



Financing Decisions and the Role of CSR in Donation-Based Crowdfunding

Evidence from Pakistan and Indonesia

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Abstract Donation-based crowdfunding and corporate social responsibility (CSR) activities have potential symbiotic ramifications to raise funds, but campaigners are confronted with challenges and competition to accomplish their charitable target. For instance, CSR activities could warrant the possibility of using crowdfunding to raise money. On the other hand, a company's CSR objectives can be achieved by using crowdfunding to micro-fund various social initiatives. Current research investigates the relationship between fundraisers in donation-based

crowdfunding activities, which become potential CSR activities. Exclusively, the study analyzes the correlation among the value raised at the end of fundraising activity, the amounts targeted by the fundraiser, and CSR-Type activities on the project's success in donation-based crowdfunding. Based on this, a research taxonomy has been established for a comparative analysis between Pakistan and Indonesia. Secondary data is collected from donation-based platforms and analyzed through Ordinary Least Square (OLS) regression and the models are validated using a robustness check. The outcomes show that a higher value raised (V) correlates more positively with project success in Pakistan (164) as compared with Indonesia (122). The Target fund (T) has a significant and negative association with the project's success in the Pakistani market, however, the significant and negative effect on the project's success in the Indonesian market. Lastly, CSR-related activities such as education, environment, community, and health have a positive relationship with project success in Pakistan, except for the product which has a negative, however significant relationship. In contrast, for Indonesia, CSR-type activities such as education, environment, community, product, and health have a positive and significant relationship with the project's success. This study contributes to the donation-based crowdfunding literature to develop a vivid understanding of different CSR activities and their impact on the project's success. The current study is one of the first to examine the significance of CSR activities and will enrich the body of knowledge regarding crowdfunding in diverse economies.

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1 Introduction

Recently, Corporate Social Responsibility (CSR) has become an unavoidable priority for organizations worldwide and constitutes an analytical tool in the business strategy of large corporations; it has gone beyond being merely a charitable gesture or a cost. It can be viewed as a source of opportunities, innovations, advantages over competitors, and strategic investments that result in long-term value creation (Kamal 2020; Kharabsheh et al. 2023). CSR behavior may result in various benefits for businesses, including a more positive assessment of the organization, which is habitually correlated with enterprises' CSR ratings (Peterson 2004; Rijanto 2018; Cabrera-Luján et al. 2023). CSR, particularly in donations, has a favorable direct and indirect impact on a company's profit, enhancing customer purchases through customer-corporate identification and customer donations to not-for-profit activities supported by the corporation (Chen et al. 2021; Li et al. 2023). From this perspective, CSR initiatives give firms a chance to boost sales and customer satisfaction. At the same time, it also provides the opportunity to collect funds as part of its corporate social responsibility efforts (Jongbloed 2019; Mohyletska 2023). The following can be analyzed regarding donation-based crowdfunding as a way for businesses to leverage their CSR operations through fundraising initiatives.

Crowdfunding is a relatively new method of funding that can be utilized for entrepreneurial endeavors, either for profit or not for profit. It provides a source of funding for novel projects in which project creators can gain financial support for their initiatives and unique ideas from a vast number of people utilizing the internet as a medium of communication (Bukhari et al. 2019; Chiesa and Dekker 2021). Donation-based crowdfunding provides considerable amounts of financing at a cumulative level. It is vital to comprehend the mechanism of donation-based projects, as the outcome of philanthropic activities and the project success associated with the supply of communal goods depend on donations and generosity. The collected amount results from project earnings, yield exchange, gifts, or simple contributions (Zhao and Shneor 2020; Kamal 2020; Kamarudin et al. 2023). The managers of the companies may use philanthropic crowdfunding to boost their CSR initiatives and donation-based fundraising. The mutualism created by socially motivated corporate and crowdfunding initiatives is conceivably a substantial source of revenue while also achieving social objectives (Rijanto 2018). Implementing CSR practices necessitates the disclosure of additional information that investors may appreciate and observe as a signal of a company's ethical commitment to its employees, the environment, and the community (Flórez-Parra et al. 2020). Indicators of

corporate social responsibility (CSR) give information on various factors that influence sustainable return or sustainability over the long term, enabling better management, which affects the activity indicators. It can therefore increase the confidence of potential investors in businesses and motivate them to invest resources on a larger scale (Allison et al. 2014; Calic and Mosakowski 2016; Bento et al. 2019).

Crowdfunding helps new businesses by giving start-up capital through online platforms (Cummings et al. 2020). It allows aspiring young entrepreneurs to solicit financial support from individuals rather than relying on financial institutions or specialized financiers (Usman et al. 2020a, b). The global crowdfunding market was estimated to be worth USD 17.39 billion in 2021 and is anticipated to grow at a compound annual growth rate (hereafter CAGR) of 16.50% to reach USD 239.48 billion by 2028 (Hancock 2022; Technavio 2022). Perhaps not unexpectedly, the Asian crowdfunding sector is predicted to reach USD 2,634 million by the end of the year, with a total of 21.6 thousand crowdfunding projects exhibiting 19% and 9% yearly growth, respectively. China will dominate the market, growing at a rate of 16% annually to reach USD 1,323.8 million, or roughly half of the region's transaction value. However, the region's top scorer was named the leader of its continent together with the US and the UK (Seredenko 2021). According to Statista (2022a, b, c, d), the market dynamics of crowdfunding in the Southeast Asia region are expected to generate a transaction value of USD 22.03 million in 2022. By 2027, the total amount is anticipated to be USD 25.71 million, with a predicted annual growth rate of 3.14% for transaction value (CAGR 2022–2027). From the perspective of Indonesia, crowdfunding is a potent tool for efficiently, quickly, and cheaply soliciting donations from the general public (Cekindo 2022). The increase in digital donation through crowdfunding platforms in Indonesia has more than doubled since 2017 (Kenang and Gosal 2021). Moreover, Indonesia is ranked first in the list of philanthropic countries with an overall index score of 69 percent, up from 59 percent in the last annual index issued in 2018 (Lufriansyah et al. 2023). The market volume of crowdfunding in Indonesia is speculated to reach USD 5.88 million in 2022 and the volume of transactions to increase to USD 7.5 million by 2025 (Cekindo 2022; Statista 2022a).

