

Donation-based crowdfunding as corporate social responsibility activities and financing

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Abstract

Both corporate social responsibility (CSR) activities and donation-based crowdfunding have potential synergistic effects to generate funds, but fundraisers face competition and challenges to achieve their donation target. For instance, on the one hand, CSR initiatives may create the opportunity to generate funds through crowdfunding. On the other hand, crowdfunding can be used to micro fund many social activities in line with a company's CSR goals. This study explores the relationship among successful donation fundraisers in crowdfunding activities that have the potential to become CSR activities. Specifically, the study examines the relationship of the value and size of funds raised in the beginning (first day) of fundraising effort with its target funds by the fundraiser and type of activities. Data from crowdfunding activities in Southeast Asian countries are used to examine the funds raised through donations by comparing trends, cultures, and characteristics of fundraisers using donation-based crowdfunding. The results of the study show that the value of funds raised in the beginning (first day) has a significant positive correlation with small targeted funds. Art, culture, and product-based activities of crowdfunding show the potential to have synergistic effects with CSR activities, and they tend to be correlated with successful project financing in Southeast Asia.

Keywords

corporate social responsibility, crowdfunding, donation-based, finance technology

Introduction

Corporate social responsibility (CSR) activities often relate a company's obligations to its community such as by various forms of company involvement in charities and non-profit activities. However, CSR is not merely regarded as a cost center or a charitable deed, but rather it can be a source of opportunity, innovation, and competitive advantage (Porter and Kramer, 2006). CSR behavior can result in a variety of company benefits, such as a more favorable evaluation of the company, which is generally associated with firms' CSR ratings (Albinger and Freeman, 2000; Peterson, 2004). CSR can have positive direct and indirect effects on the firm's profitability especially in the form of donations. CSR activities can help increase both customer purchases through customer-corporate identification and customer donations to corporate-supported not-for-profit activities. In this sense, CSR activities not only offer the opportunity for firms to improve sales performance and customer value but also to raise funds as part of corporate social activities. The latter can be examined in terms of donation-based crowdfunding as a means for firms to leverage CSR activities through fundraising.

Donation-based crowdfunding is a finance technology platform designed to raise funds by microfinancing, donations, and social activities. Crowdfunding activities are

aimed at mobilizing crowds to finance projects posted by their supporters, both on a personal page and on sites dedicated to fundraising in bulk. The funding can cover yield exchange or project revenues, gifts, or just a donation. Managers can take advantage of donation-based crowdfunding to maximize their company's CSR activities and donation-based financing. The synergy from socially driven corporate and crowdfunding activities can be a significant source of funding while fulfilling social goals. Yet, few empirical studies have examined the extent to which different CSR activities and their effectiveness of donation-based crowdfunding particularly in the context of Indonesia and Southeast Asia. Crowdfunding provides an alternative way to raise funds from "crowds" for various social activities. The collaboration of CSR activities with crowdfunding has the potential to change the traditional landscape of CSR in terms of funding and stakeholder involvement in CSR initiatives and activities (Giudici et al., 2012).

In a case study of the banking sector in Greece, Spanos (2016) shows that CSR strategy incorporates crowdfunding

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activities facilitated by mobile social media applications. Ryua and Kimb (2016) suggest that the behavior of sponsors in crowdfunding is a new form of e-commerce cocreation. Baek et al. (2012) find that, when investors are more instrumental in automating the process of due diligence and funding, crowdfunding can reduce transaction costs in obtaining capital and create cheaper financing for entrepreneurs. Crowdfunding also allows project owners to access funding by engagement inherent in a product that is more personalized, so that a greater willingness to provide financing with more favorable terms, while allowing the process to be less expensive than engagement with funders and donors geographically. Crowdfunding users often comment on the ideas of others, thus creating rich interaction and innovative thinking that is very useful for society (Belleflamme et al., 2013). In the context of Southeast Asia, crowdfunding from multiple platforms have been reported to experience rapid growth with a total volume of funds of US\$83.88 million raised between 2013 and 2015 in Singapore, Malaysia, Thailand, Indonesia, and the Philippines (Zhang et al., 2016).

