



A qualitative study on money, wellbeing and serial crowdfunding

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A Qualitative Study on Money, Well-being and Serial Crowdfunding

Abstract

Purpose – The paper aims to examine the unique nature of crowdfunding and its association with supporters' well-being, measured by Seligman's (2011) well-being theory and its five elements of PERMA: Positive emotions, Engagement, Relationships, Meaning and Accomplishment.

Method – 22 structured interviews were conducted with supporters of crowdfunding projects. The interviews were analyzed using deduction, generating themes and assigning them to the relevant PERMA elements.

Findings – Almost all interviews included five or four PERMA elements, supporting the hypothesis about crowdfunding as a form of economic behavior that is triggered by the desire for fulfillment in life. We found that the tendency to become a serial crowdfunder is triggered by PERMA and a sense of trust.

Social implications – The findings highlight the unique nature of crowdfunding as a way to improve quality of life, while also offering an explanation for the success or failure of different crowdfunding projects.

Originality – This is the first study that presents a well-being theory of non-investment crowdfunding contributions. Based on the interviews we suggest a theory linking the motivation for backing current and future projects with PERMA elements, sense of trust, and the nature of adaption to activities with intrinsic attributes.

Keywords: well-being; PERMA; crowdfunding; serial funding; trust.

1. Introduction

The relationship between money and well-being may very well be the holy grail of research about the economics of happiness (e.g., Clark *et al.*, 2018; Rojas, 2019; Sherman *et al.*, 2020), which has attracted considerable attention from researchers across social sciences (Boyce *et al.*, 2017). While prominent 20th century economists

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3 considered real income to be equivalent to human welfare (e.g., Becker, 1964; Pigou,
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5 1932), more recent studies on the economics of happiness argue that this association is
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7 not as linear or obvious as previously assumed, particularly once basic needs are met
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10 (Clark *et al.*, 2018).

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12 One of the reasons for these different results may be the shift from material
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14 well-being to subjective well-being, which also includes cognitive and emotional
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16 aspects (e.g., Diener *et al.*, 2017; Frey and Stutzer, 2002; Layard, 2005). Seligman
17
18 (2011) presented a theory, arguing that an individual's well-being is composed of five
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20 elements: Positive emotions, Engagement, Relationships, Meaning and
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22 Accomplishment (PERMA). The current study investigates the linkage between
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24 Seligman's theory and a relatively new way of spending one's money – crowdfunding.
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29 Crowdfunding has recently emerged as a novel way for funding projects, an
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31 alternative to venture capital or other traditional fund raising methods (Belleflamme,
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33 Lambert and Schwienbacher, 2014; Mollick, 2014). The amounts invested via
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35 crowdfunding worldwide grew dramatically over the last decade: in 2012, 2.7\$ billion
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37 were raised through crowdfunding; in 2015, over \$34 billion were raised, using more
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39 than 400 active platforms (Hildebrand, Puri and Rocholl, 2016); by 2025, this sum is
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41 expected to exceed 300\$ billion (Crowdsourcing.org, 2015). The quickly growing
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43 economic phenomenon begs the question: Why is it so popular? One explanation may
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45 be the linkage between crowdfunding and PERMA components, which is the focus of
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47 the current paper.
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51 Crowdfunding is a new phenomenon, and the nascent literature in this field
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53 focusses mainly on the motivations of the actors and the factors contributing to the
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55 projects' success and failure (Shneor and Munim, 2019; Shneor and Vik, 2020; Short
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57 *et al.*, 2017). Some of these studies highlight the pivotal rule of trust (Kang *et al.*, 2016;
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3 Chen et al., 2019; Liang et al., 2019; Bukhari et al., 2019; Efrat et al., 2019B), whereas
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5 other studies address backer's perspectives and psychology (Shneor and Munim, 2019;
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7 Short et al., 2017).
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10 Various studies identified associations between crowdfunding and specific
11 components of PERMA. It was found, for instance, that people spend money because
12 of their egoistic motivation to pursue specific feelings, such as personal satisfaction
13 (Positive feelings) derived through acts of philanthropy and altruism (Agrawal, Catalini
14 and Goldfarb, 2014; Cecere, Le Guel and Rochelandet, 2017; Chan *et al.*, 2019; Zhang
15 and Chen, 2019). The social interactions (Relationships) generated with founders and
16 with other community members were also found to affect participation in crowdfunding
17 projects (Butticè, Colombo and Wright, 2017; Efrat *et al.*, 2019B; Gerber and Hui,
18 2013), as so was the backer's sense of Engagement (Efrat et al., 2019A; Marchegiani,
19 2018). The element of Meaning is derived through the backer's need to feel personally
20 fulfilled (Chen et al., 2019; Zhang, and Chen, 2019) by supporting, for example, social
21 causes (Bagheri *et al.*, 2019; Berns *et al.*, 2020; Dai and Zhang, 2019).
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38 Yet, there is a gap in literature regarding the theoretical linkage between individual
39 well-being and crowdfunding. An inquiry in this direction would seek to promote our
40 understanding concerning the decision to spend money on crowdfunding projects. A
41 theory focusing on the linkage between baking experience and PERMA elements may
42 shed new light on backers' tendency to become serial funders. Literature addresses the
43 notion of serial crowdfunding involvement from the entrepreneurs' perspective – i.e.,
44 entrepreneurs who repeatedly turn to crowdfunding to finance their projects (Butticè et
45 al., 2017;2018; Lee and Chiravuri, 2019; Yang and Hahn, 2016; Skirnevskiy et al.,
46 2017), whereas this paper addresses it from the backer's perspective. Backers' tendency
47 to repeatedly spend money on crowdfunding campaigns, we hypothesize, is expected
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3 to get stronger when all PERMA elements, including a sense of Accomplishment, are
4 addressed. The current study uses the methodology of structured interviews with 22
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7 crowdfunding backers, in order to establish a well-being theory of non-investment
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10 crowdfunding contributions.

