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Reward-Based Crowdfunding in Nigeria: Exploring the Mechanism of Trust

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Reward-Based Crowdfunding in Nigeria: Exploring the Mechanism of Trust



By

Sarah Nnenna AIDEYAN
(PhD, MSc, BSc)

September 2023

Reward-Based Crowdfunding in Nigeria: Exploring the Mechanism of Trust

Sarah Nnenna AIDEYAN

*A thesis submitted in partial fulfilment of the University's
requirements for the Degree of Doctor of Philosophy (PhD,
Transformational Entrepreneurship)*

September 2023



Dedication

I gratefully dedicate my study endeavour to the All-Powerful GOD in gratitude for providing divine direction during the entire process.

The thesis is also dedicated to my kid and spouse. They have given up so much over the past few years to make it possible for me to complete my study objective. While I worked on this project, they dealt with several difficulties that the COVID-19 epidemic made worse. The abrupt closing of campuses owing to the epidemic made the voyage for this PhD study difficult. Without the assistance of both my immediate and extended families, as well as friends and well-wishers, my doctoral study would not have been feasible.

Finally, may my late mother, Mrs. Chinyere Theresa Ordu, rest in eternal peace as I dedicate this research to her memory. Amen

Declaration

I officially declare that all the material that is included in this PhD thesis entitled "Reward-based crowdfunding in Nigeria: Exploring the Mechanism of Trust" is the author's own original creation. I hereby attest that no earlier application for any other academic honours has been made using any portion or the entire content of this thesis. The whole content of this thesis is the product of the author's labour, from the moment when the research trip was first initiated until its conclusion. The author did the appropriate thing and recognised and cited all the sources of the materials that were used in this research study.



Certificate of Ethical Approval

Applicant:

Sarah Nnenna Aideyan

Project Title:

Reward-Based Crowdfunding in Nigeria; Exploring the Mechanism of Trust

This is to certify that the above-named applicant has completed the Coventry University Ethical Approval process and their project has been confirmed and approved as Medium Risk

Date of approval:

25 June 2020

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Abstract

Crowdfunding has emerged as a transformative financial mechanism, allowing individuals and businesses to gain access to essential financial resources for a variety of endeavours and projects. Reward-based crowdfunding is a type of crowdfunding in which contributors contribute money in exchange for products or services. This form of crowdfunding is growing in popularity in Nigeria because it allows entrepreneurs to access the funds, they need to launch their projects without incurring significant debt. The purpose of this study is to examine the process of reward-based crowdfunding with the objective of understanding how to establish and maintain trust between the three key stakeholders involved in crowdfunding initiatives in Nigeria: entrepreneurs, funders, and administrators of crowdfunding platforms. The research seeks to improve the efficacy and success of crowdfunding initiatives in Nigeria by examining the existing trust dynamics between these parties in depth.

Using relevant theories of trust applicable to developing nations like Nigeria, the study develops an initial framework that is then evaluated and validated via the responses of carefully selected participants. Adopting qualitative techniques, semi-structured, open-ended online interviews are used to collect data for this study in order to gain a comprehensive understanding of the causes of low engagement among the parties involved in crowdfunding processes in Nigeria. The analysis of the gathered data reveals that the initial framework's components have the potential to increase trust and strengthen trust practises in crowdfunding campaigns. In addition, the findings lend credence to the notion that these factors can improve the crowdfunding system's trust-building measures.

Throughout the research process, additional factors influencing trust dynamics are identified and incorporated. This iterative refinement yields a new conceptual framework that provides a

comprehensive mechanism for establishing trust in the context of reward-based crowdfunding in Nigeria. This study contributes to knowledge by identifying and validating trust-building strategies that can have a significant impact on the landscape of crowdfunding, fostering a climate of confidence and cooperation among entrepreneurs, financiers, and crowdfunding platform administrators. This framework equips crowdfunding platforms with a useful tool for nurturing trust and boosting the success of campaigns. Additionally, it can inform the design of policies and regulations that foster the growth of trust in the crowdfunding ecosystem. This research contributes to the advancement of crowdfunding initiatives in Nigeria by cultivating trust, paving the way for more prosperous and successful crowdfunding campaigns and opening new opportunities for economic development and innovation in the country.

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Abbreviations

CBT	Calculus Based Trust
CF	Crowdfunding
ECF	Equity Crowdfunding
FGN	Federal Government of Nigeria
IBT	Identical Based Trust
KBT	Knowledge Based Trust
RBC	Reward. Based Crowdfunding
ROI	Return on Investment
SME	Small and medium-sized enterprise
UK	United Kingdom
USA	United States of America

Brief Biography of Researcher

Sarah Nnenna Aideyan was born in River's state, Nigeria, and obtained her whole education there, from primary school until her first degree. She earned a Bachelor of Science degree in computer science from the University of Madonna Elele in Nigeria, where she studied and graduated. Following that, she was offered an NDDC scholarship based on merit to attend Coventry University, where she completed her master's degree and earned a Master of Science degree in Engineering and Management with distinction. She went on to have a successful engineering and managerial career. She worked as a business analyst for an engineering firm in Lagos, Nigeria, before commencing her PhD studies at Coventry University. Concurrently, she decided to launch a new firm specialising on safety items. She decided to apply for a bank loan, but the criteria were unreasonable. She then proceeded to look for groups that help new businesses get started; throughout her search, she came across crowdfunding and researched it to discover how it works in Nigeria. She discovered that the process was essentially non-existent due to a lack of confidence.

When she was accepted into a full-time PhD research programme at the International Centre for Transformational Entrepreneurship (ICTE) in 2018, she was offered the opportunity to pursue crowdfunding research. After successfully defending her PhD thesis, she will complete the research plan she had created.

Preface

Sarah Nnenna Aideyan, a PhD candidate in transformational entrepreneurship at Coventry University, is the author of this dissertation (UK). Between September 2018 and September 2023, the research was done. The researcher's struggle to secure funding for her start-up in Nigeria serves as the background for this work. It is hoped that the findings of this research will assist investors in lowering their risk exposure, offering the ideal investment instrument or vehicle for the various stages of business development, and enabling them to derive the greatest possible value from their interactions with business owners and their teams. The research's conclusions and recommendations will also help entrepreneurs realize the importance of being well-prepared, investment-ready, and offering the finest exit strategies or options that will appeal to investors.

CHAPTER 1

INTRODUCTION

1.0 Introduction

It seems very difficult to avoid online crowdfunding campaigns these days, whether we are intentionally aware of the happenings. This is because digital crowdfunding is everywhere; for example, co-workers asking for donations when running a marathon; friends raising money for a sick relative; a Facebook acquaintance running a birthday fundraiser; and many other examples. To begin, most people who contribute to these campaigns do so with the intention of showing support for individuals they know or the individual idea that is being promoted; nevertheless, a few presumably give thought to the digital platforms that are serving as hosts for the fundraisers. Crowdfunding platforms have, for several years now, fascinated me with their use of digital spaces to promote their causes, their propensity for combining profit and non-profit business models, and their efficient utilization of media and technologies to bridge gaps between donors and recipients. In the meantime, websites that facilitate individual fundraising, such as Kickstarter, GoFundMe, and IndieGoGo, and many others have become household names (Ajibade 2016).

Crowdfunding is an important instrument that assists entrepreneurs to realize their projects by facilitating financial capital that is obtained directly from a bigger number of persons. This can be accomplished using the internet to raise money from many individuals. The options afforded by the internet and social media are largely responsible for the meteoric rise in popularity of crowdfunding. One thing you should be aware of, however, is that individuals who engage in crowdfunding do so in a manner that is distinct from that of other investors. The funders make their judgement based on the information that is supplied on a single webpage and invest

significantly less money. Even though crowdfunding can be used to raise money for a venture or company, it has a lower chance of being successful when it comes to producing recurring revenue (Soreh 2017). The term "crowdfunding" refers to a method of financing in which a large number of individuals contribute a small amount of money, either out of generosity (donations) or as an investment, with the expectation that a reward will be provided, either in the form of presents, monetary compensation, tangible or intangible goods (shares), once the venture or project that was funded has been put into operation (Moon and Hwang 2018).

In Nigeria, there seem to be a problem in funding for entrepreneurs whose projects or businesses are in the starting phase, innovators who are developing new concepts, and businesses operating at the SME level. Because of this dilemma, it is necessary for all parties involved to take initiative and work together to find a solution, so that businesses and individuals alike can continue to contribute to the expansion and improvement of the nation's economy.

Currently, research has started to indicate that although there are sources available, even if only in a little volume, most business owners and entrepreneurs are ignorant of these sources, or they do not possess the information that is necessary to have access to these funds. However, this type of financing, which can be obtained from banks or other financial organizations, has a propensity to come with stringent conditions, as well as an unfavourable interest rate and collateral, due to the fear of default from borrowers or lenders. Since it democratizes access to funding that would be required to not only commercialize projects but also to distribute innovations, crowdfunding has come into play to help close this gap and eliminate the crisis. This is because it offers what other traditional funding sources (banks, venture capitalists, business angels) are unable to provide. This is because crowdfunding offers what other traditional funding sources are unable to provide. Crowdfunding is a method that can be utilized

to raise money for a venture or company; however, it is less likely to be effective when used as a strategy to create recurring revenue (Soreh 2017). The term "crowdfunding" refers to a method of financing in which a large number of individuals contribute a small amount of money, either out of generosity (donations) or as an investment, with the expectation that a reward will be provided, either in the form of presents, monetary compensation, tangible or intangible goods (shares), once the venture or project that was funded has been put into operation (Moon and Hwang 2018).

The term "crowdfunding" has also been defined as the process by which a business or project is financed through the contributions of many individuals; these contributions are typically of a low value. Crowdfunding can be accomplished using social media platforms such as Facebook, Twitter, Vivo, Snapchat, and Instagram, as well as funding platforms such as Kickstarter, and others, because all of these allow for the easy dissemination of information from entrepreneurs to the general public as well as from entrepreneurs (Galkiewicz and Galkiewicz 2018). The funding can come from close family and friends, or it can come from the entire public. The types of projects that are best suited to be funded through crowdsourcing are typically the types of projects that would have a difficult time being funded through more conventional means. These types of projects typically involve the use of new technology, semi-finished products and services, or radical ideas that seem different from the norm (Dannehall 2015, Etter 2013). This method of project funding has been utilized in previous centuries in the form of pooling money from various source to start a business and paying the financiers/contributor when the project kicks off and start making profits, as well as receiving funding from various individuals to purchase goods and raw material at a lower price and selling back such goods later and rewarding the financiers/funders with the profit made. In both examples, the money was pooled from multiple sources in order to start the business. It is

common knowledge that crowdfunding has been used in the past and continues to be used in a variety of fields, including the arts and culture, technology, humanities, and other areas. Platforms are typically necessary for crowdfunding to be possible, and these platforms are typically internet-based (i.e., they make use of social media) in order to fulfil their function (Moon and Hwang 2018). These platforms' function much like marketplaces, bringing together businesspeople who have project ideas or plans with investors who are willing to provide investment by providing the essential web infrastructure as well as the presentation space (Galkiewicz and Galkiewicz 2018). The practice of crowdsourcing is currently common all around the world, although it is most prevalent in the United States of America, the United Kingdom, Italy, and the Netherlands (Moon and Hwang 2018).

1.1 Research Background

Crowdfunding has emerged as a fresh approach for emerging businesses to address their most significant obstacle, which is acquiring financial backing. Businesses and other groups can use this method, which is enabled by the internet, to solicit monetary contributions or financial backing from many individuals collectively known as "the crowd" (Belleflamme et al. 2012). It applies crowdsourcing techniques, such as creativity and decentralized decision-making, to the process of financing projects or businesses Mollick, E. (2014). According to Gompers and Lerner (2004), for a new business to be successful, it is necessary to have resources, and one of the resources that is of the utmost importance is funding. In recent years, crowdfunding has developed as a solution to this problem, as a result of the fact that a growing number of business owners have turned to this critically vital and unique means to raise cash for innovation (Hemer 2011). Even if there have only been a handful of instances of successful crowdfunding campaigns recorded by platforms in Nigeria, the Nigerian society presents a large potential for the accomplishment of multiple successful initiatives, which could have a positive impact on

the economy. The amount of time and effort devoted to studying the crowdfunding phenomena is growing in tandem with the expansion of the crowdfunding sector on a global scale (Gerber and Hui 2013). Nevertheless, despite all these studies, the percentage of crowdfunded initiatives that are unsuccessful is still relatively significant (Liang et al. 2019). According to a report that was published by Statistical in April 2017, the percentage of successfully financed projects that were initiated on Kickstarter.com was 35.79 percent (Liang et al. 2019). According to the findings of the research that Gerber and Hui conducted, crowdfunding, which is an activity that takes place online, is influenced by several elements, one of which is "Lack of Trust," which is highlighted as a significant aspect (Gerber and Hui 2013). According to research conducted by Mou and Cohen (2015), trust is a crucial factor in the intended actions of online users, particularly regarding financial decisions.

Because crowdfunding, which refers to the practice of gathering financial support from many individuals, is almost always carried out through an online platform, it is indicative of an early-stage investment in a business that is still in its formative stages that takes place in an online setting. This kind of investment typically calls for a significant amount of trust (Liang et al. 2019). As a result, trying to recognize characteristics that can contribute to the development of trust inside a crowdfunding system is something that ought to be seen as valid. As a result, this serves as the foundation for the rationale of this research study.

1.1.1 The Concept of Crowdfunding

Early forms of crowdfunding date back to the 17th and 18th centuries. During this period, collective fundraising efforts were made to support various projects. While not identical to modern crowdfunding platforms, these early models shared some similarities in raising funds from a group of individuals. (Ordanini et al., 2011) Here are some examples.

1.1.1.1 Subscription Model

The subscription model emerged as one of the earliest forms of crowdfunding. This entailed an individual making a financial contribution towards a specific cause or project with the expectation of receiving a portion of the profits or future advantages. In the 17th century, European explorers frequently sought financial backing through subscriptions from affluent individuals or merchants in order to finance their voyages (Kuppuswamy & Bayus, 2013). Consequently, the investors assumed the role of shareholders within the project, thereby granting them the right to receive a proportionate share of the generated profits. The model has undergone adaptations throughout the course of centuries and continues to be employed in contemporary times through diverse manifestations, including venture capital investments and the trading of securities. This particular investment option holds significant appeal for entrepreneurs and small businesses, as they frequently necessitate financial resources for the purpose of advancing novel products and services. Additionally, it enables investors to achieve portfolio diversification and access potentially profitable opportunities. It is crucial to bear in mind, nevertheless, that investments of this nature are accompanied by inherent risks. It is imperative for investors to possess an understanding of the potential ramifications prior to making any investment commitments. For example, a nascent enterprise might encounter difficulties in fulfilling its commitments, leading to financial losses for the investor.

1.1.1.2 Lotteries

Lotteries were also utilised as an alternative form of early crowdfunding. During the 18th century, lotteries were utilised as a means of generating financial resources for a diverse range of objectives, encompassing public infrastructure development, social welfare initiatives, and individual pursuits. Public tickets were made available for purchase, with the generated revenue allocated towards funding the specific project or cause. Lotteries enjoyed widespread

popularity across numerous nations and were regarded as a dependable means of generating revenue. Nevertheless, these practises gradually lost popularity as a result of their perceived inequity and susceptibility to fraudulent activities. In contemporary times, certain nations continue to employ them for philanthropic endeavours. However, these technologies continue to be a subject of controversy owing to their susceptibility to being exploited for illicit purposes. Despite experiencing a decrease in usage in recent years, lotteries continue to maintain their popularity in certain geographical areas. Despite the potential for misuse, lotteries continue to be a widely embraced form of entertainment in specific regions, frequently employed for philanthropic purposes. Despite the potential for misappropriation, lotteries have been employed as a means of financing public endeavours, such as educational and healthcare initiatives, in numerous nations. Furthermore, these platforms have been utilised to help with various societal issues, including disaster relief efforts and initiatives aimed at alleviating poverty. As an illustration, the United Kingdom has employed the National Lottery as a means of financing a diverse range of initiatives, encompassing medical research, sports advancement, as well as arts and heritage preservation.

1.1.1.3 Mutual Aid Societies

Mutual aid societies, prevalent during the 18th century, were also a type of early crowdfunding. In order to help members in times of need, such as illness, disability, or death, groups of people pooled their resources to form these societies.

Another historical project known to have been funded through a crowdfunding initiative was the United States of America's Statue of Liberty, which was in the city of New York at the end of the nineteenth century. The British Mar million rock band was also known to have raised approximately USD 60,000 from fans in order to fund their US concert tour. Artist Share, the first well-known crowdfunding platform, was established in 2003. Its purpose was for an artist

in the music industry to be able to acquire funding without having to deal with record companies and middlemen, thus avoiding deals that would otherwise be unfavourable to them; this, in turn, ensured that artists are directly connected with their fans (Galkiewicz and Galkiewicz 2018). Kickstarter, a major crowdfunding platform, is estimated to have raised 900 million USD from approximately 5 million members to fund 13 million projects in the creative/entertainment industries (video games, movies), food industry, fashion industries, photography, tech industries, and publishing (Zheng et al. 2016). Despite the recent surge in crowdfunding activity, most crowdfunded projects fail, with an estimated two-thirds of projects failing, according to Kickstarter research. It should be noted that the type and nature of a project to be executed has a significant impact on the success rate of a crowdfunded project. Projects related to theatre and comics have a success rate of 60.23 percent and 52.7 percent, respectively, while technology and journalism have a success rate of 19.80 percent and 21.50 percent, respectively (Liang et al. 2019). According to studies, projects involving the production of tangible goods/physical goods tend to be far more successful than those involving the provision of a service (Zheng et al. 2016).

