

# 15. Communities



Information technology (IT) has become so pervasive that its effects on society can be seen in the interactions between citizens and their communities. Strong communities have strong bonds between its members and with other communities, and IT is helping to link people and communities together all across the world.

As discussed below, IT has shepherded in a new era of online communities that supplement those found in the physical world. The interactions afforded by IT make it possible for the residents of smaller and remote communities to have access to products, services, and cultural opportunities that previously were available only in large cities. In addition, IT has introduced new media

that are shaping personal relationships in the real and virtual worlds. Finally, IT is enhancing existing communities and fostering civic activity. Even businesses have found that IT has allowed them to be better corporate citizens and take on more corporate social responsibility.

### Expanding Choices and Opportunities for Communities

Writing in the early 1960s, noted urbanist Jane Jacobs stated, “The point of cities is multiplicity of choice.” And indeed, if one wanted choice—whether choice in occupations or choice in consumption—cities were the place to be. In contrast, while living in rural areas meant gaining certain things—such as a slower pace of life, more intimate community life, or access to nature—it also meant giving up certain things, particularly a broad choice of work and consumption.

If you wanted the most career choices, the most choices in entertainment, and the most choices in products and services, you had to be located in a city—the bigger, the better. Cities provided more choices because so many people lived there that it was economical for an organization to provide things that only a small percentage of people might want. Indeed, one of the advantages of living in a place like New York City was that because the city was so big, specialty stores of every imaginable type could find enough customers to thrive. In New York and other big cities, a small percentage of the population was a lot of potential customers.

But now, even a moderate percentage of customers in New York City pales in comparison to a small

online site like Amazon.com. Yet Amazon’s choice of books is just as available to someone in a rural community of 1,000 people as it is to someone living in Manhattan, provided that the residents have access to broadband technology.<sup>1</sup>

But the choice in products available online is not just confined to books; it now extends to virtually any product distributed on the Web from music to videos. Posters.com, for example, stocks over 300,000 different posters. Ties.com stocks over 2,500 different ties. The online DVD rental site Netflix stocks 100,000 different DVD titles, whereas a typical neighborhood video store stocks around 3,000. Approximately 40 percent of sales at online music service Rhapsody are songs that are not available in music stores.<sup>2</sup>

Even the services once thought to be nontraded, or impossible to export beyond the immediate market, such as medical services or a college education, are increasingly provided through IT so as to reach remote areas. Many schools have created online courses, while others, like Massachusetts Institute of Technology, have posted course materials online. In addition, telemedicine, as discussed elsewhere in this report, can give rural patients the same access to care as the patient living in a major metropolitan area. Access to some things—like great museums or great restaurants—is still limited to people who live near or visit big cities, although collections owned by organizations such as the Library of Congress or the British Museum are becoming easily viewable online for research and educational purposes, thus bringing the experiences of such top-notch urban museums to the Web.<sup>3</sup>

In addition to helping residents of smaller and more remote communities have more choice in prod-

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## Online DVD rental site Netflix stocks 100,000 different DVD titles, whereas a typical neighborhood video store stocks around 3,000.

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percentage of potential customers in the United States or indeed the world. The digital revolution is now reducing the link between choice and location. The biggest bookstore in New York or Los Angeles provides only a fraction of the books available at an

ucts and services, IT can also help their economies grow. IT can do this by making it more attractive for communities to attract new businesses or help new and existing firms thrive and access markets. Indeed, just as the Internet and broadband reduce the “dis-

tance” between rural and remote places to other resources, they also reduce the distance between businesses and their customers, making it easier for some businesses to thrive in rural or more remote areas. Various budding entrepreneurs attribute the Internet to helping their small businesses flourish. Becky Collins, known as “Granny B,” is running a successful business of homemade pillowcase dresses from her rural hometown in Louisiana. With the help of her now independent website, Collins is now a full-time entrepreneur, demonstrating the potential of commerce with the help of broadband.

