Crowdfunding: A Healthy Practice?

By Stephanie Reid

A Thesis Submitted in Partial Fulfillment

of the Requirements for the Degree of

Master of Arts in Communication

MOUNT SAINT VINCENT UNIVERSITY

Supervisor: Dr. Amy Thurlow

April 22, 2016

TABLE OF CONTENTS

Abstract

With the growing shift to digital fundraising within non-profit organizations, the crowdfunding model is increasing in popularity. Given that crowdfunding platforms are not fully understood, this study applied institution theory to help explain the adoption of crowdfunding practices in non-profit health organizations in Canada. More specifically, can institution theory offer insight into the adoption of crowdfunding platforms by non-profit health organizations in a Canadian context?

Through qualitative interviews at the organizational level, this study collected information on the decision-making process of individual organizations and the logics that ultimately led them to launching crowdfunding campaigns. Factors that contributed to the successes and failures of individual campaigns were also discussed in detail.

The researcher concluded that institution theory could in fact offer insight into the adoption of crowdfunding platforms. Participants not only acknowledged the importance of their organization's digital presence but also its potential impact on future organizational success. This included the organization's ability to appeal and attract a younger demographic of donors (i.e. Generation Y). Although crowdfunding offers a unique and cost-effective solution to non-profit organizations, participants acknowledged that significant resources are required to ensure success.

Keywords

Institution theory, crowdfunding, health care, fundraising, non-profit, charity, Canada

Dedication

I would like to dedicate my master's thesis, "Crowdfunding: A Healthy Practice?" to my incredible, intelligent and spirited daughter Jamie. You are my constant source of inspiration and motivation. Always remember that you can do anything.

Acknowledgements

First and foremost, I would like to acknowledge my daughter, Jamie, for being my source of constant motivation. I would also like to thank my thesis supervisor, Dr. Amy Thurlow for her guidance, patience and encouragement. To my Mom and Dad for their love and support. To my friend and mentor, Sara Napier, for providing me with the confidence to enrol in the MA Communication program. To my amazing friends and coworkers for their unwavering support and encouragement throughout this process. And lastly, thank you to my fellow classmates, specifically Lindsay Cross and Genevieve MacIntyre, for always responding to my late night Facebook messages and cheeky tweets – I couldn't have done it without you!

CHAPTER 1: INTRODUCTION

The fundraising world is currently experiencing a dramatic shift in the way people react to mass marketing and fundraising communication (Miller, 2009). A prominent example of this shift can be seen in traditional direct marketing approaches, where annual returns continue to decline (Miller, 2009). Today, many philanthropic leaders are finding themselves at a crossroads as their values are coming face-to-face with new learning (i.e. digital communication) and understanding as it relates to the changing communications environment and a new generation of fundraising.

For non-profit organizations, success is often measured in two ways; how little they spend and how much revenue they bring in. Unfortunately, these bottom-line measurements translate into major barriers for non-profit management when faced with decisions related to social innovation, specifically the adoption of new philanthropic practices and technology (Pallotta, 2013). Well-known activist and fundraiser Dan Pallotta passionately believes that what we have been taught to think about the non-profit sector is actually undermining the causes we love and our profound desire to change the world (Pallotta, 2013).

According to the Association of Fundraising Professionals, now that organizations are making greater efforts to demonstrate the impact of donor gifts, donor expectations are equally heightened. Donors now want to see innovation and be blown away with an idea to cure a social issue, something that often requires significant investment (Association of Fundraising Professionals, 2014). Similarly, Kanter (1999) asserts that businesses need to understand why old models of corporate support no longer create sustainable change and that in partnership with non-profits, need to go beyond traditional

models of philanthropy and tackle the much tougher task of innovation (Kanter, 1999).

To achieve success, non-profits cannot be stifled by the possibility of failure. Instead,

they should be encouraged and given permission to take risks as it relates to new

technology (Pallotta, 2013). Although new skillsets and education may be required,

forward-thinking fundraisers need to continue to consider, investigate and test online

community fundraising opportunities if they are to be properly equipped to engage a new

generation of donors and for a healthy fundraising future (Miller, 2009).

      Crowdfunding, a socially-innovative new funding model, is being embraced by

social entrepreneurs to secure the capital required to pursue their missions and affect

social change (Phan, Kickul, Bacq, & Nordqvist, 2014). Simply put, crowdfunding means

tapping a large dispersed audience, dubbed as 'the crowd', for small sums of money with

the goal of funding a specific project or venture (Lehner, 2013). In addition,

crowdfunding promotes collaboration among people who have common interests and

allows them to broadly disseminate a project that may otherwise go unnoticed (Otero,

2015). Not only do these platforms provide a low cost option for fundraising, they also

facilitate real-time engagement with supporters while extending the organization's reach

much broader than what would be possible through traditional media alone (Ideavibes,

2011).

      Similar to many traditional fundraising methods, one of the most powerful aspects

of effective financial outreach using crowdfunding is that it develops a new community

of supporters – not an "audience," but a community (Lawton & Marcom, 2013). In

addition to making an online donation, crowdfunding communities can participate in

discussion forums, actively engage with a cause through social channels, take advantage

of incentives for specific gift levels, keep up-to-date with news and events, watch relevant video and multimedia content – the possibilities are endless. The ability to interact with potential backers using multimedia offers significant value to non-profit organizations. For example, a Google study found that 57 per cent of interested donors made a donation after watching an online video (Google, 2013). Seth Godin, a well-known blogger and author, also acknowledged the importance of video following his successful Kickstarter campaign in 2012. He found that half of the people who visited his campaign's page watched the video from beginning to end (Godin, 2012). Comparable to a traditional group of donors, these new online communities can quickly be transformed into ambassadors for your organization and, in turn, an invaluable marketing machine. Many believe that the crowdfunding model is poised not just to take advantage of, but also to overtake what used to comprise certain segments of broad-based fundraising (e.g., personalized letter solicitations) (Luka, 2012).

Despite the newness of crowdfunding and that academic research on the topic is sparse, many subject matter experts believe crowdfunding will become an integral and ongoing part of managing and growing social enterprises (Phan, Kickul, Bacq, & Nordqvist, 2014). Crowdfunding has the potential of revolutionizing the way organizations fundraise and build relationships with their donors (Ideavibes, 2011).

Reflexivity

The researcher's past professional and personal experiences, specifically her work with a prominent Canadian children's hospital foundation over the last seven years, has prepared her to lead and conduct this qualitative research study. Currently employed

within the non-profit health sector in Canada, the researcher currently holds the position of

Program Lead, Marketing Strategy at the IWK Health Centre Foundation located in

Halifax, Nova Scotia, Canada.

Collaborating with non-profit organizations as a consultant gave the researcher

her first glimpse into how non-profit organizations operate. Although the non-profit

clients varied in size and scope, all of them faced the same set of unique challenges –

many centred on resources and revenue.

Today, at the IWK Foundation, the researcher is responsible for brand

management, the development and execution of integrated marketing and

communications strategies, the execution of cause-related marketing programs,

sponsorship activation, in-kind partnership development, media planning and buying as

well as the management of in-house creative services. Although these activities are

standard in marketing and communications practice, many strategies and implementation

methods are unique to this sector and involve additional layers of planning (i.e. making

marketing dollars stretch, dependence on in-kind partnerships, etc.). This first-hand

experience provided the researcher with beneficial background information that allowed

her to conduct interviews at an advanced level.

As a member of the non-profit health community, the researcher was also

acquainted with two of the interviewees from participating organizations prior to this

study. It was evident that this improved communication immediately as a certain degree

of trust had already been established through past interactions. These preexisting

relationships only added to the overall quality of the data.

Due to years of first-hand experience within the non-profit sector, the researcher has an enhanced understanding of the challenges that non-profit organizations are faced with every day. Not only does she understand the demands on resources, but also the pressure to innovate. The hope is that this thesis will help inform decisions within non-profit health organizations and serve as a starting point for future digital strategy development.

In short, past professional and educational experience, specifically within the non-profit health sector, has provided the researcher with an advanced understanding of the Canadian fundraising landscape as a whole and the education and training required to take an in-depth look at the adoption of crowdfunding practices in a Canadian context.

CHAPTER 2: LITERATURE REVIEW

Canadian Giving

In 2010 alone, 84 per cent of Canadians aged 15 and over donated approximately $10.6 billion to charitable and non-profit organizations (Turcotte, 2012). From this statistic it is evident that there is no shortage of generosity in Canada. However, questions remain regarding how Canadians choose to give and why.

A research study commissioned by Hewitt and Johnston Consultants (HJC) examines the philanthropic habits more closely through the analysis of four generations of Canadians: Generation Y (born between 1981 and 1995); Generation X (born 1965 – 1980); Baby Boomers (born 1946 – 1964); and Civics (born before 1945) (Rovner, 2013). The findings indicate that although most Canadians give, Civics are by far the most generous generation and give to a wider variety of causes (Rovner, 2013). Although Generation X and Boomers are equally as likely to give, Boomers represent 32 percent of the entire donor base with an estimated giving total of $4.7 billion per year (Rovner, 2013). Canadian Boomers report donating an average of $942 each year divided between four to five charities (Rovner, 2013). That said, Generation X donors predict that their average giving will grow an average of $84, more than the four generations combined, whereas Civics are predicting an average decline of $4 (Rovner, 2013).

Generation Y donors have distinct priorities and preferences with regard to causes they support and are far more likely to demand accountability and transparency than older donors (Rovner, 2013). In fact, nearly 55 percent of Generation Y and 44 percent of Generation X indicated that the ability to directly see the impact of their donation has a

significant bearing on their decision to give (Rovner, 2013). Experts strongly believe that charities need to make a greater effort to show where the money goes and how it makes a difference as younger donors are more likely to ask specific questions regarding return on investment and reject superficial answers (Rovner, 2013). An online survey conducted by Google, in partnership with Millward Brown Digital, supported the claim that impact drives donations. When deciding whether to make a donation or not, 81 per cent of respondents said that impact was the single most important factor (Google, 2013). Moreover, many believe that transitioning from undesignated to designated fundraising (gifts must be assigned to specific programs and services, not just general fund) will be the key to future success (Burk, 2014).

It has been suggested that gift values among young donors are disproportionately low for two reasons – student debt and underemployment (Burk, 2014). Knowing this, it is important that non-profit organizations engage with young donors in ways that are appealing to them to set the stage for their major gifts program for the next two to three decades (Burk, 2014). To engage young donors today, The Burk Survey (2014) suggests that fundraising teams should include expertise in modern-day communications and related technologies, which are necessary for effective stewardship of young donors (Burk, 2014). Regardless of current giving levels, Generation Y donors merit the attention of fundraisers, as they are more likely than Boomers and Civics to increase their giving level and the number of charities that they support in the upcoming year (Rovner, 2013).

Not surprisingly, giving online was the second most popular way of giving in the last two years behind giving at a checkout counter (Rovner, 2013). In addition, 63 percent

of Canadian donors across generations admitted to engaging online with causes in one

way or another, including using the Internet to make a donation (Rovner, 2013).

Although crowdfunding is a relative newcomer on the fundraising scene, the appeal

aligns well with many of the values that set Generation Y apart: it is social and

establishes a direct link between the giver's gift and a concrete charitable outcome

(Rovner, 2013). Given younger donors' concerns about demonstrating impact, industry

professionals are questioning the future of unrestricted fundraising as a whole (Rovner,

2013).

Canadian donors name health and children's charities as two causes that they are

most likely to support (Rovner, 2013). This is welcome news for fundraisers in the health

sector, especially those with a direct link to children's health. Turcotte (2012) found that

Canadian women are more likely than men to donate to organizations in the health sector

including hospitals (Turcotte, 2012). When asked if they had to cut their charitable giving

in half, health and children's charities remained at the top of the list for Canadian donors

(Rovner, 2013).

Overall, women are more likely than men to give to charitable causes (Andreoni,

Brown, & Rischall, 2003). *Women Give 2014*, a report published by the Women's

Philanthropy Institute, investigated how the nexus of religiosity, gender and age is related

to charitable giving and found that young, single women who are religiously unaffiliated

give roughly two times larger amounts to charitable organizations than women who are

affiliated but infrequently attend religious services (Mesch, Ottoni-Wilhelm, Osili, Hayat,

& Pactor, 2014).

Health is also an issue that resonates deeply with older generations with 75 percent of Boomers and 73 percent of Civics reporting making a gift to a health charity in the previous 12 months (Rovner, 2013). On the other had, Generation X donors are more likely to support children's charities - perhaps because they are more likely to have young children at home (Rovner, 2013).

Canadian Health Care Funding

Otero (2015) observed that over the past several years there has been a transformational change in the medical practice in relation to how science, technology, personalization, mobility and social media are used. This has widened the gap between high- and low-resource countries in terms of how aspects related to health and disease are developed, provided and managed by public health systems (Otero, 2015)

In Canada, despite the presence of publically funded health-care, many citizens question the sustainability of that system and the role that donors should be playing. For example, Meera et al. question whether or not Ontario's reliance on donations to fund hospital infrastructure is fair and sustainable (Rayar, Pendharkar, Laupacis, & Petch, 2015).

When referring to hospitals, "capital" refers to physical infrastructure such as building a new hospital wing, to purchasing an MRI scanner, to the replacement of elevators within an existing hospital (Rayar, Pendharkar, Laupacis, & Petch, 2015). Not all hospitals have the same infrastructure needs however investment is crucial to maintaining a safe physical environment and allowing clinicians and patients access to new and effective technologies (Rayar, Pendharkar, Laupacis, & Petch, 2015). In 2011,

nearly $10 billion was spent on health care capital expenditures in Canada. This only accounted for approximately 5 per cent of total health spending (Rayar, Pendharkar, Laupacis, & Petch, 2015).

Hospitals rely on a variety of cost recovery methods, such as parking fees or renting out available space, to generate the funds needed to pay for equipment and their share of construction costs (Rayar, Pendharkar, Laupacis, & Petch, 2015). Donations are also an increasingly important source of revenue, and the bulk of revenue this responsibility typically falls to a hospital's foundations (Rayar, Pendharkar, Laupacis, & Petch, 2015).

Government cuts are being felt worldwide and crowdfunding presents a real opportunity to the scientific community and medical researchers who have been unable to secure funding for their projects (Siva, 2014). As an example, Jean Garbarino, Director of Science Outreach at New York's Rockefeller University, thinks that crowdfunding is great resource for young researchers. There are many wonderful and creative ideas out there, but the scientists behind them may not have the connections or resources to submit a successful grant application. Crowdfunding can be a very accessible way to raise money for these projects and the campaigns are generally much shorter than waiting for grants (Otero, 2015).