There are thousands of crowdfunding websites, and the World Bank predicts that by 2025, more than \$300 billion USD in transactions will take place on crowdfunding platforms (Barbi and Mattioli 2019). According to Galkiewicz and Galkiewicz (2018), the total volume of funds provided via crowdfunding more than doubled from 2012 to 2015, with USD 34.44 billion raised and the lending-based crowdfunding model receiving USD 25.1 billion of the total sum, while the Donation model and Reward model of crowdfunding each receiving USD 2.85 billion and USD 2.56 billion, respectively. According to Liang et al. (2019), approximately USD 3 billion was pledged in 2017 for various projects by 12.7 million people, with 4 million people considered regular funders. Compare and contrast crowdfunding with other types of funding. Or crowdfunding versus other funding methods. Following the establishment of the definition

of crowdfunding, it is necessary to explore the parallels and distinctions between crowdsourcing and other means of financing new ventures. There are some examples to consider. Common approaches of acquiring financial backing in order to start a new business (see, for example, Jones, MacPherson 2014, Jayawarna). Bootstrapping is a term that refers to the practice of entrepreneurs using their own money in addition to the money provided by others. In the early phases of their businesses, entrepreneurs often rely on financial support from close friends and family members, in addition to the occasional credit card purchase (Ebben & Johnson, 2006). The advantage is that the likelihood of the business failing is reduced, as the entrepreneur is spared the obligation of taking on debt with governmental institutions. a formal occasion the high cost to the entrepreneur himself is one of the factors that contributes to the disadvantages.

1.1.2 Global Crowdfunding Market

It is expected that the crowdfunding industry grew by 167 percent in 2014, increasing from around 6.1 billion USD in 2013 to 16.2 billion USD in 2014. Additionally, it is anticipated that the crowdfunding market would grow even further to 34 billion USD by the year 2015. (Soreh 2017). While countries in Africa see a greater contribution through crowdfunding and contributions, wealthy countries see the situation play out in the opposite way (Soreh 2017). The United States of America is still the largest market for crowdfunding in the world in 2015, with a total of USD 30 billion raised, the vast majority of which came from debt-based models (95 percent). Crowdfunding models based on equity and rewards accounted for 1.5 percent, whereas donation-based models accounted for less than 1 percent (Crowdfunding in East-Africa: Regulation and Policy for Market Development). China is one of the countries that has been identified as having one of the biggest numbers of crowdfunding platforms, with 427 platforms. It is expected that in 2017, these platforms raised a total of 22 billion USD (Soreh 2017). The United Kingdom (UK) is the third (3rd) largest market for alternative finance in

2015, raising USD 4.2 billion. The loan-based model accounted for \$3.15 billion of this total, while the equity-based model contributed \$0.44 billion, the reward-based model contributed \$50 million, and the donation model contributed USD 15 million. In total, the United Kingdom (UK) was the third (3rd) largest market for alternative finance in 2015. In 2015, India was able to bring in a total of USD 40 million, with an equal amount of USD 19 million coming from both peer-to-peer consumer lending and equity investments. Two million United States dollars were raised through crowdfunding with a focus on rewards, while more than half a million dollars was contributed through peer-to-peer lending. The amount of money raised through crowdfunding in Malaysia increased to roughly USD 3.36 million in 2015, representing a nearly 200 percent rise from 2014's total of USD 1.03 million. A breakdown of the sum revealed that 98 percent was raised through crowdsourcing using donations. In 2015, New Zealanders contributed over \$268 million in donations. This was a significant increase from the 22 million USD that was collected in 2014. A further breakdown reveals that peer-to-peer consumer lending contributed ninety percent of the fund in 2015, while equity crowdfunding contributed twelve million dollars, and the donation model and reward-based crowdfunding contributed only a minuscule amount (Crowdfunding in East-Africa: Regulation and Policy for Market Development).

Between the years 2013 and 2015, around 475 million US dollars was collected from donors in the Africa and Middle East regions. Despite the fact that (Soreh 2017) reported that the World Bank has projected that the amount of money that can be raised through crowdfunding in Africa might reach USD 2.5 billion by the year 2025, According to the research "Crowdfunding in East Africa 2017," in the single year 2015 alone, the Middle East and Africa were able to collectively raise around 242 million USD, with Africa registering \$132 million and the Middle East raising USD 158.8 million. In addition to this, it was revealed that almost ninety percent of the platforms that were used to raise funds in Africa were based in other

continents, however in the Middle East, more than ninety-three percent of the crowdfunding platforms were located within the continent itself. In terms of performance, it was seen that the Equity-based model of crowdfunding generated the highest funds, amounting to 67 percent in the Middle East and 42 percent in Africa. In Africa, the donation-based model, the reward-based model, and the peer-to-peer (P2P) model each accounted for 17 percent of the market, whereas in the Middle East, the peer-to-peer model only accounted for 6 percent of the market. Israel is the leading country in the Middle East in terms of the amount of money raised through crowdfunding in 2015, which was 124.3 million USD. While in Africa, the countries of Kenya and South Africa led the way with donations of approximately USD 16.7 million and USD 15 million for the year 2015 respectively, followed by Nigeria and Cameroon which tied at USD 7-8 million, and Rwanda, Uganda, and Ghana which raised funds via crowdfunding to the tune of USD 4-5 million each. 2East Africa, West Africa, and Southern Africa respectively accounted for 41 percent, 24 percent, and 19 percent of the alternative finance (crowdfunding) share in Africa (Crowdfunding in Africa). [Crowdfunding in East Africa 2017] East Africa 2017).

1.1.3 Crowdfunding in the Developed World

Return on Investment (ROI) is one of the known criteria that can determine or convince investors (funders) to offer financing for a project, as well as the quantity of funds they are willing to provide as fund depending on (ROI), Return price levels or service levels displayed based on the minimal investment amount, human capital, etc. Uncertainty as well as the risk of investing, the capacity of those involved in fundraising to provide answers to the queries raised by investors (or other suppliers of funding) and to communicate effectively with investors (Lin 2018). Crowdfunding exposes investors to several risks, one of which is the possibility that the money they contribute will not be used in the way that was intended by the business that received it. There is also the possibility that the performance of the product that the

entrepreneur hopes to attain through crowdfunding may not end up matching the description of the product. There is also the worry that the entrepreneur or project initiator will provide false information in order to secure financial backing for a venture that, on its own, would not be deserving of such backing. Furthermore, there is the possibility that the product being sold by the entrepreneurs will violate the rights of patients, interfere with their treatment, or turn out to be a scam (Dannehall 2015). Crowdfunding is recognized to have had significant growth and development in the industrialized nations of the world as a result of several critical factors, including the following:

1. The existence of a well-established regulatory framework that is dependent on speed, transparency, and size, technological innovation, as well as the internet, for the purpose of providing fast and convenient access to the marketplace and online platforms.
2. The existence of a robust social media market and the widespread use of the internet, which ensures that the public can be effectively harnessed, and that technology helps bring about improved collaboration and cultural developments that favour crowdfunding.
3. An online marketplace that is carefully controlled and offers protection to astute investors through the provision of information and training.
4. Encourages engagement between start-up companies and crowdfunding hubs like incubators, accelerators, and co-working spaces, and so contributes to the creation of opportunity and oversight.
5. Trust, which can only be established when all the other considerations have been considered (Crowdfunding's Potential for the Developing World 2013).

1.1.4 Adoption of Crowdfunding in Africa

Since crowdfunding is still a relatively new method of supporting projects, the amount of money contributed by Africans is low. It was noted that Africa was responsible for only approximately 0.5 percent of the total funds received through crowdfunding across the globe

in the year 2015. This is because African business owners take a cautious approach to implementing crowdfunding, there is a lack of proper regulation, and most of it may be attributed to the fact that e-commerce is not widely used in Africa (Crowdfunding Potential for Nigeria 2017). Nigeria is still the most populous country in Africa with an estimated population of 195 million people (worldbank.org). It is also one of the fastest emerging markets globally with a GDP of 2.7 percent in 2015, more than 97.2 million internet users, 15 million social media users (Crowdfunding Potential for Nigeria 2017), and an ever-increasing growth in the field of technology, which has been noticed by companies such as Facebook, Twitter, and Alibaba (Crowdfunding Potential for Nigeria 2017). It is recorded that a total of USD 83.3 million was raised for Africa through non-traditional funding methods in 2015, with most of the contributions coming from crowdfunding (Crowdfunding Potential for Nigeria 2017). There is now a success percentage of one-third for initiatives funded through crowdfunding. Donate-ng, Naija-Fund, Circle-up, Micro-Ventures, Malaik, Naturad, Startnext, GoFundMe, crowdfunder, crowdcube, seedrs, SyndicateRoom, kissKissBankBank, Fuel a Dream, Rocket Hub, Mighty Cause, Kickstarter, Venture Plaza, Indiegogo, Nature fund, Funmilowo, demonour, ulule, and many other platforms (Liang et al. 2019). The process of investors participating in crowdfunding can be broken down into three distinct phases:

1. Sending the right signal to the investor in order to attract investors; more specifically, quality signals are sent to investors about the project as investors browse information about the project. This stage is sometimes referred to as the Attraction Phase.
2. The second phase of the process, which consists of two parties the owner of the project and possible investors communicating with one another. This helps to improve or develop trust between the person who created the initiative and possible investors in the project. The stage that we are currently in is called the phase of mutual communication.

3. We have reached the third and last stage of the process. It is the stage when investors who have trust and interest in the project after it has successfully passed the earlier stage will go into a funding-backed investment procedure. This stage will take place after the project has successfully passed the previous stage. When the proposed or targeted financial goals of a project have been reached and even surpassed, one can say that the project has been successfully financed. The procedure of a crowdfunding campaign, from the listing of a project to the completion of the funding, is often carried out in the steps that are detailed below.

- The businessperson, person who started the project, or person who is looking for money first looks on the internet for a crowdfunding website or platform, and then approaches the people who run it about listing his idea on the website or platform.
- The person who started the project or the business owner provides accurate information about the endeavour, often attaching short films that provide additional context.
- Individual crowd funders can only perform a minimal amount of due diligence for the purpose of project evaluation. This is especially true if the type of crowdfunding that will be carried out is a non-equity model.
- Potential investors or supporters evaluate these platforms or sites, view the project, and then decide whether the project deserves funding Soreh, (2017).

1.1.5 Why Crowdfunding is important in Nigeria.

Crowdfunding offers a viable alternative for individuals, entrepreneurs, and organisations in Nigeria to secure funding. Accessing conventional funding sources such as banks and venture capitalists can pose a challenge, particularly for nascent start-ups or initiatives. Crowdfunding is a method that enables individuals to access a broader range of potential supporters, such as acquaintances, relatives, and the virtual community, who can make smaller financial contributions to achieve the funding objective collectively. Nigeria exhibits a thriving start-up ecosystem and an emerging entrepreneurial culture, characterised by innovation and creativity.

Crowdfunding platforms offer Nigerian entrepreneurs an opportunity to present their innovative concepts and obtain financial support from interested parties. This approach enables entrepreneurs to authenticate their ideas, generate initial revenue, and garner visibility among prospective customers and investors. However, Crowdfunding has emerged as a significant mechanism for addressing social causes and supporting community initiatives in Nigeria. This platform enables both individuals and entities to solicit financial support for a variety of purposes, including but not limited to medical bills, academic grants, disaster response initiatives, and philanthropic endeavours. This facilitates the democratisation of fundraising by providing individuals with the opportunity to contribute to causes that are of personal significance to them, thereby promoting a sense of communal backing and unity.

Nigeria boasts a culturally rich heritage and a flourishing artistic community, evident in its diverse creative projects and artistic endeavours. Crowdfunding platforms facilitate the financing of projects for artists, musicians, filmmakers, and other creative individuals, thereby enabling them to realise their artistic visions. The platform offers a means for imaginative manifestation and enables artists to establish a direct connection with their audience and advocates. Moreover, Crowdfunding has the potential to foster economic growth through its facilitation of small business and start-up development in Nigeria, thereby contributing to job creation. The provision of capital facilitates the initiation of entrepreneurial ventures, fosters the generation of employment opportunities, and stimulates economic activity. Crowdfunding platforms have the potential to promote financial inclusion in regions where conventional financial services are not readily accessible to a significant portion of the population. The platform enables individuals to engage in the funding process by making even small contributions, thereby fostering a sense of ownership and engagement in the projects they choose to support. In Nigeria, crowdfunding has emerged as a potent force that spurs

innovation, fosters community support, drives economic growth, and promotes financial inclusion. It offers a viable avenue for individuals and organisations to surmount funding hurdles and pursue their objectives.

1.1.6 Crowdfunding is important in Nigeria for several reasons.

Crowdfunding has acquired prominence in Nigeria for a variety of reasons. Here are a few important points.

Crowdfunding offers a viable option for individuals, entrepreneurs, and organisations in Nigeria to obtain funding as an alternative to traditional methods. Acquiring funding from conventional sources such as banks and venture capitalists can pose a challenge, particularly for nascent start-ups or undertakings. Crowdfunding enables individuals to access a broader spectrum of potential supporters, encompassing acquaintances, relatives, and the virtual community, who can make modest contributions towards achieving the funding objective.

Nigeria exhibits a dynamic start-ups ecosystem and an emerging entrepreneurial culture, characterised by innovation. Crowdfunding platforms offer Nigerian entrepreneurs an opportunity to exhibit their creative concepts and obtain financial support from interested parties. Entrepreneurs can leverage the benefits of validating their concepts, generating early sales, and gaining exposure to potential customers and investors.

Crowdfunding has a notable impact on the resolution of social issues and the provision of assistance to community projects within Nigeria. The platform enables both individuals and organisations to solicit financial support for a variety of purposes, including but not limited to medical costs, academic scholarships, disaster relief initiatives, and philanthropic endeavours. This facilitates the democratisation of fundraising by providing individuals with the opportunity to make contributions towards the causes that are of significance to them, thereby promoting a sense of communal backing and unity. Nigeria boasts a diverse cultural legacy and

a flourishing artistic cohort, evidenced by its creative projects and artistic endeavours. Crowdfunding platforms provide a means for artists, musicians, filmmakers, and other creative individuals to secure funding for their projects and realise their artistic aspirations. The platform offers a means for imaginative manifestation and enables artists to establish a direct connection with their audience and patrons.

Crowdfunding has the potential to foster economic growth in Nigeria through its facilitation of small business and start-up development, thereby promoting job creation. Through the provision of capital, entrepreneurs can initiate their business ventures, generate employment prospects, and stimulate economic activity. Crowdfunding platforms have the potential to facilitate financial inclusion in regions where conventional financial services are not readily available. The platform enables individuals to engage in the funding process, irrespective of the size of their contributions, thereby fostering a sense of ownership and involvement in the projects they endorse. In Nigeria, crowdfunding is a significant driver of innovation, community backing, economic expansion, and financial integration. It presents avenues for individuals and entities to surmount funding obstacles and pursue their objectives.

Access to Funding: Crowdfunding offers a viable alternative for entrepreneurs, creative individuals, and social projects to obtain capital that may be challenging to access through traditional means like banks or venture capitalists. It allows them to raise funds directly from the public, including individuals, communities, and investors. According to PricewaterhouseCoopers (PwC) report on "The Future of Nigeria's Fintech Industry - Surviving and Thriving in the Digital Age" (2019), crowdfunding platforms have become important sources of capital for start-ups and small businesses in Nigeria. **Democratization of Investment:** Crowdfunding platforms democratize investment opportunities by enabling ordinary individuals to fund projects or businesses that align with their interests and values. This

expands the pool of potential investors beyond traditional sources and promotes a more inclusive financial ecosystem. The World Bank Group's report titled "Crowdfunding's Potential for the Developing World" (2013) highlights how crowdfunding can provide access to capital for underserved entrepreneurs and marginalized groups.

Support for Innovation and Creativity: Nigeria boasts of a vibrant entrepreneurial and creative ecosystem, with many innovative ideas and projects seeking financial support. Crowdfunding platforms enable innovators, artists, and creators to showcase their projects and gain financial backing from a broader audience. The International Finance Corporation's (IFC) report on "Nigeria's Creative Industry: Value Chains, Linkages, and Financing" (2017) discusses the role of crowdfunding in supporting the growth and development of Nigeria's creative industry, including film, music, fashion, and more.

Community Engagement and Validation: Crowdfunding campaigns require active engagement with the public, which can lead to increased awareness and support for projects. Successful crowdfunding campaigns validate market demand and provide proof of concept, which can be used to attract additional investors or partners. A study on "Crowdfunding for Small and Medium-sized Enterprises (SMEs) in Nigeria" by Oyelaran-Oyeyinka and Adeyeye (2017) emphasizes the function of crowdfunding in determining market demand and establishing credibility for start-ups. These points highlight the importance of crowdfunding in Nigeria, providing access to funding, democratizing investment, supporting innovation and creativity, and engaging communities. It's important to note that the references provided offer more detailed insights into the topics discussed and can be referred to for further reading and research on the subject.

1.1.7 Crowdfunding Regulations.

Several nations, including the United States of America (USA), have enacted legislation known as the Jumpstart Our Business Start-ups (JOBS) Act, which regulates crowdfunding to a certain extent. In the United Kingdom (UK), where crowdsourcing is leading the way in the provision

of necessary seed capital for the growth of firms (for example, equity crowdfunding). Sources for enterprises, also known as equity financing, requires the use of signals that are deemed to be reliable enough, in contrast to the traditional method of funding. The Financial Conduct Authority (FCA) in the United Kingdom (UK) regulates, monitors, and supervises crowdfunding with reward and donation models of crowdfunding that have been unregistered. This authority is responsible for the regulation of crowdfunding. In India, crowdfunding is governed by the Securities and Exchange Board of India (SEBI), whereas in New Zealand, the New Zealand Market Act was established at the end of 2015 to assist in the regulation of equity crowdfunding and loan crowdfunding by the end of 2015. (Crowdfunding in East Africa 2017). In most African nations, including South Africa, Kenya, Tanzania, Rwanda, and Uganda, amongst others, there are no restrictions currently in place. At the present time, there are no regulations or laws in place in Nigeria that govern the operations of business owners who participate in crowdfunding in the country. The Nigeria Security and Exchange Commission (SEC) has stated that it is not in support of crowdfunding because the two major regulations, Nigeria's Companies and Allied Matters Act (CAMA) of 1990 amended as well as the Investment and Security Act (ISA) 2007, both fail to support crowdfunding in any form or manner. Rather than promoting the growth of crowdfunding by implementing favourable crowdfunding/alternate financing laws and regulation, the SEC has stated that it is not in support of crowdfunding (Soreh 2017).