The scholarly literature on the role of IT and broadband telecommunications, in particular, on local economic development is limited, but some studies have focused on broadband and found that the presence of broadband does help communities grow. Lehr and colleagues found that communities in which mass-market broadband was available by December 1999 experienced more rapid growth in employment, the number of businesses overall, and businesses in IT-intensive sector between 1998 and 2002.<sup>4</sup> Likewise, Burton and Hicks found that in the central Appalachian region firms located in a broadband accessible zipcode had productivity rates between 14 percent and 17 percent higher than those of similar firms located in areas without broadband access.<sup>5</sup> In a study of counties in Florida, Ford and Koutsky found that Lake County, a community that had an early lead in fiber-optic broadband, experienced approximately double the rate of economic growth of similar counties without a fiber-optic broadband network.<sup>6</sup>

### Strengthening Personal Relationships

From online social networks to online dating, IT has reshaped and revitalized the most intimate aspect of humanity: personal relationships. The stereotype of the typical computer user as a socially awkward introvert has long been disproved as IT has engaged every segment of society. In fact, rather than limiting social interaction, IT has created a tidal wave of new media for communication that has strengthened relationships both in the real world and the virtual one. The result has been twofold: allowing individuals to connect with a broader range of society and allow-

ing individuals to use IT to maintain and strengthen their bonds to a larger social network.

The worldwide reach of the Internet has created a new global community and culture that spans traditional political and geographic boundaries. Users can congregate on websites targeted at specific communities to connect with other individuals who share their interests. From mainstream topics, such as sports or religion, to uncommon interests, such as the history of billiards, the diversity of the Internet helps bring people together. The result is that IT enables individuals to find others with whom they can develop relationships, even those who otherwise feel isolated or ostracized.

The Internet also helps bring people together by creating new ways for individuals to find each other. Websites such as Facebook.com and Classmates.com help reconnect old friends. Parents join websites to find others in their neighborhood who can share their experience with local doctors, schools, and job issues. Homeowners’ associations can use services from LifeAt.com to create an online social network website for individuals living in their residential community. Using the LifeAt.com website, for example, neighbors can meet, organize activities, showcase the community to potential buyers and rate neighborhood businesses. In addition, websites such as Craigslist.com—the Internet’s largest listing of local classified ads, job postings, personal ads, events and other announcements—provide custom portals for cities around the world that help residents find anything from a dog to a date. Many websites blend social networking features with another purpose. The websites Yelp.com and InsiderPages.com, for example, allow Internet users to rate local businesses and find others who share their opinion. The investments that people make in these online interactions yield positive benefits by creating a more connected and aware community.

Many individuals have turned to the Internet to form support groups. The Internet offers a number of benefits over traditional face-to-face support groups. Some people prefer the option of anonymity that the Internet affords users. Rape survivors who may feel uncomfortable speaking face-to-face with another person, for example, may open up to a counselor online. In April 2008, the Rape, Abuse, and Incest National Network launched an anonymous chat ser-

vice for assault survivors to chat with trained counselors and in two months assisted more than 10,000 people.<sup>7</sup> Some individuals may find Internet support groups more convenient, either because no similar group exists near them or because they cannot attend traditional in-person meetings. Patients or family members of patients with rare diseases can join an online support network to find other individuals sharing their same experience. Others have found solace in documenting their experiences online and have used blogging as a vehicle for connecting with other people in similar situations.<sup>8</sup>

The anonymity of the Internet encourages users to engage with others and allows them to shed many social constructs, including race, class, and gender that inhibit face-to-face interactions. In place of such constructs, the Internet creates a meritocracy where individuals can be judged based on their contributions and character. For example, anybody from high school students to tenured professors can contribute to the collaborative online encyclopedia Wikipedia; however, the community will ultimately only accept the best ideas and writing. Even non-Internet transactions can use IT to help eliminate certain social stigmas. Some U.S. public schools have adopted a debit system using debit cards, personal identification numbers (PINs), or biometric fingerprint readers for the school cafeteria so that children who receive free or low-cost meals pay in the same manner as other kids.<sup>9</sup> For food stamp recipients in the United States, electronic benefit transfer cards that replace a paper-based system can significantly reduce the stigma associated with handling food stamps.<sup>10</sup>

