

## FACTORS INFLUENCING INVESTOR MOTIVATIONS IN REWARD-BASED CROWDFUNDING: A CASE STUDY IN TURKEY

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### Abstract

The increasing ubiquity of Internet usage and the widespread use of social networks have given rise to crowdfunding platforms as alternative avenues for entrepreneurs seeking funding for their projects. This study contributes to elucidating the effective factors and motivations influencing investor decisions in crowdfunding activities within the Turkish context.

The study is structured on self determination theory and factors were determined first by explanatory factor analysis. Later, the validity of the model was verified by confirmatory factor analysis and path analysis was applied in the framework of the structural equation model.

Results indicate that when participants derive expected satisfaction from motivations such as altruism, enjoyment, peer influence, and rewards, these motivations strengthen their perceptions of neutral information, self-presentation, and network.

Understanding these motivations can empower entrepreneurs, crowdfunding platform managers, and policymakers to strategically leverage these factors in fostering successful crowdfunding campaigns.

**Keywords:** Crowdfunding, Entrepreneurial Finance, Online Platform, Reward-based Crowdfunding, Investor Motivation.

**Jel Classification:** M13, O31, L26, G23

### Öz

İnternetin ve sosyal ağların yaygın kullanımı, projeleri için finansman arayan girişimciler için alternatif olarak, kitlesel fonlama platformlarının ortaya çıkmasına neden olmuştur. Bu çalışma Türkiye’de kitle fonlaması faaliyetlerinde, yatırımcıların kararlarını etkileyen faktörlerin ve motivasyonların anlaşılmasına katkıda bulunmayı amaçlamaktadır.

Öz belirleme kuramına dayanan bu çalışmada, ilk olarak açıklayıcı faktör analizi uygulanmış, sonrasında yapısal eşitlik modeli çerçevesinde doğrulayıcı faktör analizi ile modelin uygunluğu test edilerek yol analizi gerçekleştirilmiştir.

Araştırma sonuçları destekçilerin yardımseverlik, keyif alma, akran etkisi, ödül gibi motivasyonlardan beklenen tatmini elde ettiklerinde, tarafsız bilgi, kendini sunum ve ağ algılarını güçlendirdiğini göstermektedir.

Bu motivasyonların anlaşılması, girişimcilerin, kitlesel fonlama platformları yöneticilerinin, politika yapımcılarının bu faktörleri göz önünde bulundurmaları, destekçilerin kampanyalara katılımlarının teşvik edilmesinde önem arz etmektedir.

**Anahtar Kelimeler:** Kitlesel Fonlama, Girişimcilik Finansmanı, Çevrimiçi Platform, Ödül Bazlı Kitlesel Fonlama, Yatırımcı Motivasyonu

**Jel Sınıflaması:** M13, O31, L26, G23

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## **1. Introduction**

It is widely acknowledged that one of the most significant difficulties for start-ups is to raise external capital during their initial stage. Inadequate funding from investors has contributed to the failure of many entrepreneurial ventures (Belleflamme et al. 2014). Crowdfunding has emerged as an alternative source of financing option at minimal cost for new business initiatives with limited access to traditional funding methods. (Crosetto and Regner, 2014). The goal of crowdfunding is to raise capital to fund a project through online social networks (Belleflamme et al. 2014).

Two major factors that have contributed to the increasing popularity of crowdfunding are Web 2.0 technology advancements and the 2008 financial crisis (Kirby and Worner, 2014). In the wake of the crisis, raising capital from banks, angel investors and venture capitals has become increasingly challenging for early -stage start-ups and the 'funding gap' has emerged globally.

In addition to investing in innovative projects, the investors in crowdfunding can give feedback or offer solutions. This type of raising small to medium-sized money from a large number of individuals via an online web-based platform is called crowdfunding (Dushnitsky et al., 2016).

The term crowdfunding has been defined as an effort by an individual or a group of entrepreneurs through which they draw the attention of investors to make small investments or contributions, without using traditional financial intermediaries, from a larger group of investors or funders via the Internet (Mollick, 2014). The major participants in the crowdfunding mechanism consist of three stakeholders: The first player is the crowdfunding platform that works as a mediator of the relationship between who wants to deliver the new initiatives and who wants to support such initiatives through their funds. The second player is the project owner, initiator, entrepreneur or individual who proposed the project to be funded. Then there is the crowd of people (funders, investors, donors, lenders, backers) who decide to financially support dedicated initiatives, taking risks and expecting some types of rewards (Ordanini et al., 2011).

In the literature, crowdfunding is divided into four main categories: Donation- based, reward -based, equity- based, and lending- based. Donation and Reward based Crowdfunding models are different from the other two models because they do not provide any financial return in the form of a yield or return on investment (Kirby and Worner, 2014). Among different types of crowdfunding models, reward-based crowdfunding has gained increased attention from both investors and entrepreneurs. As sub-categories of crowdfunding reward-

based crowdfunding is a model creating new possibilities for start-ups and individuals to invest in via online crowdfunding platforms without any intermediary institution. Reward-based crowdfunding campaigns are designed in such a way through which investors make investments in a project or idea without anticipating any financial return from the initiators. The initiators, in return of donation, provide some rewards such as a personal thank-you card, a book or a delivery of the first produced set of the product to its investors.

However, reward-based crowdfunding in Turkey is a relatively new phenomenon but its popularity has been increasing because of its accessibility and effective business model. Although project owners' motivation factors for participation in crowdfunding have a relatively clear understanding, the factors that drive the participation of investors are not explicit. Additionally, crowdfunding investor motivations might be very different from the motivations of investors using traditional investment techniques. One of the most important elements in the development of the crowdfunding industry is connected with understanding the behavior of the participants and exploring the factors driving the supporters' decision-making process for participation in crowdfunding campaigns and platforms.

Existing literature and ongoing studies to analyze backers' motivation for participation in crowdfunding are inadequate. In this framework, this research aims to empirically investigate the motivation of the crowdfunders.

We developed a model that includes both self-interested and prosocial motivation, and even suggested extrinsic and intrinsic motivation factors as moderating effects that strengthen supporters' participation intention. Furthermore, at the moment there is almost no extensive academic research has been done on the subject of funders' motivation factors to intention to participate in crowdfunding especially in Turkey, so leading to a research gap in this field. This research study is narrowed to analyze the reward based crowdfunding industry development opportunities from the investors' point of view in Turkey. The study has focused on the investment side of reward based crowdfunding business models. To better understand the phenomenon, the research question for the study has been identified as follows:

Which factors determine the decision of investors to invest in crowdfunding in Turkey?

The objective of this study is to research and answer the research question to obtain new and related information and consciousness on crowdfunding investor motivation to participate in crowdfunding campaigns in Turkey. From the factors identified, how project owners and crowdfunding platforms should utilize the identified drivers to increase the probability of succeeding in crowdfunding could be more explicit.

## **2. Literature Review**

### **2.1 Review of Turkish Literature**

Several researches have been conducted in Turkey regarding crowdfunding. Oba et al. (2018), have investigated signals that affect supporters' decisions. Their findings indicate that the values that the projects offer, the reputation of the platform and the qualifications of the project owners have a positive effect on the decisions of the supporters and the successful funding of the project. Ercan (2017) tried to discover the motivation factors that influence backers who financially give support to crowdfunding projects in Turkey.

As a result of the qualitative analysis made, four categories of motivating factors have been reached prize hunting, cooperation, social responsibility and emotional commitment. The institutional reports from Sancak (2016) and Samara and Torheiden (2015) have summarized the Turkish literature on crowdfunding. The research conducted by Sancak (2016) not only addressed a method for researchers on crowdfunding but also drew a perimeter for researching crowdfunding for different countries. On the other hand, Samara and Torheiden (2015) have provided a holistic approach in evaluating crowdfunding under the umbrella of a global standard setter in the capital market named IOSCO. From the Turkish regulatory perspective, Kiran (2013) has evaluated the regulatory aspects of crowdfunding. This study further compared the regulatory aspects of crowdfunding between Turkish regulations and rules and recent developments in rules and regulations regarding crowdfunding in the United States. Kiran (2013) further asserted that under the current regulations for crowdfunding in Turkey, any form of crowdfunding activity should be categorised as a public offering and regulatory authorities should authorise its approval. Furthermore, Kiran (2013) proposed a crowdfunding applications model and how it can be efficiently handled and popularized among investors and entrepreneurs in Turkey. Büyükpilavcı (2014), in his study, has emphasized the following matters in which the crowdfunding system provides benefits: getting the idea about product/service requests, revising the project if necessary, before starting production, making presales which supply the part or the total of the capital, formation of customer mass, increasing entrepreneurship. Atsan and Erdoğan (2015) have stated that the crowdfunding system has great importance and it might enable investors to have the chance to reach potential investors all over the world. Koçer (2015) has mooted that crowdfunding has to be discussed in social, historical and political contexts, and in this scope a campaign is chosen as the subject of study. Sancak (2016) has indicated in his study that Turkey is not ready yet for a crowdfunding system when the present laws and investor culture are taken into consideration. According to the findings of these researches in Turkey it can be inferred that a

significant association between entrepreneurship and innovations in addition to crowdfunding in Turkey is respectively low and requires further investigation.

## **2.2 Participant Motivations**

It is important to know the participatory motivations of the backers involved in crowdfunding in order to understand the success and risk factors of the crowdfunding model. This study focuses on investigating the propulsive forces regarding the motivation and behavior of crowdfunders, it is necessary to start by defining the intrinsic and extrinsic motivations. Intrinsic motivations and immaterial rewards are dominant motivator sources which are also confirmed by Scholars (Harms-2007, Hemer-2011). Intrinsic motivation is described as the act of making an activity for its internal satisfaction rather than for some separable outcome. When an individual is motivated internally, he/she takes action for entertainment or challenge, not for external pressures or rewards (Ryan and Deci, 2000).

Extrinsic motivation is the opposite to Intrinsic Motivation, this means to make a simple activity, rather than just its own instrumental value, to take advantage of the activity itself. In Self Determination Theory which was developed by Ryan and Deci (1985), the differences between intrinsic and extrinsic motivations have been distinguished. In this regard, the same idea is also shared by Brabham (2008). The study found out that the financial reward is the propulsive force for joining the campaign. The other points like an opportunity to learn new things, having fun, networking and peer recognition are just second-degree motivations. According to “The Self-Determination Theory”, while the authors discuss the motivation concept; they have drawn on intrinsic-extrinsic dichotomy (Deci and Ryan-1985, Ryan and Deci 2000). Kleeman, Voss and Rieder (2008) implemented this dichotomy in the theories related to the crowdsourcing & the crowdfunding motivations as well as user engagements, yet still their studies are considered as the early steps. When it comes to research on motivations The Self-Determination Theory is widely used as a pattern.