1.1.8 Advantages of Crowdfunding

There are advantages to be gained regardless of which form of crowdfunding an entrepreneur chooses to implement and which model is approved by a fundraiser. Crowdfunding enables fresh and viable ideas on projects or businesses to be evaluated for their acceptance, hence enabling the creation of relationships and the development of communities of supporters. This is one of the most significant advantages of crowdfunding. Crowdfunding serves to raise

awareness to the public about a particular product or project, and it also helps to detect possible demands for goods in the early stage of the development of projects and products. Crowdfunding can also play a role in the expansion of networks, regardless of the geographical location of the participants or their socioeconomic standing (Soreh 2017). The three most common types of crowdsourcing are reward-based, equity-based, and loan-based. Each of these forms of crowdfunding gets its name from the type of compensation offered to contributors (De Buysere et al. 2012). However, donation-based crowdsourcing is also mentioned, but this falls within the category of charity as well as other means to help someone who is in need, both of which are outside the scope of my interest in this context. Two of these different types of crowdfunding offer financial returns to the investor in exchange for their support. When you raise money through equity-based crowdfunding, you sell shares of your company to the audience. When you raise money through loan-based crowdsourcing, you take on debt. The same logic applies to funding obtained through ways other than crowdsourcing. People who use equity-based crowdfunding give up some ownership of the organization, but they are not required to make monthly repayments or pay interest on the loan. People who use loan-based crowdfunding pay monthly instalments, but they keep full ownership of the company.

1.1.9 Risk associated with Crowdfunding.

The feedback that an entrepreneur receives from funders and consumers can help the entrepreneur build a product that is more efficient and effective. As a result, a product that is more wanted and tested will be manufactured and made available to the public. On the other hand, (Belleflamme et al., 2014) there are risks that are inherent in the situation. Crowdfunding has emerged as a prevalent mechanism for both individuals and businesses to procure financial resources for diverse undertakings and ventures. Like any investment or financial undertaking, crowdfunding entails certain risks. Crowdfunding platforms have the potential to draw in individuals or projects with fraudulent intentions, (Petruzzelli et al., 2019) thereby exploiting

investors. Instances have arisen where undertakings were mischaracterized or overtly deceitful, leading to pecuniary detriment for stakeholders.

The following are several significant hazards that warrant consideration:

1. The crowdfunding industry is a nascent and dynamic sector, and its regulatory frameworks may not be as exhaustive or rigorous as those of conventional financial markets, owing to its novelty and ongoing evolution. Insufficient regulation may result in investors having restricted legal safeguards and options for redress.
2. The potential for project failure is a common concern in crowdfunding campaigns, particularly those that involve early-stage businesses or innovative projects that may be associated with a greater degree of risk. The project's success and delivery of promised outcomes cannot be guaranteed, potentially resulting in a loss of investment for investors.
3. One of the potential drawbacks of investing through crowdfunding platforms is the lack of liquidity associated with such investments. This implies that the process of selling or transferring an investment and subsequently converting it into cash can be quite arduous. Insufficient liquidity may result in the immobilisation of your capital for a prolonged period, thereby restricting your capacity to react to alternative investment prospects or monetary requirements.
4. Crowdfunding campaigns may lack comprehensive or accurate information regarding the project or associated risks. The dearth of comprehensive data or the presence of subjective assertions may compel investors to depend on incomplete or biased information, thereby augmenting the likelihood of ill-informed investment decisions.
5. Equity-based crowdfunding may result in dilution of ownership, whereby investors who receive shares or ownership stakes in a company may experience a reduction in their ownership percentage due to subsequent fundraising rounds or the issuance of new

shares. This implies that the proportion of your ownership stake in the organisation may diminish gradually, which could have an impact on your forthcoming gains.

6. The investment of funds through crowdfunding in start-ups or emerging projects is susceptible to significant speculation and market volatility. The volatility of the investment's worth could vary considerably, and it could pose difficulties in precisely evaluating or forecasting the market circumstances that could affect the venture's prosperity.

However, after Thoroughly assessing the risks associated with crowdfunding and conducting comprehensive due diligence prior to committing funds is imperative for prospective investors. To reduce potential risks, one may engage in activities such as perusing project descriptions, evaluating financial data, assessing the feasibility of the project, and considering the standing of the crowdfunding platform. The absence of a guarantee regarding the production of the product, inadequate risk coverage, and insufficient information pertaining to the project or product are some of the potential drawbacks associated with crowdfunding.

Furthermore, contributing funds to a crowdfunded initiative may offer benefits such as supporting a philanthropic cause, receiving rewards, and becoming part of a community. (Jeppsson, 2018b) One of the foremost obstacles associated with crowdfunding pertains to the potential for delayed rewards. This pertains to a circumstance wherein the incentives designated for funding a venture are not disbursed on the initially arranged date, and research indicates that a significant proportion of crowdfunding incentives are subject to postponement. Belleflamme et al. (2014) discovered that around 75% of crowdfunded projects experience delays in delivering the promised rewards. Most online crowdfunding platforms commonly incorporate a reputation system that facilitates the provision of feedback by backers regarding their prior transactions, which typically pertain to delays and rewards associated with a specific

project or product. This facilitates the possibility for prospective clients to make a knowledgeable decision as to whether they should place their trust in the platform based on said information. Kim et al. (2008) identified a noteworthy and persistent concern related to crowdfunding, which is the proclivity for delays in the delivery of rewards to fundraisers. The following are a few of the standards employed to determine the allocation of funds for a project via crowdsourcing: Prior to disbursing funds to a company, investors meticulously scrutinise its human capital, as it serves as a crucial determinant of the firm's prospective success. The determination of an organization's or company's success is heavily contingent upon one of its most crucial factors. Organisations that are perceived to possess superior human capital are thought to exhibit greater levels of efficiency and efficacy, thereby facilitating their ability to secure funding and attract investors. In contrast to well-established enterprises, nascent businesses are more vulnerable to the impact of human capital. According to Barbi and Mattioli (2019), the success of an organisation is influenced by the entrepreneurial qualities and skills exhibited by the corporation, which in turn determine the level of contribution of the organisation's human capital.

There is no assurance that the product stated would be made; there is no cover for the risk that is taken; far less information than is necessary may be provided about the product to be made or the project to be executed; some of the benefits for providing funds to a crowdfunded project or product include supporting a good cause, collecting rewards, and being a part of a community; One of the most significant challenges that are encountered with crowdfunding is the possibility that the rewards will be delayed. This refers to a scenario in which the rewards that were stipulated for financing a project end up not being delivered on the date that was originally agreed upon, and studies that have been carried out show that most crowdfunding rewards end up being delayed. According to findings from a study that was done out by Belleflamme et al. (2014), approximately 75 percent of the most ventures that are to be paid

out by crowdfunded projects end up being postponed. It is common practice for most online crowdfunding platforms to implement a reputation system that enables backers to write and/or rate about their experiences with previous transactions (typically concerning delays and rewards) associated with a particular project or product. This paves the way for potential customers to make an informed choice regarding whether they should trust the platform based on such information. One of the most significant ongoing issues associated with crowdfunding is the tendency for fundraisers' rewards to be delayed (Kim et al 2008).

The following are some of the criteria that are used to decide whether a project will receive funding through crowdsourcing: Before providing funding to a firm, investors pay close attention to human capital, which is an important indicator of the company's future success. It is one of the most important factors that decides whether an organisation or company will be successful. Companies whose human capital are perceived to be of high quality are believed to have higher levels of efficiency and effectiveness, and as a result, it is easier for these companies to obtain funds and investors. Younger businesses, in comparison to more established ones, are more susceptible to the effects of human capital. The entrepreneurial qualities and/or skills of a corporation determine the extent to which an organization's human capital can contribute to the organization's success (Barbi and Mattioli 2019);

1.2 Research Problem - Trust

The concepts of trust and reputation have been the subject of extensive academic investigation for many years due to their significant role as various constructs. Entrepreneurs face a significant challenge in securing financial resources to support their business ventures due to the inherent difficulty in accessing adequate funding for their innovative ideas. They establish trust when an individual, a collective, or an entity places confidence in the honesty and reliability of another party (Dannehall, 2015). We can conceptualise trust as a social construct

that manifests in the everyday behaviours of individuals. According to Zheng et al. (2016), trust can be conceptualised as a cognitive and social mechanism that facilitates the management of complexity and navigating uncertainty and danger. I achieved this by relying on historical records or interpersonal encounters to alleviate uncertainty. The issue of trust within the crowdfunding system gives rise to a dearth of inclination by funders to allocate investments towards entrepreneurial pursuits. We can define trust as the set of assumptions, dispositions, attitudes, or ideas that individuals possess regarding or about others, with the expectation that these individuals will exhibit trustworthy behaviour. The primary focus of this study will be to investigate the attitudes and perceptions of Nigerian funders in relation to trust within the context of reward-based crowdfunding. The research question that will guide this study is as follows: What are the attitudes and perceptions of Nigerian funders towards trust in reward-based crowdfunding, and how do these attitudes impact their engagement and decision-making processes in terms of funding?

1.2.1 Trust Development

The passage of time and the accumulation of shared experiences are prerequisites for the formation of trust between the parties involved. On the other hand, trustworthiness is a personal quality, qualities, or property of an individual who we desire to trust or consider trusting, and it refers to an individual who is trustworthy. It is feasible to form an opinion about someone's trustworthiness in the absence of any previous experience with that individual(s). Sometimes, aspects of a person's status or traits, such as their education level, age, position, or occupation, are taken into consideration when assessing whether they can be trusted and, if so, to what degree (Cheshire et al 2010). Because sponsors and funders in crowdfunding are willing to invest more money and take on more risk, trust in crowdfunding is significantly more crucial than trust in regular e-commerce (Zheng et al. 2016). In some way, humans are forced to depend on or delegate responsibility to other individuals, groups, or things whose intentions

may or may not be known (good or bad). It is common practice to refer to the recipient of trust as the "trustee," while the one who bestows trust on another as the "trusted." It is common knowledge that trusts has an inversely proportional relationship to one's reputation, whether that reputation be held by an individual, a group, or an organization. One further definition of trust describes it as "the property of a trusted in relation to the trustee entity."

When someone, a group, or an organization is regarded as trustworthy, it is because they are thought to be capable, to have a high level of integrity, to be dependable, to have a great deal of compassion, and so on. It is also considered that trust is responsible for aspects such as the tendency and disposition of the trustor to exhibit trust. According to the findings of several studies, trust is thought to be significantly more warranted when both entities are from or belong to a similar group. This helps develop the confidence of trusted entities. Building trust starts with being trustworthy and having a good heart. The best method to establish a connection is by utilizing both the act and the character (Urbano 2017). It is of the utmost importance that the investor be provided with information that is both clear and accurate in order to help increase confidence and thus trust between the Investor (funder) and the entrepreneur. This will help increase confidence and so trust between the two parties. The "all or nothing" approach is a strategy or model that can be utilized to reduce the likelihood of fraud occurring between investors and business owners. Because of the way this model is constructed, the money will not be given to the entrepreneur until such time as the total amount raised through various forms of fundraising achieves the goals established for the project.

One further strategy for combating fraud that was offered by Zhao et al. (2016) involves the utilization of a "money backed guarantee" in some form. This would serve as insurance for the donor, providing the funder with the reassurance that his or her investment is secure and lowering the likelihood of fraud occurring as a result. When a business owner posts an

advertisement for their project on a crowdfunding website that has been around for some time and has a good reputation, there is a good probability that the project will get funded (Dannehall 2015). It is important to recognize that trust is not necessarily mutual or reciprocal and that it can be said to have or exist in "degrees." Trust's strength is one of its foundations and trust itself is contextual by its very definition. There are two distinct types of trust dynamics, which are as follows: Relationships that last for a long time Having a relationship that lasts for a long time plays a significant role and helps create trustworthiness and trust. When there is benevolence between two or more parties and when this is reciprocated, long-term relationships are established; Betrayal is when there is a breach of trust, and it usually occurs voluntarily, leading to harm, pain, and hurt to an individual. Long-term relationships are established when there is benevolence between two or more parties and when this is reciprocated (Urbano 2017). The following is a list of some of the approaches that can be used to determine the trustworthiness of an individual, group, or organization, as well as the trustworthiness of trustees: Direct Contact/Image: This entails both the trustee and trustor having direct and frank contact with each other, which afterwards enables the trustor to have a clear idea of the dimension of the trustees' trustworthiness. Direct contact can also be referred to as face-to-face contact. The fact that parties (the Trustor and the Trustee) need to engage with one another on a regular and ongoing basis is a limitation of the evidence that may be used to determine whether someone can be trusted.

1.2.1.1 Reputation

This is one of the most important factors in determining trustworthiness. One of the characteristics of reputation is the availability of the trustee, but it suffers from such limitations as low credibility as a result of bias that might develop due to under-reporting and because the agent that can transmit and spread information is limited. Reputation can be roughly defined as "The outcome of the social process of transmission of beliefs about the trustee; it is about

social evaluation that circulate and are represented as reputed evaluation." This demonstrates that the reputation of the project initiator or entrepreneur is a significant factor in determining whether a funder would finance his project. Because a good reputation inspires trust, financiers are more likely to fund projects in which the project initiator or entrepreneur has a good reputation, as well as projects that are advertised on platforms that are known to have a good reputation (Belleflamme et al. 2014). Culture is another factor that can influence people's levels of trust in one another. According to the findings of a study that was carried out, people who live in a certain geographical region or area or country trust themselves a great deal more than those who live in other regions/areas or countries (Guiso et al. 2009); Other Sources - Other sources, such as the opinions and information of third parties and organizations (3rd parties who are trusted). It is well known that opinions are often dependent on the individual and the mindset that they hold, whereas the information itself is secure and objective. It is common knowledge that one's level of competence influences their trustworthiness. If a person is thought to possess the skills necessary to successfully complete a specific assignment, then it is likely that other people will perceive that person as trustworthy. On the other side, integrity is understood to refer to an individual's dedication to the trustor's standards of acceptability. Individuals who are known to have a higher moral development take trust violations more seriously and are less inclined to change their values for any reason, regardless of the reason's nature; as a result, people view them as having a high level of integrity. Predictability is the ability of the trustee to guarantee that the tasks that have been delegated to him or her will be completed freely by the trustee (Guiso et al. 2009).

1.2.1.2 Trustworthiness

On the other hand, trustworthiness is a personal characteristic, attributes, or property of an individual who we prefer to trust or consider trusting, and it refers to an individual who is trustworthy. Trustworthiness is a property of an individual who is trustworthy. In addition,

trustworthiness is a reference to a specific person who is trustworthy. Even if you have never interacted with a person before, it is still feasible to create an opinion about that person's trustworthiness based on what you know about them. When deciding whether someone can be trusted and, if so, to what extent, certain aspects of a person's status or characteristics, such as their level of education, age, position, or occupation, are sometimes taken into consideration. This can help determine whether someone can be trusted and, if so, to what extent. The following are some examples of such aspects: (Cheshire et al 2010). A person, organization, or other entity is thought to be trustworthy if, among other things, they are knowledgeable, they have a high level of integrity, they are dependable, and they have a considerable amount of kindness. It is also believed that trust is responsible for aspects such as the tendency and disposition of the trusted to display trust in others. One of the factors that goes into establishing trust is something like this.

According to the findings of numerous pieces of study, there is a significant increase in the level of trust that is required when both parties originate from or are members of the same group. The confidence of trusted entities can continue to grow in this way, which is very beneficial. To gain someone's trust, you must first demonstrate that you are trustworthy and have a good heart. Only then can you hope to earn that person's confidence. The most successful strategy for forging a connection is one that makes simultaneous use of one's act and one's character (Urbano, 2017). O'Neill (2002), Faulkner and Simpson (2017), and McLeod (2015) are just a few examples of authors working in the areas of ethics, epistemology, and social epistemology who has done extensive writing in recent years on the topic of trust. It is a widely held belief that a person can have faith that a particular proposition, denoted by the letter, is correct if, and only if, the two conditions that are listed below are met: Trusting the findings of a study would mean something along the lines of: taking it as a given that the

findings are produced in a reliable manner, are based on reliable methods and data, are well founded on what we already know, and so on. This would be the case if the person takes the truth of as given in their practical and theoretical reasoning, and if the person has some kind of positive attitude toward you. So therefore, trusting the findings of a study would mean something along the lines Let us now turn our attention to trustworthiness, which is also known as the quality of being worthy of being trusted. Let us begin by defining trustworthiness. It is appropriate, justified, or logical to put one's faith in the findings of the research that is in question, according to the normative component of the idea of trustworthiness, which states that the concept of trustworthiness contains a component. If one trusts the findings of a study, but only because it was carried out by an individual who holds such a high status in the field that no one would dare to question her work, then the study and its findings are trusted, but this does not necessarily mean that they are trustworthy. The findings of a study can be relied upon if there are sufficient grounds for believing that they are accurate, or at the very least, sufficiently close to the truth, and that they are founded on an adequate amount of high-quality evidence. In other words, if there are sufficient grounds for believing that they are accurate, then they are sufficiently close to the truth. If the findings have been subjected to extensive testing and it has been demonstrated that they are not false, then we are able to say that these findings can be trusted.

