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EDITORIAL

CROWD FUNDING

The sources of traditional funding are one way of raising funds but in the modern world, the crowdfunding is another way to raise business capital. Crowdfunding campaigns involve seeking funds from family members, friends, neighbors, customers and other individuals with whom entrepreneurs have a good relationship, for investment.

The crowdfunding, in one form or other, has been in use for a long time. But the modern version of getting multiple small crowdfunders together has gathered momentum over the past decade and it will continue to increase with a projected annual growth of 18% in 2024. The popularity of crowdfunding has increased due to online platforms, including social media that bring business owners and supporters together. Today, the crowdfunding, otherwise known as crowdsourcing, is used by small business owners to seek out small crowdfunders to get finance for a new business or a new product or new service. An entrepreneur can use a crowdfunding platform, for creating a business profile. The funding goals need to be set and the incentives could include a limited-edition version of new products or an enhancement of new services. The common people refer to the entrepreneurs' profile online, often through social media, and invest their cash in the venture of their choice. Crowdfunding is most often used by startup companies or growing businesses as a way of accessing alternative funds. It is an innovative way of sourcing funding for new projects, businesses or ideas.

It is comparatively easy to tap the crowd for funding. Crowdfunding makes use of the easy accessibility of vast networks of people through social media. Crowdfunding websites have the potential to expand the business, through the pool of investors, beyond the traditional

circle of owners, relatives, and venture capitalists. In addition to raising capital, the process of crowdfunding can introduce the new small business to potential new customers.

For small businesses, the crowdfunding campaigns could offer many advantages over traditional financing. Those benefits include no worries about payback, easy way to get capital, greater efficiency, valuable advice and increased exposure. The crowdfunding offers many opportunities for almost every type of business and crowdfunding approach could be equity based, rewards based or donation based. Once an entrepreneur understands how crowdfunding works, the entrepreneur must be serious about how to manage the money from their campaign and how one can run the business.

The Thirty Fifth Issue (Vol.18, No.1) of the SMART Journal of Business Management Studies consists of ten articles, written by authors of repute, on different themes of contemporary relevance. I hope readers would find the Journal academically challenging and strategically stimulating.

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