### **2.2.1 Motivation Developments in Reward -Based Crowdfunding**

In order to direct the investors to invest in reward-based crowdfunding, eight subcategories of motivational factors have been defined under intrinsic and extrinsic motivations headings. Lakhani and Wolf (2005) made the first progress on “Self Determination Theory”. They examined extrinsic motivation as well, and their study found strong support for crowdsourcing. Based on the support from the study previously done by Lakhani and Wolf (2005), Kaufmann et al. (2011) researched the theory on crowdsourcing projects. He recommended adding “immediate payoff” and “delayed payoff” factors to the framework. With the support taken

from previous research on investor motivation (Deci and Ryan 1985; Ryan and Deci 2000), Kaufman et al. (2011) also added the social motivation factor as an extrinsic subcategory. The framework was used by Wechsler (2013) on general crowdfunding. The results of the study showed that philanthropic motivation was included in intrinsic motivation as an altruistic factor which is one of the factors of investor motivations. Eriksson and Göransson (2015) carried out their studies by applying Wechsler's (2013) framework. They draw attention to relation motivation and add it to intrinsic motivation as the fourth subcategory. Huynh and Ugander (2015), who performed the latest progress, investigated the investor motivations in equity-based crowdfunding in the Swedish Market. Their results were approved for the extrinsic motivational factor classified as "personal need".

To point out this investigation movement that has higher potential, it is possible to declare that the scientific studies on the motivation of crowdfunders are still very limited, specifically quantitative research. Therefore, the reason for our contribution is to close the gap between the investigations with our study.

### **2.2.1.1 Intrinsic Motivational Factors**

The four of existing intrinsic motivation types are the motivation factors mentioned below.

#### **2.2.1.1.1 Enjoyment Motivation**

Brabham (2008) found out that the investors generally made investments for the reasons of being creative and being fun. This study was also confirmed later by other scholars as an important factor of motivation for general crowdfunding (Bretschneider et al., 2014; Van Wingerden & Ryan, 2011). Further, Harms (2007) supported this study. He found out that the investors are motivated by satisfaction sense and enjoyment factors. Later, it was discovered that enjoyment is the most effective intrinsic factor of motivation for investors in equity crowdfunding (Eriksson & Göransson, 2015; Huynh & Ugander, 2015). In order to get curiosity, pleasure, and thrill can also be considered as enjoyment factors (Kaufmann et al., 2011). Gerber et al. (2012) conducted a study on general crowdfunding in which he pointed out that the investors may enjoy the social relations within the venture. The intrinsic motivations in connection with enjoyment are accepted as important drivers to take part in crowdfunding activities (Van Wingerden & Ryan, 2011; Harms, 2007).

### **2.2.1.1.2 Community Motivation**

The investor, motivated by community factors, invests in a crowdfunding venture aiming to build a better society in his environment (Wechsler, 2013). It has been found that the investor's strong emotional bond built with the community, affects the level of involvement in the ventures (Brabham, 2008; Wechsler, 2013). In addition, people who have similar interests who live in the same society influence each other to make investments (Van Wingerden & Ryan, 2011; Organisciak, 2008). This is also confirmed by Gerber et.al. (2012) He added that making local changes may affect the investors to make investments. Some factors ensure that people have a sense of belonging. These factors might be emotional belonging to society, confronting people sharing similar /same interests and taking part in a change.

### **2.2.1.1.3 Philanthropic Motivation**

Philanthropy comes from an individual who acts from goodwill. The individual contributes support as financial resources, time and/or effort without being forced or expected by any other one (Bretschneider et al., 2014). The person invests without having any expectation in return because the feeling of being helpful to someone is the motivation itself. Consequently, the meaning of philanthropic factors is giving something for somebody else's benefit (Organisciak, 2008; Wechsler, 2013). It is claimed by Hermer (2011) that the active involvement in socially helpful ventures is also a strong motivation in itself. This is also confirmed by Gerber et.al.(2012), who indicates that contributing to a venture by giving support, builds the sense of generosity and meaningfulness. Eriksson and Göransson (2015) got strong support when tested philanthropic motivation in equity crowdfunding. He found out that the philanthropic motivation is the most important factor that influences the investors to invest. It has been stated that the Philanthropic factors found to be the great importance for general crowdfunding (Gerber et al., 2012; Bretschneider et al., 2014). The structure of "Helping Others" includes the motivation of the supporter depending on his/her own belief that making promises for financial aid to others or for a reason.

### **2.2.1.1.4 Relationship Motivation**

The chance of making investment increases if a potential investor has a personal relationship with the entrepreneur (Bretschneider et al., 2014; Hermer, 2011). The groups having the very close relationship with each other such as family and friends constitutes the important investment segment in the first levels of the crowdfunding campaign (Bretschneider et al., 2014; Hermer, 2011; Dapp & Laskawi, 2014; Wechsler, 2013). Regarding the relationship

motivation, another study pointed out the important factor for investing. While researching the framework on equity crowdfunding, it was recognized that admiration feelings for the entrepreneurs or the ventures had an effective factor in investing (Eriksson & Göransson, 2015). So, the investor may decide to invest for the feelings of admiration or sympathy for the entrepreneur (Gerber et al., 2012; Hermer, 2011).

### **2.2.1.2 Extrinsic Motivational Factors**

Even though extrinsic motivation is based on financial rewards, it may also be related to non-financial motivators such as being recognized by the people or feeling of success (Deci & Ryan, 2000). Extrinsic motivation mainly takes its sources from the environment which means the investor has been externally affected to reach to a target (Deci & Ryan, 1985; Kaufmann et al., 2011; Lakhani & Wolf, 2005). There are four types of extrinsic motivational factors which are immediate payoff, delayed payoff, social motivation and personal need.

#### **2.2.1.2.1 Immediate Payoff**

In immediate payoffs, the investors get their pay-back in a very short time after making their investment. According to the researchers who took place in reward-based crowdfunding, the most widespread immediate payoff is "paying back as product" that the investor receives in a short time after the investment (Leimeister, Huber, Bretschneider & Krömer, 2009; Gerber, et al., 2012). On the other hand, some paybacks can be tangible or intangible such as a product, or taking place or being indicated on the website of crowdfunding ventures or in an activity (Gerber et al., 2012; Wechsler, 2013). When an investor invests in an equity-crowdfunding venture, that investor may find the possibility of reaching other investors in the same venture (Eriksson & Göransson, 2015; Gerber et al., 2012). This could be a very big opportunity and a very supporting key for the investors which enable to develop their communication networks for the future business; so, it could be a very strong motivation for investment (Gerber et al., 2012). But Eriksson and Göransson (2015) found out that establishing a strong communication network should belong to delayed payoff rather than immediate payoff. They claim that establishing a communication network takes time and it is carried out during the process so, the investors cannot establish this network immediately after the investment is realized.



#### **2.2.1.2.2 Delayed Payoff**

Kaufmann et al. (2011), explains that the delayed payoffs might relate to anything obtained during the whole period of investment which can show its value in the future. So, on the contrary of immediate payoffs, to obtain the value of these factors as a payback depends on the time. Financial pay back in equity-based crowdfunding compose the most important factor for motivation to investors. (Eriksson & Göransson, 2015; Huynh & Ugander, 2015). There are many different ways to obtain the financial returns, either by dividends (Cholakova & Clarysse, 2014; Pierrakis & Collins, 2013) or by selling shares with their future profit (Eriksson & Göransson, 2015). Delayed payoffs can be non-financial as well. Non-financial profits like learning experiences obtained during the whole investment and/or project period may be an example of delayed payoff (Leimeister et al., 2009; Brabham, 2008). By being included in the crowdfunding ventures, investors may invest for the purpose of improving their creativity skills (Schwienbacher & Larralde, 2010; Gerber et al., 2012). In order to get investment payback from other entrepreneurs, it would be a smart decision for an entrepreneur to invest other ventures (Hermer 2011).

#### **2.2.1.2.3 Social Motivation**

Social motivation in crowdsourcing is added by Kaufmann et al. (2011), which defines investor's environment. They claim that if an investor wants to participate in a certain social group, he/she should obey some significant social norms and perform the necessities expected by other people in that group. The desire of to be recognized by the society might be another social motivation for the investors. The investor might build a stand or he/she might have pressure from his/her social environment to express himself to the society (Harms, 2007). Deci and Ryan (2000) contribute by reinforcing these arguments. If an individual agrees with the rules of the third party in order to keep away from enforcement, it can be mentioned here the existence of social motivation. Consequently, as social motivation is a way of presenting himself/herself to the environment or being known by the others, it might be an incentive to invest (Kaufmann et al., 2011).

#### **2.2.1.2.4 Personal Need**

The personal need which is one of the motivation factors of investing in equity crowdfunding has been defined by Huynh and Ugander (2015) who constructed their claim on the argument of by Bretschneider et al. (2014). They defined a need for motivation effect while the product function is in center. So, if a product meets the needs of an individual, meaning

if it can be developed and be reachable in the market then it might become a factor for investment. The products having the potential of saving money or increasing profitability is an encouraging factor for many investors (Fuller, 2006). Huynh and Ugander (2015) pointed out that in case a specific product provides high level of satisfaction for the personal needs then it also has the potential to satisfy the investor’s needs. As a result, the investor’s desire for the investing in the venture will be high if the need of that product in the market is high. (Harms, 2007; Huynh & Ugander, 2015).

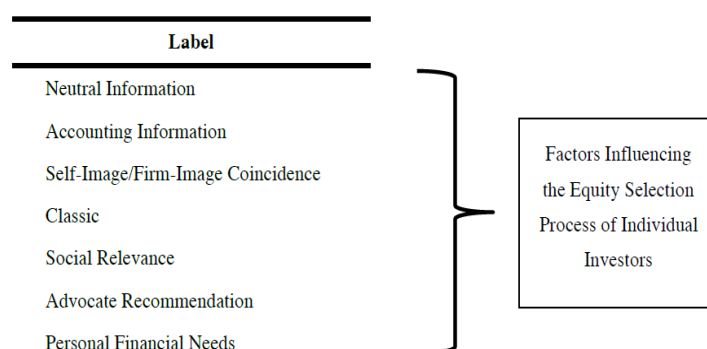
### 3. Theoretical Framework

This section includes a collection of concepts that lead this study and identified the measured items that are applied in the survey. The theoretical framework has been progressed based on Deci and Ryan’s (1985) “Self Determination Theory”.

According to the self-determination theory, this study is based on two basic types of motivation that influence the participant; intrinsic and extrinsic motivations. There are additional modifiers and control criteria that, depending on the proposed conceptual model, can affect investment decisions and need to be analyzed.

