

Signals Affecting Crowdfunding Success for Australian Social Enterprises

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Abstract : Social enterprises have emerged as sustainable organisations that deliver social achievement along with long-term financial advancement. However, recorded financial barriers have urged social enterprises to divert to other financing methods due to the misaligned ideology with traditional financing capitalists, in which crowdfunding can be a promising alternative. Previous studies in crowdfunding have inadequately addressed crowdfunding for social enterprises, with conflicting results due to the unsuitable analysis of signals in isolation rather than in combinations, using the data from platforms that do not support social enterprises. Extending the signalling theory, this study suggests that crowdfunding success results from the collaboration between costly and costless signals. The proposed conceptual framework enlightens the interaction between costly signals as “organisational information”, “social entrepreneur’s credibility,” and “third-party endorsement” and costless signals as various sub-signals under the “campaign preparedness” signal to achieve crowdfunding success. Using Qualitative Comparative Analysis, this study examined 45 crowdfunding campaigns run by Australian social enterprises on StartSomeGood and Chuffed. The analysis found that different combinations of costly and costless signals can lead to crowdfunding success, allowing social enterprises to adopt suitable combinations of signals to their context. Costless signal - campaign preparedness is fundamental for success, though different costless sub-signals under campaign preparedness can interact with different costly signals for the desired outcome. Third-party endorsement signal was found to be the necessary signal for crowdfunding success for Australian social enterprises.

Keywords : crowdfunding, qualitative comparative analysis (QCA), signalling theory, social enterprises

Conference Title : ICSEI 2023 : International Conference on Social Entrepreneurship and Innovation

Conference Location : Sydney, Australia

Conference Dates : May 11-12, 2023