not a hand out: Renewing the fight against poverty* noted that ‘the level of poverty in our community is increasing and becoming increasingly entrenched’ and recommended improved government support and collaboration with nonprofit organisations.

There are many examples within the nonprofit sector of initiatives aimed at breaking the cycle of poverty through promoting ICT literacy, training and life skilling. The case studies analysed in Section 4 present a number of these initiatives, such as The Smith Family’s Learning for Life program and Inspire Foundation’s Beanbag Net Centres.

Lisa Berkman, Professor of Public Policy at Harvard University’s School of Public Health, has observed that a strong and vibrant nonprofit sector can also do much to address community disadvantage:

Community organisations have the power to tangibly improve population health. In this case, what’s good for individuals and what’s good for the community are the same thing. Those with the most social connectedness, i.e. who have a high level of participation in social and community organisations and networks, have lower mortality rates ... Community groups are the engines that drive our ability to change behaviour, reduce morbidity, expand life expectancy and innovate change.

(Berkman, cited in *Our Community* 2003, p. 6)

The relationship between peak nonprofit sector bodies and governments is evolving. Fifty per cent of peak bodies rely on government funding, representing a steady increase since the 1950s (Melville 2003). Further, there is a complex regulatory environment around nonprofits, particularly charities (Woodward 2003). *The Report of the inquiry into the definition of charities and related organisations* noted that:

The environment in which charities and related entities operate is changing. Their focus is shifting from the provision of relief to those in need to prevention and early intervention and developing the capacity of communities to address their own needs. They are facing increasing competition for funds and changed arrangements for government funding. Some are in competition with the for-profit sector.

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In this challenging environment nonprofit organisations need to take every opportunity to build internal capability, a fact emphasised by delegates at the Communities in Control conference in 2003:

The technological revolution offers enormous opportunities for community groups, as well as enormous additional stress. The falling prices of computer-based equipment and the increasing electronic interconnection of society have brought powerful instruments within the reach of any group that knows how to use them; however, much of that knowledge has not been taken up by community groups. High costs and poor training have meant that many of the socially marginalised grassroots groups who need the technology most are instead falling still further behind.

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Improved internal capability allows nonprofit organisations to do more, better. ICT can also improve their reach: enhance their ability to communicate with members, provide new ways for members to network and enhance external communications. The sector's distinctive features—such as its member stakeholders, governance (e.g. board structure and control, relationship with external funders), reliance on volunteers and fundraising—all impact on its ability to respond to change. Spencer (2002) presents such a case for embracing ICT:

Non-profits are typically a step behind for-profit and government organisations in capitalizing on new technology. The reasons are fundamental to their operation, lack of funding and technical expertise and a failure to see the importance of the Internet in fulfilling organisational objectives. Despite these disadvantages, the Internet holds considerable potential for fulfilling objectives of providing information, educating, advocating, building expertise, raising money and developing relationships with members, volunteers, sponsors and the public.

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Case studies by Barraket (2002) and others (DCITA 2004b; NOIE 2003a) reinforce the view that ICT-enabled strategies are more likely to succeed when several organisational conditions exist, including:

- board and senior management support
- stakeholder involvement
- effective evaluation.

In summary, the potential applications for ICT that improve the operational efficiency and capacity of nonprofit organisations include:

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(OurBrisbane 2003)

Section 4 of this paper uses this earlier research to demonstrate effective ICT practice in nonprofit organisations.

Geiselhart (2002) offers a useful description of Internet use by nonprofits as the creation of an 'electronic commons' and the Anglicare and Wesley Mission case studies present two examples of this. Further, experience in Australia indicates that e-business can generate shared benefits such as reduced costs, a boost

in efficiencies and improved profitability when all parties in a supply chain cooperate in the development of their online strategies (DCITA 2004e; NOIE 2002). Nonprofit organisations can similarly benefit.

The sources of productivity and process improvements from effective use of ICT include:

- more efficient member and customer service
- reduced rework through reuse, eliminating duplication and member or customer self service
- reduced processing or cycle time, which can reduce follow-up enquiries and complaints (NOIE 2002).