In this study, in addition to Self Determination Theory, the theoretical framework developed by Nagy and Obenberger (1994) was used as described below. Initially, related literature has been studied to find out the key factors affecting crowdfunding throughout the decision-making procedure. We have developed a theoretical model which will serve our questionnaire that addresses the investigation questions of the study by applying the original framework

**Figure 1:** Factor labels



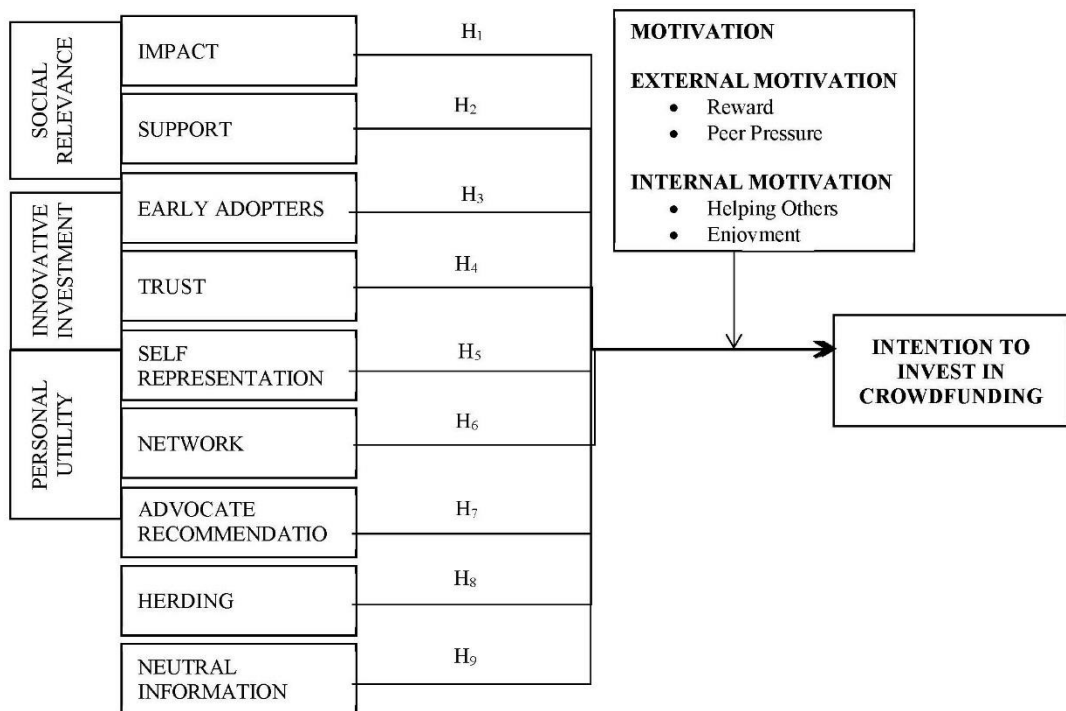
**Source:** Nagy and Obenberger (1994).

Eber and Schöndorfer (2014) added “Innovative Investment” and “Personal Utility” to the original model. Innovative Investment category is related with the new investment choices and innovative features affecting the investors. In the investment world quite new choices presented via crowdfundering. Its innovative features can affect the decision-making mechanism of funders. The funders who want to discover new opportunities, who are visionary and deal with new technologies might be attracted by this kind of investments (Hemer, 2011; Bretschneider et al.). Emotional and personal benefits have big importance in crowdfunding (Belleflamme et al., 2011). Therefore, Eber and Schöndorfer (2014) included the label "Personal Utility" to the theoretical model. The following section describes the formation of the main variables in every label and also the associated hypotheses.

#### **4. Conceptual Framework**

The suggested model consists of motivation factors that are categorized as intrinsic and extrinsic factors. These factors are affected by several structures and also affect the whole motivations of the backers. The distinction between internal and external motivation is only a theoretical classification. In addition, decision-making theories were first adjusted to study the "emotional and materialistic values of the rewards", a concept suggested by Nagy and Obenberger. As a result, various views have been transformed into a new model. In the scope of the research, direct effects on the investment intention were investigated by calculating the variables that would affect the intention of crowdfunding as the main model. In addition, the effect of these variables on the investment intention was also included in the moderator effect of the motivation variable. As sub-models, four sub-dimensions of the motivation concept were also modelled separately to see if there are moderator effects or not. The illustration below shows a conspectus of the main variables and the relevant hypotheses as conceptual framework for this study.

**Figure 2:** Conceptual Framework of the Study



The conceptual framework presented in related figure, has been developed after thorough analysis of previous studies on motivation factors of supporters, risk, success, and cultural drivers of entrepreneurial success in a reward-based crowdfunding network. This framework is a sum of the studies conducted by Wechsler and Ebert &Schöndorfer where different aspects of success, cultural, and risk factors of entrepreneurial ventures in a reward-based crowdfunding have been critically analysed. The framework of current study demonstrates the relationship between the success, risk, and cultural factors of reward-based crowdfunding. Within the research model, hypotheses of research can be expressed as follows:

**H1:** Regarding crowdfunding as a convenient instrument to create impact economically and socially has a positive effect on the intention to invest in crowdfunding projects.

**H1a:** Economic /Societal Impact Perception has effect on Crowdfunders’ intention to participate when funders are motivated extrinsically and intrinsically.

**H1b:** Economic /Societal Impact Perception has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Reward’.

**H1c:** Economic /Societal Impact Perception has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H1d:** Economic /Societal Impact Perception has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H1e:** Economic /Societal Impact Perception has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

**H2:** The sense of being supportive has a positive effect on the intention to invest in crowdfunding projects.

**H2a:** The sense of being supportive has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H2b:** The sense of being supportive has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H2c:** The sense of being supportive has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H2d:** The sense of being supportive has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H2e:** The sense of being supportive has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

**H3:** The willingness of investors to use a new product or technology has a positive effect on invest in crowdfunding projects positively.

**H3a:** The sense of being early adopters has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H3b:** The sense of being early adopters has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H3c:** The sense of being early adopters has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H3d:** The sense of being early adopters has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H3e:** The sense of being early adopters has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

**H4:** Investors' unwillingness to use online crowdfunding platform has a negative effect on their intention to participate in crowdfunding projects.

**H4a:** 'Reluctance to Trust platforms' has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H4b:** 'Reluctance to Trust platforms' has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H4c:** 'Reluctance to Trust platforms' has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H4d:** 'Reluctance to Trust platforms' has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H4e:** 'Reluctance to Trust platforms' has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

**H5:** Enjoying to share about their new investments has a positive effect on the intention to invest in crowdfunding projects.

**H5a:** Self Representation has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H5b:** Self Representation has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H5c:** Self Representation has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H5d:** Self Representation has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H5e:** Self Representation has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

**H6:** Having strong interest in building a broad network has a positive effect on the intention to invest in crowdfunding projects.

**H6a:** 'Creating Networks' has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H6b:** 'Creating Networks' has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H6c:** ‘Creating Networks’ has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Peer Pressure’.

**H6d:** ‘Creating Networks’ has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Helping Others’.

**H6e:** ‘Creating Networks’ has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Enjoyment’.

**H7:** The recommendation by an expert, friends and family members has a positive effect on the intention to invest in crowdfunding projects.

**H7a:** Advocate Recommendation has effect on Crowdfunders’ intention to participate when funders are motivated extrinsically and intrinsically.

**H7b:** Advocate Recommendation has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Reward’.

**H7c:** Advocate Recommendation has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Peer Pressure’.

**H7d:** Advocate Recommendation has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Helping Others’.

**H7e:** Advocate Recommendation has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Enjoyment’.

**H8:** Herding behavior has a positive effect on the intention to invest in crowdfunding projects.

**H8a:** Herding has effect on Crowdfunders’ intention to participate when funders are motivated extrinsically and intrinsically.

**H8b:** Herding has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Reward’.

**H8c:** Herding has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Peer Pressure’.

**H8d:** Herding has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Helping Others’.

**H8e:** Herding has effect on Crowdfunders’ intention to participate when funders are motivated through ‘Enjoyment’.

**H9:** The positive general and/or financial press report about crowdfunding has a positive effect on the intention to invest in crowdfunding projects.

**H9a:** Neutral Information has effect on Crowdfunders' intention to participate when funders are motivated extrinsically and intrinsically.

**H9b:** Neutral Information has effect on Crowdfunders' intention to participate when funders are motivated through 'Reward'.

**H9c:** Neutral Information has effect on Crowdfunders' intention to participate when funders are motivated through 'Peer Pressure'.

**H9d:** Neutral Information has effect on Crowdfunders' intention to participate when funders are motivated through 'Helping Others'.

**H9e:** Neutral Information has effect on Crowdfunders' intention to participate when funders are motivated through 'Enjoyment'.

## **5. Data Collection and Analysis**

### **5.1. Primary Data**

Data for this study has been collected from the investors who have invested in through the most popular crowdfunding platforms in Turkey. However, in this study, only primary data have been collected for the analytical procedure because secondary data on reward-based crowdfunding in the Turkish context was very difficult to obtain. For this reason, the researcher only collected primary data from the investors. In addition, the researcher collected the demographic and socio-economic information of the investors to identify the better understand certain background characteristics of participants, such as their age, income, work situation, marital status, etc. By asking demographic questions, researcher aimed to analyze demographic information about current and potential investors at scale.

### **5.2 Questionnaire Design**

The researcher conducted a survey to collect data through crowdfunding platforms in Turkey so that the risk, success, and cultural attributes of reward-based crowdfunding could be identified. The first questionnaire has been submitted via the Crowd funding platforms' e-mail system to the addresses of the members. The number of members who answered the initial form is 121. The second delivery has been carried out and following this reminder the number of members who responded has reached to 210. Data collection instruments have also been



sent to the followers via the social media accounts of the Crowd funding platforms. With this, the number of participant has risen to 392. Each variable consisted of various items and participants were expected to rank by signifying degrees of their opinion on a five-point Likert scale.

### 5.3 Measurement Development

The list of the scales used to measure the variables of the conceptual model is given in the table below. All scales used in this study have been used by other researchers previously. In this survey, all items were measured with five-point Likert scale, ranging from 'definitely agree' to 'definitely disagree' or from 'likely' to 'unlikely'. Dependent variable and independent variables were measured together within a questionnaire.

**Table 1:** Variables of the Conceptual Model

VARIABLE	ADAPTED FROM	ITEMS
<b>INTRINSIC MOTIVATION</b>		
HELPING OTHERS	Wechsler (2013) based on Gerberm Hui & Kuo (2012)	I want to make a meaningful impact with my contribution.
		I like to help (creative) people that I feel have authentically good ideas and maybe would not get mainstream support from the public.
ENJOYMENT	Wechsler (2013) based on Harms (2007), Mathwick et al. (2001)	I enjoy supporting crowdfunding projects, not just for the things I receive in return
		I invest in crowdfunding projects for the pure enjoyment of it
NOVELTY	Wechsler (2013)	One reason why I supported my last project is because I was curious to find out about crowdfunding
		The project(s) I supported intrigued me because it was something different and new for me.
<b>EXTRINSIC MOTIVATION</b>		
REWARD	Wechsler (2013) based on Gerber, Hui & Kuo (2012), White&Peloz (2009)	I have chosen my reward carefully
		Getting a reward as an outcome of such a project is important to me
		I only contribute to a crowdfunding project if I get something in return
		When I fund a project I tend to view it more as a donation than as a way of receiving a reward
	Wechsler (2013)	My contribution entitles me to receive a reward
		I anticipate my reward to be delivered in a timely manner
PEER PRESSURE	Wechsler (2013) based on White&Peloz (2009)	If the creator of a project is a friend or acquaintance I would prioritize to support his project
		When a friend of mine asks me to support her crowdfunding campaign, I would do so because of our friendship
		I kind of feel obliged to support a project of a friend or acquaintance

