



Crowdfunding for Small Business Expansion : Evaluating the Impact of Community Participation in Resource Mobilization

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Abstract. *Crowdfunding has emerged as an innovative method to support small business expansion, providing an alternative for entrepreneurs to access financial resources. This study aims to evaluate the impact of community participation in resource mobilization through crowdfunding. By analyzing data from various successful crowdfunding campaigns, the study identified the factors that influence the success of fundraising and how community engagement contributes to those outcomes. The findings show that community participation not only increases project trust and credibility, but also creates important emotional and social support for entrepreneurs. In addition, crowdfunding serves as an educational platform that increases public awareness of social and economic issues. This research provides insights for entrepreneurs and policymakers on the importance of community involvement in crowdfunding strategies, as well as broader implications for economic development. Through the evaluation of the impact of community participation, this study highlights the potential of crowdfunding as an effective tool for resource mobilization in the context of small businesses.*

Keywords : *crowdfunding, small business, community partisipation*

1. INTRODUCTION

The limitations of conventional funding have led to increased interest in alternative funding mechanisms. Starting since the 2008 financial crisis, traditional funding sources such as bank loans and venture capital, especially for small and medium-sized enterprises (SMEs), have been scarce (Hoque, 2024), leading to the emergence of a new transformative approach to finance small business development known as crowdfunding. Unlike existing conventional methods, crowdfunding allows entrepreneurs to engage directly with the broader investor community by leveraging collective resources and support from the "community" (Ryu & Kim, 2018; Hariyani, 2019), because this model not only provides access to funding in providing the desired amount of capital, but also allows these businesses to connect with "potential" potential customers, test their ideas by signaling to reveal the company's attributes in the form of comprehensive reports and build a loyal following from the early stages of their business (Permatasari, Ulum, & Arisanti, 2022; Ryu & Kim, 2018; Nitani, Riding, & He, 2019). Through increased interest from many potential contributors, crowdfunding allows entrepreneurs to take advantage of resources and support.

As previously stated, this inclusive approach to funding is very different from traditional funding sources that are often biased, this is because small businesses have their own challenges, namely risks related to innovation and also information asymmetry to their financial statements (Lee & Shin, 2018). Innovations are often owned by only one particular company and cannot be transferred or sold, making it impossible for small businesses to use their innovations as collateral in bank financing (Carpenter & Petersen, 2002). This is then compounded by the fact that many small businesses do not generate revenue in the early years, making it difficult for them to make regular loan payments. This problem results in financing risks to the invested capital where, on the contrary, large companies have the advantage of diversifying their risks by invading various different businesses (Meyers & Majluf, 1984; Arkelof, 1970; Benson & Ziedonis; Therefore, the ability of crowdfunding as an inclusive approach to democratize access to capital and involve the community in the entrepreneurial process has significant potential for small businesses looking to expand their operations.

The rise of crowdfunding can be attributed to the growing enthusiasm around its potential to expand access to financial resources and services, especially for entrepreneurs who have not traditionally been included in the main financing channels. Crowdfunding itself is not a new phenomenon and has funded various projects in the past, Macht and Weatherson (2014) in a journal written revealed that in 1884, Joseph Pulitzer, the publisher of the New York World asked his readers to help fund the construction of the statue of liberty where later each donor would be quoted by the newspaper. The impact of this approach, in addition to the development of the funding obtained, is also found to be the fact that crowdfunding also offers opportunities for the community to be able to provide feedback, evaluate, and provide new ideas for a project that has been or will be developed. This can happen as research conducted by Galton (1907) revealed that people can make the right decisions when appropriate incentives are available, this phenomenon is known as *vox populi* or the wisdom of the crowd (Surowiecki, 2004; Larrick, Morgan, & Nisbet, 2011). This is also in accordance with what Anthony and Bresciani (2022) revealed that mass investors will usually invest the money they have in projects that they believe in or have "profitable" potential. Crowdfunding platforms provide networked digital tools and infrastructure that allow entrepreneurs to reach a wider audience of potential backers, harnessing the power of the audience to mobilize resources for their businesses, but on this platform potential investors may also be willing to be involved in the development and successful expansion of small businesses (Eitneyer et al, 2019; Oliva et al., 2019; Di Pietro et al., 2018; Paschen, 2017), because they seek to profit from the contributions that have been spent.