Crowdfunding & Health

The term crowdfunding is originated from the concept of crowdsourcing, an online model that leverages the collective intelligence of online communities for a specific purpose (Phan, Kickul, Bacq, & Nordqvist, 2014). When crowdsourcing

organizations are created for the specific purpose of raising money, they are commonly referred to as crowdfunding organizations (Phan, Kickul, Bacq, & Nordqvist, 2014).

In recent years, crowdfunding has proven itself useful to financial, artistic and technological ventures and has not been profoundly embraced by the healthcare community - whether for research or care delivery (Otero, 2015). One reason for this may be that crowdfunding requires a strong online presence and a creator who is both productive and a social media connoisseur, a relatively uncommon combination in the academic setting (Otero, 2015).

That being said, crowdfunding platforms have been adopted by many different causes, including various causes in the health sector. In fact, across all regions, crowdfunding expanded at a 63 percent compound annual growth rate (CAGR) from 2009 through 2012 (Luzar, 2013). More specifically, equity-based platforms exhibited a CAGR of 114 percent, lending-based platforms 78 percent, donation-based 43 percent, and reward-based 524 percent (Luzar, 2013). In 2012 alone, crowdfunding websites helped organizations and individuals worldwide raise $2.7 billion from members of the public, an impressive 81 percent increase over the previous year (MacLellen, 2013). If that was not impressive enough, kickstarter.com reported that in their first quarter of 2014, there was a total of $112,038,158 pledged; 4,497 successfully funded projects; and 887,848 total funders (also called backers) of which 679,413 were new to the platform (Strickler, 2014). Luzar (2013) asserts that this is incredible as it is one of the cheapest and easiest forms of capital formation ever (Luzar, 2013).

Aside from being a low-cost venture, the barriers to entry for crowdfunding are low as anyone can create an account or campaign on crowdfunding websites including

kickstarter.com, *indiegogo.com* or *crowdtilt.com*. Crowdfunding is becoming a new source of microfunding for personal and institutional ventures that have not had access to traditional financing worldwide, and healthcare and health research are no exception (Otero, 2015). From individuals raising money for personal medical expenses to non-profit health organizations seeking funds for a start-up venture, campaigns are experiencing success and crowdfunding is establishing itself as an attractive model for many forms of healthcare fundraising. In fact, health specific crowdfunding platforms are increasing in popularity. Two prominent, yet unique, examples are *watsi.org* and *kangu.org*.

Watsi.org is behind a movement to provide healthcare to every person on the planet, connecting patients who can't afford medical procedures with donors online (Watsi, 2014). Partnering with reputable medical organizations from around the world and receiving support from well-known companies like Google, the funds collected go entirely to the patients as the organization's costs are covered separately (Watsi, 2014). In fact, Watsi prides itself in keeping their team small and their overhead low so that they can move fast and innovate (Watsi, 2014). To date, 7,242 people have funded healthcare for 2,113 patients in 19 countries via watsi.org (Watsi, 2014).

Comparably, Kangu.org connects donors to pregnant women who do not have access, or who cannot afford, high-quality healthcare services to ensure safe births. The organization's medical partners provide services including prenatal care, delivery with a trained professional, emergency obstetric care, postnatal care, clean supplies, medications, and newborn and child immunizations (Kangu.org, 2014). Kangu.org

believes that up to 90 per cent of maternal mortality can be avoided if a woman is given access to the basic healthcare services

More recently, crowdfunding has been employed to address urgent health care needs. Dr. Erica Ollmann Saphire from The Scripps Research Institute in LaJolla, California gathered a group of researchers from around the world to work together to combat the deadly Ebola virus (Scripps Research Institute, 2014). This consortium developed the ZMapp serum, an experimental drug believed to have cured two Americans, an English nurse, and two Liberian doctors and they are determined to uncover more potential treatments for this deadly virus (Scripps Research Institute, 2014). Unable to keep up with the samples being sent to her lab from around the world, Dr. Saphire launched a crowdfunding campaign on CrowdRise with the goal of raising $100,000 for necessary equipment and staff (Scripps Research Institute, 2014). Like many health and non-profit organizations, the Scripps Institute relies heavily on government funding. However, given the urgency of initiatives like these, and the limited annual funding available, more and more researchers are turning to alternative sources.

The University of California at San Francisco is also using the crowdfunding method to advance health sciences research (Targeted News Service, 2013). Tuhin Sinha, associate director of strategic development in UCSF's Office of Innovation, Technology and Alliances (OITA), explained that there are many projects that aren't necessarily appropriate for a larger grant or anything that requires a lengthy application process (Eisenmann, 2013). Crowdfunding gives the faculty more control over the process, but relies on them describing their funding needs to a peer network rather than a traditional granting committee (Eisenmann, 2013).

University of California, San Francisco (UCSF) piloted its crowdfunding effort in December 2012 with four projects that spanned across the globe:

- Rehabilitation Initiative India: Develop a community-based rehabilitation program for a rural community in southern India – $5,330 raised

- UCSF Global Turnaway: Studying experiences of women around the world who are denied legal abortions – raised $8,490 in addition to a separate, anonymous donation of $80,000

- Mysteries of the Placenta: Understanding how placental infection trigger preterm labour – $2,183 raised

- Midwives for Comadronas: Sending staff and life-saving supplies to Guatemala for work with midwives who help women and babies survive childbirth – $13,478 raised (Eisenmann, 2013)

For UCSF, crowdfunding proved to be the perfect solution for projects that may not fit any grantee priorities at the moment (Eisenmann, 2013). Organizers admit that these early crowdfunding efforts at UCSF are a learning experience, and program leaders will need to continue to determine what projects are best suited for this platform (Eisenmann, 2013).

Traditional medicine typically follows the reactive approach, whereby diseases are treated once they emerge. In order for healthcare to focus on prevention, it is necessary to transform the reactive model into a proactive one, which will require finding a balance between technology and participation (Otero, 2015). The transformation towards a personalized medicine, which is both preventive and participative, will most

likely involve an increased expense on part of an already financially inefficient health system (Otero, 2015).

The state of the global economy has hindered access to credit and funding for basic and clinical research. For this reason, researchers from different countries have adopted crowdfunding to fund their health research and innovation projects (Otero, 2015).

Although these mass-funding campaigns may not replace research grants or fellowships, they may serve as a starting point as these projects could attract media attention and the attention of potential investors who may provide a greater financial support (Otero, 2015).

Crowdfunding is one of a growing number of potential funding sources available to social entrepreneurs as they are no longer constrained by geo-political borders or restricted to government and philanthropy (Phan, Kickul, Bacq, & Nordqvist, 2014). Although this is an exciting time in fundraising, crowdfunding is presenting threats to traditional models of philanthropy and raising important ethical questions in healthcare fundraising.

The Appeal

Campaign founder motivations differ depending on the type of crowdfunding campaign and its goals. More often than not, campaign goals revolve around raising small amounts of capital, often under $1,000 from friends and family, to initiate a one-time project or event (Mollick, 2013). In terms of health-related campaigns, these types of projects may include raising funds for a new wheel chair, travel expenses or an

accessible van. However, other campaigns establish much more ambitious fundraising

goals and motivating factors extend well beyond simply raising money.

In addition to raising funds, crowdfunding campaigns play a significant role in

generating publicity and public attention for a venture or project (Nordicity, 2012;

Belleflamme et al. 2013). Using crowdfunding for marketing purposes allows a founder

to create interest in new product at the early stages of development and demonstrate

demand for a proposed product, which can lead to funding from more traditional sources

(Mollick, 2013). A prominent example of this is *WaveCheck,* a painless, non-surgical

clinical technique poised to transform chemotherapy response monitoring for women

with breast cancer, invented by Sunnybrook's Dr. Gregory Czarnota and Ryerson

University's Michael C. Kolios (Sunnybrook, 2013). Launched in October of 2013, the

goal of the crowdfunding campaign was to raise the funds needed to establish the first

three North American clinical study locations and ultimately make WaveCheck available

to women everywhere as fast as possible (Sunnybrook, 2013). In its first day, this

campaign raised a surprising $20,000, sparking the interest of many like-minded non-

profit organizations across Canada (Sunnybrook, 2013). At first glance, a visitor to the

indiegogo.com crowdfunding page would deduce that the campaign did not reach its goal.

However, an update on the website confirms that the campaign received a $100,000

catalyst grant from The Ontario Institute for Cancer Research pushing them well over

their initial goal. In addition to raising funds, this campaign was able to raise awareness

of the research, educate a community on breast cancer screening and treatment

monitoring, raise the profile and reputation of Sunnybrook and also gave breast cancer

patients the opportunity to engage in behaviors that might improve health outcomes. As

Mollick (2013) asserts, funding need may not be the only goal of a crowdfunding effort, even in an entrepreneurial context (Mollick, 2013).

Thurlow and Yue (2013) observe that crowdfunding happens exclusively through social media networks, specifically blogs and micro blogs such as Twitter, and in many ways mirrors examples of social activism that are taking place through those same channels (Thurlow & Yue, 2013). Several leaders in the fundraising sector believe that social media is undervalued if measured strictly by transaction metrics as opposed to by engagement (Rovner, 2013). Engagement channels, like social media, may or may not be transaction channels but studies suggest that a large percentage of Facebook and Twitter users are already highly committed to their causes and are seeking more contact with associated charities (Rovner, 2013). This suggests that crowdfunding platforms have the ability to increase the number of transactions through social media.

Slacktivism

Although countless non-profit organizations have entered the online space, many forms of online activism are often criticized as they are viewed as actions requiring minimal effort and time that do not result in social impact (Baelden & Van Audenhove, 2013). These actions, such as signing online petitions, or liking a page on Facebook, are frequently referred to as *clicktivism* or *slacktivism*. Slacktivist behavior or not, social media enable two-way dialogue, which has the ability to foster stronger donor relationships than traditional broadcast media (Ideavibes, 2011). In fact, Baelden and Audenhove argue that there is significant research to suggest that you can transform so-called slacktivists into real activists for any cause (Baelden & Van Audenhove, 2013). In

addition, research results from Ogilvy Public Relations Worldwide and The Center for

Social Impact Communications at Georgetown University show that those who get

involved with causes through promotional social media activities also continue to

participate in cause-related activities outside of the social media space (Ogilvy Public

Relations Worldwide & Georgetown University, 2011).

Research also demonstrates that online users who support causes by participating

in social media activities are engaged in a greater number of different kinds of supporting

activities than those who do not use social media to promote causes (Ogilvy Public

Relations Worldwide & Georgetown University, 2011). Rovner (2013) agrees, finding

that nearly half of those who give engage with causes in ways other than making

donations (Rovner, 2013). In addition, this group is also not only willing to influence

others in their network but five times more likely than non-social media cause promoters

to recruit others to sign a petition for a cause; and three times more likely to request

others to donate (Ogilvy Public Relations Worldwide & Georgetown University, 2011).

As a result of its reliance on social media, crowdfunding has the potential of identifying

potential ambassadors for a cause and taking their online marketing and fundraising to

the next level.

Backer Motivations

Howe (2009) asserts that with few exceptions, the most important component to a

successful crowdsourcing effort is a vibrant, committed community (Howe, 2009).

However, to attract the right crowd to a given campaign one must first understand what

motivates them to give.

According to Bekkers and Wiepking (2011), the motivations behind giving are more complex than the simple desire to contribute to the well being of their fellow citizens. The crowdfunding model certainly supports this theory. Bekkers and Wiepking (2011) identify eight mechanisms as the most important forces that drive charitable giving: awareness of need; solicitations; costs and benefits; altruism; reputation; psychological benefits; values; efficacy (Bekkers & Wiepking, 2011).

Although many of these traditional motivators apply to crowdfunding, Mollick (2013) takes it a step further identifying four main contexts in which individuals fund projects and outlines how these contexts can overlap allowing backers to achieve multiple goals simultaneously.

The **patronage model** leverages altruism as a key motivator and places funders in the position of philanthropists who expect no direct return for their donation (Mollick, 2013). This model is also referred to as the donation model (Nordicity, 2012).

Shifting focus to costs and benefits, the **lending model** is one in which funds are offered as a loan with the expectation of a rate of return on the capital invested (Mollick, 2013). The lending model can take a number of forms including a traditional lending agreement, a forgivable loan, or presales (Nordicity, 2012). That being said, in some cases the patronage model may also apply to the lending model as backers may be more concerned with the social good being promoted than any return generated by a loan (Mollick, 2013).

The third approach is the **reward-based crowdfunding model** where backers receive a reward for their campaign contribution (Mollick, 2013). From being credited in a movie to having dinner with a local celebrity, being awarded a rock-climbing package

to being given VIP access to an event, the sky can be the limit when it comes to rewards, or "perks", offered through crowdfunding campaigns. However, it is important that founders offer the right incentives to their backers (Howe, 2009). Belleflamme et al. (2013) found that although traditional donations to crowdfunding campaigns are less common due to financial and non-financial incentives, crowdfunding initiatives that are structured by non-profit organizations tend to be significantly more successful because their focus is not purely profit-driven (Belleflamme, Lambert, & Schwienbacher, 2013).

Finally, the **investor model** of crowdfunding includes campaigns where backers receive shares of future profits or royalties, a portion of returns for future planned public offering or acquisition or a share of a real estate investment (Mollick, 2013). Equity crowdfunding would also fall into this category. Ingram et al. (2014) found that equity crowdfunding in Sweden has been more lucrative than reward-based crowdfunding as platforms have not tried to challenge institutional logics around what an entrepreneur looks for in an investor (Ingram, Teigland, & Vaast, 2014).

There is no question that incentives play a large role in many crowdfunding campaigns. However, Howe (2009) asserts that personal glory, the chance to interact with like-minded peers, and the opportunity to learn something new are also key motivators behind backer participation (Howe, 2009). That being said, ultimately, the legitimacy of a crowdfunding venture will moderate the crowd's willingness to invest in it (Lehner, 2013).

Legitimacy is built up in a complex, recursive process, involving the individual's values, self-pictures, needs and wants and the perceptions of the venture created through public discourse (Lehner, 2013). An important contribution to the institutional

perspective is that of social legitimacy, or the acceptance of the society in which they operate (Hatch & Cunliffe, 2006).