**Table 1:** Variables of the Conceptual Model (Continuation)

VARIABLE	ADAPTED FROM	ITEMS
<b>SOCIAL RELEVANCE</b> based on Nagy and Obenberger (1994)		
SUPPORT	Ebert and Schöndorfer (2014)	Crowdfunding is a great possibility to support new ventures.
		I like the idea of opening possibilities for start-ups by supporting them financially via crowdfunding.
		Crowdfunding is a great opportunity to support an entrepreneurial culture.
CLOSE FINANCING GAP	Ebert and Schöndorfer (2014)	I think it is very difficult for start-ups to get early-stage funding.
		I support a new venture if I like the idea even though I may not be convinced about the economic success.
		I like the idea of making it easier for start-ups to receive funding by supporting them with my investment.
ECONOMIC, SOCIETAL IMPACT	Ebert and Schöndorfer (2014)	Crowdfunding gives me the possibility to support innovation.
		I think innovation and entrepreneurship are very important for an economy.
		Crowdfunding offers the opportunity to support the society, e.g. by creating new jobs.
<b>INNOVATIVE INVESTMENT</b>		
EARLY ADOPTERS	Ebert and Schöndorfer (2014)	I (would) enjoy being involved in the start-up I invested in.
		If I invest(ed) in a new start-up, I (would) want to be one of the first investors
		Among my friends, I'm often the first to try out new things.
		I like to explore new technologies that emerge from the internet
		When I consider making investments, I like to look for new and innovative options.
TRUST	Ebert and Schöndorfer (2014)	It feels safer to invest via my bank instead of using an online platform
		I feel more comfortable investing through my online banking portal than using another online platform.
<b>PERSONAL UTILITY</b>		
SELF-REPRESENTATION	Ebert and Schöndorfer (2014)	I like to talk about my investments.
		I (would) enjoy talking about the start-ups I support financially.
		I (would) enjoy participating in crowdfunding because it provides an interesting conversation topic.
		I (would) share my investments in start-ups online (social media, blogs etc.).
NETWORK	Ebert and Schöndorfer (2014)	I have a strong interest in start-ups / new ventures.
		An investment on a crowdfunding platform would increase /increases my own network.
		I (would) enjoy interacting with the project teams (start-ups).
		I (would) like to interact with other crowdfunders.

**Table 1:** Variables of the Conceptual Model (Continuation)

VARIABLE	ADAPTED FROM	ITEMS
<b>ADVOCATE RECOMMENDATION</b> based on Nagy and Obenberger (1994)		
ADVOCATE RECOMMENDATION	Ebert and Schöndorfer (2014)	I would be more likely to invest in a crowdfunding project if it was recommended by friends / family.
		I generally trust investments more if they are recommended by experts.
		I would be more likely to invest in a crowdfunding project if it was recommended by an expert.
HERDING	Ebert and Schöndorfer (2014)	Generally, I first wait to see how other people decide.
		I tend to follow new movements only if a certain amount of people participates.
		I take some time to observe the behavior of others before making a decision.
		I am more likely to participate in crowdfunding if many people participate.
<b>NEUTRAL INFORMATION</b> based on Nagy and Obenberger (1994)		
COVERAGE IN FINANCIAL PRESS	Ebert and Schöndorfer (2014))	It is important for me what the financial press writes about particular investments
		Before making an investment decision, I get informed in the financial press.
COVERAGE IN GENERAL PRESS		It is important to me what the general press publishes about investments
		If the general press published a positive article about crowdfunding, I would be more likely to invest.

#### 5.4 Statistical Techniques Used In Data Analysis

The survey responses collected in the study were analyzed and interpreted by using SPSS for Windows 22.00 and AMOS 22.0 programs. Confirmatory factor analyzes of the scales used in the research were made in the AMOS program and cronbach's alpha values were calculated. In addition, structural equality modeling and moderator models have been investigated by the analysis applied in the AMOS program. Structural Equation Modeling has been used as a data analysis method in order to reveal the causality relationship between variables built in the research model. It is aimed to test the whole of the relations between the variables thought to exist theoretically by structural equation modeling.

Each structure created in the structural model must be measured reliably and effectively. For this purpose, the measurement model was tested and it was researched whether the materials included in the measurement tool were reliable and valid. In the study, an internal consistency analysis was performed first and then the measurement model was tested by performing exploratory and confirmatory factor analysis.

## 5.5 Internal Consistency

In this study, Cronbach's Alpha model will be used when reliability analysis is performed. Table 2 gives the Cronbach alpha coefficients of the scale items related with the structures used in the research model. When Table 2 is evaluated;

**Table 2:** Cronbach's Alpha Internal Consistency Range

Cronbach's Alpha	Interpretation
0,80-1,00	Highly Reliable
0,60-0,80	Reliable
0,40-0,60	Slightly Reliable
0,20-0,40	Unreliable
0,01-0,20	Unacceptable

Source: Kalaycı, 2006

After the pre-test analysis, factor analysis was applied 50 items. The 3 items were removed from the questionnaire, because the factor load was low ( $FL < 0.50$ ). Reliability value calculated from the 47 items which remained from the analysis is found as (0.951). With this value, the complete of the scale takes part in "high reliability" value. It is important that the participants express the scale items are understood with the meaning it is intended. The reliability values of all the sub-dimensions included in the scale are also calculated separately. According to this;

- It is understood that the reliability of the scale (0.813) of social relevance which takes part in factor analysis with 9 items is at the "high level of reliability" category. The values obtained from the sub-dimensions of this scale are, (0.768) for impact dimension and (0.771) for support dimension. Both sub-dimensions appear to be in the "quite reliable" level.
- Innovation investment scale with 5 items has reliability (0.803) at "quite level of reliability". The values obtained from the sub-dimension of this scale are, (0.712) for the early adopters sub-dimension and (0.656) for the trust sub-dimension. It is understood that both sub-dimensions appear to be in the "quite reliable" level.
- The personal utility scale which takes place in factor analysis with 8 items has the rank of "quite level of reliability" in Cronbach's Alpha coefficient with (0.832) value. The values obtained from the sub-dimensions of this scale are, (0.707) for the self-presentation

sub-dimension and (0.761) for the network sub-dimension. It is seen that both sub-dimensions are in the "quite reliable" level.

- The advocate recommendation scale which takes place in analysis with 7 items has the rank of "high level" of reliability with (0.808) value. The values obtained from the sub-dimensions of this scale are, (0.701) for the advocate recommendation sub-dimension and (0.711) for the herding sub-dimension. It is seen that both sub-dimensions are in the "quite reliable" level.
- It is understood that in the analysis, the neutral information scale with 4 items was found to have a Cronbach's Alpha coefficient (0.741) at "quite reliable" level.
- Intrinsic motivation scale with 6 items in the analysis shows that Cronbach's Alpha coefficient (0.845) takes place at the level of "high level reliability". The values obtained from the sub-dimensions of this scale are, (0.651) for the helping others sub-dimension and (0.661) for the enjoyment sub-dimension. It is seen that both sub-dimensions are in the "quite reliable" level.
- It is understood that the extrinsic motivation scale with 8 items was found to be at Cronbach's Alpha coefficient (0.887) at the "high level of reliability" level. The values obtained from the sub-dimensions of this scale are, (0.819) for the reward sub-dimension with "high reliable" level and (0.602) for the peer pressure sub-dimension with "quite reliable" level.

**Table 3:** Cronbach's Alpha Values of Every Item

Scale	Number of Items	Cronbach's Alpha
<b>TOTAL</b>	<b>47</b>	<b>0.951</b>
<b>Social Relevance (SR)</b>	<b>9</b>	<b>0.813</b>
Impact (IMP)	3	0.768
Support (SPR)	6	0.771
<b>Innovation Investment (II)</b>	<b>5</b>	<b>0.803</b>
Early Adopters (EA)	3	0.712
Missing Trust (TR)	2	0.656
<b>Personel Utility (PU)</b>	<b>8</b>	<b>0.832</b>
Self Representation (SR)	4	0.707
Network (NW)	4	0.761
<b>Advocate Recommendation (AR)</b>	<b>7</b>	<b>0.808</b>
Advocate Recommendation (ADR)	3	0.701
Herding (HR)	4	0.711
<b>Neutral Information (NI)</b>	<b>4</b>	<b>0.741</b>
<b>Intrinsic Motivation (IM)</b>	<b>6</b>	<b>0.845</b>
Helping Others (HO)	2	0.651
Enjoyment (EJ)	4	0.661
<b>External Motivation (EM)</b>	<b>8</b>	<b>0.887</b>
Reward (RW)	5	0.819
Peer Pressure (PP)	3	0.602

### 5.6 The Exploratory Factor Analysis Results of the Scale

Factor analysis is a multivariate method used for data reduction purposes and it is used to determine the number of independent variables that contribute by describing a variable connected to more than one variable and the factor loads of these independent variables. In these analyzes, the relations between all variables are examined.

**Table 4:** The Result of Exploratory Factor Analysis

C	F	ITEMS	FL	VE	
EXTRINSIC MOTIVATION	REWARD	My contribution entitles me to receive a reward.	,824	6,263	
		I only contribute to a crowdfunding project if I get something in return	,808		
		I anticipate my reward to be delivered in a timely manner.	,696		
		Getting a reward as an outcome of such a project is important to me	,671		
		I have chosen my reward carefully.	,637		
	PEER PRESSURE	If the creator of a project is a friend or acquaintance I would prioritize to support his project.	,862	5,083	
		I kind of feel obliged to support a project of a friend or acquaintance.	,800		
		When a friend of mine asks me to support her crowdfunding campaign,I would do so because of our friendship	,698		
	INTRINSIC MOTIVATION	HELPING OTHERS	I want to make a meaningful impact with my contribution	,736	2,198
			I like to help (creative) people that I feel have authentically good ideas and maybe would not get mainstream support	,661	
ENJOYMENT		One reason why I supported my last project is because I was curious to find out about crowdfunding	,731	4,135	
		I invest in Crowdfunding projects for the pure enjoyment of it.	,638		
		I enjoy supporting Crowdfunding Projects not just for the things I receive in return	,574		
		The project(s) I supported intrigued me because it was something different and new for me.	,545		
PERSONAL UTILITY	Self Representation	I (would) enjoy participating in crowdfunding because it provides an interesting conversation topic.	,696	6.717	
		I (would) share my investments in start-ups online (social media, blogs etc.).	,698		
		I (would) enjoy talking about the start-ups I support financially.	,620		
		I like to talk about my investments.	,594		
	Network	An investment on a crowdfunding platform would increase /increases my own network.	,724	6.470	
		I (would) like to interact with other crowdfunders	,717		
		I (would) enjoy interacting with the project teams (start-ups).	,677		
		I have a strong interest in start-ups / new ventures.	,632		