Past studies on crowdfunding projects have attempted to identify the relationship of project characteristics with project outcomes. Such characteristics include the type of profit project or nonprofit characteristics, art projects, amount of targeted funds, project description, and number of visitors who viewed the page (Agrawal et al., 2014; Belleflamme et al., 2012; Belleflamme and Lambert, 2014; Burtch et al., 2013; Mollick, 2013). Crowdfunding project success is also determined by the role of early backers or donors who have provided funds previously that engage in word-of-mouth advertising and observational learning (Colombo et al., 2015). Wash and Solomon (2014) find that, by combining many small donations, a crowdfunding website can fund large and interesting variety of projects. Writer Charlie Kaufman and his colleagues, for example, collected more than \$400,000 from more than 5,000 donors to finance the creation of animated films. In this instance, crowdfunding websites provided the platform for matching donors with projects that need money. In addition, CSR activities in the form of donations to charity are more highly correlated with financial performance than other CSR activities, such as environmental performance (Orlitzky et al., 2003). At the corporate level, managers would benefit from a better understanding of the relationship between CSR project characteristics and success of donation-based crowdfunding.

However, little is known about the relationship between donation-based crowdfunding with successful crowdfunding and corporate CSR-type activities. Donation-based crowdfunding presents the opportunity to engage in synergy with corporate CSR activities and financing. Thus this study aims to explore the relationship between successful fundraising and the amount of funds raised in the beginning (first day), targeted fund, and type of activities in donation-based crowdfunding that can potentially support CSR activities. The activities will be divided into seven types: (1) environment and animal, (2) education, (3) product, (4) art and culture, (5) events, (6) community, and (7) health.

Literature review

Donation-based crowdfunding model

Crowdfunding is an online fundraising application used for specific purposes. For example, crowdfunding platform may receive donations via Web 2.0 or above or, in some cases, through an intermediary such as an NGO. Donors do not expect material rewards in exchange for their contributions (Giudici et al., 2012), but rather social rewards such as acknowledgments (Leimeister and Zogaj, 2013). This concept was inspired by microfinance, social fundraising crowdsourcing (Morduch, 1999, Poetz and Schreier, 2012). In crowdfunding, individuals or groups attempt to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals over the Internet without standard financial intermediaries (Mollick, 2013). There are two general categories of donation crowdfunding model: one which collects nonequity capital and does not promise financial returns, while the other raise funds using financial instruments such as issuing shares or through debts. Some researchers identify four crowdfunding models (Giudici et al., 2012; Leimeister, 2012): (1) donation-based crowdfunding, (2) reward-based crowdfunding, (3) crowd lending, and (4) equity-based crowdfunding.

Related to corporate donation activities, Yoon et al. (2006) find that philanthropy becomes a means of gaining social status, impression management, and other sources of extrinsic value. Donation is a form of perception that can be more profitable and more valuable than others. However, Ellen et al. (2006) show that tying donations to sales can be ascribed to a more self-serving attribution and thus have lower intrinsic value for stakeholders. It could also reduce the potential extrinsic value if others perceive less desired social support. Donations in the form of more effortful action such as product donations or employee volunteerism as opposed to a cash donation can result in lower intrinsic attribution and therefore lower intrinsic stakeholder value.

Thus, individuals and organizations that donate through the funding mechanisms of donation-based crowdfunding models would not expect a return from their donations. Nonetheless, donors may receive online recognition for a small donation and/or get a personalized gift or publicized recognition for large donations. This is the basis for raising funds in the nonprofit sector in which donors receive recognition in different ways based on the amount of donations made. Past studies related to motivation of philanthropy and small donors show willingness to provide charitable assistance to the creators of concern for social projects. The scope of crowdfunding is more than a conventional charity campaign for the connection between the donor and the creator of the project (Merchant and Ford, 2008; Koo and Fishbach, 2016).

Exploring synergy between donation crowdfunding and CSR activities

Spanos (2016) explores the synergy between crowdfunding and CSR activities in Greece. He argues five areas of

synergies between the concept of CSR and crowdfunding: (1) expanding funding options; (2) marketing, managerial decision-making, and communication; (3) stakeholder activation and engagement; (4) employee's engagement; and (5) transparency.

The size of value raised in the beginning (first days) of fundraising. Wojciechowski (2009) identifies *charity auctions* as a special form of crowdfunding donation. Belleflamme et al. (2013) classify crowdfunding into two parts based on the presence or absence of rewards for funders or crowd funders, namely, donations, active investments, and passive investments. In addition to the financial issue, investors' feedback, transparency, and potential consumers have been considered rather than financial rewards. Giudici et al. (2013) use an economic model of multiside platforms in the project classification based on the type of crowd funder interest and fundraising initiator. There are four types of fundraisers: business, cooperation, patronage, and donation.

