

2 Introduction

The past decade has seen a renewed interest by governments, international organisations, civil society and communities in the concept of social capital and its role in economic productivity, community development and social reform.

Concerns about the ailing social health of the population has lead many to consider closely the factors that underpin strong communities and families and that contribute to enhanced individual and community well-being. This has coincided with a revolution in technological developments. In the past decade information and communications technology (ICT) has become enmeshed in the fabric of the Australian economy and society and indeed across all developed nations.

The ubiquitous Internet is impacting on all aspects of peoples' work—learning, communication and recreation. It is transforming the ways in which citizens and consumers interact and engage with each other, with institutions and organisations and with government. This has led to increased attention both in Australia and overseas on the contribution of ICT, in particular the Internet, to community development and social capital building and as a tool for greater social inclusion and cohesion.

During August 2004, some 65 per cent of Australians aged 14 and over used the Internet, with 84 per cent of home users using it for email and 21 per cent for interactive discussions (Nielsen 2004). Australians are also making greater use of the Internet to access the websites of membership based communities and nonprofit organisations and groups. Wider broadband access is enabling many Australians to make increased use of interactive educational, entertainment, retail and financial services.

The Australian Government's original *Strategic Framework for the Information Economy*, released in 1999, canvassed the potential of ICT in community development and social capital building:

Perhaps the most exciting feature of this increased connectivity is its potential to act as a catalyst for greater social interaction and community participation. Online technologies can have a direct role in enhancing community well being. They can provide better links across the local community while at the same enabling access to wider national and international resources.

Existing social infrastructure—schools, hospitals, public libraries, local councils—can be strengthened. Online capacity can help to stimulate and reinvigorate both local communities and communities of interest.

(NOIE 1999)

The updated document—*Australia's Strategic Framework for the Information Economy 2004–2006*, developed by the Department of Communications, Information Technology and the Arts (DCITA) and released in mid-2004—continues to acknowledge the potential for ICT to contribute to positive community and social outcomes for Australia, aiding social cohesion and the building of regional information economies (DCITA 2004a).

This discussion paper considers some of those aspects of ICT adoption and usage. It does not, however, attempt a comprehensive review of the substantial literature on social capital but rather focuses on recent research and developments.

A companion discussion paper, *Information and communications technology transforming the nonprofit sector* (DCITA 2004c), examines the economic and social benefits of ICT for nonprofit organisations. It examines the motivating factors for the sector to develop its ICT capacity and use it to improve social outcomes. The paper uses a series of case studies to illustrate the effective application of ICT by nonprofit organisations in Australia.

Is social capital important?

Both the Organisation for Economic Co-operation and Development (OECD) and the World Bank have acknowledged the importance of social capital for economic and social development:

Trust [social capital] has a role in facilitating productivity ... when embodied in the organisational culture of firms ... and may lead to larger and more effective production units ... as well as enhanced co-operation within firms. Social capital can facilitate regional systems of innovation ... helps people to find jobs.

(OECD 2001, pp. 57–58)

In Australia, senior figures in politics, government agencies and civil organisations have recognised the importance of social capital for economic and social development. There appears to be bi-partisan political support for the building and maintenance of social capital as a basis for social cohesion and economic and social development.

The Productivity Commission, in its study *Social Capital: Reviewing the Concept and its Policy Implications*, further emphasised the importance of social capital:

High levels of trust and social engagement can generate wide ranging benefits, such as reduced need for personal security and policing, improved workplace efficiency and lower costs of doing business ... there is scope for Governments to take more account of social capital in policy development.

(Productivity Commission 2003a, p. 1)

The Australian Bureau of Statistics (ABS) has done considerable work to develop a proposed measurement framework for social capital. It has focused on social capital because of its links to individual and community wellbeing and also because of its interest to those concerned with the developing knowledge-based economy.

The Australian nonprofit sector highlighted the importance of social capital during the *Communities in Control* conference held in May 2003. This event was attended by approximately 1300 representatives from nonprofit organisations around Australia—federal, state, territory and local government agencies and leading Australian and overseas universities.

A key message from the conference was that both the bridging and linking forms of social capital are important for a socially cohesive and inclusive society and for building strong communities and families. Leading experts from the United States (US) and within Australia argued persuasively that strong social connections and an active participation in social activities play a major role in individual health and wellbeing.

This paper attempts to expand on the work already done on social capital by looking at the role for ICT.

ICT and social capital

Governments and communities have committed major resources to ICT projects and programs to foster community development and to assist with networking across groups. However, there has been comparatively little research in Australia of the actual and potential use of ICT as an enabler of community and social capability.

The Productivity Commission made little reference to the role and impact of ICT in its 2003 study of social capital and public policy but the Australian Communications Authority (2004) does raise the issues of changing social networks and the role of ICT in their preliminary report *Vision 20/20: Future Scenarios for the Communications Industry*.

The ABS framework for measuring social capital acknowledges the role played by ICT in social capital formation. Suggested indicators include:

- frequency of email or Internet contact with relatives and friends
- communication through Internet chat rooms
- using the Internet to contact government.

The business sector is now beginning to recognise the importance of transactional trust (by extension, a form of social capital) for increased online trade. The president and chief executive of leading technology company RSA Security, Art Coviello, made the connection between online business and trust at a recent international conference on e-security.

... what's holding back businesses? Why can't they move past the narrow transactional approach of fledgling B2B initiatives? The answer clearly is not about access, ubiquity or cost, nor is it about processing power, storage capacity and bandwidth. It's something more fundamental—confidence. Confidence means trust, it's about confidence [trust] in individual companies, in underlying systems and technologies, and in the people we do business with.

(Coviello, in Dearne 2004, p. 7)

Consumer, small business and institutional concerns with issues such as spam, privacy, identity theft, security, computer viruses and denial of service attacks are likely to be all-impacting on the degree of trust (or confidence) that users have in engaging online with government, business and community. This issue is explored briefly later.

Theoretical framework for social capital

Social capital is a complex, multifaceted and contentious concept. For this reason it is important to explain the theoretical framework for the subsequent discussion—not to debate the merits of the concepts but to set the parameters for this paper.

The next section, ‘Setting the scene’, considers the definition of community and the concept of social capital. There is a particular focus on trust as an implicit aspect of social capital and the interplay between trust and technology as people increasingly use ICT for communication and social connection. This includes the issue of online engagement by citizens with democratic processes and government institutions.

Later discussion links social capital and community development to the changes taking place in society as a result of ICT. It investigates the types of online or virtual relationships and online social networks that form on the Internet. It considers the types of social capital being created online between individuals and between individuals and institutions. Case studies explore how different types of community apply social capital to their needs. There is discussion of how trust, the different forms of social capital (bonding, bridging and linking) and sustainability affect communities bounded by place and geography as well as virtual communities of practice/purpose, circumstance and interest.

This paper strives to stimulate an iterative discussion on the effective use of ICT and its potential contribution towards a more socially inclusive society and in building strong, cohesive communities.