On the one hand, as a new and growing phenomenon, crowdfunding has not been fully understood by the general public or even by those who actively participate in it. However, the question is whether community participation in evaluation and resource mobilization can always be considered effective, considering that every innovation developed in a small business requires special expertise or competencies that not everyone necessarily has. This is because community participation is a crucial aspect of the fundraising process, in shaping the dynamics of resource mobilization for small business expansion. Where crowdfunding platforms provide a digital infrastructure that facilitates the mobilization of resources from diverse support communities, so they can be motivated by various factors, including financial gain, awards, or the desire to support a specific cause or venture. Therefore, the active involvement of the community, through sharing, support, and contribution to business development, can be the main determinant of the success of its expansion (Beaulieu et al., 2015; Ryu & Kim, 2018; Fleming & Sorenson, 2016).

However, research conducted by Kgoroedira et al. (2019) on the other hand reveals that the impact of crowdfunding does not always result in complex development. The results of this study reveal that equity crowdfunding, for example, usually involves selling shares of a business to a number of investors, which has similarities with venture capital so that it can be considered a public that provides capital only hoping for profits without taking into account the process (Hornuf & Schwienbacher, 2018). Or other research that reveals that people may be interested in crowdfunding in the hope of receiving non-financial rewards in return or contributions they have (Cox & Nguyen, 2018). Therefore, a more comprehensive understanding is needed to fully understand the implications of crowdfunding for business development in small businesses, which can be a consideration for entrepreneurs to examine the underlying ecosystem and the various stakeholders involved (Fleming & Sorenson, 2016). So that later knowledge will be gained about how community participation shapes the process of resource mobilization for small business expansion.

2. LITERATURE REVIEW

Business expansion in small businesses is a complex and challenging process. Where this requires sufficient resources, including capital, human resources, and technology. In recent years crowdfunding has emerged as an alternative source of stale financing for small businesses, allowing them to raise capital from a variety of sources including individuals, communities and investors (Rijal & Wisudanto, 2017). The advantages of crowdfunding itself are that it is an alternative to financing today, because the amount of funding imposed on the

community is often in a relatively small nominal, while the number of people participating is quite large. In addition, another advantage of crowdfunding platforms acts as an intermediary to match the developed business with backers or contributors, as well as reducing the costs needed to get the targeted amount of capital, similar to bringing together a two-sided market. Where in general, crowdfunding platforms do not collect information on their own, but only provide a place for parties to share information. (Myers & Maljuf, 1984; Rey, Mohedano, & Simon, 2019; Allen & Santomero, 2001; Gerber, 2013; Homuf & Schwinbacher, 2018). Through crowdfunding platforms, small businesses can reach a wider community, increasing the chances of businesses getting the funding needed for expansion.

Crowdfunding provides significant benefits for small businesses, this is like several studies that have been conducted, among others, Massolution's research (2015) showed that in 2014 the amount of funds raised by crowdfunding globally reached \$16.2 billion. This amount increased from 2013 which was \$6.1 billion. Another study conducted by Baumgardner et al. (2017) also revealed that the global crowdfunding market is growing rapidly, especially in 2025 which is expected to reach \$300 billion. So it can be concluded that in the coming years, the existence of crowdfunding as an alternative to providing funds for small businesses is an alternative that can be taken into account.

