

Knowledge and Application of Crowdfunding by Nonprofit Organizations in Austria, Germany, and Switzerland

Marietta Hainzer, Sandra Stötzer, and Christine Duller

Johannes Kepler University Linz, Austria

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Contact details:

Mag. Marietta Hainzer, PMBA
Johannes Kepler University Linz
Institute for Public & Nonprofit Management
Altenberger Straße 69
4040 Linz
Austria
Email: marietta.hainzer@jku.at (corresponding author)
Phone: +43 732 2468 4404
Fax: +43 732 2468 9510

Dr. Sandra Stötzer
Johannes Kepler University Linz
Institute for Public & Nonprofit Management
Altenberger Straße 69
4040 Linz
Austria
Email: sandra.stoetzer@jku.at
Phone: +43 732 2468 4407
Fax: +43 732 2468 9510

Prof. Dipl.-Ing. MMag. Dr. Christine Duller
Johannes Kepler University Linz
Department of Applied Statistics
Altenberger Straße 69
4040 Linz
Austria
Email: christine.duller@jku.at
Phone: +43 732 2468 6825
Fax: +43 732 2468 6800

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ABSTRACT

In recent years the interactive Web 2.0 methods of financing projects and ideas gain in importance. Crowdfunding, initially used within the creative field, also provides opportunities for financing specific projects of nonprofit organizations (NPOs). So far, academics pay only little attention to this new opportunity of funding for NPOs, in particular in German-speaking countries. Thus we conducted a survey exploring the actual state of affairs. Our empirical results indicate that the knowledge and the application of crowdfunding is still in its infancy in Austria, Germany, and Switzerland. Yet we identified a few pioneers and other nonprofits can learn from their experiences.

Keywords: crowdfunding, nonprofit organizations, social media, financing, online fundraising

1. INTRODUCTION

The nonprofit sector in German-speaking countries is constituted by a variety of organizations, institutions and initiatives. As in many other countries, the sector includes a wide range of organizational forms, from those providing health, education and social services to those promoting civic engagement and cultural events. These multi-functional organizations simultaneously interact within very different environments. In addition, they differ in size, legal form, funding and volunteer structure. The term nonprofit refers to the so-called “non distribution constraint”, which means that those organizations that constitute the “nonprofit sector” are not allowed to distribute their profits among members, owners or other stakeholders. The sector is characterized by several features: a nonprofit organization focuses primarily on social goals contained in its mission, rather than on profit maximization. As it has to consider the needs and interests of numerous stakeholders trust plays a main role in its relationships affecting what one can and cannot do (Anheier, 2006).

Nonprofit organizations are facing multifarious challenges, many of which are related to the major issue of mobilizing funds and non-financial resources. Due to the expansion of the nonprofit sector, a rivalry for scarce resources is taking place. NPOs are increasingly competing for monetary, material and human resources. Several authors address this trend in the nonprofit sector (Aldashev and Verdier, 2010; Mottner and Ford, 2007; Thornton, 2006) based on the different motivations of people donating money or time to a specific NPO. Furthermore, the competition in NPO fields may help the wider public to identify differences concerning nonprofits' performance (Barman, 2002).

Even though many NPOs still obtain support from public authorities, public funding is insufficient to meet all social needs. Hence, a large number of NPOs rely on private donations (Thornton, 2006). Additionally, there is a growing need to acquire further financial resources. On the one hand, NPOs are faced with rising demands in regard to both quantity and quality of services, on the other hand with increasing competition for donations and other resources as well as cutbacks in public funding.

As regards resource scarcity, resource dependency theorists suggest that organizations are limited by a variety of external pressures (Pfeiffer, 1981; Pfeiffer and Salancik, 1978). This particularly holds true for nonprofits depending on donations as they cannot draw on reserves or finance themselves on the capital market (Helmig, Jegers and Lapsley, 2004). Thus the need to develop more and also new forms of funding is increasingly urgent in many nonprofits.

