

MISQ Archivist

Embeddedness, Prosociality, and Social Influence: Evidence from Online Crowdfunding

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Abstract

This paper examines how (1) a crowdfunding campaign's prosociality (the production of a public versus private good), (2) the social network structure (embeddedness) among individuals advocating for the campaign on social media, and (3) the volume of social media activity around a campaign jointly determine fundraising from the crowd. Integrating the emerging literature on social media and crowdfunding with the literature on social networks and public goods, we theorize that prosocially, public-oriented crowdfunding campaigns will benefit disproportionately from social media activity when advocates' social media networks exhibit greater levels of embeddedness. Drawing on a panel dataset that combines campaign fundraising activity associated with more than 1,000 campaigns on Kickstarter with campaign-related social media activity on Twitter, we construct network-level measures of embeddedness between and amongst individuals initiating the latter, in terms of *transitivity* and *topological overlap*. We demonstrate that Twitter activity drives a disproportionate increase in fundraising for prosocially-oriented crowdfunding campaigns when posting users' networks exhibit greater embeddedness. We discuss the theoretical implications of our findings, highlighting how our work extends prior research on the role of embeddedness in peer influence by demonstrating the joint roles of message features and network structure in the peer influence process. Our work suggests that when a transmitter's message is prosocial or cause-oriented, embeddedness will play a stronger role in determining influence. We also discuss the broader theoretical implications for the literatures on social media, crowdfunding, crowdsourcing, and private contributions to public goods. Finally, we highlight the practical implications for marketers, campaign organizers, and crowdfunding platform operators.

Keywords: Crowdfunding, social media, peer influence, social sharing, social marketing, public good, network embeddedness, prosocial campaigns