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A study on the role of social capital in crowdfunding campaign outcome in Africa

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Abstract
Although crowdfunding offers a cost-effective avenue for entrepreneurs to raise funds, not every crowdfunding campaign project receives successful funding. Crowdfunding failure rates over the years ranges from 60% to 87% on Kickstarter and Indeigogo. Various empirical studies have been conducted to explain what contributes to successful crowdfunding campaigns. In this study we examine we examine the determinants of African crowdfunding campaign outcome using social capital theory as theoretical basis. The results suggest that relational social capital, structural social capital, and cognitive social capital have statistical significance on the outcome of a crowdfunding campaign. This study adds to the growing literature on explaining the outcome of crowdfunding campaign based on social outcomes in order to promote the characteristics that determines the level of campaign funding.

Keywords: crowdfunding, social capital theory, ordinal logistic regression, Africa

Introduction

Access to funding is a big challenge for business ventures especially for new startup ventures in Africa due to underdeveloped financial systems which includes financial institutions and markets (Adebayo, 2014) [2]; Beck and Cull (2014)) [5]. Also, scanty financial institutions and low penetration rate of commercial banks coupled with risk aversion behaviour from financial institutions have created a "lending gap" in many African countries. According to (George *et al*., 2016) [22], informal sources of funding in Africa fails to fill the lending gap as the activities of the informal financial agents are often limited in scope. Nonetheless, innovative financial business models or FinTech through ICT are empowering many African countries to develop their financial sectors. New businesses in Africa can have access to funding through many forms of innovative funding channels. Crowdfunding which is a form of FinTech is built on the concept of crowdsourcing through online platforms. Crowdfunding has emerged to provide financial resources for business startups (Davis *et al*., 2017; Schwienbacher & Larralde, 2010) [16, 44]. Mollick and Robb (2016) [37] explain that accessing crowdfunding is relatively easier than most traditional sources of financing. Reedy *et al*., (2017) [41] also indicate that crowdfunding offers a great leverage for entrepreneurs to bridge early-stage funding gap. Liu and Wang (2018) [32] explain that crowdfunding offers more than capital to entrepreneurs, but also help in publicizing and obtaining feedbacks about their projects.

Although crowdfunding offers a cost-effective avenue for entrepreneurs to raise funds, not every crowdfunding campaign project receives successful funding. Crowdfunding failure rates over the years ranges from 60% to 87% on Kickstarter and Indeigogo. Various empirical studies have been conducted to explain what contributes to successful crowdfunding campaigns. Kunz *et al*., (2017) [30] show that social ties, investment preparation and presentation, multiple rewards, and also communication and interaction with backers have positive influence on the likelihood of success. Courtney *et al*., (2017) [15] identify the use of media and the fundraiser's fundraising history as well as positive backer sentiment as key ingredients in ensuring crowdfunding campaign success. Similarly, Butticè *et al*., (2017a) [8] adds that serial fundraisers' success is mainly related to the internal social capital entailing of the links with backers of previous successful campaigns. Also, Clauss *et al*., (2018) [12] points out that social interaction during a campaign increases the likelihood of campaign success.

Studies on the determinants of crowdfunding outcome continues to gain popularity among researchers, however, results from prior studies are often very general since they often do not l focus on African crowdfunding. In this study we examine we examine the determinants of African crowdfunding campaign outcome using social capital theory as theoretical basis. This study adds to the growing literature on explaining the outcome of crowdfunding campaign based on social outcomes in order to promote the characteristics that determines the level of campaign funding. The study makes three distinctions of social capital namely: Relational social capital, Structural social capital, and Cognitive social capital. Relational social capital encapsulates bonding and bridging among peers, individuals and organizations (Dolfsma & Dannreuther, 2003; Wallis, 1998) [17, 48]. Structural social capital enables mutually beneficial action through recognized roles and social networks and also complemented by rules, procedures and precedents (Mollick, 2014). Cognitive social capital encapsulates shared norms, values, attitudes, and beliefs as well as actions that are mutually beneficial to a group

