

Executive summary

Overview

Information and communications technology (ICT) has an impact on community, business and government—on how agencies, organisations and groups interact with each other and with citizens, clients and customers. This paper examines the social and economic role the community or nonprofit sector plays in Australian society and current policy in relation to the sector and the information economy.

There is a strong business case for nonprofit organisations to apply ICT, particularly the Internet. They can use it to enhance their effectiveness through improved delivery of services and interactive engagement with civil society, the community sector, government agencies and the business community. ICT can also enhance internal organisational efficiency and increase their visibility and capacity to raise funds. Case studies of innovative ICT use by nonprofit organisations illustrate these benefits.

The Information Economy Division of the Department of Communications, Information Technology and the Arts (DCITA) prepared this paper, together with the companion paper on the role of ICT in building communities and social capital (DCITA 2004a) and a set of case studies, to illustrate the scope and nature of some social and community impacts of ICT.

The papers are intended to stimulate public discussion and provide a basis for consultation on the social and community impacts of ICT. Interested parties are invited to provide comments and submissions on the issues raised in these papers. DCITA anticipates using the results of this consultation to inform future activities and policy directions.

The nonprofit sector in Australia

The nonprofit sector plays an important role in developing Australia's economy and social wellbeing. As part of broader civil society the sector makes a significant contribution to the social and political sphere. There are over 700 000 nonprofit organisations, including 100 000 incorporated associations and 10 000 companies limited by guarantee.

The following working definition is adopted for the purpose of this paper:

A nonprofit organisation is one formed to achieve a common goal or benefit, is member or public serving in nature, is based on voluntary membership and is prohibited from collecting or distributing profit.

A useful way of understanding differences in the sector is to broadly characterise nonprofit organisations as either public-serving or member-serving:

Public-serving nonprofit organisations exist primarily to provide a public service and are mainly represented in the fields of health, education, community and other human services.

Member-serving nonprofit organisations primarily exist for the benefit of their members and are mainly represented in the fields of leisure, including sport and recreation, and interest groups such as peak associations and religious and professional organisations.

The nonprofit sector makes a significant social contribution in terms of membership and volunteer activities. A majority of Australians is involved in the sector through participation as volunteers or as members of clubs and associations—as much as 65 per cent of the population belong to some type of nonprofit organisation. During 2000, 4.4 million Australians volunteered a total of 704.1 million hours. When the voluntary contribution is added to other financial data, Australia's nonprofit sector contributes \$29.6 billion or 4.7 per cent to Australia's gross domestic product (GDP), a larger economic contribution than that of the mining sector.

ICT transformation in the nonprofit sector

This paper examines current ICT capacity within the nonprofit sector, working with the limited statistical evidence available. The overall assessment is that nonprofits generally are taking up ICT at broadly similar rates to business and that smaller regional nonprofit organisations in particular are likely to struggle with ICT adoption.

Research indicates a range of barriers to the full adoption and effective use of ICT within the sector, including accessibility, access to ICT and technical support, technological literacy, cost, the fast pace of technological change, availability of reliable advice and lack of overall strategic direction in some areas.

The operating environment in Australia is continually changing for the nonprofit sector, including its relationship with government. Emerging technologies including broadband have great potential to further transform organisations. This paper considers initiatives encouraging communities to go online, the changing nature of the environment and other factors that can motivate the sector to improve its capacity. It adds the Australian experience of e-business and e-government to international practice and studies of early adopters to inform development of the business case for nonprofit organisations to adopt ICT.

Increasing numbers of nonprofit organisations are adopting ICT to transform their administrative operations and service delivery and the ways in which they engage with other sectors. This is explored through the following themes:

- building internal capability
- online engagement
- ICT transforming service delivery
- ICT building social capital
- member networking
- volunteering
- trusted intermediaries
- community networking.

Key findings from case studies of nonprofit organisations' use of ICT

Studies of innovative ICT use by 21 nonprofit organisations (DCITA 2004b) provide insights into the barriers to uptake, operational and social outcomes, and success factors.

The studies found the common impediments to the adoption and effective uses of ICT are the level of access and technical support, the level of technological literacy, total cost, the fast pace of technological change and the level of strategic awareness of its potential.

The operational and productivity improvements identified include:

- work process review improvements
- shared communication such as centralised client and business information
- architected approach using open or interoperable systems
- transformation of service delivery and release from routine administrative work
- skills transfer.

Social benefits such as a positive impact on social capital and building community capacity can accrue from effective use of ICT by community organisations, flowing from:

- improved outcomes for members or clients
- the role of community organisations as trusted intermediaries
- the role of organisation membership in connecting individuals to community
- the role of volunteering and its effect on the wider community
- the promotion of community networking.

Several of the case studies indicated that success in implementation resulted from such factors as the:

- need for a clear business case for each project
- need to align ICT to overall strategy and organisational objectives
- value of strategic partnerships and stakeholder collaborations
- ability to connect with the stakeholder community
- relationship with ICT suppliers and developers
- need for professional project management.

Such findings resonate with the conclusions from earlier studies (DCITA 2004c; NOIE 2003a; NOIE/Ovum 2002).

Preliminary conclusions

DCITA's analysis strongly suggests there is considerable potential for increased adoption and more effective use of ICT across the nonprofit sector.

- There are already many compelling examples of organisations both large and small using ICT to achieve operational, service delivery and community benefits.
- The competitive pressures on organisations to operate and deliver services more effectively and efficiently are likely to continue to grow. Evidence suggests that smaller, more rural organisations are struggling, the rate of adoption is uneven and the full potential of ICT remains to be achieved.
- Groups representing different parts of the sector are attempting to address the issues identified, yet face continuing infrastructure and support issues.

This paper raises a range of issues and questions that require further investigation. It is hoped that community members, practitioners, organisations and government agencies will take some time to consider the observations and points for discussion raised throughout the paper and any others related to their own views and experiences. DCITA is seeking submissions and comment on this research.

To participate in the consultation, please refer to the end of Section 5 for details.