

## AN EXPLORATORY STUDY OF AWARENESS AND ATTITUDE TOWARDS CROWDFUNDING IN KERALA

Rekha Bhuvanendran, Pravitha N R  
Department of Commerce and Management  
Amrita School of Arts and Sciences,  
Amrita Vishwa Vidyapeetham,  
Amritapuri  
[rekhabhuvanendran1995@gmail.com](mailto:rekhabhuvanendran1995@gmail.com)

**ABSTRACT**-Crowdfunding is an act of looking for funds from the group or public especially through internet which might be for a particular reason or for a task, in return for some reward or in a type of non-financial advantages. Crowdfunding is a youthful industry in India, yet in European and American nations it is broadly used to light organizations. This paper looks to comprehend the awareness and attitude towards Crowdfunding in Kerala, since Crowdfunding is mounting a colossal prevalence and believability in the business sector. It additionally examines the readiness of adolescents to utilize Crowdfunding for raising fund, for their creativity and innovative business ideas. Crowdfunding is a demonstrated dynamic vehicle for the distinguishing proof of the wellspring of a fund for new companies and innovative items. It likewise fills in as the gainful apparatus for statistical surveying and showcasing of the item. The campaigner will get an understanding into the worthiness of item and their innovative ideas. Up until now, there is no such research concerning Crowdfunding in Kerala. So it is extremely extraordinary to direct an exploration in light of Crowdfunding and there is a wide degree for future researchers in light of Crowdfunding. For the present research, entrepreneurs and students from commerce and management from various campuses in Kerala are drawn. The online survey reveals that awareness of Crowdfunding among youngsters is low, yet a reasonable percentage of youth is willing to do Crowdfunding and they are requesting appropriate instruction of Crowdfunding.

**Keywords:** Crowdfunding, Innovation, Business, Entrepreneurs

### I. CROWDFUNDING- AN INTRODUCTION

Crowdfunding is a platform that supports an undertaking or a product by collecting cash from people (moderately little sum), which is scattered over the globe with the assistance of internet. In the underlying stage, Crowdfunding was just utilized by performers, movie producers and craftsman and so on. As the wheel of time pass drifts likewise changed. Crowdfunding is an open call (through the web) with the end goal of acquirement of budgetary financial resources might be in a type of gifts or in return for some type of reward keeping in mind the end goal to help activities for particular purposes [9]. Gathering little subsidizes from a substantial number of the overall population has a rich history in numerous spaces [19]. Mozart and Beethoven shows and new music structures acquired cash from intrigued investors, another case is the situation of Statue of Liberty in the core of New York City, and it was worked out of little donations from French and American individuals. It is broadly utilized by youthful business visionaries for

financing their new companies, human rights associations for different social exercises. As of late a human rights association began by Dr.Sugatha Mitra is endeavoring to bring reserve up so as to purchase a correspondence satellite to give web access to rustic poor. An open call is made to secure reservation. The open call happens on online stages which give the best approach to crowd founders and investors to associate without any intermediaries [1]. In this immediate collaboration with crowd founders, potential financial investors can see the level of help from other project backers, recommending that social data could have a part in a definitive achievement of a crowdfunded venture [18]. Crowdfunding is accepted to be advantageous not just for backers/investors and entrepreneurs/start-ups yet additionally for governments and economy and is relied upon to support entrepreneurial movement [20].

The main objective of this paper is:

- To identify awareness of Crowdfunding among entrepreneurs in Kerala
- To identify awareness of Crowdfunding among Commerce and Management students in Kerala.
- To identify the scope of Crowdfunding in Kerala
- To find the willingness to use Crowdfunding

Entrepreneurs, start-ups, and students all have innovative and money making ideas which can possibly produce work opportunity, to make new organizations and a better community. But they require a fund to fuel their ideas. The most well-known technique is to get a credit from a bank, yet banks consider new companies and entrepreneurial ventures excessively dangerous, this is expected, making it impossible to financial downturn and the present prohibitive loaning approaches. Yet, now things have changed. Through cloud condition, the entrepreneurs can get to various potential investors. There are a few approaches to look for Crowdfunding. Initially is "Donation Model". This model has been around for a considerable length of time. Average citizens can give cash in little additions, to an undertaking which they accept has a good and moral esteem that is useful for the community. Second is "Pre-order Model". Here individuals make an online purchase during a campaign to pre-purchase the item for later conveyance. The third is "Reward-based Model". Here the investors get a fulfillment of aiding and they quickly get a pre-decided reward or things of significant worth. In any case, no value or proprietorship is advertised. Fourth is "Equity-based Model". This model permits an extensive number of normal individuals to invest money into different projects to help ambitious start-ups with a desire to get profit or investment appreciation, and it depends on the benefit of the business. Crowdfunding is a young industry.