Looking at the development of crowdfunding, various models are available to mobilize resources through crowdfunding. The first model is called donation-based crowdfunding. Donation-based crowdfunding here involves fundraising from individuals or companies who donate without expecting anything in return (Hoque, 2024; Suwandi et al., 2021; Noor et al., 2021; Noor et al., 2022). This is because this model refers to the classic model of fundraising goals, with the difference where donations are channeled through digital platforms and through intermediaries, supporters of the donation-based crowdfunding model further consider that fundraising is motivated by philanthropy or social goals that they have, some of the benefits they feel can provide opportunities for fundraising to reach a wider area both locally and internationally and reach a wider range of funding as well (Agrawal et al., 2015; Gleasure & Feller, 2016; Guidici et al., 2012). Another benefit obtained by using the donation-based crowdfunding model, the efficiency of transaction costs in fundraising, is due to the fact that the current payment system has switched to digital platforms (Choy & Schlagwein, 2016). The ease and efficiency of using the donation-based crowdfunding model is evidenced by research conducted by Anna, Rosyidah, Alfajr, & Noor (2023) a survey conducted online proves that the majority of respondents (59%) on average donate online more than once a month, so it can be concluded that the public has a high interest in using this crowdfunding model.

The next model is reward-based crowdfunding, where this model involves giving non-financial gifts to funders (Hoque, 2024; Frydrych, Bock, Kinder, & Koeck, 2014). This model is often initiated by non-profit organizations or registered associations, according to research conducted by Belleflamme et al. (2013) this model is considered to be more successful than other crowdfunding models, this is proven in 2012 the reward-based crowdfunding model has a 14% higher volume than other models. This high growth is attributed to the nature of the reward-based crowdfunding model itself which is based on awards, where the return on contributions given is defined a priori, where intensive communication containing activity posts, award speeches, initial and final reports of activities, is carried out usually through the project's web platform and other social media platforms (Antonenko et al., 2014; Xu et al., 2014; Belleflamme et al., 2014). However, the disadvantage of the Reward-based Crowdfunding model research is that equity-based crowdfunding investors must have different motivations to invest compared to other crowdfunding models.

The third model on the crowdfunding platform is the equity crowdfunding model, which involves selling shares in a business run to investors who receive a share of the profits (Ilham, 2023; Hoque, 2024). The UK is the first country to adopt ECF with crowdcube as its platform. In contrast to the United Kingdom, in the United States, the equity crowdfunding model has been slow to adopt because the government is worried about potential fraud and the need to protect investors, so the ECF was only passed by the American legislature in 2015. Community-based crowdfunding allows investors to invest in companies that are not listed on the stock exchange and receive compensation in the form of profits in the form of dividends from issued shares (Ilham, 2023). The equity crowdfunding model allows investors who own shares to sell their shares as if they were on a regular stock exchange. With regulations and also recognition of services from the state, it has a significant impact on the capital market, especially for small businesses that need financing for business development carried out without the need to worry about whether the business they are running can enter the stock market or not. Several supporting studies reveal that the existence of equity crowdfunding allows entrepreneurs to attract a greater or equal amount to the minimum amount of funding sought (Colombo et al, 2015; Horvat & Papamarkou, 2017; Ilham, 2023; Borchers, Bjomsent, Dority, & Hayes, 2024).

The last model in the crowdfunding platform is lending-based crowdfunding which can be described as a model that involves borrowing money from the community. The platform or debtor here will set the reference interest rate and the investor will indicate the portion of the debt that will be financed with a previously agreed interest rate (Hoque, 2024). In a study

conducted by Bofondi (2017) in several countries such as America and the United Kingdom, the LBC platform starting in 2015 increased by more than 70% compared to previous years. However, in the European continent as a whole, it is still rare, for example in Italy where there are only 6 active platforms. Some of the reasons for the growth are the widespread use of technology, the second is financing which is carried out by the majority of loans through credit cards with high interest rates so that people get maximum profits. The third reason is the presence of global financial capital, allowing small businesses to obtain large financing.

Apart from the crowdfunding model, the next thing that needs to be considered is the role of community/community/investor participation in the success of the business expansion that is carried out. This is because the community can provide financial support, disseminate information about business expansion and also provide valuable input. As has been mentioned, one of the main advantages of crowdfunding, being able to provide more than just financial, public and investor support that helps validate the ideas developed by small businesses is a key factor in the advantages of choosing this funding alternative. Business people in activities can directly interact, and discuss related to the innovations they have and can have several alternative answers to the shortcomings of the ideas conveyed so that starting from the beginning of business development, business people can build a loyal support community in building their business (Hoque, 2024). One way to encourage community participation is by offering attractive prizes or rewards, or it can also be by utilizing existing social media other than crowdfunding platforms to build relationships with the community and promote crowdfunding projects more broadly.