**Table 4:** The Result of Exploratory Factor Analysis (Continuation)

C	F	ITEMS	FL	VE
SOCIAL RELEVANCE	Support	I like the idea of making it easier for start-ups to receive funding by supporting them with my investment.	,811	7,843
		I like the idea of opening possibilities for start-ups by supporting them financially via crowdinvesting.	,810	
		Crowdinvesting gives me the possibility to support innovation.	,807	
		Crowdinvesting is a great possibility to support new ventures.	,706	
		I support a new venture if I like the idea even though I may not	,612	
		I (would) enjoy being involved in the start-up I invested in.		
	Impact	Crowdinvesting is a great opportunity to support an entrepreneurial culture.	,692	14,14
		I think innovation and entrepreneurship are very important for an economy	,609	
		Crowdfunding offers the opportunity to support the society, e.g. by creating new jobs.	,503	
NEUTRAL INFORMATION		It is important for me what the financial press writes about particular investments	,845	5,369
		It is important to me what the general press publishes about investments	,826	
		If the general press published a positive article about crowdinvesting, I would be more likely to invest.	,629	
		Before making an investment decision, I get informed in the financial press	,599	
INNOVATIVE INVESTMENT	Early adopters	Among my friends, I'm often the first to try out new things.	,802	3,409
		I like to explore new technologies that emerge from the internet.	,731	
		When I consider making investments, I like to look for new and innovative options.	,552	
	Trust in online Platforms	I feel more comfortable investing through my online banking portal than using another online platform.	,794	3,379
		It feels safer to invest via my bank instead of using an online platform.	,738	



**Table 4:** The Result of Exploratory Factor Analysis (Continuation)

C	F	ITEMS	FL	VE
ADVOCATE RECOMMENDATION	Advocate Recommendation	I generally trust investments more if they are recommended by experts.	,813	5,764
		I would be more likely to invest in a crowdinvesting project if it was recommended by an expert.	,781	
		I would be more likely to invest in a crowdinvesting project if it was recommended by friends / family.	,607	
	Herding	I tend to follow new movements only if a certain amount of people participates.	,873	
		I take some time to observe the behaviour of others before making a decision.	,816	
		Generally, I first wait to see how other people decide	,791	
		I am more likely to participate in crowdfunding if many people participate.	,673	
		TOTAL		

Kmo : ,850 Bartlett's Test Of Sphericity:  $P < 0.05$  C:Component FL: Factor Loading Ve: Variance Explained Extraction Method: Principal Component Analysis.

Factor Analysis were made by applying a single factor analysis to 7 number of scales used in the research. The data set is suitable to the factor analysis on “perfect” level since the KMO value of the factor analysis is (.850) and the probability value of the Bartlett’s test is  $p < 0,05$ . The total explanatoriness obtained in the applied factor analysis was found to be 70.77 %. In some dimensions, it appears that 1 or 2 items are placed in the other dimension which is very close to itself. For example, the item of “I (would) enjoy being involved in the start-up I invested in.” which should actually take place in early adaptors dimension, has taken place in “Support” dimension that is very close to early adaptors dimension.

The category of extrinsic motivation in factor analysis formed reward dimension with 5 items. The factor loading values are in the range (.637; ,824). It is understood that the explanatory ratio of the reward dimension is 6,263 %. The peer pressure dimension containing 3 items has the factor loading value (.698; ,862), the explanatory rate is 5,083 %.

The intrinsic motivation scale created 2 dimension in this study with 6 expressions. The enjoyment dimension’s factor loading value is in the range of (.545; ,731), Helping others dimension’s factor loading value is in the range of (.661; ,736) the explanatory rate is 6,333 %.

The first dimension existing in the analysis is the Self-Representation dimension of the personal utility scale. The self representation dimension consists of 4 items and is in the range of factor load values (.594; .696). It is understood that the explanatory ratio of this dimension is 6.717 %. The second dimension in factor analysis is the network dimension of the scale. This dimension composed of 4 items and the factor loading values are in the range of (.632; .724). It is understood that the explanatory ratio of this dimension is 6.470 %.

Although the social relevance scale was composed of 9 items in the questionnaire survey which was done in the adapted study, an expression was made because of the fact that this study alone formed 2 dimension in total. The 6 items of this scale form support dimension and 3 items form economic and social impact dimension. The support dimension is in the range of factor load values (.612; .811). Its explanatory ratio is 7.843 %. The factor loading value of impact dimension is in the range of (.503; .692), explanatory ratio is 14.14 %.

The Neutral Information scale also forms a single dimension with 4 items. It exist in factor loading value (.599; .845) range, and has an explanatory ratio of 5.369 %.

In the early adaptors dimension which consist of 4 items under innovative investment scale, an expression has been removed differently from the adopted scale. The factor loading value of the dimension exist in (.552; .802) range, explanatory ratio is 3.409 %. The factor loading value of trust in online platform dimension exists in (.738; .794) range, explanatory ratio is 3.379 %.

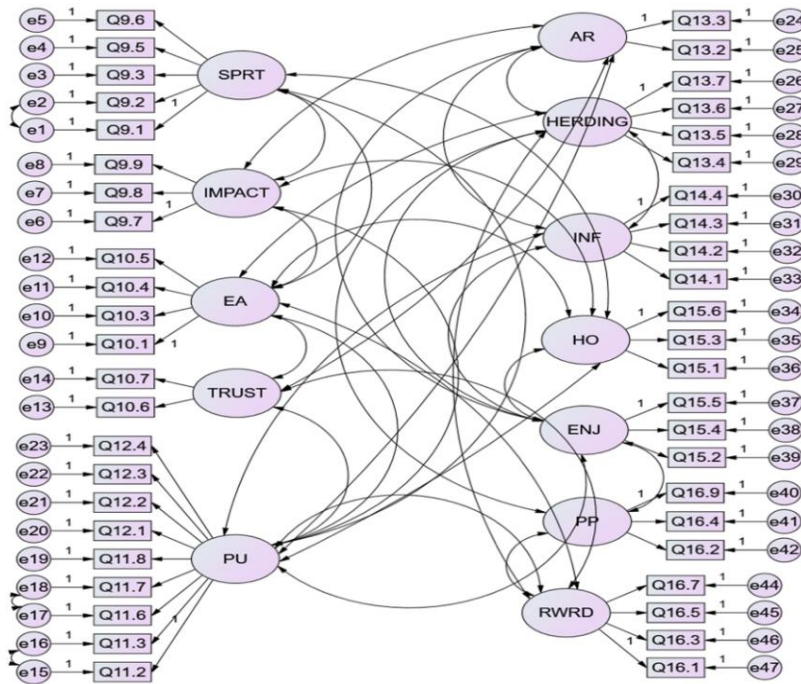
The advocate recommendation scale consist of 3 items forming advocate recommendation dimension. Factor Loading value exists in (.607; .813) range, explanatory ratio is 4,148 %. Herding dimension consisting of 4 statements and lies in factor loading value (.673; .873) range. The scale explanatory ratio is 5.764%.

The questionnaire has been rearranged with the changes made after the factor analysis. The final version of the questionnaire was included in Appendix 1. The research model has been reconstructed with the factor structures obtained after the exploratory factor analysis. In line with this model, it has been decided to remove the scale items which do not constitute the factor structures and to examine the influence of other factors.

### 5.7 The Confirmatory Factor Analysis Results of the Scale

Confirmatory factor analysis (CFA) is a powerful method used to evaluate construct validity. In the Confirmatory Factor Analysis (CFA) done with remaining 47 items, the factor load values are in (0.50; 0.87) range. It is understood that CFA is meaningful since in the Confirmatory factor analysis the model test values are found to be  $\chi^2$  (3641, 800),  $\chi^2/df$  (3.878). It is understood that the Confirmatory Factor analysis of the scale used in the survey is valid because the model's compliance index values are within the acceptable limits of GFI (.909), CFI (.951), SRMR (.063), RMSEA (.077). As the probability values which are calculated in all of these values found to be ( $p < 0.05$ ), they are statistically significant. It is understood that the highest correlation value among the correlation values is between support and helping others (0.834). This indicates that there is a strong correlation between support and helping others. Again, in the same direction and significant relationships were found according to the relation degrees; in order, (0.774) between support and impact, (0.718) between Impact and helping others, (0.713) between personal utility and helping others, (0.648) between impact and helping others, (0.634) between personal utility and early adopters, (0.553) between early adopters and helping others, (0.515) between support and early adopters.

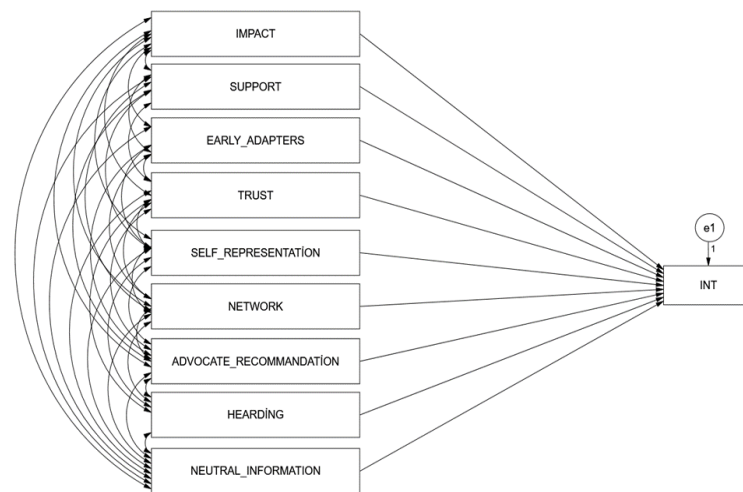
**Figure 3:** The Confirmatory Factor Analysis used in the Study.



### 5.8 The Path Analysis

For the study model, four path analyzes were applied with the variables calculated for moderator effects to be seen and tested. As the main model, the variables calculated as the sub-dimensions obtained from the scales used in the research were used. In the main model, the effects of nine independent variables on the dependent variable which was intention were examined. While the motivation variables were taken as the moderator in the first of the model, helping others, enjoyment, reward and peer pressure variables, which are the sub-dimensions of the motivation variable, were taken as moderator in the other path analyzes. In the models in which moderator relations are examined, standard conversion values of all variables were calculated and all parameters were calculated on these values in the model.

**Figure 4:** Basic Path Analysis Model



When the model test values obtained from the model are  $\chi^2$  (1.710),  $\chi^2/df$  (.570) it is understood that the model is meaningful. It was found that the compliance index values of the model, GFI (, 980), CFI (, 986), SRMR (, 0078), RMSEA (, 000) factors in the good compliance limits. In the model, it is found that Impact ( $\beta = .213$  \*\*\*), Support ( $\beta = .533$  \*\*\*), early adopters ( $\beta = .241$  \*\*) and advocate recommendation ( $\beta = .095$  \*) are the parameters which effect the Intention dependent variable in the same direction, whereas herding ( $\beta = -.149$  \*\*\*) and neutral information ( $\beta = -0.0$  \*\*\*) are the parameters effecting the Intention dependent variable in the reverse direction. It is understood that the equation obtained by this path analysis model and the change in the investment intention (INT) variable can be explained by 45%.

### 5.8.1 Moderation Effect of Motivation

The total motivation variable has been taken as a moderator and it has been tried to determine with this model whether the independent variables have an effect on the investment intention variable through the motivation total variables.

It is understood that the model is significant when the model test values obtained from the model are  $\chi^2$  (426.953),  $\chi^2/df$  (4.591). The model fit indices values GFI (.908), CFI (.951), SRMR (.083), RMSEA (.087) of the model are found to be close to acceptable limits. It is understood that this is an expected result when there are many meaningless regression parameters in the model that the structure of the moderator model is required. When the nonsensical parameters are deleted from the model, it is understood that all parameters of the model are involved in acceptable limits. The regression coefficients and significance values obtained from the analysis are examined in detail in the following tables.

