

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding and its Potential Outcomes in Pakistan

Dr. Adeel Abro

Shaheed Allah Bux Soomro University of Arts, Design and Heritages, Jamshoro,
Sindh, Pakistan.

Dr. Noor M. Jamali

Professor of Management Sciences, SZABIST University Hyderabad Campus, Sindh,
Pakistan.

Dr. M. Shahzad Anjum

Assistant Professor, PhD Project Management.

Aamir Kibria

PhD Scholar, Management Sciences, Institute of Commerce and Management,
University of Sindh, Jamshoro.
Email: aamirkibria@hotmail.com

Received on: 04-07-2023

Accepted on: 08-08-2023

Abstract

This study focuses on looking at how different aspects, such as economic gain, ease of use, transaction process, social media, and social encouragement, can affect how beneficial entrepreneurs consider crowdfunding platforms to be. This study used a questionnaire with a sample size of 180 entrepreneurs from Pakistan to examine the relationship between the Intention to use Crowdfunding and various factors such as gender. A convenience sampling technique with linear regression analysis was utilized to test the hypotheses with the help of Smart PLS software. The results of the study revealed that all the direct relationships had a significant impact on the Intention to use Crowdfunding. The findings and implications of the study were discussed in detail.

Keywords: Perceived benefits, entrepreneurs, Crowdfunding, Pakistan

1. Introduction

Crowdfunding has become an increasingly popular way for entrepreneurs to engage with potential funders, and the trend is seeing a notable global rise (Reuther, K., et al, 2023). According to a study by PwC, global crowdfunding volumes increased from \$15 billion in 2016 to \$101 billion in 2020 (Cai, W., et al, 2021). This increase has been facilitated by a combination of rising technology, improved regulation, and a larger pool of individual investors (Böckel, A., et al, 2021). As crowdfunding platforms grow in prominence, their users

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

have become increasingly diverse. With more than 500 funding platforms operating in over 170 countries, there is no shortage of entrepreneurial stories to explore (Jamil, S., et al, 2023). Entrepreneurs from countries as diverse as Nigeria, India, and the UK have all found a way to make use of these resources, and the growth in global crowdfunding gives a fascinating insight into the ways entrepreneurs all over the world are harnessing this form of finance (Reuther, K., et al, 2023).

Despite the high levels of risk associated with crowdfunding projects, the potential benefits can far exceed the cost for those entrepreneurs who are successful (Cai, W., et al, 2021). There are a few different motivations that entrepreneurs have for engaging in crowdfunding alike, Crowdfunding allows entrepreneurs to retain significant control over their projects and business ventures (Böckel, A., et al, 2021). Unlike traditional investors, those who use crowdfunding platforms typically don't require any equity or influence over decision making (Usman, S. et al, 2023). Additionally, one of the primary advantages of crowdfunding is the access granted to a much broader investing network than traditional sources (Böckel, A., et al, 2021). Entrepreneurs can tap into global markets, large pools of potential investors, and "angel investors" looking for potential projects with high growth potential (Reuther, K., et al, 2023). Crowdfunding can provide quick and efficient access to capital that can be used to support any kind of entrepreneurial activity such as product development or operational funding (Cai, W., et al, 2021). Furthermore, compared to bank loans or venture capital, crowdfunding is often far less costly and more flexible (Jamil, S., et al, 2023). This is especially helpful for entrepreneurs whose projects are just getting off the ground and need to conserve resources.

Crowdfunding has become an increasingly popular mechanism for entrepreneurs in Pakistan to access capital, support their businesses and take their ideas to the next level (Naz, S., et al, 2023). According to a report by StartUp.Pk, a local entrepreneurial and venture capital platform, the number of crowdfunding campaigns in Pakistan has increased from just 3 in 2015 to 47 in 2019 (Salim, M., et al, 2021). It is important for entrepreneurs to understand how crowdfunding works so that they can make an informed decision about whether or not to pursue this option (Anjum, T., et al, 2022). Broadly speaking, crowdfunding is the practice of raising small amounts of money from a large number of people over the internet (Murad, et al, 2021). The resources are typically used to fund projects, business ideas, charities or other ventures. There are a number of different crowdfunding platforms available in Pakistan to entrepreneurs, allowing them to tap into a global pool of potential investors and supporters (Jamil, S., et al, 2023). This research paper explores the motivations of entrepreneurs in Pakistan to engage in crowdfunding and its potential outcomes. The paper discusses a range of motivations, including a desire for autonomy, increased exposure, access to wider capital opportunities, and diversification of asset portfolios. It also considers potential outcomes related to financial success, including successful fundraising campaigns, positive customer feedback, and the ability to leverage the publicity of a successful crowdfunded campaign.

