The Power of Family Firm Image in Rewards-Based Crowdfunding

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Abstract

Family business scholars continue to debate whether the display of a family firm image helps or hurts firm reputation with stakeholders. We extend this debate to the lesser studied areas of resource acquisition and rewards-based crowdfunding. Family firms seeking funding often avoid the sale of equity to retain control and avoid the use of debt, which may increase risk in difficult conditions. As such, rewards-based crowdfunding might seem like a useful alternative as it poses no such threats. Yet, we know little about how the crowd may react to campaigns claiming an association with a family firm in this domain. Grounding our hypothesis development in the family firm branding literature, we argue that projecting a family firm image will improve crowdfunding performance due to positive reputational perceptions tied to family firms. We find that projecting a family firm image increases crowdfunding performance and lessens the influence of prior funding success.

Keywords: crowdfunding; family business; reputation

Introduction

Within the family business literature, there is considerable debate regarding whether projecting a family firm image has positive or negative effects (e.g., Beck & Prügl, 2018; Binz Astrachan & Astrachan, 2015). Projecting a family firm image reflects the choice to share the family nature of the business with others (internal and external stakeholders; e.g., Sageder et al., 2018; Zanon et al., 2019). Prior literature indicates that for many stakeholders communicating a family firm image leads to positive reputational effects (e.g., Deephouse & Jaskiewicz, 2013). However, the literature also describes stakeholders who might experience negative reactions to a projected family firm image, such as perceiving family firms as stagnant or secretive (e.g., Krappe et al. 2011; Othman et al. 2011), explaining why some family firms choose not to project a family firm image. The conflicting findings are driven in part due to contextual factors and the specific needs of the stakeholders (Jaufenthaler et al., 2023; Sageder et al., 2018). We seek to extend the debate to the entrepreneurial resource acquisition and rewards-based crowdfunding literatures in an effort to expand the boundaries of this conversation and probe additional factors that determine how projecting a family firm image is received by stakeholders.

Family-owned businesses' strategies for acquiring resources reflect their diverse economic and non-economic motivations (Gedajlovic et al., 2012). They predominantly opt to internally finance their expansion and often rely on profits generated from their operations (Jansen et al., 2023). This preference stems from their desire to maintain control, especially in avoiding significant ownership by non-family members (Burgstaller & Wagner, 2015; González et al., 2013; López-Gracia & Sogorb-Mira, 2008; Schmid, 2013), and their commitment to ensuring the continuity of the business for future generations (Berrone et al., 2012; Berrone et al., 2010). Considering the strong need to uphold family control, rewards-based crowdfunding appears as a promising funding avenue for family enterprises who need to seek external funding as it requires no loss of control or the accumulation of debt. Yet, the current literature provides no explanation or evidence on how a rewards-based crowd may view campaigns stating a link to a family firm. Understanding how family firms may be able to tap this resource base is of societal and scholarly importance, particularly at the current moment because "the lack of intergenerational wealth…result[s] in fewer family funds being available for business development" (Parhankangas & Colbourne, 2022, p. 1634).

We first build theory on how the crowd may view crowdfunding campaigns that mention a family firm connection. Based on insights from the family business literature concerning branding, image, and reputation (Beck & Prügl, 2018; Lude & Prügl, 2018), we propose that backers – the people that provide funds to crowdfunding campaigns – are likely to prefer campaigns associated with family businesses. Specifically, rewards-based crowdfunding is a scenario with high uncertainty where campaign creators make future-oriented promises about the products or services that they plan to create and deliver (Anglin et al., 2023). Because family firm image may serve as an indicator of quality in such scenarios (e.g., Beck & Kenning, 2015) as well as promote perceptions of trust and customer orientation (Sageder et al. 2015), we theorize that projecting a family firm image in a campaign enables the campaign to benefit from the positive perceptions associated with family businesses. The positive reputational associations of family firms as a class, then, may provide backers with confidence that the campaign will deliver on its promises, which will in turn lead to improved crowdfunding performance.

We then juxtapose the previous arguments with signaling theory research to examine how so-called "costless" signals (i.e., stating a family firm connection) and traditional costly signals, specifically past funding success, will together provide information to potential backers to reduce their uncertainty about funding campaigns. Prior funding success is a critical costly signal that predicts funding performance and serves as an indicator of campaign creator competence, enhances creator reputation, and influences trust among potential backers (Chandler et al., 2024a; Piening, et al., 2021). Whether costless and costly signals jointly lead to enhanced performance, serve as substitutes, or have no interaction at all depends on the information conveyed by both signals (e.g., Anglin et al., 2018; Nishant et al., 2023; Steigenberger & Wilhelm, 2018). We theorize that projecting a family firm image in crowdfunding campaigns has the potential to substitute for prior funding success because both signals convey similar, positive information. Thus, demonstrating prior success should be less important for campaigns projecting a family firm image.

Our research makes three contributions to literature and theory. First, we highlight the positive reputational impact of projecting a family firm image in rewards-based crowdfunding campaigns. Here, we shed light on a previously overlooked aspect of family firm reputation: the ability to leverage positive perceptions of family firms to raise needed funding in emerging funding contexts. Given the disparate views on how stakeholders will respond to displayed family firm images (Sageder et al., 2018), this provides evidence on a context wherein stakeholders seem to respond favorably, which we theorize to be due to positive reputation effects, increasing funders' confidence that the campaign will deliver upon its promises. When combined with the empirical observation that identifying as associated with a family firm is rare in this context, this contribution means that family firms are perhaps underutilizing rewards-based crowdfunding as a funding source.

Second, our work contributes at the intersection of the crowdfunding and family business literatures by illustrating that the positive influence of projecting a family firm image can serve as a substitute, at least in part, for previous funding success on crowdfunding platforms. As such, our work shows how projecting a family firm image shapes the effectiveness of other pieces of information communicated during a crowdfunding campaign. This is noteworthy for the fact that it means projecting a family firm image is influential enough to weaken one of the most powerful drivers of funding performance (e.g., Courtney et al., 2017). Theoretically, this suggests that the mechanisms of the influence of projecting a family firm image, and the influence of previous funding success are similar.

Third, we add nuance to the limited but growing work examining family businesses in crowdfunding contexts. To date, studies have examined family firms in the domain of equity crowdfunding, which draws parallels with more traditional investing means, such as angel capital. Such studies show that while family firms may be willing to use equity crowdfunding, the crowd may be less responsive, at least initially, to family firms despite showing to be safer investments (Rossi et al., 2023). This is perhaps due to family firms being less likely to give up control and voting rights (Cumming et al., 2019). In contrast, we find evidence that backers, a group with consumer and investor-type concerns, react positively to projecting a family firm image. The implication is that when backers are not concerned with having an ownership stake in the firm, rendering voting rights a nonfactor, the positive reputational effects of projecting a family firm image are especially salient to funding campaigns associated with a family firm. This likely suggests that consumer-oriented factors associated with family firms are more influential than long term business investment factors for this resource base. At the same time, these results continue to highlight the contextual differences between types of crowdfunding (e.g., Short & Anglin, 2020; Cholakova & Clarysse, 2015).