Personal, or organizational, networks and underlying project quality are directly associated with the success of crowdfunding efforts (Mollick, 2013). With this in mind, some experts believe that there are benefits to creating a custom crowdfunding website or platform. Belleflamme et al. (2013) found that individual crowdfunding initiatives, meaning campaigns that are not created using standardized crowdfunding platforms such as *Kickstarter*, allow founders to tailor their campaigns to meet their specific needs which may include offering a variety of compensation to the crowd (Belleflamme, Lambert, & Schwienbacher, 2013). This particular approach to crowdfunding has the potential of setting a campaign apart from the many. As crowdfunding continues to expand in popularity this may become more challenging to achieve.

Considering the growing number of health-related crowdfunding campaigns, it is becoming increasingly important to keep the message simple, be authentic, break it down and remember that the crowd is not uneducated but rather, exceptionally busy (Howe, 2009).

Ethical Issues

Reflecting the newness of this emerging field of study, the literature on crowdfunding is limited and continues to evolve (Macht & Weatherston, 2014). However, as these platforms continue to grow in popularity at an exponential rate, ethical questions are being raised that greatly stem from the fact that anyone can start a crowdfunding campaign.

In recent months, campaigns ranging from celebrities launching campaigns to fund their side projects to an unknown Ohio man attempting to raise $10 to purchase the ingredients to make his first potato salad, continue to emerge. Surprisingly, the potato salad campaign went on to raise over $50,000 through *kickstarter.com* (Brown, 2014). Silva asserts that although there is nothing in these pitches that violate laws, it is a gross misappropriation of public goodwill (Silva, 2013). As this method of fundraising continues to grow in popularity, this will be a significant competitive consideration for non-profits as they plan for the future.

Individuals raising funds via crowdfunding websites to pay for medical expenses and associated costs are also raising ethical questions. Proponents do not dispute that these platforms are helping to save lives and are alleviating financial burden. However, those opposed to this practice argue that it favours tech-savvy patients who may not spend the money as promised (Silva, 2013). In addition, some believe that these campaigns greatly reflect an unethical and immoral health system that pushes citizens to have to beg for money on the Internet and could ultimately slow progress towards a solution (Sisler, 2012).

There is also the risk of fraudulent campaigns being created using compelling stories reported in mainstream media. For example, an Alberta family struggling to secure short-term accommodations in Toronto, Ontario while their triplets were receiving treatments for a rare eye cancer drew attention to a fraudulent crowdfunding campaign using their personal story to raise funds (Chan, 2014). Regardless of the fraudulent campaign, the family's personal crowdfunding campaign on *youcaring.com* has raised $63,033 when their original goal was $30,000 (Walton, 2014). It is safe to say that

crowdfunding should not be completely discredited on that ethical consideration alone. However, additional steps should be considered to communicate campaign authenticity.

The validity of crowdfunding campaigns is often drawn into question. What happens when deadlines are not met or that start-ups fail before getting their products to market? What happens to the funds? As more research in this area is explored, these will be important questions that will ultimately shape the future of crowdfunding in health care.

CHAPTER 3: THEORETICAL FRAMEWORK

Institution theory argues that organizations adapt not only to the strivings of their internal groups and stakeholders, but also to the values of external society or its environment (Hatch & Cunliffe, 2006). DiMaggio & Powell argue, "organizations compete not just for resources and customers, but for political power and institutional legitimacy, for social as well as economic fitness" (DiMaggio & Powell, 1983, p. 150). Institution theory differs from other managerial theories in that it does not view behavior as driven by and understandable in terms of the interests of individuals, either on their own, or as part of an organization or class (DiMaggio & Powell, 1991).

DiMaggio and Powell assert that rational actors, or individuals, make their organizations increasingly similar as they try to change them (DiMaggio & Powell, 1983). A concept used frequently to explain this phenomenon is institutional *isomorphism*, a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (i.e. increased funding competition) (DiMaggio & Powell, 1983). DiMaggio and Powell (1983) also identify three isomorphic processes – coercive, mimetic, and normative – that all lead to this outcome (DiMaggio & Powell, 1983). The process of particular interest is mimetic isomorphism, which results from standard responses to uncertainty (i.e. when technologies are poorly understood) and encourages imitation (DiMaggio & Powell, 1983).

Within institutional theory, there is growing literature on organizational fields with a recent shift of focus from isomorphism and stability to understanding radical and large-scale change processes (Reay & Hinings, 2005). DiMaggio and Powell (1983)

define an organizational field as key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products (DiMaggio & Powell, 1983).

Suddaby (2010) argues that the challenge ahead for institutional theory is to shift the focus of institutional theory research to attend more carefully to key questions that arise from the "institutional story" (Suddaby, 2010). Suddaby (2010) also stresses the importance of understanding how organizations attribute meaning to productive activities and how common templates and isomorphic activities are interpreted inside organizations as they are adopted (Suddaby, 2010).

Within the health sector specifically, institution theory has been used in the past to help analyze and better understand change within the health sector specifically. Reay and Hinings (2005) employed institution theory to help understand the process of organizational field recomposition, or re-establishment, after the implementation of a radical structural change (Reay & Hinings, 2005). This particular case study on the Alberta health care system investigated the process of field recomposition following its move from a dominant institutional logic (medical professionalism) to a new logic (business-like health care) (Reay & Hinings, 2005).

Institutional logics are a set of assumptions, values, beliefs and rules that help guide individual behavior (Thornton & Ocasio, 2008). The study conducted by Reay & Hinings (2005) concluded that key actors respond to change in different ways, depending on their power to take action and the extent to which their interests are served by a new institutional logic (Reay & Hinings, 2005).

Institution theory has also been used to analyze philanthropy and the non-profit sector. Euske and Euske (1991) discussed the potential implication of institutional theory to the management of publicly supported non-profit organizations. With the non-profit sector becoming increasingly important in diverse economic, political and social environments it is important to better understand the input-output relationship in these organizations (Euske & Euske, 1991). Although this particular study focused specifically on publically supported non-profit organizations, Euske and Euske (1991) concluded that institution theory might help us better understand organizations where the technology is not well understood (Euske & Euske, 1991).

For their research, Zeyen and Beckmann (2011) focused specifically on the emergence of social entrepreneurship organizations that simultaneously use both a non-profit and for-profit organization form to achieve their overarching mission (Zeyen & Beckmann, 2011). A key assumption in this study was that social entrepreneurs use multiple organizational forms to better handle conflicting institutional logics and sets of values and beliefs that guide individual behavior (Zeyen & Beckmann, 2011). The most prominent finding of this study was the significant number of social entrepreneurs who have split their activities to achieve the social venture's mission and now to operate multiple organizations, with at least one operating as a non-profit and one as a for-profit (Zeyen & Beckmann, 2011). Although critics claim the strategy options of social entrepreneurs are highly contingent on their regulatory environment, the research shows there is much more to the phenomenon of multiple organizational forms than merely two different legal necessities (Zeyen & Beckmann, 2011).

While institution theory has been used to look at changes in the health sector as well as the non-profit sector as a whole, gaps have been uncovered in these experiences. First, many of the research studies highlighted above have been limited geographically (i.e. Alberta and Germany) and are based on relatively small sample sizes. In addition to the newness of this area of research, many studies on this subject matter have been exploratory in nature and do not present a holistic picture of how non-profit organizations in the health sector are adapting to their evolving organization environments and emerging technology. For example, the research conducted by Euske and Euske (1991) focused specifically on one type of non-profit organization – the publically supported non-profit organization (Euske & Euske, 1991).

Social entrepreneurship is an emerging theme within the non-profit sector and regardless of the lack of scholarly articles to address the implications of crowdfunding in this context, media and public alike have acknowledged its potential (Lehner, 2013). Whether in a social entrepreneurial or strictly fundraising context, crowdfunding continues to be top of mind for many leaders in the non-profit sector.

Acknowledging continued uncertainty around online giving and lingering questions surrounding the elusive Generation Y, institution theory and the process of mimetic isomorphism may offer an explanation as to what we are currently observing in the fundraising sector. For example, if a children's hospital foundation achieves a significant fundraising goal using a crowdfunding platform, it can be assumed that other children's hospital foundations might attempt to do the same. DiMaggio and Powell (1983) assert that as innovation spreads, adoption sometimes provides legitimacy rather than improves performance (DiMaggio & Powell, 1983). The more uncertain the

relationship between means and ends, the greater the extent to which an organization will model itself after organizations it perceives to be successful or exhibit mimetic isomorphism (DiMaggio & Powell, 1983). This theory could apply to the unknowns that non-profit organizations are facing when it comes to online giving and soliciting and communicating with a new generation of donors.

Conforming to institutional demands wins social support and ensures survival to an organization, not because it necessary improved the organization, but because it conforms to accepted conventions (Hatch & Cunliffe, 2006). This is why institution theory provides a fitting framework to explore how and why non-profit organizations in the health care sector are adopting crowdfunding platforms. Are the platforms proving to be successful or is the fear of losing legitimacy ruling the day?

In applying this framework, all non-profit health care organizations would comprise the organizational field, directing attention to all relevant actors within that field and highlighting the importance of both connectedness and structural equivalence (DiMaggio & Powell, 1983).

CHAPTER 4: METHODOLOGY

The literature review provided important, and necessary, context for better understanding the appeal of crowdfunding platforms and the current state of the Canadian giving landscape. It also identifies perceptions and pressures surrounding online giving in the fundraising community and many of the factors that can influence an individual's ability and/or motivation to give. An overview of institution theory, and its ongoing evolution, was also provided to properly introduce this study and its methodology.

Building upon the literature review, the following chapter includes a description of the study's research rationale, design and an overview of the interview and analysis process that was used by the researcher.

Research Design

This research study used qualitative research methodology to investigate the research question: *can institution theory offer insight into the adoption of crowdfunding platforms by non-profit health care organizations in the Canadian context?* More specifically, this study applied the case study method, a design of inquiry in which the researcher developed an in-depth analysis of a case, bound by activity, of one or more individuals (Creswell, 2014). Yin & Heald (1975) describe the case survey method as mainly concerned with the analysis of qualitative evidence in a reliable manner. It also enables the researcher to aggregate the frequency of the occurrence of these experiences (Yin & Heald, 1975). The context provided by this particular research method was also taken into consideration for this study.

The researcher used a combination of qualitative interviews conducted by phone, and a questionnaire distributed by e-mail, to engage with participating organizations. "How" and "why" questions are exploratory in nature and lead to the use of case studies because these types of questions deal with operational links needing to be traced over time, rather than mere frequencies (Yin, 2014). Simply put, open-ended questions were used during the interviews to elicit views and opinions from participants specifically regarding their experiences with crowdfunding. The researcher took the necessary steps to ensure that the interviews were both targeted and insightful. According to Yin (2014), there are apparent strengths associated with using interviews as a source for case study research. Not only does it allow the researcher to focus directly on the case study topic but it also provides perceived casual inferences (Yin, 2014).

Understanding that professionals working in the non-profit sector have extremely high demands on their time, a questionnaire was designed for participants who were unable to commit to a phone interview. This documentation ultimately provided the researcher with a form of stable data that could be reviewed repeatedly (Yin, 2014). This only enhanced the reliability of the study.

The questionnaire was designed to contain the following characteristics:

- A focus on short answer questions to facilitate speed

- Took approximately 10-15 minutes to complete

- Included the invitation to participate in a follow-up interview by phone

One of the strengths of the case study method is its ability to deal with a full variety of evidence, including documents like the questionnaire used in this study (Yin,

2014). This type of qualitative document enabled the researcher to obtain the language

and words of participants in the absence of a formal interview (Creswell, 2014). Through

the creation of this questionnaire, the researcher's goal was ultimately to increase the

level of participation in the study.

Inclusion Criteria

According to Yin (2014) the case study does not represent a "sample" and the

goal of the researcher is to expand and generalize theories and not to enumerate

frequencies (Yin, 2014).

With this distinction in mind, participants for the study were identified in a variety

of ways. Primarily, participants were identified during the preliminary research stages

when evaluating the feasibility of this study. Online sources, including media publications,

were the primary source used to identify organizations. Secondarily, study participants

themselves also identified potential participants during the interview stage when asked if

they were aware of other organizations that were leveraging the crowdfunding model. The

researcher used contact information found on websites and personal connections to reach

out to perspective participants.

Given the newness of crowdfunding, specifically within non-profit health

organizations in Canada, and the specificity of required inclusion criteria, it was understood

in the early planning stages that the number of participants would not be vast. The

participants in the study were required to meet the following inclusion criteria:

- Non-profit organizations
- Active in health sector

- Located in Canada and/or active in the Canadian market

- Engaged in crowdfunding

Individuals who leverage the crowdfunding model for personal health-related fundraising campaigns were briefly discussed in the literature review as they serve as important context for health-related fundraising in Canada. That being said, given their complexity, ethical issues surrounding these campaigns and the theoretical framework chosen for this study, health-related crowdfunding campaigns executed by individuals and their families were excluded from the study.

For the purposes of this research, non-profit organizations were defined as any charitable or non-profit organization, regardless of size, active in the health sector in Canada. In some cases this included partners and consultants who were directly involved in the execution of crowdfunding campaigns for participating non-profit organizations.

Institution theory argues that organizations adapt not only to the strivings of their internal groups and stakeholders, but also to the values of external society or its environment (Hatch & Cunliffe, 2006). Through qualitative interviews and the completion of questionnaires, participating organizations reflected on their experiences with crowdfunding, including internal and external pressures, which provided the researcher with rich data for analysis.

Interviews

For this research study, a total of 22 invitations were distributed by e-mail to non-profit health organizations across Canada. As mentioned above, these organizations had

either been identified during preliminary research stages or mentioned by other participants over the course of this research study. The email invitation to participate (see Appendix A) outlined the study and the inclusion criteria for participation. Recipients were directed to contact the researcher by phone or by e-mail if they were interested in participating, or required additional information regarding the study. If the researcher did not reach the appropriate individual upon initial contact with the organization, staff members were helpful in identifying the appropriate member of their team to participate in the study.

In accordance with the Mount Saint Vincent University ethics process, participants were provided with details of the study and an informed consent document outlining the voluntary nature of their participation. UREB clearance was acquired prior to beginning the data gathering process. At this time, participants were also informed that they had the option to participate in the study and remain anonymous.