Similarly, multiuser online games that attract thousands of users, such as the popular role-playing game "World of Warcraft," encourage real-time social interaction and teamwork between diverse sets of players that includes teenagers, working professionals, homemakers, and retirees. Although not all online relationships are created equal (as an executive at MySpace recently discovered after adding a virtual potato to his online friend list<sup>11</sup>), for many players the emotional impact of these online activities is real. A survey of multiuser online game players found that more than one-quarter of them agreed with the statement that their "most positive experience of the past seven days occurred in the game."<sup>12</sup>

The impact of these games also extends into the offline world, as illustrated by the fact that the same survey reported that 16 percent of male players and 5 percent of female players had physically dated someone they met through the game.<sup>13</sup>

In fact, online dating itself is a growing phenomenon. In the United States, over 16 million people (or 11 percent of Internet using adults) have visited an online dating website.<sup>14</sup> Websites such as Match.com or Yahoo! Personals allow millions of Internet users to search through profiles of other users looking to date. Many specialized dating services have also cropped up that target an interest such as politics, the environment or sports, or a specific demographic, such as JDate for Jewish singles or Planet Earth Singles for ecofriendly daters. Online dating websites allow users to search for the person who best fits their criteria to find the perfect mate rather than waiting for a chance encounter, and many singles use these websites for their efficiency. For people who value chance over choice, IT applications for mobile phones such as Serendipity and BlueDating can help give fate a nudge: When two users running such applications on their Bluetooth-enabled mobile phones come into physical proximity, both users are alerted by the application if their personal profiles indicate a strong match.<sup>15</sup>

IT not only helps individuals find new people with whom to build relationships but also provides the tools with which many individuals maintain and strengthen their relationships both online and offline. The pervasiveness of IT has created a world of instant communication that has eliminated barriers to relationships such as distance. Technologies such as cell phones, instant messaging, and e-mail have enabled a new era of long-distance relationships for families and friends by helping people stay connected. From grandparents who can watch their grandchildren take their first steps on a webcam to spouses who use e-mail to stay connected while traveling, IT provides the crucial link between many people. These links help build stronger families: road warriors can easily call home to remain active members of their families while away from home.

Perhaps IT's greatest impact is on technologies used by people who are most in need of human comfort. Hospitalized patients read e-mail from friends and family to lift their spirits and encourage their

recovery.<sup>16</sup> Soldiers away from home receive greeting cards embedded with microchips that their children can use to record a personal audio greeting. Even astronauts in space use e-mail and streaming media to stay connected with family and friends on Earth.

Tools to better manage the growing number of relationships of Internet users are also made possible by IT. Social networking websites such as Facebook.com and MySpace.com allow users to share personal information about their lives, develop new relationships with others and stay current on the activities of their friends. Other networking tools such as the LinkedIn.com website give users the opportunity to network online and expand their professional network using their existing connections. Social networking tools can have a substantial impact on users. Researchers have found that individuals use social

terms, this site allows potential lenders to view a borrower's personal statement, endorsements from friends, and group affiliations. In addition, each loan can be serviced by multiple lenders, so lenders can diversify their risk.<sup>18</sup> A similar online lending service, Zopa, which operates in the United Kingdom, Italy, Japan, and the United States, offers unsecured personal loans to borrowers with good credit. Unlike Prosper, Zopa underwrites all of its loans and investors' funds are guaranteed and insured by a partner credit union. Investors choose which borrowers to help and can increase their assistance by choosing a lower interest rate.<sup>19</sup>

Some scholars question whether IT, especially the Internet, only facilitates more bonding between like-minded individuals and does little to build bridges between diverse groups.<sup>20</sup> This remains an open ques-

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networking, e-mail, and other forms of IT-based communication to build, maintain and enhance relationships and grow their social capital. Individuals then use this social capital when they need assistance such as finding a job or getting financial advice.<sup>17</sup>