It is understood that the parameters effecting the Intention dependent variable in the model are; Impact ( $\beta=.167^{***}$ ), Support ( $\beta=.317^{***}$ ), early adapters ( $\beta=.124^{**}$ ), network ( $\beta=.125^{***}$ ), herding ( $\beta=-.197^{***}$ ), motivation ( $\beta=.215^{***}$ ). The independent variables that the motivation variable has moderator effect are;

Since the self representation regression coefficient ( $\beta = -.01$ ) is meaningless and the coefficient of Self Representation\_X\_Motivation is significant ( $\beta = .112^{**}$ ), the motivation variable moderates the Self Representation variable on the effect of Intention variable. Since the neutral information regression coefficient ( $\beta=-.066$ ) is meaningless and the coefficient of Neutral Information\_X\_Motivation multiplication is significant ( $\beta=-.096^*$ ), the motivation variable moderates the neutral information variable on the effect of the intention variable. Since the herding regression coefficient ( $\beta=-.192^{***}$ ) is significant on the negative direction and Herding\_X\_Motivation multiplication coefficient ( $\beta= .168^{***}$ ) is significant, the motivation variable moderates the herding variable on the effect of intention variable.

### 5.8.2 Moderation Effect of Helping Others Variable

The Helping Others which is the sub-dimension of the motivation is taken as moderator and by this model, it has been tried to determine whether the independent variables have an influence on the investment intention variable through the helping others variable. It is understood that the model is significant when the model test values obtained from the model are  $\chi^2$  (434.12),  $\chi^2/df$  (4.781). It is understood that the coefficients GFI (.912), CFI (.941), SRMR (.085), RMSEA (.083) which are the compliance fit indices values of the model, are very close to the acceptable limits. It is understood that this is an expected result when there

are many meaningless regression parameters in the model due to the structure of the moderator model. When the nonsensical parameters are deleted from the Self Representation\_X\_Helping Others model, it is seen that all parameters of the model are involved in the acceptable limits. The regression coefficients and significance values obtained from the analysis are examined in detail in the following tables. All independent variables except the Missing Trust and Network variables significantly affect the Intention dependent variable in the model. It is understood that the coefficients are; impact ( $\beta = .213^{***}$ ), support ( $\beta = .499^{***}$ ), early adopters ( $\beta = .126^{***}$ ), herding ( $\beta = -.175^{***}$ ), helping others ( $\beta = .203^{***}$ ), advocate recommendation ( $\beta = .085^*$ ). The independent variables of which the helping others variable make moderator effect are; While the network regression coefficient ( $\beta = .067$ ) is meaningless, Network\_Helping Others multiplication coefficient ( $\beta = .079^{**}$ ) is significant; helping others variable moderates the network variable on the effect of the intention variable. While the neutral regression coefficient ( $\beta = .070^*$ ) is significant at low-level, Neutral Information\_X\_Helping Others multiplication coefficient ( $\beta = .079^*$ ) is significant because of the rising significance, helping other variable moderates the neutral information variable on the effect of the Intention variable.

### 5.8.3 Moderation Effect of Enjoyment

The Enjoyment variable, which is the sub-dimension of the motivation variable, is taken as the moderator and tried to determine through this model whether independent variables have an influence on the investment intention variable through the enjoyment variable. It is understood that the model is significant when the model test values obtained from the model are  $\chi^2 (451,02) \chi^2/df (4.5121)$ . It is understood that the fit index values of model GFI (, 902), CFI (, 945), SRMR (, 075), RMSEA (, 081) are very close to acceptable limits. It is understood that this is an expected result when there are many meaningless regression parameters in the model according to the structure of the moderator model. When the nonsensical parameters are deleted from the model, it is seen that all parameters of the model are involved in the acceptable limits. The regression coefficients and significance values obtained from the analysis are examined in detail in the following tables. All independent variables except the missing trust, self-representation, and information variables, significantly affect the intention dependent variable in the model. It is understood that the coefficients are; impact ( $\beta = .202^{***}$ ), support ( $\beta = .470^{***}$ ), early adopters ( $\beta = .141^{**}$ ), network ( $\beta = .141^{**}$ ), herding ( $\beta = -2.38$ ), helping others ( $\beta = .116^*$ ), advocate recommendation ( $\beta = .101^*$ ). The independent variables moderated by the enjoyment variable are; While the self-representation regression coefficient ( $\beta = .016$ ) is meaningless, the Self Representation\_X\_Enjoyment multiplication

coefficient ( $\beta = .175^{**}$ ) is significant; enjoyment variable moderates the intention variable on the influence of self-representation variable.

#### 5.8.4 Moderation Effect of Reward Variable

The Reward variable, which is the sub-dimension of the motivation variable, is taken as the moderator and tried to be determined by using this model whether the independent variables have an effect on the investment intention variable through the reward variable.

It is understood that the model is significant since the model test values obtained from the model are found to be  $\chi^2$  (315,656),  $\chi^2/df$  (3.188). It is understood that the coefficients GFI (, 932), CFI (, 948), SRMR (, 072), RMSEA (, 075) of the fit index of the model are in the acceptable limits. As there are many meaningless regression parameters in the model due to the structure of the moderator model, it has been seen that when the nonsensical parameters are deleted from the model, the parameters are improved in order to better match with all parameters of the model. Regression coefficients and significance values obtained from the analysis are examined in detail in the following tables. All independent variables except the missing trust and the self-representation variables significantly affect the intention dependent variable in the model. The coefficients obtained from the model are; impact ( $\beta = .214^{***}$ ), support ( $\beta = .526^{***}$ ), early adopters ( $\beta = .096^{**}$ ), network ( $\beta = .148^{***}$ ), herding ( $\beta = -.217^{***}$ ), reward ( $\beta = .168^{***}$ ). Some of the variables which the reward variable has moderator influence on are; since the regression coefficient ( $\beta = .049$ ) of the self-representation variable is meaningless, multiplication coefficient ( $\beta = .081^*$ ) of the Self Representation\_X\_Reward is significant, the reward variable moderates the self-representation variable on the influence of intention variable. While the regression coefficient in herding ( $\beta = -.217^{***}$ ) variable is negatively meaningful since the multiplication coefficient of Herding\_X\_Reward ( $\beta = .126^{***}$ ) is positively meaningful, the reward variables moderates herding variables on the influence of the intention variable. While the regression coefficient in early adopters ( $\beta = .096^{**}$ ) variable is significant, the multiplication coefficient of Early Adopters\_X\_Reward ( $\beta = .103^{**}$ ) is effective on a higher level, the reward variable moderates the early adopters variable on the influence of intention variable

### 5.8.5 Moderation Effect of Peer Pressure Variable

The Peer Pressure variable which is the sub-dimension of motivation variable, taken as the moderator and it has been tried to determine whether the Independent variables have influence through peer pressure variable by using this model.

It is understood that the model is significant since the model test values obtained from the model are  $\chi^2$  (236.122),  $\chi^2/df$  (2.539). It is understood that the coefficients GFI (.947), CFI (.958), SRMR (.0639), and RMSEA (.0651) of the compliance index of the model are in the acceptable limits. The regression coefficients and significance values obtained from the analysis are examined in detail in the following tables.

All independent variables except the missing trust, self-representation, and advocate recommendation variables significantly affect the intention dependent variable in the model. The coefficients obtained from the model are; impact ( $\beta = .161^{***}$ ), support ( $\beta = .355^{***}$ ), early adopters ( $\beta = .176^{***}$ ), network ( $\beta = .098^*$ ), herding ( $\beta = -.165^{***}$ ), peer pressure ( $\beta = .117^{***}$ ). The independent variables moderated by the peer pressure variable are; While the regression coefficient of self-representation ( $\beta = .059$ ) is meaningless, the multiplication coefficient of Self Representation\_X\_Peer Pressure ( $\beta = .084^*$ ) is significant, the peer pressure variables moderates the self-presentation variable on the influence of intention variable. While the regression coefficient of neutral information ( $\beta = .046$ ) is meaningless, the multiplication coefficient of Neutral Information\_X\_Peer Pressure ( $\beta = -.083^*$ ) is significant, it is understood that the peer pressure moderates the neutral information variable on the influence of intention variable.

## 6. Results

According to figure 3-11 it is clear that the majority of the respondents are very young investors. From the 392 participants, whose answers were used for the analysis in the sample, 59.90 % are between 20 and 25 years old and 17.30% of the respondents are between 26 and 35 years old. Only 15% of the participants are in the age group of 36 and above, which might have to do with the fact that the survey was conducted online. It seems reasonable as young people in their twenties are probably familiar with online surveys and are also likely to discuss topics of their interest on the Internet. Some interesting feature of this data is that very young respondents might be most active in crowdfunding investments. The gender distribution of the respondents presents a picture that can be expected in this kind of topic. It can be deduced that men have more participation in crowdfunding. Accordingly, the distribution of 64% men and 36% women who took part in the survey seems to be representative for the



topic of the research. It is quite clear that majority (82%) of the respondents were unmarried whereas about 18% were married. Further, it should be noted that the sample consisted mostly (72%) of respondents from Istanbul. In terms of occupation, most respondents are student (62%) and employed (19.90%) or self-employed (12%), with most of them holding a university degree (79 %). Almost 11,70 % of the respondents have a master's degree and another 1% have a doctorate degree.

As can be seen in above figure, among the participants in the questionnaire, those to who supported the projects, were asked if they knew the project owners or not and 22.7% of the respondents did not answer. On the other hand, it is striking that the vast majority do not recognize the project investor, that they are totally foreign.

As summarized in the table below, 71% of the members of the intermediary platforms on which the survey is applied did not yet provide financial support for a project. The reason for this, they have reported that they do not have enough information about the crowdfunding. The majority of the respondents consist of the members of Arikovani and Fongogo.