Literature review

Resource acquisition and family firms

Research on family firm resource acquisition emphasizes unique choices, driven by both economic and noneconomic motives (Gedajlovic et al., 2012). Past studies highlight family firms' preference for capital sources that maintain family ownership and control, where both debt and equity financing pose risks (Jansen et al., 2023; Michiels & Molly, 2017). Debt can burden the firm during economic downturns, potentially leading to loss of control through bankruptcy, while equity financing entails an immediate loss of control, conflicting with family firms' socioemotional wealth (SEW) objectives (Berrone et al., 2012; Bertrand & Schoar, 2006; Chrisman et al., 2005; Davila et al., 2023; Gomez-Mejia et al., 2011; Miller et al., 2013). In line with the goal of preserving the firm for future generations, many family businesses avoid significant involvement of non-family equity holders to prevent dilution of SEW (Berrone et al., 2012; Berrone et al., 2010; Burgstaller & Wagner, 2015; González et al., 2013; López-Gracia & Sogorb-Mira, 2008; Schmid, 2013).

As an alternative to traditional sources of capital, crowdfunding continues to grow in use and popularity. Rewards-based crowdfunding has become particularly impactful because of its unique features which appeal to both entrepreneurs and resource providers. In this context, no debt or equity changes hands, but rather resource providers ('backers') provide funds in exchange for promised future goods or services (Soublière et al., 2024; Taeuscher et al., 2021). Backers value these promised future products – which tend to be distinctive in various ways. In addition, they also value being involved with the campaign itself, finding satisfaction in the community that such campaigns create in enabling an entrepreneur to identify, refine, and meet a market need, or in contributing to the survival and preservation of established or new businesses

(Primanti et al., 2024; Wessel et al., 2022). Entrepreneurs and businesses owners find value in the market validation, feedback, and speed advantages of crowdfunding (Wessel et al., 2021; Stevenson et al., 2022) but they particularly value rewards-based crowdfunding for the ability to raise funds without diluting ownership, taking on debt, or otherwise giving up control (Troise et al., 2023). In this way, rewards-based crowdfunding aligns with the noneconomic goals of family firms by preserving control and steering clear of leverage that could jeopardize the firm's future.

Despite this apparent strong alignment between the resource acquisition priorities of family firms and what rewards-based crowdfunding offers, no prior peer-reviewed study of rewards-based crowdfunding campaigns examining family firms exists to the best of our knowledge. The limited family business research set in crowdfunding contexts has only examined equity crowdfunding (Motylska-Kuźma, 2020; Rossi et al., 2023). Such studies find that crowdfunding may enable family firms to meet their needs even when giving up some control (Motylska-Kuźma, 2020). However, the crowd may be less responsive to family firms despite such firms being safer investments (Rossi et al., 2023). Further, family firms are more persistent after a failed funding attempt, showing a willingness to relax their hold on voting rights, which may enable them to then outperform non-family firms raising money (Cumming et al., 2019).

The focus on equity crowdfunding is surprising, in part, because rewards-based crowdfunding is far more commonly used than equity crowdfunding. However, it is perhaps even more surprising given that rewards-based crowdfunding offers the ability to raise funds without losing control. Even though family firms may be more protective of voting rights in equity crowdfunding (Cumming et al., 2019), there is still a loss of control with giving up equity. Research has consistently shown that loss of control though equity is often the least desired mechanism for fundraising for family firms (Jansen et al., 2023). The retention of control offered through rewards-based crowdfunding should be attractive to newly founded family firms, family businesses that need to grow rapidly, those that have been depleted of capital through paying taxes at succession, and those without access to traditional funding sources. While seemingly desirable from the family firm's perspective, rewards-based crowdfunding could be truly valuable if the crowd shows a preference for family firms. Thus, we seek to investigate how the crowd views campaigns projecting a family firm image in order to better understand whether rewards-based crowdfunding is indeed a viable funding mechanism for family firms.

Background literature, integrative framework, and definitions

The conversation on family firm branding (Datta & Mukherjee, 2022; Galvagno et al., 2023; Schellong et al., 2019) has brought together complementary theories relevant to understanding, explaining, and predicting the impact of family firm brands. Foremost is theory on reputation (Han et al., 2024; Paruchuri et al., 2019; Pollock et al., 2009; Pollock et al., 2015; Pollock et al., 2019) which has its roots in economic theories of reputation's importance to enabling transactions (Dellarocas, 2006; e.g., Greif, 1993). Reputation theory holds that public knowledge of an actors' past history is good for that actor. This is so because such knowledge of a firm's specific reputation helps reduce uncertainty in transacting with them.

Rooted in such work, Astrachan and colleagues' (2018) provide a framework of family firm branding which situates our study's focal concept, family firm image, and also forms our basis for predicting the effects of projecting a family firm image. The framework is organized in three levels with higher levels influencing lower levels. The top level, identity, relates to what the owners believe (Brown et al., 2006). The second, image, relates to how they portray their business to others (Sundaramurthy & Kreiner, 2008). The bottom level, reputation, relates to what others perceive (Lude & Prügl, 2018). Here, image is shaped by identity and in turn, image shapes reputation. All firms have an image, whether it arises organically or whether the firm attempts to shape it through intentional choice and active management. Image is constantly updating in consequence of firm choices, conduct, and self-presentation.

Projecting a family firm image is a choice to share the family nature of the business with others (internal and external stakeholders). There are a number of ways to share this but the most straightforward is simply to mention that the company is a family business in communications. For instance, projecting a family firm image can be as simple as a declaration that 'we are a family firm' (Astrachan & Botero, 2017). In this case, projecting a family firm image is a clearly defined state which is straightforward to assess and dichotomous by nature (i.e., family firm or not). Among rewards-based crowdfunding campaigns, the most common way to identify as a family firm is to write this into the fundraising narrative: e.g., "We are a family owned and family operated small business looking to expand…". The essential dichotomy of projecting a family firm image is well-established in the literature (Sageder et al., 2018; Zanon et al., 2019) and often serves as the foundation for research comparing image differences in family and non-family firms. Following this lead, we examine crowdfunding campaigns that mention a connection to a family firm compared to those that make no such mention.

As our adopted framework establishes, projection of a family firm image results in reputation effects and influences others' perceptions. Prior literature indicates that for many stakeholders, positive reputation effects may be expected. For example, category-based beliefs about family firms 'doing good' lead to more positive views about family firms from consumers (Schellong et al., 2019). Family firms often maintain a reputational advantage over non-family firms after crisis (Datta & Mukherjee, 2022). Further, family firms may be seen as more benevolent (Hauswald & Hack, 2013), ethical and trustworthy (Blodgett et al., 2011), and consumer oriented (Sageder et al., 2015). However, the literature also describes stakeholders who might experience negative reactions to a projected family firm image. For instance, family firms can be perceived as less innovative, stagnant, or secretive (Arzubiaga et al., 2023; Miller & Le Breton-Miller, 2021), which could make them less desirable to investors. Broadly, a key lesson from this literature is that how a family firm is perceived by stakeholders depends upon both the context in which the family firm is being evaluated and the concerns of the specific stakeholders (Jaufenthaler et al., 2023; Sageder et al., 2018). Thus, researchers should not assume positive or negative reputation benefits from family firm identification without considering the domain in which the firm is being evaluated and who is evaluating the firm. It is also worth noting that these findings concerning reputation dovetail with recent work in crowdfunding examining reputation. For instance, Chandler and colleagues (2024) examine language indicative of character reputation claims and capability reputation claims, showing that reputational claims can have both positive and negative pathways to success in crowdfunding. Thus, researchers cannot assume that indicators of a better reputation will necessarily be well received in crowdfunding.