Crowdfunding (CF) describes an emerging phenomenon of raising funds and is a specific form of crowdsourcing (Howe 2006). Its basic principle is to attract (financial) resources by mobilizing a crowd of people via social media in general and crowdfunding platforms in particular (Gerber, Hui and Kuo, 2012, p. 2). Thus this instrument allows funding selected projects by drawing on many (often small) contributions by a large number of supporters (Belleflamme, Lambert and Schwiendbacher, 2012, p. 2; Hemer et al., 2011, p. 17). Usually it does not involve customary financial intermediaries who are struggling with losses of confidence. CF is applied in four different variants (see section 2.) and in many different areas incl. NPOs' fields of activities.

In the last few years CF is getting increasing attention and is of growing importance in the corporate field. Due to its novelty, so far only little empirical data exist. There are only a few scientific papers examining whether or to what extent nonprofits have knowledge of CF, in particular not in German-speaking countries. To the authors' knowledge, there is no information available as to whether crowdfunding is already used by NPOs and to what extent. This article makes an initial contribution to partly bridge this research gap by investigating CF's significance for NPOs collecting donations.

As outlined above, CF has gained a great deal of attention in theory and practice lately, but research concerning nonprofit CF is still in a nascent state. Therefore, our study addresses the following research questions with respect to NPOs in German-speaking countries:

- 1) Do NPOs collecting donations in German-speaking countries (Austria, Germany, and Switzerland) know about crowdfunding?
- 2) Which NPOs are already using crowdfunding as a way to mobilize resources?
- 3) Are there differences concerning the knowledge, assessment, and use of crowdfunding in NPOs within the German-speaking countries?

The paper is structured as follows: First, we briefly review existing literature on crowdfunding in general as well as in the nonprofit context. Drawing on this theoretical foundation, hypotheses are developed. The following section describes the sample and methodology used. We then present the results of our empirical study. The paper concludes with a discussion of our findings and highlights their implications for research and practice.

2. THEORETICAL BACKGROUND AND HYPOTHESES DEVELOPMENT

1. Literature review

Academic literature provides no universal delineation or definition of the term crowdfunding. Considering different notions of crowdfunding (Belleflamme, Lambert and Schwienbacher, 2012, p. 6; Gerber, Hui and Kuo, 2012, p. 2; Hemer et al., 2012, p. 19; Kappel, 2009, p. 375; Lambert and Schwienbacher, 2010, p. 2; Meinshausen, Schiereck and Stimeier, 2012, p. 584), one can summarize essential characteristics to the following working definition: crowdfunding is an instrument of procurement marketing applying the crowd principle in financial terms to certain pre-defined projects that are communicated by Web 2.0 tools (especially social media platforms) in order to reach a specific financial goal in a given period. The numerous supporters receive various pre-scheduled rewards for their contributions (Hainzer, Stötzer and Ellmer 2014, p. 55).

For the last few years crowdfunding has undergone rapid development. There are four different forms, distinguished by their aims and modes of rewards: equity-based, reward-based, lending-based (peer-to-peer lending), and, of particular importance for nonprofits, donation-based crowdfunding (Collins and Pierrakis, 2012; Giudici et al., 2012; Leimeister, 2012).

Prevalent in scientific dialogue currently is the examination of equity-based CF and associated legal restrictions and requirements (Klöhn and Hornuf, 2012; Bradford, 2012). The number of scientific publications is constantly increasing and research focuses on one of three main areas: financing of for-profit companies (Belleflamme et al., 2012 and 2013; Lambert and Schwienbacher 2010), the motivation of the fund-seeking company (Gerber, Hui and Kuo 2012), and determinants of success of CF projects (Mollick 2014; Harzer 2013; Mollick and Kuppaswamy 2014; Cumming, Leboeuf and Schwienbacher 2014).