As well as improving productivity, effective ICT implementation can transform the way an organisation operates. For example, a productivity gain can allow an organisation to serve more customers rather than lead to reduced staff. The Smith Family illustrated this with the improvements made to cater for an expanding client base, particularly in its Learning for Life program (DCITA 2004b; NOIE 2002).

Online engagement

Nonprofit organisations can use ICT to improve their ability to engage with their members, other nonprofit organisations, the private sector, government and the wider community. The importance of collaboration for the nonprofit sector is highlighted by the *Community Manifesto*:

Successful collaborations between different-sized community organisations (as between community organisations, bureaucracy, and business) require trust, mutual respect, a non-competitive modus operandi, an openness to share resources, learning and knowledge, and a respect for the legitimacy of community-controlled approaches.

(Our Community 2003, p. 18)

Engagement with members

Dealing with members online, such as through the Our Community membership service (DCITA 2004b), can be more efficient than manual systems. Members can engage with the organisation and each other through online networks, newsletters and email, online campaigns and online learning or training.

As an example, the Wildlife Information and Rescue Service (WIRES) uses email and chat in an innovative way to allow carers to share experience and expertise (see inset).

WIRES members use the Internet's potential for communication to support not only the distribution of information on animal care but also the development of a community of practice to share knowledge and practical skills in animal care and rescue methods (Spencer 2002).

WIRES (www.wires.org.au) is a wildlife care and rescue group. WIRES reduced costs and increased communication effectiveness by using email rather than traditional telephone and postal services. The new website allowed for expanded advocacy by including a means to send letters to government representatives via email.

One of the objectives of the Internet strategy is to portray WIRES as a professional and credible nonprofit organisation so as to promote its ability to attract sponsorship. The ability to publicly acknowledge corporate sponsors (and link to their sites) through the WIRES website enhances this relationship.

(Spencer 2002)

Similarly, the Queensland Rural Women's Network (QRWN) uses email extensively to communicate with its executive and members and uses its website to support member activities. QRWN extends over seven regions and has over 600 members (both men and women), including some located interstate and internationally. Email is crucial to effective functioning, cost-effective and a convenient means of keeping a geographically dispersed group in touch:

QRWN are masters at communicating with each other this way as we have no other option—when you are isolated you become ingenious at using the best and most economical means of communication, as enhanced communication empowers the group.

(QRWN representative cited in NOIE 1999)

Engagement between nonprofit organisations

As the *e-Government Benefits Study* (NOIE 2003d) demonstrated, ICT can improve the ability to collaborate across government agencies. Nonprofit organisations can similarly take advantage of the ability to communicate better with each other.

Greater cooperation can result from systems-based processes to better inform and manage their efforts, as shown by the Anglicare case study. Infoxchange Australia's referral services encourage communication amongst participating organisations. depressionNet is a partner in the Health-e-People project that will provide web-enabled sharing of content and organisational resources with partners such as Mensline Australia (www.menslineaus.org.au) and other community-based organisations.

Infoxchange Australia is one of a number of intermediary organisations that act as both a catalyst and coordination point for ICT adoption, enabling the sector in various ways. For example, Pro Bono Australia's

Volunteer Match (www.volunteermatch.com.au) helps introduce skilled individuals, or teams of individuals, as volunteers into the community sector to build capacity in nonprofit organisations. Social Ventures Australia (www.socialventures.com.au) encourages social enterprise or entrepreneurship to build stronger communities.

Evaluation of the Family and Community Networks Initiative (FACS 2002b) suggests the most successful projects support organisations with the mission of capacity building for the sector. These enabling organisations have a significant influence on take-up rates of new practices and are themselves examples where ICT has a demonstrable positive effect. Our Community and Infochange Australia, included as case studies (DCITA 2004b), play this role at a national level. State-based support organisations such as Matrix On Board (www.mob.com.au), TriCommunity Exchange (www.tricomm.org.au), WorkVentures and CISA Inc. (www.cisa.asn.au) similarly encourage cooperation within the sector (DCITA 2004b).

