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Editorial: Charitable Giving and the Disintermediation of the Non-Profit and Voluntary Sectors

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Abstract

Seven papers examining different aspects of disintermediated giving and the platforms that support it are included in this special issue of the *Journal of Philanthropy and Marketing*. The papers capture a common theme in that they spotlight the potential disruption to charities' traditional role as the bridge between donors and beneficiaries presented by technologies that increasingly facilitate disintermediated giving and offer lessons for charities seeking to adapt their practice in response. The special issue contains a study of the factors that influence donation decisions in crowdfunding campaigns, a comparison of the characteristics of donors to crowdfunding campaigns and donors to more "traditional" fundraising campaigns, learnings for charities from social media based fundraising campaigns and from novel spontaneous donor responses to the war in Ukraine, and a review of the development of GoFundMe, the most significant crowdfunding platform.

1.0 Introduction

It is clear is that technological advances over the past 25 years including the expansion of the internet, the widespread adoption of social media, and the emergence of crowdfunding platforms have in many ways empowered donors to play a more active role in their own philanthropic journeys. It has never been easier to conduct one's own research on options for charitable giving rather than relying solely on messages created by charities, and now it is even possible for individuals to develop and share their own fundraising campaigns – benefitting the projects or even the individuals of their choice – bypassing charities altogether.

There is an assumption that platforms function as mere 'middlemen' operating as a neutral party, yet this is misleading since it fails to acknowledge that technology is a carrier of socio-economic interests (Wajcman, 2006), facilitates connectivity, rapid scalability (Gawer, 2014), and with sophisticated data analytics, can manipulate behaviours (Meoli and Vismara, 2021). And although the network effect of crowdfunding is great, it also brings with it an element of commodification, because compared to donor-charity transactions, there is limited human contact due to the digital nature of platforms.

At the same time that donors have become increasingly empowered through new technologies, public perceptions of charities as the primary vehicle for achieving social change have shifted. Driven by evidence of diminishing investment by governments in the welfare state (Duffy et al., 2013); a perception that charities are too slow or ill-equipped to solve societal problems quickly, effectively, or efficiently (Ferrell-Schweppenstedde, 2023); and the perception that we have an emergency on our hands in terms of climate disasters, poverty, inequality and so on (Moellendorf, 2022) and that without a concerted effort, we are 'doomed' as a species, we've seen the rise of philanthrocapitalism (Economist, 2006; McGoey, 2012), venture philanthropy (Rowe, 2022), and social impact investing (Trelstad, 2016). Charities no longer enjoy a virtual monopoly on the type of entity with which individuals can invest in order to effect change.

These disruptions have the potential to threaten the trusted role that charities have played at the intersection between donors who want to help and the beneficiaries in need of support.

What do these developments mean for charities and how ought they respond? The *Journal of Philanthropy and Marketing* issued a Call for Papers that explore these questions. The seven articles in this special issue consider donors' responses to novel ways of giving, and the primary focus is on the disintermediating crowdfunding and social media platforms – who gives to these appeals and why? – and reflect on what distinguishes disintermediated giving from “traditional” charitable giving and how charities might adapt their practices.

2.0 Articles in the special issue

The **first article (MacQuillin, Kottasz, Locilento, Gaillaiford and Kazunga)** seeks to arrive at a typology of charity disintermediation, by examining how specific charitable functions are bypassed or replaced by new disintermediating actors in the giving space. A disintermediating actor can be an individual or an organisation, but it is ultimately the disintermediating organisation that is responsible for the disintermediation phenomenon, as without these disintermediating tools, it would not be possible for individual disintermediating actors to disrupt the sector on this scale. This may be the reason why much focus has been paid to how crowdfunding platforms operate. The typology builds on the for-profit disintermediation literature which alludes to two possible points for disintermediation in the traditional non-profit exchange process between (i) donors/beneficiaries and (ii) charities/beneficiaries. The **second article (Xue and Zhou)** summarises the results of an online experiment testing the relative importance of social influence factors on the success of Facebook fundraising campaigns. Basing their hypotheses in social impact theory, the authors considered the impact of “relationship strength” with the creator of the fundraising appeal, “immediacy” and “urgency” of the fundraising need to better understand how organisations can harness the power of social media in their fundraising campaigns. The **third article (Van Teunenbroek and Hasanefendic)** considers the characteristics of donors to philanthropic crowdfunding campaigns as compared to donors to more “traditional” charity campaigns like door-to-door fundraising, as well as the behaviour of crowdfunding donors both before and during the COVID-19 pandemic. In the **fourth article (Wymer and Najev Čačija)**, the authors argue that charities can adapt to the growth of social media fundraising by leveraging their brand strength and reputation of the charity and the charity's ability to give donors a positive and rewarding donation experience, in part, through the careful selection of specific projects that could be funded by donors. The **fifth article (Waters and Auger)** is a study comparing the strategies of non-profits and individual (non-charity) fundraising campaigns with a view to helping charities understand how they might better compete with disintermediated crowdfunders. In the **sixth article (Wade)**, the author chronicles the growth to market dominance of GoFundMe and provides an analysis of its strategic responses to market challenges. The **seventh and final article (Niles)** looks at one of the novel ways that individuals around the world responded to the war in Ukraine – making phantom bookings on Airbnb – and considers the motivations behind this type of giving, as well as hypothesising how charities might tailor their propositions to more closely replicate the features afforded by this type of donation experience.