Similarly, the market trends of crowdfunding in the south Asia region are anticipated to generate a transaction value of USD 12.51 million in 2022. The overall amount is expected to reach US\$14.34 million by 2027, with a forecasted annual growth rate of 2.77% for the transaction value (CAGR 2022–2027) (Statista 2022c). In this context, Pakistan is one of the emerging countries where crowdfunding is becoming more popular. Pakistan possesses a

tremendous possibility to enhance its financial inclusion by utilizing fintech, such as crowdfunding and blockchain, to replace and introduce the traditional role of intermediaries (Rizwan and Mustafa 2022; Wahab et al. 2021). New trends in the philanthropic landscape of Pakistan offer hope for improvement. The contribution of diaspora philanthropy to sustain civil society-led initiative has been highlighted in various channels of media. The Ehsaas Programme and Benazir Income Support Programme are two examples of the government's interest in philanthropy (Maqsood 2022). The SECP granted approval to the first technology-based crowdfunding platform to commence live testing under the first cohort of the Regulatory Sandbox (SECP 2020). Similarly, corporate social responsibility encourages companies to contribute to social development. The role of the corporate sector in alleviating issues in Pakistan holds key importance. Many large companies have started publishing sustainability reports of their philanthropic initiatives (Farooq 2020; Maqsood 2022). The crowdfunding market volume in Pakistan is anticipated to reach USD 2.08 million in 2022 and will escalate to USD 4.35 million by 2027 (Statista 2022d). The substantial market growth will provide a solid foundation and enriched atmosphere for the crowdfunding market's future expansion and rapid development. As a result, Pakistan is chosen alongside Indonesia to evaluate projects' success in donation-based crowdfunding markets in these two nations.

Prior research on crowdfunding initiatives has tried to establish the link between campaign characteristics and outcomes. These characteristics include the nature of the campaign – whether for profit or non-profit purposes –, the quantity of funds aimed at, the inclusion of art campaigns, the campaign description, and high & low-quality signals (Wang et al. 2017; Sauer mann et al. 2019; Rykkja et al. 2020; Osili et al. 2021; Wu et al. 2022). Moreover, some researchers devoted their studies to elucidating the financial and other qualitative enticements that affect prospective investors' funding decisions regarding crowdfunding (Belleflamme et al. 2014; Hildebrand et al. 2016; Hossain and Oparaocha 2017). The role of early backers or contributors who have previously donated funds and engaged in word-of-mouth advertisement and observational learning is also essential in determining the success of a crowdfunding initiative (Colombo et al. 2015). Wash and Solomon (2014) conducted a study and found that a crowdfunding platform may sponsor a wide range of exciting projects by pooling numerous little donations. Additionally, compared to other CSR activities like environmental performance, CSR activities involving charity donations have a stronger correlation to the financial performance of the company (Rijanto 2018). At the project level, the project's developer/creator would benefit from knowing more about the association between CSR project

traits and the success of donation-based crowdfunding. Some studies have examined the attitude toward donation via social network sites (Kim and Lee 2014; Sura et al. 2017).

However, minimal empirical studies in the literature have examined the correlation between donation-based crowdfunding and project success as well as CSR-type activities in the context of Pakistan and Indonesia. Donation-based crowdfunding offers the chance to work in tandem with CSR activities and financing. Motivated by the market significance and unfilled gaps, we have developed a directional hypothesis. We collected secondary data from transparenthands.org (Pakistan), seedout.org (Pakistan), tcfglobal.org (Pakistan), and kitabisa.com (Indonesia) crowdfunding platforms to analyze the relationship among the amount of funds raised in the fundraising effort with its target funds by the project creator as well as the types of activities on project success in donation-based crowdfunding that is probably backing the CSR activities. The activities include (1) Product, (2) Environment (Env), (3) Education (Edu), (4) Community, and (5) Health. To the best of the authors' knowledge, this is the first empirical study to compare and analyze the relationship between the fund raised, target fund, and CSR-type activities on the project success in Pakistan and Indonesia. Prior researchers have primarily studied the CSR-type activities relating to single/individual-level economies (Geng et al. 2022; Flórez-Parra et al. 2020; Kamal 2020; Spanos 2016). After the analysis, we found that a higher value raised (V) has a more positive relationship with project success in Pakistan (164) than in Indonesia (122). The results show that the value raised (V) has theoretical and practical significance for the potential fundraisers regarding project success in both countries. The TargetFnd (T) has a significant and negative relationship with project success in the Pakistani market, which corresponds to the significant and negative effect on project success in the Indonesian market. This shows that the amount of target funds has a negative impact on successful fundraiser activities. Lastly, CSR-type activities such as education, environment, community, and health have a positive relationship with project success in Pakistan, except for the product activity. For Indonesia, however, CSR-type activities such as education, environment, community, product, and health have a positive and significant relationship with the project's success.

The structure of this study is as follows: in the subsequent section, we will present the crowdfunding and CSR activities followed by the corresponding research hypothesis. The explanation of the study procedures and the reporting of the empirical findings ensues. The study concludes with a summary of outcomes, a discussion of the managerial implications for future research, and some limitations of the current study.

2 Literature and Hypothesis Development

2.1 Crowdfunding and CSR Activities

Over the past two decades, the exponential growth of online fundraising in the non-profit sector has developed a complicated infrastructure. Non-profits can now raise money online through their websites, social media, and crowdfunding. According to estimates, internet fundraising generates roughly 10% of all charitable donations; over the last three years, those donations have increased by about 10% (MacLaughlin et al. 2020). Crowdfunding attracts donors from all across the world, including the United States. According to a Nonprofit Tech for Good (2020) survey, 34% of contributors in Canada and the United States made donations using crowdfunding platforms in 2020, and about 45% of donors worldwide did so. Donation-based crowdfunding adds to the crowdfunding knowledge base by concentrating on potential donors to a crowdfunding campaign and the qualities that set them apart from regular charitable donations (Osili et al. 2021). Philanthropy improves one's status in society, raises one's value, and may even lead to financial gain. It is a standard way for donors to show they care and invest in the welfare of the communities they are trying to help, boosting the profile of the institutions they support (Kamal 2020).

