

# Chapter VII

## Understanding Social Capital Formation for Knowledge Sharing in Virtual Communities

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### ABSTRACT

*This chapter attempts to explore the possibility of building social capital in virtual community (VC) by first introducing the phenomenon, its problems and context, types of VCs and the significance of knowledge sharing. This chapter then presents the process of social capital from a sociological standpoint where two main theories will be used—the elementary theory of social structure and the social exchange theory as the backbone of the arguments. By integrating both theories, a conceptual framework that includes six antecedents to develop social capital is provided. Subsequently, the propositions are expressed in terms of implications to the sociological approach of VC and some conclusions are made by including some future research agenda.*

### INTRODUCTION

Over the years, the formation of virtual communities are growing and beginning to gain its popularity in the global context. Moreover, with the expansion of computer-mediated communication (CMC), these technologies provide a platform and new ways for society to meet, communicate, collaborate, socialize, and shop (Turoff, 1991; Burnett, 2000). More and more people are joining virtual communities due to the sense of belonging and the concrete experience of social networks that can bring great benefits to people (Smith, 2001).

One of the benefits gained by people involved in virtual communities is knowledge. People go back and forth to their virtual communities for knowledge. This is because knowledge sharing is a fundamentally social phenomenon (Granovetter, 1982; Boer, Baalen, & Kumar, 2001). Knowledge sharing involves a relationship between actors (same as people) that also is embedded in a structure of other social relationships. These ongoing social relationships provide the constraints and opportunities that, in combination with characteristics of individuals, organizations and knowledge, may help explain the dynamics of knowledge sharing

in virtual communities (Boer, Baalen, & Kumar, 2001).

Recently, the understanding of social capital is becoming critical and significant apart from the financial, human, intellectual, and other capitals in today's communities. Social capital is the fabric or glue that holds communities and other social networks together. The basic premise here is the interaction that enables people to build communities, to commit themselves to each other, and to knit the social fabric (Smith, 2001). Those concerned with social capital have examined the density of social networks that people are involved in; the extent to which they are engaged with others in informal social activities; and their membership of groups and associations. None have observed this phenomenon in the setting of virtual communities and how it is developed.

This chapter will attempt to address the process of building social capital through knowledge sharing in virtual communities (VCs). The organization of the chapter is as follows. First, the meaning of virtual communities is defined. Then, significance of knowledge and knowledge sharing as an activity which is vital for the development of building social capital is presented. The following section will be on the concept of social capital and why it is important in today's environment where people are going virtual instead of physical. Subsequently, the Elementary Theory of Social Structure, which will be applied to this phenomenon and finally proposed some recommendations, is presented.

## **BACKGROUND**

### **The Emergence of Virtual Communities**

The term *community* originated from the Latin word *communis*. Fernback and Thompson (1995) suggests that *communis* can be formed by pairing (i) *cum* refers to together and *munus* refers to obligation, or (ii) *cum* meaning together and *unus* meaning one. *Community* can be referred to as a group in which individual participation is based on an obligation to one another or as

a group in which individuals participate to be one in purpose (Rothaermel & Sugiyama, 2001). Therefore, a sustained social interaction, shared attributes and values, and a delineated geographical space need to be in place for the community to function effectively and efficiently (Karp et al., 1977). However, a management scholar such as Lawrence (1995) suggests that it is membership rules not the geographical boundaries, which help sustain the community. These membership rules further suggest that the general perspectives and assumptions behind the organizational community building can be applicable to VC regardless of the geographically dispersed groups.

Since the concept of *virtual community* is relatively a new phenomenon, it is interesting to understand why it is formed and what it takes to form it. Furthermore, it is crucial to discover how this new form of informal community establishes their social network in order to build the social capital the central issue that is addressed in this chapter. It is stated by Stolterman, Agren, and Croon (1999) that *virtual community* is a concept to form some of the new social "life forms" surfacing from the Internet. In support to that, virtual community is defined as a social entity where a number of people relate to one another by the use of a specific technology (Rheingold, 1993; Jones, 1995; Lapachet, 1995; Schuler, 1996; Smith & Kolllock, 1997). In addition, a virtual community is considered a source from which individuals seek social support using CMC (Walther & Boyd, 1997) and emerges from a surprising intersection of human needs and technology (Igarria, 1999). Hiltz and Wellman (1997) state that there is a significant difference between communities' off-line and computer-supported communities, which defines a virtual community as normally more dispersed in space and time, but more closely knit. Members are more heterogeneous in their characteristics but with more homogeneous attitudes.

Before defining virtual community, the concept of *community* must first be defined. The community to the ordinary inhabitant is where he lives and probably works. It is associated with a place and a name in his thought (Nelson, Ramsey, & Verner, 1960). Community is where one goes to shop, to

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