

Virtual Communities and Social Capital Theory

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INTRODUCTION

Imagine a neighborhood where young children can play freely in the streets and various backyards without direct parental oversight, the implication being that other adults in the vicinity will watch out for the children. If a parent is late getting home before the school bus, the children know which neighbors' house to go to and will be well cared for until the parent arrives home. The residents are very willing to help each other, perhaps by moving a sofa down to a basement or lending a ladder for a project. In such a neighborhood, the first place one turns to for recommendations for plumbers, dry cleaners, and preschools, or perhaps to borrow a tool, is each other. Perhaps one person has secured a job for a neighbor's daughter, and another family has "paved the way" for their neighbor's entry into a country club. If a person has a need for emotional support to deal with a personal crisis, she turns to a neighbor. Such a neighborhood can be said to have social capital—that resource that comes from relations between people that makes lives more productive and easier.

Social capital is not only created from groups of people living in very close proximity, such as in a neighborhood. It might be created between people belonging to the same church or civic group, or perhaps between people who met at a hospital support group for a particular affliction, or people who are alumni of a particular university. These groups of people can be said to constitute communities, or gatherings of people who have common interests or ties. In the past, these communities tended also to be focused in a local geographic area.

This article will examine social capital in the context on online communities. Online communities, like physically based communities such as church groups or neighborhoods, can also be said to produce social capital for their members. These virtual communities can create and foster social capital—and indeed, it may be social capital that draws and retains their members. The background of social capital theory will be examined and then applied in the virtual community context.

SOCIAL CAPITAL THEORY

Economic theory has commonly referred to the notions of physical and, more recently, human capital. These pro-

vide a grounded reference point for understanding what social capital is. Physical capital is comprised of tangible items such as tools, transportation vehicles, buildings, machines, and equipment. Physical capital aids in the production of goods and services. Human capital, less tangible than physical capital, is the unique capabilities and knowledge of individuals. Human capital also aids in productive activity, but by applying the skills and expertise of individuals, rather than by applying a physical item.

Social capital is even less tangible than human capital—it comes from the relations between individuals (Coleman, 1988). The classic sociological definition of social capital is as a resource that facilitates social affairs and actions of individuals (Coleman, 1988). Social capital theory states that networks of relationships are valuable resources that provide members means to communicate, coordinate, and cooperate for mutual benefit (Coleman, 1988; Nahapiet & Ghoshal, 1998; Putnam, 1995, 2000). For example, in the previous description of the neighborhood, the trust created in the neighborhood allows parents to more easily monitor their children playing outside than they could individually. This is the direct result of the creation of social capital in that neighborhood—it makes one's life more productive, or as Robert Putnam (1995) proclaims in his well-known book *Bowling Alone*, "Trustworthiness lubricates social life" (p. 21).

There are several defining characteristics of social capital (Table 1). Social capital is created through exchange, and because of this exchange, neither party has exclusive ownership—it is owned jointly (Nahapiet & Ghoshal, 1998). It has been suggested that social capital encourages cooperative behavior (Nahapiet & Ghoshal, 1998) and generates spontaneous sociability, or cooperative behavior that enhances the well-being of the collective group (Fukuyama, 1995; Kramer, 1999). Thus social capital not only benefits the individual but the group as a whole.

Table 1. Defining characteristics of social capital

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| <ul style="list-style-type: none"> • Created through exchange • Owned jointly • Built by generalized reciprocity • Benefits the collective group • Exhibited by generalized trust |
|--|