Each of the papers recognise the difficult environment in which charities are currently operating, with the number of people donating to charity in many markets in decline; with trust and confidence in institutions, including charities, being challenged; and with many countries experiencing a cost-of-living crisis, further increasing the pressure on households' discretionary budgets (Wait, 2022). Against this backdrop, an increase in giving through non-traditional channels that potentially threaten charities' established position as the bridge between donors and beneficiaries would present a concern. Encouragingly for charities, each paper also identifies opportunities for organisations to improve their fundraising results by tapping into the insights from successful

disintermediated campaigns or by partnering with the platforms directly to offer a superior donation experience. Several of the papers also suggest areas for further study, as disintermediated giving remains a relatively under-researched topic and one that will undoubtedly continue to present challenges to charities' traditional model for years to come through further technological innovation and disruption.

3.0 Future Research Directions

We expect that the typology of disintermediation will be a useful guide to researchers who want to further investigate the changing landscape of charity and philanthropy. Looking into the future, researchers may pose the question: if most of the giving were disintermediated in a way that provided money directly to beneficiaries, would this be in the best interest of people who currently rely on the services provided by charities? Does the balance need to be redressed? Should charities be primarily responsible for fundraising and for providing charitable service, or can the for-profit world do just as good a job? Are both provisions acceptable, needed, can they co-exist? Whatever the answer may be, what do we need to do to ensure that charitable fundraising and charitable service is being carried out in the best possible way? Are the motivations behind some of the new disintermediating actors malicious, righteous, unethical, or morally contentious? To put this in context, take Kiva as an example, whose mission is to tackle global poverty as an alternative to traditional charity. Is Kiva a useful replacement of traditional charity operations, or simply a useful alternative? Do we need to differentiate between organisations (and their motivations) that have deliberately set up to disrupt the giving space (e.g., GoFundMe and Kiva) and those organisations that operate within the 'sharing economy/social media space', but who have since diversified into 'fundraising and giving' (e.g., Facebook Fundraising) and those that accidentally landed in it (e.g., AirBnB in facilitating donations to Ukrainian families)?

Other areas for future research may involve the examination of 'control and coordination'. Are certain platforms neutral intermediaries who merely facilitate a digital matching service between end-users or are they using technology to control the design of the philanthropic environment (Lee et al., 2015)? Should the disintermediated giving space be more heavily regulated (Cherry, 2016)? Will the crowdfunding and sharing economy platforms become 'too big to ban'? From an ethical stance, are the right people being helped by the disintermediating functions? What might be the cumulative impact of disintermediation? Will it lead to the casualisation and informalisation of philanthropy?

Special Issue Editor Biographies

Meredith Niles

Meredith Niles is an experienced charity fundraiser and trustee based in the UK. She was formerly the Executive Director of Fundraising and Engagement at Marie Curie, and she currently serves as Chair of the SOFII Foundation, as Vice Chair of Plan International, and as a board member of the Charities Aid Foundation and the Trust for London. She is a member of the Board of Practitioners of the *Journal of Philanthropy and Marketing*.

Rita Kottasz

Rita Kottasz is Editor-in-Chief of the *Journal of Philanthropy and Marketing* (previously: International Journal of Nonprofit and Voluntary Sector Marketing) and Associate Professor of Marketing at Kingston University, London. Her current research interests lie in areas of digital transformation within charities and within the arts and cultural sectors. Her recent works have been published in

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Walter Wymer

Walter Wymer is a Distinguished Professor of Marketing at the University of Lethbridge. Walter sits on the editorial board of the *Journal of Philanthropy and Marketing* and is currently co-editing a special issue on 'Attracting Younger Generations for a More Diverse Range of Philanthropists'. He is considered an international figure in the nonprofit marketing field and boasts of a portfolio of publications in well regarded refereed marketing and nonprofit academic journals. His most recent papers have appeared in the *International Review on Public and Nonprofit Marketing*, *Journal of Philanthropy and Marketing*, and the *Journal of Marketing for Higher Education*.

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