## II. THEORETICAL FRAMEWORK

### 2.1 Fundamentals of Crowdfunding

The idea and utilization of Crowdfunding are advancing and is being utilized as a part of progressively inventive ways. Crowdfunding's main element relay on innovation, capital procurement, and the potential of the backers, which empower numerous little endeavors to gather into a critical monetary result. The Crowdfunding process depends intensely on innovation, both as far as the sites on which it happens and the advances that give online networking associations that empower awareness about a project to spread. In the course of the

most recent couple of years numerous Crowdfunding sites came in presence and Crowdfunding normally happens through these destinations. The campaigner posts campaigns, which depicts their project and idea to Crowdfunding sites to expose their innovative idea to potential backers. Individual can find these projects through social networking sites or Crowdfunding sites. If the backer is convinced with the concept, he can promote the project by backing that project and giving small contribution through these Crowdfunding platforms.

## 2.2 Online Platform Supplier

Crowdfunding is empowered by technology; site suppliers play an urgent and a focal part of the Crowdfunding phenomenon. They give the technological support that permits founder to launch project to a substantial amount of prospective backers. Service providers facilitate communication between the founder and the backer. There is open access to comment, project update and email communication. Platforms act as an intermediary between founder and backer. Social networking sites are good promoters of Crowdfunding. Online platform suppliers have incorporated third party payment processing ability that provides confidentiality and secured payment.

## 2.3 Founders

Normally the term “founders” is used to be an indicator of those people who introduce their creative concept on a Crowdfunding platform to get support and fund from backers. Common terms used in Crowdfunding are creator, borrower, entrepreneur, firm, founder, owner, and start-up. In any case, a significant number of these labels are excessively limited and constantly leave out a segment of members. Founder is a person who founds or establishes a Crowdfunding campaign. A founder is a person or a group of people cooperating to support and finish the product.

## 2.4 Backers

Backers lead a major role than a contributor of money. They help for market analysis and evaluating innovative ideas whether the concept is worthy or not. Backers lead a variety of role in Crowdfunding, like a contributor, promoter, market analyzer, crowd funder, funder, investor, lender, consumer etc.

# III. REVIEW OF LITERATURE

In a study it is discovered that nature of the project and individual connections of campaigner chooses the achievement of Crowdfunding. Achievement is identified with the project proposed and successful funding. He found that quality of projects, a network of founders, the interest of subject etc leads a most important part in the success of Crowdfunding. Here the author avoids two important aspects of the Schwenbacher's and Larralde's (2010) definition, i.e. the goal of Crowdfunding efforts and goal of investors. He instead defined it from a different angle i.e., individual may approach Crowdfunding as either founders or funders. The goal of founders is product demand, press attention, market study and seed capital [1].

When Brian Camelio from Boston, a computer programmer and musician launched ArtistShare, it gained publicity and attraction in the United States in 2003. It enabled the musician to launch a

website where he could seek donations from his fans for producing audio, video and photography projects. Some of the leading Crowdfunding platforms are Indiegogo in 2008 and Kickstarter in 2009 and many more [2]. Crowdfunding as "open call" basically through the internet, for the arrangement of financial resources either in the type of gift or in return for some type of reward as well as voting rights with a specific end goal to help activities for particular purposes [3].