Crowdfunding campaigners must develop persuasive appeals that persuade the public to donate to their cause as the competition among campaigns for funding rises. According to Rijanto (2018), crowdfunding and corporate social responsibility (CSR) are both impacted by digitization. Businesses can use crowdfunding in various ways when developing and implementing their CSR plans, e.g., increasing available cash, raising public awareness and involvement, creating communication channels with stakeholders, and boosting marketing. Similarly, the type of CSR projects a company undertakes through CSR crowdfunding may be influenced by the types of appeals that are more successful at achieving campaign goals for specific types of crowdfunding projects. According to Calic and Mosakowski (2016), several crowdfunding causes and communication techniques increase the likelihood of success in raising money. Spanos (2018) delves into the relationship between crowdfunding and CSR initiatives in Greece. He makes the following five arguments for connecting the idea of CSR and crowdfunding: Increasing funding choices, advertising, management's decision-making, and communication, stakeholder activation and engagement, employee involvement, and transparency. According to Jongbloed (2019), donors are more likely to donate when they feel a strong social affiliation with the crowdfunding topic. This suggests that businesses employing CSR crowdfunding would have better success

soliciting crowd donations for crowdfunding projects in which the target audience has a vested interest. According to Mollick and Robb (2016), crowdfunding can intensify the positive public image of businesses through business exposure on crowdfunding platforms. Likewise, CSR crowdfunding could demonstrate to be a means of intensifying the positive public image of a business.

Moreover, donors don't anticipate receiving tangible benefits from their donations; they do so out of generosity. The idea of CSR is tied to what the business does for the community to get donations that help carrying out the activities (Jongbloed 2019). Similarly, the social and cultural values of an entrepreneur or company that turns to the crowdfunding platform for solutions for various societal issues will influence funding success (Calic and Mosakowski 2016).

2.2 Hypothesis Development

2.2.1 *The Size of Value Raised in the Fundraising*

Different factors influence a project's success in donation-based crowdfunding. Most crowdfunding platforms use the all-or-nothing principle. When the target amount goal is set, fundraising activity is submitted simultaneously to crowdfunding platforms. The fundraiser will get money if the target is attained by the deadline. If not, the platform receives nothing. Donation-based crowdfunding models offer funds to the fundraiser if the campaign doesn't reach its objective (Rijanto 2018). As a result, an overall fundraising effort for a fundraising campaign significantly impacts its success.

Regarding reward-based crowdfunding, backers are motivated by project goals because they want to obtain the promised benefits, which encourages them to support and make the project successful (Gerber and Hui 2013). The idea behind the group's gradient effect is that later contributions are thought to have an immense influence compared to early-stage contributions. For instance, with a target amount of \$100, the first \$10 payment decreases the gap toward the target amount by 10% (\$10/\$100), while the final \$10 payment fills the gap by 100% (\$10/\$10). When pursuing goals, the marginal effect of progress in accomplishing a goal seems to improve, increasing motivation as the remaining distance to the ultimate target becomes closer (Touré-Tillery and Fishbach 2011). According to Khansa and Widyastuti (2022), the average amount raised in one campaign in Indonesia was around 1.1 billion rupiahs.

CSR activities can significantly improve social fundraising initiatives by arranging projects that correlate donations with community activity. Match funding and CSR programs may be provided by famous entities such as

well-known people, employees, or corporations to promote crowdfunding campaigns, raise the legitimacy of community projects, encourage increased involvement, and increase the opportunity for additional financing. Businesses may use the match funding and CSR Programs to increase visibility, raise awareness, engage the public, support the community, and obtain community acceptance (Rijanto 2018). The existing CSR action can promote synergies between increasing financing possibilities and stakeholders' engagement and activation. It is speculated that the best duration of a crowdfunding campaign is a maximum of 90 days. Therefore, we hypothesize that:

H1 The size of the value raised in the fundraising campaign has a positive relationship to project success on the Pakistani compared to the Indonesian market.

2.2.2 The Targeted Funds by Fundraiser

Crowdfunding resembles the concept of financing by family and friends but with greater openness and possibilities of increase. According to experimental findings in a prosocial context described by Cryder et al. (2013), there is a clear connection between perceived impact and the destination's proximity. Social issues are the driving force behind donation crowdfunding. Davidsson and Honig (2003) demonstrate that individual social capital is a powerful indicator of entry into fledgling entrepreneurship. Additionally, as Mollick (2014) explained, the existence of social contacts may anticipate fundraising success.

Wang and Fesenmaier (2003) find that the fundraising impetus originates from: expectation, status, instrumental effectiveness, and quality insurance. Furthermore, Gerber et al. (2012) segregate the fundraising impetus into five steps: (1) fundraising, (2) relationship building, (3) gaining legitimacy, (4) copying successful experiences, and (5) using social media to raise awareness about crowdfunding work.

Important indicators for the success of the project are the social motivation and relationships of the fundraisers. In this regard, overconfident fundraisers who set unrealistic fundraising goals might be seen as opportunists who exploit the pressing social issue for their gain. Therefore, we hypothesize that:

H2 The targeted funds by fundraiser have a negative relationship with the project success in the Pakistani market compared to the Indonesian market.

2.2.3 The Type of Crowdfunding Activities

A donation-based prototype is used when potential contributors exhibit charitable enthusiasm and furnish money without anticipating any monetary reward (Zhang et al.

2016). Similarly, the donation-based crowdfunding prototype can be tailored to a particular community to diminish contributors' risk in terms of fulfillment and fraud risk. By gaining public attention for transparency and activating communities, philanthropy can significantly mitigate such risks on major crowdfunding platforms (Rijanto 2018). Crowdfunding initiatives for the community, microfinance, and social causes have primarily followed the donation-based paradigm in emerging economies. Donation-based crowdfunding firms have the highest proportion of high-income funders, a trend consistent through almost all regions, and have shown an annual market growth rate of 43% between 2017 and 2018 (Ziegler et al. 2020). The potential contributors in donation-based crowdfunding give financing support to individuals. At the same time, pro-donors furnish financing to people, campaigns, or businesses entrenched in the fundamentals of philanthropy without anticipating any financial or material rewards.

Corporate social responsibility specifies the businesses' responsibilities to society. The terminology "CSR initiative" means the involvement of different enterprises with the goal of charitable giving and other non-representative benefits. Since historically, many businesses have responded to fundraising efforts by writing cheques, the actions of non-profit corporations involve several strategies that go beyond conventional corporate philanthropy. Various terms have referred to the company's charitable endeavors, including corporate social initiatives, community engagement, fundraising alliances, marketing-related causes, sales alliances, and collaborative issue promotion (Berger et al. 2007; Crane and Glozer 2016; Ramdhony 2018). Based on the above significance, we hypothesize that:

H3 The type of crowdfunding activity has a positive relationship with the crowdfunding campaign in Pakistani as opposed to the Indonesian crowdfunding market.