1.2.2 Trust Influences

Trust continues to be an essential resource that is required for social interaction. If there is no trust, the possibility of a new relationship (or relationships) being created will be less likely, and it will be harder to maintain an existing relationship. The cognitive hazards associated with transactions that are based on social media or the internet can be reduced when there is trust. It is known that trust difficulties have a greater influence on online crowdfunding than they do on offline crowdfunding. This is because it is more difficult to spot issues like insincerity and

evidence of fraud when online than it is while offline. The level of trust between two parties can play a significant role in determining whether they will continue to have a relationship. Trust can be affected either positively or negatively by several circumstances, some of which include the following:

1.2.2.1 The Quality of the Project's Information:

An initial lack of information, which may be about the intention or behaviours of other individuals, continues to be one of the most significant obstacles in the process of creating trust with one another. Because there is a lack of information, there is ambiguity, which in turn leads to danger. There is a requirement for trust whenever there is a possibility of danger or ambiguity. If there is neither danger nor uncertainty, then there is no reason for anyone to trust anything in any circumstance (Rucker and Petty 2006).

1.2.2.2 Funders Ability

Competent financiers are a lot more trustworthy than their less-competent counterparts. A person who is competent in a certain technological sector would be trusted to handle jobs that are connected to his area of knowledge, and it would be believed that this person would most likely achieve the goals and objectives that have been set up.

1.2.2.3 The Reputation of the Fundraisers

A crowdfunding campaign's reputation is crucial. It plays a significant role in building trust and credibility among potential backers or investors. When considering contributing to a crowdfunding campaign, individuals often assess the reputation of the fundraisers to evaluate the reliability and legitimacy of the project. Here are a few points to consider regarding the reputation of crowdfunding fundraisers:

1. **Track Record:** Backers may look at fundraisers' track records, including past successes or failures. If fundraisers have a history of successfully executing projects or ventures, it enhances their reputation and increases potential backers' confidence.
2. **Expertise and Credentials:** Fundraisers' expertise and credentials can influence their reputation. Backers may evaluate their qualifications, relevant experience, and industry knowledge to assess whether they can execute the project effectively.
3. **Transparency and Communication:** Maintaining transparency and open communication throughout the crowdfunding campaign is crucial for building and maintaining a positive reputation. Fundraisers who provide regular updates, respond promptly to inquiries and address concerns transparently foster trust and confidence among backers.
4. **Social Proof and Recommendations:** Positive reviews, testimonials, or recommendations from previous backers or credible sources can bolster fundraisers' reputations. Social proof indicates their trustworthiness and reliability.
5. **Online Presence and Engagement:** Fundraisers' online presence and engagement can also contribute to their reputation. Active participation in the campaign, responsiveness on social media platforms, and positive interactions with backers can enhance their credibility and reputation.
6. **External Validation and Media Coverage:** External validation through media coverage, endorsements, or recognition from reputable sources can significantly impact fundraisers' reputations. Positive media attention can boost their project and increase support.

Fundraisers must proactively manage and maintain a positive reputation throughout the crowdfunding process. Trust and credibility are essential for attracting backers and ensuring campaign success.

1.2.2.4 Value Similarity

According to this theory, the likelihood that trust will exist between two parties that have similar attitudes, lives, ambitions, and behaviours is exceptionally high because it is common knowledge that individuals are more likely to trust those who are like themselves.

1.2.2.5 A disposition that promotes Trust.

A person's trusting disposition can be defined as the degree to which they are willing to depend on or put their faith in the actions of other people. According to the findings of the studies that have been conducted, the propensity to trust has a favourable effect on the trust that funders and financiers have. (Liang et al. 2019; Cheshire et al 2010; Greenberg et al. 2013).

1.2.3 Other Trust Influences

Education also plays a role and, as a result, provides the necessary signal of the quality of service and the likelihood that the company or enterprise will perform as expected or even better than anticipated. This is because educated individuals in an organization are presumed to be knowledgeable and, as a result, might possess the necessary higher skills for performance. Studies such as the one that was conducted by Gimmon and Levie (2010) have shown that businesses with individuals or team members who have a PhD, or the title of professor are more likely to be funded and acquire credit than those that do not have such individuals or team members. The funders also feel that a highly educated team must have prior job experience and are therefore able to bargain better, perform better, and can much more readily handle a challenging circumstance. An additional study that was carried out by Mawn et al. (2016) demonstrated that even though slightly female entrepreneurs are much more likely to carry out a successful campaign of funding than males, and this success might be because females have a much stronger social network in comparison to males. Females can touch an emotional side of funders, and finally, the fact that gender-based distribution is less in crowdfunding platforms, this results in active engagement by females. Those three factors combined result in

active participation by females (Barbi and Mattioli 2019; Sun et al 2010). Other aspects that could play a role in the way a project is carried out include the complexity of the project and whether its budget surpasses the objectives that have been established. (Zheng et al. 2016)

1.3 Research Rationale

It is of the utmost need to conduct research to see whether RBC is a workable alternative for ambitious business owners to employ in order to obtain financial assistance. When considering whether RBC is successful as a company, the second item to take into consideration is the question of whether the firm is able to provide aid in the area of social capital, which is another important aspect of a successful business. In addition, knowledge about RBC is quite limited, according to the findings of a review of the pertinent literature, which indicates that this is the case from the perspective of academic research (Brown et al, Molick 2014).

Crowdfunding is still in its infancy in Nigeria, but it already possesses the potential to revolutionize entrepreneurial endeavours there, which may eventually contribute to an improvement in the economic status of the country. Recent research has shown that it might be challenging for new business owners and owners of small and medium-sized firms (SMEs) in Nigeria to acquire access to financial resources (Anyadike et al. 2012). Despite the growth of the crowdfunding industry on a global scale, which has resulted in an increase in the number of studies undertaken on the subject, the percentage of unsuccessful crowdfunding campaigns is still high. This is one of the reasons why there is so much interest in the field (Liang et al. 2019). According to the findings of one of the studies that Gerber and Hui carried out, a "loss of trust" which was a key obstacle that stood in the way of the success of a crowdfunding effort (Gerber and Hui 2013). As a result, the purpose of this study is to investigate the process of reward-based crowdfunding in Nigeria and locate a technique to create confidence in it to

encourage successful crowdfunding campaigns. Additionally, the study will look for a technique to encourage successful crowdfunding campaigns.

1.3.1 Reward-Based Crowdfunding (RBC)

There are subtle discrepancies between the definitions of RBC offered by various studies. In general, it entails the trading of a monetary contribution made by a reasonably big crowd in exchange for some form of non-monetary incentive offered by the people who created the project (Lelo de Larrea et al., 2019; Lin et al., 2016). Since RBC research is still a relatively new field, the words for the two parts of a project are referred to differently. Molick's (2014) work is one of the most referenced papers in the field of crowdfunding. In that paper, he refers to the group that proposes initiatives as founders, and he refers to the group that finances or invests in projects as funders. The first group has also been referred to as "project founders" and "project initiators" by a few academics (Beier and Wagner, 2016; Simons et al., 2017). In the series of alternative finance industry reports that were produced together by the University of Cambridge and Nesta (Baeck et al., 2014; Wardrop et al., 2015; Zhang et al., 2016, 2018), the two sides were referred to as "fundraisers and funders" in order to reduce the confusion that may have arisen. As a matter of fact, the two most prominent RBC platforms, Kickstarter and Indiegogo, refer to the two sides of the transaction as the "creative and supporters," and the "entrepreneur and backers," respectively (Indiegogo, 2019b; Kickstarter, 2019a). It's possible that this was because they had distinct objectives for their businesses. For example, the purpose of Kickstarter is "to help bring creative projects to life," which places an emphasis on the creative aspect of the enterprise. Even though Indiegogo's aim is "to inspire people to unite behind ideas that matter to them and together make those ideas come to life," the company's primary focus is on the entrepreneurial side of things. The author of this thesis will refer to the two categories as "campaigners and funders" throughout the paper. The term "campaigners" reflects the characteristic of crowdfunding, which is to raise funds by proposing campaigns

rather than just using founders or fundraisers, which are terms that can be used in other contexts including financing. On the other side, the 'funders' underlined the qualities of the individuals who support the campaign, not as 'investors' who are wanting monetary return such as 11 in equity-based crowdfunding, but to back and support the campaigns instead of investing in them for the purpose of making a profit. The terms have also been taken up by other writers and are employed in their works, such as Freedman and Nutting (2015).

1.3.2 Research ethics

The research ethics policy and guidelines developed by Coventry University have been accounted for in the thesis, and they have been followed. Before beginning the study, the author made sure to become familiar with the ethical guidelines and guidelines that are in place at Coventry University. The 'Research Ethics Checklist' that the Faculty of Business Research Centre has is what is used to ensure that the research is conducted in accordance with the ethical requirements. As was previously mentioned, the primary source of data utilized in this investigation is qualitative data. Online interviews with open-ended questions are used to acquire the data, which comes from the many sources. The information was gathered and saved for the sole purpose of being used in research. The vast data collection that is being used for statistical analysis cannot be linked to specific projects, ensuring that users' privacy will be always maintained. The sole purpose of the research is to satisfy a requirement for the author's PhD program; no outside parties or interests are involved.

1.3.3 Research Gap

The prevalence of reward-based crowdfunding in Nigeria has not been sufficient to mitigate the notable absence of trust among entrepreneurs, funders, and crowdfunding platforms in the country. The absence of trust poses a significant obstacle to the efficacy of crowdfunding initiatives within the nation. Previous scholarly investigations on crowdfunding in Nigeria have predominantly focused on financial elements, market dynamics, and overall online

transactions, while neglecting the critical matter of trust and the distinctive challenges and dynamics associated with crowdfunding campaigns in Nigeria (Anyadike et al. 2012). There is a notable research gap regarding the comprehension and resolution of trust issues among these key stakeholders. Prior studies have explored trust-related concerns in online transactions, yet there exists a substantial gap in knowledge pertaining to the Nigerian context of reward-based crowdfunding. The significance of trust in online transactions is widely recognised, however, its importance within the distinct dynamics of reward-based crowdfunding has not been thoroughly investigated. Hence, it is imperative to investigate the matter of trust concerns among entrepreneurs, funders, and crowdfunding platforms in Nigeria, specifically within the realm of reward-based crowdfunding. The primary objective of this study is to address the existing disparity and make a valuable contribution towards enhancing the efficiency and achievement of crowdfunding initiatives in Nigeria. This will be accomplished by investigating the distinct trust-related obstacles encountered by the involved parties and formulating a tailored trust framework.

1.4 Research Aim and Objectives

1.4.1 Research Aim

The primary objective of this study is to investigate the trust-related issues that exist among entrepreneurs, funders, and crowdfunding platforms in the context of Reward-Based funding in Nigeria. The goal is to establish a trust framework that can facilitate their efficient collaboration and contribute to the achievement of successful crowdfunding campaigns in Nigeria. This study aims to offer valuable insights into the processes of trust building and maintenance among the various stakeholders engaged in reward-based crowdfunding within the Nigerian context. This endeavour will entail an extensive exploration of the existing trust dynamics among entrepreneurs, funders, and crowdfunding platforms with the aim of identifying potential avenues for enhancement. Furthermore, this study aims to investigate

potential strategies that can be utilised to establish and sustain trust among the various parties involved, thereby facilitating a prosperous crowdfunding initiative in Nigeria. The process of cultivating trust entails an examination of various trust-building endeavours, such as fostering transparency and open lines of communication, recognising common values, and establishing a collective atmosphere of community and collaboration. Furthermore, the study will investigate trust-building strategies that are specifically designed for the Nigerian context. The significance of this matter lies in the indispensability of trust for fostering fruitful collaborations and cultivating relationships, particularly within the intricate framework of Nigeria's diverse and multicultural environment. By gaining a comprehensive understanding of the mechanisms involved in trust-building, entrepreneurs, funders, and administrators of crowdfunding platforms can enhance their ability to effectively manage their relationships. This will enable them to foster an atmosphere characterised by mutual respect and comprehension, ultimately leading to the facilitation of successful crowdfunding campaigns.

1.4.2 Research Objectives

- To explore the phenomenon of crowdfunding and its role in entrepreneurship.
- To explore the implication of trust in successfully connecting entrepreneurs and funders through a crowdfunding platform in Reward Base Crowdfunding
- To propose a trust framework that will enable funders, entrepreneurs, and the crowdfunding platforms in Nigeria to function effectively bringing about successful crowdfunding campaigns.

1.5 Research Contributions

This research work looks at the theoretical contribution. Theoretically the study contributes to the body of knowledge, because RBC literature is still up its infancy. the primary purpose of the thesis, from a more theoretical point of view, is to fill in the knowledge gap that currently exists. Because it helps improve knowledge of the potential and challenges that RBC may offer,

this kind of research is particularly useful for aspiring business owners. Most of the RBC research has, up to this point, been centered on the analysis of data from projects that have been carried out during a given time period or on a specific industry. However, the author found out by browsing the projects on RBC platforms that the purpose of RBC projects varies; not all of them aim to create a new business, and some of the projects are even simply pre-order/pre-sell products from international large businesses. This was something that the author discovered. The author produced this discovery all on his or her own. As a result of this, one of the most important potential contributions is the author's intention to concentrate on campaigns that are particularly related to start-ups on reward-based platforms, which are consequently directly relevant to entrepreneurial finance. This intention is one of the most important possible contributions because it is one of the most important possible contributions.

The second conceivable addition is that the thesis will study and analyze connections between the different trust points of view that have been given. As was just said, most of the research projects that are carried out in RBC are exploratory in nature. Studies have a propensity to focus on one facet at the expense of the interaction between the different points of view, for example, the relationship between the motivation of backers and the information about projects. In addition, it is unknown how the combination of these elements ultimately affects whether RBC programs are successful or unsuccessful. After doing a preliminary literature review and reading through the comments that were left by sponsors, the author concluded that the most significant problem associated with RBC is a lack of knowledge sharing. This is a topic that is only infrequently covered in the RBC research that are currently available. Although signalling theory is frequently utilized to solve the problem of information asymmetry, no attempt has been made to apply it in RBC research. In addition, the many distinct types of signalling theories that previously existed focused their attention on a variety

of vantage points. For instance, Spence (1973) developed the signalling theory with the purpose of reducing information asymmetry. On the other hand, the primary focus of the research conducted by Connelly et al. (2011) was on the concept that one purposefully conveys positive information in order to convey positive traits. His timeline for signalling tried to illustrate the interaction between the signaller and receivers, but it did not fully capture the many types of signals.

However, because of this, the objective of this study is to investigate how to explain existing signalling theory models and apply them in a manner that will result in a reduction in the amount of information asymmetry that exists within the RBC funding process. Consequently, a conceptual framework could be developed using signalling theory as a cornerstone to advance understanding of RBC studies from various perspectives of RBC, their connections, and influences on the RBC funding process. This would allow for a more comprehensive understanding of RBC studies. This would be one of the most important potential contributions to make, and it would also be one of the key potential contributions to make. In addition to the suggestions for further research that were mentioned before, there is a pressing need to increase comprehension on a variety of unique points of view. First, we will discuss the selfless reasons that supporters have for contributing, as well as the strategies that have been implemented to encourage such contributions. Most of the study that is carried out during the preliminary stages of a project focuses on the egotistical motivations of funders or on exploring those motivations via the use of questionnaires (Gerber, Hui, and Kuo, 2012; Ryu and Kim, 2016). The relationship between fundraisers' intention and backers' prosocial motivation, how these types of motivation affect their behaviours, was overlooked in the research that was conducted by Bretschneider and Leimeister (2017). Although they attempted to fill the gap by utilizing a

motivation model to explore the link between various motivations and the behaviour of investment, they did not focus on this aspect of the relationship.

Therefore, one feasible contribution could be to fill the vacuum by analysing the role of fundraisers' purpose in the context of crowdfunding and its interaction with other components in a dynamic financing process. This would be one possible way to make a positive contribution. One possible way to contribute would be to do what you just said. Second, it is required to undertake an analysis to determine how the elements that have been emphasized might have an influence on the amount of money that is readily available. The existing studies that are relevant to this topic focus on how the outcomes of RBC projects can be affected by a variety of circumstances, such as whether they are successful or unsuccessful. On the other hand, it is possible that these 10 variables did not necessarily have the same impact on the capacity of the projects to acquire financing. This is the case for the RBC initiatives that were successful in attaining their aims. One of the potential contributions is to fill the gap by analysing the dynamic of backers' feedback both before and after the project accomplishes its aim. This can be done either before or after the project reaches its goal. This is one of the potential contributions that could be made.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The route to affluence can be paved with a variety of challenges for entrepreneurs, particularly those who are just starting out in the business world. To name a few of these obstacles, we have: developing visions and ideas, raising capital (also known as finance), assembling a team, finding the right location, finding the right employees, finding good customers, overcoming competition, facing unforeseen challenges and expenses, keeping up with industry changes, and so on and so forth. The idea of "crowdsourcing," which refers to the practice of soliciting contributions from a large number of individuals online rather than from a small number of individuals in a specific location, has lately arisen as a novel strategy that can help business owners address one of the biggest Crowdfunding is beneficial to the entrepreneur in many other ways in addition to providing financial assistance, such as assisting the entrepreneur in pitching his idea on an online platform, which is an effective type of promotion that may be utilized.

Crowdfunding is beneficial to the entrepreneur in many other ways in addition to providing financial assistance. It is also possible that it could assist in testing the market with a product in order to determine the audience's approval of the product, which can provide insight into the public's acceptance of products of this kind. This testing of the market with a product would be done in order to determine whether the audience approves of the product. As a direct result of this, the next chapter provides a review of the various academic and scientific articles that are linked with crowdfunding. Journals, publications, internet, research networks, and conference note proceedings are some of the places where these articles were found. It would also include scholarly articles on Trust, exploring its benefits and how it can be

built into the crowdfunding system in Nigeria to enhance its effectiveness and, as a result, its benefits to entrepreneurs, which will have a positive impact on the economy of Nigeria. Additionally, it would include scholarly articles on Crowdfunding, exploring its benefits and how it can be built into the Crowdfunding system in Nigeria to enhance its effectiveness. This would be one of the things that sets the book apart from others. The presentation will begin with an introduction of crowdsourcing and crowdfunding, which will cover definitions of crowdsourcing and crowdfunding from a range of industry professionals, as well as the history, benefits, and methods of crowdsourcing. Given that this is the core focus of this body of study, it investigates further how the consequences of crowdfunding on emerging economies in Africa, and more specifically in Nigeria, present themselves.