A final aspect of the prior literature worth noting before proceeding to develop our hypotheses is that, perhaps due to the breadth and diversity of the family firm branding literature, there is a lack of standardization of terms, with a number of different phrases having been used to describe "projecting a family firm image" across sub-areas, time periods, and outlets. We standardized on this phrasing, but note that in various papers, "projecting" is substituted by words such as promoting, portraying, communicating, conveying, displaying, identifying, building, creating, adopting, mentioning, and so forth. Likewise, the concept of a family firm image is in some – especially earlier – works labeled as family firm brand or family business identity with these formulations being meant to refer to the same concept; we avoid all such variant terms to avoid confusion.

Theory and hypothesis development

Backers in rewards-based crowdfunding draw parallels with both consumers and traditional investors (Anglin et al., 2018b). While frequently viewed as resource providers, backers function similar to consumers in that they are provided rewards for their contributions (Simpson et al., 2021; Zhang & Chen, 2019a, 2019b). Rewards with utilitarian value tend to be preferred by the crowd (Jiang et al., 2021). These rewards could be the product being created by the campaign, but they are also often consumer goods, such as company merchandise or a complimentary product. A key concern of potential backers is whether the rewards will be delivered by campaign creators (Thürridl & Kamleitner, 2016), which creates uncertainty among the backers. In this way, backers are sensitive to the same sort of concerns that investors would have (e.g., whether funds provided are likely to result in promised outcomes). Given backers have a blend of concerns when evaluating a campaign, they look for cues to offset uncertainty about whether the campaign will deliver on its promises (Huang et al., 2022). Here, prior research shows that backers respond to cues that enhance their perceptions of trust, campaign authenticity, or general positive reputational attributions of the campaign creators (e.g., Anglin et al., 2018a; Courtney et al., 2017; Radoynovska & King, 2019).

Most campaigns lack a widely known, company-specific image or reputation. As such, the general public perception of family businesses could aid in creating positive perceptions of campaigns who identify as being affiliated with a family firm. To begin, family firm image may serve as an indicator of quality in scenarios where uncertainty is high (e.g., Beck & Kenning, 2015). It is also well known that crowdfunding backers respond to indicators that increase general quality perceptions of the campaign and of the campaign creator because such indicators reduce uncertainty about the creator and the objectives of the campaign (e.g., Anglin et al., 2018a; Huang et al., 2022). Recent evidence suggest that the crowd responds positively to indicators of an underlying ‘capability reputation’ (i.e., assessments of increased quality), at least to a point, which increases funding performance (Chandler et al., 2024b). Because indicators of quality reduce concerns about the ability of the campaign to deliver on its promises, it follows that identifying as associated with a family firm could enable campaign creators to reduce uncertainty among backers. Further, part of reducing uncertainty lies the backers’ ability to trust that the campaign creators will look out for the backers’ interests (James et al., 2021; Johnson et al., 2018). Indeed, recent evidence suggests that the crowd responds positively to indicators of ‘character reputation’ (i.e., indicators of positive character qualities such as integrity, trust, or authenticity), at least to a point, which increase funding performance (Chandler et al., 2024b). Family firms on average are viewed as more trusted (Blodgett et al., 2011) and higher in benevolence (Hauswald & Hack, 2013) suggesting that projecting a link to a family firm may enable a campaign to instil the trust needed for backers to fund the campaign. Adding to the effectiveness of building trust, family firms are often perceived as being more authentic in their claims and branding efforts (Zanon et al., 2019). Similarly, backers are more likely to support those that they view as authentic (Radoynovska, & King, 2019; Oo et al., 2022). It follows then that identification with a family firm could increase authenticity perceptions among backers. In sum, identification with a family firm should enhance perceptions of quality, trust, and authenticity—all of which are important to reducing backer uncertainty about the ability of the campaign to deliver on its promises. In turn, this reduction in uncertainty should lead to greater funding performance.

There are two additional reasons why campaigns that identify with a family firm may benefit. Here, the parallels between crowdfunding backers and consumers are paramount. First, family firms are generally viewed as more customer oriented (Astrachan et al., 2018; Bargoni et al., 2023). This means that they are viewed as a business that values the needs and wants of the customer. Because backers operate as customers when selecting campaign rewards, campaigns that are viewed as more in tune with their wants should have better funding prospects. Second, family firms are viewed as more socially responsible (Stock et al., 2024). Crowdfunding research has shown that backers are sensitive to the social consequences of their contributions and prefer campaigns that they perceive will move forward in a socially responsible manner (e.g., Calic & Mosakowski, 2016). Thus, the association with family firms may be able to satisfy, at least to some degree, the social responsibility concerns of potential backers.

Overall, potential backers may be drawn to campaigns projecting a family firm image because doing so may convey to backers the positive qualities (trust, authenticity, concern for the consumer) generally associated with family firms (Astrachan et al., 2018; Beck, 2016; Sageder et al., 2018). These qualities in turn alleviate concerns about reward delivery as well as enhance positive perceptions of the campaign creators. Thus, it follows that projecting a family firm image should increase crowdfunding performance. Formally:

> Hypothesis 1: Projecting a family firm image in a crowdfunding campaign is positively related to crowdfunding performance.

A complementary conceptualization for how projecting a family firm image may shape crowdfunding outcomes is offered by signaling theory (Steigenberger & Wilhelm, 2018). This approach is valuable in that it provides predictions about how one signal may interact with another (Alsos & Ljunggren, 2017; Plummer et al., 2016). Signaling theory (Connelly et al., 2011) has been used in several prior family firm inquiries which have adopted family firm status as a signal (Chandler et al., 2019; Duncan & Hasso, 2018; Galvagno et al., 2023; Schellong et al., 2019; Sekerci et al., 2022). Family firm status is the actual, verifiable fact of family involvement in the ownership and or management of the firm (e.g., Chandler et al., 2019). As such, it is a costly signal in the sense that the signal is costly to the firm to acquire and maintain. Here, the cost arises from the constraints necessary to balance non-economic with economic interests. It is this cost, incurred ex ante (before the signal can be sent) which allows stakeholders to credit the truthfulness of the signal, lowering information asymmetry.