Literature review

Some studies identify pricing and targets as important elements in designing a successful crowdfunding campaign. This is because when prices are too high it lowers the likelihood of a project being funded on a reward-based platform (Meer, 2014) [34]. Similarly, (Lukkarinen *et al*., 2016) [33] suggest that the size of minimum contribution has

a negative influence on the number of investors as well as the amount raised. However, Saxton & Guo, (2014) [43] uncover that price is not a significant factor among capital providers. Hu *et al*., (2015) [28] claim that the top 10% of capital providers contribute the highest margin of funds in crowdfunding campaigns. Furthermore, Hu *et al*., (2015) [28] stress that even where campaign product alternatives are the same, high buyers may continue to invest in the more expensive alternatives.

With respect to rewards-based crowdfunding, (Mollick & Nanda, 2016) claim that a greater number of reward levels is strongly associated with crowdfunding campaign outcome. Nonetheless, it is also argued that the number of reward tiers should not essentially be extended indeterminately, since less meaningful reward tiers are typical to successful campaigns (Chen *et al*., 2016). Hörisch (2015) and Hobbs *et al*., (2016) [26] also argue that, the existence of reward tiers does not necessarily guarantee success but rather the quality of rewards that stimulates capital providers. Furthermore, capital providers must be given a variety of options to choose from reward-based platforms (Hu *et al*., 2015) [28]. Kraus *et al*., (2016) [29] stress that the impact of rewards on the successful outcome of crowdfunding is not straightforward. Boeuf *et al*., (2014) [6] reveal that public acknowledgment is more vital than material reward for capital providers who contributes towards theater projects in Kickstarter. Intriguingly, it is argued that an add-on material reward can sometimes negatively affect the keenness of capital providers to contribute. Thürridl & Kamleitner (2016) [45], study the role of different rewards in successful and unsuccessful crowdfunding campaigns. Their results suggest that collective rewards typical to culture campaigns lead more frequently to success than pure pre-sales that are specific to novel products. However, we cannot also imply that people engage in just funding projects that provides sensational experiences as a reward. Chen *et al*., (2016) [9] observe that utilitarian products often achieve higher donation levels than hedonic products on Kickstarter.com. Agrawal *et al*., (2015) [3], suggest that crowdfunding tendency grows in correlation with the accumulated capital in equity-based crowdfunding. Hence, the early success of a particular campaign is likely to intensify the probability of a campaign attaining its funding (Agrawal *et al*., 2015; Colombo *et al*., 2015; Fondevila-Gascón *et al*., 2015) [3, 14, 19]. Colombo *et al*., (2015) [14] reveal that crowdfunding campaigns that record more capital providers and also receive a greater proportion of their campaign target during the first one-sixth period of the campaign duration are more likely to succeed. Galuszka & Brzozowska, (2017) [21] argue that some fundraisers invest some of their private money in campaign projects to signal early success. However, Lukkarinen *et al*., (2016) [33] argue that there is still little evidence to support the effect of early success on crowdfunding campaigns.

Zheng *et al*., (2014) [51] argue that successful crowdfunding also depends on what is valued by capital providers. Cholakova and Clarysse (2015) [10] report that the motivation for capital providers to contribute towards crowdfunding is divers including rewards and financial returns, help other people in need and support a cause, and to form relationships and be part of a community (Galuszka & Brzozowska, 2017; Gerber & Hui, 2014; Lam & Law, 2016) [21, 23, 31]. Ryu and Kim) 2015) [42] classify six incentives that motivates capital providers namely: interest, playfulness, philanthropy, reward, relationship, and recognition.

They also identify four categories of crowdfunding sponsors, namely, the angelic backer who characterized by philanthropic motives, the reward hunter who is characterized by reward motives, the avid fan who characterized by several motives except rewards, and the tasteful hermit who are similar to the avid fans but are less driven by recognition and relationship motives). Choy and Schlagwein (2016) [11] also categorized crowdfunding capital providers into four categories namely: the intrinsic-individual, the intrinsic-social, the extrinsic-individual, and the extrinsic-social motivations. On another hand, Gerber and Hui (2014) [23] explain that distrust for a fundraiser's management of funds often discourages capital providers. This situation is often associated with platforms where the fundraiser full access to the funds even when the campaign target has not been met.