The presence of trust is also a defining characteristic. According to social exchange theory (Blau, 1964), exchanges between individuals that are motivated by social benefits or returns require trust. Thus trust is necessary for the exchange, and further, it is the exchange which builds social capital. Trust is then seen as a manifestation of social capital—one's trustworthiness facilitates the actions of others (Coleman, 1988; Kramer, 1999). The form of trust in the context of social capital is relational trust that is built over time (Rousseau, Sitkin, Burt, & Camerer, 1998). Certainly repeated interaction builds trust (Kramer, 1999). Further, it is generalized trust in others in the community, rather than specific trust in one person (Butler, 1991). Social capital implies exchange between individual in a group. But the exchange is not necessarily specific. That is, while neighbor A may help out neighbor B, neighbor A would not expect a return from neighbor B necessarily, but from someone in the neighborhood in general. This is the notion of generalized reciprocity in social capital theory, where return is not expected from the same specific individual given to, but rather from anyone in the group or the group as a whole. Generalized reciprocity makes social capital even more valuable than specific reciprocity an individual would get from just one specific other, since the resources of the group are more extensive than the resources just one individual can proffer (Putnam, 2000).

There are many positive consequences of social capital. Obviously there is the increased efficiency of action (Nahapiet & Ghoshal, 1998; Putnam, 2000), as illustrated in the examples above. Additionally, information is diffused more effectively with minimum redundancy, while transaction costs may be reduced due to a reduction or elimination of opportunism and monitoring (Nahapiet & Ghoshal, 1998). Social capital may also drive learning, creativity, and innovation, perhaps even the development of new forms of organization (Nahapiet & Ghoshal, 1998). However, there may also be negative consequences to social capital (Putnam, 2000). Certainly groups can form with antisocial, malicious, or even illegal purposes, and use social capital to achieve their goals.

SOCIAL CAPITAL CREATION IN THE VIRTUAL COMMUNITY

Practically speaking, a group must exist for social capital to be generated. The social interaction in the group produces social capital. There has been speculation about the decline of social interaction, especially in groups, during the latter half of the 20th century, particularly in the United States. Naturally, the decline of traditional social ties from groups results in the subsequent decline of social capital available to individuals. This decline is documented in detail in Robert Putnam's celebrated book

Bowling Alone. He attributes the decline to several factors: pressure of time and money in two career families, suburbanization (including the influences of commuting and urban sprawl), electronic entertainment (primarily the television), and, most significantly, generational change (Putnam, 2000).

The decline of participation in physical social groups, coupled with the expansion of the use of the Internet to contact others and interact, has led researchers to suggest that participation in online groups may be able to provide social capital, perhaps in place of that lost from traditional groups (Preece, 2002). These online groups are referred to as virtual communities. They arise on the Internet when individuals find others with similar interests, hobbies, or life situations. These topics are wide ranging, and usually the communities are focused on only one topic. For example, groups can be found centered on the fans of a particular rock group, an interest in Italian wines, coping with pancreatic cancer, or home-schooling children. Formally defined, virtual communities are groups of people with common interests and practices that communicate regularly and for some duration in an organized way over the Internet through a common location or mechanism (Ridings, Gefen, & Arinze, 2002). The members of a virtual community could meet in a newsgroup, chat room, bulletin board, or through an e-mail listserv program. These technology enablers would constitute the "common location."

There are several characteristics of virtual communities that lead directly to the creation of social capital and directly support all characteristics in Table 1. Since virtual communities are almost always centered on a narrow, specific topic, they are populated by others that share exact interests. This aids social interaction because it is a common denominator for all involved (unlike the neighborhood where one may not have much in common with his/her counterpart in the next house). Spontaneous sociability in virtual communities is necessary to sustain the community; members must talk to other members, not only by posting messages but also by replying others. The message and replies form small conversations, sometimes between many different members. If there is no conversation in the virtual space, there is no community. In addition, the conversation is owned by the community as a whole. Even more so than in physical communities, a reply to one member benefits the whole in that it is, by default, visible by all. Virtual communities, by their nature, display messages to all participants for review and comment. Everyone can read the reply and benefit from the information, and therefore the information is jointly owned. Although private messages between members are possible, these are outside the virtual community space and do not contribute to the community. Therefore, private messages are not considered part of the community.

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