In the context of crowdfunding, projecting a family firm image is *a claim* about having family firm status and it is that visible claim which has potential effects on crowdfunding success. For example, recent work in the crowdfunding context notes the influence of claims about capability reputation and character reputation on crowdfunding performance (Chandler et al., 2024b). Claims are typically viewed as costless signals (Farrell & Rabin, 1996; Patel et al., 2021); thus, in a signaling conceptualization, a family firm image portrayed by a crowdfunding campaign is a so-called "costless signal". This is a term of art long in use in the literature to describe a signal in which there is no cost to send. However, it is important to realize that costless signals do have costs. Specifically, costs are assessed in the form of penalties when a breach is discovered (the cost is post-hoc). In the context of crowdfunding, such costs assessed on lies (false signals) are often the cancellation of the campaign and the platform taking all the money the campaign raised and refunding it to the backers. This is a stiff penalty and a significant post-hoc cost given that this entails all costs of creating the campaign being forfeited. Prior research indicates that crowdfunding backers are likely to rely on costless signals given that the loss they face is quite small (Allison et al., 2017; Anglin et al., 2018a). Indeed, most contributions on rewards-based crowdfunding platforms are under $100. Thus, it is rational for backers to forego verifying such claims and instead leave it to the post-hoc (breach) costs of such signals to be a deterrent to false claims.

The benefit of a signaling theory conceptualization is that there is a growing literature on how multiple signals interact to shape funding prospects (Plummer et al., 2016; Scheaf et al., 2018; Yang et al., 2020). Further, in the crowdfunding context, multiple signals are sent at once and together may produce either complimentary or substitutive effects (e.g., Anglin et al., 2018a; Plummer et al., 2016). While research examining the interaction of costless and costly signals remains limited, the nature of the interaction between such signals depends on the information communicated by each signal. For example, Anglin and colleagues (2018a) show that positive psychological capital language—a costless signal that communicates one's psychological resources—has a complementary effect with human capital signals (i.e., prior funding experience) as the second signal adds additional ability and competence related information to information about sender's psychological wherewithal. However, in scenarios where signals provide the same (or similar) information, one signal does not add to or compliment the other signal; instead, signals will act as substitutes for one another (Börgers et al., 2013). For instance, Steigenberger and Wilhelm (2018) show that when costless and costly signals provide information of similar or the same underlying attributes then the influence of such signals is weakened in the presence of the other; that is, they act more as substitutes. At the same time, the recent work by recent work by Chandler and colleagues (2024b) illustrates that the effectiveness of reputational cues is subject to additional pieces of objective information, such as the type of firm. Thus, it follows that the reputational attributes conveyed by association with a family firm are likewise influenced by other informational cues, notably, costly signals.

One of the most influential costly signals in crowdfunding is the funding track record of the campaign creator (Huang et al., 2022; Kleinert et al., 2020; Soublière & Gehman, 2020). This acts as a signal of quality, providing information about the experience and competence of those behind the campaign. It is considered costly given the time, effort, and monetary expenses to complete a successful crowdfunding campaign and it is reflective of the past achievements of creators (e.g., Anglin et al., 2018a; Di Pietro et al., 2023). This view is consistent with signaling literature where forms of experience are frequently viewed as costly signals given the time and effort to acquire the signal (Connelly et al., 2024). Further, because prior successful campaigns are connected to the creator profile by the Kickstarter platform, creators cannot fake prior crowdfunding success, thus this signal cannot be imitated (Courtney et al., 2017). Whereas increased funding success signals that the firm has the knowledge and capabilities to successfully conduct a campaign, prior funding failure indicates the opposite. The influence of a track record signal, however, is also contingent on the other information being simultaneously signaled to potential backers on the crowdfunding webpage (e.g., Cappa et al., 2021; Chandler et al., 2024a).

We theorize that the positive perception of family firms may diminish the influence of a prior successful funding track record as a costly signal. Prior funding success has a generally positive influence on crowdfunding performance (Huang et al., 2022; Lee & Chiravuri, 2019). However, the information communicated by prior success may be redundant—at least to a certain degree—with the information communicated by projecting a family firm image. Indeed, demonstrating prior success indicates greater creator and company quality (Courtney et al., 2017). Further, signals related to ability and competence, such as prior funding success, instill greater trust among potential backers (Liang et al., 2019). While a direct link between prior funding success and authenticity perceptions has yet to be established in crowdfunding, prior success does demonstrate that others have believed the claims of the entrepreneur and acted upon them in the past. Marketing research suggests that with new brands (companies) community support can lead to greater perceptions of authenticity (Guèvremont, 2018). This finding suggests that since a creator has been supported by the crowd in the past that the creator may be perceived as more authentic.

In sum, there is overlap in several of the underlying attributes communicated by each signal. Thus, consistent with signaling research, we should expect the positive influence of prior funding success to be weaker for campaigns projecting a family firm image. Formally:

> Hypothesis 2: The influence of prior funding success on crowdfunding performance is smaller for campaigns projecting a family firm image.

Methods

Data

Our sample was collected from Kickstarter—a commonly used sampling frame in crowdfunding research (McSweeney et al., 2022; Soublière & Gehman, 2020; Taeuscher et al., 2021) and one of the largest rewards-based crowdfunding platforms in the world. We began with a data scrape targeting all campaigns launched during 2019 and 2020 (n = 56,714). We then removed all canceled campaigns as they did not complete the fundraising process (n = 6,718). An additional 659 observations were dropped due to incomplete or missing data. During the coarsened exact matching procedure described below, an additional 659 observations were not able to be matched, thus they are excluded from analysis. Our final sample includes 48,678 campaigns. Like most crowdfunding studies, the unit of analysis with a sample such as ours occurs at the campaign level (e.g., Allison et al., 2018; Anglin et al., 2018b; 2022; Chandler et al., 2024a; Parhankangas & Renko, 2017). Thus, the sample is used to compare campaigns that mention a family firm connection to those that do not.

Dependent variable

Our outcome of interest is the funds pledged, in US dollars, to each campaign. We transform this variable by taking the natural logarithm to accommodate skewness, resulting in our *funds raised* dependent variable (Matthews et al., 2024; Warnick et al., 2021). The amount of funds raised reflects arguably the most used measure of funding performance in the venture finance literature, thus it enables generalization to other crowdfunding samples as well as the broader resource acquisition (Plummer et al., 2016) and entrepreneurial finance literature (e.g., Anglin et al., 2018a; Chandler et al., 2024a). We additionally assess the robustness of our results using an alternative measure of funding performance. These results, along with our other robustness tests, are presented in the robustness tests section following our principal results.

Independent variable

Identification of campaigns projecting a family firm image was accomplished using computerized content analysis (CATA; Short et al., 2010). This approach allows us to capture direct mentions of terms and phrases associated with family firms in each crowdfunding campaign by creating a dictionary comprised of linguistic references to family businesses such as "family firm", "family owned", and "family business". We developed this initial set of terms *de novo* to generate an initial word list without reference to other sources. We took this approach because while building directly from a wordlist developed in prior research saves time and work, the cognitive influence of prior lists can potentially result in fewer alternate terms being identified. Moreover, reserving this cross-check against lists developed in prior research (if any exist) presents the opportunity to compare the new and prior lists, providing additional validation and greater confidence that all appropriate words and phrases were identified. At each stage, we examined how the words and phrases identified were used in our crowdfunding campaign narratives, thus validating that the set of words and phrases are those which family businesses seeking resources use to describe themselves in this specific context of rewards-based crowdfunding. This validation approach, consistent with accepted best practice (McKenny et al., 2018), serves to mitigate one of the two key threats to validity: inclusion of errant terms. Omission of relevant terms, the other key threat to validity, is prevented through adherence to accepted best practices which iteratively build up a word list through continual repetition until no further candidate words emerge, achieving a high degree of confidence that all relevant terms have been identified.

