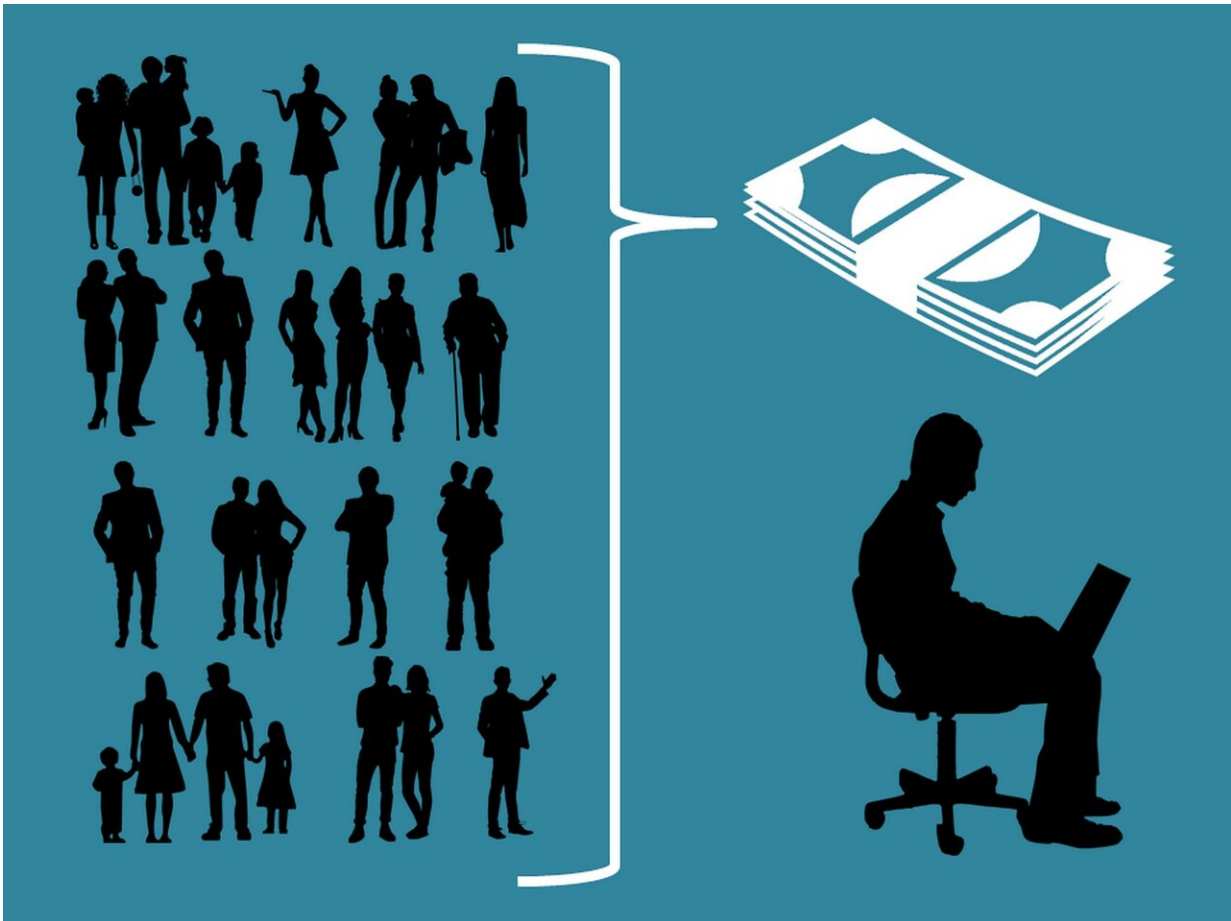


# Investigating why crowdfunding does not work well for social impact initiatives

September 8 2023, by Avni Shah

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Credit: Pixabay/CC0 Public Domain

You've seen it online: crowdfunding for just about any purpose you can



imagine. From artists trying to fund a project to individuals trying to pay a difficult health care bill, thousands have used sites like Go Fund Me to reach a financial goal. Globally, crowdfunding is \$1.1 billion dollar market, with average campaigns reaching \$8K USD. In the case of social entrepreneurs, however, crowdfunding projects that address a social issue take longer to reach their financial target.

In research, published in [\*Entrepreneurship & Regional Development\*](#), a team, including USC Marshall School of Business Professor Jill Kickul, identified strategies to incentivize individuals to more readily contribute to social impact projects through crowdfunding.

As part of this work, the team sought to better understand what motivates individuals to contribute to social impact work in the first place, e.g., promoting natural rewards such as joy, honor or prestige. "Natural rewards help contributors achieve a positive [emotional state](#)," Kickul, who is also holds the Narayan Research Directorship in Social Entrepreneurship at the USC Brittingham Social Enterprise Lab, said.

Studies have shown that material rewards and incentives—such as money, perks or gifts—might not work for activities such as donating or volunteering for charitable causes. But the emotional state achieved by contributing to a [project](#) that helps others is paramount. As important is a state of mind called prosocial motivation—essentially the more empathetic a person feels, the more likely they are to contribute to the well-being or benefit of others, the researchers said.

So how do you appeal to such motivations and internal rewards in a broad audience? Kickul and her team say communication and marketing should focus on prosocial narratives, emotional tones and speech that affirms a positive emotional state. For example, say you are want to encourage your [target audience](#) to donate to preservation wildlife habitat preservation. Offering a free gift with a donation is less likely to produce



a response than telling the story of one elephant named Marnie who lost her home and struggled to find food and shelter as she wandered for new spaces.

While material rewards won't be a primary motivator in these situations, the researchers say inexpensive rewards like thank you gifts that align with a social or environmental cause (e.g., a bio-degradable pouch) could be valued by specific contributors. Other types of material rewards might repel those who find the rewards as unaligned in values or too expensive to come from a charitable donation.

Overall, crowdfunding is an excellent source of funds, but strategies for social and environmental impact projects need to target the emotional elements and tap into the internal motivation of contributors to support a solution. In short, if [crowdfunding](#) is going to have as much of an impact for social change initiatives as it does for other types of projects, organizers of those campaigns need to make target audiences care—and feel something.

**More information:** Paulami Mitra et al, Social entrepreneurial crowdfunding: Influence of the type of rewards and of prosocial motivation on the crowds' willingness to contribute, *Entrepreneurship & Regional Development* (2022). [DOI: 10.1080/08985626.2022.2108904](https://doi.org/10.1080/08985626.2022.2108904)

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