11 12 13 14 15 *1.1 Literature review*

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17 *1.1.1. Crowdfunding: definition and role:* Crowdfunding emerged from the overlap
18 between micro-financing and crowdsourcing (Berns *et al.*, 2018), and soon captured
19 attention as a unique way for business fund raising (Mollick, 2014; Stevenson *et al.*,
20 2019; Xie *et al.*, 2019). Mollick (2014) defines crowdfunding as “efforts by
21 entrepreneurial individuals and groups – cultural, social, and for-profit – to fund their
22 ventures by drawing on relatively small contributions from a relatively large number of
23 individuals, using the Internet, without standard financial intermediaries” (p. 2).
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33 Crowdfunding enables entrepreneurs to target a broad spectrum of potential
34 supporters, whether they need modest funding for small, one-time projects or a large
35 amount of capital for the launch of a high-growth start-up (Schwienbacher and Larralde,
36 2010). Moreover, crowdfunding allows entrepreneurs to secure demand for their future
37 products (Brown *et al.*, 2017), draw public attention to new ventures (Gamble *et al.*,
38 2017), reduce their financial risk and access a global target audience (Berns *et al.*, 2020;
39 Mollick, 2014), beyond the immediate benefit of overcoming funding gaps in the early
40 stages of their entrepreneurial venturing (Moritz and Block, 2015; Van Wingerden and
41 Ryan, 2011). Mollick and Robb (2016) suggest that crowdfunding democratizes
42 innovation and financing, as easy access via the internet offers increasingly speedy and
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scalable opportunities for early-stage financing (Berns *et al.*, 2020, p. 171).

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3 While the crowdfunding phenomenon is growing exponentially worldwide,
4 research on crowdfunding is limited, and little is known about its dynamics (Efrat,
5 Gilboa and Sherman, 2019A, B; Short *et al.*, 2017; Shneor and Munim, 2019; Shneor,
6 and Vik, 2020). We do know that despite the growing popularity of crowdfunding, more
7 than 50% of the projects fail to reach their funding goals (Herrero *et al.*, 2020; Zhao *et*
8 *al.*, 2017), and that supporters' tendency to participate, as well as the level of their
9 financial support, are normally reduced after their first participation (Bagheri *et al.*,
10 2019).

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12 Crowdfunding platforms offer four paths of supporters' participation: equity,
13 debt, rewards or donations (Mollick, 2014). The current study focuses on reward-based
14 crowdfunding, in which entrepreneurs offer rewards or future products in return for
15 financial contribution; and donation-based crowdfunding, in which participants are
16 requested to donate money for causes. Both types are not financial investments per-se,
17 and literature shows that supporters' choices to engage in both models involves
18 emotional aspects (Allison *et al.*, 2015; Bagheri *et al.*, 2019; Davis *et al.*, 2017; Herrero
19 *et al.*, 2020). Zhang and Chen (2019) report that backers' egoistic motivation, i.e., their
20 search for internal satisfaction, has a stronger effect when making a funding decision
21 compared to other orientation, such as the backer's altruistic motivation to help others.