Social capital theory

In the past decade there has been an increase in references to social capital in academic literature (Aldridge *et al*., 2002). Adam & Rončević, (2016) [1] argue that this growth in research and application of social capital theory to diverse areas characterizes an unparalleled acceptance, study and application. Further, Grootaert, Christiaan & Van Bastelar (2002) [24] argue that the concept of social capital applies itself to different use as it is very general, and one may advance study on any social entity or situation through the framework of social capital.

Social capital theory offers a good insight to determining the potent signals that determine crowdfunding outcome. Entrepreneurs can invest social capital through social networking to signal the underlying quality of their projects to potential contributors to achieve economic benefits. Platform operators in this case act as social promoters through online sources. From the social capital perspective, the entrepreneur aiming to maximize the benefits of social capital must showcase a fundamentally reliable network signal (Fan & Mahadevan, 2019) [18].

Efforts to comprehensively theorize social capital have resulted in some theoreticians recognizing diverse forms and types. Some distinctions or types of social capital are bonding and bridging or relational, structural, and cognitive. According to Dolfsma & Dannreuther (2003) [17], bonding is horizontal, since it occurs among peers within a society while bridging is vertical and occurs between communities. Also, Wallis (1998) [48] explain bonding capital as local and found among people who live in the same communities. Further, he refers to bridging capital as extending to individuals and organizations. Regarding bonding and bridging or relational dimension of social capital, social trust is the ingredient. Some scholars highlight the importance of social trust (Coleman, 1988; Fukuyama, 1995; Putnam, 1993) [13, 20, 40]. Trust essentially serve as a gauge of social solidity and plays a crucial role in the exchange and sharing of knowledge, information, and participation. When shared relationships are not founded on trust, it becomes challenging for an exchange to occur. The underlying principle of trust is that people who can trust others are also more reliable and are prone to collaborating

with others (Brewer, 2003) [7]. Psychologists explain that trust has a significant effect on human behaviour patterns (Wu, 2018) [49]. (Zhang & Chen, 2019) [50] argue that trust has a persuasive effect on crowdfunding project contributors. Therefore, actions taken by the entrepreneur to appear more visible to the crowd helps to boost the trustworthiness of the entrepreneur as well as the campaign project. We include the availability of a website for the campaign project as signal for trustworthiness since websites provide the avenue for the entrepreneur to provide detailed information concerning the project and also facilitate interaction and feedback. Also, we include the average amount pledged to the funding campaign in the study to signify the level of trustworthiness earned by the fundraiser. This is because pledges provide some credibility and trustworthiness for both the contributor and the fundraiser. Further, we include the provision of a funder's personal information such as full name and personal contact into the study to show the desire to win trust. We hypothesize that:

H1: Relational Social Capital has a significant influence on the level funding contributed to a crowdfunding campaign.

Uphoff (2000) [46] describe structural social capital as a form of social capital that enables mutually beneficial action through recognized roles and social networks and also complemented by rules, procedures and precedents (Hitt & Duane, 2002) [25]. Cognitive social capital contains the broader mission of the group, values, and objectives, which are critical for the collective action. We adopt the type of funding, the funding platform and funding duration as the components of cognitive social capital in the study. Funding duration generally refers to the funding campaign period. In some cases, the funding period is determined by the platform policy whiles others depend on the entrepreneur. The average crowdfunding period is estimated to be 90 days on Kickstarter and Indiegogo. Mollick (2014) suggest that the duration of a crowdfunding project has an effect on the outcome of the project. Hence, we hypothesize that:

H2: Cognitive Social Capital has a significant influence on the level funding contributed to a crowdfunding campaign.

Furthermore, Uphoff and Wijayaratna (2000) [46], explain cognitive social capital, as the form which embodies shared norms, values, attitudes, and beliefs. They explain that cognitive social capital inclines people towards mutually beneficial collective action. According to (Nahapiet & Ghoshal, 1998) [39], structural social capital encapsulates the incidence or absence of a network supporting access to people and resources and embraces the impersonal configuration of connections between people or units. Miller (1992) [35] argue that frequent, repeated, and successful interactions between actors increases cooperation rates, which, in turn, can positively influence organizational performance. The study identifies the quality of social strength which is represented by the number of backers to the project and the availability of social media membership as structural social capital variables. We hypothesize that:

H3: Structural Social Capital has a significant influence on the level funding contributed to a crowdfunding campaign.