Of the invitations sent, seven organizations ultimately participated in the study, 10 organizations did not respond and five organizations were excluded from the study. Organizations were excluded from the research study if they did not meet the inclusion criteria (i.e. had never executed a crowdfunding campaign). During the participant screening stage, the researcher noted that many organizations currently confuse, or do not differentiate between, peer-to-peer fundraising and crowdfunding. Given that these are two very different fundraising models, those organizations who were active in peer-to-peer fundraising and not crowdfunding were excluded from the study. Follow-up correspondence was also sent to the organizations that did not respond to the initial e-mail invitations.

The seven participating organizations varied greatly in size and scope. The smallest organization consisted of a single full-time employee whereas the largest employed approximately 1,900 individuals. As a result, the interviewees, or the individuals responsible for the execution of crowdfunding initiatives within their respective organizations, held various positions within their organizations (i.e. Executive Director, Social Media Specialist, Vice President of Brand Strategy & Communications, Consultant, etc.).

With the intent of using institution theory to help explain the adoption of this fundraising model, the interviews consisted primarily of open-ended questions. Phone interviews took 25 to 45 minutes to complete depending on the size and scale of the organization's crowdfunding campaign and available detail. Field notes were also used by the researcher for all phone interviews that ultimately produced three to five pages of notes (500 words on average) per interview. In the cases where organizations completed both the questionnaire and follow-up phone interview, the responses were combined to provide a more detailed picture of the organization's experience with crowdfunding. The combined data was then analyzed together.

In the end, two participating organizations completed the questionnaire only, three organizations participated in phone interviews and two organizations completed both the e-mail questionnaire and a phone interview.

As highlighted in the literature review, Canadian women are more likely than men to donate to organizations in the health sector (Turcotte, 2012). Therefore, it may be of interest to note that all of the participants in this study were female, with the exception of participant number four (P4) where a female and a male staff member both participated in

the phone interview. This particular interview was conducted via conference call and was

the only case where more than one representative from a single organization participated

in an interview.

Overall, the participating organizations were more than willing, and in some cases

eager, to share their experiences with crowdfunding and were very honest and

forthcoming with their thoughts and feelings before, during and after their campaigns.

Finally, two of the seven participating organizations chose to remain anonymous.

These two organizations will be referred to as participant one (P1) and participant four

(P4) throughout this paper. The participating organizations that can be identified include

BC Children's Hospital Foundation, Elder Abuse Ontario, Sunnybrook (in partnership

with MaRS Innovation), SickKids Foundation and Optimal Birth BC (SmartMom

Canada).

Analysis

Following a close read, and the combining of field notes and questionnaire

responses, key words were identified in the interview data. These words were then

assigned to codes that were part of a pre-determined qualitative codebook, many of which

were consistent with topics discussed in the literature review, including the theoretical

framework.

Upon completion of the coding and categorization, a thematic approach was used

to identify and develop themes that represented the participating organizations'

experiences with crowdfunding. The analysis will be discussed in more detail in the

following chapter.

CHAPTER 5: DATA ANALYSIS

Following a close read of the data, which included the combined data obtained through phone interviews (field notes) and questionnaire responses, the researcher used the technique of content analysis to make replicable and valid inferences from the interview data to their context (Krippendorff, 1989). Content analysis is increasingly applied to data of open-ended interview questions as it occurs in sufficient numbers and has reasonably stable meanings for a specific group of people (i.e. non-profit health organizations) (Krippendorff, 1989).

"The case study is used in many situations to contribute to our knowledge of individual, group, organizational, social, political, and related phenomena" (Yin, 2014). For this study, particular attention was paid to the phenomena of crowdfunding and corresponding attitudes of participants (Krippendorff, 1989).

Data Coding

Coding is the step of classifying the recorded units in terms of the categories of the analytical constructs chosen (Krippendorff, 1989). For this study, the researcher developed a qualitative codebook, a list of predetermined codes that were used to code the data (Hatch & Cunliffe, 2006). These codes were specifically selected from the literature review, specifically the theoretical framework, to inform the research. The reasoning behind individual code selection, including relevance in regards to the theoretical framework and the literature, will be outlined in further detail in the following pages.

Key words were taken from the interviews and questionnaire responses, and then assigned to nine codes. The codes included *organizational story, resource sufficiency, institutional logics, motivations, institutional environment, innovation, campaign legitimacy, social legitimacy, and institutional entrepreneurship.*

Participant responses were coded using the predetermined qualitative codebook and in some cases, given the in-depth responses of some of the participants, key words were assigned to more than one code. This was primarily due to the context in which the key word appeared and participant responses to interview questions that were relevant to more than one code. As the coding process progressed, similar or like-minded key words were combined and broadened based on the context and tone of participant commentary.

It is important to note that in many cases the rationale behind which key words were assigned to which codes was contextually driven. For example, following a close read of the data, *community* was identified as a prominent key word. At first glance, this particular key word could have been assigned to multiple codes. However, given the context in which this key word appeared, it was ultimately assigned to *organizational story*. This was due to the fact that *community* only appeared when referencing an organization's purpose or mission.

Participant Example:

P3 (Elder Abuse Ontario): "We provide training sessions/webinars to our ***community***."

Following the assigning of key words to the pre-determined codes, there were common themes that emerged. The codes were ultimately combined to form three

themes: *organizational identity*, *institutional pressures* and *legitimacy*. These themes will be discussed in greater detail in the following chapter. A complete list of key words, and their assigned codes, can be found in *Appendix E*.

Organizational Story

The code *organizational stories* was identified for this study because stories have been a long-standing interest of organizational theorists (Hatch & Cunliffe, 2006). A non-profit organization's ability to effectively tell its story has significant bearing on its level of success. This should also be considered when evaluating the organization's ability to effectively tell its story through crowdfunding and the overall success of the campaign. In this study, organizational stories were based on real life fundraising events with a plot and characters that, when analyzed, told us about the organization's culture and distinctive practices (Hatch & Cunliffe, 2006).

Many key words used by participants were combined using the code of organizational story. These included *brand*, *brand equity*, *impact*, *people*, *patient*, *community*, *video*, *storytelling*, *stories* and *story*. When these words were found within participant responses they were assigned to this code. Below are a few examples from the data.

*P1: "We highlighted four **stories** of women who had been supported by the organization."*

*P1: "To raise funds to help us support the **community** we serve."*

*P6 (SickKids Foundation): "The **video** content did an effective job of communicating the*

***impact** of donations on kids' lives (**patients**)."*

*P6 (SickKids Foundation): "Our objective is always **brand equity** - keeping brand top of*

mind and influencing likelihood to donate."

Respondents spoke to the importance of the organizational story as it relates to

crowdfunding. How the organization told its story was a reoccurring theme within this

category. For example, whether or not the organization had a tangible goal was a

reoccurring discussion. Specifically, participants discussed the importance of telling their

story and whether or not their organization was effective at telling its story through

crowdfunding. Did their campaign goal convey an urgent organizational need? Did they

use words, photos or videos? Did they tell a story at all? These were the types of

responses that were found in this category.

Resource Sufficiency

Understanding the significant resourcing demands on organizations in the non-

profit sector, *resource sufficiency* was identified as an important code for this study. This

code was established to not only highlight resourcing strains within the non-profit

organization itself but also the specific resources required to execute an effective

crowdfunding campaign.

The following key words were assigned to this code: *Resources*, *time*, *full-time job*, *agency*, *partner*, *staff*, *employee*, *consuming, time-consuming* and *ROI*. Prominent examples from the data are shown below.

*P1: "It was too **time-consuming**. **ROI** wasn't there."*

*P5 (Sunnybrook/MaRS Innovation): "It was extremely **time-consuming**. It was my **full-time job** for six months – 16-17 hour days."*

As mentioned in the previous chapter, the participating organizations ranged in size. The smallest organization had a single full-time staff member whereas the largest employed approximately 1,900 individuals. This data was collected as a result of an interview question (see Appendix C). The data collected from this question was also assigned to the code *resource sufficiency* to help provide additional organizational context.

Generally, participants who referenced organizational resources were mainly concerned with time. In some cases, the amount of time required to execute a crowdfunding campaign was mentioned in regards to the lack of employee resourcing as a whole. In other cases, it was implied that the crowdfunding campaign itself was labour intensive compared to other forms of fundraising.

Institutional Logics

The code *institutional logics* was of significant importance to this study as the various decisions surrounding the adoption of the crowdfunding model varied considerably from organization to organization. Institutional logics, or mindsets, were present in the data and were defined as cognitive frames of reference and mental models that configure thought, compel argument and organize systems (Hatch & Cunliffe, 2006).

Participating organizations possessed very different mindsets in regards to crowdfunding. Therefore, the words that were assigned to the code of institutional logics were also diverse. These key words included *rewards-based*, *rewards*, *perks*, *best fit*, *best suited*, *made sense*, *right fit*, *more likely*, *could work*, *no harm*, *patronage*, *model*, *strong, presence*, *social media* and *distaste*. Coding examples, which include participant feelings and perceptions, are highlighted in the following paragraphs.

*P1: "**Patronage model** was the **best suited** to the charity. **Distaste** for **rewards-based** crowdfunding - didn't seem like the **right fit** for a small charity looking to support a vulnerable community."*

This was an interesting institutional logic that emerged from the data. P1 believed that the patronage model was the only appropriate, or acceptable, model of crowdfunding for non-profit health organizations in Canada. Some participants did not believe that donors should be baited by perks or rewarded for altruistic behaviors. Instead, they were of the mind that donors should donate to their organizations because it's the right thing to do.

*P3 (Elder Abuse Ontario): "Indicators suggested that the organization needed to increase **presence** on **social media** in order to reach a younger demographic of donors."*

*P4: "It was identified as a viable fundraising tool because the organization has a **strong social media** following."*

Many participants expressed a desire to increase their presence on social media to attract younger donors (i.e. if they are active on social media they will attract, and appeal to, a younger demographic). Another institutional logic that appeared in the data had participants making a distinct connection between an organization's perceived social media presence and future crowdfunding success. Meaning, some participants assumed that because they had a strong social media following, and/or presence, that they should experience success with the crowdfunding model. Unfortunately, for many participants, this was not the case. In fact, some participants found the opposite to be true.

*P3 (Elder Abuse Ontario): "**No harm** in trying it."*

Following a close read, the above mindset stood out. The idea of "no harm" could be looked at, and evaluated, differently depending on the organization, its resources and its expectations. This is true of all institutional logics coded to this category. This category was comprised of participant opinions in relation to crowdfunding and

inferences as to why their respective crowdfunding campaigns failed or experienced success.

Motivations

In the qualitative codebook for this study, the researcher defined motivations as the goals that an institution pursues and the vigor with which it pursues them (Jun & Weare, 2011). The code was identified early, as the rationale behind the adoption of the crowdfunding model was crucial to this study. Not surprisingly, there were many goals and motivations, not just financial, identified by participating organizations in regards to the adoption of crowdfunding platforms.

The following key words were assigned to this code: *increase presence*, *build*, *growth*, *new revenue*, *engage*, *new audiences*, *new markets*, *new donors*, *existing donors*, *awareness*, *financial*, *strategy*, *goal*, *reach*, *younger demographic*, *need* and *needed*.

Below are sample responses from participants that were assigned to this code:

*P2 (BC Children's Hospital Foundation): "We were hoping that the fundraiser using the crowdfunding page would be the social influencer to pen up **new markets** and generate **awareness** and **donations**."*

*P3 (Elder Abuse Ontario): "It was a combination of a preexisting relationship with a partner and the desire to **reach** a **younger demographic**."*

*P4: Defined success based on the following criteria: "**awareness**, **growth**, attracted **new***

*   **donors** and program **awareness**."*

*P7 (Optimal Birth BC/SmartMom Canada): "Our **goal** was to raise $10,000."*

First and foremost, all study participants identified financial goals and targets within their responses. This was by far the most common motivator amongst participants and their primary success marker. That being said, all motivating factors were ultimately centered on organizational growth. From awareness to increasing revenue, engaging existing donors and appealing to a younger demographic, organizations embarked on their respective crowdfunding journeys for a variety of reasons. One of the most unique responses in this study was around technology advancement. The WaveCheck campaign, organized by P5 (Sunnybrook/MaRS Innovation), set out on their crowdfunding journey to bring a new health-related technology to market. This particular campaign will be discussed further in the following chapters.

Institutional Environment

An in-depth understanding of the institutional environment was critical to the research question and therefore was included in the researcher's qualitative codebook. According to Dimaggio (1983), organizational actors making rational decisions construct an environment that constrains their ability to change in later years (DiMaggio & Powell, 1983). Hatch & Cunliffe (2006) assert that modernist organization theorists believe that complete knowledge means also understanding how their functioning is influenced by

different environmental conditions (Hatch & Cunliffe, 2006). In order to understand if

institution theory could help explain the adoption of crowdfunding it was first important

to appreciate the environment in which these organizations were operating.

With that in mind, the following key words were assigned to this code: *knew of*

others, *like organizations*, *had seen*, *seen it work*, *evolution*, *fundraising market*,

understand, *government*, *legal*, *charitable status* and *board*. These words all speak to the

institutional environment that is the non-profit sector and help connect an organization's

environment to its choices and actions.

*P1: "**Knew of like organizations** having success with crowdfunding."*

*P5 (Sunnybrook/MaRS Innovation): "Equity crowdfunding was not **legal** in Canada at*

the time or a fit with the technology's existing go-to-market strategy. We did not have the

***charitable status** to do a straight-up philanthropic campaign."*

P5 (Sunnybrook/MaRS Innovation): "If we're going to succeed on behalf of our members

*and founding teams, we need to be creative and to deeply **understand** the **evolution** of the*

***fundraising market**."*

From selecting a crowdfunding model based on government restrictions to

adopting the crowdfunding model of fundraising because other organizations were doing

it successfully, there were many instances where participants acknowledged, or pointed

out, instances where the environment influenced their decisions. Board pressures were

also present in this category.

*P3 (Elder Abuse Ontario): "It is unlikely that our **board** would endorse it given the outcomes of first campaign."*

These pressures, combined with the uncertainty of the ever-changing philanthropic landscape, accounted for the participant commentary in this category.

Innovation

Innovation was not only identified as a code due to its direct link to the theoretical framework but also due in large part to the frequency at which the key word *innovate* appeared in the literature. According to Hatch & Cunliffe (2006), in rapidly changing environments, organizations need to innovate to survive (Hatch & Cunliffe, 2006). However, historically non-profits are reluctant to attempt any brave, daring new fundraising endeavors due to pressure to spend less, and this fear in turn kills innovation (Pallotta, 2013). For these reasons, innovation was identified as an important code for this study.