Additionally, several psychology papers are of importance not only for crowdsourcing, but also for crowdfunding, in particular those addressing mass psychology, psychology of charitable giving or donation behavior. Besides theories on mass psychology (Le Bon, 1895; Freud, 1921; Turner and Killian, 1972) more recent works focus on the newer phenomenon of internet crowd psychology and the "wisdom of the crowd" principle (Russ, 2007; Surowiecki, 2004; Wallace, 1999). Other scholars analyze the conditions and background of individual motives for charitable giving and altruistic donations (Brady et al., 2002; Martin and Randal, 2009; McClelland and Brooks, 2004; Piferi et al., 2006; Schervish and Havens, 1997; Wiepking, 2010).

During the last few years social media tools are rapidly evolving. They include interactive, collaborative, Web-based applications such as (micro-)blogs (e.g. Twitter), wikis, vidcasts (e.g.

YouTube), and social networking sites (e.g. Facebook). Social medias' utilization has enhanced the possibilities for innovation in nonprofits. Thus, by using social media tools NPOs can enhance their effectiveness (Zorn et al., 2013).

The potential for NPOs when using online applications is widely undetected and most NPOs are just becoming aware of the possibilities through social media (Miller, 2009). Nonprofits tend to lag behind other sectors concerning the application of information and communication technologies (ICTs) (Hackler and Saxton, 2007; Zorn et al., 2011). Subsequently, ICTs' in the nonprofit sector are often under-utilized (Waters, 2007) or used ineffectively (Hackler and Saxton, 2007).

NPOs apply social media tools for various purposes such as stakeholder dialogue (Bortree and Seltzer, 2009; Waters et al., 2009), community building (Briones et al., 2011; Lovejoy and Saxton, 2012) and advocacy work (Guo and Saxton, 2014). In this regard, on the one hand social media allow to send and receive information and to mobilize the public on the other hand (Lovejoy, Waters and Saxton, 2012). Nonprofits use social media applications for their fundraising activities, particularly Facebook has been used to increase fundraising efforts (Miller, 2009).

Kiefer (2012) regards crowdfunding as a specific form of social media fundraising. In order to coordinate project selection and implementation it is particularly important to analyze and identify appropriate target groups. Online communication is not suitable for all (potential) donors and target groups. In this context it gains in importance which kind of donations are raised (Hogenkamp and Buff, 2009, p. 28). Active utilization of social media applications is also relevant for investors of equity-based CF in Germany (Dorfleitner, Kapitz and Wimmer, 2014). Drawing on Kiefer's conception of CF, it is hypothesized:

Hypothesis 1a: There exists a positive correlation between the usage of social media and the knowledge of the term crowdfunding.

Hypothesis 1b: There exists a positive correlation between the usage of social media and the application of crowdfunding.

The potential of social networks for charity organizations as a new method for acquiring donations was ascertained by Wojciechowski (2009). Saxton and Wang (2013) develop an explanatory model of the determinants of social media donations by building on the "economic model of giving". This model helps to determine the extent to which donations via social media are driven by the same factors as in traditional offline settings. Their model considers the specifics of NPOs concerning social networks, organizational capacities, and different fields of operation ("industries"). Our study also aims to explore whether this last aspect is of importance for nonprofit CF. Thus, the following hypotheses are developed:

Hypothesis 2a: The knowledge of crowdfunding varies by field of activity.

Hypothesis 2b: The application of crowdfunding varies by field of activity.

Saxton and Wang (2013) observed differences between "online" and "offline" activities; e.g. donors via Facebook do not care about efficiency ratios. They identified that the typical contribution is small and that fundraising successes are related to the "Web capacity". A large number of Facebook friends increases the probability of donations.

Other empirical studies on determinants of successful funding initiatives confirm differences between profit and nonprofit organizations. Selected CF projects with a social or charitable focus are significantly more successful than those of other organizations (Lambert and Schwenbacher, 2010; Pitschner and Pitschner-Finn, 2014). From the supporters' point of view the actual realization of the project is of great importance. In addition, Belleflamme et al. (2013) refer to a greater credibility of NPOs as to meet expectations in comparison to for-profit companies. Thus, it can be expected, that crowdfunding and social entrepreneurs harmonize well (Lehner, 2012).