An additional community benefit of the use of IT-enabled social networking tools is the expanded availability of social (or peer-to-peer) lending. Social lending allows individuals to go outside of traditional lending institutions and borrow money from family, friends, or simply other members of their community. Online services such as Virgin Money allow borrowers and lenders to easily establish rates, terms, and documentation for personal, business or real estate loans. Often borrowers can negotiate better rates and terms than they would get from a traditional lending institution, and lenders can receive better interest rates. In addition, family members can provide more generous loan terms and adjust the loan schedule or forgive payments if necessary. Another online lending service, Prosper, goes a step further and creates a marketplace where lenders essentially bid on loans requested by borrowers; rather than just listing a borrower's credit score and loan

tion. There is no doubt, though, that by using the Internet, communities can share information about themselves with outsiders and help break down stereotypes and foster intercommunity dialogue. A YouTube channel launched by Queen Rania of Jordan in 2008, for example, has the express purpose of challenging Western stereotypes about Arabs and Muslims and building bridges between the different communities.<sup>21</sup>

### Fostering Social Ties and Civic Engagement

Even though specific values and goals may vary by community, a key ingredient of a healthy democracy is a vibrant civil society. Achieving this requires an active citizenry with the values, skills, and knowledge to better their communities. IT can help by providing the tools to increase civic participation, improve community awareness, and organize individuals for collective action.

Many of the effects of IT on local communities and the social ties of their residents can be seen in

“Netville,” the pseudonym for a residential suburban community outside Toronto of single-family homes supplied with free, high-speed Internet service as part of its design. Despite assurances at the time they purchased their homes that they would be connected to the local broadband network, about 40 percent of households were never connected. Thus, researchers

the Internet on the 2008 U.S. presidential election through June 2008, 46 percent of Americans used a form of digital communication as part of the campaign, both to acquire and send information about the candidates. Moreover, 6 percent of voters, up from 2 percent in 2004, used the Internet to make political campaign donations.<sup>27</sup> Similarly individuals

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were able to observe and compare homes with and without access to the broadband network. A team of researchers found that the residents who were wired to the broadband network—and therefore had access to a variety of services, including a videophone, online music, online health services, discussion forums, entertainment applications, and educational applications<sup>22</sup>—had a larger social network than residents who were not connected to the network.<sup>23</sup> The wired residents also participated more in collective action to solve problems, using online tools, such as a neighborhood e-mail list, to raise awareness of local events, coordinate social activities between residents, and organize residents for collective action (e.g., organizing against the developer to fix certain housing concerns).<sup>24</sup>

One way that IT encourages more active civic participation is by providing new forums for the public to find political information and engage in politics. As an example, the Internet provides voters multiple sources of information and opinions on candidates, party platforms, and policy proposals. Multiple studies have looked at the impact of IT on political participation in the United States. They have found that after controlling for a variety of factors (including socioeconomic status, partisanship, and traditional media use), voter turnout increases with access to the Internet.<sup>25</sup> In addition to mobilizing voters, other indicators of political participation also show a positive correlation with Internet access. The probability that an individual will donate to a political campaign, for example, rises with an individual’s greater access to the Internet.<sup>26</sup> In fact, according to a recent Pew study on the effects of

who communicate over the Internet are more likely to be politically active by engaging in activities such as lobbying elected officials, signing petitions, or demonstrating in a rally.<sup>28</sup>

Online political participation differs in many ways from offline political participation, often in ways that benefit the community. One important outcome of using the Internet for political participation, for example, is that factors such as socioeconomic status and age matter less when engaging in politics online.<sup>29</sup> Providing an alternative to face-to-face interactions causes many social barriers to disappear. As a result, socially marginalized groups are more likely to participate in community politics online, creating a more diverse civil society.

Membership in an organization is an important component of a health civil society, for it shapes an individual’s identity, allows for the flow and exchange of ideas, and unites individuals to work together for a common cause.<sup>30</sup> Civic organizations can use IT to reduce organizational costs, make communication more effective, and organize civic action more efficiently. Thus, for example, large groups can operate more efficiently and with fewer barriers because of IT. Technologies such as e-mail and the Internet can allow organizations to greatly expand their membership and operations with little additional cost.