Materials and method

The data for this study is taken from The Crowdfunding Data Center. The Crowdfunding Data Center specializes in tracking and providing information on various crowdfunding campaigns from around the world. Data on crowdfunding projects involving African countries that ended between 1st September 2016 and 30th September 2016 are collected for the analysis. Table 1 displays countries, the number of campaigns, and crowdfunding platforms for campaign projects that ended within the period. Overall, 237 crowdfunding projects on Africa launched on Kickstarter.com, Indeigogo.com, and Fundraiser.com are reported within the study period. Kickstarter and Indiegogo are among the leading non-equity-based crowdfunding platforms globally (Steinberg 2012, Mollick 2015). Out of the total number of crowdfunding projects in Africa sample, 11 projects were launched on Kickstarter.com platform whereas 221 projects were launched on indeigogo.com and 5 projects were launched on fundrazrs.com.

Table 2 presents the structure of the data collected for the study. The data includes the identification number, campaign title, category, type of crowdfunding country, a link to the campaign's URL, launch date, end date, flexible fund, fundraiser's name, fundraiser's email, social network sites, project website, campaign target, the amount pledged, and number of backers. Various signals of social capital that motivates potential contributors based on the conceptual framework are extracted from the data. For relational social capital we incorporate the availability of website (WBS), average amount pledged to the project (AVP), and the availability of the fundraiser's personal information (INFO). For cognitive social capital we include the type of crowdfunding (TYP) and the funding duration (DRTN). With respect to structural social capital, we incorporate the number of backers (BKS) and social media account (SMC). The proposed model takes the following structure.

$$FND = f(DRTN, TYP, INFO, BKS, AVP, WBS, SCM) \quad (1)$$

Where FND is the crowdfunding campaign level of funding. Since the dependent variable is ranked, we proceed with the analysis using ordinal logistic regression model. The most frequently used ordinal logistic model is the proportional odds model (POM) expressed bellow as:

$$y_i^* = x_i + \varepsilon_i \quad (2)$$

Since the dependent variable is categorized and ordered the formula above can be expressed as:

$$In\left(\frac{\sum pr(Y \leq j|X)}{1-\sum pr(Y \leq j|X)}\right) = \alpha_j + \beta_i X_{i,1,} \quad (3)$$

$$i = 1 \ldots k, j = 1,2, \ldots, p-1$$

Where α_j is the threshold, β_i is a parameter, $X_{i,1,}$ is the set of independent variables. The analysis is conducted using *R* statistical software version 3.6.1 in an *R* studio version 1.2.1335 (*R* is a free statistical software for computing and graphics).

Table 1: List of countries sampled

Country	No. of Projects	Kickstarter	Indeigogo	Fundrazr
Benin	3		3	
Botswana	2	1	1	
Congo DRC	2	1	1	
Cameroon	9		9	
Cape Verde	2	2		
Algeria	1		1	
Egypt	15		15	
Ethiopia	3	1	2	
Ghana	10		10	
Kenya	19		19	
Liberia	1		1	
Morocco	8		7	1
Madagascar	2		1	1
Mali	1	1	1	1
Mauritius	2		2	
Malawi	1		1	
Mozambique	4		4	
Namibia	1		1	
Niger	1	1		
Nigeria	37		37	
Rwanda	3		3	
Senegal	1		1	
Somalia	1		1	
Tunisia	7		7	
Tanzania	9		9	
Uganda	18	1	17	
South Africa	64	2	60	2
Zambia	6	1	5	
Zimbabwe	4		4	
Total	237	11	221	5

Table 2: Selected attributes from The Crowdfunding Data Center.