The development of alternative financing models will not be separated from the impact that will be caused by the expansion of small businesses carried out, on the one hand access to capital, building more reputation and trust, expanding market operations, developing new products and stores, as well as building stronger relationships with customers and investors is not impossible to do, but the choice of using alternative crowdfunding financing. It also has its own challenges, namely inevitably businessmen must provide relevant information related to the business being carried out, so that businessmen must be ready for the risk of imitation carried out by their competitors. A study conducted by Gera & Kaur (2018) proposes a new framework for improving the performance of crowdfunding platforms, highlighting the importance of understanding the motivations behind campaign launches, investment decisions, and challenges faced by content creators. Another study also emphasizes the potential of crowdfunding to serve as a marketing channel, allowing entrepreneurs to connect with potential customers and test their ideas before proceeding with a project (Pope, 2018). Further research

is needed to explore the specific mechanisms that community engagement uses to influence the outcome of fundraising campaigns, the strategies entrepreneurs can use to drive greater community engagement, and their implications for the overall small business financing ecosystem (Fleming & Sorenson, 2016; Ryu & Kim, 2018; Forbes & Schaefer, 2017; Gera & Kaur, 2018).

3. METHODS

The approach used in this study is a systematic literature review, which is a method to identify, evaluate, and synthesize the results of thought or research that has been carried out by researchers or practitioners (Syambani and Rahmayanti, 2020; Moher et al., 2015). Broadly speaking, the objectives of this approach include providing a theoretical background for the research to be conducted, studying the depth and breadth of research related to the topic to be researched and answering practical questions with the understanding that has been generated by previous research (Okoli & Schabram, 2010). From the above discussion, it can be concluded that the use of the systematic literature review (SLR) method is a systematic review conducted in order to clarify the status of existing research and its implications that can be taken from these studies (Feak & Swales, 2009).

In the research process carried out on the systematic literature review (SLR) process approach, there are steps that need to be considered further, which can be described as follows (Fink, 2014; Guba, 2008; Transfield et al., 2003):

- a. Defining the research question, in this section Briner and Denyer (2009) have developed a CIMO (Context, Intervention, Mechanism, Output) scheme, because there are many interpretations and constructions for "crowdfunding", "community participation", and "small businesses", so an exception is also set where the research will begin with a systematic review of the literature on crowdfunding that focuses on the role of community participation in the success of crowdfunding campaigns for small business.
- b. Choosing data-based and other research sources, in choosing scientific papers to be researched and analyzed by considering various reliable sources, the selected database is an important source for systematic literature review (SLR) because it can minimize distortions caused by individual literature selection (selection bias). The existence of these considerations makes researchers determine sources with several main academic data, namely, Google Scholar, Proquest, ScienceDirect, Scopus, etc.

Conducting data extraction and analysis, the next step is to read the scientific paper that has been analyzed and then read the content several times in its entirety. The existing information is then extracted according to the criteria i.e. The research will begin with a systematic review of the existing literature on crowdfunding, focusing on the role of community participation in the success of crowdfunding campaigns for small businesses. This will be followed by an analysis of data from a number of successful and unsuccessful fundraising campaigns, examining factors such as the size and engagement of the campaign's social networks, the timing and coordination of investor activity, and the challenges faced by the campaign's creators. Existing research will also highlight the complex ecosystem around crowdfunding, with many stakeholders i.e. founders, supporters, and technology providers playing an important role (Beaulieu et al., 2015).

4. RESULTS AND DISCUSSION

The rise of crowdfunding can be attributed to the growing enthusiasm surrounding its potential to expand access to financial resources and services, especially for entrepreneurs and organizations that have not traditionally been included in the main financing channels. In the context of the business, crowdfunding is considered an effort made by individuals or groups to fund their business by utilizing the relatively small contribution of funds requested to a large number of individuals using the internet without the intermediary of standard financial institutions (banks/governments/cooperatives) in a country (Mollick, 2014). The first crowdfunding project started online is thought to have occurred in 1997, when the rock band Marillion was unable to tour after their seventh album was released, so fans at the time used the internet to raise a total of \$60,000 so they could tour in America at the time (Wahjono et al., 2021). The project later evolved under the name ArtistShare which is a website where musicians can seek donations from their fans which later evolved into a fundraising platform for music, film/video, and photography projects (Freedman & Nutting, 2015).