2.1 Overview of Crowdfunding

The phrase "crowdfunding" refers to a way by which businesses and other types of organizations can utilize the internet to request monetary contributions from many individuals. These contributions can take the form of either gifts or investments in the venture being funded by the crowd. When it comes to the funding of projects or businesses, it takes into consideration the power of the crowd (numbers) and applies it in the most effective manner possible (Mollick 2014). Even though it is distinct from other, more traditional forms of fundraising, this does not indicate that it is intrinsically a new method of producing donations. This is because it is different from more conventional means of fundraising. Crowdfunding is more extensive and far-reaching because it leverages the power of the internet to create limitless options for entrepreneurs to raise financing for their innovations by tapping into the financial resources of the crowd. This makes crowdfunding significantly more extensive and far-reaching than traditional fundraising methods (Belleflame et al. 2012).

Crowdfunding is used by people who are looking for a variety of forms of financial aid, which is one of the reasons why it is considered an alternative source of financing to the more traditional forms of finance. It's not just entrepreneurs who need to generate capital for their companies who can use crowdfunding, either Belleflamme et al. (2012). In addition, Belleflamme et al. (2010) arrived at the opinion that crowdfunding is a novel phenomenon because it utilises the internet to collect funds. The phrase "crowdfunding" Wang et al. (2021) refers to an unrestricted request for the availability of financial resources, which is typically made using the internet, in order to support actions that are being carried out for a particular cause. The provision of these resources may take the form of a monetary donation or may be accomplished in exchange for the receipt of some sort of incentive. It has been around for a very long time the idea of sponsoring a project by combining a considerable sum of money donated by many individuals in the form of smaller donations. This method of funding a project is known as crowdsourcing. One outstanding illustration of this is the Catholic Church, which has been appealing to members of the public for financial support in order to pay the huge endeavours it is currently engaged in. According to Gompers and Lerner (2004), for a new business to be successful, it is necessary to have resources, and one of the resources that is of the utmost importance is funding. In addition, for a new business to be successful, it is necessary to have resources for it to be successful. The large number of business owners who have turned to this significant and original method in order to acquire financial backing for their companies and creative ideas has resulted in the development of crowdfunding as a solution to this problem. As a result of this, crowdfunding has developed as a solution to this problem (Hemer 2011). Although this technique of financing was utilized in the past, it did not become widely utilized until the aftermath of the global financial crisis that started in 2008. This was largely due to the challenges that were faced by innovators and entrepreneurs, who turned to the traditional sources of raising funds through banks but were denied because banks

were unwilling to lend funds due to the crisis. This was largely because banks were unwilling to lend funds because of the crisis. This was largely attributable to the fact that financial institutions were unwilling to lend money as a direct result of the crisis Mollick, E. (2014).

Because of this, the proprietors of the company were forced to look for funding from a different source than they had first planned. After that, this concept started to rapidly expand throughout the developed world, including the United States of America, the United Kingdom of Great Britain and Ireland, Europe, and pretty much all other developed countries. In 2012, President Obama gave his approval to the JOBS Act, which legalized equity crowdfunding and made it feasible for firms to seek funding from non-accredited investors via internet portals. The JOBS Act also made it possible for enterprises to obtain funding from venture capitalists. At that time, nearly 97 percent of the total population in the United States was comprised of non-accredited investors TechCrunch, (2020). It is important to note that thanks to the efforts of researchers and academics working in the field of crowdfunding, the concept has also spread to the developing nations of the world, where it is gradually being adopted as an alternative source of funding for businesses. This is something that should be noted because it is important. This is something that ought not to be disregarded in any way.

Both members of the public and academics have demonstrated an increased interest in newly established businesses over the past few years. This is one of the primary reasons that, in recent years, several start-ups have been doing exceptionally well and have developed so swiftly into multibillion-dollar firms like Google, Facebook, and Amazon. These three companies are just a few examples (Facebook, Uber, Netflix and many others.). People's attention has been drawn to these examples of achievement, and their eyes have been opened to the possibilities and fantasies of becoming one of the early investors in such companies or outstanding ideas, which

would bring enormous returns on investment and rewards. These examples of achievement have also drawn people's attention to other examples of achievement.

The crowd, also known as backers or contributors, a crowdfunding platform, and the person who creates the crowdfunding campaign are the three people that are involved in the process of crowdfunding (Lehner et al. 2015). Because more people are becoming acquainted with the concept of crowdfunding, particularly in the developed world, online platforms and websites that support crowdsourcing have become increasingly ubiquitous and numerous over the course of the past several years Massolution, (2015). To give a few examples, some of the most well-known sites for crowdfunding today are Kickstarter, Indiegogo, Rocket Hub, GoFundMe, CrowdRise, Pledge Music, and Crowdfunder. These are just few of the platforms Lissowska, (2018).

2.1.1 What Is Crowdfunding

After that quick introduction, we will now talk about the meaning of crowdfunding, including its definition, history, benefits, and obstacles, as well as several models of this general notion. It should suffice to mention that there has not yet been agreement among most people regarding the proper definition of crowdfunding. Even while ideas such as crowdsourcing, microfinance, and other similar ideas served as inspiration for this concept, the fact that it is so unique makes it difficult to characterize in a single way (Morduch 1999). The general public's and the academic community's understanding of crowdfunding is currently in a transitional condition, and as a result, the term's comprehensive meaning is continuously subject to change (Mollick 2014). As a result, an expansive definition of crowdfunding may identify diverse perspectives, which makes it somewhat elusive. This is especially true given that it crosses over into several other fields. Crowdfunding is a way for entrepreneurs to raise capital for projects or start-up companies by presenting their project and requesting investment directly to the public, through

the internet. This eliminates the need for any of the traditional financial mechanisms, such as banks or venture capital firms. Since the idea of crowdfunding is relatively new and is continually being developed, defining it in a way that is applicable to all situations can be a difficult and time-consuming endeavour. Despite this, in recent years several authors have developed several definitions that are commonly accepted for the idea of crowdsourcing funding.

According to Hossain and Oparaocha (2017), "crowdfunding" is defined as "an Internet-based funding method for the realization of an initiative through online distributed contributions and micro-sponsorships in the form of pledges of small monetary amounts by a large pool of people within a limited timeframe." In the light of this, this definition describes crowdfunding as "a method for the realization of an initiative through online distributed contributions and micro-sponsorships in the form of online. They went on to describe it as the financing of a task, idea, or project by making an open call for funding, primarily through Web 2.0 technologies. This allows funders to donate, pre-purchase the products, lend, or invest, based on their belief in an appeal, the promise of the project's founder, and/or the expectation of a return on their investment. This definition appears to be very broad given that the writers attempted to cover all the various types of crowdsourcing, including donation-based, reward-based, and equity-based models.

However, there is a lack of depth in the description because it only addresses the peripheral aspects of the processes that are engaged in crowdfunding. Crowdfunding is defined by Schwienbacher and Larralde (2010) as "an open call, essentially through the Internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and voting rights in order to support initiatives for specific purposes." This definition

is also worth examining. However, this definition, which appears to be expansive, leaves out examples that academics in a variety of fields have labelled "crowdfunding." These examples include internet-based peer-to-peer lending (Lin and Viswanathan 2013) and fundraising drives that were initiated by fans and followers of a music group (Burkett 2011), among a great number of other instances.

The alternative finance industry has seen significant growth in the use of crowdfunding in recent years as a key method of capital raising (Bretschneider, Knaub, and Wieck, 2014; Thurridl and Kamleitner, 2016; Zheng et al., 2016). It is anticipated that this pattern will continue because several academics consider crowdfunding to be a type of crowdsourcing (Bretschneider, Knaub, and Wieck, 2014; Kuppuswamy and Bayus, 2015; Thurridl and Kamleitner, 2016). Crowdsourcing has an extensive and illustrious history regarding ancestry that dates all the way back to the 1700s. The concept of crowdsourcing was initially developed for a regional company, which wanted to address issues or gain access to information from regions to which the company does not typically have access by soliciting assistance from other people. This was the first application of the crowdsourcing concept (Jeppesen and Lakhani, 2010). According to Schwenbacher and Larralde's definition of crowdfunding (published in 2010, page 4), crowdfunding is "an open call, mostly through the use of the internet, for the purpose of providing access to financial resources in either or in exchange for some sort of incentive and/or voting privileges in exchange for some form of gift or in order to support activities that are either creative or entrepreneurial in nature." The first platform for crowdfunding was officially acknowledged in the year 2000, and according to this definition, crowdfunding is an open call. A more in-depth explanation is provided by Mollick 2014, who defines crowdfunding as an online method of context of entrepreneurship as "the efforts by entrepreneurial individuals and groups the cultural, the social, and the for-profit sectors – to

fund their endeavours by pulling on relatively tiny contributions from a relatively big number of people who use the internet, without regard to typical financial intermediaries." In other words, crowdfunding is an online method of context of entrepreneurship as "the efforts by entrepreneurial individuals and groups the cultural, the social, and the for- In general, this definition considers all the funds that come from the "crowd" online in the form of crowdfunding, such as peer-to-peer fundraising based on the internet by lending money and buying and selling invoices. For example, Kickstarter is an example of crowdfunding. To differentiate between conventional and non-conventional methods of obtaining financial support, The author followed the definition of crowdsourcing that was proposed by Schwienbacher in his analysis of crowdsourcing. According to Larralde (2010), most equity-based investments (including real estate) are funded through crowdfunding. This includes crowdfunding that is based on donations as well as crowdfunding that is based on rewards.

Mollick (2014) suggested the notion of crowdfunding should be limited to the specific environment in which it is utilized or favoured. This gives specificity while leaving opportunity for the concept to continue to evolve over time. As a result of this, he defined crowdsourcing in the context of entrepreneurship as "the efforts by entrepreneurial individuals and groups whether cultural, social, or for-profit to fund their ventures by drawing on relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries. "Crowdfunding Platforms, often known as CFPs, play the role of a mediator between businesses looking for investors and the public. In recent years, there has been a proliferation of crowdfunding platforms all over the world. Some examples of these platforms are Fundable, Kickstarter, Kiva, and GoFundMe, amongst others (Schwienbacher and Larralde 2010; Belleflamme et al. 2010). According to Hemer (2011), crowdfunding platforms are more experienced and skilled in the field of crowdsourcing than investors or

project owners are. This makes crowdfunding platforms an extremely important factor in the development of a successful campaign. One of the three parties participating in a crowdfunding system is a platform for crowdsourcing financial support. The other two are the person who comes up with the idea for the project, also known as the "project initiator," and the person who provides the cash for the endeavour (one who provide funds and is willing to bank a specific project). (Gierczak et al. 2015).

2.1.2 History of Crowdfunding

Crowdfunding was derived from the concept of crowdsourcing that was introduced by Jeff Howe and Mark Robinson in 2006 but before then it has been existing in different forms (Howe 2006). It existed as loans given to young entrepreneurs by credit cooperatives in the 18th century Europe. A notable example is the fund created by Dr Jonathan Swift who is referred to as the progenitor of micro-credit. Swift donated part of his own money for lending to “poor industrious tradesmen in small sums of five, and ten pounds, to be repaid weekly, at two or four shillings, without interest.” (Hollis and Sweetman 2001). The idea of crowdsourcing, which was developed by Kleemann in 2008, and the notion of microfinance, which was developed by Morduch in 1999 both played a significant role in the development of the concept of crowdfunding (Poetz and Scheier 2012). Crowdfunding, on the other hand, is an independent and novel concept that was made possible by the growing number of websites and platforms that are dedicated to this practice and the development of web 2.0.

Web 2.0 is distinguished by the actions and roles of its users; users are no longer a passive agent and instead become active in the production of content for the web. This concept kept evolving until the early 2000s when people became more connected online through the power of the internet. It began to gain more and more popularity as many people (crowd) could now participate in the concept. One popular example is the Boston based musician and computer programmer called Brian Camelio who created and launched a website called ArtistShare in

2003 where musicians can seek a donation from their fans to produce digital recordings for some form of reward. It later evolved into a fundraising platform for film/video and photography projects as well as music. Its first project raised \$130,000 for Maria Schneider's jazz album "Concert in a Garden" (Freedman and Nutting 2015).

2.2.2 Crowdsourcing

The term "crowdsourcing," which "refers to using crowds as a source of ideas, feedback, and solutions to develop corporate activities," was first mentioned by Jeff Howe and Mark Robinson in the June 2006 issue of Wired Magazine. Crowdsourcing can be defined as "using crowds as a source of ideas, feedback, and solutions to develop corporate activities. Crowdfunding is sometimes referred to as the "parent" concept of online fundraising. In addition, crowdsourcing according to (Kleemann et al 2008) definition, crowdsourcing is described as follows: occurs when a company that is focused on making a profit outsources certain activities that are necessary for the production or distribution of its wares for purchase by members of the general public (the mob) in the form of an open call distributed on the internet, with the goal of motivating individuals to voluntarily provide something, either for free or for payment, to the manufacturing process of the company. A considerable amount less than what the firm would value such contribution to be. This collection of consumers who contribute to the organization by doing out duties that are beneficial to the business is essential to the successful operation of crowdsourcing, and the term "crowdsourcing" was coined by (Kleemann.et al., 2008) refers to this demographic as "the working consumer.

More so, it is essential to be aware that the concepts of crowdsourcing and crowdfunding are intricately intertwined with one another. Crowdsourcing "represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call," as (Howe 2006) defines

it in the high technology magazine Wired. On the other hand, (Kleemann et al. 2008) present a definition of this idea that is more up-to-date and understandable. A reference to businesses that want to add value to their products and services by enlisting customers as volunteers. According to what we've found, "crowdsourcing" occurs when a company that prioritizes profit outsources certain tasks. duties necessary to produce its product or the sale of that product to the general population (also known as "the crowd") in the in the form of a public invitation distributed via the internet. To be more specific, there are currently many different platforms for crowdsourcing that can be found on the internet. well-known and are directly related to the definition that Kleemann et al (2008) were trying to get across in the sense that specifically for financial concerns, businesses are turning to crowdsourcing. "Google Maps" is an illustration of this. From there on, crowdfunding platforms that allowed individuals to lend money outside the bounds of traditional banking began to emerge. One of such was Kiva launched in 2005, which gave lenders the opportunity to provide small loans to underprivileged individuals in developing countries with the goal of combating poverty. Since 2005, Kiva has raised an impressive \$1.45 Billion in crowdfunded loans with a 96% repayment rate (About | Kiva 2020). As a result of the success of these platforms, several other crowdfunding platforms have arisen including Indiegogo in 2008 and Kickstarter in 2009 which have since grown into two (2) of the most popular crowdfunding platforms in the world (Belleflamme et al. 2015).

Crowdfunding gained more popularity in April 2012; the Jumpstart Our Business Start-ups (JOBS) Act was passed by Congress with bipartisan support and was signed into law by President Obama of the United States of America (TechCrunch 2020). JOBS was created to alleviate fundamental regulatory burdens on entrepreneurs who are seeking to raise start-up capital, with the goal of encouraging small business and start-up funding throughout the nation. At the bill's signing, President Obama remarked, "for the first time, ordinary Americans will

be able to go online and invest in the entrepreneurs that they believe in” (TechCrunch 2020). Since then, the crowdfunding landscape has shifted from sole donation and rewards-based crowdfunding to the emergence of online equity crowdfunding. The primary conceptual difference between crowdsourcing and crowdfunding is the nature of the contributions made by consumers, which in the case of crowdfunding can also take the form of monetary contributions. Additionally, in the case of crowdfunding, the role of the entrepreneur is not solely developed by large or medium-sized businesses (as is the case with crowdsourcing), but also by small businesses and individuals who are attempting to launch their own businesses.

2.1.3 Benefits of Crowdfunding

After going through the background of crowdfunding, it is important to comprehend the advantages that it offers to both individuals and companies. Because businesses, particularly start-ups, and other individuals can't obtain funds through regular means, this has led to viable ideas being put on hold because there isn't enough money to put them into action (The World Bank Group 2015). Small and medium-sized enterprises (SMEs) and the people who initiate creative ideas are being forced to look for alternative sources of funding and are turning to the internet to solicit donations and investible funds as traditional investors pull out of the market. This is especially true in developing countries that are struggling with economic recession because there are no intervention funds available from government agencies and program. Because of this, crowdfunding is growing a deeper relevance in the field of entrepreneurship as a result of the tremendous benefits it has become to creators and inventors. It is useful because it creates the chance for small and medium-sized businesses and startup companies to receive money that would have been traditionally unavailable to them through traditional banking institutions (Assenova et al. 2016).

Several academics have proposed the idea that the advantages of participating in crowdfunding are not necessarily limited to monetary ones (Belleflamme, Lambert, and Schvienbacher

2011). It enables testing the market with a product to determine its approval by the audience, which can be an insight into the public's acceptance of products like these. This funding mechanism also supports the testing of the market. One of the advantages of crowdfunding, which sets it apart from other traditional sources of funding like banks and venture capitalists, is that it makes it easier for start-ups and the creators of innovative ideas to obtain funding at an early stage, when doing so would have been difficult in the past due to the fact that they do not have a track record of previous financial success to vouch for their credibility (Mollick 2014). Blohm and his team conducted a study on the outreach and acceptance of crowdfunding in 2014. This study, which they termed the development of the fields of application of crowdfunding both in the German-speaking market (which comprises Germany, Switzerland, and Austria), as well as the global market, found that by the year 2020, creative projects and start-up businesses will benefit the most from crowdfunding.