The code innovation is comprised of the following key words: *evolution*, *test, social media*, *digital*, *giving vehicle*, *youth*, *technology* and *innovation*. Below are response highlights that are relevant to this code.

*P2 (BC Children's Hospital Foundation): "To promote our campaign to raise funds to build a new hospital and to **test** crowdfunding as a **giving vehicle**."*

*P5 (Sunnybrook/MaRS Innovation): "We wanted to understand whether crowdfunding could work as well for a healthcare-based **technology** or tool as we had seen it work for an IT company using it to pre-market a product."*

*P6 (SickKids Foundation): "We received press around **innovation** that reinforced need for donation."*

The two campaigns that received significant media attention were also described as being innovative. P5 (Sunnybrook/MaRS Innovation) and P6 (SickKids Foundation) both brought innovative and well-executed campaigns to market. One campaign was described as innovative due to the innovative, health-related technology that it was attempting to fund and the other was touted as innovative due to the execution of the campaign itself. Both crowdfunding campaigns achieved their fundraising goals and both were recognized in the media.

Campaign Legitimacy

Social legitimacy is an important component of institution theory. However, for this study it was important to distinguish between campaign and organizational legitimacy due to the newness of the crowdfunding model and the fact that factors contributing to the successes and failures of a crowdfunding campaign are not fully understood. In short, an organization might have an excellent reputation in the society in which it operates but this legitimacy may not necessarily translate entirely to a crowdfunding campaign. For example, audience expectations may vary depending on

current donor demographics of an organization and the expectations of a new generation of donors and online donors in general.

Following a close read of the data, there were several factors that contributed to, and words that were associated with, crowdfunding campaign legitimacy. These key words included *demonstrate impact*, *aggressive*, *marketing*, *sexy*, *tangible*, *not tangible*, *goal*, *compelling*, *seed money*, *seed the campaign*, *urgent*, *difficult*, *not effective* and *need*.

It is important to note that the words associated with the code of campaign legitimacy were linked very closely with perceived indicators of crowdfunding campaign successes and failures.

*P1: "No new donors were acquired. Only existing donors donated. Learned that the fundraising model was not right for the organization. We needed a more **compelling**, **urgent** and **tangible** story."*

*P3 (Elder Abuse Ontario): "Elder abuse is not a **sexy** issue. We felt that if a reward was offered that people would give more."*

*P3 (Elder Abuse Ontario): "The issue we represent is difficult. It wasn't the right approach for us. It required a more **aggressive marketing** campaign."*

*P5 (Sunnybrook/MaRS Innovation): "If there was one thing we low-balled, it's the importance of building a deep crowd to **seed the campaign** the first day it launches and the centrality of the pre-campaign promotion period."*

These responses in this category highlighted participant views on why a campaign was successful, why a campaign failed and thoughts on how to do things differently the next time around. Comments regarding the storytelling attached to financial goals, marketing requirements and the notion of campaign seeding dominated this group of responses.

Social Legitimacy

The code social legitimacy was not only chosen due to its importance within institution theory but also the significance of legitimacy within the non-profit sector as a whole. If an organization is not perceived as legitimate it will not attract the donations that it requires for survival.

In the researcher's codebook, social legitimacy was defined as the acceptance of the society in which an organization operates (Hatch & Cunliffe, 2006). The key words that were assigned to this code included *media*, *partner*, *excitement*, *stakeholders*, *press*, *involvement*, *attention*, *donations*, *raise funds*, *achieve*, *public*, *support*, *success*, *one woman*, *one patient* and *participation*.

*P5 (Sunnybrook/MaRS Innovation): "We also identified other indicators (**media** coverage, **partner excitement**, and technology advancement) as **success** markers, all of which we hit both during and after the campaign."*

*P5 (Sunnybrook/MaRS Innovation): "**CTV National News** covering us was a big moment. So was hitting our seed goal in the first 24 hours, and being named to the **Globe and Mail's** Top 10 Canadian crowdfunding campaigns twice (October and November 2013). Connection with individual donors was also **exciting**, as was seeing renewed **excitement** among our **partners**."*

It is important to note that prior to the launch of P5's (Sunnybrook/MaRS Innovation) crowdfunding campaign, the development of their technology, WaveCheck, had been stalled for approximately two years due to lack of funding.

In addition to media attention and partner excitement, social legitimacy also emerged through responses from study participants who referenced external crowdfunding campaigns that were executed by members of their communities in support of their respective organizations. For example, P1 referenced a community member who executed a campaign that exceeded its fundraising goal. Ironically, this individual was also featured as a story in the organization's unsuccessful crowdfunding campaign.

Comparably, P6 (SickKids Foundation) referenced that they were aware of many individual patients who were crowdfunding on behalf of their hospital. A prominent example was a story about a boy who launched a crowdfunding campaign to raise funds to purchase flat screen televisions for a unit in the hospital in which he had received treatment. His campaign received so much attention that a company ended up donating the televisions and the money raised through the boy's campaign was used to purchase games, etc. for the hospital.

These examples of participant commentary were coded using the key words *public* and *support*.

Institutional Entrepreneurship

DiMaggio's (1988) suggests that researchers should shift their focus to the creative ways in which organizations inculcate and reflect their institutional environments, a process which he termed *institutional entrepreneurship* (Suddaby, 2010). Institutional entrepreneurs are considered actors who give new activities (i.e. crowdfunding) legitimacy and determine patterns of behavior (Dejean, Gond, & Leca, 2004).

Select interview questions in this study were developed to determine if there evidence to support the presence of institutional entrepreneurs within Canadian non-profit health organizations. A few of these questions were also developed to detect signs of mimetic isomorphism. This is why institutional entrepreneurship was established as a code. The key words from participant responses that were assigned to this code included: *be creative*, *challenge*, *challenged*, *growth* and *influence*.

*P5 (Sunnybrook/MaRS Innovation): "The commercial **challenges** involved in bringing a technology to market are deep and pervasive in Canada. If we're going to succeed on behalf of our members and founding teams, we need to **be creative** and to deeply understand the evolution of the fundraising market."*

This particular campaign not only attracted significant stakeholder and media attention, it also had an influence on other participants in this study. Question number four (see Appendix C) specifically asked participants to list other organizations that they knew of who were leveraging crowdfunding. Several participants identified Sunnybrook in their responses.

CHAPTER 6: FINDINGS

This chapter is intended to highlight data patterns that emerged during the initial coding process of this study that ultimately led the researcher to three emergent themes. The three themes are *organizational identity*, *institutional pressures* and *legitimacy*.

Figure 1: *Codes to Themes*

```
Organizational          Institutional            Legitimacy
   Identity                Pressures

Organizational          Institutional             Campaign
    Story                Environment              Legitimacy

  Resource                                        Social Legitimacy
 Sufficiency              Motivations

 Institutional                                     Institutional
    Logics                Innovation             Entrepreneurship
```
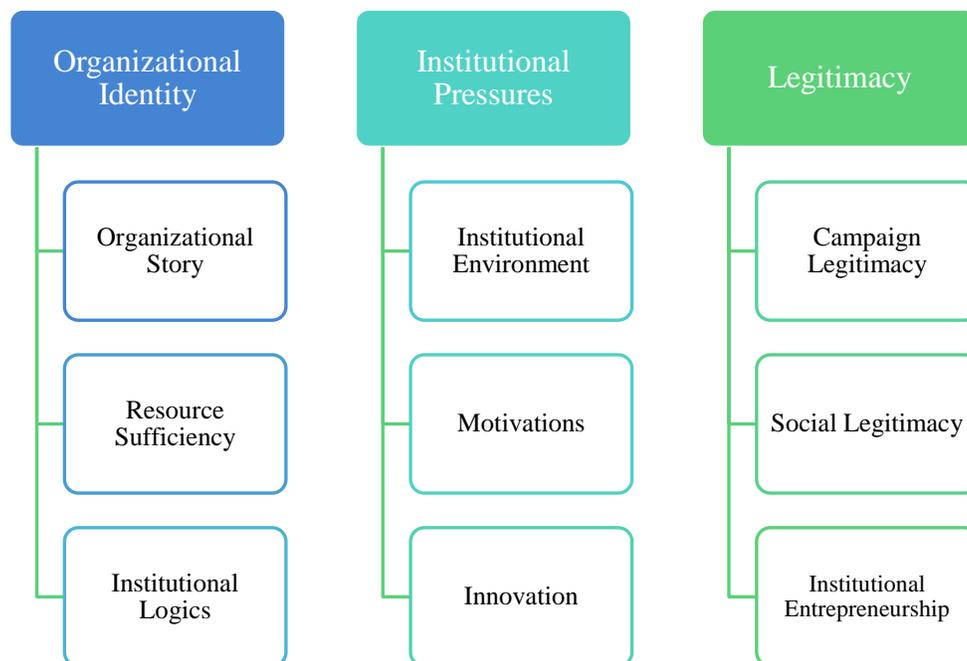
Organizational Identity

The researcher determined that three of the nine codes identified were related to the theme organizational identity. These codes included *organizational story, resource sufficiency and institutional logics*.

According to Hatch & Cunliffe (2006), *organizational identity* refers to the experiences of its members and beliefs about the organization as a whole (Hatch & Cunliffe, 2006). It is also influenced by past actions, images of the organization formed by other stakeholders, and aspirations for the organization's future (Hatch & Cunliffe, 2006).

In many instances, participants in this study referenced how their identity had been influenced by their beliefs and past actions. Whether is was learning from past crowdfunding experiences or rewarding donors with Starbucks gift cards, organizations have very strong views and opinions regarding their fundraising activities and what constitutes acceptable behavior.

The ability for a non-profit organization to effectively tell its story was prevalent in this study and is crucial to the foundation of its organizational identity. Regardless of the marketing and communication channels utilized, the ability of the organization to effectively tell its story though crowdfunding was imperative. Not surprisingly, the organizations that had more tangible goals were better able to tell their fundraising story through crowdfunding. Whether it was through rich video content or marketing campaigns that utilized the before and after construct, some participants tailored their story specifically for this unique fundraising model while other participants did not. The organizations that were able to check conflicting beliefs at the door and adapt to the new and innovative crowdfunding model were able to achieve their fundraising goals.

Institutional Pressures

The theme of institutional pressures was comprised of the data from three codes: *institutional environment, motivations* and *innovation.* These codes highlighted a variety of pressures identified by participants in this study. Predominantly, these included coercive and mimetic isomorphic pressures.

Coercive Isomorphism

Coercive institutional pressures, where the pressure to conform comes from government regulation or law, were present in the data (Hatch & Cunliffe, 2006).

For example, Sunnybrook (MaRS Innovation), or P5, acknowledged that their selection of the rewards-based model was influenced by a number of factors including their charitable status and the fact that equity crowdfunding was not legal in Canada at the time of their campaign. If these pressures were not present at the time of the WaveCheck campaign, a different crowdfunding model could have been considered or selected.

Board regulation (i.e. governance) was also identified as a source of institutional pressure. For example, P3 (Elder Abuse Ontario) acknowledged that given the shortcomings of their first crowdfunding campaign it would be unlikely that the organization's board would endorse this fundraising model a second time. For context, it is also important to note that P3 is primarily government funded. Their hope was to leverage the crowdfunding model to help build a loyal donor base, which they do not currently have, and take some of the onus off the government.

<u>Mimetic Isomorphism</u>

Mimetic institutional pressures, or responses to uncertainty that involve copying other organizational structures, practices or outputs in order to conform to expectations, were predominant in this research (Hatch & Cunliffe, 2006).

Interview questions four, five and six (see Appendix C), were developed with mimetic isomorphism in mind. The researcher was investigating the impact, if any, of mimetic institutional pressures. For example, participants were asked to list other organizations active in crowdfunding. Most of the participating organizations were able to list up to five other organizations that had executed crowdfunding campaigns in the last few years. Although none of the participants in this study modeled their campaigns after another organization specifically, most were able to speak knowledgably about other crowdfunding campaigns and their impact or influence on their own campaigns. Study participants even went as far as stating that they took inspiration and ideas from many different crowdfunding campaigns.

Responses to uncertainty were also present in the data. There was evidence to suggest that organizations were leveraging the crowdfunding model not only because other like organizations were experiencing success, but also because there is a degree of uncertainty surrounding current funding sources and the fundraising environment as a whole.

Legitimacy

The theme of legitimacy comprised participant words and responses that were assigned to the following codes: *campaign legitimacy*, *social legitimacy and institutional*

entrepreneurship. The responses assigned to these codes shared many similarities that were relevant to legitimacy. An example of this is the ability for an institutional entrepreneur to provide a degree of social legitimacy to the practice of crowdfunding as a whole (i.e. Sunnybrook/MaRS Innovation).

The most prominent pattern included the similarities that all successful crowdfunding campaigns shared. For example, the successful campaigns all engaged with their existing stakeholders on a meaningful level, produced video content to tell their stories and used the rewards-based crowdfunding model. Most of these campaigns also received significant media attention due in large part to innovation. This pattern is of particular interest because many of these factors contributed to both the legitimacy of the crowdfunding campaigns and the legitimacy of the organizations themselves. For example, stakeholder buy-in and media coverage have direct impact on social legitimacy. Stakeholder buy-in specifically contributed to the "explosive starts" that P5 identified as a necessary component of successful crowdfunding campaigns. Given the presence of these factors, and the corresponding success of these campaigns, it is worth further discussion.

It is also important to note that organizations that utilized the rewards-based model also leveraged, and highlighted the importance of, tangible goals in crowdfunding. The more tangible the goal, the easier it was for the organization to convey its message (story). This, in some instances, led to comments from participants regarding designated versus undesignated funding structures. This point will be revisited in the next chapter in more detail.

Marketing was also identified as a source of legitimacy for participants. To engage with their audiences and generate excitement around crowdfunding campaigns, various marketing tactics were employed by participating organizations. Some organizations chose to promote their campaigns prior to their official launches with the hope of "seeding" with existing stakeholder dollars. Others waited until after the crowdfunding campaigns were live to promote their campaigns. Promotional activities ranged from organization to organization and included social media (i.e. Facebook, Twitter, Instagram, blogs), free print ads in community papers, email communication to donors and stakeholders, website promotion, events, television ads and various public relations activities.

Surprisingly, organizations that relied solely on social media for the promotion of their campaigns were not successful in reaching their fundraising targets. Some of these organizations believed that because similar organizations experienced success with crowdfunding that they should experience similar success. Again, in many instances this was not the case. As a result, this imitation did not improve performance or augment the legitimacy of the organization's campaign. Instead it became a source of frustration.