IT also helps address some of the barriers that arise from the dynamics within large groups. Economists such as Mancur Olson have theorized that rational and self-interested individuals will not take collective action to achieve an objective even when the entire group will be better off if the objective were achieved. The problem, Olson found, is that

unless the benefits of group action occur only to active participants in the group, individuals will tend to become free riders.<sup>31</sup> IT helps reduce this problem by increasing transparency within an organization, making it easier to share information only to active members, and improving social ties and thus increasing social pressure to participate. Members are more likely to donate to an organization, for example, if they can track an organization's accomplishments online and receive members-only benefits such as access to a website or online newsletter.<sup>32</sup>

Organizations both large and small can use IT to facilitate communication with their members. IT encourages peer-to-peer communication on both a large and small scale. This phenomenon can be seen in the American political system, with centralized organizations such as MoveOn.org influencing a large segment of the political left and decentralized websites such as DailyKos.com fostering a community-based political dialogue.<sup>33</sup> Similar websites such as RedState.com and Townhall.com appeal to those on the right in American politics. In addition, websites such as Meetup.com encourage an active civic life by connecting individuals with others who share their common interests. Over 2 million people around the world have used the service to find local groups ranging from political organizations to foreign language clubs.<sup>34</sup>

Many organizations also rely heavily on the Internet for online fundraising. Since Howard Dean first demonstrated the fundraising potential of the Internet in the U.S. presidential primaries of 2004, both major and minor political candidates have used the Internet to raise millions of dollars. Many tools are available online to help individuals raise funds for their charitable cause. The website Active.com hosts a variety of tools to organize and fundraise for a charity sporting event. Marathon runners, for example, can form teams, recruit additional members, solicit and track donations, and finally receive and publish their fundraising and athletic results.

The Internet has also given rise to micro-philanthropy where citizens can directly fund specific projects or people. As an example, DonorsChoose.org allows teachers in public schools in the United States to solicit help from online donors to fund a specific classroom need. Requests may be small, such as buying new pencils for the classroom, or large, such as funding a class

fieldtrip. Since first launching as a small pilot project in North Carolina in 2000, DonorsChoose.org has provided public schools more than \$20 million in support. By using IT, donors of all contribution levels can be given access to the same advanced tools including project information, accountability reports, and a personal giving report. These tools allow donors to see the impact of their contributions and encourage more charitable giving.<sup>35</sup>

Organizations also use IT to recruit, manage, and train their volunteer staff. Websites such as Idealist.org connect nonprofit organizations around the world with volunteers, job applicants, and interns. Organizations can also use their own websites to advertise volunteer opportunities and develop online training materials for new volunteer staff. In addition, organizations use software to track volunteer contact information, skill sets, and performance. Web services such as WhenToHelp.com, available for free to nonprofit organizations, automate volunteer scheduling and let volunteers specify their availability and trade shifts online. A similar product, Count Me In, automates registration and league management for youth sports leagues. Websites such as DinosaurExchange.com helps active retirees find opportunities to put their professional experience to use as a consultant or mentor. These types of tools help make civil society more efficient and allow citizens to more actively participate in their community.

Moreover, many of these websites not only provide online tools to promote civic action but also develop their own online community. Idealist.org, for example, has many social networking components to build relationships between its users. Users can build online profiles, engage in online discussions, participate on blogs, or listen to podcasts. Similarly, Active.com provides community message boards, blogs, and individual and team profiles where members can share training plans, seek and give advice, and share their stories or success. In addition to improving real-world communities, these websites are building new virtual communities of their own.

IT also helps increase community awareness. Community blogs provide first-hand insights into local issues and politics and act as a knowledge base for other community members. The current Foreign Minister of Sweden Carl Bildt, for example, writes

a blog that educates the populace about relevant Swedish and European Union undertakings.<sup>36</sup> Every citizen can have a voice, and the Internet creates a platform where often the best ideas, rather than the best-funded ideas, can win over the most people.

In addition, blogging has brought out new voices in communities. One survey found that more than half of all bloggers in the United States have never published their writing anywhere else.<sup>37</sup> Traditional media, such as community newspapers or newsletters, face limits on their publication frequency and depth of coverage because of the cost. In contrast, operating a small blog requires little capital and can easily scale to meet the needs of a community. In addition, blogs provide more interaction between community members through features such as commenting, social bookmarking, and links to related blogs.<sup>38</sup> Even larger undertakings can serve a vital community need. In Los Angeles, for example, the major newspapers only covered about 10 percent of the homicides in the county. Many of the homicides that went unpublished occurred in the African-American and Latino communities. To help put a human face on the deadly statistics and document the toll of the homicides on the community, one journalist began “The Homicide Report” a blog that tracks and details every homicide in the county.<sup>39</sup> As a result, residents have a greater awareness of homicide and its impact on their community.