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23 Scholars identify two types of motivations for supporting crowdfunding
24 projects – extrinsic and intrinsic (e.g. André *et al.*, 2017; Bagheri *et al.*, 2019;
25 Bretschneider and Leimeister, 2017; Efrat *et al.*, 2019B; Herrero *et al.*, 2020; Zhang
26 and Chen, 2019). While extrinsic motivation encourages people to pay money in
27 anticipation for external or tangible outcomes, intrinsic motivation leads people to
28 donate money for non-pecuniary rewards, which reflects the pursuit of certain internal
29 feelings (Zhang and Chen, 2019). In this manner, literature confirms the potential of
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3 small amounts of money spent on the funding of various projects in improving one's
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5 personal well-being.
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10 *1.1.2. Subjective well-being:* It is agreed that “the term ‘subjective well-being’ refers to
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12 people’s evaluations of their life. These evaluations include both cognitive judgments
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14 of life satisfaction and affective evaluations of moods and emotions” (Diener and
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16 Lucas, 1999, p.213). Previous studies have confirmed the correlations and effects of
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18 subjective well-being on major life domains such as health, longevity, income, labour
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20 productivity, and social behaviours (e.g., De Neve et al., 2013; Diener & Tay, 2017;
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22 Lyubomirsky et al., 2005). Following these findings, it would be reasonable to
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24 investigate the nature of the linkage between people’s subjective measure of quality of
25
26 life and their tendency to support crowdfunding projects. We would like to argue that
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28 Seligman’s theory fits this purpose more than an analysis of separate components of
29
30 subjective well-being. Seligman’s theory consists of specific elements, which represent
31
32 the affective component of subjective well-being (positive feelings), alongside other
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34 elements, such as relationships, which was found to be associated with both the
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36 cognitive component of subjective well-being and the motivations to support
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38 crowdfunding projects. Hence, this theory offers a more comprehensive, inclusive view
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40 of life satisfaction and life quality.
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49 *1.1.3 Crowdfunding and Seligman’s PERMA theory:* According to Seligman (2011), a
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51 person’s overall quality of life is affected by a combination of a number of elements,
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53 abbreviated as PERMA:
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56 (1) Positive emotions – an element that captures happiness as a hedonic
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58 experience, describes the pleasant life and is measured subjectively. The association
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3 between positive emotions and crowdfunding was detected by previous studies:
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5 Bretschneider and Leimeister (2017) found that people decide to pledge money to
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7 crowdfunding projects because they “have fun”, while Cecere et al. (2017) pointed out
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9 the positive emotions experienced through acts of philanthropy and altruism.
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11 Rodriguez-Ricardo et al. (2018) suggested that attitudes toward helping others is a
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13 social determinant of participation.
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17 (2) Engagement – engagement helps people to be absorbed in the present
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19 moment through tasks or activities. Like positive emotions, it is only measured
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21 subjectively. However, according to Seligman (2011), while the subjective state for the
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23 first element of well-being is in the present, the subjective state for engagement is
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25 captured only in retrospective. The association between engagement and crowdfunding
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27 was also suggested by recent studies: Marchegiani (2018) suggested that crowdfunding
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29 is a phenomenon that stems from collective engagement, and in a recent study, Efrat et
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31 al. (2019A) showed that supporters’ engagement with a project and its creator are
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33 positively associated with the project’s odds for success.
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38 (3) Relationships – positive relationships are a crucial element of well-being:
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40 ‘Other people are the best antidote to the downs of life and the single most reliable up’
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42 (Seligman, 2011, p. 20). Diener and Biswas-Diener (2008) argue that human
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44 relationships contribute to the feeling of happiness more than any other factor. Polanyi
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46 (1944), expressed the centrality of social relationships in the human economy: “The
47
48 outstanding discovery of recent historical and anthropological research is that man’s
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50 economy, as a rule, is submerged in his social relationship” (p. 46). In a recent study,
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52 André *et al.* (2017) argued that crowdfunding can “be considered as more than a pure
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54 economic phenomenon that involves hybridity of transactions and gifts with a plurality
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56 of logics” (p. 324). Indeed, social relations were found to be a key motivation for the
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3 decision to back a crowdfunding project (Bretschneider and Leimeister, 2017;
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5 Rodriguez-Ricardo et al., 2018).
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8 (4) Meaning – belonging to and serving something bigger than the self – is the
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10 difference between simple happiness and *eudaimonia*, which is living well or realizing
11
12 one’s human potential (Deci and Ryan, 2008). According to Seligman (2011), meaning
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14 is not solely a subjective state, since the objective judgment of history, logic, and
15
16 coherence can contradict a subjective judgment. Social identity and social
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18 responsibility, which can be interpreted as related to meaning, were also found to
19
20 motivate participation in crowdfunding projects (Berns et al., 2020; Kromidha and
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22 Robson, 2016). In another study, it was found that personal norms – a source for
23
24 meaning in life – are positively related to money donations (Chen et al., 2019).
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29 (5) Accomplishment – while accomplishments are often pursued for their own
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31 sake, Seligman (2011) adds this element to his theory, arguing that the task of positive
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33 psychology is to describe, rather than prescribe, how people actually behave in order to
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35 live a fulfilled life. Thus, he argues, people’s sense of accomplishment contributes to
36
37 their well-being, even if they are not aware of this effect. While we already know that
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39 entrepreneurs get a sense of accomplishment from achieving their funding goal and
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41 realizing their project, there are still no studies about the sense of accomplishment
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43 among supporters and backers who are emotionally and financially invested in the
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45 project.
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50 As can be seen in this review, literature does recognize the non-pecuniary
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52 elements and rewards associated with economic activity in general, and particularly
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54 with crowdfunding. But, to the best of our knowledge, a coherent theory that explains
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56 the impact of PERMA elements on the tendency to become a serial supporter of
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58 crowdfunding projects is still amiss.
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2. Method