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Table 2-1: Development of the fields of application of crowdfunding by the year 2020 (Blohm et al. 2014)

In the same vein, D'Entremont (2013) interviewed some business owners as part of his research and interaction with campaigners in Canada. He concluded that crowdfunding accomplishes three significant goals: it permits the validation of the business model, it establishes an initial market for the product, and it significantly contributes to the raising of capital. He went on to suggest that crowdfunding is also a means for individuals to become involved and have a

connection to the brand and the product, which is another benefit of the practice. This provides a succinct summary of the several advantages that crowdsourcing provides. Although the argument presented by these authors may be convincing, there are several ethical concerns and risks associated with the process of crowdfunding that need to be addressed. These include the potential for exposure to fraudulent campaigns, a lack of privacy, and the misuse of funds that are raised (Leela 2016). All these moral issues point to one essential component that must be in place for a crowdfunding campaign to be successful, and that component is trust. Trust is at the Centre of this research effort since it is the most important aspect to consider. This brings us to the difficulties associated with crowdsourcing.

2.1.4 Challenges of Crowdfunding

According to Leimeister, crowdfunding offers a variety of opportunities and benefits to both individuals and organizations by serving as a supplementary source of revenue; yet it also presents several obstacles (Leimeister et al. 2015). Some of these difficulties include a lack of privacy, insufficient protection against abuse of funds raised, exposure to fraudulent campaigns, high costs of funding for project initiators, uncertainty and risk for investors, and exposure to fraudulent campaigns. Most of the time, funders do not base their investment decisions on accurate financial information; rather, their decisions are impacted by a feeling of emotions as well as other choice biases (Agrawal et al. 2011). This is a risk and an element of uncertainty, and there is a possibility that the backer will not receive the promised reward or the return on investment. When a project's creators employ crowdfunding as a pre-sale tool, they put themselves in a position that is fraught with danger and uncertainty. The fact that they do not have production facilities that are scalable results in the delay of a great deal of items and other rewards, which can be detrimental to their reputation (Gierczak, Bretschneider, & Leimeister 2014).

When initiators of a project reveal their original concepts to others before they have the financial means to patent those concepts, they run the additional danger of having their privacy invaded. They run the risk of the idea being stolen by members of the public (from whom they are requesting financial support), some of whom may have the resources necessary to bring the idea to market (Gierczak et al. 2016). The management of a crowdfunding campaign, the management of the campaign itself, and potentially increased investor relation efforts after the completion of the project all require a significant amount of work. Preparing a multimedia presentation of the campaign or project, releasing information supporting the campaign, and managing the campaign all fall under this category (Leimeister et al. 2015). Therefore, those who start a project have a responsibility to take these costs into consideration, in addition to the prospective returns, which may include interests, a share of the profits, discounts, or other forms of compensation (Leimeister et al. 2015).

2.2 Crowdfunding Models

Platforms, also popularly referred to as "crowdfunding platforms," act as a go-between for those who wish to create projects and those who wish to fund them through crowdsourcing. They are referred to as specialty websites and can be found on the internet. Models of crowdfunding are derived from the benefits that come to the participants of the crowd, which could either be getting free products or experiencing the pleasure of the process or other promised feedback. Crowdfunding models are derived from the benefits that come to the participants of the crowd (Demiray et al. 2017). The most recent studies on crowdfunding show that the different models can be categorized according to the way the rewards are structured (Massolution 2015). There are five distinct models that can be found within the realm of crowdfunding, and they may be broken down into two primary categories: donation crowdfunding and crowdfund investing. Donation crowdfunding is a model that does not deal

with the sale of stocks for an innovative and creative project or charity; rather, it entails generating nonequity funds for a selected cause. This type of fundraising can be used for any charitable endeavour. According to "Crowdfunding's Potential for the Developing World 2013," in some instances, donations may support an early-stage firm or product innovation in exchange for early access to a product or service. (Soreh 2017). Donation-based crowdsourcing and reward-based crowdfunding are the two subcategories that make up this style of crowdfunding.

2.2.1 Donation-Based Crowdfunding

According to Kuti and Madarász (2014), the donation-based model of crowdfunding is designed to support initiatives in which donors do not anticipate receiving any type of financial or non-financial reward for their contributions. In this case, the donors are making their contributions without counting on receiving any form of monetary reward. The projects may be purely charitable endeavours or may be of a personal nature. Additionally, they may be intellectual in nature or based on research, or they may be artistic in nature. Donors to a project using this model remain connected to it even when they receive no tangible benefit in exchange for their contributions. This style of crowdsourcing is by far the most popular one used all around the world (Soreh 2017). Fundraisers participating in this form of crowdsourcing contribute money to a project in which they have no expectation or desire to receive any kind of financial gain in return. The donation of funds is typically considered to be a gift and is therefore exempt from being refunded (Soreh 2017).

Funding for a community-based project or a charitable organization can be provided in exchange for monetary contributions (Crowdfunding Potential for Nigeria 2017). One example of this kind of crowdsourcing mechanism is called a waqf. People contribute to the execution of projects (public or private) using a donation model called waqf, which is an Islamic version of crowdfunding. Participants do not anticipate any compensation or equity in exchange for

their contributions. It is more common in countries located in the middle east (Suhaili and Palil 2016). The donation model of crowdsourcing is typically utilized in the context of medical-related endeavours. charity, philanthropy, education, research, community, and social enterprise are some of the sectors that gain the most advantages from receiving this kind of funding (Crowdfunding in East Africa 2017). Donation-based crowdfunding, to be clear, offers investors intangible benefits, such as the fulfilment that comes from taking part in a project. This kind of crowdfunding is utilized the majority of the time in endeavours that are charitable and have little to no focus on making a profit.

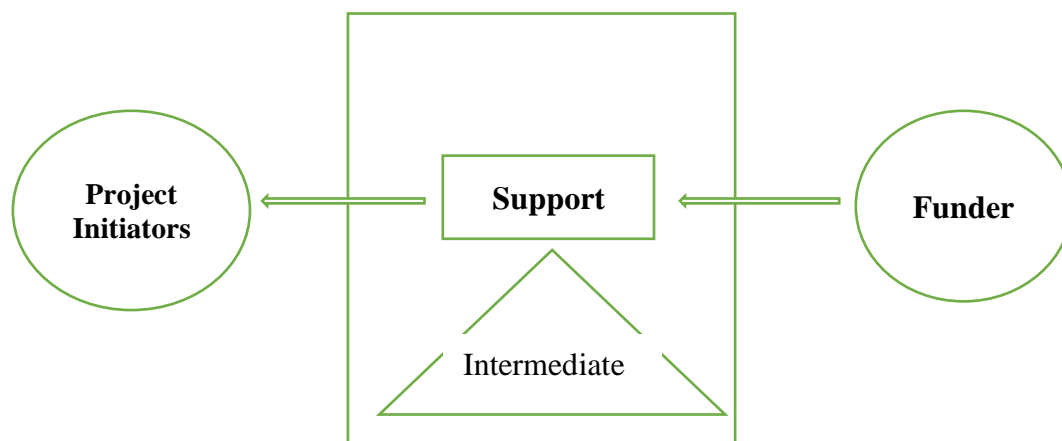
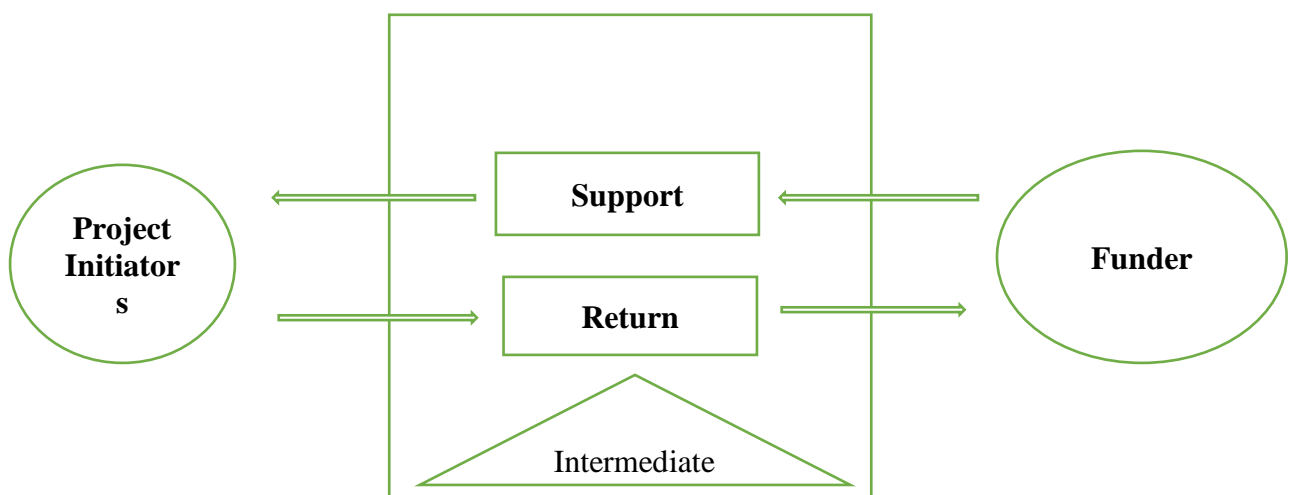


Figure 2-1: Graphical Representation of Donation Based Model of Fund Raising (adapted from Gierczak et al. 2015)

2.2.2 Reward-Based Crowdfunding

A reward-based form of crowdfunding is one in which the backer or funder donate some amount of money in exchange for a reward that is not monetary in nature. Even though there is a wide variety of choices, "much reward design, choosing, and planning nevertheless, happens primarily on availability or intuition rather than strategy" (Thürridl and Kamleitner 2016). This type of crowdfunding model typically involves the funder or financier providing funds for projects that might be for cultural or public use or benefit, and in return, the funders get rewarded with non-monetary rewards such as being the first to get the products produced by the project funded, having their name engraved on the product (specialized product), having

their names included on a public list of contributors, or getting tickets to an art performance (Moon and Hwang, 2018). The investors in this strategy are rewarded with the joy of helping an entrepreneur, even if they take on very little risk and are not guaranteed any return on their investment (Soreh 2017). The result is that sponsors end up being heavily involved in the process of developing the project. The people responsible for fundraising are significantly more involved in, and interested in, a company's growth and potential in the future (Zheng et al. 2016). Due to the highly competitive marketplaces, reward-based crowdfunding is perceived as having less of a major presence and being less successful. The following are some examples of projects that could be crowdfunded using rewards: technologies that are still in their experimental stages; initiatives that are cultural and artistic in nature; projects that are not for profit, etc. Crowdfunding through online platforms is most common in the entertainment industries in the United States of America and West-Western Europe (Moon and Hwang, 2018). The areas that would gain the most from receiving support of this kind include the creative industries (art, music, and design), the technological sector, as well as community and social enterprise (Crowdfunding in East Africa 2017). It is important to be aware that the majority of research on reward-based crowdfunding place a greater emphasis on the following: what inspires founders, the progression of fundraising, and lastly, the result of the execution of the project (Zheng et al. 2016).



2.2.3 Hybrid crowdfunding model

This style of crowd fundraising entails making use of more than one strategy in the order that they are presented. A funding campaign could either take the form of a request for a loan in the form of capital or pledge e, or it could consist entirely of the latter (Soreh 2017). This form of crowdsourcing calls for the simultaneous implementation of two or more of the most common crowdfunding model approaches. One illustration of this would be a request from a funder that monies already committed be treated partially as a donation and partially as a pledge. In the context of project crowdsourcing, this kind of crowdfunding is utilized only infrequently (Soreh 2017).

2.2.4 Product pre-order model

In this kind of crowdfunding, the campaigner sells his goods in exchange for a pledge at a discounted price. The individuals who make a pledge to purchase the campaigner's product are referred to as supporters or backers. The campaign for the pebble watch, which was run on the platform of kickstarter, is an example of this type of crowdfunding approach. One potential disadvantage of using this approach to crowdfunding is that the campaigners will be required to give back the money contributed by backers if the campaign does not raise at least the required amount (Soreh 2017). In contrast to the donation model, the crowdfund Investing model involves raising funds through the sale of financial instruments tied to the company's assets and/or financial performance. This differs significantly from the donation model. This funding may come in the form of loans, claims on the company's intellectual property, or ownership shares purchased by investors. According to "Crowdfunding's Potential for the Developing World 2013," this model group is separated into three categories: equity-based, lending-based, and royalty-based models.

2.2.5 Equity-Based Crowdfunding

Equity crowdfunding, also known as ECF, is quickly becoming a popular and practical alternative method of investing in the ventures of entrepreneurs in many nations (Alharbey & Van Hemmen, 2021). Entrepreneurs of new ventures can get funding via ECF platforms, which enables them to begin or advance their initiatives. In equity crowdfunding (ECF), in contrast to other forms of crowdsourcing platforms (reward1, peer-to-peer2, and donation crowdfunding), the owner of the project gives funders a share of the firm that is managing the project in exchange for financial support. Investors now have access to ECF, which is an alternative financing vehicle (Hollas 2013). Funders participating in equity-based crowdfunding may obtain equity instruments or profit-sharing arrangements in return for their contributions. It is beneficial in that there is a chance to share in the profitability of the endeavour, there is an unlimited potential for financial gain, and this strategy typically attracts relatively large numbers of investors (Belleflamme et al. 2015). On the other hand, there is always the risk that the investment will be lost.

With this style of crowdfunding, the backer gives money to the entrepreneur in the expectation that he would receive a portion of the proceeds from the project, the business, the venture, or the idea after it is realized or becomes successful. It's possible that the donor will receive voting rights or shares as compensation for their investment in the project or venture. It is important to note that it is not impossible for the funder to decide not to be a client of the project or venture at a later point in time, or that the funders or financiers could choose to transfer the part of the project or venture that they currently own at a later point in time. Additionally, it ought to be recognized that this crowdfunding has been confronted with a lot of governmental limits in a variety of countries; one of these countries is Nigeria, for instance. (Soreh 2017; Etter 2013). Technology, finance, internet commerce, and online shopping are some of the

industries that stand to gain the most from this kind of crowdfunding (Crowdfunding in East Africa 2017).

2.2.6 Lending-Based Crowdfunding

Crowdfunding based on lending: Investors get a debt instrument in exchange for their funding, which guarantees them a certain rate of return on their initial investment as well as a regular interest payment. In exchange for the money that is raised through this form of crowdfunding, the financed project either agrees to pay interest or share a portion of the profits earned by the initiative (Galkiewicz and Galkiewicz 2018). In some circles, it is also known as "Peer to Peer lending" (P2P) (Soreh 2017). According to Kuti and Madarász (2014), it is advantageous since it has a pre-determined rate of return that has been agreed upon between the lender and the borrower. The high failure rate of start-ups, on the other hand, poses a risk of loss that is comparable to that of an equity investment, but the possible returns are limited. It is primarily contingent on there being a business that is already operational and producing revenue (Gierczak et al. 2015). The length of time that the contract is in effect and the way interest and profits are to be split are two of the terms that the funder or financier and the business owner must come to an agreement on (Soreh 2017). Lendi The loan aspect of crowdfunding is most frequently utilized in the following industries: retail and wholesale, media and publishing, and leisure and hospitality (Crowdfunding in East Africa 2017)

2.2.7 Royalty-Based Crowdfunding

The crowdfunding approach that is based on royalties is one of the least prevalent of the three. In this scenario, contributors will obtain a share in a unit trust, which will gain a royalty interest in the intellectual property owned by the company doing the fundraising. A portion of the profits is distributed in instalments at regular intervals. The pay-out is based on a sliding scale that is determined by the recurring revenue. The investment in this model comes with a lower risk and a higher return than an equity investment, but it is still higher than an instrument related

to debt. However, the possibility of loss is equivalent to that of an equity investment, although the possible returns on an investment are smaller than those on an equity investment.

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Figure 2-3: The complexity of return type for various crowdfunding types/models (Gierczak et al. 2015).

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Table 2-2: Summary of the different crowdfunding models (Soreh 2017)

2.3 Reward-Based Crowdfunding Model as a Choice for this Research

Reward-based crowdfunding is widely recognised as a prominent and frequently employed model within the crowdfunding industry. Moreover, it presents several advantages that render it a suitable option for examination, particularly within the Nigerian context. Rewards-based crowdfunding platforms offer businesses the opportunity to acquire capital without relinquishing ownership or incurring financial obligations. Furthermore, it allows businesses to assess consumer demand for their products and services before their official release, thereby offering invaluable market intelligence. Finally, it possesses the capacity to aid enterprises in cultivating a cohort of advocates and proponents, a circumstance that can prove highly advantageous to a firm's enduring prosperity. The utilisation of rewards-based crowdfunding can aid in the development of a client base that is actively engaged and committed to the prosperity of the firm. This could potentially lead to enhanced brand recognition and customer loyalty, both of which are advantageous for the growth and development of the organisation. Furthermore, it is advantageous to establish a strong and comprehensive presence on social media platforms, which can be effectively utilised to engage with both existing clients and prospective investors. The research topic has chosen the reward-based model of crowdfunding

due to its user-friendly nature, widespread recognition, minimal barriers to participation, facilitation of creative endeavours, promotion of community development, and applicability within the Nigerian context. This research has the potential to provide valuable insights into the crowdfunding industry and the entrepreneurial landscape in Nigeria, particularly by focusing on trust-building mechanisms within this model.

2.3.1 Simplicity and Familiarity

The reward-based crowdfunding model is characterised by its straightforward nature, making it easily comprehensible and recognisable by both project initiators and supporters. Within this theoretical framework, individuals who initiate projects provide rewards or incentives to individuals who financially support their endeavours. The rewards encompass a range of offerings, including but not limited to tangible products, services, immersive experiences, and various creative outputs that are directly associated with the project (Okorie et al., 2018). The utilisation of this model has garnered significant adoption among various platforms such as Kickstarter and Indiegogo, thereby establishing its acceptance within the broader public and entrepreneurial community. Consequently, this widespread adoption has facilitated the examination and analysis of this model. The model has gained popularity as a viable approach for entrepreneurs to initiate projects and concepts without the need to pursue conventional avenues of financial support, such as venture capital or bank loans. Moreover, it enables supporters to make contributions towards the achievement of a project's objectives and obtain early access to the product or service it provides (Okorie et al., 2018). Additionally, this model affords entrepreneurs the chance to assess the viability of their ideas in the market while minimising the potential financial risks involved. Furthermore, it provides supporters with the opportunity to endorse ground-breaking concepts and initiatives that might otherwise have been unattainable.