Moreover, based on the above literature, we have articulated the theoretical framework for the current study, as shown in Fig. 1.

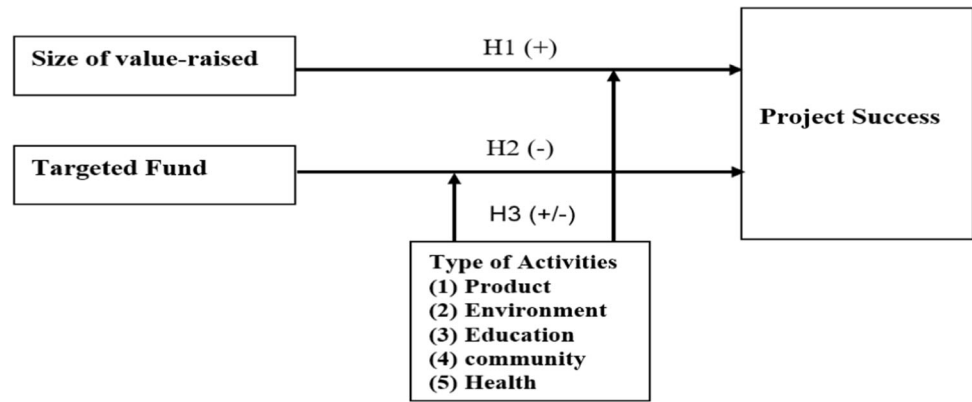
3 Data and Method

3.1 Measures

3.1.1 Dependent Variable

CrowdFund is the dependent variable of this study; we used the percentage or decimal of fundraising for successful crowdfunding to ensure the project is accurate and reliable. A fundraising activity with a ratio of more than 100% or a value of 1 is a successful funding activity and vice versa. It implies that the more successful the

Fig. 1 Conceptual framework



fundraising donations are, the larger the percentage of fundraising suggests. On the contrary, the lower the percentage of fundraising, the less successful the fundraising donations are. Therefore, the measurement of the project’s success is the ratio/decimal of the actual collected amount of the project to the target collected amount.

3.1.2 Independent Variables

Value raised measures the amount of money raised throughout the fundraising period. It is denoted by (Val_Raised). Target Fund: This measures the amount of money the fundraiser demands. It stands for (TargetFnd).

3.1.3 Dummy Variables

We have also collected data for seven dummy variables. These predictors were employed to determine the variation in financing through crowdfunding depending on the form of campaign funding activities, such as (1) Product (Rijanto 2018), (2) Environment (Env) (Vaznyte et al. 2020), (3) Education (Edu) (Oba et al. 2018), (4) Community (Rijanto 2018), (5) Health (Bassani et al. 2019), and (6) Error term (ε). The coding of the above control variables is shown in Table 1.

3.2 Data Collection

We selected and used data from transparenthands.org (Pakistan), seedout.org (Pakistan), tcfglobal.org (Pakistan), and kitabisa.com (Indonesia) crowdfunding platforms for

cross-comparison. These donation-based crowdfunding platforms from each country are prominent, widespread, and actively used, and data availability is accessible (Rijanto 2018; Permana et al. 2019; Tayal 2018; Nadeem Iqbal 2019; Lall 2009). Both platforms are generalist, as they accept campaigns from different categories and work in line with a Keep-it-all (KIA) model. The Keep-it-all (KIA) model permits the project creator to retain the overall contribution pledged against the project goal, even if at the cost of higher charges, notwithstanding the project’s success or failure. On the contrary, in the AON model, the project creator accepts funds only if the project attains its funding goal, and no reward is given to the crowd if the project fails to achieve its goal (Cumming et al. 2020). The projects in the current data set follow the KIA model. By adopting a random sampling method (Alazazi et al. 2020; Peng et al. 2021), we used hand-coded variables for the data-extraction procedure for each project, following the study approach of other crowdfunding research (Bukhari et al. 2019; Usman et al. 2020a, b; Oba et al. 2018; Clauss et al. 2017; Petitjean 2017). We extracted 250 projects from Pakistan and 250 from Indonesia between August 2021 and September 2021 (Josefy et al. 2017; Bukhari et al. 2019).

3.3 Method

This study employed the multiple linear regression framework for data interpretation and analysis to test the research models. SPSS and STATA were the statistical programs used in the current investigation. Moreover, the

Table 1 Dummy variables and proxies

Product	The dummy variable of 1 for product activities; otherwise, 0
Env	The dummy variable of 1 for Environmental activities; otherwise, 0
Edu	The dummy variable of 1 for Education 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

study identifies the predictors significantly impacting fundraising success and conducts a relationship analysis. Formally, Rijanto (2018), Berns et al. (2020), and Flórez-Parra et al. (2020) also used such a framework to examine the importance of corporate social responsibility (CSR) factors in financing decisions under the spectrum of the donation crowdfunding market. We thus speculated the following linear equation.

$$CrowdFund = a + b_1V + b_2T + b_3(Product) + b_4(Env) + b_5(Edu) + b_6(Community) + b_7(Health) + \varepsilon$$

4 Data Analysis and Results

We first performed the diagnostic test to confirm and validate the findings before running the research model in a regression framework. Such a test prevents any ambiguous or inconsistent data between the variables. This study’s diagnostic test included multicollinearity, heteroskedasticity, and Durbin Watson. Multicollinearity was examined and confirmed using the variance inflation factor (VIF) (Table 2). Given that an individual variable VIF score from the findings showing multicollinearity for each independent is below the threshold of 5. Therefore, multicollinearity is not a severe problem in the current approximation (Sekaran and Bougie 2013; Usman et al. 2020a, b; Wang et al. 2018; Giudici et al. 2018). The Durbin-Watson test is used to determine if there is an autocorrelation between the models, and the test results should fall between 1.8 and 2.2 (Hui 2017; Usman et al. 2020a, b). Our findings show that the Durbin-Watson test results fall within the above range, indicating that the current study has no autocorrelation issue. Moreover, log transformations were used on all independent and dependent predictors to lessen heteroscedasticity and skewness and improve the significance of the model findings

Table 2 Multicollinearity

Variable	Pakistan		Indonesia	
	Tolerance	VIF	Tolerance	VIF
CrowdFund	0.915	1.090	0.853	1.170
Val_Raised	0.327	3.062	0.227	4.399
TargetFnd (USD)	0.304	3.290	0.220	4.540
Product	0.864	1.157	0.948	1.055
Environment	0.730	1.371	0.966	1.036
Education	0.415	2.408	0.701	1.426
Community	0.765	1.306	0.613	1.630
Health	0.698	1.433	0.607	1.647

(Bukhari et al. 2019; Usman et al. 2020a, b; Fong et al. 2015; Henderson and Fredrickson 2001; Peter 2008).