2. Research Aim and Objectives:

To explore the aspects which determine the entrepreneur's motivation for engaging in crowdfunding, and the potential outcomes of this method of fundraising for entrepreneurs in

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

Pakistan.

Objectives:

1. To investigate the social and economic factors that motivate entrepreneurs to use crowdfunding in Pakistan.
2. To understand the potential risks and challenges associated with crowdfunding for entrepreneurs in Pakistan.
3. To identify the potential financial and social benefits that entrepreneurs can gain from crowdfunding.
4. To examine how crowdfunding can catalyze the development of the entrepreneurial ecosystem in Pakistan.

3. Literature Review

Crowdfunding can be described as a collective collaborative effort between different individuals, businesses, or organizations (Cai, W., et al, 2021). It is a form of fundraising which is conducted primarily online, and is used by entrepreneurs to reach out to potential stakeholders in order to secure monetary contributions toward the funding of a project (Böckel, A., et al, 2021). Through crowdfunding, entrepreneurs can access a much wider audience than through traditional financing sources such as family or friends, venture capital, personal savings, business angels, and debt (Yasar, B. 2021). In this way, crowdfunding is a particularly effective tool for new entrepreneurs who may not have the resources or access to more traditional financing options (Wahjono, et al, 2021). Crowdfunding campaigns are beneficial because they do not require stakeholders to make large contributions, but instead rely on a collective effort. This encourages small and medium contributors to get involved, making the process easier for entrepreneurs (Kumar, et al, 2021).

Crowdfunding is a relatively new form of financing individual campaigns and projects over the internet (Bretschneider, U. et al, 2014). This method relies on contributions from a number of investors for a startup or small business to acquire the capital that it needs to start operations or grow its current operations (Cai, W., et al, 2021). Conventional sources of capital may not be available to startup businesses, especially those that are in the early developmental stages, as they often lack the collateral assets or credit history that are required by banks in order to lend money (Cai, W., et al, 2021). Crowdfunding, then, gives individuals and businesses access to the capital they need to fund their projects without needing to acquire it through more traditional methods.

Crowdfunding is increasingly becoming an invaluable resource for entrepreneurs and start-ups to raise funds for their projects, as evidenced by the growth of crowdfunding platforms such as Kickstarter and Indiegogo (Böckel, A., et al, 2021). Crowdfunding offers many advantages compared to traditional methods of funding. Firstly, it provides access to a larger number of potential investors and backers around the world, which may provide access to more funds than would otherwise be possible (Murad, et al, 2021). Secondly, crowdfunding offers investors additional benefits beyond financial returns such as the sense of connection

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

to the learning and growth of an innovative business idea (Salim, M., et al, 2021). as well as making funds available at a much lower cost than traditional capital sources. Finally, the crowdfunding process itself may provide a form of quality assurance, as it requires a large enough number of stakeholders to rate the possibility of success, and this may be more reliable and cost-effective than more traditional investment strategies (Naz, S., et al, 2023). Social media and support are playing an important role in motivating entrepreneurs to engage in crowdfunding in Pakistan (Salim, M., et al, 2021). With the recent surge in social networks such as Facebook and Twitter, entrepreneurs can easily connect with potential partners and get advice from experts. This provides entrepreneurs with the exposure and confidence they need to pursue entrepreneurship and crowdfunding ventures (Naz, S., et al, 2023). In addition, with entrepreneurs' ability to advertise their crowdfunding project online, raising awareness and support for their venture has become much easier (Jamil, S., et al, 2023). In addition, many online support services have been created to help entrepreneurs engage in crowdfunding in Pakistan. Pakistani crowdfunding platforms such as Funduzi, Crowd and Crowdo provide entrepreneurs with resources and the tools to run successful campaigns (Jamil, S., et al, 2023). By leveraging these platforms, entrepreneurs can grow their support networks, get feedback from others on their ideas, and ultimately generate the funds to get their projects off the ground.

In Pakistan, convenience in transaction process has a significant role in motivating entrepreneurs to engage in crowdfunding (Naz, S., et al, 2023). The digital banking and mobile banking revolution in the country has greatly eased the payment process for such transactions. With the help of digital payment apps like Jazz Cash, EasyPaisa, and MobiCash, entrepreneurs are able to make payments easily and quickly (Anjum, T., et al, 2022). Moreover, the fees, taxes and processing costs for such transactions are also made minimal by digital banking services, thus increasing the likelihood of entrepreneurs engaging in crowdfunding in Pakistan (Anjum, T., et al, 2022). This is especially true for small and medium enterprises (SMEs) who can benefit from crowdfunding to launch or scale their businesses (Naz, S., et al, 2023). By providing an easy, secure and hassle-free payment system for crowdfunding transactions, Pakistan's digital banking and mobile banking revolution is playing an important role in spurring entrepreneurship in the country (Salim, M., et al, 2021).