2.1. Sample characteristics

The sample included 22 participants who were divided into two groups of crowdfunding supporters: 12 supporters of reward-based projects (6 female and 6 male), and 10 supporters of donation-based projects (7 female and 3 male). The interviewees' ages ranged between 25 and 73 years, with an average of 35.6. The majority (86%) had an academic education, and a medium level of income (see Table 1). The participants supported various projects from different categories represented in crowdfunding activities, such as technology, arts, products for children and animal support (see Table 2).

<< Table 1 >>

<< Table 2 >>

2.2. Sampling and procedure

The participants were all Israeli crowdfunding supporters. They were recruited through a Facebook post published on December 2017, inviting people who participated in crowdfunding to take part in the research and be interviewed on the topic. The list of potential interviewees was constructed to include a variety of project categories and representatives of reward-based and donation-based projects. Since some of the questions required the interviewees to recall their crowdfunding experience, we sought out participants who supported recently launched projects. All the projects took place in two leading crowdfunding platforms in Israel: **Headstart** and **Indiegogo** (Israel).

A team of five research assistants from a pool of third-year Business Administration program was trained to conduct the interviews. We ensured the research assistants had the required knowledge and research skills to perform their roles, to

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3 establish credibility. We ensured that every interviewer understood and rehearsed the
4 interviewing process before beginning the formal study. Additionally, we asked the
5 research assistants to send all their notes to the research office for analysis and storage
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10 (Lincoln and Guba, 1986).

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13 The research assistants contacted potential interviewees who responded to the
14 invitation post, and presented the study. Respondents who agreed to participate in the
15 study were invited for an interview. Each interview lasted between 20 and 40 minutes
16 and was conducted face-to-face. The interviews were recorded and transcribed
17 verbatim. After 22 interviews, we achieved data saturation, with no additional new
18 ideas or shared themes emerging (Francis, 2010). Quantifying operational and
19 theoretical data saturation allows transferability to other contexts and settings (Forero
20 et al., 2018).

21 22 23 24 25 26 27 28 29 30 31 32 *2.3. Interview protocol*

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34 In the current study, we used structured interviews to explain, better understand, and
35 explore the unique nature of crowdfunding and its association with PERMA elements.
36 The interview questions were open-ended, allowing the researchers to collect in-depth
37 information about respondents' opinions, behaviors, and experiences.

38
39 The interviews addressed views concerning the crowdfunding project in which
40 the interviewees participated, the process of project selection, the nature of project
41 activity and general insights related to crowdfunding, including their willingness to
42 participate in future projects. The structured interviews, focused on the accuracy of
43 different responses, due to which organized data were collected. To establish
44 credibility, the interview protocol was tested by using the first two interviewees as a
45 pilot (Lincoln and Guba, 1986). Following the pilot, the interview structure was altered,
46 generating reliable results (Campion, Campion, & Hudson, 1994).

2.4. Data analysis

Data analysis was conducted using a deductive approach. We started with a predefined set of codes (for example: engagement, trust, positive emotions), then assigned those codes to the new qualitative data. The deductive approach helped guarantee that our areas of interest are coded, while still ensuring that we would not miss other important themes (e.g. frauds and scams as detailed below). All codes covered several responses, contrasted one another, and represented a balance between too much and too little information. Thus, after developing the propositions based on Seligman's PERMA model, data were collected and analyzed to assess whether or not the propositions were supported.