Finally, P4, who chose to remain anonymous, brought an interesting perspective to the study as their organization had executed three different crowdfunding campaigns. Their first campaign leveraged the patronage model and, in their opinion, did not include a tangible fundraising goal. Learning from the shortcomings of their first campaign, the two subsequent crowdfunding campaigns leveraged the rewards-based model and consisted of very tangible fundraising goals – both of these campaigns were very successful and achieved their financial targets.

These three emergent themes, organizational identity, institutional pressures and legitimacy will serve as key points for discussion in the following chapter.

CHAPTER 7: DISCUSSION

There are definitive links between the topics discussed in the literature review and the three emergent themes in this study: organizational identity, institutional pressures and legitimacy. These themes emerged from nine pre-determined codes. Key words from participant responses that were used to describe their organization's experiences with the crowdfunding model were assigned to these codes. The nine codes included organizational story, resource sufficiency, institutional logics, institutional environment, motivations, innovation, campaign legitimacy, social legitimacy and institutional entrepreneurship.

Organizational identity is something that many non-profit organizations struggle with, particularly in an ever-changing fundraising environment. The question of how an organization tells its story is a good one. Expanding on participant responses from this study, organizations also have to consider how they adapt their storytelling based on the fundraising channel (i.e. crowdfunding).

Institutional logics were predominant in this study. Most surprising, given its proven success, was the expressed opposition towards the rewards-based model. The rewards-based model experienced a CAGR 524 percent in 2013, by far exceeding all other crowdfunding models (Luzar, 2013). All of the organizations in this study that achieved their financial goals, and experienced campaign success, utilized the rewards-based crowdfunding model. The argument was simple. The participants who expressed distaste or hesitation towards the rewards-based model did not believe that donors should be given rewards or incentives for giving. So, *should donors be rewarded for altruism?*

Based on the research, non-profit health organizations should not make important organizational decisions solely based on pre-existing institutional logics. Crowdfunding is a unique model of fundraising and therefore should be treated in a unique manner. Crowdfunding 'perks' aside, countless non-profits reward their donors each and every day through a variety of stewardship and communications channels. Whether it is recognizing a major donor in a donor listing, be it in a physical building or online, issuing a tax receipt or even holding an event to mark a significant donation, donors are "rewarded" for altruistic behavior every day. Ultimately it comes down to what the donor values as recognition, or considers a "reward", for their good deed. Isn't that what donor relations is really all about? It is crucial to first understand what a donor views as a "reward". To them, there may be little difference, if any, between a Starbucks gift card and a tax receipt and neither may lead them to think anything more, or less, about your non-profit organization. With crowdfunding, as with other fundraising models, it is important that organizations offer the right incentives to their backers and donors (Howe, 2009). Therefore, when faced with decisions regarding new models of fundraising, organizations need to continue to challenge their pre-existing institutional logics and ultimately consider what will be effective and meaningful to their donors.

The participating organizations that conducted successful crowdfunding campaigns put a strong emphasis on stakeholder, media and social media engagement. This was interesting given the fact that at least one participating organization indicated that they denied their third-party crowdfunding partner access to their existing donor database. The logic was simple. In their opinion, the crowdfunding campaign was intended to attract brand new donors, or a new audience, and should not cannibalize on

existing donors. It's an interesting argument and one that requires more discussion especially given that the organizations that did engage their existing stakeholders, and respective donor bases, were exponentially more successful. Do crowdfunding campaigns rely on existing stakeholders to create excitement? And is it the excitement, and corresponding media attention, that ultimately attracts new donors to a campaign? Do these activities build social legitimacy? Interpretation of the evidence from this study suggests that these things may be true when evaluating crowdfunding in Canadian non-profit health organizations.

The literature also suggests that crowdfunding requires a strong online presence and a creator who is both productive and a social media connoisseur, a situation that is relatively uncommon in the health care sector (Otero, 2015). Participating organizations in this study varied greatly in size and therefore allocated varying levels of resources (i.e. time, money, etc.) to their individual campaigns. But aren't sufficient resources required in order to be able to innovate (Hatch & Cunliffe, 2006)?

For example, while some organizations had the opportunity/ability to work with external partners and agencies, other organizations relied solely on internal and volunteer resources. In some of these cases the organizations themselves were only made up of a single full-time employee. Therefore, it is fairly safe to assume that the resourcing from campaign to campaign varied significantly and may have also impacted campaign outcomes. Another point for consideration is the level of campaign involvement from the non-profit health organizations themselves. Although consultants can add value to new fundraising initiatives, they do not have the same in-depth understanding of an organization's story, or how to effectively convey the cause, as the non-profit

organization itself. Therefore, the level of organizational involvement in these crowdfunding initiatives could have also impacted engagement levels.

Participants who experienced financial success relied on strong, content-rich video that clearly expressed a tangible need and demonstrated impact to engage with their audiences. This video content was leveraged throughout the respective campaigns across all media. This was a smart move given that a study by Google found that 57 per cent of interested donors made a donation after watching an online video (Google, 2013). Seth Godin, a well-known blogger and author, also acknowledged the importance of video following his successful Kickstarter campaign in 2012. Godin (2012) found that half of the people who visited his crowdfunding page watched the campaign video all the way to the end (Godin, 2012). Therefore, it's not surprising that video content was a successful engagement tool for the crowdfunding campaigns in this study.

If you build it they will come. That seemed to be a common thread in this study. Non-profits are looking to engage and acquire new and younger donors and young people live on social media, right? Therefore using that logic, why not try crowdfunding? Based solely on the results of this study, it would appear that an organization requires much more than a "strong social media following", or presence, to be successful with crowdfunding. In fact, the organizations that relied solely on social media to promote their campaigns did not reach their fundraising targets. That being said, other factors were also at play and could have had a direct impact on outcomes.

Reay and Hennings (2005) concluded that key actors respond to change in different ways, depending on their power to take action and the extent to which their interests are served by a new institutional logic (Reay & Hinings, 2005). This concept

applies to this study, as there are many environmental factors that can positively or negatively impact a non-profit organization's ability to take action. Historically, for example, non-profits have been measured by how little they spend and how much revenue they bring in. As mentioned in the literature review, these two factors are seen as major barriers to non-profit management when faced with decisions calling for social innovation, specifically the adoption of new philanthropic practices and technology (Pallotta, 2013). To a certain degree, the idea of spending money to make money is lost on the now profit sector. This is due to the level of scrutiny from donors and their governing structures (i.e. board of directors, government, etc.). Therefore a shift to a new institutional logic is easier for some organizations than it is for others.

Given the changing philanthropic landscape, it was not surprising to see *institutional pressures* emerge from participant responses. Specifically, it was not surprising that mimetic isomorphic pressures presented themselves in this study. However, it was interesting to see the impact of coercive institutional pressures in the adoption of the crowdfunding model in non-profit health organizations. In reference to coercive institutional pressures, DiMaggio and Powell note that the existence of a common legal environment affects many aspects of an organization's behavior and structure (DiMaggio & Powell, 1983). In this study, legal, government and board pressures did in fact affect organizational behavior – specifically in regards to which crowdfunding model the organization adopted. More interestingly was the perceived ability for a board to stifle innovation within an organization and thereby not encouraging fundraisers to take risks.

Mimetic pressures also appeared due in large part to the uncertainty surrounding the institutional environment. Participants identified major and planned gifts as the primary source of future revenue but also recognize the importance of engaging a younger generation of donors today to sustain their major gift programs in the future. In fact, many participants identified acquiring a younger generation of donors as a primary goal for their crowdfunding campaigns. This goal is consistent with results from the 2014 Burk Survey that recognized the importance of engaging with young donors in ways that are appealing to them to set the stage for their major gifts program for the next two to three decades (Burk, 2014)

It has been established that participants in this study referenced the success of similar organizations and tried to imitate their results. In some cases they did so with limited expertise in digital fundraising or understanding of the crowdfunding model. In some cases, the successful crowdfunding campaigns referenced by participants were not even specific to the health sector or executed in Canada. These factors proved to be stumbling blocks for participants. Surprisingly, size and scope of organizations did not appear to significantly impact an organization's attempt to imitate crowdfunding success. For example, P1 was a small non-profit organization with a single full-time employee. When asked if they were aware of other organizations involved in crowdfunding they listed Sunnybrook first.

DiMaggio & Powell (1983) assert that organizations compete not just for resources and customers, but also for political power and institutional legitimacy, for social as well as economic fitness (DiMaggio & Powell, 1983). It is sometimes difficult for society to view non-profit organizations as being in competition. However, they are

no different than other institutions. There are only a certain amount of donor dollars to go around and therefore it can be assumed that non-profits are in fact competing for resources (i.e. time and money) and customers (i.e. donors). This is a pressure that is not going to go away.

DiMaggio and Powell (1983) also state that as innovation spreads, adoption sometimes provides *legitimacy* rather than improves performance (DiMaggio & Powell, 1983). This is an interesting point to ponder in respect to the adoption of the innovative new model of crowdfunding. Participant responses suggested that many organizations adopted crowdfunding due to the success of other similar organizations. In many of these cases, the organizations performance, or fundraising revenue, did not improve. This highlights the importance of non-profits doing their homework and looking well beyond imitation. Regardless of the fundraising model or revenue stream, donors do not become engaged overnight. The data from this study clearly suggested the crowdfunding campaigns should not be entered into lightly, regardless of their low-barriers to entry, and require the allocation of significant organizational resources.

The collected data also supported the claim that mass-funding campaigns may not replace research grants or fellowships, but they may serve as a starting point as these projects could attract media attention and the attention of potential investors who may provide a greater financial support (Otero, 2015). The WaveCheck campaign is the perfect example of this. Although the campaign did not reach the fundraising target for its crowdfunding initiative in the expected ways, through awareness building and media attention it provided this new technology with legitimacy, which in turn resulted in the attraction of a significant catalyst grant.

Sunnybrook, in partnership with MaRS Innovation, established itself as an institutional entrepreneur in its field and therefore provided crowdfunding with legitimacy for health-related causes in Canada, specifically in the area of research. This was not only due to the scale and success of their campaign, but also by how many participants identified them as an organization that was active in crowdfunding over the course of this study. That being said, this campaign was easily identified due to the rate of crowdfunding adoption in non-profit health organizations in Canada. Meaning, not every non-profit health organization has embraced the crowdfunding model. And given past research, successful health-related crowdfunding campaigns in Canada are even less common, specifically those who were successful in achieving financial targets. Many participants in this study expressed familiarity with the WaveCheck campaign, more than other campaigns, and because of its success, and media coverage, further promoted crowdfunding as a viable fundraising model. Organizers were not only able to secure the required funding, which included the attraction of a substantial catalyst grant, but also raised awareness of the new technology nation-wide, further positioning Sunnybrook as a leader in health research and innovation in Canada.

In addition to raising funds, crowdfunding campaigns play a significant role in generating publicity and public attention for a venture or project (Nordicity, 2012; Belleflamme et al. 2013). Using crowdfunding for marketing purposes allows a founder to create interest in new product at the early stages of development and demonstrate demand for a proposed product, which can lead to funding from more traditional sources (Mollick, 2013). This was also true in regards to the WaveCheck campaign.

Significant time and effort needs to be invested in an organization's crowdfunding initiatives to ensure successful outcomes. Knowing this, there are other questions that require deeper understanding. For example, were all of the crowdfunding campaigns given the attention and planning that they deserved? And, can a non-profit health organization be expected to get it right on the first try? Are there roadblocks for non-profit health organizations looking to embrace crowdfunding?

As highlighted in the literature review, many believe that transitioning from undesignated to designated fundraising will be the key to future success (Burk, 2014). This presents significant challenges to non-profit organizations, specifically due to their established funding models. Participants in this study also acknowledged the need for tangible goals when using the crowdfunding fundraising model. Were tangible goals also a source of social legitimacy? Participants were clear about their desire to engage and inspire a younger demographic of donors. And, as noted in the literature review, nearly 55 per cent of Generation Y and 44 per cent of Generation X indicated that the ability to directly see the impact of their donation has a significant bearing on their decision to give (Rovner, 2013). Although crowdfunding is a relative newcomer on the fundraising scene, the appeal aligns extremely well with many of the values that set Generation Y apart: it is social and establishes a direct link between the giver's gift and a concrete charitable outcome (Rovner, 2013). After all, by definition crowdfunding means tapping a large dispersed audience for small sums of money with the goal of funding a specific, or concrete, project or a venture (Lehner, 2013).

Dan Pallotta (2013) asserts that non-profit organizations are not allowed to try new things because of public outcry at the first sign of failure and that experimentation in

general is seen as a big no-no (Pallotta, 2013). Because of this, historically non-profits

are reluctant to attempt any brave, daring new fundraising endeavors and this fear in turn

kills innovation (Pallotta, 2013). This is interesting because, according to the literature,

innovation is exactly what donors are now looking for from non-profit organizations. It

would also appear that the mounting institutional pressures facing health non-profits are

encouraging imitation, or mimetic isomorphism, because of environmental uncertainty

and the fear of failure.

CHAPTER 8: CONCLUSION

The results of this study indicate that institution theory can in fact offer insight into the adoption of crowdfunding platforms by non-profit health organizations in Canada.

As indicated in the literature, and confirmed by this study, non-profit organizations are still learning about the digital fundraising environment and testing new technology, including the crowdfunding model. Institution theory helps us better understand organizations where the technology is not well understood (Euske & Euske, 1991). In this study there was also evidence to suggest that the adoption of the crowdfunding model provided organizations with legitimacy rather than increased performance. And, as we know, social legitimacy is an important contribution to the institutional perspective. The acceptance of non-profit organizations in the society in which they operate is paramount and crucial to their financial success as these organizations are competing for donors and institutional legitimacy. If donors, and potential donors, do not view an organization, or a specific campaign, as legitimate they are less likely to make a donation.

Non-profit organizations in the Canadian health sector are being faced with the same set of environmental conditions. Between the increase in competition, the pressure to raise more and spend less, the need for greater accountability and the shift to digital communication and fundraising, it is not surprising that organizations are adopting digital fundraising models as a response to uncertainty. Over the course of this study, mimetic institutional pressures presented themselves in a variety of ways. Primarily, through the ability of participants to name other organizations active in crowdfunding and the

corresponding lack of research and planning that was dedicated to individual crowdfunding campaigns. Although some participants did experience success with their campaigns, no organization conceded that they had it all figured out. In fact, many organizations expressed the desire to "do things differently" if they were to embark on a new crowdfunding venture, if at all. In fact, participants identified several factors that contributed to their successes and failures. As mentioned in previous chapters, these factors were centralized around the ability of the organization to effectively tell its story through crowdfunding, the crowdfunding model itself and goal tangibility.