After the economic crisis of 1997/1998 and 2008/2009 small and medium-sized business in Indonesia marked their strong resistance and self-sufficiency. But these small and micro businesses earn comparatively low income and procuring sufficient capital is a tedious task. For such businesses micro-financing is a solution. There are a few organizations in Indonesia which are occupied with small scale financing, yet none of them are completely using web innovation particularly the utilization of intuitive and social locales that go about as a catalyst and assemble individuals. The model is specially designed to Indonesian culture and is actualized through an online electronic framework that permits all gatherings required to impart and bolster each other [4]. There are many success factors for Crowdfunding; it varies according to the nature and objective of each project. An expansion in venture financing objective is connected with a lower likelihood and degree of progress, that project length builds the odds of achievement and the odds of failures are emphatically identified with the dollar sum contributed every day. This is an extension of previous research conducted by [1], [5].

To promote Crowdfunding there are different ways and different countries use different strategies to adopt Crowdfunding. These ways differ because it is a new idea and there is no such proven way to do that. Each area contrast by their business culture, disposition towards hazard, and force of utilizing Crowdfunding, the methods they decide for advancing Crowdfunding may shift [6].

In order to successfully crowdfund a project founder must design a product which is suitable for Crowdfunding and create a campaign suitable for that product [7].

Crowdfunding forms have been distinguished by Hemer [8]: crowd lending, crowd equity, crowd donations, crowd pre-selling. The first two can be regarded as the crowd analogies of traditional instruments like bank loan and venture capital. During the initial stage, every firm may face difficulties in procuring their capital from an external source like the bank loan, equity capital etc [9]. Crowdsourcing is the procedure of one party succeeding towards a target by requesting and getting small assistance from many parties in deal for a form of value to those parties [10]. Crowdfunding was in our society for decades, the modern day Crowdfunding is the modified web-based model of the same old concept. The web has made the entire process of Crowdfunding much easier and faster. Rather than getting fund, it has another major advantage of getting validation of the idea or concept [11]. As part of the digital revolution, Crowdfunding is a law based web-based component using organized commerce components and creative thoughts, to pool individuals and groups for a typical reason. By contributing support and money to a Crowdfunding website, people are building up society by evaluating and choosing which concept is worthy and which is not [12].

For every crowdfunded project there are intermediaries like Crowdfunding platform, bank etc. Due to its increased popularity, a broad magnitude of intermediaries has emerged, while research

on Crowdfunding intermediaries has been neglected [13]. Crowdfunding is used as a source of financing for various projects belonging to the different categories like film, business, and arts, craft, and sports etc [14].

The open platform Neurocation which support innovations and idea is an effect of a research project which aimed at improved creativeness in the place of work and it gives support by providing collective idea detection and estimating process [15].

#### IV. RESEARCH QUESTION

Crowdfunding in Kerala is still in its infancy stage. This study aims to measure awareness and attitudes towards Crowdfunding in Kerala. The paper ventures to answer the subsequent queries:

1. How aware are entrepreneurs in Kerala about Crowdfunding?
2. How aware are students in Kerala about Crowdfunding?
3. What is the scope of Crowdfunding in Kerala?
4. How willing are the people, to use Crowdfunding?

#### V. METHODOLOGY

The study was led utilizing an online study poll on a 60-day time span from November 2017-January 2018. In the overview directed, a sum of 100 respondents took an interest. SPSS Chi-Square Test and Cross-tabulation is used for analysis. Data is collected from students and entrepreneurs from various parts of Kerala. According to the idea of Crowdfunding, the online study observed to be more appropriate. A comparative report was additionally directed in Philippines [16] and in Canada [17] was likewise done an online study. Primarily there are three noteworthy segments in the study. In the main segment, respondents were asked some information about their awareness of Crowdfunding. In the next area, respondents were inquired about their opinion in the promotion of Crowdfunding in Kerala. In the last area, they were asked some information about their awareness in giving donations through Crowdfunding, whether they ever invested their money in Crowdfunding. And furthermore, they asked some information about their willingness to utilize Crowdfunding if they are getting a chance.

#### VI. DATA ANALYSIS AND INTERPRETATION

Whether there is an association between awareness and category of respondents in Kerala about Crowdfunding. In awareness section, respondents were asked to choose the appropriate option as their answer to the question. Respondents were asked about whether they have any awareness about Crowdfunding concept or not.