The determinants of fundraising success under the donation-based crowdfunding model are different from other types of crowdfunding success mechanisms. Most crowdfunding platform applies the all-or-nothing rule. When the capital collection target is set, the fundraising activity is posted simultaneously on crowdfunding platforms within the collection activity limitation period. If the fundraising target is reached by the deadline, then the fundraiser received a specific amount of funds. Conversely, if it does not raise funds on target, then the platform receives nothing. Under the donation-based crowdfunding models, if the fundraising does not achieve the target, then the money collected will be given to the fundraiser (Von Krogh et al., 2012). As such, fundraising activities in the beginning of fundraising campaign play an important role in fundraising success.

The fundraising mechanism based on donation-based crowdfunding may also adopt strategies of (1) all or nothing and (2) keep-what-you-raise (Zhang et al., 2016). The all-or-nothing funding approach requires a project, cause, or individuals that must reach 100% of its financing targets within a set time period or the funds raised will be returned to the donors. For instance, Kickstarter is a platform that implements the all-or-nothing financing style. Kickstarter declared fundraising success of 43.93%. Kickstarter also claimed that 81% of its users' projects that raised more than 20% of their goal ultimately succeeded in attaining funding, and this indicates that the mechanism of all or nothing draws funders. In contrast, Indiegogo offers the keep-what-you-raise mechanism in addition to the all-or-nothing option. Indiegogo reported that, within this mechanism, it charged a higher fee for fundraising activities that do not reach the target. This method encourages fundraisers to conduct social campaigns to achieve the funding target. Companies can act as endorsers for fundraising campaigns in their CSR activities.

In the case of reward-based crowdfunding, supporters are driven by project objectives because of the desire to receive promised rewards that encourage supporters to help

the project succeed (Gerber and Hui, 2013). The purpose of gradient effect in the group is that the contribution of later stages is believed to have a greater impact than the equivalent initial stage of contribution. Consider the target for the goal of collecting \$100, and the first \$10 contribution reduces the distance to destination by 10% (\$10/\$100), but the last \$10 contribution reduces the distance up to 100% (\$10/\$10). The marginal impact of progress toward the achievement of objectives appears to increase during the pursuit of goals, leading to increased motivation as the remaining distance to the final destination decreases (Forster et al., 1998; Higgins and Brendl, 1995; Toure-Tillery and Fishbach, 2011). Voluntary contribution to a crowdfunding campaign is important because of the perception of the positive impact associated with the proximity of the objectives. Project support increases as the target approaches (Kuppuswamy and Bayus, 2017). However, in donation-based crowdfunding, we expect to see different effects from reward-based crowdfunding, because no rewards are promised. Concern, interests, and social urgency play a role in encouraging people to contribute. Early fundraising initiatives can be important to encourage herding behavior.

CSR initiatives can potentially encourage crowdfunding activities for social purposes by organizing campaigns to match donations with the social activities. Match funding and/or CSR schemes may come from well-known entities such as well-known people, employees, or corporations to support crowdfunding campaigns, enhance the credibility of social projects, create greater engagement, and increase the potential for further funding. Companies can use it in terms of visibility, awareness creation, public involvement, community involvement, and social recognition (kitabisa.com, 2015). This CSR activity can encourage synergy of expanding funding options and stakeholder activation and engagement, especially in the beginning of fundraising activities. It is assumed that the first day of the maximum 90-day crowdfunding activities is the most important period. Thus, we propose the following hypothesis:

H1: The size of value raised in the beginning (first day) of fundraising has a positive correlation with the success of donation-based crowdfunding.

The targeted funds by fundraiser. Agrawal et al. (2011) link crowdfunding activity to social capital and the geographic location of activity. Coleman (1990) argues that social capital has an environmental feature, permitting the cooperation and enhancement of economic activity and resource mobilization. Nahapiet and Ghoshal (1998) define social capital as the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit. Social capital thus comprises both the network and the assets that may be mobilized through that network. Harpham et al. (2002) also classify social capital into the following categories: collective efficacy, social trust and reciprocity, participation in voluntary organization, and

social integration. Social capital is an intangible resource, held both at the individual level and related to personal formal and informal affiliations and trust (Belliveau et al., 1996) and at the collective level (within a group or a territory). Davidsson and Honig (2003) show that individual social capital is a robust predictor of entry into nascent entrepreneurship. Mollick (2013b) also shows that the presence of personal networks can predict fundraising success.

