What crowdfunding reveals about equity appeals

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Fundraisers often call attention to a population’s disadvantages to motivate donations aimed at addressing those disparities, but a new study from a researcher

at Tulane University's Freeman School of Business suggests that not all of these so-called equity appeals work the same way and some may even backfire.

Amin Sabzehzar, assistant professor of management science at the Freeman School, investigated how different types of equity appeals affected donor behavior on DonorsChoose.org, a crowdfunding platform that allows public school teachers to request funds for specific classroom needs.

The study focused on two types of equity appeals: one highlighting projects that serve students from low-income families, or poverty-based appeals, and the other identifying projects that serve predominantly racial minority students, or race-based appeals. Using sophisticated statistical analysis, Sabzehzar and his co-authors examined thousands of classroom funding requests to understand how donors respond to these different signals.

The results for poverty-based appeals were unambiguously positive. When projects were labeled as serving low-income students, they received significantly more funding.

"We found that highlighting economic disadvantage generates broad-based support," Sabzehzar says. "Donors across the political spectrum responded positively to helping students from low-income families access educational resources."

The findings for race-based appeals, however, told a different story. When projects were labeled as serving predominantly racial minority students, the overall effect was neutral but that result masked a significant polarization beneath the surface.



Assistant Profesor of Management Science Amin Sabzehzar found that equity-based appeals can lead to improved fundraising outcomes, but not all equity appeals have the same effect.

“What we discovered with race-based appeals is that donor responses varied considerably by community," Sabzehzar explains. "In more racially diverse and higher-density urban areas, race-based appeals generated increased support, but in other communities, race-based appeals had little to no effect and, in some cases, even a negative effect."

Sabzehzar says the variation in race-based fundraising outcomes reflects differences in how communities perceive race-based equity initiatives in general. While some donors viewed the racial minority appeal as highlighting significant inequities deserving support, others responded negatively, possibly viewing such appeals as unfair.

While the study focused on educational crowdfunding, Sabzehzar says its findings carry important lessons for anyone managing a digital platform or designing a fundraising campaign. First and foremost: context matters.

“Equity interventions have heterogeneous effects across dimensions of disadvantage,” he explains. “Not all equity appeals function equivalently in digital markets. Organizations can’t assume that highlighting any form of disadvantage will generate support. The specific type of appeal and the audience receiving it both matter.”

When seeking to mobilize resources for disadvantaged communities, poverty appeals are more likely to generate broad support than appealing to racial identity. This doesn't mean that race should be ignored in crafting fundraising appeals, Sabzehzar notes, but rather that platforms need to utilize more sophisticated approaches when addressing racial inequities. Simply identifying minority status may be insufficient or even counterproductive.

"Platforms should carefully consider how equity appeals are framed," he says. "Race-based appeals may require complementary mechanisms, such as matching funds or alternative design strategies."

As digital platforms increasingly incorporate equity-focused features — from supplier diversity badges on procurement platforms to minority-owned business labels on e-commerce sites — Sabzehzar says understanding how different audiences react to different signals becomes critical.

"Design and audience context matter," Sabzehzar concludes. "A simple label can significantly increase funding for low-income students yet generate neutral or even negative reactions when highlighting racial minority status."

Sabzehzar's study, "When Do Equity Appeals Increase Giving? Evidence from Educational Crowdfunding," co-authored with Gordon Burtch, Yili Kevin Hong and T.S. Raghu, is forthcoming in *Information Systems Research*.