Once we reached the point where multiple trials of additional words and phrases had not yielded any additional family firm campaigns (those projecting a family firm image of their associated business), this indicated readiness to conduct cross-checks against potentially relevant, related lists in the prior literature. For this purpose, we chose wordlists used for identifying family business articles in prior reviews which included a systematic search (viz. a literature review). We found a high degree of overlap between the keyword lists (Debellis et al., 2021; López-Fernández et al., 2016; Sageder et al., 2018) and our list.

Turning to specific included phrases, our list included "family run" and its hyphenated variant. We opted to include this phrase in our final list because it was a frequent way campaigns projected a family firm image. Next, the phrases "family led" and "family control*" appear in the keyword lists (Debellis et al., 2021; López-Fernández et al., 2016; Sageder et al., 2018). In our initial list generation, we considered both of these, but we found that these were not common ways of projecting a family firm image. Indeed, no family firm campaigns used "family control" or any variations thereupon (e.g., "family controlled"), although the phrase does appear a single time in a product name on the campaign page of a non-family campaign. The other term, “family-led” also occurs in one single campaign whose creators share that they “seek your support to seed a family-led Puerto Rican business”. While this is projecting a family firm image, this phrase is not at all common for this purpose (this is the lone example). Uncommon words may nevertheless make sense to include in dictionaries if they have high specificity for the concept the dictionary exists to capture. Researching the uses of “family-led” in our corpus of crowdfunding campaign narratives, we found that “family-led” is comparatively common as a descriptor unrelated to family businesses: ‘family-led programs, family-led groups, etc.’ thus it describes activities which are organized around family participation and leadership, not family firms. This militates against its inclusion: despite its academic use, our search found it is all but unused by practitioners and so should be omitted as exclusion will result in a dictionary with greater validity (retention would result in many false positives, outweighing the single false negative from omitting the phrase). While a dictionary can contain any number of words or phrases, the principle of parsimony counsels against adding more complexity than necessary. This has the advantage of being more conservative – errant capturing of the concept of interest is less likely, reducing this threat to validity. It also has the advantage of being more accessible, cognizable, and explainable.

Table 1 presents the list of these terms. Exemplar extracts from the crowdfunding campaigns illustrating how the terms are used in context include: “We are the only family owned and operated Girls Wrestling Apparel Company in the USA.”, “We are a Canadian family business born out of a LOVE for playing with Lego!”, and “Hickory BBQ started as a family run BBQ joint in 1956 and has been a tradition to locals for 4 generations.”

“Insert Table 1”

As with our hypothesis development, the literature guided our operationalization of our measures. In concept and in empirical reality, all firms have an image. Family firms have a choice of whether to project a family firm image or not. We use the standardized phrasing “projecting a family firm image” to mean the yes or no choice to share this information. As referenced in our literature review, prior work has recognized the dichotomous nature of projecting a family firm image. One example of this is provided by Zanon and colleagues’ (2019) study, which has two experimental conditions: “family firm image promoted” and “family firm image not promoted” (promote is synonymous with project, as discussed in the literature review) with the promoted condition being achieved through the addition of the words “family-run” to the website of a fictional company. Other examples from the literature further illustrate the consensus that this concept is dichotomous and must be measured dichotomously: “the image is projected” (Sageder et al., 2018) – the image is either projected, or not. Likewise, perceptions of whether a company is a family firm are continuous but the projection of a family firm image which shapes those projections has only two possible states (Beck & Kenning, 2015).

Measurement employed the LIWC-22 software package to analyze the text of the “story” section of each crowdfunding campaign (e.g., Allison et al., 2013). After each campaign is analyzed, we operationalized projecting a family firm image by creating a *Family business* variable. This variable is equal to ‘1’ if a campaign includes one or more words associated with family firms and ‘0’ if it did not, consistent with how projecting a family firm image has been conceptualized and measured in prior literature, and aligning with our theorizing.

This is also a good fit for our content-analytic method which has been used in the same manner to operationalize conceptually dichotomous variables in a variety of prior studies. The other way in which content analysis can be used – computing the percentage of words identified by a dictionary to total word length – captures the extent to which a construct was used (e.g., expressions of narcissism: Anglin et al., 2018b; political rhetoric: Allison et al., 2013, Chandler et al., 2024a). This would have been a poor fit given the prior literature upon which we built our hypotheses. We spot-checked narratives and found good specificity for this measure.

Moderating variables

Our moderating variable captures whether the person/organization creating the campaign has previous experience creating a crowdfunding campaign and whether that prior experience resulted in successful funding. Previous success can operate across a range values from no prior success, a mixture of successes and failures, to only success. As such, we create a measure that reflects the percentages of previously successful campaigns (i.e., number of prior successes success / (1+ the number of total campaigns launched). Note that we have to add one to the divisor or it would equal zero in some cases. This variable is skewed so we take the natural log to normalize it. We examine the robustness of this measure to an alternate version later in the manuscript.

Control variables

Our strategy for controlling for alternative plausible explanations entails a broad-based framework of control variables at the campaign, creator, and platform levels, consistent with the approaches of prior crowdfunding studies (e.g., Taeuscher et al., 2021). First, we control for campaign related information. We control for the natural log of the *funding goal*, the campaign *duration*, the count for frequently asked questions (*FAQ*s), and the natural log of the campaign *word count* (Allison et al., 2024; Parhankangas & Renko, 2017). The presence and quantity of media – video and images – influence richness (Rockmann & Northcraft, 2008) and may convey information about stage of development, level of preparation, and project quality (Courtney et al., 2017). Thus, to capture this indicator of preparedness and campaign visual appeal, we include control variables for both the number of *videos* used in the campaign and for the natural log of the number of *images* used in the campaign (e.g., Hou et al., 2023). We also include a control for whether the campaign was linked to *Facebook* (1 = yes, 0 = no) given the influence of social networks and social media on campaign performance.

The emotional tone of a campaign can also shape performance (Oo & Allison, 2022). We capture this using LIWC's *Tone* master variable (higher values indicate a more positive tone, lower values indicate a more negative tone; Tausczik & Pennebaker, 2010) and control for its influence in our models. Campaign performance is also influenced by Kickstarter's staff pick mechanism whereby select projects are designated as a *project we love.* These platform-featured campaigns enjoy increased attention and hence exposure, moreover, prior research has theorized being featured acts as an external endorsement by a high-reputation third party, and as a signal of quality (e.g., Allison et al., 2017; Liao, 2021; Stevenson et al., 2022). We included a control for *past projects*, which measures the count of any prior projects the creator has launched. This control helps us to isolate the influence of prior success on our results (Chandler et al., 2024a). Next, we used the Python "gender detector" which classifies gender based on the campaign creator names used on the Kickstarter platform. Because women consistently outperform on crowdfunding platforms (Anglin et al., 2018b), we created a *female creator* (1= female, 0 = otherwise) control to account for potential creator gender differences in our large sample, where hand coding is not feasible. Finally, we also controlled for several macro-level factors that could influence crowdfunding performance. Specifically, we controlled for campaign *year* (1 = 2020, 0 = 2019) and *month* using a dummy variable for each month. Campaign *category* effects are accounted for using fixed-effects for each of the 16 campaign categories on Kickstarter. *Location* effects are accounted for using dummy variables for the 10 currencies (e.g., USD, Euro) in which the money was originally raised.