Crowdfunding is similar to the practice of funding by family members or relatives with additional transparency and scalability. In 2012, a total of 600 platforms were in operation worldwide, with fund collection for donations totaling more than US\$2.7 billion (MacLellan, 2014). Cryder et al. (2013) reported experimental results in a prosocial setting indicating a direct link to the proximity of destination with perceived impact. In donation crowdfunding, motivation of fundraising is related to social issues. Weng and Fesenmaier (2003) classify fundraising motivation as follows: instrumental effectiveness, quality assurance, status, and expectations. While Gerber et al. (2012) classify fundraising motivation into the following categories: (1) fundraising, (2) establishing relationships, (3) receiving legitimacy, (4) replicating successful experiences, and (5) increasing awareness about crowdfunder work through social media. The social motive and relationship of fundraising are important indicators for donation-based crowdfunding. In this sense, fundraisers that exhibit overconfidence in setting their targeted funds can be seen as an opportunist act that takes advantage of the current social issue for their own benefit. Thus, we propose the following second hypothesis:

H2: The targeted funds by fundraiser have a negative correlation with the success of donation-based crowdfunding.

The type of crowdfunding activities. Donation-based crowdfunding model donors usually exhibit a philanthropic spirit and donate their money without the expectation of receiving monetary compensation (Zhang et al., 2016). Donation-based crowdfunding model may be targeted at a specific community to lower donors' risk as regards fulfillment and fraud risk. Philanthropy plays an important role in preventing such risks on major crowdfunding platforms, for example, by attracting media attention for transparency and/or by involving communities (Kain, 2012). The donation-based crowdfunding model has dominated crowdfunding activity in developing countries through projects related to art–culture, community, microfinance, and social activities. Donation-based crowdfunding platforms have experienced an annual growth of Compound Annual Growth Rate 60% (Zhang et al. 2016). Donation-based crowdfunding platforms encourage individuals or groups to provide funds directly to causes addressing social issues, such as the environment, community, health, events, art, and culture. Donation-based crowdfunding donors provide funding to individuals, while pro donors provide funding to

individuals, projects, or organizations based on the principle of philanthropy without expectation of money or material yields.

CSR refers to a company's obligations to society, and the term "CSR initiative" refers to various forms of corporate engagement with the purpose of charity and nonrepresentational benefits (Smith, 2003b). The initiatives of nonprofit companies include many approaches that go beyond the traditional corporate philanthropy as historically many companies have written checks to respond to fundraising appeals. The company's nonprofit initiatives have been referred to using various terms such as marketing-related causes, corporate social initiatives, joint issue promotion, fundraising alliances, sales alliances, and corporate community engagement (Berger et al., 2007; Crane and Glozer, 2016; Drumwright and Murphy 2001).

Interestingly, in Southeast Asian countries including Indonesia, donation-based crowdfunding covered 12% of the crowdfunding total market volume, with \$10 m more funds raised than reward-based funding, which only represented 5% in 2015. Compared to East Asian countries, donation-based crowdfunding models covered only 0.04% of the total market volume, with \$0.17 m in funds raised in 2015. Indonesia as an emerging economy has the largest population in the Association of Southeast Asian Nations (ASEAN) region and a large productive population from 0 to 14 years old (25.42%) and 15 to 24 years old (17.03%). Indonesia has a culture value called "Gotong Royong," which means doing everything together socially. This cultural value has generated great interest, because the greatest growth of crowdfunding activities has been based on the donation crowdfunding model. Drawing on these developments, it can be hypothesized as follows:

H3: The type of crowdfunding activities has a positive correlation with the success of donation-based crowdfunding.

Thus the present study explores the size of funds raised in the first days of the maximum 90 days of fundraising to represent synergies from expanding funding options, stakeholder activation, and engagement. The targeted fund by fundraiser is used as an indicator of synergy from marketing, managerial decision-making, communication, and transparency. Then, the synergy of CSR activities with the type of crowdfunding activities is used as an indicator of stakeholder activation and employee engagement.