If we look at the legal framework of nonprofits in German-speaking countries, various opportunities for incorporation emerge. It is essential that NPOs have some structure and regularity concerning their activities for dissociating the nonprofit sector from the informal household sector (e.g. family, neighborly help) (Helmig et al., 2011). Theoretically, NPOs can choose any legal form. Two of the main legal forms in Germany, Austria and Switzerland are: voluntary associations and foundations. The form of voluntary association is most frequently used and focuses on the right of individuals (or juristical persons) to come together self-sufficient from the state to accomplish a specific goal for a

longer period of time. As it may be formed for any legal purpose, it is appropriate for nonprofits' activities. In contrast to voluntary associations, foundations are based on capital or assets (Freise and Pajas, 2004).

It is to be expected that not only the type of organization (profit vs. nonprofit) is of relevance, but also its legal form. Both practitioners and scholars in German-speaking countries are giving more weight to legal forms than those in Anglo-American countries. Hence, it is expected that:

Hypothesis 3a: There exists a correlation between the legal form of the organization and the knowledge of the term crowdfunding.

Hypothesis 3b: There exists a correlation between the legal form of the organization and the application of crowdfunding.

Though our study does not compare German-speaking and Anglo-American differences, it nevertheless investigates possible knowledge and utilization variations between Austria, Germany, and Switzerland. Thus, we hypothesize:

Hypothesis 4a: The knowledge of crowdfunding varies by country.

Hypothesis 4b: The application of crowdfunding varies by country.

2. Stakeholder-relations

CF leads to a new structure of involved intermediaries in contrast to traditional forms of fundraising. Key actors for an ideal-typical crowdfunding campaign are usually the initiators of the project (capital/support seekers), the crowd (capital/resource providers) and the intermediaries (especially platforms and financial intermediaries). As shown in figure 1, specific principal-agent relationships arise (Hainzer, Stötzer and Ellmer, 2014; Jensen and Meckling, 1976). Accordingly, several agency problems, such as moral-hazard, hold-up and adverse-selection issues, may occur between the three parties involved (Dorfleitner, Kapitz and Wimmer, 2014, p. 285). The involvement of a CF platform can reduce information asymmetries and risks involved for capital seekers and the crowd (Haas, Blohm and Leihmeister, 2014).

The following example demonstrates these multiple principal-agent ties: at the beginning of the year 2010 an earthquake devastated Haiti entailing heavy consequences for the population. Three million people (30% of the population) were affected. Especially children representing 40% of Haiti's population were disproportionately affected by the earthquake. Besides other organizations, states and international institutions, UNICEF Germany initiated a CF campaign to support children and teenagers in the affected area (UNICEF Deutschland, 2010).

The project initiator UNICEF acts as principal towards the best known donations platform in Germany, named betterplace.org. They undertake responsibility and support for publication, presentation and communication of a project based on a contractual agreement. As provided in the contract betterplace.org is working together with the bank BNP Parisbas, who manages the contributions given by the crowd. Thus, the platform plays a double role: on the one hand as an agent towards UNICEF, on the other hand as a principal towards the bank BNP Parisbas (trustee savings bank). During the whole initiative – and even beyond the end – UNICEF kept their (potential) donors up to date and provided insights and detailed information about the project's progress and its successful completion.