Coarsened exact matching

A potential estimation concern is that campaigns projecting a family firm image are rare in the data, which can cause imprecise estimations and sampling bias. Data imbalance in a particular variable can also reduce the statistical power available to detect interactions. Accordingly, we use a coarsened exact matching (CEM) procedure to alleviate these concerns (e.g., Lyons & Zhang, 2018; Younkin & Kuppuswamy, 2018). CEM is a means to reduce bias resulting from matching imbalances and helps ensure that adjusting the imbalance on one variable has no effect on the maximum imbalance of any other (Blackwell et al., 2009). Compared to other matching methods, CEM has been shown to be superior in its ability to reduce imbalance, model dependence, estimation error, bias, variance, and mean square error (Iacus et al., 2012). CEM allows our models to "mimic" a sample with a more balanced population of campaigns projecting a family firm image versus campaigns not projecting a family firm image. Using the *cem* command in Stata, we enter campaign category and funding goal (with strata specified at the 25th, 50th, and 75th percentile of funding goal) as the matching strata and the family business variable (projection of a family firm image) as the treatment. Using this information, the software then computes importance weights that are used as part of the regression estimations.

Results

Results were estimated with a general linear model with a Gaussian distribution and identity link using robust standard errors. Table 2 provides the descriptive statistics and correlations of our sample. Table 3 provides the coefficients, standard errors, and p-values for our regression results. Before moving to our results, we calculated variance inflation factor scores (VIFs) to examine the threat of multicollinearity using the full model with the interaction effect. All VIFs were smaller than 10 and the average VIF score was 2.20. The largest VIF for any of the variables of interest is 2.02 for the previous success variable. All VIFs higher than this value are categorical controls (e.g., a month or campaign category) where there are three or more categories—a situation commonly ignored when considering multicollinearity. In sum, we have little threat of multicollinearity influencing our results.

Hypothesis 1 proposed that projecting a family firm image in a crowdfunding campaign is positively related to crowdfunding performance. The family business coefficient, which takes on a value of 1 for campaigns projecting a family firm image, is positive and significant ($b = 0.206$, $S.E. = 0.090$, $p = 0.022$). This result indicates that family firms on average raise 22.875% more funds than non-family firms. Hypothesis 1 is supported.

Hypothesis 2 proposed that the influence of prior funding success on crowdfunding performance is smaller for campaigns projecting a family firm image. The interaction between family business and prior success is negative and significant ($b = -0.142$, $S.E. = 0.038$, $p < 0.001$). Figure 1 plots this relationship. The slope for campaigns not projecting a family firm image is 0.366 ($p < 0.001$). The slope for those projecting a family firm image is 0.223 ($p < 0.001$), indicating that the influence of prior success is smaller for those campaigns identified as projecting a family firm image. Thus, Hypothesis 2 is supported.

"Insert Tables 2 and 3 and Figure 1"

Robustness tests

To examine the robustness of our results, we first examined our results against an alternative dependent variable. Because Kickstarter is an all-or-nothing platform—meaning that no funds are given to campaign creators unless the stated funding goal is met (Cumming et al., 2020)—examining whether the campaign met its funding goal is of practical relevance to our sample. We use a linear probability model (LPM) with robust standard errors and a logit model to estimate results. The LPM suggests that the success rate is approximately 5.7 percentage points higher for campaigns projecting a family firm image ($b = 0.057$, $p = 0.003$) and the logit model suggests the success rate is approximately 4.83 percentage points higher for campaigns projecting a family firm image ($b = 0.355$, AME = 0.048, $p = 0.009$). We also find confirmation for Hypothesis 2 when using the LPM. The interaction between family business and prior success is negative and significant ($b = -0.015$, $p = 0.035$). The slope for campaigns not projecting a family firm image is 0.097 ($p < 0.001$). The slope for campaigns projecting a family firm image is 0.082 ($p < 0.001$), indicating that the influence of prior success is smaller for those campaigns projecting a family firm image. In the logit model, the interaction term is not statistically significant ($b = 0.110$, $p = 0.391$).

As another alternative dependent variable, we examined the natural log of the percentage of the goal raised. We use the same modeling techniques as our primary analysis. The family business coefficient is positive and significant ($b = 0.145$, $p = 0.030$) and indicates an approximate 15 percentage point increase in the percentage of the goal raised for family firms compared to nonfamily firms. We also find confirmation for Hypothesis 2. The interaction between family business and prior success is negative and significant ($b = -0.015$, $p = 0.035$). The slope for campaigns not projecting a family firm image is 0.097 ($p < 0.001$). The slope for campaigns projecting a family firm image is 0.082 ($p < 0.001$), indicating that the influence of previous success is smaller for those campaigns projecting a family firm image.

Next, we examined an alternative version of our moderator. While we operationalized our previous success variable as the natural log of the ratio of previous successes to total projects by the creator, other work has operationalized previous success as the natural log of the count of prior success (e.g., Chandler et al., 2014). Accordingly, we examined our results using the latter version of the variable. We find consistent results with our original results for Hypothesis 2. The interaction coefficient is negative and significant (-0.431, $p < 0.001$). The slope for campaigns not projecting a family firm image is 1.551 ($p < 0.001$). The slope for campaigns projecting a family firm image is 1.085 ($p < 0.001$). Again, this indicates that the influence of previous success is smaller for those campaigns projecting a family firm image.

To further probe the robustness of our results, we estimated the models without the CEM procedure. Here, we find results consistent with our primary analysis. The family business coefficient is positive and significant ($b = 0.215$, $p = 0.016$). The interaction between family business and previous success is negative and significant ($b = -0.087$, $p = 0.002$). The slope for campaigns not projecting a family firm image is 0.353 ($p < 0.001$) and for those that are projecting a family firm image is 0.266 ($p < 0.001$), indicating that the influence of prior success is smaller for those campaigns projecting a family firm image.

Our independent variable is necessarily dichotomous due to the CEM procedure. However, while mentions of association with family firms are comparatively rare, campaigns can mention the connection more than once. As such, we explored whether the number of mentions mattered to our results. The distribution of the family mentions is highly concentrated, with the majority of mentions occurring 3 or less times. Accordingly, we created dummy variables equal to no mentions, one mention, two mentions, three mentions, and greater than three mentions, with no mentions being the excluded/comparison variable in the models. We see evidence that one (b = 0.424, p = 0.023) and two (b = 0.188, p = 0.083) mentions influence funding. However, after two mentions we no longer see a benefit to continuing to mention a connection to a family firm. Next, we examined a continuous version of the variable where number of mentions is divided by the total word length of the campaign. This method can lead to extreme values in very short campaigns so we limit this test to campaigns with word lengths of 250 words or more (n = 37,754). Even doing so, the variable is still skewed so we take the natural log as another precaution. We find a positive and significant influence of this variable on funding (b = 0.789, p = 0.046). In sum, across several robustness tests and alternate specifications, we continue to find support for our original results.