4.1 Descriptive Statistics

A sample of 500 projects has been extracted from the Pakistani and Indonesian crowdfunding.

Platforms; 208 projects are successful, while 292 are unsuccessful. Among the 208 successful projects, 98 are projects from the Pakistani market sample, and 110 are from the Indonesian market sample. The descriptive statistics and all the data of the analyzed projects are exact and based on the obligation/pledged amount (refer to Table 3). For all the variables in the Pakistani sample, the correlation matrix coefficients range from -0.001 to 0.980, while for the Indonesian sample, they range from -0.009 to 0.817.

Therefore, the correlation coefficients between all the variables in both countries are statistically significant at 1% and 5%, respectively. Table 3 shows the descriptive analysis and correlation matrix for both countries.

4.2 Multivariate Analysis

We based the investigation of empirical findings and development of the study model on the works of authors like Boudreau et al. (2021), Flórez-Parra et al. (2020), Bukhari et al. 2019), and Rijanto (2018). An Ordinary Least Square (OLS) and robust regression have been performed to verify our hypothesis.

Table 4 shows the results of the predictors of project success and the OLS regression using four models: Models 1 and 2 represent values for Pakistan, and Models 3 and 4 refer to values for Indonesia. Model 1 and Model 3 examine the main effect of value raised and target funds. Model 2 and Model 4 discuss crowdfunding activities as dummy variables, including product, environment, education, community, health, and the main effects.

In terms of predictive power, the value of R2 for all the above models illuminates and portrays that.

Our independent variables clarify a vital percentage of the dependent variable. For example, the maximum value of R2 is 47.1%, and the lowest is 10.7%, based on the Pakistan sample. Therefore, we can describe that Model 1 and Model 2 have fitting explanatory power in the Pakistan crowdfunding setting. On the other hand, in the Indonesian market, the value of R2 is critically low (Model 3 to Model 4), the maximum being 12.2% and the lowest value being 5.8%. Hence, we have sufficient proof to determine that the Pakistani platform has a higher/better goodness of fit than the Indonesian platform.

For the empirical findings of value raised (V), hypothesis (H1) is tested through the outcomes of all Models

Table 3 Mean, standard deviations and correlations

	M(SD) Pakistan	M(SD) Indonesia	Crowdfund	Val_Raised	TargetFnd (USD)	Product	Environment	Education	Community	Health
CrowdFund	20.95 (11.08)	63.31 (47.78)	1	0.255**	-0.159*	0.015	-0.049	0.170**	-0.062	-0.101
Val_Raised	4254.54 (11,871.33)	127.71 (678.55)	0.2360**	1	0.877**	-0.146*	-0.016	0.164**	-0.041	0.012
TargetFnd (USD)	7071.85 (17,751.58)	159.72 (391.65)	-0.1360*	0.8170**	1	-0.174**	-0.007	0.214**	-0.001	-0.019
Product	0.044 (0.205)	330.25 (155.99)	-0.0570	-0.0730	-0.0820	1	0.032	-0.107	-0.063	0.110
Environment	0.068 (0.252)	0.015 (0.154)	0.3250**	-0.0600	-0.0090	-0.0580	1	0.799**	0.806**	0.806**
Education	0.440 (0.490)	0.215 (1.725)	0.5670**	0.3610**	0.4190**	-0.1750**	0.3310**	1	0.972**	0.972**
Community	0.064 (0.245)	0.390 (3.105)	0.3690**	0.1930**	0.2630**	-0.0560	-0.0710	0.3200**	1	0.980**
Health	0.460 (0.499)	0.390 (3.105)	-0.2480**	-0.1040	-0.1400*	-0.1980**	-0.2490*	-0.4260**	-0.2410**	1

*Pakistan & Indonesia currencies were exchanged into U.S. dollars for comparison

** $p < 0.05$ (2-tailed), *** $p < 0.01$ (2-tailed)

*The upper right side of the correlation matrix represents the Pakistani crowdfunding campaigns, whereas the lower left side of the correlation refers to the Indonesian crowdfunding campaign

(Model 1 to Model 12 in Tables 4 and 5, respectively). All Models report that the value raised (V) positively correlates with fundraising success (at a 0.001 significance level). Similarly, the value of the F-Test in all Models (except Models 7 and 8) revealed the feasibility of a regression equation with a 0.0000 significance level. This implies that the more the value is raised, the more successful projects are. The findings demonstrate that a higher value raised (V) has a more positive relationship with project success in Pakistan (164) as compared with Indonesia (122) (refer to Table 5) (Usman et al. 2020a, b). Hence, we delve into the result supported by (H1) for all Models. We accept the first directional hypothesis because the outcomes explain a significant and positive association with project success in the Pakistan crowdfunding market. Despite that, there is a substantial effect on project success in Indonesia. These findings highlight the theoretical and practical significance of value raised (V) as a signal for the potential fundraisers toward project success in both countries.

Similarly, the second hypothesis (H2) is tested through all models' outcomes (Model 1 to Model 12 in Tables 4 and 5, respectively). The magnitude of the fundraising value of the targeted variable (T) can be discounted at 3.8 and 2.0% of the variance in fundraising success in Pakistan and Indonesia, respectively. The global test (F-Test) is significant at 1% (p value = 0.0000) in all Models except Models 7 and 8. Hence, all Models report that the TargetFnd (T) is negatively correlated with fundraising success at a significance level of (1% and 5% in Models 1 & 2 and 5 and 10% in Models 3 & 4). Similar results are also predicted in Model 5 to Model 12 in Table 5. Such significance proved the feasibility of all models in the regression equation. Therefore, we delve into the result supported by (H2) for all Models. We accept the second directional hypothesis because the target fund (T) has a significant and negative relationship with the project's success in the Pakistani market despite the significant and negative effect on project success in the Indonesian market.