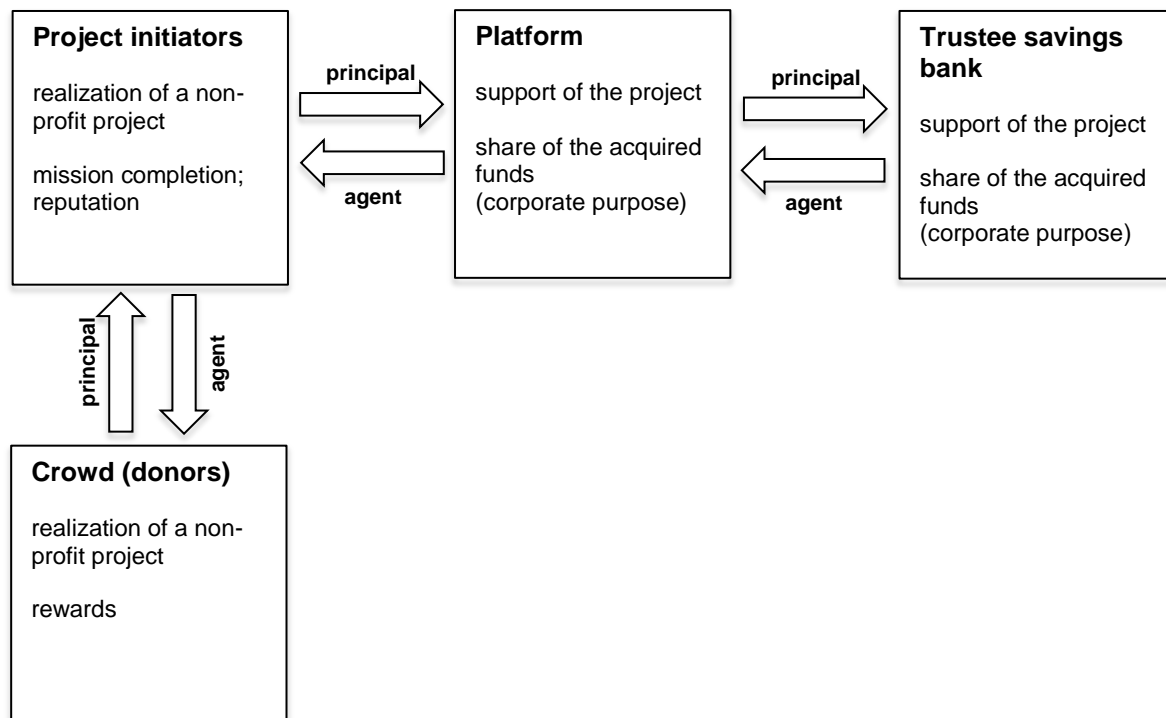


FIGURE 1: STAKEHOLDERS AND PRINCIPAL-AGENT-RELATIONS
(translated based on Hainzer, Stötzer and Ellmer, 2014)

3. METHODOLOGY

As we lack empirical evidence concerning knowledge and application of CF by NPOs in general and particularly in German-speaking countries, we chose an explorative research design in order to gain an overview of the current situation. Hence, we conducted a quantitative survey and sent an online questionnaire to nonprofit executives in Austria, Germany, and Switzerland. The form had already undergone a pre-test via emails to selected Austrian nonprofit leaders and finally included 33 questions both open and closed issues. The survey was carried out in November and December 2013.

Our sample includes 994 NPOs collecting donations and combines different types of NPOs. Names and addresses of the organizations surveyed were obtained from different websites. This source has been chosen as no public registers are accessible. The NPOs differ in size, funding structure and field of activity. All of them are certified to the standards of one selected national charity seal program (Österreichisches Spendengütesiegel (OSGS), Deutsches Zentralinstitut für soziale Fragen (DZI), or Schweizerische Zertifizierungsstelle für gemeinnützige, Spenden sammelnde Organisationen (ZEWO)). The total response rate accounts for approximately 17% (=173 NPOs). These 173 NPOs provide the basis for our empirical analysis.

To control for a non response bias the first third of the data set was compared with the last third (Leslie 1972, p. 300). There was no indication of a non response bias, as no significant differences could be detected between late and early respondents (Fowler 2009, p. 301). For testing our hypotheses we used the Fisher's Exact with a significance level $\alpha = 5\%$, for hypotheses 1a and 1b one-sided, for hypotheses 2a and 2b, 3a and 3b as well as 4a and 4b two-sided.