Anglicare Australia (DCITA 2004b) operates as an enabler for Anglican welfare organisations. Another such organisation, Church Resources, uses Church Net (a virtual private network) to connect Catholic, Anglican and Uniting Church communities—from cathedrals to small parishes, from schools to aged care facilities. Church Resources uses the combined buying power of its members to deliver discounted services through its main partner Telstra.

Engagement with the private sector

ICT can also improve relationships with the private sector, through e-business applications such as online ordering, bill paying and banking or through encouraging corporate philanthropy. As an example, WIRES strategically positioned its online presence to promote its ability to attract corporate sponsorship.

Corporate giving can be in the form of time and expertise, in-kind products, or donations of money. Corporate social responsibility is a form of linking social capital, a concept which is examined in the companion paper (DCITA 2004a). The importance of productive collaborations with the business community is acknowledged by the nonprofit sector:

Partnerships between business and community groups should be facilitated to provide improved access to finances, knowledge and skills and a commitment to work together towards a commitment to social responsibility and a healthy and viable society.

(Our Community 2003, p. 10)

The Prime Minister's Community Business Partnership, described earlier, seeks to identify incentives for and impediments to philanthropy and develop community-business partnerships.

The Prime Minister's Awards for Excellence in Community Business Partnerships are a key tool for promoting and rewarding great community business partnerships, such as:

- BP Australia supported Computerbank by providing surplus computers for recycling to people on low incomes and community groups.
- Perth based IT company WiredCity donated services to the Fairbridge community organisation to help establish an online training facility for young people.

- Companies such as AMP, Coca-Cola and Com Tech Online supported the Inspire Foundation's *Reach Out!* project, an Internet-based youth suicide prevention initiative.
- Cisco Systems Australia assisted The Smith Family to upgrade to state-of-the-art voice and data facilities for more efficient service delivery, particularly to clients living in rural and regional Australia. This also enabled The Smith Family to provide ICT access and training for students in low income families through pilot computer clubs in selected Melbourne suburbs.

Australia is the only country where Microsoft has launched Unlimited Potential, its international philanthropic program for increased computer literacy, as a collaboration with nonprofit organisations (www.microsoft.com/australia/corpaffairs/corpcit/). The Smith Family is the lead agency in this project, which has generated further partnerships with nonprofit organisations such as Australian Seniors Computer Clubs Association (ASCCA), Inspire Foundation, WorkVentures and Yarnteen. The major initiatives in Australia include software donation, refurbished computers, community technology learning centres, disaster relief and community partnerships in education, training and technology access.

Engagement with donors

A powerful use of e-business is fundraising, such as collecting donations online—directly, as in the WIRES and World Vision case studies, or by using the services of an intermediary such as Our Community. The online National Giving Centre on the Our Community website (www.ourcommunity.com.au) processes donations of money and time. This facility is being expanded with assistance from the Australian Government Information Technology Online program to allow online payment of memberships, subscriptions and fees.

Leading environmental groups collaborated to develop the eGive portal, which provides a suite of online payment and management tools for use by nonprofit organisations. The Earth Share Australia Foundation's nonprofit eGive portal is at www.earthshare.org.au/earthshare/

Partnerships amongst e-philanthropy sites such as the eGive portal, a featured case study, can further all partners' causes (Jillbert 2003). Innovative relationships have arisen between nonprofit and corporate partners, such as between the Australian Breastfeeding Association and the online florists' consortium Petals Network. A percentage of all purchases made via the Petals Network link on the Australian Breastfeeding Association website (www.breastfeeding.asn.au) comes back to the association.

Engagement with government

Nonprofit organisations have multiple relations with government—as advocates or lobbyists, as clients, as grant recipients and as service delivery partners. Nonprofit organisations can use ICT to streamline these communications. An example is WIRES' use of the Internet to advocate the cause of wildlife conservation (Spencer 2003).

Governments are progressively introducing online services, some of which impact significantly on nonprofit organisations. These include online grants application and administration, statistical and financial reporting and online consultations. The Australian Government's Grantslink portal (www.grantslink.gov.au) aims to streamline the process of applying for Australian Government grants.

One small regional family welfare organisation, Southern Family Life, has developed an integrated case management system to provide holistic management and internal reporting and to generate reports in the various formats required by government agencies (DCITA 2004b). The individual priorities of governments and other funding bodies can require double handling of some files. A solution is to develop systems flexible enough to conform to external requirements while maintaining overall integrity.