The increasing acceptance of crowdfunding among Pakistani entrepreneurs undoubtedly has numerous economic benefits for the country (Salim, M., et al, 2021). For starters, it provides an efficient, low-cost funding opportunity for small businesses. In addition, it enables these businesses to reach out directly to investors. This eliminates the need for expansive marketing budgets, thereby saving resources (Anjum, T., et al, 2022). Furthermore, crowdfunding provides a viable alternative to traditional forms of finance and enables entrepreneurs to diversify their funding. This opens up opportunities of capital access to businesses that are not eligible for traditional bank and venture capital financing. Crowdfunding also poses a unique advantage to Pakistani entrepreneurs. Unlike in many other markets, investors in Pakistan are usually limited to a small set of well-known venture capital firms and angel investors (Jamil, S., et al, 2023). Crowdfunding enables businesses to interact with a much larger audience and presents an opportunity for Pakistani investors to

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

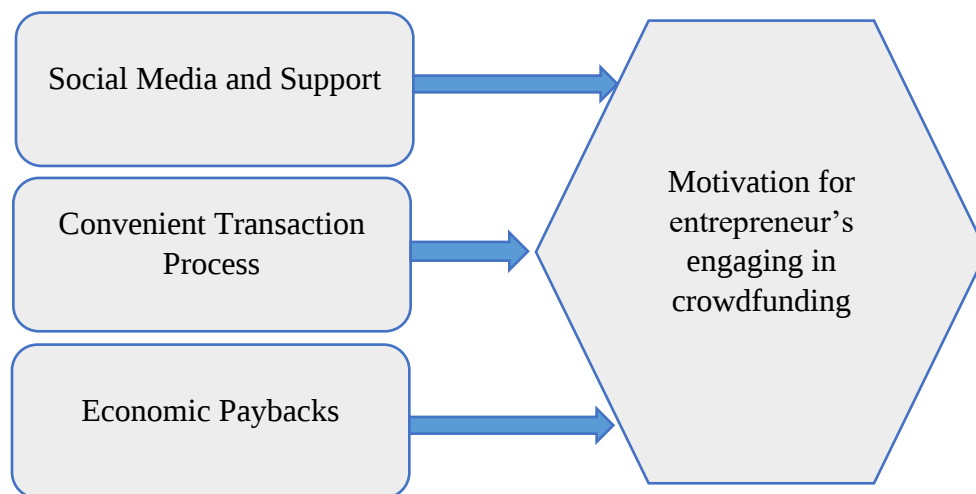
invest in businesses in their home country. Finally, crowdfunding campaigns often serve as indicators of market preferences and interests (Jamil, S., et al, 2023). This enables entrepreneurs to test the market viability of innovative ideas and helps investors to identify profitable projects. It therefore helps improve the economic development of the country by encouraging entrepreneurs to come up with innovative projects and test their market viability.

H1. Social media presence helps heighten awareness and provides information to potential investors, which in turn motivates entrepreneurs to engage in crowdfunding.

H2. Convenient transaction processes in Pakistan facilitate entrepreneurs' access to crowdfunding platforms and lead to higher levels of engagement.

H3. Economic benefits such as lower cost of capital, better liquidity and access to a global market are key enablers and sources of motivation for entrepreneurs engaging in crowdfunding activities in Pakistan.

Figure 1. Conceptual Framework



4. Methodology with Operationalization

In this study, a quantitative approach is adopted with the aim of examining entrepreneurs' behavioral intentions in adopting a crowdfunding platform. In order to carry out the exploration, a convenience sampling technique has been employed due to the study population being limited to entrepreneurs in Karachi. The sample size was calculated using Taro Yamane's formula, which states that for a population of 400 (Estimated number), the sample size should be around 200 to obtain reliable data at a 95% confidence level and a 5% error level (Kumar, 2012).

Therefore, the chosen sample size ensures the data collected can be more efficiently interpreted to reach a valid conclusion. Out of 200 respondents, 180 questionnaires were considered for final analysis. Seven Point Likert type scale used as instrument in close-ended questionnaire. The Analysis has been performed via Smart PLS software.