- i. Category of respondent - Concept awareness is observed.  
From table 1 it is evident that there is a significant relationship between category of respondent and their level of awareness (chi-square with 9 degree of freedom,  $p=0.725$ ). Hence  $H_a$  is accepted.

From table 1.1 it is observed that out of 100 respondents, majority of respondent were students and majority of students are unaware about concept of Crowdfunding. Majority of entrepreneurs are not that much aware about Crowdfunding.

Table 1: Category of respondent and Awareness level of respondent

**Chi-Square Tests**

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	6.152 <sup>a</sup>	9	.725
Likelihood Ratio	8.572	9	.478
N of Valid Cases	100		

Category of respondent and Awareness level of concept

Table 1.1

	Concept awareness				Total
	Don't know	no	Not sure	yes	
Category of respondent					
1)Entrepreneur	3	14	0	17	34
2)Student	5	21	6	21	53
3) others	2	4	1	6	13
Total	10	39	7	45	100

Whether there is an association between scope of Crowdfunding and category of respondents in Kerala?

In this section researcher structured three suggestions to find the scope of Crowdfunding in Kerala.

Statement 1: Awareness campaigns should be conducted in colleges

Statement 2: Crowdfunding initiatives should be brought to the public to grab attention

Statement 3: Workshops should be conducted to teach how to do Crowdfunding successfully

ii. Category of respondent and Awareness campaigns in colleges

From table 2 it is observed that majority of entrepreneurs (24 percentage) and the majority of students (30 percentage) strongly support the Statement 1. Only a 1 percentage of respondent disagree with the statement

On further analysis it is evident that there is a significant relationship between category of respondent and their opinion on conduction of awareness campaigns in colleges (chi-square with 9 degree of freedom,  $p=0.478$ ). Hence  $H_0$  is accepted

Table 2: Category of respondent and Opinion on awareness campaigns in college

	Awareness campaigns in colleges				Total (%)
	Agree	Not sure	Strongly agree	Strongly disagree	
category of respondent	1	0	0	0	1
1) Entrepreneur	9	0	24	0	33
2) Student	16	6	30	1	53
3) others	4	2	7	0	13
Total (%)	30	8	61	1	100

iii. Category of respondent - Initiatives to grab attention

From table 3 it is evident that majority of entrepreneurs (21 percentage) and students (26 percentage) strongly agree with Statement 2.

From further analysis it is evident that there is an association between category of respondent and their opinion on public initiatives to grab attention (chi-square with 9 degree of freedom,  $p=0.472$ ). Hence  $H_0$  is accepted

Table 3: Category of respondent - Initiatives to grab attention

	Initiatives to grab attention				Total
	Agree	Not sure	Strongly agree	Strongly disagree	
category of respondent	0	0	1	0	1
1)Entrepreneur	12	0	21	0	33
2) Student	18	8	26	1	53
3) others	6	2	5	0	13
Total	36	10	53	1	100

iv. Category of respondent -Workshops for teaching Crowdfunding

It is observed from Table 4 that majority of entrepreneurs (24 percentage) and students (31 percentage) respondent strongly agree with Statement 3, i.e. Workshops should be conducted to teach how to do Crowdfunding successfully. From SPSS chi-square analysis it is evident that there is an association between category of respondent and their opinion on conduction of workshops (chi-square with 9 degree of freedom,  $p=0.434$ ). Hence  $H_0$  is accepted

Table 4: Category of respondents and Opinion on conduction of workshops.

	Workshops for teaching Crowdfunding					Total
	Agree	Disagree	Not sure	Strongly agree	Strongly disagree	
category of respondent						
1)Entrepreneur	10	0	0	24	0	33
2) Student	12	1	8	31	1	54



3) others	4	0	3	6	0	13
Total	26	1	11	61	1	100

Whether there is an association between willingness to use Crowdfunding and category of respondents?

v. Category of respondent- Willingness to use Crowdfunding

From table 5 it is observed that there is a significant relationship between Category of respondent and their willingness to do Crowdfunding. (Chi-square with 12 degree of freedom,  $p=0.137$ ). Hence  $H_0$  is accepted

Category of respondent and Willingness to use Crowdfunding

Table 5

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.344 <sup>a</sup>	12	.137
Likelihood Ratio	21.637	12	.042
N of Valid Cases	100		

