

THE IMPACT OF SOCIAL MEDIA IN FUNDING INTENTION TOWARD CROWDFUNDING PROJECT

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Abstract

Crowdfunding refers to a method of raising money from a large number of people where each individual provides a small money for a specific project through crowdfunding platform. To make crowd pledge and sustain the project, it is important to promote and publicize the project on a large scale over the social media. Hence, this study explores social media as a tool to promote, publicize and fund for sustainability of the crowdfunding project. In order to examine the impact of social media on the success project, this study will focus on the project owner's activities and connectivity with selected social media. A proposed framework based on the sharing project campaign and social media connectivity is designed to predict the success outcome of a project campaign.

Keywords: Sustainability, crowdfunding project, crowdfunding platform.

INTRODUCTION

Crowdfunding (CF) is a method of raising fund from crowd through small contributions for a specific project by using the Internet. Three important parties in crowdfunding: The platform, project owner and crowd (figure 1). CF platform takes an intermediary role between the project founder and crowd. These platforms use existing web-based payment systems to enable the exchange resources between project owner and funders (Kaur and Gera, 2017). The payment gateway Meanwhile project owner refers to a person that post a project on a crowdfunding platform to raise a fund (Reddy and Tan, 2017). Project owner has an opportunity to share their project by providing the video and copy writing in order to tell people about the project to raise awareness among crowd. Finally, the crowd is a large number of people that using the Internet. About CF platform, project owner can use social media and video sharing to raise awareness about their project (Nazarie and Williams (2021).

More than that, project owner can ask for their crowd to pledge or fund their project via social media.



Figure 1: The parties in the CF platform

While various CF platform reported a large number of campaign but project that meet the goal target is still low (Liang et al., 2018). Though many projects have potential to be success but fail for the different reasons, such as lack of proper recognition, publicity, and promotion (Kaur and Gera, 2017). Social promotion refers as the element that encourages people to promote a CF project and spread to the circle of their social networking. Xu et al (2014) argues that project owner that always updates the project during campaign positively impact with funding intention among their crowd in social media.

In order to connect crowd with project campaign is by using the social media. Social media is a very good way to deliver a project campaign to the crowd that involve with interactive participation. Through social media, crowd will look at the more insights into a project campaign, not limited to social networking among project owners. In another word, when people know the project via social media, the number of people will fund to the project campaign.

Prior research has found that project owner that use social media to connect and promote their campaign increase 30 percent of campaign success (Clawson, 2015). The number of links to the different social media sites and shares the visibility and popularity of the project will increase the success rate of the project. Prior research has found that the size of project owner's social networking motivates crowd to fund to the project campaign (Gerber, 2012). Furthermore, CF connects to sustainability due to innovative application of social networking (Goodman and Polycarpou, 2013). However, little studies that examine the impact for social media tools on sustainability-oriented CF projects (Bejarano, 2017).

Therefore, the purpose of this paper is to propose a new conceptual framework with trust model in order to show how experiential context of social media influence people to fund the crowdfunding project.

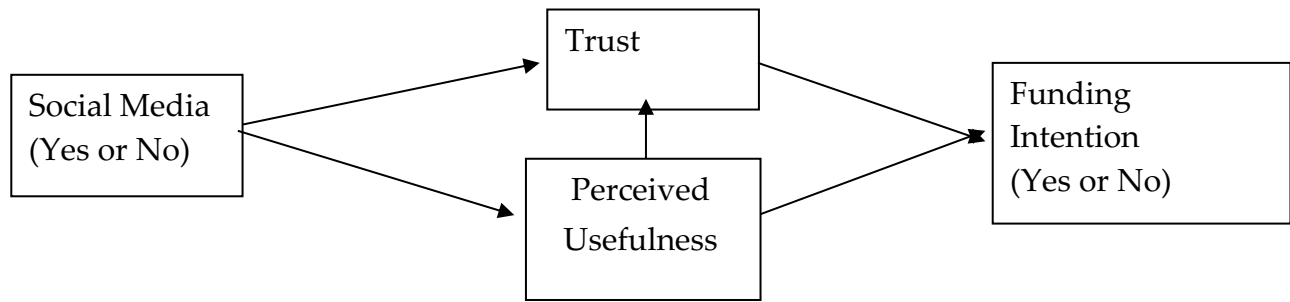


Figure 1.1: Conceptual Framework

The aim of this study is to identify the effect of social media on people perceptions of crowdfunding project by implementing laboratory experiments. This study propose these hypotheses:

H1: Trust of a crowdfunding project is positively associated with funding intention.

H2: Perceived usefulness is positively associated with trust.

H3: Perceived usefulness is positively associated with funding intention.

H4: The level of involvement crowd in social media is positively associated with trust.

H5: The level of involvement crowd in social media is positively associated with perceived usefulness.

METHODOLOGY

This study adopt 2 (social media: Yes or No) x 2 (funding intention: yes or no) between subject experimental design. This study utilized the between-group experiment design. The between-group experiment design is used in separate groups of subjects with different kinds of conditions (manipulation) in the experiment and each subject is tested only once. The experiment will be conducted with a single one-hour session for each subject. Each subject will be asked to complete the experiment individually and then they will be briefed about the consent form. The subject will only be notified that the project campaign had been extracted from an actual project in a CF campaign. Next, the manipulation check will be completed before conducting the actual experiment to prevent bias formed from responding to the dependent variables. Then, the subject will be asked to complete the questionnaire within the time given. Finally, each subject will be given a small gift for their participation.

CONCLUSION

Based on the literature reviews, it can be suggested that the relationship between the effectiveness of using the social media tools among backers and projects creators

impact the project funding outcomes. The independent variable of this study is the funding outcomes which consisting of success and failure outcomes. The dependent variable of this study is social media size and activation. The purposed variables will expect to influence the CF projects outcomes. Since this paper only focus on these two dependent variables and it is suggested for further empirical study must be done to support the proposed conceptual framework.

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