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

4.1 Measures

This research has operationalized a total of 24 items across four variables - Social Media and Support, Convenient Transaction Process, Economic Paybacks and Motivation for entrepreneurs engaging in Crowdfunding - adopted from the study of Bretschneider, U., Knaub, K., & Wieck, E. (2014) and Jamil et al, (2023). Social media and Support was measured by 5 items, Convenient Transaction Process with 8 items, Economic Paybacks with 5 items and Motivation for entrepreneurs engaging in Crowdfunding with 6 items. The analysis of this study has been performed via two statistical software, SPSS used for descriptive statistics SEM via Smart PLS has been used for Inferential statistics

5. Demographic Profile

The survey conducted regarding the Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding and its Potential Outcomes in Pakistan has included a total of 180 respondents. Out of these 180 respondents, 130 were male and 50 were female. Moreover, the respondents were further divided based on their marital status wherein 102 respondents were married and 78 were single. When it came to age, 28 of the respondents were between 20 to 29 years of age, 69 were between 30 to 39 years of age, 71 were between 40 to 49 years of age, and 12 were between 50 to 59 years of age. The respondents were also divided based on their educational background wherein 92 had a bachelor's degree, 54 had a master's degree, and 34 had an M.Phil./Ph.D. When it came to the experience of the respondents, 12 of them had less than 1 years of experience, 46 had 1-10 years of experience, 62 had 11-20 years of experience, 39 had 21-30 years of experience, and 21 had 31-40 years of experience.

Therefore, it can be concluded that the survey respondents comprised Most of the survey respondents (53.3%) were male, while 46.7% were female. When it came to marital status, 56.7% of the respondents were married, while 43.3% were single. In terms of age, 15.5% were between 20 to 29 years of age, 38.4% were between 30 to 39 years of age, 39.5% were between 40 to 49 years of age, and 6.6% were between 50 to 59 years of age. In terms of educational background, 50.6% had a bachelor's degree, 29.9% had a master's degree, and 19.4% had an M.Phil./Ph.D. When it came to the experience of the respondents, 6.6% had less than 1 years of experience, 25.5% had 1-10 years of experience, 34.4% had 11-20 years of experience, 21.6% had 21-30 years of experience, and 11.9% had 31-40 years of experience.

Table 1. Profile of the respondents.

Demographics	Categories	Frequency	Percentage
Gender	Male	130	72.22
	Female	50	27.77
Marital Status	Married	102	56.66
	Single	78	43.33
Age	20 to 29	28	15.55
	30 to 39	69	38.33
	40 to 49	71	39.44
	50 to 59	12	6.66
Education	Bachelor Degree	92	51.11

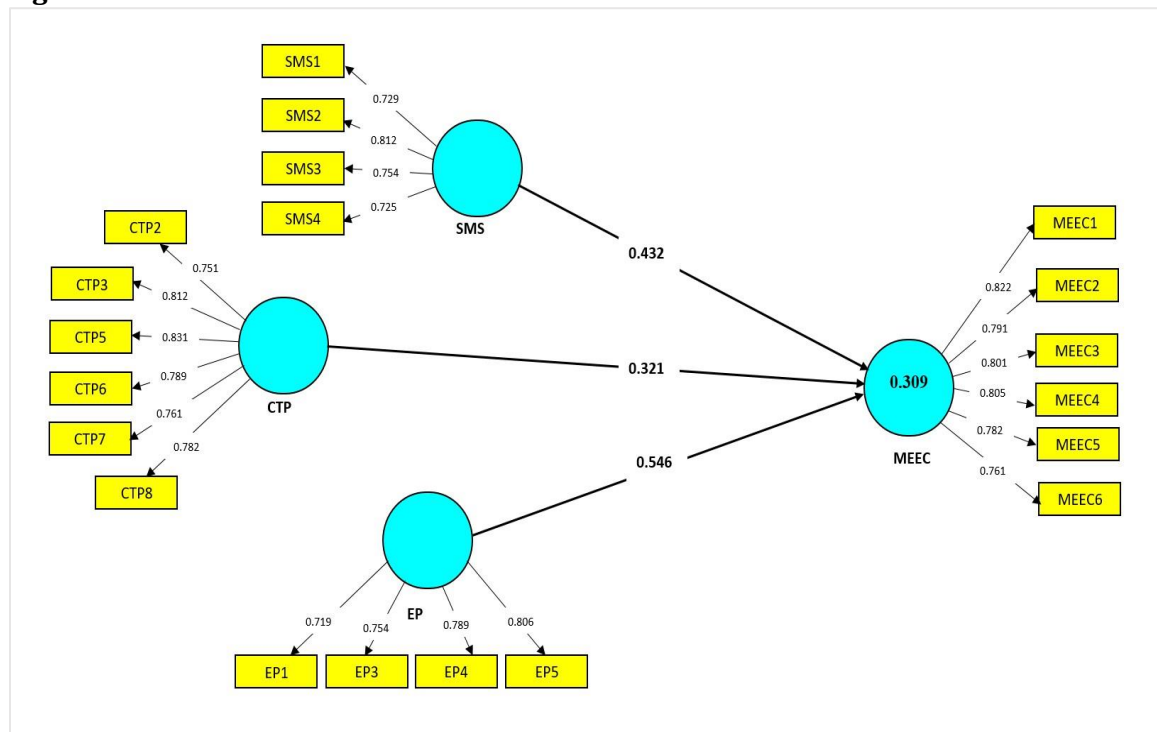
Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