Discussion

Our work provides the first evidence that the crowd is more willing to back campaigns that self-identify as family firms in rewards-based crowdfunding. Broadly, we demonstrate how rewards-based crowdfunding may fit into family business capital structures (Michiels & Molly, 2017). At the same time, we illustrate that projecting a family firm image may act as a partial substitute for prior funding success—a powerful signal associated with better funding performance. We provide the following contributions to the literature.

First, our work extends prior research on family firm branding to the rewards-based crowdfunding context. Specifically, we shed light on a new relationship: the ability to leverage positive perceptions of family firms to raise needed capital in emerging funding contexts. This relationship shapes fundraising performance, which is key to firm survival (Cassar, 2004). Finding this new relationship is important given that the literature on family firm branding notes that "the vast majority of family firms do not communicate, or even disguise their family firm status, believing that revealing it leads to negative reputational consequences among stakeholders

(Binz Astrachan & Astrachan, 2015)" (Schellong et al., 2019, p. 922). A key implication of this contribution is that our study supports the positive associations that consumers have been observed to attach to family firms (Beck & Kenning, 2015; Beck & Prügl, 2018; Binz et al., 2013; Blodgett et al., 2011; Köhr et al., 2021; Presas et al., 2014; Zanon et al., 2019). As such, campaigns with a family firm connection should openly disclose their association.

While any result which aligns with prior work serves to build confidence in the theorized relationship(s), results in novel contexts – particularly those which differ from the settings in which prior work was conducted – arguably do more to increase such confidence. While this study fills a gap in the literature, its main contribution lies in expanding the understanding of how family firm image influences consumer-stakeholders, who also act as resource providers. This positive association is crucial for all firms that are early-stage, growing, or needing to recapitalize after succession.

Second, we show that the positive influence of projecting a family firm image can serve as a substitute for previous funding success on crowdfunding platforms, which is one of the most powerful signals leading to increased funding performance (Courtney et al., 2017). In doing so, we provide an example of a costless (cheap talk) signal acting in place of a traditional costly signal (e.g., Steigenberger & Wilhelm, 2018). While prior work has noted that signals interact (e.g., Plummer et al., 2016) and that costless signals can shape the influence of costly signals (e.g., Anglin et al., 2018a), how signals interact depends on the underlying information communicated by the signals (Börgers et al., 2013). Theoretically, our finding that projecting a family firm image and previous funding success act as partial substitutes suggests that the underlying information communicated by each is similar. This is notable as "costliness" is generally considered the separating mechanism between traditional costly signals and costless signals. However, in this case, it appears that backers are influenced more by the information associated with the signal than its ex-ante costliness, being receptive to a signal with post-hoc signaling costs.

Third, we add to the limited but growing work examining family businesses in crowdfunding contexts. Crowdfunding studies have examined family firms in the domain of equity crowdfunding. Equity crowdfunding draws parallels with more traditional investing means, such as angel capital, where the motivations of the investors mirror those of more traditional investors (Mochkabadi & Volkmann, 2020). Extant studies show that while family firms make up a greater portion of campaigns in equity domains than our study reveals for rewards-based crowdfunding, the equity crowd may be less responsive, at least initially, to family firms despite such firms being apparently safer investments (Rossi et al., 2023). We depart from such work and show that backers in rewards-based crowdfunding, a group with consumer and investor-type concerns, react positively to projecting a family firm image. The implication is that when backers are not concerned with having an ownership stake, that the positive reputational effects of projecting family firm image are especially salient to funding campaigns associated with a family firm. Because a positive reaction is consistent with family business research showing positive consumer perceptions of family firms, this might suggest that consumer-oriented factors associated with family firms are more important than long term business investment factors when comparing campaigns projecting a family firm image to those that do not. Thus, the differences in the crowd response point toward the varying motivations of the backer base for each type of crowdfunding (e.g., Cholakova & Clarysse, 2015).

More broadly, we contribute to the conceptual underpinnings of the literature on family firm image and its effects. We present evidence that there are other valuable contexts in which to understand stakeholder concerns and stakeholder reactions to a projected family firm image. It is axiomatic in the family firm branding literature that audience matters: dissimilar groups may be dissimilar in their reaction to a projected family firm image. Thus, the reaction of others to the projection of such an image is partially a function of who they are and what their concerns are. A weakness in the prior literature revealed by our study relates to how external stakeholder groups are classified. Groups are typically classified by borrowing stakeholder theory categorizations, atomizing the constituency of a family firm into consumers, investors, etc. Family business research has long recognized the limitations of such mutually exclusive groupings given that by their nature family firms are made up of people who belong to multiple groups (employees and investors). However, to date, this has only been done for internal stakeholders. We bring to the fore the example of rewards-based crowdfunding backers. Backers are stakeholders with a blend of concerns, many from the consumer sphere, including quality, service, and value, but also they have some concerns more closely associated with investors, such as evaluating whether funds provided now are likely to result in promised outcomes. Thus, our work contributes by showing the need to do this for external stakeholders as well. In theorizing about a group that blends the considerations of consumers with investors, we show the opportunity to reconceptualize the buckets in which external stakeholders are placed.

Overall, we suggest that it is time to consider a less constrained scaffolding for categorizing external stakeholders in order to further advance our understanding of how projecting a family firm image to the stakeholder constituencies of a firm alters perceptions (Binz et al., 2013; Lude & Prügl, 2018) leading to important organizational outcomes, as in the case of funding performance examined in this study. Indeed, we found evidence that backers, a group with consumer but also investor-type concerns, react positively to projecting a family firm image. While there is some research which argues that lenders who provide debt financing to family businesses view projected family firm image as a positive signal (Arzubiaga et al., 2023), the evidence is thin and the number of studies who have directly assessed resource provider/investor decisions relating to projected family firm image is small. Thus, we also contribute by adding to the body of evidence on this point to the extent that backers embody some of the attitudes of resource providers. Finally, we suggest the need to evaluate whether backers should be considered a new category of stakeholder that blends consumer with investor considerations, or alternatively whether they should be considered individuals simultaneously acting in multiple stakeholder capacities.

Limitations and future research

Like all studies, ours has limitations that also present opportunities for future work in this area. First, we theorize reputation to be the operative mechanism that results in the display of a family firm image having positive associations with funding. We theorize this on the basis of the robust literature indicating that family firm image has positive reputation effects (specifically among consumer stakeholders) and on the basis of the reputation literature which notes information which reduces counterparty uncertainty makes them more likely to transact. That said, we do not measure reputation, or the associated mechanisms of quality, trust, or authenticity, or delve into the perceptions or cognitions of individual backers. Thus, we leave investigation of specific mechanisms to future research.

Second, projecting a family firm image was a rare event in our data. Although our large sample size and robustness tests increase confidence in our results, the limited number of family firms in our sample raises questions: 1) why are family firms not embracing rewards-based crowdfunding more given its seemingly strong alignment with family firm goals of maintaining control as well as the crowd's willingness to support them, and 2) why do some family firms chose to use crowdfunding while others do not? Although answering such questions is beyond the scope of our research, we encourage future research to probe these two questions. Doing so will enable a richer understanding of family business within the context of crowdfunding, while also providing insight into motivations for family firms to use crowdfunding.