4. FINDINGS

Table 1 gives an overview of the main aspects which are relevant answering the three research questions.

| Variable | Value | Count | Percent |
|--|------------------------|-------|---------|
| Knowledge crowdfunding | Yes | 116 | 67,1 |
| | No | 57 | 32,9 |
| Application crowdfunding | Yes | 14 | 12,1 |
| | No | 102 | 87,9 |
| Usage of Social Media | Yes | 123 | 71,1 |
| | No | 50 | 28,9 |
| Field of activity (multiple response) | Foreign aid | 67 | 38,7 |
| | Children | 52 | 30,1 |
| | Health care | 50 | 28,9 |
| | Poverty | 46 | 26,6 |
| | Elder care | 24 | 13,9 |
| | Promotion of women | 20 | 11,6 |
| | Migration | 12 | 6,9 |
| | Animal and environment | 9 | 5,2 |
| Legal Form | Association | 136 | 78,6 |
| | Other | 37 | 21,4 |
| Country | Austria | 52 | 30,1 |
| | Germany | 47 | 27,2 |
| | Switzerland | 74 | 42,8 |

TABLE 1: DESCRIPTIVES

USE of social media, knowledge and application of CF

Our findings indicate that 123 NPOs (=71.1%) are familiar with using different social media tools (see table 1). As in other western countries, Facebook is favored in all three countries under investigation. Their main purpose is to provide selected information to the wider public. Additionally, NPOs use these channels for specific marketing activities, i.e. to communicate with relevant stakeholders. Moreover, it gains in importance for the acquisition of donors, volunteers and enhancing an organization's image.

As shown in table 2, more than two thirds of the respondents know the term CF via the Internet and other media. As was to be expected, nonprofits using Web 2.0 tools more often know the term than nonprofits without Web 2.0 experience. The correlation between these variables is significant and hence, hypothesis 1a gets confirmed.

The majority of nonprofits using social media are already aware of the term. In contrast, there is only a small number of 14 organizations already implementing selected CF-initiatives. This result indicates that there is a substantial gap between CF knowledge and CF application. In line with hypothesis 1a we can ascertain that social media tools are essential to apply CF and thus, hypothesis 1b is approved as well.

Additionally, survey participants were asked why they do not use CF as a way to mobilize resources and they stated the following key reasons:

- no knowledge of this financial instrument
- little engagement in crowdfunding
- lack of human, financial and temporal resources
- absence of appropriate projects

| | | Knowledge | | Cases | Application | | Cases |
|------------------------|-----|-----------|-------|-------|-------------|--------|-------|
| | | Yes | No | | Yes | No | |
| Usage of Social Media | Yes | 71,5% | 28,5% | 123 | 15,9% | 84,1% | 88 |
| | No | 56,0% | 44,0% | 50 | 0,0% | 100,0% | 28 |
| Foreign aid | Yes | 73,1% | 26,9% | 67 | 20,4% | 79,6% | 49 |
| | No | 63,2% | 36,8% | 106 | 6,0% | 94,0% | 67 |
| Children | Yes | 59,6% | 40,4% | 52 | 9,7% | 90,3% | 31 |
| | No | 70,2% | 29,8% | 121 | 12,9% | 87,1% | 85 |
| Health care | Yes | 74,0% | 26,0% | 50 | 8,1% | 91,9% | 37 |
| | No | 64,2% | 35,8% | 123 | 13,9% | 86,1% | 79 |
| Poverty | Yes | 69,6% | 30,4% | 46 | 6,3% | 93,8% | 32 |
| | No | 66,1% | 33,9% | 127 | 14,3% | 85,7% | 84 |
| Elder care | Yes | 58,3% | 41,7% | 24 | 0,0% | 100,0% | 14 |
| | No | 68,5% | 31,5% | 149 | 13,7% | 86,3% | 102 |
| Promotion of women | Yes | 55,0% | 45,0% | 20 | 9,1% | 90,9% | 11 |
| | No | 68,6% | 31,4% | 153 | 12,4% | 87,6% | 105 |
| Migration | Yes | 83,3% | 16,7% | 12 | 10,0% | 90,0% | 10 |
| | No | 65,8% | 34,2% | 161 | 12,3% | 87,7% | 106 |
| Animal and environment | Yes | 77,8% | 22,2% | 9 | 0,0% | 100,0% | 7 |
| | No | 33,5% | 66,5% | 164 | 12,8% | 87,2% | 109 |

TABLE 2: Crosstab CF Term/CF Application versus Social Media/Field of activity (H1 and H2)

FIELDS of activity

As shown in table 2, all fields exhibit some kind of knowledge, but the results do not show essential differences. Even though more than 50 percent of nonprofit executives in the respective areas are aware of the term CF, hypothesis 2a cannot be approved.