Whether participating organizations decide to continue to test the crowdfunding model or not, it is important that non-profit health organizations continue to take risks in the online environment in the absence of research. Whether the goal is to achieve a specific financial goal or to simply raise awareness, the more organizations understand about their donors, the easier they will be able to adapt to the ever-changing philanthropic environment.

Limitations

The results of this case study are not generalizable beyond the participating non-profit health organizations in this study (i.e. there may be cultural, geographic and economic factors to be considered). In addition, because the case study method was adopted for this study, data was collected from participants and institutions in their own environments and void of structured limitations (Yin, 2014).

Although non-profits from other sectors may be able to learn from this study, they may also face unique challenges not addressed by this research. This study is also limited geographically in that it only included non-profit health organizations in Canada.

Future Research

It is apparent that more research needs to be conducted directly with the online donors themselves, specifically those who have donated to crowdfunding campaigns in the past. Organizations are making decisions based largely on perceptions. These include perceptions of social media, perceptions of the "younger generation" and perceptions of the changing fundraising environment as a whole. Because there is not a significant amount of concrete data, or sample case studies, many generalizations are being made (i.e. young people are on social media so we should be on social media).

The crowdfunding marketing mix is also a topic for consideration. The data from this study indicates that a strong social media presence does not guarantee fundraising success. In fact, the campaigns that turned to other sources of promotion experienced the most success. Given the number of participants in this study, more research is required to determine whether or not this is a valid hypothesis.

Based on the results of this study there also appears to be a relationship between campaigns that achieved their financial targets, tangibility of campaign goals (power of the organizational story) and the resulting campaign awareness. This relationship requires further investigation with an emphasis on the power of the organizational story in fundraising.

In addition to examining how crowdfunding campaigns are organized and executed in other non-profit sectors, it would also be of interest to see how non-profit health campaigns in Canada compare to those in the United States, United Kingdom and Australia given the differences in health care delivery and research funding.

Finally, given the success generated through rewards-based crowdfunding campaigns, it would be interesting to conduct research directly with donors to survey their feelings on rewards-based campaigns within the non-profit health sector with a focus on what truly motivates them to donate.

Final Thoughts

The researcher strongly believes that fundraising is synonymous with storytelling. The participants in this study only enhanced this opinion through feedback regarding their successful and unsuccessful crowdfunding campaigns. Ultimately, a strong emphasis was placed on how effective an organization was at telling its story, be it the organization's cause as a whole or the specific goal of a crowdfunding campaign. Non-profits who are best able to tell their story will ultimately be more successful in attracting donor dollars. It is a simple concept but one that needs to be stated because many institutional theorists have recognized the future challenge will be to shift the focus of institutional theory research to attend more carefully to key questions that arise from the "institutional story" (Suddaby, 2010).

Historically, non-profit organizations have relied solely on traditional streams of fundraising revenue (i.e. major gifts, planned gifts, direct mail, etc.). The question remains whether or not this fundraising model is sustainable or whether or not new

fundraising methods will be required to supplement, or overtake, the current fundraising mix. Will a new generation of donors respond to traditional fundraising appeals? Will designated giving overtake undesignated giving? These are the questions that non-profit health organizations will need to continue to evaluate.

Is my cause sexy enough for crowdfunding? This point came up during this research study with an organization that was unsuccessful in achieving its crowdfunding campaign goal. It is an interesting question that also simultaneously paints crowdfunding with a marketing brush. So often in marketing you hear things like "we need to make our product look 'sexy'". It's funny, because you don't often have the same reaction when thinking about raising funds for sick children. However, it does beg the question: is crowdfunding primarily a fundraising tool or is it part of the new marketing mix for non-profits? Meaning, is it a way of making your charity or cause look sexy? Be it sexy to a younger generation of donors due to its slick appeal and multimedia content or sexy to a broader audience by simply giving the cause a prettier bow. If you look at the results of this study it would suggest that successful crowdfunding really is all about marketing. The successful campaigns highlighted the importance of seeding crowdfunding campaigns prior to launch by leveraging key stakeholder relationships and existing donors. Through these "explosive" campaign starts and initial excitement came buzz and media attention which then resulted in new money, and new donor, for the organizations.

The topic of fundraising in a changing philanthropic environment is the researcher's personal passion. The researcher has worked in different capacities with non-profit organizations over the course of her career, be it as a volunteer, consultant or full-time employee. There are unique challenges facing these organizations and how a simple

act can make an enormous impact. People interact with non-profit organizations in different ways. Some people volunteer, some make donations. And then there are others who commit their lives to causes that are close to their heart. All of these people possess different views on how these organizations should operate and have different understandings of the challenges that these organizations face every day.

The results of this research may assist non-profit health organizations in Canada in the planning of crowdfunding initiatives and with the evaluation of crowdfunding platforms as a whole. This may also increase their likelihood of executing successful crowdfunding campaigns, attracting new donors and ultimately generating buzz around the cause that will bring increased attention to their organizational story.

Ultimately, the hope is that this study will encourage organizations to think twice before adopting a new fundraising model. Crowdfunding may have a low-barrier to entry but that does not mean that significant resources are not required to guarantee a successful campaign. With increased understanding of new fundraising initiatives, like crowdfunding, marketing and fundraising professionals alike will be able to harness their potential and ensure strong fundraising revenues for years to come.

REFERENCES

Andreoni, J., Brown, E., & Rischall, I. (2003). Charitable Giving by Married Couples: Who decides and why does it matter? *The Journal of Human Resources* , 111-133. Association of Fundraising Professionals. (2014, June 17). Giving Gets Its Groove Back - But Grooves a Little Differently. Arlington, Virginia, USA.

Baelden, D., & Van Audenhove, L. (2013). New and Social Media and Public Support for Development Coorperation. *Pulse* , 2-16.

Bekkers, R., & Wiepking, P. (2011). A Literature Review of Empirical Studies of Philanthropy : Eight Mechanisms That Drive Charitable Giving. *Nonprofit and Voluntary Sector Quarterly* , 924-973.

Belleflamme, P., Lambert, T., & Schwienbacher, A. (2013). Individual Crowdfunding Practices. *Venture Capital: An International Journal of Entrepreneurial Finance, 15* (4), 313-333.

Brown, Z. D. (2014). *Potato Salad*. Retrieved July 27, 2014, from kickstarter.com: https://www.kickstarter.com/projects/324283889/potato-salad

Burk, P. (2014). *The Burk Donor Survey.* Cygnus. Toronto: Cygnus Applied Research Inc.

Chan, E. (2014, July 26). Family of triplets with cancer 'overwhelmed' by public support. *CTV News* .

Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th Edition ed.). Los Angeles, California, USA: Sage Publications.

Dejean, F., Gond, J.-P., & Leca, B. (2004). Measuring the unmeasured: An institutional

entreprenuer strategy in an emerging industry. *Human Relations , 57* (6), 741-764.

DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisted: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review , 48* (2), 147-160.

DiMaggio, P., & Powell, W. W. (1991). The New Institutionalism in Organization Analysis. *University of Chicago Press* , 1-38.

Eisenmann, K. (2013, March 1). *Health Research Benefits from Crowdfunding.* Retrieved January 24, 2016, from University of California San Francisco: https://www.ucsf.edu/news/2013/03/13611/health-research-benefits-crowdfunding

Euske, N. A., & Euske, K. (1991). Institutional Theory: Employing the Other Side of Rationality in Non-profit Organizations. *British Journal of Management , 2*, 81 -88.

Godin, S. (2012, June 18). Reflections on today's Kickstarter. United States of America.

Google. (2013). *Mission 501(c)(3): Driving Donations, Digitally.* Mountain View: Google | Think Insights.

Hatch, M. J., & Cunliffe, A. L. (2006). *Organization Theory: modern, symbolic, and postmodern perspectives* (Second ed.). New York, New York, USA: Oxford University Press Inc.

Howe, J. (2009). *Crowdsourcing: Why the Power of the Crowd is Driving the Future of Business.* New York, New York, USA: Three Rivers Press.

Huang, E., & Dunbar, C. L. (2013). Connecting to patients via social media: A hype or a

reality? *Journal of Medical Marketing: Device, Diagnostic and Pharmaceutical Marketing , 13* (1), 14-23.

Ideavibes. (2011). *Crowdfunding: How the wisdom of crowds and the power of social media are changing.* Ottawa: ideavibes.com.

Ingram, C., Teigland, R., & Vaast, E. (2014). Solving the puzzle of crowdfunding: Where technology affordances and institutional entrepreneurship collide. *Proceedings of the Annual Hawaii International Conference on System Sciences* (pp. 4556-4567). Hawaii International Conference on System Sciences, HICSS.

Jun, K.-N., & Weare, C. (2011). Institutional Motivations in the Adoption of Innovations: The Case of E-Government. *Journal of Public Administration Research and Theory , 21*, 495-519.

Kangu.org. (2014). *Save the lives of pregnant women & newborn babies*. Retrieved July 26, 2014, from kangu.org: http://www.kangu.org

Kanter, R. M. (1999). *From Spare Change to Real Change: The Social Sector as a Beta Site for Business Innovation*. (H. B. School, Producer) Retrieved July 18, 2014, from Working Knowlege: The Thinking That Leads: http://hbswk.hbs.edu/item/2974.html

Krippendorff, K. (1989). Content Analysis. In E. Barnouw, G. Gerbner, W. Schramm, T. Worth, & L. Gross, *International encyclopedia of communication* (Vol. 1, pp. 403-407). New York, NY: Oxford University Press.

Lawton, K., & Marcom, D. (2013). *The Crowd-Funding Revolution: How to Raise Venture Capital Using Social Media.* New York, New York, USA: McGraw Hill.

Lehner, O. M. (2013). Crowdfunding social ventures: a model and research agenda.

Venture Capital: An International Journal of Entrepreneurial Finance , 15 (5), 289-311.

Luka, M. (2012). Media production in flux: crowdfunding to the rescure. *Journal of Mobile Media , 6* (3).

Luzar, C. (2013, October 20). It's Here: The World Bank Report On Crowdfunding. *Crowdfund Insider* . Beachwood, Ohio, USA.

Macht, S. A., & Weatherston, J. (2014). The Benefits of Online Crowdfunding for Fund-Seeking Business Ventures. *Strategic Change: Briefings in Entrepreneurial Finance , 23*, 1-14.

MacLellen, K. (2013, April 8). *Global crowdfunding volumes rise 81 percent in 2012*. Retrieved August 22, 2014, from Reuters.com: http://www.reuters.com/assets/print?aid=USBRE9370QY20130408

Mesch, D., Ottoni-Wilhelm, M., Osili, U., Hayat, A. D., & Pactor, A. (2014). *Women Give 2014.* Women's Philanthropy Institute, Lilly Family School of Philanthropy. Indianapolis: Indiana University.

Miller, B. (2009, July 1). Community fundraising 2.0 - the future of fundraising in a networked society? *International Journal of Nonprofit and Voluntary Sector Marketing* , 365-370.

Mollick, E. (2013). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing , 29*, 1-16.

Nordicity. (2012). *Crowdfunding in a Canadian Context: Exploring the Potential of Crowdfunding in the Creative Content Industries.* Canada Media Fund.

Ogilvy Public Relations Worldwide & Georgetown University. (2011). Dynamics of

Cause Engagement: Understanding the impact of the digital revolution on cause involvement.

Otero, P. (2015). Crowdfunding. A new option for funding health projects. *Arch Argent Pediatr , 113* (2), 154-157.

Pallotta, D. (2013, February). The way we think about charity is dead wrong. *TED* . New York, New York, USA.

Phan, P. H., Kickul, J., Bacq, S., & Nordqvist, M. (2014). *Theory and Empirical Research in Social Entrepreneurship.* Northampton, Massachusetts, USA: Edward Elgar Publishing, Inc.

Rayar, M., Pendharkar, S., Laupacis, A., & Petch, J. (2015, February 19). Is Ontario's reliance on donations to fund hospital infrastructure fair and sustainable? *healthydebate: unbiased facts. informed opinions.*

Reay, T., & Hinings, C. (2005, March 26). The Recomposition of an Organizational Field: Health Care in Alberta. *Organization Studies* , 351-384.

Rovner, M. (2013). *The Next Generation of Canadian Giving: The Charitable Habits of Generations Y, X, Baby Boomers, and Civics.* Charleston: Blackbaud.

Schiavo, R. (2014). *Health Communication : from theory to practice* (2nd ed.). San Francisco, CA, USA: Jossey-Bass.

Scott, W. R. (1987). The Adolescence of Institutional Theory. *Administrative Science Quarterly , 32* (4), 493-511.

Scripps Research Institute. (2014). *Do your part to end the Ebola crisis*. Retrieved October 14, 2014, from CrowdRise: https://www.crowdrise.com/CureEbola

Silva, T. (2013, August 14). *Crowdfunding's Slippery Slope*. Retrieved July 18, 2014,

from Huff Post Impact: Where people, technology, and social impact converge:

http://www.huffingtonpost.com/tom-silva/crowdfundings-slippery-

slope_b_3734325.html

Sisler, J. (2012). Crowdfunding for medical expenses. *Canadian Medical Association Journal , 184* (2), 123-124.

Siva, N. (2014). Crowdfunding for medical research picks up pace. *The Lancet News, 384*, 1085-1086.

Strickler, Y. (2014, April 2). *2014: The First Quarter in Numbers*. Retrieved August 22, 2014, from Kickstarter: https://www.kickstarter.com/blog/2014-the-first-quarter-in-numbers

Suddaby, R. (2010, February 5). Challenges for Institutional Theory. *Journal of Management Inquiry* , 14-20.

Sunnybrook. (2013, October 15). Crowdfunding success for cancer innovation. *The Globe and Mail* . Canada. Retrieved February 3, 2014, from The Globe and Mail: http://www.theglobeandmail.com/life/health-and-fitness/advsunnybrook/sunnybrook-research-and-innovation/socioeconomic-status-not-linked-to-survival/article14865817/

Sunnybrook. (2013, October 9). *WaveCheck: Is Your Breast Cancer Chemo Working?* Retrieved February 3, 2014, from indiegogo: http://www.indiegogo.com/projects/wavecheck-is-your-breast-cancer-chemo-working

Targeted News Service. (2013, March 1). Health Research Benefits from Crowdfunding. *Targeted News Service*.