Third, while our computer-aided text analysis (CATA) approach has the significant benefit of capturing whether a family firm image is adopted across a large set of crowdfunding campaigns (e.g., Allison et al., 2015; Anglin et al., 2018a), we note that CATA measures have limitations. For example, we note the possibility of projecting a family firm image through other means. For example, a campaign could indicate a connection with a family by stating the business was created by "The Smith Family". Our dictionary does not capture such references tied to names, although campaigns that use such phrases often also use the phrases our dictionary does capture. For this paper, our approach is consistent with current best practice and in fact our results are more conservative than they would otherwise be compared with if we attempted to also identify each of these surname-based means of suggesting a family firm linkage for the campaign. Future research may consider a variety of possibilities for capturing campaigns that use a surname along with a word that conveys the image that it is a family entity. Both hand coding and natural language processing and/or regular expressions offer such a potential facility.

Finally, as this study was the first study to examine family firms in rewards-based crowdfunding, we chose to adopt a narrow focus on those reputation effects that arise from the generalized attitudes that the public holds towards any firm adopting a family business brand. This simplified our research design. At the same time, given the size of Kickstarter—the volume of backers, campaigns, and particularly the time-frames typical between one campaign—

simplifying the logic allows us to provide theoretical logic and evidence for why the effects of our study arise. While this approach may work in establishing baseline effects, the nuances of how family firms attract backers warrants further investigation. For instance, prior work has shown that campaigns which invoke the history of the entrepreneur or project may be able to better attract backers (Anglin et al., 2023). For family businesses, firm objections are often uniquely tied to the history of family (Ge, De Massis, & Kotlar, 2022; Suddaby et al., 2023). Thus, family firms might be particularly well situated to leverage their historical aspects in their campaign narratives to connect with backers.

Conclusion

Rewards-based crowdfunding is a useful funding alternative for family firms as it enables family firms to maintain control while minimizing financial risks. We provide the first evidence concerning how the crowd may react to campaigns associated with family firms. Grounded in the family firm branding literature, we show that projecting a family firm image improves crowdfunding performance due to the general positive perceptions tied to family firms. We also show that projecting a family firm image lessens the positive influence of prior success. For scholars, we lay the foundation for further study of family firms within rewards-based crowdfunding. For practitioners, our findings suggest the value of projecting a family firm image in crowdfunding campaigns.

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Table 1.

Family business search terms

family business*
family firm*
family compan*
family enterprise*
family-owned
family owned
family run
family-run

* Encompasses permutations of the word

Table 2.
Descriptive statistics and correlations

Variables[1,2]	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1 Funding amount (ln)	6.939	2.891	1.000													
2 Year	0.478	0.500	0.065	1.000												
3 Goal (ln)	8.241	1.714	0.135	-0.012	1.000											
4 Duration	33.567	13.324	-0.220	-0.032	0.248	1.000										
5 Facebook connected	0.307	0.461	0.056	-0.033	-0.074	-0.059	1.000									
6 Word count (ln)	6.158	0.948	0.405	0.027	0.185	-0.121	0.030	1.000								
7 Tone	64.534	24.348	0.103	-0.011	-0.058	-0.067	-0.002	-0.032	1.000							
8 Project we love	0.107	0.309	0.295	0.029	0.112	-0.060	0.019	0.176	0.013	1.000						
9 Image count (ln)	1.959	1.271	0.584	0.067	0.102	-0.224	0.032	0.507	0.067	0.175	1.000					
10 Videos	0.567	1.598	0.242	0.035	0.165	-0.046	0.008	0.196	0.033	0.062	0.319	1.000				
11 FAQ	0.984	3.308	0.339	0.013	0.179	-0.024	-0.015	0.167	0.013	0.126	0.302	0.265	1.000			
12 Female entrepreneur	0.130	0.336	-0.019	-0.014	-0.064	-0.015	0.020	-0.026	0.067	0.017	-0.089	-0.072	-0.063	1.000		
13 Previous projects	1.772	3.855	0.222	0.038	-0.175	-0.276	0.210	0.092	0.011	0.042	0.210	0.051	0.037	-0.046	1.000	
14 Family business[3]	0.009	0.092	0.039	0.006	0.031	-0.011	-0.001	0.057	0.024	0.010	0.041	0.007	0.016	0.002	-0.002	1.000
15 Previous success (ln)	1.352	1.955	0.384	0.039	-0.268	-0.322	0.216	0.146	0.067	0.089	0.329	0.077	0.087	-0.040	0.619	0.005

[1]N=48,678; [2]Correlations with n |0.009|, |0.012|,and |0.015| are statically significant at p < 0.05, p < 0.01, and p < 0.001, respectively; [3]Variable 14, Family business = 1 for campaigns projecting a family firm image (n = 418) and is 0 otherwise.

Table 3.
Family business and crowdfunding performance

Variables	Coeff	S.E.	p-value	Coeff	S.E.	p-value	Coeff	S.E.	p-value
Location dummies		Included			Included			Included	
Category dummies		Included			Included			Included	
Month dummies		Included			Included			Included	
Year	0.235	0.028	0.000	0.235	0.028	0.000	0.246	0.028	0.000
Goal (ln)	0.074	0.008	0.000	0.074	0.008	0.000	0.151	0.008	0.000
Duration	-0.018	0.001	0.000	-0.018	0.001	0.000	-0.014	0.001	0.000
Facebook connected	0.022	0.025	0.374	0.022	0.025	0.377	-0.100	0.024	0.000
Word count (ln)	0.271	0.015	0.000	0.270	0.015	0.000	0.260	0.015	0.000
Tone	0.005	0.001	0.000	0.005	0.001	0.000	0.005	0.000	0.000
Project we love	1.486	0.029	0.000	1.486	0.029	0.000	1.389	0.028	0.000
Image count (ln)	1.098	0.014	0.000	1.098	0.014	0.000	1.004	0.014	0.000
Videos	0.030	0.007	0.000	0.030	0.007	0.000	0.023	0.006	0.000
FAQ	0.128	0.004	0.000	0.128	0.004	0.000	0.119	0.004	0.000
Female entrepreneur	0.213	0.037	0.000	0.212	0.037	0.000	0.253	0.037	0.000
Previous projects	0.072	0.002	0.000	0.072	0.002	0.000	-0.017	0.003	0.000
Family business				0.206	0.090	0.022	0.394	0.121	0.001
Previous success (ln)							0.366	0.006	0.000
Family business x Previous success (ln)							-0.143	0.038	0.000
Constant	1.761	0.139	0.000	1.766	0.139	0.000	0.962	0.136	0.000
Log pseudolikelihood	-105100.831			-105098.842			-103667.508		
Deviance	213910.295			213892.817			201676.878		
BIC	-310898.5			-310905.2			-323099.5		
N	48,678			48,678			48,678		

Note: Family business = 1 for campaigns projecting a family firm image, = 0 otherwise.

Figure 1.

Campaigns projecting a family firm image X previous campaign success