The initial development of crowdfunding began with a donation-based crowdfunding model with the initial project of Maria Schneider's jazz album where a tiered reward system was offered. This model system makes music lovers who donate their funds considered willing without expecting any real rewards. Further research found that the perpetrators of this model are more likely to come from social and cultural groups, creative entrepreneurs, and community-based organizations, where 52% of the goals are directed to social projects, initiatives from certain communities, and other goals that are considered good. The great influence of social groups is also inseparable from the fact that 68% of donors know about the

first campaign from the social media community they are participating in. This is finally in accordance with what is expected that the community/group in the community is a determining factor in the development of this donation-based crowdfunding model (Hoque, 2024; Baeck et al., 2014; Burtch, Ghose & Wattal, 2013; Smith, Windmeijer, & Wright, 2015; Andreoni, 2006).

The next development is still in the analysis of the same platform donation-based crowdfunding where the analysis of the next model develops into reward-based crowdfunding. This is because the proponents of this model expect that the "recipients" can give an award or even a real product but not "money" in the future for their contributions. Because according to research, it is known that awards are one of the most important factors to motivate a person in reward-based crowdfunding. In addition, it is also known that reward-based crowdfunding (RBC) is an alternative type of finance that has the highest usage rate of 8% in surveys conducted (Baeck et al., 2014; Freedman & Nutting, 2015; Kraus, Richter, Brem, Cheng, & Chang, 2016; Kshetri, 2015; Zhang et al., 2016; Burtch et al., 2013; Lin, Lee, & Chang, 2016; Thurridl & Kamleitner, 2016; Zhang et al., 2016; Steinberg, 2012).

The next model that emerged Equity crowdfunding (ECF) is a fundraising mechanism that allows companies, especially startups and small businesses, to obtain capital by offering stock ownership to investors through online platforms. Equity crowdfunding (ECF) was born as an innovative alternative to business financing in the digital era, which is rooted in the principle of crowdsourcing. The concept first evolved from previously discussed reward-based crowdfunding models such as Kickstarter and Indiegogo, which allow individuals to support a project or product in exchange for a specific reward, such as a product or experience (Belleflamme et al., 2014). The main difference with an ECF is that investors in an ECF get a share of ownership in the business they fund. Research shows that the transformation from crowdsourcing to equity crowdfunding is a natural step in the evolution of technology-based financing (Howe, 2006; Mollick, 2014). It is known in the study that ECF is experiencing rapid expansion with an annual growth of 201% in 2014, in addition to other models, namely donation-based crowdfunding or reward-based crowdfunding in ECF more than 75% of the people involved are members of a certain community, because their choice is more about the team that develops the business offered and the quality of the offer so that the support from the views of other investors, families and groups are considered to have less contribution (Baeck et al., 2014; Wardrop et al., 2015).

The last model in the development of crowdfunding is lending-based crowdfunding. Lending-based crowdfunding (LBC), also known as peer-to-peer (P2P) lending or marketplace

lending, is an alternative financing model that allows individuals or companies to borrow money directly from a group of investors through an online platform, without going through traditional financial institutions such as conventional banks. LBC was first introduced with the emergence of platforms such as Zopa (2005) in the United Kingdom and Prosper (2006) in the United States. The main goal of the platform is to connect borrowers and lenders directly, with the hope of reducing transaction costs associated with traditional financial institutions and providing easier access to financing for individuals and small businesses. In the United States, regulatory agencies such as the Securities and Exchange Commission (SEC) introduced rules legalizing P2P lending platforms with certain conditions in 2013 through the Jumpstart Our Business Startups (JOBS) Act. In the United Kingdom, the Financial Conduct Authority (FCA) began regulating the LBC market in 2014 to ensure transparency and protection for investors and borrowers (Zhang et al., 2017; Cumming et al., 2015). According to Baeck's research (2014), during 2016 business loans through LBC increased by 288% and developed into an important force in British trade. This happens because if lending is carried out through banking, the regulations are quite strict and high, so that small business people are more inclined to choose this model (Baeck et al., 2014; Fong, 2015; Second, 2018; Cumming et al., 2015).