Relating to the second research question concerning CF application in different areas of activity, we see four fields of special interest: foreign aid, health care, children, and poverty. Several NPOs acting in these fields have already gained experience in realizing one (or more) crowdfunding initiative(s). Looking at the remaining fields one can notice that neither elder care nor animal/environmental protection have implemented CF campaigns. So the results indicate that there is no correlation between the application of CF and different fields of activity. Therefore, hypothesis 2b cannot be confirmed except for one area: there is a correlation between foreign aid activities and CF application (see table 4).

LEGAL FORM

The legal form plays an important role in German-speaking countries compared to many Anglo-American countries. Our findings suggest that most NPOs operate as a voluntary association (78.6%). Foundations are also of importance in Germany and particularly in Switzerland. According to our results it is obvious that the legal form does not play a role related to CF knowledge and application; hence, hypotheses 3a and 3b cannot be approved.

| | Knowledge | | Cases | Application | | Cases |
|-------------|-----------|-------|-------|-------------|-------|-------|
| | Yes | No | | Yes | No | |
| Association | 64,7% | 35,3% | 136 | 14,8% | 85,2% | 88 |
| Other | 75,7% | 24,3% | 37 | 3,6% | 96,4% | 28 |
| Austria | 67,3% | 32,7% | 52 | 14,3% | 85,7% | 35 |
| Germany | 63,8% | 36,2% | 47 | 23,3% | 76,7% | 30 |
| Switzerland | 68,9% | 31,1% | 74 | 3,9% | 96,1% | 51 |

TABLE 3: Crosstab CF Term/CF Knowledge versus Legal form/Country (H3 and H4)

COUNTRY differences

The number of responses is country-wise not widely separated and no great differences can be identified. Therefore, hypothesis 4a cannot be approved. Looking at the CF application by country, Germany can be regarded as a forerunner, while Austrian and Swiss NPOs lag behind. Seven German nonprofits have already implemented various CF projects, followed by Austria (five NPOs) and two in Swiss nonprofits. With reference to research question three we can state, that there are no country-related differences concerning CF knowledge, but the three countries differ concerning CF application. So, hypothesis 4b can be validated.

Table 4 provides an overview of our main findings including both approved and rejected hypotheses.

| | Variable | Test | Knowledge | | Application | |
|-----|--------------|-------------------------|-----------|--------|-------------|--------|
| | | | p-value | Result | p-value | Result |
| H 1 | Social media | Fisher Exact, one-sided | 0,038 | ✓ | 0,016 | ✓ |
| H 2 | Field | Fisher Exact, two-sided | | | | |
| | | Foreign aid | 0,189 | — | 0,023 | ✓ |
| | | Children | 0,217 | — | 0,757 | — |
| | | Health care | 0,284 | — | 0,543 | — |
| | | Poverty | 0,718 | — | 0,344 | — |
| H 3 | Legal form | Fisher Exact, two-sided | 0,241 | — | 0,182 | — |
| H 4 | Country | Fisher Exact, two-sided | 0,839 | — | 0,029 | ✓ |

TABLE 4: FINDINGS SUMMARY

5. DISCUSSION & CONCLUSIONS

Looking at the results of our explorative study, we can determine that Web 2.0 applications are of major significance for NPOs when it comes to mobilize resources via the Internet. Social media and web-based fundraising have been found to benefit NPOs in various ways, particularly drawing in financial resources. With respect to hypotheses 1a and 1b, our findings show that more than 71% of the Austrian, German, and Swiss nonprofits use social media tools like e.g. Facebook, YouTube, and Twitter. Nonprofits using Web 2.0 instruments know more about the term CF and this opportunity to acquire financial resources than organizations without online presence. We find a strong relationship between usage of social media tools and CF knowledge as well as CF application. If nonprofit organizations would improve their social media activities in order to raise funds, it may be useful developing strategies that increase their online presence. Even though several NPOs without social media activities (56%) know the term, none of those realized even one CF project. Thus, internet affinity is at least required in dealing with social media tools in general and CF in particular.