2.3.2 Low Barriers to Entry

In contrast to alternative crowdfunding models such as equity-based or debt-based crowdfunding, reward-based crowdfunding exhibits comparatively reduced barriers to entry for both project creators and backers. For individuals with entrepreneurial aspirations and innovative concepts, initiating a campaign that operates on a reward-based model entails reduced levels of legal and financial intricacy. Backers typically face reduced risks compared to other stakeholders, as they are provided with concrete rewards rather than equity or monetary gains. According to Okorie et al. (2018) and Onyia et al. (2020), an entrepreneur has the option to initiate a reward-based crowdfunding initiative in order to secure financial backing for the introduction of a novel product, without the need to provide backers with equity or debt.

2.3.3 Support for Creative and Innovative Product

The reward-based model is well-suited for creative and innovative projects due to its capacity to enable project creators to provide distinctive and captivating rewards associated with their endeavours. This observation is consistent with the increasing entrepreneurial environment in Nigeria, characterised by the rising prominence of innovative and technology-driven startups (Omolehinwa et al., 2020). By investigating the manner in which this model facilitates and fosters creativity and innovation, the research endeavour can yield valuable insights pertaining to the potential ramifications on Nigeria's creative industries. The utilisation of the reward-based model additionally enables project creators to access the wider creative community in Nigeria. This enables them to tap into a broader network of innovative individuals who can contribute to the realisation of their projects (Onyia et al., 2020). Furthermore, entrepreneurs can effectively motivate individuals to actively participate in their initiatives and facilitate the dissemination of information about their endeavours by providing incentives that are directly associated with their projects. This strategic approach has the potential to enhance the visibility of the projects and cultivate novel opportunities for creative collaborations.

2.3.4 Economic and Social Impact

According to Adereti et al. (2020), reward-based crowdfunding holds promise in facilitating entrepreneurial growth and employment generation in Nigeria, as it facilitates the initiation and expansion of novel ventures. Conducting research in this domain has the potential to yield significant insights regarding the economic ramifications associated with reward-based crowdfunding initiatives. Examining the phenomenon of reward-based crowdfunding in Nigeria has the potential to provide valuable insights into its economic and social ramifications (Onyia et al., 2020). The examination of the impact of these campaigns on job creation, local economic development, and the advancement of cultural and creative industries holds significance for policy development and entrepreneurial assistance. This study has the potential to yield positive outcomes for the Nigerian economy, while also serving as a potential blueprint for other countries seeking to harness the advantages of reward-based crowdfunding. Moreover, this could potentially contribute to the enhancement of Nigeria's entrepreneurial ecosystem.

2.3.5 Trust and Community Building

The reward-based model facilitates the development of a communal atmosphere and active participation among project initiators and supporters. Supporters experience a strong emotional attachment to the projects they endorse, while entrepreneurs can gain significant feedback and insights from their funders throughout the duration of the campaign. The element of fostering community development and engaging with customers holds implications for the establishment of trust, a pivotal facet within the realm of the research subject matter (Onyia et al., 2020). Trust plays a pivotal role in determining the success of a crowdfunding campaign. In the context of a reward-based model, it is imperative for funders to place their trust in entrepreneurs with regards to the fulfilment of the rewards that have been pledged. Through a comprehensive analysis of the processes involved in establishing and sustaining trust within reward-based

crowdfunding initiatives in Nigeria, scholars have the opportunity to discern optimal methodologies and potential obstacles pertaining to the cultivation of trust and transparency. Reward-based crowdfunding facilitates the development of a communal bond between individuals who initiate projects and those who provide financial support. The establishment of trust is facilitated by the active participation and communication between the involved parties throughout the campaign, as noted by Zvilichovsky et al. (2018). Gaining insight into the mechanisms involved in establishing trust within this model is of paramount importance in guaranteeing the long-term viability and achievements of crowdfunding initiatives in Nigeria. For example, establishing effective communication channels between project initiators and supporters during the campaign, coupled with the dissemination of comprehensive progress reports regarding the project, can foster a mutual sense of confidence and reliance between the involved stakeholders.

2.4 Factors Influencing User Intention to Crowdfunding

There are key factors known to influence user intention to crowdfunding they are:

1. Social Influence
2. Effect expectancy
3. Perceived trust

2.4.1 Social Influence

The term "social influence" refers to "the change in feelings, thoughts, communication, or behaviour of people as a result of the feelings, thoughts, communication, or behaviour of one or more other individuals." In other words, social influence refers to "the change in feelings, thoughts, communication, or behaviour of people as (Kim and Hollingshead, 2015). It is a process that involves interaction and negotiation, and it is this process that enables social innovation and the standardization of behaviour. It is extremely important in the process of

investing in many forms of general persuasion, such as respect for social standards and affiliation with peers (Dahl 2013). In the canonical works of literature, social influence is broken down into two categories: normative influence and informational impact. The first one is to act in a way that satisfies the anticipations of other people (Deutsch and Gerard 1955). "Proof of identity is an important process of normative influence, developing when conduct is assembled into a satisfactory self-defining association between the adopting influencer and others." Blau (2009) "Identification is an important process of normative influence. The act of persuading a person to accept information gained from another as proof of reality is an example of the sort of persuasion known as "informative influence" (Deutsch and Gerard 1955). Internalization is a process that might take place when people believe that an impact has resulted in an improvement in the information that is provided regarding services or products (Burnkrant and Cousineau 1975). According to the tenets of models of social interaction, an individual's decisions are inextricably linked to his or her own preferences, preferences of others, and expectations of those around them.

2.4.2 Effect expectancy

The degree to which an individual trusts a company or its products is one of the most important factors in defining whether they would accept new technologies. This factor also assists retailers in developing solid relationships with their customers (Reichheld and Schefter 2000). The emotional condition that leads one to trust another, which is based on the pleasant behaviours of the other, is referred to as perceived trust. The degree to which an individual trusts a company or its products is one of the most key factors in determining whether they would accept new technologies. This factor also assists retailers in developing solid relationships with their customers (Reichheld and Schefter 2000). The emotional condition that leads one to trust another, which is based on the pleasant behaviours of the other, is referred to as perceived trust.

2.4.3 Perceived Trust

Perceived trust represents an individual's view that the usage of e-commerce and comparable technologies is secure and poses privacy risks (Tang, Zhang, & Akram, 2019). Moorman et al. (1993) defined trust as the disposition to rely on a trustworthy partner. Lack of trust has confirmed that lack of trust is the most major long-term obstacle to the success of a financial system (Gao & Waechter, 2015). Perceived trust is the extent to which an individual is prepared to assume that their expectations will be realized during online transactions (Odusanya, Aluko, & Lal, 2020) without introducing dangers (Ryu & Ko, 2020).

Finally, in the study that was carried out by (Younghwan and Junseok 2018), performance expectancy was not observed to be a major factor in influencing users (funders) to crowd funding, contrary to what is reported in other studies. Instead, backers of crowdfunding projects generally participate due to sympathy rather than result. When compared to other factors such as effort expectancy and/or perceived trust, the study found that social influence, mostly due to the pressure of peers, had the greatest effect on the backing of crowd funding projects. This was the case even though other factors, such as perceived trust, also played a role. On the other hand, people's performance expectations did not have a substantial impact on whether they donated to the crowd financing project. Most people who contribute to crowdfunding campaigns do it out of compassion rather than expectation of a return (Younghwan and Junseok 2018). In the current climate, for crowdfunding to be effective, an active online exposure should be carried out in the beginning of the crowdfunding process through the utilization of a variety of social network services (SNS) (Younghwan and Junseok, 2018).

2.5 Trust in Crowdfunding

Even though crowdfunding involves taking place over the internet through various crowdfunding platforms, it can be understood as a form of computer-mediated communication.

This type of communication takes place online and involves interactions between individuals who do not come into direct physical contact with one another (Cheshire et al. 2010). Trust is a significant component that is essential to the development of successful online interactions between individuals who do not see each other in person. Therefore, Trust is an essential component in the context of crowdfunding, and it is one of the most important factors in the deployment of crowdfunding systems in a society. This section of the literature review delves deep into the meaning of Trust, understanding the theory of Trust, dissecting the factors that make Trust within an online community possible, and understudying the social makeup of Nigerians and how it impacts their ability to trust any system and platform. Because Trust can take on a variety of forms and is affected by a wide range of factors, this section of the literature review delves deep into the meaning of Trust.

2.5.1 What is Trust

Even though Trust has been the subject of a significant amount of research over the years (Luhman 1979; Wang et al. 2004; Cook et al. 2009; Cheshire et al. 2010; Kang et al. 2016), a central definition of the concept has not yet been established. This is because there is a diversity of disciplines, and there has not been enough effort to integrate the various points of view. According to Kang et al. (2016), the word "trust" encompasses a broad concept that can take multiple forms and has many dimensions. They went on to say that Trust is established when one side has faith in the dependability and integrity of an exchange partner. According to the opinions expressed by Cheshire et al. (2010), Trust is an essential component, particularly when it comes to the beginning of a new relationship or even when it comes to the maintenance of an existing one. Trust, according to Luhman's (1979) definition, is "a cognitive and social device that can decrease complexity and enable people to manage with the various levels of uncertainty and risk." Wang et al. (2004) went on to say that these varying degrees of

uncertainty and risk can be mitigated through the course of time by engaging in interpersonal engagement with one another.

The state that calls for trusting others has been brought about as a result of the presence of both danger and uncertainty. According to Cook et al. (2009), Trust loses all of its significance when there is no element of danger or unpredictability present. On the other hand, Hardin (2002) contends that Trust is solely applicable to the interpersonal relationships that exist between individuals of the same species. Further, he maintained that Trust is much more than accepting risk and uncertainty; instead, it grows organically over time when one party comes to think that the other party has their best interests at heart. For this study and keeping in mind the definitions provided by the scholars mentioned above, I will present a holistic definition of Trust as the funders' (crowd's) subjective belief that the project fundraiser (entrepreneur) will fulfil all promised plans and obligations as contained in the project proposal document that was submitted to the crowdfunding platform. This definition is based on the idea that Trust is a two-way street between the crowd and the project fundraiser. This considers the trust relationship between business owners and their potential investors, as well as the crowdfunding platform, which is the fundamental structure of a crowdfunding system or setup.

2.5.2 Forms and Levels of Trust

Trust can be in various forms namely Personal trust, Collective trust, and Institutional trust.

The table below give a summary of the various forms and level of trust.

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Table 2–3: Levels of Trust (Kang et al. 2016)

2.5.3 Understanding the Theory of Trust Building

The process of building Trust could be rather slow and gradual and requires several repeated positive experiences (Mezgár 2009). Trust is pivotal to the successful running and functioning of a crowdfunding platform and there are processes and conditions that must be satisfied for Trust to grow. According to Gwebu et al. (2007) who studied Trust in virtual organizations, there are two main theories of trust building which are:

- Variance Theory
- Process Theory
- Expectancy Theory

2.5.3.1 Variance Theory

The variance theory primarily focuses on identifying the antecedents of Trust in a virtual organization, which includes dispositional Trust, structural security, and assurance, and notes

that these antecedents have a positive relationship to the level of Trust in the virtual organization. In addition, the variance theory notes that the level of Trust in the virtual organization is positively correlated with the antecedents of Trust (Langley 1999). It does this by making a prediction about the worth of the outcomes of the trust level based on the variance of its antecedents in the system. This method or theory sheds light on the relationship between Trust and the factors that contribute to its formation. It accomplishes this goal by formulating an estimate of the value of the results of the trust level based on the variation of its antecedents within the system. This allows it to determine whether the results of the trust level are reliable. This strategy or theory gives insight on the relationship between trust and the elements that lead to the building of trust. One of its key flaws is that it provides no insight into the actions required to build a trustworthy relationship. Moreover, it does not offer any light on the steps that go into constructing a trustworthy connection, which is one of its major shortcomings (Gwebu et al. 2007).

2.5.3.2 Process Theory

The process theory or approach, on the other hand, provides insight into the processes, activities, events, and so on, that are required to transition from a state of a low level of Trust to a state of a high level of Trust. It gives an understanding of the processes, activities, events, and so on that must take place in order to make the transition from a state with a low degree of trust to a state with a high level of trust. This is accomplished by analyzing the steps that must be taken for Trust to increase from a low level to a high level. According to Lewicki and Bunker (1996), based on these theories, there are three sources of Trust which are known as Knowledge-based Trust (KBT), Calculus-based Trust (CBT), and Identification-based Trust (IBT). These three sources of Trust describe the various processes that lead to the building or development of Trust in a relationship. The following table provides further information regarding these sources:

S/N	PROCESS	INDICATORS
1.	Effective CBT- Building Process	<ul style="list-style-type: none"> • Creates a system of rewards that is both transparent and efficient. • Puts in place an efficient method for managing one's reputation. • Guarantees a fair and credible system of sanctions and punishments. • Creates a clear understanding of the relational contracts
2.	Effective KBT Building Process	<ul style="list-style-type: none"> • Carefully screens partners. • Involved in high levels of interactivity with members through ICT. • Builds effective mechanisms to communicate the trustworthiness of members. • Creates boundary role persons. • Conducts trust building exercises
3	Effective IBT- Building Process	<ul style="list-style-type: none"> • Sets shared goals. • Creates joint products. • Creates a shared value and ideology. • Creates a shared virtual workspace

Table 2-4: Sources of Trust: Adapted from Gwebu et al. (2007)

2.5.3.3 Expectancy Theory

This research makes use of the Expectancy Theory, which is also known as the Rational Intention Theory or the Theory of Motivation. This is since previous research has demonstrated

that rational prioritization influences an individual's intentions in terms of the motivation-decision-action process (Barba -Sanchez and Atienza-Sahuquillo, 2017). The proponents of this theory infer that individuals' actions are based on anticipations rather than deprivations, as is indicated by the traditional theory that naturally, individuals are inclined towards meeting their basic needs. The proponents of this theory believe that individuals are motivated to meet their basic needs because of the expectation that they will do so (Locke and Baum, 2007). People are driven or inspired to act in various ways due of their anticipation of the outcomes or results of their activities, as stated by Lawler and Suttle (1973, as referenced in Barba-Sanchez and Atienza-Sahuquillo, 2017). The desirability of the result essentially serves as the determining factor in the motivation behind the choice of activities. However, the cognitive mechanism of how a person interprets the numerous motivating aspects is at the core of the idea, and this occurs before the ultimate choice is made. This takes place before the decision is formed. However, the outcomes are not the only thing that should be considered in the decision-making process (Hirschi and Fischer, 2013). The cognitive processes that are involved in the decision-making of an individual are the focus of the theory known as Expectancy Theory. Therefore, in every circumstance, people blend their requirements with their values and beliefs as well as their anticipations or views of the likelihood that they will achieve their goals.

Accordingly, Vroom (1964) defines motivation as a function of a person's beliefs and expectations that actions would lead to distinctive expected behaviours, the valence of the behaviours in achieving the results, and the desirability of this outcome for the individual, which is referred to as valence. In addition, Graen's (1969) extension of the Expectancy Theory is predicated on the dissimilarity between first- and second-order outcomes. This extension was proposed in the year 1969. He refers to the labour as first-order work and defines a role as a set of behavioural expectations that are considered appropriate for the individual who is

responsible for a certain set of responsibilities. Although a number of research have studied the practical application of Expectancy Theory in the field of entrepreneurship (for example, Gatewood et al. 2002; Edelman et al. 2010), not all of these studies have established the interrelationships that Vroom (1964) anticipated. They almost always validate the fundamental presumptions in a variety of real-life scenarios that are encountered in the business sector (Renko et al. 2012). Additionally, Locke and Baum (2007) claimed that Expectancy Theory provides an excellent foundation for explaining why and how certain people choose to engage in entrepreneurial activities as opposed to being engaged in a normal paying job. According to Hsu et al. (2014), "expectancy theory would predict that an individual will be motivated to invest the effort necessary to trust a business if he or she believes that high input of effort will make it feasible for him or her to attain desirable goals through business ownership (for example, make more money, be independent, gain high social status, etc)" (p. 123). In a similar vein, researchers such as Gatewood et al. (2002) and Manolova et al. (2012) suggest that the process of new venture creation is largely based on the effort-performance-outcome model. This suggests, in essence, that entrepreneurial motivation is predicated on three factors: expectancy, instrumentality, and valence. From his research on the factors that motivate entrepreneurs, Holland (2011) concluded that business owners are more likely to stick with their ventures "when the outcome valences are high" (p.347). Therefore, it is possible to draw the conclusion that the motivation of a person to remain trusting is contingent on the subjective probability of realizing it certain expectations.

The succeeding chapters of this research study will include discussions that go into greater depth on the many steps involved in the process of establishing Trust.

2.5.4 Trust in Online Communities

Although activities related to crowdfunding are conducted through an online platform (the Crowdfunding Platform), and because the focus of our research is on exploring mechanisms of

Trust in crowdfunding, it is vital to conduct research on Trust in the context of online communication. As a result of publishing private information about oneself on the internet, a member of the online community exposes themselves to several different types of risks, including those related to their finances, their mental health, and their relationships with other people (Cheshire et al. 2010). As a result of the anonymity that is inherent to the online environment, the impression of danger and uncertainty is amplified, making Trust a crucial component of the online community, despite the fact that demonstrating Trust online can be a challenging endeavours (Kollock 999).