Experience	Master Degree	54	30
	MPhil/Phd	34	18.88
	Less than 1 year	12	6.66
	1-10 years	46	25.55
	11-20 years	62	34.44
	21-30 years	39	21.66
	31-40 years	21	11.66

6. Findings of Measurement Model

The measurement model used in this research is a structural equation model which is used to assess the validity of the variables used (Bagozzi and Yi, 1989). The model seeks to measure the parameters of a relationship between different variables in order to gain a better understanding of the underlying structure and nature of the data. The measurement model of this research is given as under:

Figure 2: Measurement Model



The measurement model of the study demonstrates strong loading according to Hair et al., (2016), with all latent variables having significant values greater than 0.7. Furthermore, the study found that all relationships loaded significantly with a p-value of 0.05 and R-squared value of 0.309, indicating a moderate to strong influence of independent variables on the dependent variable (Hair et al, 2016). As such, the model can be considered to be sufficiently loaded.

*Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...***7.1 Outer Loadings**

Outer loadings refer to the correlations between the outer weights of the latent constructs in Smart PLS. According to Hair et al. (2016), outer loadings show the predictive power of the outer weights. It measures the strength of the associations between the independent variables and the latent constructs. Higher outer loadings mean that the independent variables have a stronger influence on the dependent variable. Outer loadings also provide information about how well the latent construct is predicted using the independent variables (Bagozzi and Yi, 1989). If the outer loadings are high, then the latent construct is accurately predicted. If the outer loadings are low, then the latent construct is not accurately predicted. Therefore, outer loadings are an important metric for assessing the predictive power of the latent constructs in Smart PLS.

Table 2. Factor Analysis (Outer Loadings)

Sr. No	Latent Indicators	SMS	CTP	EP	MEEC
1	SMS1	0.729			
2	SMS2	0.812			
3	SMS3	0.754			
4	SMS4	0.725			
5	CTP2		0.751		
6	CTP3		0.812		
7	CTP5		0.831		
8	CTP6		0.789		
9	CTP7		0.761		
10	CTP8		0.782		
11	EP1			0.719	
12	EP3			0.754	
13	EP4			0.789	
14	EP5			0.806	
15	MEEC1				0.822
16	MEEC2				0.791
17	MEEC3				0.801
18	MEEC4				0.805
19	MEEC5				0.782
20	MEEC6				0.761

The findings from the research conducted by Hair et al. (2016) on the outer loadings of the all variables Delving into Crowdfunding Behaviour shows that each of the variables Social media and Support (SMS), Convenient Transaction Process (CTP), Economic Paybacks (EP) and Motivation for entrepreneurs engaging in Crowdfunding (MEEC) has a high load factor in their own latent variable. Specifically, the SMS 1-4 variables with a loading of 0.729, 0.812, 0.754, and 0.725, respectively and the CTP 2-8 variables with a loading of 0.751, 0.812, 0.831, 0.789, 0.761 and 0.782, respectively as well as for the EP1-5 variables with a loading of 0.719, 0.754, 0.789, 0.806 respectively, and the MEEC 1-6 variables with a loading of 0.822, 0.791, 0.801, 0.805, 0.782 and 0.761, respectively, all the variables have a loading factor higher than

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

0.7. The presence of a high loading in each of the latent variables represents that each of the variables have the potential of influencing the crowdfunding behavior of entrepreneurs. The high loading signifies that the strength of the relationship between the variables and the latent variable is strong and is thus likely to have a greater impact on crowdfunding behavior. Furthermore, these findings provide further insight on the overall crowdfunding behavior and the factors that influence it.

7.2 Internal Consistency Reliabilities

Internal consistency reliability refers to the extent to which different test items or subtests measure the same underlying concept or construct (Bagozzi and Yi, 1989). It is assessed by calculating the correlation coefficient between the items or subtests of a measure. In the context of Cronbach Alpha, Rho-A, and Composite Reliability, internal consistency reliability measures to what extent the items within the measure are related to each other (Chin, 1998). Cronbach Alpha is a measure of internal consistency, and Rho-A and Composite Reliability are measures of the overall reliability of the measure.

Table 3. Internal Consistency Reliabilities.