ICT enables organisations to form a virtual network, allowing nonprofit and government service delivery agencies to make their services more accessible and convenient for clients. Partnering between service providers can create a seamless approach that will minimise the need for clients to repeat information while ensuring they know which service applies to their circumstances and how to access it. Further benefits include more responsive service delivery and the ability to raise awareness of the organisation or issues leading to an expanded field of influence (Call to ACTT 2001).

Centrelink and a group of nonprofit organisations adopted this approach in the Community Connect trial. This enabled transfer of relevant information (with client consent) without the need for the client to physically approach more than one organisation for a single service. Centrelink recognise the concept of streamlined referrals as a valuable, generic model that can be applied across all community service providers. Centrelink has worked with several providers to better integrate service responses and build stronger relationships between the service sectors. The providers working with Centrelink on Community Connect include The Smith Family, The Salvation Army and the Benevolent Society. Community Connect is discussed in The Smith Family case study (DCITA 2004b).

Access to services will be improved through a virtual directory of services, the Federated Service Finder, developed by Centrelink, the Department of Health in South Australia and the Better Service Delivery program in New South Wales. The service finder retrieves information from a range of agency databases and presents the results in an integrated, seamless view. It allows national coverage for information maintained by local providers who know their services best. Centrelink intends to make the service finder widely available to provider organisations.

The NCOSS and New South Wales Government collaboration on the Better Service Delivery program provides a web portal, HSNet, and a secure electronic system for the referral of client information between all human service organisations in the state. As an incentive to join the network, the Government provides a customised PC and Internet package to nonprofit organisations that do not have the necessary equipment. Participating organisations benefit from better client service and the enhanced ability to network with each other. HSNet has the potential to grow to a region-based community portal, providing a source of local information and contacts.

ICT transforming service delivery

Integrated e-government shows the potential for ICT to transform service delivery and the nonprofit sector can benefit from this experience.

One example is The Parenting Xchange (www.parentingxchange.infoxchange.net.au) in South Australia, a partnership between Infoxchange, the City of Playford, Para West Adult Re-entry School and the Adelaide Women's and Children's Hospital. The Parenting Xchange aims to foster social networks among new mothers in the Peachey Belt area, improve the quality and extent of their social networks and improve access to information technology for a group normally excluded due to social and economic disadvantage.

The Returned Services League, Australian Government and Service Tasmania shopfronts are piloting a better service for Tasmania Veterans. The NOVEL Veterans' electronic lodgement service is an online claim submission system with inbuilt 'intelligent' support. It provides additional convenience of service points for the customer with quicker, simpler and easier access to Veterans' Affairs services. The online channel supports an extended physical customer support network via ServiceTasmania shopfronts and ex-service organisations.

Examples from the nonprofit sector generally emphasise the potential for ICT to enhance the client relationship. The full benefits of ICT emerge when technology is seen as a means of making connections between people and organisations easier and more meaningful (Call to ACTT 2001). Despite recognition of this potential, actual examples of such streamlining are sporadic and unevenly distributed across the nonprofit sector. A new service channel for Tasmanian Veterans, and Volunteering Queensland's volunteer matching service, provide examples of nonprofit organisations using ICT to improve service delivery (see insets).

Volunteering Queensland (www.volunteeringqueensland.org.au) identified the benefits and impacts of ICT as increased referrals (an increase of 30% since the site was created) a wider audience for job opportunities, more young people, more diversity in volunteers, more accessibility and more immediate services.

(OurBrisbane 2003)

The case studies (DCITA 2004b) provide further examples such as:

- Anglicare, Barnardos and Southern Family Life using ICT to improve case management
- Kids Help Line's use of Internet-based counselling to provide a choice of channel to users and electronic referral information
- Infoxchange Australia's web-based crisis accommodation referral system
- The Smith Family's Community Connect trial with Centrelink and the application of ICT to support *Learning for Life*, which enables a holistic view of the client and family unit.