Variable	Description	Data Type
ID	Project index number	Letters and numbers
Percentage funded	Percentage of funding target raised over the campaign	Numbers
Date added	The date a specific crowdfunding campaign was launched.	Date
End Date	The date a crowdfunding project was closed on the platform.	
Category	Animals, Arts, Comics, Community, Dance, Design, Education, Environment, Fashion, Film, Food, Gaming, Health, Music, Photography, Politics, Religion, Small business, Sports, Technology, Theater, Transmedia, Video, Writing.	Text
Types	The type of crowdfunding	Text
Platform	The name of the crowdfunding platform	
Link	Link to information on the crowdfunding campaign	Text
Title	The title for a specific crowdfunding project.	Text
Country	The host country of the crowdfunding project	Text
Target	Amount of money the fundraiser targets.	Currency
Number of backers	Number of projects backed by creator.	Number
Average pledged	Average amount of money pledged over time.	Number
Creator's name	The name of the crowdfunding fundraiser	Text
Flexible fund	The option to receive funding amount even if funding target is not reached.	
Website	Availability of project website	Text
Twitter account	Fundraiser or project Twitter account.	Text
Facebook account	Fundraiser or project Facebook account.	Text
Youtube account	Fundraiser or project Youtube account.	Text

Results

Table 3 presents the data preprocessing and the frequency of both the response variables and the predictors. We can observe that 210 projects recorded a funding level that is between 0% to 20%, 12 projects recorded a funding level between 21% to 40%, 2 projects recorded a funding level between 41% to 60%, 3 projects recorded a funding level between 61% to 80%, 6 projects recorded a funding level between 81% to 100%, and 4 projects recorded a funding level above 101%. Also, with respect to the type of crowdfunding, 3 projects are donation-based crowdfunding, and 234 projects are rewards based crowdfunding projects. Similarly, 3 projects did not have the fundraiser's information and 234 projects produced the fundraiser's information with respect to the availability of websites, 226 projects did not have websites whereas 11 projects had websites. Again 191 projects where not publicized on social media whereas 46 projects were on social media.

Table 4 present the summary statistics of the numerical variables in the study. We can notice that the lowest duration for a project is one day and the maximum is 212 days. Also, the minimum number of backers for a project is zero whereas the maximum is 276. The mean average amount pledged is $27.16 and the maximum amount is $512.50.

Table 3: Data preprocessing and summary

Variable		Preprocessing Value	Frequency
Response			
Percentage of funding	*FND*		
0 – 20		0	210
21 – 40		1	12
41 – 60		2	2
61 – 80		3	3
81 – 100		4	6
101+		5	4
Predictors			
Type of crowdfunding	*TYP*		
Donation		0	3
Rewards		1	234
Fundraiser's information	*INFO*		
No		0	3
Yes		1	234
Website	*WBS*		
No		0	226
Yes		1	11
Social Media	*SCM*		
No		0	191
Yes		1	46

Table 4: Data preprocessing and summary statistics

		Minimum	Median	Mean	Maximum
Predictors					
Duration	*DRTN*	*1*	*55*	*44*	*212*
Backers	*BKS*	*0*	*0*	*6*	*276*
Average pledge	*AVP*	*0*	*0*	*27.16*	*512.50*