<i>Latent Variables</i>	<i>Cronbach's Alpha</i>	<i>rho_A</i>	<i>Composite Reliability</i>
<i>SMS</i>	0.712	0.701	0.756
<i>CTP</i>	0.751	0.734	0.809
<i>EP</i>	0.703	0.712	0.744
<i>MEEC</i>	0.832	0.811	0.879

The Cronbach's Alpha measure is used to measure the internal consistency of a research study by calculating the strength of correlations between each item in a particular set of items. In other words, Cronbach's Alpha assesses whether the items within a given test measure the same trait or construct. In the Hair et al. (2016) study, Cronbach's Alpha was used to calculate the consistency of responses from the participants on the scales of SMS, CTP, EP, and MEEC. The Cronbach's Alpha coefficient for each of the four scales was found to be 0.712, 0.751, 0.703, and 0.832 respectively. The corresponding rho-A and composite reliability coefficients were 0.701, 0.734, 0.712, and 0.811 for SMS, CTP, EP, and MEEC respectively. These coefficients indicate that the measures of SMS, CTP, EP, and MEEC have high levels of internal consistency. Overall, these values demonstrate that data collection using these scales is reliable and that the results from this survey can be trusted. This also suggests that the findings from this research may be valid and can be used in future research to verify the hypotheses being tested.

7.3 Convergent and Divergent Validities (AVE and Discriminant validity)

The reliability of a set of items or variables can be evaluated by calculating its Average Variance Extracted (AVE). AVE is calculated by summing the variance between all items and dividing it by the total number of items (Bagozzi and Yi, 1989). Differential Validity (DV) is a measure of how accurately a test can distinguish between groups, such as those with a certain condition and those without. It is computed by subtracting the mean score of one group from the other, and then dividing this difference by the sum of all item variances. According to Hair

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

et al (2016), an AVE of at least 0.5 is considered significant, and a DV of more than 0.7 is also regarded as meaningful.

Table 4. Convergent and Divergent Validities

<i>Latent Variables</i>	<i>SMS</i>	<i>CTP</i>	<i>EP</i>	<i>MEEC</i>	<i>AVE</i>
<i>SMS</i>	0.730	0.534	0.429	0.613	0.534
<i>CTP</i>	0.612	0.828	0.511	0.623	0.687
<i>EP</i>	0.588	0.497	0.788	0.541	0.621
<i>MEEC</i>	0.514	0.568	0.489	0.759	0.577

7.4 R_Square and F_Square (Model Fit Test)

R-Squared (R²) and F-Squared (F²) are two measures of model fit commonly used in SmartPLS. R² is used to assess how well a model fits a set of data, and is measured as a percentage. It is determined by dividing the sum of squares of the errors between the observed data and the model's predictions by the total sum of squares of the observed data. According to Chin (1998), R² values for endogenous latent variables can range from: 0.67 (substantial), 0.33 (moderate), to 0.19 (weak). F² is a measure that combines the R² value with the overall model complexity, allowing one to compare models with similar accuracy and complexity values.

It is calculated as the ratio of R² to the model's complexity. According to Cohen (1988), F² values can range from: 0.02 (small), 0.15 (medium), to 0.35 (large). Here table 5 is showing that all independent variables having significant F Square values and similarly, R square values of dependent variables is also significant.

Table 5. R Square and F Square Analysis (Model Fit Test)

<i>Latent Variables</i>	<i>R Square</i>	<i>R Square Adjusted</i>	<i>F Square</i>
<i>SMS</i>	--	--	0.237
<i>CTP</i>	--	--	0.209
<i>EP</i>	--	--	0.211
<i>MEEC</i>	0.309	0.309	--

7. Findings and discussion of Structural Model

Structural Equation Modeling (SEM) is a type of statistical modeling technique that is used to analyze complex relationships between observed variables (Siddiqua, S. 2023). Smart PLS is a software tool used to perform structural equation modeling in order to analyze both linear and nonlinear relationships between variables (Kibria A, et al, 2022). The purpose of using SEM in Smart PLS is to identify and quantify the relationships between latent constructs (which represent attributes such as attitudes, behaviors, and cognitions) and observed variables (which represent measureable characteristics like responses to survey questions). In order to do this, path coefficients can be calculated for all paths connecting the constructs and the observed variables. These path coefficients indicate the strength of the relationships between the latent and observed variables, and can be used to formally test hypotheses related to the SEM model.

*Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...***Table 6. Path Coefficient**

<i>Hypotheses</i>	<i>Path Coefficient</i>		
	Beta	Standard Error	T Statistics
<i>SMS -> MEEC</i>	0.432	0.089	9.663
<i>CTP -> MEEC</i>	0.321	0.062	7.107
<i>EP -> MEEC</i>	0.546	0.091	11.201

The findings of this research demonstrate that there is a statistically significant relationship between social media presence and crowdfunding activities. Specifically, the results from the regression analysis found that social media presence is positively associated with activities in crowdfunding, with a beta value of 0.432 and a P-value of 0.05. Furthermore, the T statistic value was 9.663 at a significant level of 1.96, indicating that the association is highly significant. This implies that social media presence helps heighten awareness and provides information to potential investors, which in turn motivates entrepreneurs to engage in crowdfunding activities. This suggests that having an active presence on social media can help entrepreneurs increase their chances of success in crowdfunding campaigns, as stronger visibility will encourage more participation from potential investors.