A three-stage content analysis was conducted, based on within-case and cross-case displays (Miles and Huberman, 1994). In the first stage, a within-case analysis was conducted to evaluate the transcripts and identify first-level codes. The behavioral and perception patterns were examined in the second stage through cross-case analysis (Halinen and Törnroos, 2005). At this stage, a content analysis based on the coded transcripts was conducted with a focus on the groups of participants (divided by type of project) to identify shared categories. In the third stage, shared categories were identified and linked to the different PERMA elements. During the second and third stages, transcripts were sometimes consulted to validate an emerging pattern (Jennings *et al.*, 2015; Mathias, Williams and Smith, 2015). Coded transcripts were also consulted to substantiate insights that emerged during the third stage.

To avoid an inconsistent application of content analysis and ensure confirmability, the researchers maintained an ongoing reflexive dialogue between them (Braun and Clarke, 2006) through weekly meetings (Forero *et al.*, 2018). We also measured coding accuracy and inter-coders' reliability of the research team and

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3 established an audit trail to ensure dependability. To generate a conceptual framework,
4 further analysis was carried out. We applied several triangulation techniques
5 (methodological, data source, investigators and theoretical) to ensure confirmability
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8 (Forero et al., 2018).
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11 12 13 **3. Results**

14 Interview data in this study were organized into several thematic categories, which
15 emerged from the content analysis of the participants' narratives. Participants were
16 asked to express their opinion about their experience during and after crowdfunding
17 and discuss their feelings and thoughts. They presented a variety of positions and views,
18 which were then grouped into categories according to the PERMA elements, with a
19 distinction between rewards-based and donation-based supporters.
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30 *3.1. PERMA and reward and donation-based backing experience*

31 The summary of the results is presented in Table 3.

32 << Table 3 >>

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36 Table 3 demonstrates that both reward and donation-based crowdfunding were found
37 to be associated with all five elements of psychological well-being. Almost all
38 interviewees reported that the experience of supporting a crowdfunding project was
39 associated with feelings of happiness. The acts of “doing good” and “helping others”
40 (Liu and Aaker, 2008) generate **Positive** emotions. Hence, we suggest as follows:
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48 **Proposition 1:** Fulfilment of the **P** dimension of well-being will increase the
49 likelihood of both reward and donation contribution.
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52 Regarding the second element, **Engagement**, almost all interviewees reported
53 that spending small amounts of money on projects triggered their engagement in the
54 project and its success. We identified three themes related to engagement throughout
55 the interviews: (1) **Faith in the creator's abilities**. A 70 years old female said: “It's
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3 *the second time I supported her. She did not reach the target the first time; therefore,*
4 *I increased the sum I have donated. It is really important for me to be engaged for her*
5 *success”.* (2) **Faith in the project.** A 37 years old male who was involved in reward
6 crowdfunding testified: *“I’m happy to be engaged in a project supporting Jewish*
7 *tradition. The promise to receive the product did not affect my decision. Jewish*
8 *tradition is very important for me”.* (3) **Supporting entrepreneurship,** which was
9 found only among the reward crowdfunding supporters. It was expressed, for example,
10 by a 41-year-old male who said: *“Crowdfunding is a specific way of supporting things*
11 *that interest me and that wouldn’t have happened otherwise”.* Therefore:
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24 **Proposition 2:** Fulfilment of the **E** dimension of well-being will increase the
25 likelihood of both reward and donation contribution.
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28 Sixteen respondents testified that social **Relationship**, the third element of
29 PERMA, is associated with backing experience. We identified two categories. The
30 first is being **part of a community**: A 26-year-old male who said: *“crowdfunding is a*
31 *helpful platform for creating a community of music fans. It helps me connect to other*
32 *people who love the music”*; and a 42-years-old female said: *“the creator created this*
33 *awesome community. I’m proud taking part as a supporter”.* The second category is
34 **relationship with the creator**. A 35-years-old male said: *“the feedback I received*
35 *from the creator warmed my heart. We became friends on Facebook”*; and a 73-years-
36 old female said: *“I went to the book launch. I mentally connected to the author. I love*
37 *her so much. We are Facebook friends. She is amazing”.* Therefore:
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52 **Proposition 3:** Fulfilment of the **R** dimension of well-being will increase the
53 likelihood of both reward and donation contribution.
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56 While literature shows that pecuniary resources and material consumption are
57 not among the key determinants of meaningful life (Deci and Ryan, 2008), the results
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of the current study suggest that spending money on crowdfunding is a potential entry ticket to **Meaning in life**. Two themes were identified: The first was **shared values**. A 37-year-old male said: *“Crowdfunding is the way to actualize the ideals I believe in”*. A 42-year-old female talked about shared values and said: *“Yes, a social project gives me meaning. Actually, we, not only the shareholders, have the power to change our lives for good”*.