Data and sample

This study aims to explore donation-based crowdfunding and CSR in Southeast Asia. First, we collected data on the fundraising activities from major local and international crowdfunding websites in Southeast Asian countries, namely, indiegogo.com (International), give.asia (Singapore), kitabisa.com (Indonesia), taejai.com (Thailand), and philanthropy.herokuapp.com (Philippines) before July 2016. Second, we sampled 1327 donation funding activities with employee or company involvement in Singapore,

Indonesia, Malaysia, Thailand, and the Philippines as sampling units and used the amount of funding as a unit of analysis. Third, the data regarding funding in currencies other than US dollars are converted to US dollars at the exchange rate of each country as existed at the end of July 2016. Most of the donor-funding activity data with the company's involvement is obtained from Indonesia and Thailand, where the most local crowdfunding offering synergy of CSR initiatives with crowdfunding activities took place.

Research methodology

Variables

Dependent variable. In this study, we used the percentage of fundraising for successful crowdfunding as a dependent variable. A fundraising activity with a percentage of more than 100% or a value of 1 is a successful funding activity. The greater the percentage of fundraising, the more successful the fundraising donations are.

Independent variables. We used two independent variables: the dollar value of funds collected in the beginning (first day) of the fundraising period (Val_Raised) and TargetFnd as the dollar value of funds targeted by the fundraiser. Then, dummy variables were used to see the difference in funding through crowdfunding based on the type of project financing activities, namely, (1) Environment and Animal (EnvAn), (2) Education (Edu), (3) Product, (4) Art and Culture (ArtCulture), (5) Events, (6) Community, and (7) Health.

We examined the correlation matrix to analyze correlation between variables and to check for multicollinearity. The main objective of this correlation analysis is to measure the magnitude of the linear association between two variables. The coefficient of correlation values (ρ) ranges in the interval $-1 \leq \rho \leq 1$ (Gujarati, 2004:87). If the correlation is positive, then the relationship between the two variables is unidirectional. Conversely, if the correlation is negative, then the relationship between the two variables is in opposite directions. The correlation coefficient (r) with a value of +1 has a perfect positive correlation. That is, the increase (decrease) of one value of the independent variable will affect the value increase (decrease) in the dependent variable. When the correlation coefficient (r) is zero, it can be concluded that there was no correlation between the two variables. Changes in the independent variable have no effect on the dependent variable. The coefficient with a value of -1 is a perfect negative correlation, and an increase (decrease) of one value of the independent variable causes the decrease (increase) of one value on the dependent variable.

After performing the correlation analysis, this study used multiple regression models to determine the correlation between the dependent, independent, and dummy variables. The relationship analysis was performed to see the variables that significantly affect the success of the fundraising. The regression model is as follows:

The main model 1 is

$$\text{CrowdFund} = a + b_1V + b_2T + \epsilon$$

The secondary model 2 is model 1 with a dummy variable type of crowdfunding activities:

$$\begin{aligned} \text{CrowdFund} = & a + b_1V + b_2T + b_3(\text{EnvAn}) \\ & + b_4(\text{Edu}) + b_5(\text{Product}) \\ & + b_6(\text{ArtCulture}) + b_7(\text{Event}) \\ & + b_8(\text{Community}) + b_9(\text{Health}) + \epsilon \end{aligned}$$

Regression models 3 and 4 are based on models 1 and 2 using only data from the Indonesian region in comparison to the Southeast Asian region.

Here,

- CrowdFund = the percentage of funds collected at the end period of the fundraising activity divided by the fund collection targeted in the beginning (first day) of the fundraising activity.
- V = the dollar value collected in the beginning of the fundraising activity until the funding information period is completed (Val_Raised).
- T = the dollar value of funds targeted by the fundraiser before or at the beginning of the fundraising collection (TargetFnd).
- EnvAn = the dummy variable of 1 for Environment and Animal activities, otherwise 0.
- Edu = the dummy variable of 1 for Education activities, otherwise 0.
- Product = the dummy variable of 1 for product activities, otherwise 0.
- ArtCulture = the dummy variable of 1 for Art and Culture activities, otherwise 0.
- Event = the dummy variable of 1 for Event activities, otherwise 0.
- Community = the dummy variable of 1 for Community activities, otherwise 0.
- Health = the dummy variable of 1 for Health activities, otherwise 0.
- ϵ = Error term.