In its development, crowdfunding platforms provide networked digital tools and infrastructure that allow entrepreneurs to reach a wider audience of potential backers, harnessing the power of the audience to mobilize resources for their ventures. Research by Lin et al. (2013) shows that social networks can influence the decisions of borrowers and lenders in Lending-based crowdfunding platforms. The results show that borrowers who have a strong social network, have a significant potential outcome to obtain a loan, while lenders tend to choose borrowers with a wider social network as a form of risk mitigation. In addition, platforms such as Kickstarter, Indiegogo, and GoFundMe have taken the lead in providing innovative features, including analytics dashboards for project owners, personalized user experience, and risk management systems. In Asia, Makuake in Japan and SeedIn in Singapore have demonstrated local adaptability to the needs of the community by providing support in local languages and domestic payment methods. In addition, research conducted by Belleflamme et al. (2014) found that the use of technology on crowdfunding platforms, such as analytics tools and social media integration, has increased accessibility for small businesses to obtain capital. The utilization of big data allows for more accurate prediction of the success of crowdfunding campaigns, interactive features with real-time notifications, and cross-border payment systems allow for increased user loyalty (Davidson, De Filippi, & Potts, 2018; Mollick, 2014; Hui, Greenberg, & Gerber, 2014).

However, as a new and growing phenomenon, crowdfunding has not been fully understood by the general public or even by those who actively participate in it. This is due to several factors, including a lack of financial literacy, the complexity of the technology that underpins crowdfunding platforms, and the lack of clear regulations in some countries. Some research results such as those conducted by Pandey & Bandara (2019) found that many respondents who participated in crowdfunding did not have a deep understanding of the financial risks that existed. This is due to low financial literacy, resulting in suboptimal funding decisions. Another study conducted by Mollick (2014) revealed that many users of crowdfunding platforms feel confused by the campaign structure and funding process, thus making them reluctant to participate consistently. Other results were also found in the research of Gerber et al. (2012) which revealed that the motivation held in supporting crowdfunding is often emotional or social, with a limited understanding of how the funds are used or the risks that may be faced. Therefore, researchers have emphasized the need to clarify the issues surrounding crowdfunding from the perspective of founders, supporters, and technology providers to ensure that this process works efficiently among the problems that have been raised earlier.

Community participation is a crucial aspect in the fundraising process in the crowdfunding system. This is because crowdfunding involves contributions from many individuals, relying heavily on community support and participation. This participation includes not only financial support, but also promotion on social media, or even direct involvement in the proposed idea. When people feel involved and have an interest in a project, whether it is because of social, economic, psychological, environmental or because of policies and regulations set by the government, they tend to be more active in supporting it, which can ultimately affect the success of the campaign. This support will later create a larger support network that can increase the visibility and success of the campaign (Belleflamme et al., 2014; Mollick, 2014; Kuppuswamy & Bayus, 2017; Agrawal et al., 2015).

From the discussion above, it can be seen that crowdfunding is a key factor that affects the dynamics of community mobilization in the expansion of small businesses. Some of the main impacts arising from the results of community participation on the success of crowdfunding include:

- a. Increasing trust and credibility: early participation from the community is often an indicator of success. Crowdfunding itself has become an alternative funding mechanism that not only provides access to capital for small businesses but also plays a role in building trust and credibility among stakeholders. In the research of Sidiq et

al. (2021), it is known that social solidarity formed through crowdfunding platforms Kitabisa.com. They found that user interaction and active participation in crowdfunding campaigns strengthened mutual trust and credibility in online communities. This participation creates virtual solidarity that strengthens social relationships in cyberspace. Furthermore, several other studies include Hendratmi et al. (2020) which researches the development of sharia crowdfunding platforms for startups in Indonesia. The study shows that the application of sharia principles in crowdfunding increases investor confidence in the integrity and credibility of the platform, which in turn encourages further participation in funding. Overall, existing studies confirm that crowdfunding also serves as a means to build and increase trust and credibility among online communities and stakeholders.