## Promoting Corporate Social Responsibility

Although IT has long been hailed as a tool for companies to lower costs and raise productivity, IT is also being used to increase transparency and encourage companies to be better corporate citizens. Companies recognizing their corporate social responsibilities are contributing to local communities, maintaining ethical workplace standards, and engaging in environmentally friendly practices.

With the growth of international supply chains’ buyers and retailers are constantly at risk of being associated with companies across the globe whose ethical workplace standards do not live up to the reputations retailers are working to protect. To complicate the problem, the escalation of foreign-owned

companies in the developing world has created the potential for arms-length industrial relationships as managers and floor-level employees come from different cultures and at times, speak different languages. IT is helping to bridge the information gap between managers, workers, and buyers further down the supply chain by enabling organizations to emerge as one-stop-shops for monitoring and mediating between diverse global interests. Clear Voice Hotline (CVH) works in Latin America to give employees access to legal rights and free advice through their hotline and website.<sup>40</sup> In addition, by employing indigenous operators and consultants, CVH is able to train companies on how to best interact with their employees. CVH then aggregates their complaints and produces company reports that are available to buyers and shareholders who are interested in social compliance.<sup>41</sup>

In addition, IT solutions can help companies track and manage the risk of a supplier breaching their corporate ethics standards. By using an IT system, companies can more easily collect and share information about compliance with standards regarding child labor or the disposal of environmental waste among their various business units and external stakeholders. In addition, companies can use IT to analyze this data to spot early warning signs of noncompliance and create an automated virtual auditing system based on pre-defined business rules and policies. An IT-enabled system can rank and prioritize suppliers for intervention, either through direct audits or face-to-face education and training, on the basis of their computed risk levels.<sup>42</sup>

Many companies are using IT to become better corporate citizens on their own. Marks & Spencer (M&S), a leading U.K. retailer, is an example. Behind its ambitious Plan A, a £200M “eco-plan” to make its operation environmentally friendly, M&S has used IT to coordinate its global supply chain that consists of 2,000 suppliers and 20,000 farmers. The company has created a best practices website called Suppliers Exchange, that allows traditionally different parts of the business model to interact. Thus, for example, farmers who create biogases from farm waste are now selling energy to M&S, along with their beef. But without an accountable Web-based information exchange the program would not work. “If you don’t know who

you are buying from, you can't manage the issues," said Mike Barry, who heads the M&S corporate social responsibility department.<sup>43</sup>

Corporate social responsibility is becoming more imperative at a time when IT, especially the Internet, has increased public access to information about firms' conduct. Activists can easily organize online to protest and boycott companies that engage in questionable behavior. Thus, for example, the digitization of financial information on publicly traded companies has allowed the Sudan Divestment Task Force to monitor companies with questionable ties to the Sudanese government and then lobby public pension and other funds to divest from these companies.<sup>44</sup> Even the Chinese government, typically seen as impervious to public opinion or corporate responsibility, was stopped by local protestors when it tried to build a petrochemical plant in Xiamen and Chengdu. The protestors were able to organize themselves quickly using blogs and short-message service (SMS) technology.<sup>45</sup>

Moreover, the Internet has changed the way consumers create and share preferences on corporate behavior. By giving voice to anyone willing to go online, blogs have become an essential element of how information on firms is communicated. The power of blogs is amplified by search engines like Google that rank search results by the number of links to a given page. Now a single online search can determine more about how a company is perceived than a multimillion-dollar ad campaign.