Hypothesis (H3) predicts that the type of crowdfunding activity has a positive relationship with the crowdfunding campaign in Pakistan as opposed to the Indonesian crowdfunding market. This hypothesis is tested for Models 2, 4, 6, 8, 10, and 12 in Tables 4 and 5, respectively. The individual tests (t-test) results indicated that the activity type of product, environment, education, and community correlates with fundraising success with a 0.01 significance level; meanwhile, health did not correlate significantly with a p value greater than 0.1, 0.05, and 0.01. Therefore, we partially accept (H3) (for Pakistani – education, environment, community, and health; for Indonesia – education, environment, community, product, health;), and partially reject (H3) (for Pakistan only product).

Table 4 Baseline model assessment and evaluation

Outcome variable: Project Success				
Independent variables	Pakistan		Indonesia	
	Model 1	Model 2	Model 3	Model 4
Constant	2.6700*** (0.0000)	1.6620*** (0.0000)	7.1020** (0.0000)	0.2520*** (0.0020)
Val_Raised (V)	3.25*** (0.0010)	3.71*** (0.0000)	0.0180*** (0.0000)	1.98*** (0.0000)
TargetFnd (T)	−9.71** (0.0380)	−2.75*** (0.0000)	−0.020** (0.0200)	−9.39* (0.0140)
Product		1.0810** (0.0000)		−0.2460* (0.0950)
Environment		1.0100*** (0.0000)		0.1590* (0.0940)
Education		1.3960*** (0.0000)		−0.0650** (0.0220)
Community		0.1910 (0.1260)		−0.1360* (0.0970)
Health		−0.0010 (0.2730)		−0.0320 (0.6700)
Observations	250	250	250	250
R ²	0.1070	0.4710	0.0580	0.1220
Adj R ²	0.0960	0.4530	0.0500	0.0930
F-test	9.7760***	26.7880***	7.5720***	4.1870***
Durbin-Watson	1.5290	1.9330	1.8320	1.9420

Standardized coefficients and standard error are reported; ***, **, *, indicates $p < .01$, $p < .05$, and $p < .10$, respectively

4.3 Robustness Check

To prevent the endogeneity and reverse causality problem between successful crowdfunding, value raised (V), and target fund (T). The authors re-estimate the baseline models using the natural log of crowdfunding project success (Shahab et al. 2018; Usman et al. 2020a, b) as a dependent variable in four further Models for Pakistan and the Indonesia markets (refer to Table 6). Our results are still robust if we use Log successful crowdfunding as the dependent variable to measure crowdfunding success. The findings reveal that the core independent variables, i.e., the amount raised (V) and the target fund (T), are significant in all four models of Table 6. This confirms our findings and illustrates the robustness of our estimations.

Models 13 and 14 refer to the Pakistani market, whereas Models 15 and 16 refer to the Indonesian market. From Model 13 to Model 16, it is validated that the value raised (V) and the target fund (T) have a chief impact on crowdfunding success. This articulates that the value raised (V) and the target fund (T) are the principal predictors that influence the success of a crowdfunding campaign (refer to Fig. 2). Model 16 clarifies project success variation by 12.20%, considerably outperforming Model 15 in Indonesia. Model 14 also explains 47.10 percent of the variation in project success, greatly improved compared to Model 13 in Pakistan ($R^2 = 0.0530$). After testing for robustness, we discovered that our findings are consistent across several outcome variables (Log crowdfunding success) in Pakistan and Indonesia.

5 Discussion and Conclusion

This research explored the relationship between the number of funds raised in the fundraising effort with its target funds by the project creator and the types of activities on project success in donation-based crowdfunding that probably back the CSR activities. Based on the independent and dependent predictors, we have developed directional hypotheses. Therefore, we have gathered data from 500 projects to test these hypotheses.

Firstly, our empirical findings illuminate that a higher value raised (V) has a more positive relationship with project success in Pakistan (164) as compared to the Indonesia (122) sample. It interprets that the higher percentage of funds collected fluctuates from zero to 9.71 times the amount of targeted funds between the existing cases investigated. Such outcomes align with other studies, i.e., (Lukkarinen et al. 2016; Mollick 2014). Additionally, we have confirmed the results through a robustness check, and the outcomes have validated a significant effect of value raised (V) on project success.

Secondly, we have investigated the negative impact of TargetFnd (T) on project success from the Pakistani and Indonesian donation-based crowdfunding perspective. Our empirical findings demonstrate that the TargetFnd (T) by the fundraiser has a significant and negative relationship with the project's success in the Pakistani market (−9.71**), despite the significant and negative effect on project success in the Indonesian market (−9.39*). Therefore, the fundraising targets' outcomes align with the

Table 5 Successful/Unsuccessful Projects

Independent variables	Pakistan				Indonesia			
	Successful Crowdfunding		Unsuccessful Crowdfunding		Successful Crowdfunding		Unsuccessful Crowdfunding	
	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Constant	3.0960*** (0.0040)	4.9660** (0.0580)	2.0190*** (0.0000)	1.1410*** (0.0000)	0.2360*** (0.0000)	0.4560*** (0.0000)	0.3370*** (0.0000)	0.0860*** (0.0009)
Val_Raised (V)	0.0020*** (0.0000)	0.0010*** (0.0010)	8.275*** (0.0000)	7.266*** (0.0000)	8.611*** (0.0000)	9.831*** (0.0000)	1.79*** (0.0040)	1.808*** (0.0003)
TargetFnd (T)	-0.0020*** (0.0000)	-0.0010*** (0.0010)	-2.751*** (0.0020)	-3.926*** (0.0000)	-5.993*** (0.0050)	-7.559*** (0.0010)	-9.02*** (0.0520)	-9.044*** (0.0053)
Product		-0.4880* (0.0905)		0.7710** (0.0360)		-0.1940** (0.0312)		-0.0140** (0.0213)
Environment		0.0121* (0.0550)		1.1610*** (0.0000)		0.3140* (0.0238)		0.2490* (0.0690)
Education		-0.6420** (0.0209)		-1.5440*** (0.0000)		-0.3840*** (0.0000)		-0.1140** (0.0370)
Community		-0.0110*** (0.0000)		-1.2910*** (0.0000)		-0.2810*** (0.0000)		-0.0270*** (0.0000)
Health		-0.1380** (0.0170)		-0.3380** (0.0460)		-0.1870** (0.0110)		-0.1090** (0.0100)
Observations	164	164	86	86	122	122	128	128
R2	0.1520	0.7610	0.1520	0.6310	0.1930	0.3280	0.0760	0.1280
Adj R ²	0.1420	0.7420	0.1420	0.6120	0.1790	0.2800	0.0610	0.0770
F-test	14.4540***	40.8270***	14.4750	33.1650	14.2230***	6.8930***	5.1200***	2.5190***
Durbin-Watson	1.5120	1.9330	1.6120	1.9870	1.8340	2.1900	1.9350	1.9770