- b. **Creating early momentum:** early support from backers in a crowdfunding campaign can create significant momentum to attract more investors. Some research results show that the initial contribution will later serve as a signal of quality and also the potential success of the project, encouraging additional participation from other investors, one of which was conducted by Xiao et al. (2021) which disclosed information and herding behavior in online crowdfunding. They found that significant early contributions drove herding behavior, where subsequent investors tended to follow early supportive actions, increasing the chances of campaign success. Similarly, research conducted by Li and Wang (2019), they explored the effect of thresholds on motivation as the basis for support in reward-based crowdfunding. As a result, the initial achievement of the funding target creates a threshold effect that motivates additional supporters to contribute, as they see the project as having a higher chance of success. Overall, several studies confirm that early support in crowdfunding campaigns plays a crucial role in building momentum.
- c. **Increased visibility and promotion:** active participation of the community in promoting crowdfunding campaigns can expand reach as well as increase the amount of funding received. Research conducted by Brown et al. (2017), revealed that community involvement in crowdfunding campaigns increases investor trust and participation. It was found that campaigns with strong community support tended to reach funding targets faster than those with less support. In addition, Mollick (2014) examined the dynamics of crowdfunding and found that successful campaigns often have a support network that is active in promoting the project. This participation helps create momentum and attract more funding from new investors. So overall, the active

participation of the community in promoting crowdfunding campaigns plays a crucial role.

- d. Emotional and social support: social support from friends, family, and community can provide additional motivation for individuals to contribute. Research by Colombo et al. (2015) shows that early involvement from the community can influence the success of a crowdfunding campaign. The initial support from the community serves as a positive signal for other potential investors, increasing their trust and participation in the funding.

Overall, community participation has a significant impact on the success of crowdfunding. By increasing trust, creating momentum, increasing visibility, providing emotional support, and contributing to the sustainability of the project, community participation becomes a key factor in determining the outcome of a crowdfunding campaign.

5. CONCLUSION

The development of crowdfunding platforms is known to be getting higher from year to year. The existence of these developments is inseparable from the role of community participation in crowdfunding, which has been proven to have a significant impact on the success and effectiveness of fundraising campaigns. The impact evaluation has covered a wide range of aspects, from increasing trust to strengthening social networks. Important points regarding the impact of community participation in crowdfunding can be described as follows.

- a. Increased Trust and Credibility: Active public participation in crowdfunding can increase trust in the proposed project. When many individuals contribute, it creates the perception that the project is feasible and trustworthy.
- b. Efficient Resource Mobilization: Crowdfunding allows for efficient resource mobilization, where people can contribute according to their abilities. This creates an inclusive model that allows different levels of society to get involved.
- c. Emotional and Social Support: Community participation in crowdfunding also creates emotional support that is important for entrepreneurs. When people show their support, both financially and morally, it can increase the motivation and confidence of entrepreneurs.

Overall, public participation in crowdfunding has a significant impact on the success of the campaign. By increasing trust, resource mobilization, emotional support, awareness, and involvement in decision-making, crowdfunding not only serves as a fundraising tool, but also as a platform for building a more connected and empowered community. This impact

evaluation shows that community engagement is key to achieving positive results in any crowdfunding campaign. The shortcomings in research are still limited to data taken from research results which certainly still need to be reviewed directly following the development of crowdfunding in various countries.

Limitation

It is inevitable that this study has limitations. This article still has not been further explained related to whether the development of awareness of crowdfunding which is getting wider from year to year is also based on the development of the growing digitalization era 4.0, or whether this development is also based on improving education among the community or whether a more in-depth analysis related to the regulations carried out by the government also has a significant impact on the increase in crowdfunding. So it is hoped that the next analysis can consider these problems.

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