Discussion points: Using ICT to build capacity

This section has outlined the business case for greater use of ICT within the nonprofit sector in terms of increased organisational capacity:

1. What role should government and the business sector play in assisting nonprofit organisations improve their capacity and ability to make effective use of ICT?
2. Is there a role for larger nonprofits fostering access to ICT and effective use of ICT for smaller organisations?

3.3 Nonprofit organisations using ICT to build community capacity

Nonprofit organisations are important agents in building social capital and community capacity. For a detailed discussion of social capital see the companion paper *The role of ICT in building communities and social capital* (DCITA 2004a). The Communities in Control manifesto sees the role of nonprofit organisations in developing community capacity as:

... the practical means of generating social connectedness (social capital) and community networks. These social relations have a huge impact on economic and social innovation, as well as on people's health and wellbeing.

(Our Community 2003, p. 6)

The UK Government (UK Cabinet Office 2001) has investigated the role of community engagement in promoting trust and social capital, particularly through membership in organisations. Putnam (2000) has argued that civil society associations play key roles in the accumulation of both bonding and bridging social capital by fostering trust, and that members of voluntary organisations are very much more likely to be trusting of others and engaged in the wider community.

Involvement with a nonprofit organisation is associated with trust in others and engagement in the wider community. Lyons (1997, 2001) analyses the role of nonprofits in forming social capital and finds that the most positive impact comes from member-serving nonprofits, while public-serving nonprofits indicate strength in existing social capital. Participation in the form of volunteering is described in the *Measures of Australia's progress* as one of the:

... stronger expressions of social capital, as it involves providing assistance, fulfilling needs and providing opportunities in the community. Participation in voluntary work also reinforces networks and adds to the richness of community life.

(ABS 2004b, see 'Building social support')

Enabling nonprofits to use ICT effectively will help ensure technology strengthens, rather than weakens, community bonds. Effectiveness in the context of this paper is the use of ICT to deliver on the mission of the organisation. Such use can have a positive impact on social capital through the role of nonprofits as trusted intermediaries, the promotion of community and member networking and community volunteering.

Trusted intermediaries

Nonprofit organisations play an important role as advocates and trusted intermediaries between citizens and government or clients and business. The credibility accorded to the recommendations made by the Australian Consumer's Association through its *Choice* magazine and website (www.choice.com.au) is a leading example of community trust in a nonprofit organisation.

Trusted intermediaries are essential in the welfare sector. The Job Network is built on their contributions—the Australian Government funds and sets the rules by which the network operates but private and community sector agencies, such as Mission Australia, directly provide the services. Notably, Mission Australia (2001) has emphasised the importance under this arrangement of governments remaining the guarantors of a social safety net.

Community networking

ICT can enhance other communications channels for community networks, as in the Birds Australia methods for reporting bird sightings, automating campaigns and social marketing (NOIE 2002; Spencer 2002).

An organisation can use ICT to transform its relationship with the community by providing information, acting as an information broker, creating networks or running online campaigns. For example, the ACA's *Choice* website provides some information to consumers for free, including its campaign site (Geiselhart 2002). As in the WIRES example such a service can form the basis of online advocacy or social marketing to promote awareness of an issue. See Barraket (2002) for a discussion of the potential of the Internet as a tool for advocacy.

The *Building Communities, Networks and Connections* studies (DCITA 2004b) demonstrate the capacity of the Internet to build community. The COIN Internet Academy (COIN), a joint initiative between the Rockhampton City Council and the Central Queensland University, provides a telecentre or ICT facility for use by nonprofit organisations. It also provides training in the use of computers and the Internet.

The COIN Internet Academy (capricornia.org/community) is a nonprofit organisation aiming to assist nonprofit community groups and organisations in and around Rockhampton to gain and increase their knowledge in the use of computers and the Internet.

COIN has strengthened relationships between the University and the Rockhampton community. In one instance COIN provided ICT support and 20 hours training for each of 59 retrenched meatworkers. It also provides free hosting for community groups to build their own website and the necessary training and equipment. These efforts by COIN have led Rockhampton's regional development body to establish an IT strategic plan for the region. COIN has also linked the University with a number of international networks undertaking similar initiatives.