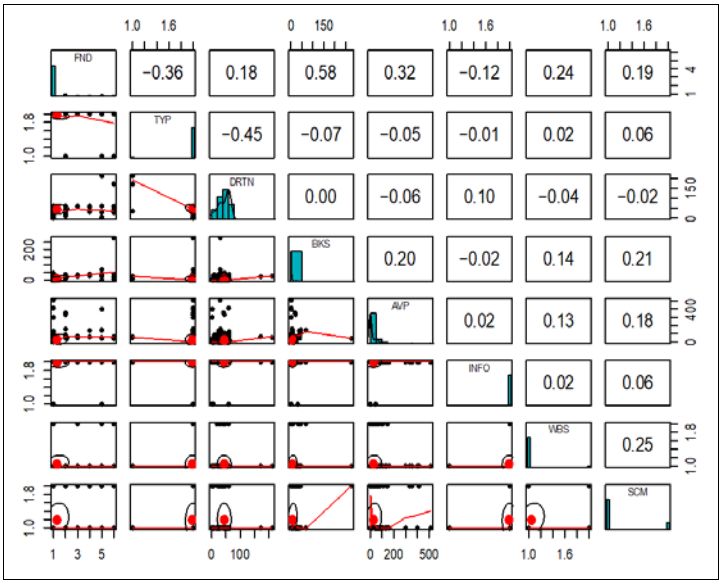

Fig 1: Correlation plot

Figure 1 presents the scatter plot of matrices for the variables used in the study. The lower off-diagonal shows the scatter plot, a regression line for a given pair of variables, and a diagonal histogram of each variable whereas the upper of diagonal shows the pairwise Pearson correlation. We can observe that the level of funding has strong correlation with the number of backers, giving us a first indication that the number of backers have a strong relationship with the level of funding.

Table 5: Estimated results for ordinal logistic regression (Log odds units)

	Dependent Variable
	FND
TYP1	-3.990***(1.436)
DRTN	0.015(0.013)
BKS	0.121***(0.022)
AVP	0.005**(0.003)
INFO 1	-3.162***(1.413)
WBS 1	-0.092(1.049)
SCM 1	0.710(0.705)
Observations	179
Log likelihood	-56.06146
Pseudo R^2	54.21
AIC	136.1229

Note: * p<0.1; **p<0.05; *** p<0.01

Table 5 presents the logit coefficients in log odds units and standard errors (in parenthesis) for the model. It can be observed that the coefficient of the creation of a website for the project (*WBS*) is not statistically significant at 10% significance level, however, the availability of the creator's information (*INFO 1*), and the average dollar amount pledged to the project (*AVP*) have statistically significant coefficients at 1% significant level and 5% significant level. Hence, we accept Hypothesis 1that Relational Social Capital has a significant influence on contributor's funding intentions. Similarly, the coefficient value of the campaign duration (*DRTN*) is not statistically significant at 10% significance level, however, the type of crowdfunding (*TYP 1*) has a statistically significant coefficients at 1% significant level. Hence, we accept Hypothesis 2 that Cognitive Social Capital has significant influence on contributions to crowdfunding projects. Also, the use of social media (*SCM*) is not statistically significant, however, the number of backers (*BKS*) is statistically significant at 1% significant level, hence, we accept the Hypothesis 3 that Structural Social Capital has significant influence on contributions to crowdfunding.

Table 6: Estimated results for ordinal logistic regression (Relative risk ratios)

	Dependent Variable
	FND
TYP1	0.019***(1.436)
DRTN	1.015(0.013)
BKS	1.128***(0.022)
AVP	1.005**(0.003)
INFO 1	0.042***(1.413)
WBS 1	0.912(1.049)
SCM 1	2.035(0.705)
Observations	179
Log likelihood	-56.06146
Pseudo R^2	54.21
AIC	136.1229

Note: *p<0.1; **p<0.05; ***p<0.01

Table 6 presents the relative risk ratios which are the exponentiated value of the logit coefficients in Table 6.5 to enable an easier interpretation of the coefficients. Holding every other, variable constant when the type of crowdfunding (*TYP*) changes, the level of contributions has a 0.019 likelihood to be in a higher category. Also, holding other variables constant, when the number of backers (*BKS*) increase by one unit, it is 1.128 times likely that the level of funding will be in a higher category. Thus, the odds of moving to a higher category of funding is 128% when the number of backers (*BKS*) increase by 1 unit. Keeping all other variables constant, when the average pledged (*AVP*) increase by 1 unit, it is 1.005 times likely that the level of contribution to the project will be in a higher category. In other words, the odds of moving to a higher category is 5 % when the average pledged to the project increase by 1 unit. Again, keeping all other variables constant in the model, when information about the fundraiser (*INFO*) increase by 1 unit, it is 0.042 times likely that the level of funding will move to a higher category or the odds of the level of funding moving to a higher category when the amount of information about the fundraiser increase by 1 unit is 958% unlikely.