Category of respondent and Willingness to use Crowdfunding

Table 5.5

	Willingness to use Crowdfunding					Total (%)
	Don't know	No	Not sure	yes	Don't know	
Category of respondent 1)Entrepreneur	1	0	4	29	0	34

2) Student	16	5	3	28	1	53
3) others	2	1	2	8	0	13
Total (%)	19	6	9	66	1	100

### VII. DISCUSSION

In the past segment, a few essential discoveries were inferred from the examination. In the principal examination, we found that entrepreneurs and students are not that much conscious of the idea of Crowdfunding. Out of 100, respondent 33 were entrepreneurs, 53 were students of commerce and management courses and 13 were from different classes which incorporate designers, specialists, scientists, and salesperson and so on. This uncovers Crowdfunding is still at its outset arrange in Kerala. Just 16% of business people and 22% of students have an idea regarding Crowdfunding. This is significantly more behind than awareness level of individuals in Canada, 87.2% (Seeding Plant, 2012). It is observed that there is a significant relation between category of respondent and their level of awareness. Students have statistically high awareness than entrepreneurs and other category. This reveals that young generation is accepting these types of radical changes more, than the middle aged entrepreneurial generation. In the following area, respondents were requested to give their opinion on the suggestions said by the researcher. Out of 33 entrepreneurs, none of them contradict the statement 1, i.e. awareness campaigns should be conducted in colleges, just 1 disagreed and 6 don't know about the statement 2 was Crowdfunding initiatives should be brought to the public to grab attention. For this none of the business people contradict the statement 2. Only 1 disagree this idea. Opinion of respondent have a relationship with their Category, Statement 3 got full support from students, entrepreneurs, and others; i.e. workshops should be conducted to teach how to do Crowdfunding successfully. This demonstrates there is a wide extent of Crowdfunding in Kerala. In the last area, the examination is done to discover the ability to utilize Crowdfunding in the event that they get a possibility. The dominant part of entrepreneurs and students will do Crowdfunding on the off chance that they get a shot. Legitimate awareness is unavoidable before doing Crowdfunding, so broad society is asking for workshops and campaigns for this. In the event that the expert gives a superior comprehension of Crowdfunding like what is Crowdfunding, how can it works, what are the focal points and so on, it will bring about an adjustment in the rate of investment in Crowdfunding in Kerala.

### VIII. RECOMMENDATION AND CONCLUSION

It is reviving to see an overview of this nature be escorted to a bigger base. The creator additionally recommends leading a yearly examination to track awareness of Crowdfunding in Kerala. Individuals in Kerala is not sufficiently aware of Crowdfunding so it is advised to conduct campaigns in public and schools to make individuals aware of Crowdfunding, its possibilities, and drawbacks. It will help in securing cash for new businesses and their innovative idea. Crowd funding concept ought to be presented as a part of curriculum for Commerce and Management studies. Crowdfunding concept and such activities ought to turn into a web

sensation in the Social media. Crowdfunding concept should be presented as in Seminars and Conferences. Crowdfunding concept likewise could be presented in Commerce and Management Fests.

I would like to conclude my research paper by concentrating on the fact that, even though there is a nominal rate of awareness about Crowdfunding among entrepreneurs, and commerce and management students in Kerala, yet the importance of Crowdfunding as a source of fund for business is not been explored and exploited by Keralites when compared to other Developed Economies across the world. It would be the responsibility of different stakeholders of business segment and economy as a whole to give focus on Crowdfunding activities to reduce difficulties in getting fund from conventional source of finance ( like bank loan, lenders, VC etc ), and it encourages the creation of start-ups and budding entrepreneurs.

### ACKNOWLEDGEMENT

First and foremost, praises and gratitude to the God Almighty for His blessings all through this research to finish it successfully. Hearty gratitude to HOD, Dr.T.G.Manoharan, Amrita School of Arts and Science, Amrita Vishwa Vidyapeethom and Dr.Sreejesh.S, Department of Management Studies, CUSAT for their enormous support and guidance throughout this research. My extreme gratitude to my beloved parents, for their prayers and caring all throughout my life.

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