Analysis of individual test using t test was conducted to determine the level of significance of the influence of the independent variable on the dependent variable partially. The t test was conducted to see the constant significance and independent variables included in the equation individually, whether affected on the value of the dependent variable. The test performed a two-way test with the following hypotheses:

- H_0 : $b_1 = 0$, there is no significant influence between the X_1 independent variable to Y dependent variable partially.
- H_1 : $b_1 \neq 0$, there is a significant influence between X_1 independent variables and the Y dependent variable partially.

This testing was conducted by testing the hypothesis, comparing the t calculated value with t table value with 0.05

Table 1. Descriptive statistics of value raised and crowdfunding success rate.

Variable	Mean	Median	Minimum	Maximum	Std. Dev.	Critical Value	Skewness	Ex. kurtosis
CrowdFund	0.683	1	0	2.46	0.47389	0.69381	-0.23265	-0.74161
Val_Raised	1617.9	304.77	0.0015208	68431	5141.5	3.1779	7.7376	75.429
TargetFnd	7835.36	707.499	0.0015208	3.063e+006	106.331	13.5707	25.6736	680.226

Table 2. Correlation matrix of crowdfunding, value raised, targeted fund, and type of activities.

Variable	CrowdFund	Val_Raised	TargetFnd	Environmnt_An	Education	Product	Art_Culture	Event	Community
CrowdFund	1	—	—	—	—	—	—	—	—
Val_Raised	0.5407	1	—	—	—	—	—	—	—
TargetFnd	-0.0731	0.1146	1	—	—	—	—	—	—
Environmnt_An	0.0393	0.0517	-0.0113	1	—	—	—	—	—
Education	-0.0342	-0.0245	-0.0223	-0.1157	1	—	—	—	—
Product	-0.0712	-0.0442	-0.0073	-0.0455	-0.0955	1	—	—	—
Art_Culture	-0.0868	0.0315	-0.0067	-0.0586	-0.123	-0.045	1	—	—
Event	0.0494	-0.0467	-0.0159	-0.078	-0.1636	-0.06	-0.0774	1	—
Community	-0.0523	-0.0484	0.0711	-0.1538	-0.3228	-0.119	-0.1527	-0.2	1
Health	0.1065	0.0796	-0.0294	-0.1479	-0.3103	-0.114	-0.1468	-0.2	-0.3854

significance levels. If t calculated is greater than the t table ($t > t$ table), then H_0 is rejected. This means that independent variables influence the dependent variable partially. But if t calculated is smaller than the t table ($t < t$ table), then H_0 is accepted. The hypothesis test results showed that the independent variable does not influence the dependent variable partially. The multiple regression model has some problems to be checked before testing as the Best Linier Unbiased Estimator (BLUE). To correct for some problems in the model, this research applied the correlation matrix and variance inflation factor test for the multicollinearity test and used the robust standard error method to resolve the heteroskedasticity problem.

Results and discussion

Table 1 shows that the average fund collected is 68.3% of the fundraising target. Then, the amount of donations collected is an average of US\$1617.9, and the targeted funds by fundraiser mean is US\$7835.36. There was a fairly wide range between the smallest fundraising amount (US\$ 0.0015208) and the largest donation (US\$68,431), with a standard deviation of US\$5141.

Table 2 shows the correlation matrix between the dependent variable (CrowdFund), the independent variable (Val_Raised and TargetFnd), and dummy variables. The size of the fundraising value in the first day (Val_Raised = 0.5407) was positively correlated with the success of the fundraising activity (CrowdFund). These results are in line with our first hypothesis (H1), which suspected the importance of the activity at the beginning (first day) of the fundraising (see Figure 1). Then, the targeted fund amount by fundraiser (TargetFnd = -0.0731) has a negative correlation with the success of crowdfunding. The results of the fundraising targets are consistent with the second hypothesis (H2) that the magnitude of the fundraising target is related to the success of the fundraiser. Related to

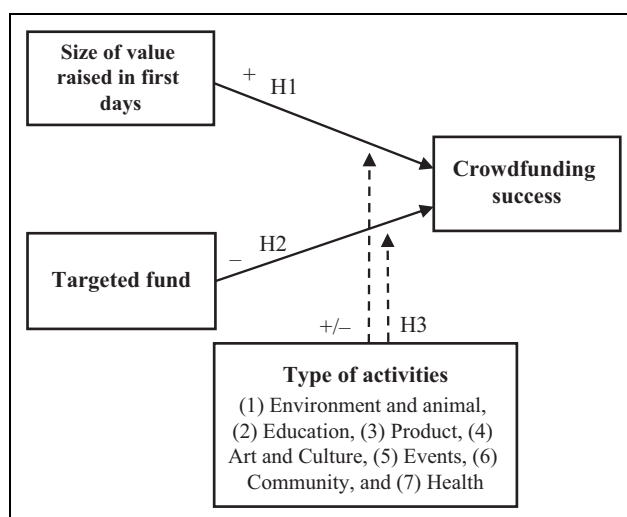


Figure 1. Donation-based crowdfunding and CSR activities: research hypothesis. CSR: corporate social responsibility. Source: processed by the author from hypothesis development.

