**Garbage in, Garbage out? Questioning Key Variable Face Validity in Contemporary Quantitative Crowdfunding Research**

**Objectives**

Current Crowdfunding research, usually firmly rooted in quantitative analysis of backing progress towards a set funding goal, completely misses key business issues and makes substantial assumptions regarding the definition of success which are starkly naive and lacking in a understanding of how these systems are gamed by entrepreneurs to maximise both their commercial exposure and raised funds.

**Approach**

This paper produces evidence from interviews with experienced entrepreneurs who have used crowdfunding platforms successfully on a number of occasions.

**Results**

This evidence suggests that these successful entrepreneurs are unconvinced of the face validity of many of the key variables and constructs being used in contemporary quantitative research. Furthermore, this evidence suggests that the entire basis of a number of academic studies into the success and failure of online crowdfunding, that is, using the announced target goal and whether or not it is met as the condition of success, is fatally flawed. It is flawed for two reasons. Firstly, experienced crowdfunding entrepreneurs can game their target’s to ensure success, and this gaming of the success indicators also produces a substantial marketing bonus. Secondly, without internal company knowledge of what the entrepreneur’s break-even point for the project actually is, the target funding goal publicly announced can bear little relation to what is internally needed by the company to qualify the fundraising as “successful” in business terms for experienced crowdfunders.

**Implications**

The current emerging wave of research into the phenomenon of online crowdfunding led by Mollich (2011) uses the wrong constructs, the wrong basis of analysis and the wrong metrics of success. This emergent body of research, usually firmly rooted in quantitative analysis of donator progress towards a set funding goal, completely misses key business issues in online crowdfunding and makes substantial assumptions regarding the validity of constructs and key definitions (such as what is “success”) which are starkly naive and lacking in a understanding of how these systems are understood (and gamed) by the entrepreneurs themselves to maximise both their commercial exposure and raised funds. This blind quantitative approach towards analysis, at best, produces research which lacks substance and credibility. At worst, it is misleading to future entrepreneurs and practitioners as to the real metrics of success and how to approach these nascent techniques of funding their businesses.

**Value**

For research to be meaningful, and for statistical inferences and conceptual conclusions drawn in academic papers to be generalizable and exhibit external validity the first step is to make sure that the constructs under examination themselves are valid by demonstrating face validity (Straub, 1989; Straub et al, 2004). Otherwise the research itself may fall foul of the classic “garbage in, garbage out” phenonomea, with poorly validated constructs leading to expert statistical analysis being conducted on a meaningless dataset.