The second theme was **being part of meaningful activity**, as expressed by many participants. For example: a 43-year-old female who supported a vegan chocolate product summarized: *“Supporting the project increased my sense of meaning in life. Veganism is the solution to global warming.”* Therefore:

Proposition 4: Fulfilment of the **M** dimension of well-being will increase the likelihood of both reward and donation contribution.

The fifth element is **Accomplishment**. People take pride in something they have done or accomplished, and these accomplishments strengthen self-esteem and confidence. Almost all respondents reported that crowdfunding experience was associated with the sense of accomplishment. Two related themes were identified: A feeling of being an **active part in a project’s success**. A 27-year-old male said: *“It was nice to support the project. The 50 ILS I paid is a very small amount of money, compared to the total sum they successfully collected”*. As can be seen, even 14\$ (50ILS) are enough to attain this sense of accomplishment. The second theme was **active recruiting**, which was found only among reward crowdfunding participants: *“I liked the project, therefore I shared it on Facebook, and asked other people to support it”* (a 36-year-old male); *“When the project launched, I shared it with my friends and asked them to support it”* (a 42-year-old female).

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3 The results suggest that being actively involved in the project's success was
4 associated with a sense of accomplishment for the participants. They played a crucial
5 part in reaching the funding target and the goals, beyond the material reward. Taking
6 an active part in recruiting additional participants goes far beyond spending money.
7 Various markets offer various opportunities for acquiring material goods; however,
8 reward-based crowdfunding also offers a sense of accomplishment and achievement, in
9 addition to the material reward. Therefore:

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12 **Proposition 5:** Fulfilment of the A dimension of well-being will increase the
13 likelihood of both reward and donation contribution.
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17 As seen in Table 3, when examining all 22 interviews, we found that more than
18 half of the interviews included all five PERMA elements, no interview included less
19 than three elements, and no element was less common than others. When comparing
20 donation-based and reward-based crowdfunding, we found that all five elements were
21 similarly associated with both, but some of the differences that were found among
22 donation-based participants were absent among reward-based ones. We could not
23 identify any differences between men and women or between young and old supporters.
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42 *3.2. PERMA and serial crowdfunding*

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44 Among the questions included in the interviews, we asked the participants whether they
45 would consider participating in future campaigns. It was very clear that all participants
46 were positive about further participation in such campaigns. Yet, when compared based
47 on the number of PERMA elements in their interviews, we found some differences
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56 Participants who mentioned only three or four elements in their interviews
57 tended to report that the willingness to spend more money on future campaigns would
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3 be related to the sense of trust in the reliability of the platform , as described by a 39-
4 year-old female: “*Headstart is a secured site, which guarantees no risk for me and*
5 *other users when contributing*”; and trust in the project or in the entrepreneur to whom
6 they contributed: “... *someone who has worked with me in the past ... She wrote a book*
7 *about herself and her child's challenges ... I know her child, he is a lovely boy*” (39-
8 year-old female); or: “*I knew the entrepreneur ... she is a lovely woman I love her...*”
9 (73-year-old female). Among participants who mentioned all five elements, the
10 willingness to participate in future funding was described as related to an interest in the
11 future project, belief in its purpose, and financial ability to contribute. Therefore:
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24 **Proposition 6:** Trust moderates the effect of PERMA considerations on the
25 willingness to contribute in future projects.
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28 Beyond the PERMA elements, another thematic content was raised by almost
29 all participants: the “dark” side of crowdfunding – **frauds and scams**. Participants did
30 mention that Facebook is an open platform, which enables cheating and lying about
31 people’s needs or challenges, sometimes taking advantage of the backer’s kindness and
32 faith. However, all participants in our sample had a good experience with the
33 crowdfunding project in which they participated, and they did not come across a
34 cheating experience.
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44 Following the findings, we argue that the willingness of supporters to be
45 engaged in more crowdfunding campaigns, i.e., to become serial crowdfunders, is
46 positively influenced by the combination of PERMA elements with feelings of trust in
47 the platform and in the entrepreneur asking for money.
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56 *4. A theory on PERMA and serial crowdfunding*