**Table 5:** Demographic Characteristics

		Count	Column N %
Level of Familiarity	Complete Stranger	135	34,4%
	2	27	6,9%
	3	44	11,2%
	Neutral	45	11,5%
	Friend or Family	52	13,3%
	NR	89	22,7%
	Total	392	100,0%
Financial / Non-Financial Contribution	Product	72	18,4%
	Service	35	8,9%
	Experience	64	16,3%
	Thank you Reward	78	19,9%
	Other	17	4,3%
	NR	126	32,1%
	Total	392	100,0%
Age Groups	<20	29	7,4%
	20-25	235	59,9%
	26-35	68	17,3%
	36-45	48	12,2%
	46-55	5	1,3%
	56-65	6	1,5%
	> 65	0	0,0%
	CY	1	0,3%
	Total	392	100,0%

**Table 5:** Demographic Characteristics (Continuation)

		Count	Column N %
Gender	Female	251	64,0%
	Male	141	36,0%
	Total	392	100,0%
Marital Status	Married	72	18,4%
	Single	320	81,6%
	Total	392	100,0%
Residence Status	ISTANBUL	283	72,2%
	ANKARA	26	6,6%
	IZMIR	6	1,5%
	BURSA	4	1,0%
	ANTALYA	12	3,1%
	OTHER	57	14,5%
	NR	4	1,0%
	Total	392	100,0%
Education Level	Primary School	2	0,5%
	High School	29	7,4%
	Undergraduate	311	79,3%
	Postgraduate	46	11,7%
	PHD	4	1,0%
	Total	392	100,0%
Professional Status	Student	245	62,5%
	Active Worker	78	19,9%
	Self Employed	47	12,0%
	Retired	12	3,1%
	Other	10	2,6%
	Total	392	100,0%

**Table 6:** Responses given by participants about crowdfunding

		n	%
Have you ever financially supported a crowdfunding project?	YES	113	28,8%
	NO	279	71,2%
Why have you not participated in crowdfunding so far?	I am not familiar with crowdfunding	226	61,4%
	I have invested in start-ups, but not by using an online platform.	46	12,5%
	The conditions are not attractive	35	9,5%
	I do not trust online platforms	12	3,3%
	Other	47	12,8%
Have you ever created your own project?	YES	41	10,5%
	NO	351	89,5%
Which crowdfunding platform/platforms do you use to support crowdfunding projects?	Arkovani	77	47,5%
	Buluşum	4	2,5%
	Crowdfon	9	5,6%
	Fongogo	53	32,7%
	Fonlabeni	1	0,6%
	Fonbulucu.com	0	0,0%
	Ideanest	7	4,3%
	Other	9	5,6%
The number of project you have supported.	1	81	60,0%
	2	29	21,5%
	3	3	2,2%
	4	8	5,9%
	5 and more	13	9,6%
What was the overall sum of your investments?	0-99 TL	49	35,0%
	100-499 TL	48	34,3%
	500-999 TL	25	17,9%
	1000-4999 TL	15	10,7%
	5000 TL and more	3	2,1%

**Table 7: Findings on the Hypotheses**

	INDEPENDENT VARIABLES	MAIN MODEL (1)	MODEL WITH MODERATOR VARIABLES					FINDINGS
			MOTIVATION (2)	HELPING OTHERS (3)	ENJOYMENT (4)	REWARD (5)	PEER PRESSURE (6)	
SOCIAL RELEVANCE	(H1)IMPACT	***	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	**not moderator	NOT SIGNIFICANT	Has a significant positive direct effect on participation intention thus might be an explanatory variable for a decision to participate in crowdfunding
	(H2)SUPPORT	***	NOT SIGNIFICANT	**not moderator	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	
INNOVATIVE INVESTMENT	(H3)EARLY ADOPTERS	***	NOT SIGNIFICANT	**not moderator	*not moderator	**not moderator	NOT SIGNIFICANT	Does not have a significant effect on the participation intention thus the null hypothesis cannot be rejected.
	(H4)MISSING TRUST	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	Does not have a significant direct effect on the participation intention but motivation and its sub-dimensions moderate positively and significantly
PERSONAL UTILITY	(H5)SELF REPRESENTATION	NOT SIGNIFICANT	**moderator	*moderator	***moderator	*moderator	*moderator	Does not have a significant direct effect on the participation intention but Helping Others sub-dimension of motivation moderates positively
	(H6)NETWORK	NOT SIGNIFICANT	NOT SIGNIFICANT	**moderator	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	Has a positive direct effect on intention.
	(H7) ADVOCATE RECOMMENDATION	*	NOT SIGNIFICANT	NOT SIGNIFICANT	NOT SIGNIFICANT	*not moderator	NOT SIGNIFICANT	Has a strong negative effect on the intention but motivation and its sub-dimensions except Enjoyment variable, moderate positively and significantly
	(H8)HERDING	***	***moderator	*moderator	NOT SIGNIFICANT	**moderator	***moderator	Has a negative effect on the intention in addition to this, variables of Motivation, Peer Pressure and Helping others are moderating this effect.
	(H9) NEUTRAL INFORMATION	*	*moderator	*moderator	NOT SIGNIFICANT	**not moderator	*moderator	

## 7. Conclusion

In recent years, the crowdfunding has been an important investment phenomenon growing fastly. The rapid advancement of Web 2.0 and social media allows for increased interest in crowdfunding. However, it has not taken enough attention in the academic environment for research. This research offers the one of the first scientific study in order to determine factors that affect the decision-making process of investors in Turkey to participate crowdfunding from a financial point of view, which is supported by the literature about crowdfunding. Accordingly, it is possible to answer the research question as follows: the factors economic /societal impact perception, the sense of being supportive, the sense of being an early adopter, advocate recommendation show a positive influence on the investment decision-making, whereas herding, neutral information, appear to affect the intention to participate in crowdfunding negatively. It should be noted that advocate recommendation and neutral information, are only significant at  $p < .10$ .

It has been understood that the items included in the "Social Relevance" classification have a significant importance in explaining the decision-making in crowdfunding. The items included in advocate recommendation, herding, neutral information classifications have also importance in this regard. On the other hand, missing trust variable which is in "innovative investment" category, does not show any particular effect on decision-making. The similar situation is also observed for 'Personal Utility' but it has retained for testing moderation effect analysis as recommendations have key importance for the investors in their investment decisions. Although we could not prove the significance of the other three factors it does not mean that these factors are not influential on the intention of participation in crowdfunding, but it can be taken into account that they are not appropriate for explaining why individual decides to participate in crowdfunding or not.

The most interesting finding of this research is that the supporters of 'Personal Utility' expectations are not as effective as they thought in their decision to participate in crowdfunding. The internal satisfaction of being able to help and providing an opportunity to entrepreneurs have been more effective in their investment decisions.

The results confirms that social relevance of crowdfunding has a positive impact on the funders participation intention in crowdfunding. The sense of being supportive and economic /societal impact perception are the sub-dimensions of the 'Social Relevance' category. Supporting new ventures by providing the necessary initial capital for start-ups and supporting an entrepreneurial culture and innovation via crowdfunding provides societal relevance for crowdfunders. Our results show that participants know the importance of entrepreneurship in terms of economy and social benefit and therefore they are aware of the necessity of supporting financially startups. Based on the results of the study we could suggest that backers can contribute to crowdfunding projects to earn monetary rewards, but more importantly they want to make a socially meaningful impact. In other words, crowdfunders might be driven altruistically. As a result, we could claim that the perception of Social Relevance can be characteristic factor for participation intention to crowdfunding in Turkey, so platforms and entrepreneurs should consider this feature when launching projects.

According to the results, the early adopter variable can be an explanatory variable for crowdfunding participation. In other words people who consider themselves early adopters are more likely to support crowdfunding. This is an expected result because crowdfunding is a completely new way in financing methods and creative and innovative projects are presented in the crowdfunding platforms. In this way crowdfunding is an attractive opportunity for early adopters who consider crowdfunding to be preordering a product or to be a new investment method. Because, as mentioned previously, an early adopter wants to have a new

product or technology before other users have access. Our findings and Eber's findings are consistent for this dimension.

In the current study, we hypothesised that Investors' unwillingness to use online crowdfunding platform has a negative effect on their intention to participate in crowdfunding projects. But there are no strong evidence against the null hypothesis, this means that 'Missing Trust in online platforms' factor has no significant effects on participation intention. Therefore we could state that backers are not reluctant to use crowdfunding platforms. Therefore it can be said that it is not a challenge to trust to crowdfunding platforms for supporters. This finding is different from the study of Ebert and Schöndorfer (2014). They found that 'missing trust in online platforms has a negative influence on the decision to participate in crowdfunding' (Ebert and Schöndorfer, 2014). In the literature, previous researches have shown that 'trust in platform' as a critical factor and according to their findings crowdfunding platforms have to be trustworthy for participation. In order to increase the backers' interest in crowdfunding, it is important to establish funders trust. (Jalonen, 2013; Lambert and Schwienbacher, 2010; Dannehall, 2017; Zhao, Chen, Wang, & Chen, 2016).

Personal Utility category includes factors of self representation and network. All items within the category of Personal Utility do not seem to play an important role in explaining the decision to participate in crowdfunding. On the other hand, when the moderator variables were added to the analyses it was seen that different results emerged. Interpretation of all of the coefficients changed because of adding an interaction term to the model. The Self Representation turns out to be a significant in the model with moderating variables.

The major contribution and the critical result orientation of this research lies in "The self-conception". The term which is often used in a broad array of phenomena by clinical and social psychologists in their discussions depict itself in this particular crowdfunding research. This is also supported by the fact that although there is not yet an incorporated and a general psychological theory of the self which can explain these phenomena as Thagard (2014) suggested; aspects of the self as a multi-level system that comprises neural, social, individual and molecular mechanisms can be explained.

The phenomenon of self-representation is the related to showing and describing oneself to others. The forms of self-representation that have been argued until the present time substantially related to how a person wishes other people to think about himself/herself. The researches have been done by social psychologists for 30 years emphasizes the interaction of individual and social levels in self-presentation. (Schlenker, 2003). The self-presentation is used to construct identity by people. Identity needs social validation (Baumeister R. F. 1998). The analysis which is on the basis of this study finds out that the positive relationship between the feeling of self-presentation and participate intention to crowdfunding is stronger when a

person has strong extrinsic and intrinsic motivations. Intrinsic motivation and extrinsic motivations refer to different significations. People take in charge missions with intrinsic motivations as they find these missions appealing. Extrinsic motivation refers to people's tendencies to perform missions for gaining distinguishable consequences like verbal and tangible rewards. The present study pointed out that there is no direct positive relationship between the sense of self representation and the intention to invest in crowdfunding. Supporters do not have a generally higher intention to invest to present themselves. But when a supporter is motivated by the feeling of helping others or personal enjoyment of participating crowdfunding or external motivations like reward and peer pressure, he or she has a higher intention to invest in the project. The findings confirm that motivations of enjoyment, helping others, reward and peer pressure positively moderate the relationship between self representation and participation intention. As revealed by this study, the people that are more conscious about their image have the tendency to give support to more crowdfunding campaigns when they are motivated by extrinsically and intrinsically. This behaviour is partly influenced by a person's desire for philanthropic motivation, having fun motivation and their motivations to obtain reward and peers' influence. The researcher could find the possibility to explain the association between the self-presentation and motivational factors in the crowdfunders' behaviors specifically intrinsically and extrinsically. For this reason, motivational perceptions such as helping others, having fun, peer pressure, and more monetary or non monetary rewards are needed to stimulate the enthusiasm of participants. These findings give support to the emerging researches on philanthropy, crowdfunding, and crowdinvesting. (Ryan & Van Wingerden, 2011, Wechsler 2013, Kaufmann et. al., 2011, Pearson et al. 2016, Lakhani & Wolf, 2003, Harms 2007, ) Besides, the research study emphasizes that the platform owners have the capacity to affect the behavior of self-presenting users by encouraging their members to think carefully about the creation of public profiles. While taking strategic decisions about crowdfunding operations which can be apparently seen by the public, they promote the self-presenting users' thinking cautiously.