An individual's participation in a nonprofit organisation, whether as a member or as a volunteer, benefits the community—reinforcing networks for the individual and the organisation and enriching community life. For a detailed discussion of the role of networks and ICT, see the companion paper (DCITA 2004a).

Member networking

Simply 'belonging' to a group can enhance an individual's social capital by expanding personal networks. Group membership can benefit individuals by giving them the chance to develop new skills, as the case studies of the QRWN and the ASCCA demonstrate (DCITA 2004b). The Productivity Commission has noted that, with incentives for individuals to grow social capital individually and within their communities, there is evidence that membership of community organisations enhances regional economic performance (Productivity Commission 2003).

Born online – Austprem (www.austprem.org.au), a support group for parents of premature babies, has evolved completely online. It grew out of an international group called Premie-L founded in 1996. Austprem emerged in 2000 offering the key benefits of linking people, providing personal and medical support, attracting sponsorship and offering parents a voice. (OurBrisbane 2003)

Members are often active as volunteers, contributing to the goals of the organisation. The Internet allows online support groups such as Austprem and Premie-L (see inset) to facilitate parent-to-parent support for members who may have difficulty meeting face-to-face or otherwise keep in touch. Austprem connects its

members in an immediate and practical way with local hospitals and volunteers. A number of books have been published that draw heavily from the group's online discussions. This has allowed the voices of parents to reach the public.

Volunteering

The nonprofit sector's reliance on volunteers means innovations in the sector flow through to the wider community, as demonstrated by The Smith Family case study. The UK Government recognised the importance of volunteering through its Millennium Volunteers program (www.millenniumvolunteers.gov.uk), aimed at encouraging young people to increase their social participation throughout life. Australian sites such as Volunteering Queensland and GoVolunteer (see insets) provide a contact point for nonprofit organisations looking for volunteers. They reduce the time and cost of recruiting volunteers and make it easier for more Australians to make a difference in their local communities.

Volunteering Australia

GoVolunteer (www.govolunteer.com.au) is Australia's first national volunteer recruitment website. It provides all the necessary information about volunteer opportunities and helps volunteers make the best match possible between personal requirements and choice of volunteer work.

Volunteering, as a form of reciprocity, is often used as an index of social capital (DCITA 2004a). Research by Wesley Mission Sydney highlighted the motivation for civic service among citizens, with 30.6 per cent of respondents stating that they 'wanted to do something for others' as their main reason for volunteering (Wesley Mission 2001). Respondents also identified as reasons for volunteering the need to belong, to feel valued and to find meaning in their lives. Volunteers work in many fields, with community or welfare organisations and sports or recreation organisations the most popular. Education, training and youth development organisations (1.2 million involvements) and religious organisations (772 000 involvements) also attract substantial numbers of volunteers. The great majority of volunteers (82 per cent) became involved in this type of work through personal contact of some kind, suggesting that volunteering not only builds social networks but grows out of them (ABS 2000).

Elaine Henry, CEO of The Smith Family, has commented on the changing shape of volunteering and the application of the human resource management techniques of the business world to traditional volunteers. Ms Henry observed that corporate volunteers often provide expertise the organisation does not have in-house (2003). ICT can help relieve the pressure on volunteers by relieving them of mundane tasks—for example, using email for newsletters rather than packing envelopes to post. In a similar way, the Hawthorn Football Club has freed its volunteers from routine membership administration to allow them to participate in ways they enjoy, rechannelling their energies and therefore retaining their support and enthusiasm (NOIE 2002).

Discussion points: Nonprofit organisations using ICT to build community capacity

This section shows how effective use of ICT by nonprofit organisations can have a positive impact on social capital through their role as trusted intermediaries, the promotion of community and member networking and community volunteering.

1. How are nonprofits using ICT to build social capital for their clients and members and in the wider community?
2. What factors restrict nonprofits' ability to use ICT for social capital building?
3. What role should local government play in developing social capital through the nonprofit sector?
4. What role should governments, the business sector and civil society play in assisting nonprofit organisations improve their capacity to use ICT for building social capital?
5. Do you have empirical evidence of trust in your nonprofit organisation?
6. Can/should nonprofit organisations act to promote trust in ICT in general?