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3 All six propositions constitute a theory of non-investment crowdfunding contributions,
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5 as follows: Backers' motivation to support campaigns is intrinsic – they pledge money
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7 because it enables them to improve their well-being by being part of a crowdfunders'
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9 community. The strength of this community is affected by the quality of trust
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11 established between the backer, the entrepreneur, and the platform. Once trust is
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13 established, people wish to be part of meaningful action; therefore, they are willing to
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15 support projects together with those who believe in the same values as them. Each
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17 member of this community is willing to be engaged and contribute to the success of the
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19 project, because this engagement strengthens the bonds among community members
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21 and improves the project's prospects. Social relationships improve the productivity of
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23 hedonic capital (Sherman et al., 2019) which is a source of positive feelings and
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25 ultimately for a sense of accomplishment.
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31 Entrepreneurs know that selfishness causes unhappiness (Lane, 2017). Therefore,
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33 they offer people an opportunity for happiness, meaning, engagement and relationships
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35 through the experience of supporting a project. A functioning community promotes the
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37 sense of accomplishment in the current project and increases the willingness to be
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39 engaged in more projects in the future. People tend to be less adapted¹ to activities with
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41 intrinsic attributes, “because the (positive) experience tends to be renewed with every
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43 new act of consumption” (Frey and Stutzer, 2014, p. 941), therefore they strive to renew
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45 the opportunities for fulfilling life by turning into serial crowdfunders.
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50 51 **5. Concluding remarks**

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54 The current paper offers a novel insight into the association between money, well-being
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59 ¹ Fredrick and Loewenstein (1999) defined adaptation as “a reduction in the affective intensity of
60 favorable and unfavorable circumstances” (p. 303).

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3 and crowdfunding. A qualitative analysis of interviews with 22 supporters in reward-
4 based and donation-based crowdfunding projects suggest that the growing popularity
5 of crowdfunding can be explained by a theory linking the backing experience with
6 Seligman's (2011) PERMA elements of well-being. The decision to support
7 crowdfunding, according the proposed theory, is motivated by the desire to feel Positive
8 emotions through acts of helping others, as well as emotional attachment to the project
9 and its creator; it is motivated by a sense of Engagement through the faith and support
10 of the creators and their projects, as well as through the support of entrepreneurship in
11 general; it is motivated by human desire to be involved in social Relationship with other
12 humans, which is offered through the relationships with the projects' creators and with
13 other members of the "crowdfunding community"; supporting crowdfunding projects
14 is also motivated by a sense of Meaning through the promotion of shared values and
15 the active involvement of the supporters in projects that enable them helping other
16 people; and finally, it is motivated by a sense of Accomplishment when participants
17 actively promote and support the project until achieving the funding goal.

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19 Our theory also addressed the notion of serial crowdfunders. To the best of our
20 knowledge, the inquiry regarding the motivations of serial funders is novel, since
21 literature addressed this phenomenon only from the entrepreneurs' perspective. The
22 theory suggests that this tendency to become a serial backer is triggered by PERMA
23 elements, combined with sense of trust and the nature of adaptation. The desire to
24 experience engagement, meaning, accomplishment and happiness once again, through
25 spending money on another crowdfunding projects, is a function of trust and partial
26 adaptation to activities with intrinsic attributes.

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28 The proposed theory resembles other theories that aim to explain the motivation
29 behind people's decision to pledge money – the *Motivation Theory* (e.g., Zhang and
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3 Chen, 2019) and *Planned Behaviour Theory* (e.g., Shneor and Munim, 2019). In a
4 similar manner to these two theories, we argue that people's decision to spend money
5 on crowdfunding is influenced by mental processing of the desire to pursue certain
6 internal feelings (intrinsic motivation) and pre-consideration of external factors (e.g.,
7 risks involved in spending money). The non-pecuniary motivation derived from a
8 helping behaviour (helping sick children or saving pets), from the desire to improve
9 social relationships (being part of community), and from prompting shared social
10 norms, is a linkage between the ultimate purpose of human existence – happiness, well-
11 being or *eudemonia* (McMahon, 2006) – and other theories, which embody cognitive
12 perspective in order to explain why people chose to spend money on crowdfunding.
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26 However, we argue that our theory is comprehensive enough to include other
27 theories as branches. According to the Greatest Happiness principle, ultimately,
28 people's feelings are the most important (Layard, 2005). Therefore, the human desire
29 to be happy and live the *good life* is the basic explanation of human behavior. People
30 choose to spend money on crowdfunding because it enables them to improve their
31 quality of life by feeling positive feelings, become active recruiters and consequently
32 be engaged in the project and interact with other “consumers” who share common
33 values on the voyage towards a meaningful life. At the end of one successful voyage,
34 people seek to renew all PERMA elements by choosing to support future projects.
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47 The potential of crowdfunding as beneficial for both entrepreneurs and
48 supporters may assist in promoting the global expansion of crowdfunding. Following
49 our theory, platforms and fundraisers should be encouraged to actively enhance
50 PERMA elements among their supporters using relevant design and communication
51 throughout the campaign, stressing positive messages, engagement, relations, as well
52 as the sense of meaning and accomplishment.
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3 While most of the participants in our study reported that all five PERMA
4 elements were obtained through crowdfunding, more research is required in order to
5 better understand the relationship of each element with the crowdfunding experience.
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7 A future quantitative study might inquire whether self-reported evaluation of life,
8 meaning and purpose in life are positively associated with the experience of supporting
9 crowdfunding projects, and how these linkages are affected by different aspects of trust,
10 i.e., trust in platform and in the creator. Although the participants in our sample
11 expressed their willingness to keep on backing additional projects, this willingness must
12 be further researched, as there might be a gap between intentions and actual behavior.
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14 It should also be noted that our sample was based on a Facebook post calling
15 crowdfunders to join the study, and hence, there might be a selection bias in our sample,
16 as only the most enthusiastic contributors responded to the call. A future study may
17 approach the entire population of contributors to a specific project or a number of
18 projects, offering a more comprehensive picture.
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Table 1: Sample of Interviewees – 22 interviewees