Standardized coefficients and standard error are reported; ***, **, *, indicates $p < .01$, $p < .05$, and $p < .10$, respectively

Table 6 Robustness results. Outcome variable: log successful crowdfunding

Independent variables	Pakistan		Indonesia	
	Model 13	Model 14	Model 15	Model 16
Constant	0.2800*** (0.0000)	0.2390*** (0.0000)	1.1120*** (0.0000)	1.3300*** (0.0010)
V	7.62*** (0.0010)	8.334*** (0.0000)	0.0010*** (0.0000)	0.0010*** (0.0000)
T	-3.06** (0.0470)	-6.044*** (0.0000)	0.0000** (0.0170)	0.0000* (0.0690)
Product		0.1470** (0.0440)		-0.8250** (0.0238)
Environment		0.2140*** (0.0010)		-0.0770* (0.0560)
Education		0.252*** (0.0010)		0.0520* (0.0793)
Community		0.0090*** (0.0000)		-0.6640*** (0.0010)
Health		0.0510* (0.0770)		-0.3500* (0.0560)
Observations	250	250	250	250
R ²	0.0530	0.4710	0.0920	0.1220
Adj R ²	0.0450	0.4530	0.0840	0.0930
F	12.8870***	6.5430***	12.4640***	4.1870***
Durbin-Watson	1.7510	1.9450	1.5890	1.9420

Standardized coefficients and standard error are reported; ***, **, *, indicates $p < .001$, $p < .01$, and $p < .05$, respectively

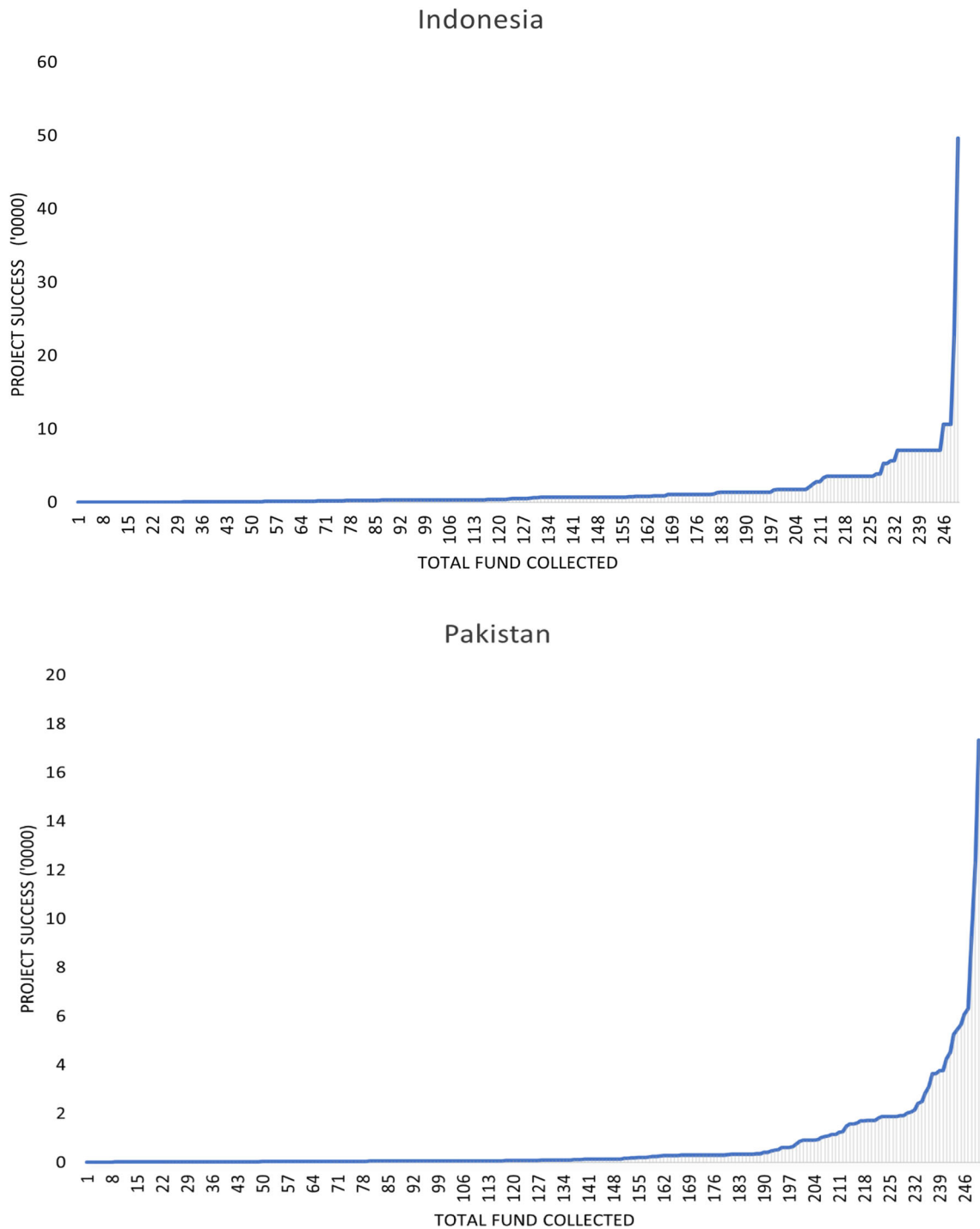


Fig. 2 The effect of total funds collected on project success in Pakistan and Indonesia after robustness

second hypothesis (H2). Such findings are similar to other studies, i.e., (Rijanto 2018).

Thirdly, we have examined the type of crowdfunding activities and their impact on project success from the perspective of Pakistani and Indonesian donation-based crowdfunding. Our empirical findings have indicated that activities such as education, environment, community, and

health have a positive relationship with project success in Pakistan, except for the product. On the contrary, for Indonesia, activities such as education, environment, community, product, and health have a positive and significant relationship with the project’s success.

Likewise, we have confirmed our outcomes through a robustness check, and the results are compatible with the

main models (Tables 4 and 5). Based on the outcomes, we can articulate that value raised (V), Target funds by the fundraiser, and type of activities are playing the role of catalyst in project success in the donation-based crowdfunding markets in both countries.