Thornton, P. H., & Ocasio, W. (2008). *'Institutional Logics' in The Sage handbook of organizational institutionalizm.* Los Angeles, California, USA: Sage Publications.

Thurlow, A., & Yue, A. R. (2013, October). Out With the in Crowd: Constructing the Individual in a Crowdsourcing Environment. *Workplace Review* , 44-52.

Turcotte, M. (2012, April 16). Charitable giving by Canadians. *Canadian Social Trends*, 16-36.

Urbain, C., Gonzalez, C., & Le Gall-Ely, M. (2013). What does the future hold for giving? An approach using the social representations of Generation Y. *International Journal of Nonprofit and Voluntary Sector Marketing , 18*, 159-171.

Walton, E. (2014). *Born Together, Buddies Forever.* Retrieved July 26, 2014, from youcaring.com: http://www.youcaring.com/medical-fundraiser/born-together-buddies-forever/144429

Watsi. (2014). *Healthcare. For every person on the planet.* Retrieved July 20, 2014, from watsi.org: http://www.watsi.org

Yin, R. K. (2014). *Case Study Research Design and Methods* (3rd Edition ed., Vol. 5). Thousand Oaks: Sage Publications.

Yin, R. K., & Heald, K. A. (1975). Using the Case Survey Method to Analyze Policy Studies. *Administrative Science Quarterly , 20* (3), 371-381.

Zeyen, A., & Beckmann, M. (2011). *Social Entrepreneurship and Institutional Logics: How Social Entrepreneurs use a Non-Profit/For-Profit-Organizational Mix to Deal with Multiple Institutional Logics.* Lüneburg, Germany: Centre for Sustainability Management, Leuphana University of Lueneburg.

APPENDICES

APPENDIX A – Email Invitation to Participate

Project title: Crowdfunding: A Healthy Practice?

Dear <insert participant name here >,

My name is Stephanie Reid and I am currently conducting research on crowdfunding in non-profit health organizations in Canada as a part of my MA thesis at Mount Saint Vincent University. I wonder if you may be willing and able to contribute to my study.

The purpose of the study is to help better explain the adoption of crowdfunding practices in non-profit health organizations and factors that contribute to their success and failures. Specifically this thesis will strive to discover how institution theory can inform our understanding of crowdfunding in health care organizations within the Canadian context.

The purpose of this email is to invite you to take part in the research study named above. It is important that you understand the purpose of the study, how it may affect you, the risks and benefits of taking part and what you will be asked to do, before you decide if it is in your best interest to take part in the study. You do not have to take part in this study. Taking part is entirely voluntary (your choice). If you have any questions that this email does not answer, I will be happy to provide you with further information at your convenience. Confirmed participants of this study will be asked to complete a short

questionnaire, distributed by email, that can be completed in approximately 10 – 15

minutes. At the end of this questionnaire, participants will also be asked if they would be

willing to participate in a short follow-up interview by phone.

In my preliminary research on crowdfunding, your organization's name came up. Your

organization either executed a crowdfunding campaign or was a partner in a

crowdfunding initiative. Would you be willing to talk to us about your organizations

experience with crowdfunding? If yes, please reply to this email and indicate your

acceptance to participate in this study. Once I receive your response I will send the

questionnaire by e-mail. If you could let me know either way by replying to this email I

would greatly appreciate it.

Thank you so much in advance for your participation,

Stephanie

Stephanie.reid@msvu.ca

Thesis Advisor: Dr. Amy Thurlow; amy.thurlow@msvu.ca

APPENDIX B – Informed Consent Form

Project Title: Crowdfunding: A Healthy Practice?

Stephanie Reid

Department of Communication Studies

Mount Saint Vincent University

Halifax, Nova Scotia

Stephanie.reid@msvu.ca

Introduction

You are being invited to take part in the research study named above for a thesis project. It is important that you understand the purpose of the study, how it may affect you, the risks and benefits of taking part and what you will be asked to do, before you decide if it is in your best interest to take part in this study. You do not have to take part in this study. Taking part is entirely voluntary (your choice). If you have any questions that this form does not answer, the researcher will be happy to give you further information.

Purpose of the Study

The purpose of the study is to help better explain the adoption of crowdfunding practices in non-profit health organizations and factors that contribute to their success and failures. Specifically this thesis will strive to discover how institution theory can inform our understanding of crowdfunding in health care organizations within the Canadian context.

Study Design

Data will be gathered from a questionnaire designed to identify motivations and understandings of crowdfunding in the Canadian Health Care Sector. The questionnaire will contain the following characteristics:

- A focus on short answer and multiple choice type questions to facilitate speed
- The completed questionnaire will take approximately 10 - 15 minutes to complete
- The questionnaire will include the invitation to participate in a short follow-up interview by phone

Sampling methods for this study will include snowball, purposive and maximum variation methods. The sample frame will include between 8 to 10 health care organizations that meet the following inclusion criteria:

- Non-profit organizations
- Active in health sector
- Located in Canada and/or active in the Canadian market
- Engaged in crowdfunding

Potential organizations for inclusion in the study have been identified through a

preliminary review of the literature on crowdfunding activities in the health care field.

Potential Harms

We do not anticipate any potential harm from this study. However, it is possible that

describing your experience with crowdfunding, if it has been negative, may be upsetting

to you. You are free to refuse to answer any question at any time without having to give

any reason.

Potential Benefits

You may not experience any benefits from participating in this study. However, the

knowledge gained from this study may help better explain the adoption of crowdfunding

practices in non-profit health organizations and factors that contribute to their success and

failures. Specifically how institution theory can inform our understanding of

crowdfunding in health care organizations within the Canadian context. This may be

helpful information to you as a non-profit professional in the Canadian health sector.

Alternatives to the Study / Withdrawal from Participation

You are being asked to complete a questionnaire by email as part of a research study. The

project does not constitute quality assurance / improvement and thus is not work-related,

participation is entirely voluntary. If you choose to decline participation, confidentiality

is assured and the decision to participate (or not) will in no way be shared with others.

You may withdraw from the study at any at any point up until just prior to publication of

the findings, approximately April 1, 2016.

Your organization's participation is not anonymous and may be named in the final thesis. The names of the participating organizations may be published in academic journals. Attributing names of organizations to your responses will provide context, depth and credibility to the research. However, primarily this information will be used as part of a thesis project.

Participants will have the opportunity to ask that specific data be kept confidential. Only the researcher and the researcher's thesis advisor will have access to the complete information provided by participants.

If you wish to remain anonymous, the information you provide us will be stripped of all identifiable data, and you will be mentioned only as organization X in the reports. Therefore, no one will know whether or not you have participated in this research.

If you have any questions, please contact us, Stephanie Reid, at stephanie.reid@msvu.ca.

If you have questions about how this study is being conducted and wish to speak with someone who is not directly involved in the study, you may contact the Chair of the University Research Ethics Board (UREB) c/o MSVU Research and International Office, at 457-6350 or via e-mail at research@msvu.ca.

By signing this document you are not waiving any of your rights.

By signing this consent form, you are indicating that you fully understand the above

information and agree to participate in this study.

Participant's Signature: _____

Date: _____

Researcher's Signature: _____

Date: _____

APPENDIX C – E-mail Questionnaire

Name:

Organization:

Years with the organization:

\# Of employees in organization:

1. How did you first learn of crowdfunding as a potential strategy?

2. What was your organization's key motivation behind adopting crowdfunding as a fundraising strategy?

3. Why was crowdfunding identified as a viable fundraising tool for your organization?

4. Are you aware of other organizations involved in crowdfunding?

   o Yes

   o No

   If yes, please list up to 5 organizations.

   1) _____

   2) _____

   3) _____

   4) _____

5) _____

5. Did your model your crowdfunding campaign after another organization?

   o Yes

   o No

   If yes, which organization did you model your campaign after?

   1) _____

6. In your opinion, is there a crowdfunding leader(s) in the non-profit health care sector in Canada? If yes, please list.

7. How does crowdfunding fit into your organization's overall fundraising strategy?

8. A) What type of crowdfunding method was used

   o **The Patronage Model** - Altruism is key motivator (*donation method*)

   o **The Lending Model** - Traditional lending agreement / forgivable loan

   o **Reward-Based Crowdfunding** - Backers receive rewards and/or incentives for their contributions

   o **Investor Model (including Equity funding)** - Backers receive shares of future profits/royalties, a portion of returns for future planned public offering or acquisition or a share of a real estate investment.

   B) Why did your organization select this model?

9. What goals did your organization identify for the crowdfunding campaign?

10. How did your organization define success?

11. Who in your organization was in charge of executing the campaign (please include the title of the responsible individual)?

12. What marketing tactics did your organization use to engage your audience in the crowdfunding campaign? Was there one that worked better than the others?

13. Did your campaign reach its fundraising goal?

   o   Yes

   o   No

14. In your option, what were the highlights of your campaign?

15. Will your organization continue to fundraise using crowdfunding campaigns?

   o   Yes

   o   No

   o   Unsure

16. Can you predict where your organization's future fundraising revenues will come

from? Please rank the following fundraising activities using 1 – 11 (1 = most

lucrative).

___ Direct Mail

___ Major Gifts

___ Email

___ Crowdfunding

___ Tribute / Memorial Giving

___ Website

___ Social Media

___ Planned Giving / Estates

___ 3rd Party Fundraising

___ Special Events

___ Direct TV

17. Are you willing to participate in a short follow-up interview by phone?

○ Yes

○ No

If yes, the researcher will contact you via email and arrange for a convenient time.

APPENDIX D – Follow-up Interview Questions

1. Can you tell me a little more about your organization's motivations behind adopting crowdfunding as a fundraising strategy?

2. Were there other non-profit health organizations in Canada that were sources of inspiration for your crowdfunding campaign?

3. In your questionnaire you indicated that your organization used (**insert crowdfunding model here**) crowdfunding model. Can you tell me why your organization chose this particular model?

4. Can you tell me a little bit more about how crowdfunding fits into your organization's overall fundraising strategy?

5. In your questionnaire you indicated that your organization (**insert will or won't**) embark on future crowdfunding campaigns. Can you tell me how your organization arrived at this decision?

APPENDIX E: Assigning Key Words to Codes

Key Words	Code
• Brand, Brand Equity, Impact, People, Patient, Community, Video, Storytelling, Stories, Story	Organizational Story
• Resources, Time, Time-consuming, Full-time job, Agency, Partner, Staff, Employee, Consuming, ROI	Resource Sufficiency
• Rewards-based, Rewards, Perks, Best suited, Best fit, Made sense, Right fit, More likely, Could work, No harm, Patronage, Model, Presence, Strong, Social Media, Distaste	Institutional Logics
• Evolution, Test, Social Media, Digital, Giving vehicle, Youth, Technology, Innovation	Innovation
• Increase presence, Build, Growth, New revenue, Engage, New audiences, New markets, New donors, Existing donors, awareness, Financial, Strategy, Goal, Younger demographic, Need, Needed	Motivations
• Knew of others, Like organizations, Had seen, Seen it work, Evolution, Understand, Government, Legal, Charitable Status, Board	Institutional Environment
• Media, Partner, Excitement, Stakeholders, Press, Involvement, Attention, Donations, Raise funds, Achieve, Public, Support, Success, One woman, One patient, Participants	Social Legitimacy
• Demonstrate impact, Aggressive, Marketing, Sexy, Tangible, Not tangible, Goal, Compelling, Seed money, Urgent, Difficult, Not effective, Need	Campaign Legitimacy
• Be creative, Challenged, Growth, Influence	Institutional Entrepreneurship

APPENDIX F – TCPS 2: CORE

PANEL ON RESEARCH ETHICS
Navigating the ethics of human research

TCPS 2: CORE

Certificate of Completion

This document certifies that

Stephanie Reid

has completed the Tri-Council Policy Statement:
Ethical Conduct for Research Involving Humans
Course on Research Ethics (TCPS 2: CORE)

Date of Issue: **7 September, 2015**

APPENDIX G – Certificate of Research Ethics Clearance

MOUNT SAINT VINCENT UNIVERSITY

University Research Ethics Board

Certificate of Research Ethics Clearance

Effective Date	February 3, 2016	Expiry Date	February 2, 2017

File #:	2015-067
Title of project:	Crowdfunding: A Healthy Practice
Researcher(s):	Stephanie Reid
Supervisor (if applicable):	Amy Thurlow
Co-Investigators:	n/a
Version :	1

The University Research Ethics Board (UREB) has reviewed the above named research proposal and confirms that it respects the *Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans* and Mount Saint Vincent University's policies, procedures and guidelines regarding the ethics of research involving human participants. This certificate of research ethics clearance is valid for a period of **one year** from the date of issue.

Researchers are reminded of the following requirements:

Changes to Protocol	Any changes to approved protocol must be reviewed <u>and</u> approved by the UREB **prior** to their implementation. Form: REB.FORM.002 Info: REB.SOP.113 Policy: REB.POL.003
Changes to Research Personnel	Any changes to approved persons with access to research data must be reported to the UREB immediately. Form: REB.FORM.002 Info: REB.SOP.113 Policy: REB.POL.003
Annual Renewal	Annual renewals are contingent upon an annual report submitted to the UREB **prior** to the expiry date as listed above. You may renew up to four times, at which point the file must be closed and a new application submitted for review. Form: REB.FORM.003 Info: REB.SOP.116 Policy: REB.POL.003
Final Report	A final report is due on or before the expiry date. Form: REB.FORM.004 Info: REB.SOP.116 Policy: REB.POL.003
Unanticipated Research Event	Researchers must inform the UREB immediately and submit a report to the UREB within seven (7) working days of the event. Form: REB.FORM.008 Info: REB.SOP.115 Policy: REB.POL.003
Adverse Research Event	Researchers must inform the UREB immediately and submit a report to the UREB within two (2) working days of the event. Form: REB.FORM.007 Info: REB.SOP.114 Policy: REB.POL.003

*For more information: http://www.msvu.ca/en/home/research/researchethics/policies/default.aspx

Dr. Daniel Séguin, Chair
University Research Ethics Board

166 Bedford Hwy Halifax Nova Scotia B3M 2J6 Canada
Tel 902 457 6350 • msvu.ca/ethics