Preparing, starting and running one CF campaign can be very time-consuming and enable employees and/or volunteers to acquire new skills and knowledge. As our findings show, some of the survey participants responded that they do not use CF because they do not have enough human resources for those activities. The absences of financial and time resources are also reasons for not applying CF. Additionally, using social media tools may be not suitable for every field of activity. Our results show, for example, that organizations in the 'care of the elderly' field know about CF, but no CF initiative was accomplished. This could be due to the absence of appropriate projects in this field of activity and/or their clients are not the right target group for CF activities.

We found that nonprofits in some fields are more likely to apply CF, in particular foreign aid organizations – hypothesis 2b is valid. These organizations are used to a project-based work structure since many years. If project progress is transparent and comprehensive for most relevant stakeholders, NPOs rely on a higher level of trust. The afore-mentioned charity seal programs may contribute as a trusted certificate.

As our results indicate, there is a noticeable divergence between knowledge and application of CF in German-speaking countries. Only 14 NPOs already gained experiences with this way of mobilizing funds. Compared to Germany and Austria, Swiss nonprofits lag behind and the countries differ concerning CF application. Therefore, hypothesis 4a cannot be approved, hypothesis 4b is valid.

There is significance between CF application and Swiss NPOs. One possible reason may be that Switzerland has a well-established foundation sector. A wide range of Swiss NPOs have sufficient capital and hence, there might be no need to deal with the CF phenomenon.

Although our study is among the first that empirically deals with the knowledge and application of CF by NPOs in German-speaking countries our findings are not free from limitations. First, our sample encompasses only NPOs which are certified to the standards of the afore-mentioned charity seal programs to other NPOs that have no certification. There are no official mailing lists available for all of them. Thus we did an Internet research and hence, our database may be incomplete. Therefore, care should be taken in applying our results to other organizations or nations. Second, we did not consider the size of the organization. Therefore, we do not know if size plays a role concerning NPOs' usage of social media, CF knowledge and application.

Despite these limitations our results provide essential and fundamental insights with respect to the knowledge and application of crowdfunding. The research field of crowdfunding is in a young state of scientific research and quantitative studies are minor. Our study conducts one of the first known studies particularly on nonprofits' role within the crowdfunding area and leaves us with some expected findings, but also with some new insights. To the best of our knowledge there is no other CF study which examines nonprofits, particularly in German-speaking countries. Dorfleitner and colleagues (2014) analyze the crowd investing market (equity-based CF) in Germany and discuss the suitability of crowd investing for the financing of small and medium-sized businesses. Their study differs from our survey in two ways: first, they focus on a different variant of CF, which is established as an alternative financing instrument for new ventures. Second, they only refer to one country and not to all German-speaking countries.

It is hardly possible to assess how many participants already deal with the phenomenon CF in depth and have a basic understanding or just heard the term a few times. Our findings suggest that it is necessary to raise awareness within donations collecting organizations. This could create a common understanding concerning the term CF and what it really encompasses and includes. Subsequently, specific projects or selected fields of activity could be identified, where CF may be successful. If they are realized we could analyze to get deeper insights for future research.

Our findings indicate that despite the (media) hype about CF its actual use by NPOs is still limited. Thus both knowledge and experience concerning this new funding instrument are developing. Currently CF seems promising as an additional way of mobilizing financial resources for nonprofits, but it is doubtful that it may be a viable remedy for compensating impending public spending cuts. As empirical data are scarce, there remains a broad array of further research.

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