5.1 Managerial Implications

CSR may have far-reaching strategic ramifications, such as bolstering a company's brand equity rather than influencing consumers' immediate buying behavior (Kamal 2020). However, CSR activities are unlikely to boost brand equity and may even damage it if consumers believe businesses support social causes at odds with their values. The new era of openness enabled by financial technologies such as crowdfunding confronts managers with new challenges and latent opportunities for developing business brand equity. In some nations, growth in donation-based crowdfunding activities is on the rise, and they can work well in tandem with CSR efforts. The current research demonstrates a positive association between the value of the funds raised and the definitive success of crowdfunding activities that CSR backs.

In contrast, there is a negative effect of the amount of TargetFnd (T) on successful fundraising initiatives. The social actors can vigorously support the cause of the project throughout the fundraising activity. If the activities related to CSR are linked to the formation of value for the business, then donation-based crowdfunding can boost a company's reputation.

As advocated by Ramdhony (2018) and Jongbloed (2019), CSR initiatives offer more than just the opportunity to do philanthropic deeds; they also foster innovation and give businesses a competitive edge. Crowdfunding for donations enables companies to carry out CSR initiatives with the crowd's support, openness, flexibility, and supplementary funding for charitable endeavors. Donation-based crowdfunding is a viable option for completing CSR projects. Therefore, companies and potential users are strongly encouraged to use crowdfunding to raise money for CSR projects and events or to address pressing social problems. Moreover, it may serve as a fount of creativity and a point of differentiation for the business' CSR approach. Managers must consider the value raised throughout the fundraising activity, the target fund, and the type of activities. The activities in both the economies, such as education, environment, community, product (excluded for Pakistani sample), and health, substantially influence the success of projects in donation-based crowdfunding.

Donation-based crowdfunding also allows managers and businesses to engage in CSR-type activities in many minor social projects by offering donations of a modest quantity

of funds to various social projects in numerous geographical locations. From the perspective of regulators and policymakers, donation-based crowdfunding furnishes the opportunity for philanthropic projects to execute CSR-type activities in their territory and enhance the funding source from many other nations. The authorities can manage philanthropic projects by deciding what type of CSR activity should be funded, including projects that promote the significance of education, environment, community, and health-related aspects through the crowdfunding platform.

Similarly, this research will stimulate potential investors for financial inclusion and platforms, policymakers, incubation centers, entrepreneurs, and universities that can formulate training initiatives based on classified CSR-type activities to increase the success of startups. Policymakers can make and modify future strategies by looking at the motivating factors from the current study.

Policymakers must implement reforms to improve the quality of institutions and build effective rules and infrastructure; governmental initiatives, assistance, and policies are vital for economic progress (Rizwan and Mustafa 2022). Since Pakistan represents a predominantly young population, policymakers need relevant policies for an untapped pool of young and not so highly educated investors.

Lastly, this study makes an effort to contribute to the donation-based crowdfunding literature to develop a vivid understanding of different CSR activities and their impact on the project's success. Most prior research has examined the CSR activities in crowdfunding, usually limited to single-country (Geng et al. 2022; Flórez-Parra et al. 2020; Kamal 2020; Spanos 2016). Considering this and to the author's knowledge, the current study is one of the first to examine the significance of CSR activities in project success in the donation-based crowdfunding market from the perspective of two developing economies: Pakistan and Indonesia. Hence, the current study will enrich the body of knowledge regarding crowdfunding in diverse economies.

5.2 Conclusion

Crowdfunding has drawn the attention of policymakers and businesses worldwide and is thought to contribute to emerging economies' entrepreneurial ecosystem and venture capital (Rizwan and Mustafa 2022). The perception of companies and social actors about donation-based crowdfunding is developing, especially in the CSR settings of emerging economies (i.e., Pakistan and Indonesia).

Based on the outcomes of this research using donation-based crowdfunding datasets from August 2021 to September 2021, the impact of donation-based funding and crowdfunding activities on project success in both

countries has reached more than 60%. Such development reflects the growth of donation-based crowdfunding in both countries, showcasing the potential users' interest in philanthropic activities, which serves a latent synergy with CSR-type activities for a fundraising campaign. Similarly, many social projects are currently launched through crowdfunding, meaning CSR-type activities are associated with micro-funding projects, and different social actors are linked with such activities for the benefit of businesses and stakeholders. Moreover, the current study will strengthen the trust of all stakeholders, including entrepreneurs, policymakers, investors, and platform owners, for strengthening the entrepreneurial ecosystem from the perspective of donation-based crowdfunding in Pakistan and Indonesia.

Donation-based crowdfunding, an activity under the social finance technology umbrella, demonstrates distinct hallmarks in Pakistan and Indonesia. Typically, the magnitude of value raised significantly correlates with project success. The targeted funds have a significant negative correlation with fundraising success; therefore, both variables are considered critical factors in donation-based crowdfunding success in both countries. Moreover, the findings from CSR-type activities strongly correlate with fundraising success in both countries.

This study has some limitations that warrant further research. The empirical findings of the current study are based on two emerging economies (i.e., Pakistan and Indonesia). To generalize the results and investigate the synergies of crowdfunding donations with CSR-type activities, the authors suggested using a large dataset from other emerging economies in South Asia and Southeast Asia that could bring more significance to this research. The models generated from the multivariate analysis have a relatively low fitness value due to the minimum number of independent variables considered in evaluating fundraising success. Suppose more predictors, such as cultural norms, institutional frameworks, and economic conditions, are included in the taxonomy of the framework. In that case, it will open new avenues and may shape the dynamics of crowdfunding and CSR implementation. Besides that, various stakeholders involved in donation-based crowdfunding, including fundraisers, donors, and beneficiaries, can shed light on these activities' challenges, motivations, and outcomes. This could contribute to a more comprehensive understanding of the crowdfunding process. Moreover, it is proposed that qualitative research (face-to-face interviews) or mixed methods could be initiated to examine the significance of CSR activities through the lens of potential fundraisers financing a project. The reliability and availability of data from donation-based platforms could be a limitation. It is important to consider potential biases and inconsistencies in the data and ensure its accuracy for robust analysis. Future research could explore

ways to address data limitations and access more comprehensive and reliable datasets. Lastly, other statistical methods, such as logit or Probit, can be used to present the analysis better and more convincingly.

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