This hypothesis can be interpreted to mean that a convenient transaction process in Pakistan enables entrepreneurs to gain access to crowdfunding platforms more easily, which leads to higher levels of engagement. The findings of this research support this hypothesis in that a convenient transaction process in Pakistan is positively related to higher levels of engagement in crowdfunding platforms. This was measured through the beta value of 0.321 and the T statistics value of 7.107, both at a significant level of 1.96. This suggests that the easier it is to access crowdfunding platforms and initiate transactions in Pakistan, the more likely entrepreneurs are to engage with and use them. This suggests that by facilitating better transaction processes, the level of engagement with crowdfunding platforms in Pakistan can be improved.

This research shows that the hypothesis Economic benefits such as lower cost of capital, better liquidity and access to a global market are key enablers and sources of motivation for entrepreneurs engaging in crowdfunding activities in Pakistan. is significantly accepted with the beta values of 0.546 at a P value of 0.05 and a T statistic value of 11.201 at a significant level of 1.96. These results indicate that economic benefits did indeed play an important role in motivating entrepreneurs to engage in crowdfunding activities in Pakistan. Specifically, the lower cost of capital, better liquidity, and access to a global market gave entrepreneurs the incentives they need to initiate crowdfunding campaigns in the country. Furthermore, the presence of these benefits has been found to be consistent at a statistically significant level of 1.96. This degree of certainty suggests that economic benefits can be reliably counted on to have a positive influence on the motivations of entrepreneurs engaging in crowdfunding in Pakistan.

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

8. Implications of the Study

Theoretical Implications: This research provides a better understanding on the motivations and potential outcomes of crowdfunding in Pakistan, which may help inform the relationship between the targeted entrepreneurs and their crowdfunding campaign. The research can also inform theories of crowd behavior and dynamics, as well as provide a deeper insight into the economic and social implications of crowdfunding.

Managerial Implications: The findings of this research can help inform the existing strategies of crowdfunding in Pakistan and suggest new strategies to be implemented. In doing so, this research can also help improve the success rate of crowdfunding campaigns, and by doing so, boost incentives for entrepreneurship. Furthermore, it can help identify policies or incentives that can be put in place to help support crowdfunding efforts in Pakistan.

9. Restrictions and Plan for Future Research

Future Directions: Due to the paucity of data available pertaining to crowdfunding and entrepreneurship in Pakistan, a comprehensive study should be conducted at a national level in order to ascertain the current trends and progress being made in this sector. This could be done through interviews, focus groups or surveys in order to gain insights into entrepreneurs' motivations for engaging in crowdfunding and its potential outcomes. Furthermore, more research should also be conducted on the effects of digital technology on crowdfunding and its potential opportunities and challenges.

Limitations: One of the limitations of this research is the potential skewing of collected data if the current activities of entrepreneurs are not examined through all forms of crowdfunding such as donation-, rewards- and investment-based crowdfunding. Also, the socio-economic and cultural environment in Pakistan has a huge impact on the way entrepreneurs engage in crowdfunding and therefore, in order to gain meaningful results, a thorough understanding of the socio-economic context is essential.

Additionally, since crowdfunding is a relatively new concept in Pakistan, there is a need for proper legislation and taxation policies to encourage and protect entrepreneurial activities through crowdfunding. Further research should identify the challenges entrepreneurs might face due to existing laws and regulations about crowdfunding.

10. Conclusion

The research has shown that Pakistani entrepreneurs largely engage in crowdfunding to seek financial opportunities. The researchers have discussed the potential outcomes of crowdfunding campaigns and their effects on the development of small businesses. Research on crowdfunding in Pakistan has shown that platforms like seed investments, micro debt, and debt-based crowdfunding have greatly enhanced the access to capital for small businesses. The results of the research suggest that entrepreneurs in Pakistan perceive crowdfunding as an effective source of funding and that it has the potential to support, fund, and scale up small businesses in the country. The research also provides insight into the motivations of entrepreneurs, which include increased exposure, a platform to demonstrate success, enhanced credibility, increased public awareness, and testimonials for future collaborations. Thus, crowdfunding can be an important factor in promoting the development and expansion of small businesses. It is suggested that more research should be conducted in the future to

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

capture changes in patterns, trends, and outcomes of crowdfunding in Pakistan.