	Age	Gender	Education	Income	Path of crowdfunding	No. of PERMA elements in the interviews
P (1)	70	Female	Academic	Medium	Reward	4 elements
P (2)	45	Male	Academic	High	Reward	3 elements
P (3)	37	Male	High school	High	Reward	5 elements
P (4)	38	Male	Academic	High	Reward	5 elements
P (5)	33	Female	Academic	Medium	Reward	5 elements
P (6)	34	Male	Academic	Medium	Reward	5 elements
P (7)	36	Male	Academic	Medium	Reward	3 elements
P (8)	73	Female	Academic	Medium	Reward	5 elements
P (9)	39	Female	Academic	Medium	Reward	4 elements
P (10)	26	Male	High school	Low	Reward	4 elements

P (11)	27	Male	High school	Medium	Reward	3 elements
P (12)	43	Female	Academic	High	Reward	5 elements
P (13)	26	Female	Academic	Medium	Donation	5 elements
P (14)	26	Female	Academic	Low	Donation	5 elements
P (15)	25	Female	Academic	Low	Donation	5 elements
P (16)	27	Male	Academic	High	Donation	4 elements
P (17)	26	Female	Academic	Low	Donation	5 elements
P (18)	27	Male	Academic	Low	Donation	5 elements
P (19)	27	Female	Academic	Medium	Donation	5 elements
P (20)	39	Female	Academic	Medium	Donation	4 elements
P (21)	29	Female	Academic	Medium	Donation	5 elements
P (22)	43	Female	Academic	Medium	Donation	4 elements
	Average 35.6	Male 41%	Academic Education 86%	Medium 55%	Rewards 55%	

Table 2: Types of projects supported by interviewees

Types of projects	Supporters: rewards	Supporters: donations
Political agenda	Labor rights	Education for low income children Employment for people with physical disabilities Car parking solutions
Arts	2 Children's books 3 music albums Memoir book History book Vegan cookbook	Promoting a book
Children & youth	A therapy book for children with glasses	2 projects helping sick children

Technology & gadgets	Wireless sound system
New business	Vegan milk chocolate
Animals	4 projects for helping dogs and cats

Table 3: PERMA and Reward and Donation Crowdfunding

Elements and no. of interviews in which they appeared	12 Reward crowdfunding interviews	10 Donation crowdfunding interviews
PERMA*	6	7
PE_MA	1	3
PER_A	1	0
P_RMA	1	0
PE_M_	1	
_ER_A	1	
PE_ _A	1	
Positive Emotions Appeared in 11/12 of reward interviews Appeared in 10/10 of donation interviews	-Helping others -Emotional attachment -Supporting beloved creators	-Helping others
Engagement Appeared in 11/12 of reward interviews Appeared in 10/10 of donation interviews	-Belief in the creator -Belief in the project -Supporting entrepreneurship	-Belief in the project
Relationship Appeared in 9/12 of reward interviews Appeared in 7/10 of donation interviews	-Part of a community -Relationship with a creator	-Relationship with a creator
Meaning Appeared in 9/12 of reward interviews Appeared in 10/10 of donation interviews	-Shared values -Being part of meaningful activity	-Shared values -Being part of meaningful activity

Accomplishment Appeared in 11/12 of reword interviews Appeared in 10/10 of donation interviews	-Active part in a project's success -Active recruiting	-Active part in a project's success
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Note: * 13 interviews included all five PERMA elements, while six interviews included four elements and three interviews included three elements. No interview included less than three elements