In addition, companies have used the Internet to

provides more transparency to its customers on its initiatives and business decisions. Many of the ideas submitted to the IdeaStorm website go beyond suggestions to Dell on how to build better technology and instead focus on issues such as strategies for becoming more socially responsible. Suggestions submitted through the IdeaStorm website helped lead, for example, to Dell's decision to become carbon neutral and to its decision to become a partner in the RED™ initiative, under which a portion of profits from each RED-branded products sold goes to the Global Fund, a nongovernmental organization fighting AIDS in Africa.<sup>46</sup>

The Web also has enabled the growth of over 100,000 new organizations focused on social issues.<sup>47</sup> For example, a survey of over 250 global business leaders found that three-quarters of them reported that the number of organizations asking for information about their operations has increased over the past three years. The same percentage of businesses report having increased the amount of information they make available regarding the environmental and social impacts of their business practices.<sup>48</sup> As the Internet becomes more of a tool for watchdog groups to scrutinize the behavior of firms, companies are going to greater lengths to prove, in depth, their socially responsible qualifications. Starbucks, for example, has an entire section of its website promoting its partnership with organizations like Save the Children and the American Wildlife Foundation and it has published on its site a corporate social responsibility report annually since 2001.<sup>49</sup> The Gap

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build interactive websites to collect user feedback on its products and services. Dell, for example, launched its IdeaStorm website in 2007 to more easily solicit ideas and suggestions from its customers that could be integrated into the product development lifecycle. Using this website as a virtual suggestion box, online users can submit their feedback and vote for the best ideas. In turn, Dell tracks which ideas are submitted, reviewed and implemented and

also touts its corporate social responsibility credentials on its website and has undergone an aggressive campaign to showcase its involvement with the RED campaign.

Since "hiding" bad behavior is much more difficult in the information age, a growing share of corporations are using transparency to build trust in the eyes of stakeholders and to develop a better dialogue with nongovernmental organizations that monitor

activities such as unfair labor practices or environmental standards.<sup>50</sup> One of them, Vodafone, which was ranked as the number one socially responsible company in 2006 by *Fortune*, has a “CR Dialog” page on its corporate social responsibility webpage that links conversations between experts, stockholders, and other interested parties about what actions the cell phone industry can take to become more socially responsible. Vodafone also has a section highlighting third-party audits of the company’s behavior.<sup>51</sup> BP, ranked the number two socially responsible company, has on its website a list of socially relevant topics such as human rights, natural disasters, and HIV with links to in-depth policy reports, case studies, performance reviews, and future program plans, along with feedback options so users feel like they can interact with the company.<sup>52</sup>

Corporate social responsibility is moving beyond a marketing campaign to an authentic effort reflected

in firms’ business models. The accessibility of corporate information is creating a “race to the top” over which companies can perform the best. Although corporate social responsibility in the past was seen as a necessary cost for corporations, a recent report by IBM showed that two-thirds of the business leaders surveyed used corporate social responsibility as an opportunity for financial gain.<sup>53</sup> *Fortune* reported in 2006 that \$1 out of every \$10 of assets under management was being invested in firms with high ranks on corporate social responsibility scales.<sup>54</sup>

IT not only is helping to create transparency that reduces harmful business practices but is also allowing corporations to reap the goodwill generated from their good deeds. This goodwill, in turn, creates a stronger partnership between customers and the companies, as well as better avenues for the companies’ growth.

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## About the Information Technology and Innovation Foundation

ITIF is a non-profit, non-partisan public policy think tank committed to articulating and advancing a pro-productivity, pro-innovation and pro-technology public policy agenda internationally, in Washington DC and in the states. Recognizing the vital role of technology in ensuring American prosperity, ITIF focuses on innovation, productivity, and digital economy issues.

Technological innovation, particularly in information technology, is at the heart of America's growing economic prosperity. Crafting effective policies that boost innovation and encourage the widespread "digitization" of the economy is critical to ensuring robust economic growth and a higher standard of living. However, as in any new and changing situation, policymakers have varied awareness of what is needed and what will work. In some cases legislators have responded to new and complex technology policy issues with solutions more suited for the old economy. And as the innovation economy has become increasingly important, opposition to it from special interests has grown. Finally, the excitement that the press, pundits and decision makers showed toward the information technology (IT) revolution in the 1990s has all too often been replaced with an attitude of "IT doesn't matter." It is time to set the record straight—IT is still the key driver of productivity and innovation.

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ITIF publishes policy reports, holds forums and policy debates, advises elected officials and their staff, and is an active resource for the media. It develops new and creative policy proposals to advance innovation, analyzes existing policy issues through the lens of advancing innovation and productivity, and opposes policies that hinder digital transformation and innovation.

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