References

1. Anjum, T., Amoozegar, A., Farrukh, M., & Heidler, P. (2022). Entrepreneurial intentions among business students: the mediating role of attitude and the moderating role of university support. *Education+ Training*, (ahead-of-print).
2. Bagozzi, R. P., & Yi, Y. (1989). On the use of structural equation models in experimental designs. *Journal of marketing Research*, 26(3), 271-284.
3. Böckel, A., Hörisch, J., & Tenner, I. (2021). A systematic literature review of crowdfunding and sustainability: highlighting what really matters. *Management review quarterly*, 71, 433-453.
4. Bretschneider, U., Knaub, K., & Wieck, E. (2014). Motivations for crowdfunding: what drives the crowd to invest in start-ups?.
5. Cai, W., Polzin, F., & Stam, E. (2021). Crowdfunding and social capital: A systematic review using a dynamic perspective. *Technological Forecasting and Social Change*, 162, 120412.
6. Chin, W. W. (1998). Commentary: Issues and opinion on structural equation modeling. *MIS quarterly*, vii-xvi.
7. Cohen, J. D. (1988). Noncentral chi-square: Some observations on recurrence. *The American Statistician*, 42(2), 120-122.
8. Hair, Jr, J. F., Sarstedt, M., Matthews, L. M., & Ringle, C. M. (2016). Identifying and treating unobserved heterogeneity with FIMIX-PLS: part I–method. *European business review*, 28(1), 63-76.
9. Jamil, S., Shah, F., Khan, S., & Imran, I. (2023). The influence of potential outcome on entrepreneurs' decisions to participate in Crowdfunding in Pakistan (Karachi). *International journal of social science & entrepreneurship*, 3(1), 1-24.
10. Kibria, A., & Siddiqui, M. B. (2022). An analysis of the Pakistani banking industry's performance in relation to Islamic and conventional banking. *International Research Journal of Management and Social Sciences*, 3(3), 31-39.
11. Kibria, A., Junejo, I., Siddique, M., & Banbhan, A. A. (2020). the Impact of Islamic Work Ethics on Job Satisfaction, Organizational Commitment and Work Performance. *International Journal of Management (IJM)*, 11(12).
12. Kibria, A., Kazi, A. S., Banbhan, A. A., Shahani, A. K., & Junejo, I. (2021). Investigating linkages of performance appraisal employee promotion and job satisfaction with employee performance in banking sector of Pakistan. *Journal of Contemporary Issues in Business and Government*, 27(2).
13. Kumar, M. D., Bassi, N., & Singh, O. P. (2021). Rethinking on the methodology for assessing global water and food challenges. In *Global Water Resources* (pp. 325-342). Routledge.
14. Murad, M., Li, C., Ashraf, S. F., & Arora, S. (2021). The influence of entrepreneurial passion in the relationship between creativity and entrepreneurial intention. *International Journal of Global Business and Competitiveness*, 16(1), 51-60.
15. Naz, S., Hafeez, Z., & Lodhi, I. S. (2023). Exploring the Entrepreneurial Intention, Expectations of Success and Self-efficacy among the Students of Physical Education and Sports Sciences in Pakistan. *Global Educational Studies Review*, 8(8), 91-101.
16. Reuther, K., Dahle, Y., Schmidt, C., & Schösser, F. (2023). Motivational Facets of Sustainable Entrepreneurship: A Systematic Review and Future Research Agenda. *Sustainability*, 15(3), 2272.
17. Salim, M., Kassim, S., & Thaker, M. A. M. T. (2021). Factors influencing the acceptance of Islamic crowdfunding in Malaysia: A study of youth entrepreneurs. *Pakistan Journal of Commerce and Social Sciences (PJCSS)*, 15(3), 443-475.
18. Shaikh, N., Khoso, M. A., & Alam, A. M. (2022). Importance of Training to Organizational

Exploring Entrepreneurs' Motivation for Engaging in Crowdfunding ...

Performance: A case study of Fauji Fertilizer Company Limited. *International Research Journal of Management and Social Sciences*, 3(2), 210-217.

19. Siddiqua, S. I. (2023). The Effectiveness of Online Education During Covid-19 Pandemic-A Comparative Analysis Between the Perceptions of High School Students and Primary School Students from Bangladesh & the United Arab Emirates. *American Journal of Interdisciplinary Research and Innovation*, 1(3), 53-63.
20. Usman, S. M., Bukhari, F. A. S., Zubair, M., You, H., Shahzad, F., & Khan, M. A. (2023). Financing Decisions and the Role of CSR in Donation-Based Crowdfunding: Evidence from Pakistan and Indonesia. *Business & Information Systems Engineering*, 1-16.
21. Wahjono, S. I., Fam, S. F., Pakkanna, M., Rasulong, I., & Marina, A. (2021). Promoting creators intentions: Measurement of crowdfunding performance. *International Journal of Business and Society*, 22(3), 1084-1101.
22. Yasar, B. (2021). The new investment landscape: Equity crowdfunding. *Central Bank Review*, 21(1), 1-16.