hypothesis 3 (H3), the types of funding that were positively correlated with funding success were activities that related to (1) environment and animals, (2) events, and (3) health. Instead, the funding activities of (1) art and culture as well as (2) community were correlated positively with the amount of funds collected. These types of activities can provide potential synergy with CSR activities. For example, CSR initiatives may carry out donation activities that are positively related to crowdfunding activities. Model 1 is a regression between the percentages of funds raised compared to the funds targeted and the total funds collected using data from Southeast Asian countries (Indonesia, Thailand, Malaysia, Singapore, and the Philippines). Model 1 did not use any dummy variables. In Model 2, we added crowdfunding activities as dummy variables: (1) environment and animal (EnvAn), (2) education (Edu), (3) product, (4) art and culture (ArtCulture),

Table 3. Regression results for successful crowdfunding in Southeast Asia.

Independent variable	ASEAN		Indonesia	
	Model 1	Model 2	Model 3	Model 4
const	0.083385 [0.0078]	0.127 [0.0111]***	0.0984412 [0.0016]	0.15141 [0.0002]
Val_Raised	0.255569 [<0.0001]***	0.255 [<0.0001]***	0.241512 [<0.0001]***	0.237535 [<0.0001]***
TargetFnd	-6.1018e-07 [<0.0001]***	-6.018e-07 [<0.0001]***	-5.5887e-07 [<0.0001]***	-5.501e-07 [<0.0001]***
Environmnt_An	—	-0.0240261 [0.4225]	—	-0.0746367 [0.1389]
Education	—	-0.0643132 [0.1624]	—	-0.0756145 [0.0146]**
Product	—	-0.163009 [0.0444]**	—	-0.147295 [0.0364]**
Art culture	—	-0.24912 [0.0002]***	—	-0.300016 [<0.0001]***
Event	—	0.066 [0.271]	—	0.079754 [0.0285]**
Community	—	-0.0542841 [0.3351]	—	-0.053438 [0.0948]*
Health	—	0.003 [0.9601]	—	0.076689 [0.1991]
R ²	0.310790	0.331482	0.294128	0.321512
Adj R ²	0.309749	0.326917	0.29292	0.316844
F(1, 1325)	227.2741	147.63	200.1668	68.13348
P value (F)	1.37E-85	1.70E-192	1.75E-75	9.32E-92

Note: Standardized coefficients are reported. ASEAN: Association of Southeast Asian Nations.

*** p value < 0.01, ** p value < 0.05, * p value < 0.10.

(5) event, (6) community, and (7) health to the Model 1. For Models 3 and 4 only used Indonesia's crowdfunding data (kitabisa.com) to analyze local activities.

Table 3 shows the regression results of the fundraising success-dependent variable with the magnitude of fundraising value target and the type of funding activities. The regression results of model 1 show that the variable of size of value raised in the first day of fundraising is positively correlated with the level of fundraising success in Southeast Asian countries (0.01 significance levels). The magnitude of the fundraising value of targeted variable (size) can explain the variance of fundraising success in the amount of 29%. Then, the global test (F test) demonstrated the feasibility of model 1 as a regression equation, with a 0.01 significance level (p value = 3.70E-101).

The regression results of model 2 show the fundraising success variable with the magnitude of fundraising value target variable (size) and a dummy variable of the type of fundraising activity using data on Southeast Asian countries. The results of the individual tests (t test) indicated that the activity type of Art Culture had the highest correlation, with fundraising success at a 0.01 significance level (p value = 0.0004). This is followed by the type of product funding correlated with fundraising success with a 0.05 significance level (p value = 0.053). Meanwhile, other types of activities such as Environment, Education, Events, Community, and Health did not correlate significantly with a p value greater than 0.1.