Table 7: Test of parallel lines

Test for	**Chi Square**	**Df**	**p-value**
Omnibus	26.18	28	0.56
TYP 1	1.18	4	0.88
DRTN	0.27	4	0.99
BKS	7.51	4	0.11
AVP	0.63	4	0.96
INFO 1	-1.53	4	0.99
WBS 1	7.62	4	0.11
SCM 1	1.67	4	0.80

Table 7 presents the rests for the Brant's test of parallel lines to determine whether the relationships between the independent variables and the logits are the same for all the logits. Observing the *p-values* for all the variables, we fail to reject the null hypothesis that the slope parameters are the same across the response categories indicating that the ordinal logit model is appropriated to fit the relationships between the dependent and the independent variables.

Table 8: Test of Goodness of fit

Hosmer and Lemeshow Test (Ordinal model)		
Chi Squared	*Df*	*p-value*
22.95	35	0.94
Lipsitz Goodness of fit test		
LR statistic	*Df*	*p-value*
9.0641	9	0.4314
Pulkstenis-Robinson Chi-Squared Test		
Chi Squared	*Df*	*p-value*
5.1611	13	0.97

Table 8 shows the Hosmer and Lemeshow test, Lipsitz goodness of fit test, and the Pulkstenis-Robinson chi-square test to estimate the goodness of fit test statistic. It can be noticed that the Hosmer and Lemeshow test statistic is not significant with the *p-value* of 0.99 indicating that the estimated logit model fit the data at a convenient level. Lipsitz goodness of fit test is not statistically significant with *p-value* of 0.431. Similarly, the Pulkstenis-Robinson chi-square test is not significant with the *p-value* of 0.99 indicating that the model fits the data at a convenient level.

Discussion

The results of our empirical study clearly confirm that capital providers for crowdfunding projects do so based on social capital ends. Based on the findings it can be said that social capital is crucial to the intentions of funders to engage in funding crowdfunding projects. The results suggest that funders lookout for elements of Relational Social Capital to build trust in order to boost their intentions to contribute. This finding concurs with Moysidou & Hausberg (2020) that explain that trust in platform and trust in creator are crucial to funder's decision making. We observed that the provision of the fundraiser's information is crucial in generating trust for the project. Also, the type of campaign platform used for the project has a significant impact on the minds of capital providers. This is because crowdfunding is relatively a new phenomenon in Africa and people tend to trust campaign platforms that are experienced and popular.

Also, the study reveal that funders take into consideration Cognitive Social Capital that promotes shared goals and values. The study supplied evidence that the type of crowdfunding is a crucial part in the investment decision of capital providers. This is because capital providers do so for different purposes which might include altruistic purposes or profit. For instance, a person seeking altruistic motives would be encouraged to do so based on the goals and values that he shares with the crowdfunding project. We also observed that the average amount pledge to the project is significant to decision making to contribute towards crowdfunding. This finding concurs with Mollick (2014), however, in contrast to Mollick (2014) with regards to the kind of effect on the investment decision making of capital providers, our findings suggest that the average pledged to the project contributes positively to funding decision. Further, funders pay attention to Structural Social Capital in the form of robust social networking in their decision to contribute towards crowdfunding. The results suggest that the number of backers to the crowdfunding project is key to the campaign outcome.

Conclusion

In this study, we examined the determinants of the level of crowdfunding outcome based on social capital theory. The study helps us to understand that capital providers are often motivated by social capital needs. Thus, social capital is crucial to the intentions of funders to engage in funding crowdfunding projects. The results suggest that capital providers are motivated by Relational Social Capital to develop trust for the project. The study revealed that the provision of the fundraiser's information is crucial for ensuring that relational social capital is signaled to capital providers. By the same token the study uncovered that the platform through which the crowdfunding is advertised also contributes in a significant way ton relational social capital. Also, the study revealed that capital providers depend on signals of Cognitive Social Capital which is mainly about the shared goals and values of the project. Hence, we found that the type of crowdfunding is decisive in signaling Cognitive Social Capital to capital providers. Similarly, the study provided evidence that the average amount pledge to the project also has a significant signaling of Cognitive Social Capital to capital providers. Furthermore, we found evidence that signals of Structural Social Capital have a significant impact on capital provider's investment decisions. The results suggest that the number of backers signals Structural Social Capital to capital providers.

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