The other variable within the Personal Utility category is Network which is not significant in the main model as well. Therefore we could not find evidence for reject the null hypotheses which means network does not have any significant influence on the decision to participate in crowdfunding, it remains uncertain whether it plays a role in the decision-making process. When we added motivation and its sub-dimensions as moderator variables, only Helping Others variable moderates positively. Which could mean backers might use crowdfunding for creating networking through philanthropy. Crowdfunding is important for funders who want to reach their philanthropic goals. So that they could expand their network online. In the literature researchers indicates that backers are motivated with the chance to

broaden one's own personal network. (Gerber et al., 2012; Moritz and Block 2013; Hemer, 2011; Wechsler, 2013). In contrast to this result, Ebert and Schöndorfer (2014) found that network has a negative effect on the participation in crowdfunding.

Advocate Recommendation factor comprises sources of information from Recommendations of experts, colleagues from work Friends and family. (Nagy and Obenberger, 1994). Consistent with the research findings by Nagy and Obenberger (1994) and Setlers and Valdmanis (2016), the present study identified that the factors related to advocate recommendations by analysts, family members, co-workers and friends have a positive effect on the decision to participate investing in crowdfunding. Our findings have shown that similar to Advocate Recommendation, all items within the category of neutral information are significant explaining the intention to participate in crowdfunding, but the relationship is negative. In fact, neutral information factor is different from advocate recommendation as it is based on news from financial and general media coverage. Nagy and Obenberger (1994) and Setlers and Valdmanis (2016) found in their study, neutral information factor is important for an investment decision as well. According to these findings we could suggest that crowdfunders are negatively influenced by news, reports, articles on the press. In contrast to these results, they consider their own networks information. However, Ebert and Schöndorfer (2014) revealed that advocate recommendation and neutral information factors were not significant for the explanation why individual invests in projects on crowdfunding platforms.

Relating to the field of behavioral finance, herding effects represents the tendency for an individual to do what others are doing instead of using their own knowledge or making independent decisions (Bikhchandani & Sharma, 2001). This phenomenon has particular interests in the last decade for the academic researches. Multiple academic studies on herding have been conducted and they have found evidences for crowd's herding behaviour as a possible determinat for investing in crowdfunding. Researches indicate that individuals want to contribute to projects that already have a lot of support from other community members (Burtch et al., 2013; Ward, 2010; Zhang and Liu 2012; Astebro et al., 2018; Bretschneider and Leimeister, 2017).

Existing literature identify that crowdfunding has high levels of uncertainty for backers when they make a decision whether or not to participate in a project. They believe that other people have better information than they have. Therefore in this uncertainty, herding plays a fundemantal role. Based on our results it was expected that herding affects intention positively, since the recommendation of funders' network was significant. Our study reveal that, the herding factor has a significant effect on the intention to participation in crowdfunding but, suprisingly this effect is negative. This finding is inconsistent with the results of the broader empirical literature on herding behaviour in financial decisions.



When we test the moderating effect of motivation and its sub-dimensions, we found positive effect for other community members' funding decisions on contributions. This means that an interaction variables, except enjoyment\*herding variable, changed the direction of the relationship between herding and intention variables. As a result, we confirm that helping others, reward, and peer effect moderates positively the relationship between herding and intention.

The study came with major implications not without any limitations as in the case of quantitative research based works. In line with the methodological limitations the assumptions of the researcher were mainly to trustworthiness of both the studies of social media networks and the availability of crowdfunding platforms to invite the potential supporters and individual funders to take part in the survey. The researcher is aware of the fact that the gathered samples may not reflect the crowdfunding population ideally. Since the research population is structured on the crowdfunding platforms in Turkey, the findings in these platforms may not be implemented to the investors outside of Turkey, which means the study is limited with the Turkish platforms. Accordingly, the results of the study should be treated on the very specific nature of Turkish climate and culture.

In addition to the above, the investigation population has a limited structure basing on only a few crowdfunding platforms mostly Arikovani and Fongogo that may carry the risk of not representing any sample and may not give the chance of doing generalizations. Nevertheless, doing scientific generalizations or pointing out what are the motivations for the Turkish or international investors is not the target of this study; instead, it is focused on supplying strong indications.

The other limitation is about gathering the secondary data. The investor motivations investigations on reward-based crowdfunding are quite limited, therefore in order to complete the literature review, the crowdsourcing theory, and the general crowdfunding were implemented. Besides this, because of the limited research as previously stated, the literature reviews contains non-peer-reviewed secondary data like the conference documents, industry reports, and websites. It has been also decided to make use of the previous theses and this study is built on their findings. Nevertheless, the author is aware of the fact that the reliability and validity level of findings from non-peer-reviewed sources may be low.

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**Appendix 1: Questionnaire**

Dear Participant,

Thank you for your interest. The following questionnaire is part of our PHD thesis at Okan University. It will take approximately 15 minutes to complete the survey. We will mainly ask for your opinion and agreement / disagreement – thus, there are no ‘right’ or wrong answers. All responses are completely anonymous.

Best Regards,

**FATMA SEBLA UZUNTEPE**  
Istanbul Okan University

	(1) Un-likely				(5) Likely
<b>1. Please indicate your likelihood of participating in crowdfunding.</b>					
I would generally invest in start-ups via crowdfunding platforms.	1	2	3	4	5

**2. Have you ever invested in a start-up using a crowdfunding platform?**

Yes       No

**3. Why have you not participated in crowdfunding so far?**

- I am not familiar with crowdfunding.
- I have invested in start-ups but not by using an online platform.
- The conditions are not attractive.
- I do not trust crowdfunding platforms.
- Other reasons: .....

**4. Have you founded your own start-up ?**

Yes       No

**5. Which Platform(s) did you use ?**

- Arıkovani
- Buluşum
- Crowdfon
- Fongogo
- Fonlabeni
- Fonbulucu.com
- Ideanest
- Other .....

**6. How many start-up(s) have you invested in ?**

1  2  3  4  More

**7. What was the overall sum of your investments?**

0-99TL  100-499TL  500- 999TL  1.000- 4.999TL  5.000TL  
and higher

**8. What was the average sum per start-up you invested?**

0-99TL  100-499TL  500- 999TL  1.000- 4.999TL  5.000TL  
and higher

**9. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
Crowdfunding is a great possibility to support new ventures.	1	2	3	4	5
I like the idea of opening possibilities for start-ups by supporting them financially via crowdfunding	1	2	3	4	5
I support a new venture if I like the idea even though i may not be convinced about the economic success.	1	2	3	4	5
I like the idea of making it easier for start-ups to receive funding by supporting them my investment..	1	2	3	4	5
Crowdfunding gives me the possibility to support innovation.	1	2	3	4	5
I think innovation and entrepreneurship are very important for an economy.	1	2	3	4	5
Crowdfunding offers the opportunity to support the society, e.g. by creating new jobs.	1	2	3	4	5
Crowdfunding is a great opportunity to support an entrepreneurial culture..	1	2	3	4	5

**10. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
I (would) enjoy being involved in the start-up I invested in.	1	2	3	4	5
Among my friends I'm often the first to try out new things.	1	2	3	4	5
I like to explore new Technologies that emerge from the internet.	1	2	3	4	5
When I consider making investments, I like to look for new and innovative options.	1	2	3	4	5
I feel more comfortable investing through my online banking portal than using another online platform.	1	2	3	4	5
It feels safer to invest via my bank instead of using an online platform.	1	2	3	4	5

**11. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
Investing in start-ups is a way of being an entrepreneur without founding my own business.	1	2	3	4	5
I like the idea of being an entrepreneur myself.	1	2	3	4	5
I have a good feeling about Crowdfunding.	1	2	3	4	5
When making investment decisions, I often go with my gut feeling	1	2	3	4	5
I like to talk about my investments.	1	2	3	4	5
I (would) enjoy talking about the start-ups I support financially.	1	2	3	4	5
I (would) enjoy participating in Crowdfunding because it provides an interesting conversation topic.	1	2	3	4	5
I (would) share my investments in start-ups online (social media, blogs etc.).	1	2	3	4	5



**12. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
I have a strong interest in start-ups/new ventures	1	2	3	4	5
An investment on a Crowdfunding platform would increase /increases my own network.	1	2	3	4	5
I (would) enjoy interacting with the Project teams (start-ups).	1	2	3	4	5
I would like to interact with other crowdfunders.	1	2	3	4	5

**13. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
I would be more likely to invest in a crowdfunding project if it was recommended by friends/family.	1	2	3	4	5
I generally trust investments more if they are recommended by experts.	1	2	3	4	5
I would be more likely to invest in a crowdfunding project if it was recommended by an expert.	1	2	3	4	5
Generally, I first wait to see how other people decide.	1	2	3	4	5
I tend to follow new movements only if a certain amount of people participates.	1	2	3	4	5
I take some time to observe the behaviour of others before making a decision	1	2	3	4	5
I am more likely to participate in crowdfunding if many people participate.	1	2	3	4	5

**14. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
Before making an investment decision, I get informed in the financial press.	1	2	3	4	5
It is important for me what the financial press writes about particular investments.	1	2	3	4	5
It is important to me what the general press publishes about investments.	1	2	3	4	5
If the general press published a positive article about crowdfunding i would be more likely to invest.	1	2	3	4	5

**15. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
I want to make a meaningful impact with my contribution.	1	2	3	4	5
I invest in crowdfunding projects for the pure enjoyment of it	1	2	3	4	5
The project(s) I supported intrigued me because it was something different and new for me.	1	2	3	4	5
One reason why I supported my last project is because I was curious to find out about crowdfunding	1	2	3	4	5
I enjoy supporting crowdfunding projects, not just for the things I receive in return	1	2	3	4	5
I like to help (creative) people that I feel have authentically good ideas and maybe would not get mainstream support from the public.	1	2	3	4	5

**16. Please indicate your agreement/disagreement concerning the presented statements.**

	Strongly disagree				Strongly agree
I have chosen my reward carefully	1	2	3	4	5
If the creator of a project is a friend or acquaintance I would prioritize to support his project	1	2	3	4	5
Getting a reward as an outcome of such a project is important to me	1	2	3	4	5
When a friend of mine asks me to support her crowdfunding campaign, I would do so because of our friendship	1	2	3	4	5
I anticipate my reward to be delivered in a timely manner.	1	2	3	4	5
I only contribute to a crowdfunding project if I get something in return	1	2	3	4	5
My contribution entitles me to receive a reward.	1	2	3	4	5
When I fund a project I tend to view it more as a donation than as a way of receiving a reward	1	2	3	4	5
I kind of feel obliged to support a project of a friend or acquaintance					

<b>17. How well do you know the creators of the project?</b>	<b>Complete Stranger</b>				<b>Family / Friends</b>
	1	2	3	4	5
<b>18. Which of the following categories describe your latest reward best?</b>	<b>Product</b>	<b>service</b>	<b>Experience</b>	<b>Thank you reward</b>	<b>Other</b>
	1	2	3	4	5

<b>19. Please indicate your likelihood of participating in crowdfunding.</b>	<b>Unlikely</b>				<b>Likely</b>
I would generally invest in start-ups via crowdfunding platforms.	1	2	3	4	5

20. How old are you ?

21. Gender ?  Male  Female

22. Marital Status ?  Married  Single

23. What is your country of residence?

24. What is your highest education ?

25. What is your current Professional status?