In the four regression models, the variable value raised (size) of fundraising treated as a determinant of the percentage of fundraising success. However, with the R -square value below 30%, the increase in variance (decrease) of the dependent variable can only be explained by the independent variable in the amount of 30% and 70% by other variables that are not included in the research model.

Managerial implications

CSR can result in broader strategic implications such as corporate brand equity building rather than just immediate purchase behavior (Lichtenstein et al., 2004). However, if customers find that companies support the cause of social issues that are inconsistent with their values, CSR initiatives are unlikely to increase brand equity and can even damage it. The new era of transparency via financial technology like crowdfunding presents a new challenge and potential opportunities for managers to build corporate brand equity. Growth donation-based crowdfunding activities are very rapidly increasing in some countries and can be synergistic with CSR initiatives and activities. The present study shows that there is a positive relationship between the sizes of the funds raised in the first day and the ultimate success of the activity. But the amount of targeted funds has a negative effect on the successful fundraiser activities. Corporate leaders or employees can actively support the cause on the first day of fundraising

in many social projects. If the CSR activities are related to the creation of value for the company, then the donation activity in crowdfunding can give a positive value to the company's brand reputation.

As suggested by Porter and Kramer (2006), CSR activities represent not only a charitable deed, but also a source of opportunity, innovation, and competitive advantage. Donation-based crowdfunding gives managers the opportunity to implement CSR activities with transparency, crowd support, flexibility, and additional financing for social projects. CSR activities can be completed by engaging in donation-based crowdfunding. CSR managers and employees can get more funding for their CSR initiatives and activities or involve current social issues through crowdfunding. It can be a source of innovation and competitive advantage that can benefit the company CSR strategy. Managers need to consider the total funds collected in the first day, the funding target, and the type of CSR activity. For the Southeast Asian region, the types of social activity, such as art, culture, and products, have a significant impact on the success of crowdfunding activities. Donation-based crowdfunding also provides opportunities for managers and companies to undertake CSR donation activities into many small social projects by providing donations with a small amount of funds to the various types of social projects in many regions. For the government as a policy-making entity, donation-based crowdfunding presents the opportunity for social projects for implementation of activities in their region and increasing the funding from other countries. The government can initiate the social project by the type of activity that should be funded, such as countries' unique art and cultural projects through the crowdfunding platform.

Conclusion

Donation-based crowdfunding activities and development are increasing in the Southeast Asia region. Countries in this region have their local dominant crowdfunding platform. Based on this research finding using donation crowdfunding data until year 2016, the number of successful crowdfunding activities and donation funding activities in Southeast Asia has reached more than 70%. The percentage of the funds collected varies from zero to 5.5 times the amount of the targeted funds among the cases examined. Fundraising targeted value also varies from less than US\$1 to US\$66,802. The growth of donation-only crowdfunding platform in Southeast Asia that drives massive user activity can serve potential synergy with CSR activities for raising funds. Managers can increase the potential size of their CSR activity financing. Another opportunity comes through a large number of social projects in the crowdfunding platform. CSR activities can be linked to social projects with microfunding, and many parties associated with the company benefit from such activity.

Donation-based crowdfunding, as part of social finance technology activities, exhibits different characteristics in each Southeast Asian country. Generally in Southeast Asia, the magnitude of fundraising value (size) and funds

targeted in the beginning (first day) of fundraising can be a success factor in donation-based crowdfunding. In addition, activities related to product and art culture correlate with fundraising success. However, the data from Indonesia as part of the Southeast Asian countries among emerging economies with a large productive population suggest that most social activities have correlation with fundraising success, except for environment/animal and health activities. This phenomenon differs in the case of other countries in the Southeast Asia. Thus, CSR activities can be implemented in tandem with donation crowdfunding activities.

Further research is needed to refine the empirical test results related to fundraising success in Southeast Asia, because this research data used mostly came from Indonesia and Thailand's crowdfunding platform. This research generalizes crowdfunding donation synergies with CSR in Southeast Asia using data from Indonesia and Thailand. Data from other countries in Southeast Asia could sharpen this research. The data from international crowdfunding platforms like Indiegogo.com were insufficient and did not reflect the activities of local crowdfunding in each Southeast Asian country, because every country has its own local donation-based crowdfunding and cultural values. This research methodology still has weakness because it uses multiple regression with dummy variable and using robust standard error method to solve heteroskedasticity problem. For further research, other statistical methods such as logit or probit models may be better at analyzing data.

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