Scholars have debated whether the idea of Trust that describes interpersonal relationships can be applied to the concept of Trust in the setting of the internet, which has been the subject of a great deal of discussion in published works on the topic of online Trust. Marsh and Dibben (2003) assert the contrary of what Friedman et al. (2000) say, namely that individuals trust other people more than they trust technology, but they also highlight the necessity to differentiate between the two. To respond to this question, McLeod (2008) stated that while Trust in impersonal relationships is predicated on the uncertainty or risk that arises from the possibility of betrayal by another individual, Trust in online relationships is predicated more on the efficiency of the online platform or system. On the other hand, these platforms (websites) may provide information that is inaccurate or partial, be unreliable, or lack security for the sharing of information. In addition, Bargh and McKenna (2004) mention that these platforms are not inherently harmful; rather, they are a proxy for the activities and behaviour of people who constructed and maintain them. This severely undervalues the contributions made by the people who built the crowdfunding platforms.

The question of whether the idea of trust that defines human relationships can be transferred to the idea of trust in the context of the internet has been the subject of a great deal of discussion

and debate, and a lot of paper has been wasted on the topic. Marsh and Dibben (2003) contend that individuals have more faith in one another than they do in technological advancements, which runs counter to the assertions made by Friedman et al. (2000). In addition to this, they underline how essential it is to differentiate between the two. McLeod (2008) tried to respond to this question by arguing that trust in offline relationships is predicated on the uncertainty or risk arising from the possibility of betrayal by another individual, whereas trust in online relationships is predicated more on the efficacy of the online platform or system.

McLeod's argument was that trust in offline relationships is predicated on the possibility of betrayal by another individual. However, there is always the possibility that the data provided through these channels (websites) is inaccurate, lacking, or improperly safeguarded. This is a danger that cannot be eliminated. In addition, Bargh and McKenna (2004) point out that these platforms aren't inherently destructive; rather, they're a proxy for the behaviours and behaviours of the people who built and maintain them. This is because these platforms are a proxy for the behaviours of the people who built and maintain them. Because of this, the work that these individuals have done in the creation of crowdfunding platforms is receiving an extremely inadequate amount of recognition.

2.5.5 Social Trust

Aristotle saw over 2,400 years ago that human beings are social creatures by nature. Trust in one's community serves as the bedrock upon which all other aspects of social interaction, including those between individuals, groups, and other societal aspects, are built. According to Knack and Zak (2003), "trust is crucial to many facets of civil society." When interacting with one another, people tend to place a certain level of trust in one another and, consequently, have certain expectations regarding the replies they will receive. Without the ability to have faith in the behaviours of others, individuals could be forced to weigh the consequences of their acts against an excessive number of potential outcomes and outcomes that are unpredictable, so

undermining the basis upon which community and civilization are built. A nation's economy cannot function at a high level if its citizens do not have high levels of confidence in one another since this results in higher transaction costs, which are the expenses incurred when economic entities carry out economic transactions. As a result, social trust is an essential factor in determining not only the course of social and economic growth but also the state of human well-being. The idea of social trust encompasses many different facets. A wide number of researchers, each focusing on a different set of characteristics, have given it a range of definitions over the years (Morrone et al. 2009). In the context of this investigation, the notion of societal trust encompasses more than just "interpersonal trust," which is the terminology for the trust that exists between individuals. A society is made up of more than its individual members; it has its own hierarchical structure as well as organizations and institutions. Therefore, there is a trust that exists within society not just between individuals (which is known as interpersonal trust), (N. Irene et al., 2021) but also between individuals and institutions and organizations (such as government, police, business, and labour unions). This second type of trust is known as institutional trust (Putnam 2000; Morrone et al. 2009). Both of trust's foundational pillars, credibility, and reputation, are inextricably linked to one another in any given culture.

A variety of elements, including time and experience, contribute to the development of a nation's social trust, which encompasses both trust in individuals and confidence in institutions. The first one is known as the individual-oriented theory, and it holds the viewpoint that interpersonal trust is an individual property associated with individual characteristics. These characteristics include individuals' personality traits (including morality), as well as their social and demographic features such as age, social status, gender, education, income, and religion. The second one is known as the community-oriented theory, and it holds the viewpoint that

community trust is a property associated with community characteristics. The society-based theory is the name given to the second school of thought, which holds the viewpoint that interpersonal trust is not a quality that is possessed by individuals but rather a characteristic that is systematically developed and acquired by societies.

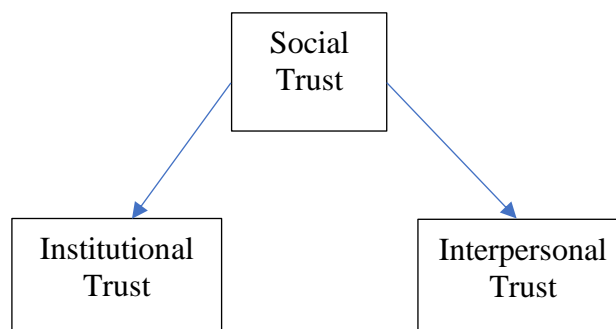


Figure 2-4: Breakdown of Social Trust

Trust in institutions refers to the belief that citizens have in various authorities and organizations. Citizens have an expectation that institutions will fulfil the responsibilities that have been delegated to them by the government in a manner that is efficient, effective, fair, and ethical. This can be in conformity with the law or with societal standards that citizens hold (Newton 2006; Kelleher and Wolak 2007; Warren 1999). The trust that individuals have in one another but not in institutions is a distinct variety of trust from the institutional trust that people have in one another. Trust in interpersonal relationships is derived from direct and personal interactions with other people, whereas trust in institutional relationships is typically acquired in a roundabout and indirect manner, most frequently through exposure to various forms of mass communication and social interaction (Newton 2013). Trust in interpersonal relationships is a manifestation of the fundamental characteristics that define trusting personalities, but trust in institutional relationships is founded on an assessment of how well institutional functions are carried out. Evaluating the institutions themselves or the individuals who are in charge of the institutions is also a viable option.

For instance, people's perceptions of politicians and bureaucrats as trustworthy individuals who carry out their responsibilities in an honest manner are one possible source of confidence in the government. Trust between individuals is viewed as a good aspect of human interaction because of the positive contributions it makes to civilized behaviours and cooperative endeavours within a society. The functioning of institutions and the trustworthiness of those in charge of them both benefit from increased institutional trust, which in turn makes it easier for those in charge to carry out their responsibilities. This is another reason why institutional trust is considered to have positive effects and should be encouraged (Morrone et al. 2009: 9). The level of trust or confidence that citizens have in institutions is determined by how well such institutions function in comparison to the expectations that citizens have of them. Citizens form their opinions regarding the trustworthy nature of the institutions based on this information. Competence in performing institutional functions that have been assigned by law or social norms, on the one hand, and values (ethics) that underpin institutional operations, on the other, are two broad interrelated dimensions or determinants of institutional trust. This is since citizens anticipate that institutions will operate both competently and ethically (OECD 2017a). In the value dimension, integrity (non-corruption) and fairness for the economy and society are included in addition to efficiency and effectiveness of the institutions, which are found in the competence dimension.

2.6 Conclusion

Crowdfunding serves as a viable alternative means of financing for entrepreneurs, while concurrently facilitating the acquisition of financial assistance for their projects. The utilisation of the internet in fundraising methods expands the scope and impact beyond conventional approaches, offering entrepreneurs boundless opportunities to secure financial support for their innovative projects. Crowdfunding has been employed by businesses in pursuit of diverse

financial assistance, exemplified by the Catholic Church's utilisation of this approach to appeal to the general public for financial backing.

The emergence of the concept of crowdfunding can be attributed to its role as a potential solution to the various challenges encountered by innovators and entrepreneurs in the midst of the 2008 global financial crisis. As a result of the crisis, financial institutions exhibited a reluctance to extend loans, thereby compelling entrepreneurs to explore alternative avenues for securing funding. The advent of Web 2.0, characterised by increased interconnectivity facilitated by the internet, has significantly contributed to the rise in popularity of crowdfunding, as it has enabled a larger number of individuals to engage with this concept. An illustrative instance can be found in the ArtistShare website developed by Brian Camelio, which subsequently transformed into a crowdfunding platform catering to projects in the domains of film/video, photography, and music. The prevalence of online platforms and websites facilitating crowdsourcing has grown in tandem with the increasing familiarity of individuals with this concept. Several prominent crowdfunding platforms are Kickstarter, Indiegogo, Rocket Hub, GoFundMe, CrowdRise, Pledge Music, and Crowdfunder.

Numerous scholars have formulated established definitions for crowdfunding, one of which is the definition proposed by Hossain and Oparaocha. According to their definition, crowdfunding is a funding approach facilitated through the internet, wherein an initiative is realised by means of online distributed contributions and micro-sponsorships. This definition encompasses a range of crowdfunding models, such as donation-based, reward-based, and equity-based approaches. According to Mollick (2014), crowdfunding can be defined as an internet-based approach to entrepreneurship, wherein entrepreneurial individuals and groups secure funding for their initiatives by garnering small contributions from a substantial number

of individuals, without the need for conventional financial intermediaries. Crowdfunding, encompassing peer-to-peer crowdfunding platforms such as Kickstarter, has emerged as a widely utilised approach for procuring capital for equity-based investments, including the realm of real estate.

Scholars contend that crowdfunding offers advantages that go beyond financial gains, as it facilitates market testing and provides early-stage funding for start-ups and innovators. Additionally, it facilitates the process of early market validation, establishment of product market, and raising capital. Nevertheless, crowdfunding is not without its ethical considerations and potential hazards, including the susceptibility to deceitful initiatives, compromised privacy, and the potential misappropriation of funds accumulated. Trust plays a pivotal role in the efficacy of a crowdfunding campaign, and it serves as the focal point of this research endeavour. The challenges associated with crowdfunding encompass several aspects, including the absence of privacy, inadequate safeguards against the misuse of raised funds, susceptibility to fraudulent campaigns, elevated funding expenses, uncertainty and risk for investors, and vulnerability to fraudulent activities.

CHAPTER 3

RESEARCH CONCEPTUAL FRAMEWORK

3.0 Research Conceptual Framework

3.1 Introduction

As earlier discussed, crowdfunding is an activity that occurs over the internet and therefore critically requires that online participants which are the funders (investors), the fundraisers (the entrepreneurs) and the platform administrators to communicate over the internet. As investment is involved in this communication, trust becomes a critical determinant for an investment decision (Liang et al. 2019). Studies carried by Bottazzi et al. (2016) reveals that trust takes centre stage in Venture Capital firm's investment decision indicating that early-stage investment requires higher trust. Invariably, crowdfunding, being an activity that happens over a web-based platform, usually involves financing early-stage ventures, and therefore requires a huge level of trust. Affirming this is true, the question that follows is "what extent or level of trust is required to build a reward-based crowdfunding system in a country like Nigeria where funders will be confident to fund projects?"

In considering this question, one would begin to examine the factors that influence the development of trust in an online system. Several authors have identified a diverse range of factors that influences trust-building within an online context. According to Zheng et al (2016), who analysed statistical data from Kickstarter, identified a significant difference in the success rate amongst different types of projects reporting that project types and funding level are some of the factors that encourage a funder to trust and decide to invest in a venture (Zheng et al. 2016). Also, Kim et al. (2008) identified four categories of factors that are determinants in

trust-building within the online context, which in their case was e-commerce. The factors they identified are as follows:

- cognition-based factors: such as privacy protection, security protection, and information quality.
- affect-based factors: such as reputation, third-party certification, recommendation, and word-of-mouth.
- experience-based factors: Internet experiences and familiarity, and
- personality-oriented factors: an individual's disposition to trust and his/her purchasing styles.

Several other studies have also identified a couple of other factors that are key determinants in trust-building, and these include expertise ability, reputation, satisfaction, and similarity to be important determinants of cognition-based and affect-based trust (Liang et al. 2019). Before going into discussing these factors in details, it is expedient that we consider trust in different perspectives to grasp a robust meaning of the unique phenomenon.

3.2 Perspectives of Trust

Trust is indeed a concept that has been the subject of much research; nevertheless, there is no one definition for it. This is primarily because there are many different fields of study, and not enough effort has been made to combine the various points of view. Rotter (1967) referred to it as a dispositional variable, which means that it is a predisposition for one to trust due to a personal disposition to life. This description was provided by Rotter. It has also been described by Worchel (1979) as a situational variable, which indicates that people select whether to trust based on various signals gleaned from the surrounding environment. Zand (1972) also described trust as a behavioural variable, which is composed of actions that increase an individual's vulnerability to another whose behaviours are beyond their control. Rotter (1980)

described trust as an expectation held by an individual that other people's words can be counted on, and Zand (1972) described trust as a behavioural variable that is composed of actions that increase an individual's vulnerability to another. However, Lewis and Weigert (1985) define trust as a mentality that permits risk and vulnerability in a social environment and is predicated on faith in the intentions and actions of other people. The multifaceted nature of the phenomena that is referred to as trust is further reflected by the various definitions of the term "trust."

3.2.1 Trust and Trustworthiness

There are many differences between trust and trustworthiness, but the two are inextricably linked. They go hand in hand since trust is affected by the uncertainties, vulnerabilities, and expectations that are drawn from the context, whereas trustworthiness is generally more stable and innate, with most of its motivation coming from social norms and ideals. There is not a single, agreed-upon definition of trustworthiness, and even though numerous academics have discussed the topic at length, they have not yet arrived at a conclusion regarding it. Mayer et al. (1995) define trustworthiness as a character attribute that assesses an ability, benevolence, and integrity. This differs from the definition provided by the English dictionary, which describes trustworthiness as "worthy of confidence" or "worthy of being trusted." According to Ashraf and his colleagues (2006), trustworthiness can also be characterised as the unconditional compassion that is generated by societal norms and values, which frequently results in psychological cost or disutility. According to Ozer and Zheng (2016), "to be trustworthy is to behave voluntarily in a way not to take advantage of the trustor's (in this case the investor) vulnerable position when faced with a self-serving decision that conflicts with the trustor's objective." In other words, "to be trustworthy" means "not to take advantage of the trustor." They went on to clarify that the trustor is put in a less precarious position overall when they are aware that the person with whom they are interacting is reliable, which in turn leads to an increase in trust.

When it comes to developing trust and trustworthiness, there are normally four foundational pillars that must be present as described by Ozalp and Yanchong (2017). These pillars are as follows:

3.2.1.1 Internalized Morals

A person's internalized morals and standards serve as the primary determinant of their level of trust. A person who is known to adopt hazardous approaches in both business and life is more likely to be trusted readily in comparison to a person who takes the "safe" approach to life. This is because risky approaches are more likely to result in positive outcomes.

3.2.1.2 Environment of the Market

The trust of the decision maker is typically impacted by both the cost of the investment and the uncertainty associated with the demand. When compared to an environment that is unsafe, one that is calm makes it more likely that those in charge of making decisions will display and have more trust in others. A climate in which there is a high level of uncertainty (social or market), competitiveness, and susceptibility that impacts financials all have a negative impact on trust, which makes market factor a significant component in the construction of trust.

3.2.1.3 Infrastructure of the Firm

The building blocks include how the business is going to be set up, the structures that are going to be used, and how they intend to manage the business. A business that has a structure that is unclear and difficult to comprehend is less likely to earn the trust of potential funders and the general public than one that has a structure that is straightforward and easy to comprehend.

3.2.1.4 Design of Business Processes

The Design of Business Processes According to Ozalp and Yanchong (2017), one of the most important factors in building trust is the ease and fluidity with which a firm may alter or change its business design.

3.2.2 Trust and Investment

Trust is one of the most important factors that plays a part in defining human behaviour and intentions, yet it is also one of the most difficult to earn. Although Arrow (1973) revealed that every commercial action may be linked to trust and that it is the basic principle of every business interaction, there are already researches that support "trust" as a favourable effect that leads to economic growth. To strengthen this claim, Zack and Knack (2001) indicate that trust differs considerably from country to country since different agents of transactions tend to produce varying levels of trust environments. This helps to show that different countries have varied levels of trust. This conclusion is significant because it demonstrates that trust is not inherent in all relationships. They went on to state that an environment that is poor in trust has the opposite impact, causing a decrease in the rate of investment, whereas an atmosphere that is strong in trust generates an increase in the rate of investment. One of the conclusions that can be derived from this is the fact that trust is an extremely important component that plays a role in the choices that investors make (Guiso et al. 2009). Considering this, we might conceive of trust as the subjective view that the funder has that the project fundraiser will carry out his or her pledged aims and commitments as described in his or her project proposal. To put it another way, this is how we might define trust. Rationally speaking, this should include trust in the crowdfunding site in addition to trust in the general premise of the project. Previous studies have shown that trust is a vital component in the ongoing relationship that exists between the provider and the individuals who purchase their products. This is the case even though it may not be immediately obvious (Koufaris and Hampton-Sosa 2004). Building trust between businesses and their customers can lower the cognitive risks that customers face while conducting business online and the uncertainty that customers face when dealing with complex processes. This can also boost customers' desire to participate in online activities. Additionally,

if customers have established a level of trust with a particular vendor, they are more inclined to continue a long-term relationship with that vendor (Morgan and Hunt 1994).

3.2.3 Trust and Reputation

Trust is the foundation upon which social interactions are constructed. It presupposes the existence of risky circumstances as well as the possibility of experiencing regret and displeasing outcomes. Existing online platforms mitigate the dangers and uncertainties associated with their operations by relying on reputational systems to boost levels of trust (Collett 2013). In the context of crowdfunding, a funder's trust is his expectation that the entrepreneur seeking funds will do what he said he would do, even in the face of possible risks and uncertainties such as products not being made, being delayed, or not working as described, money not being spent on what the funder said to spend, and this is largely connected to the reputation he has built up on those platforms. In other words, the funder's trust is dependent on the reputation the entrepreneur has built up on those platforms. These reputation systems are used by many online sites to assist promote positive behaviour and discourage transgressions of established norms (Barber and Gambetta 1992). This reputation system includes asking previous funders to rate and write about how pleased or disappointed they were with their previous transaction with certain entrepreneurs. This provides future funders with information about the entrepreneur they are considering funding, which can help them make a more informed decision. This contributes to the development of trust in the system and makes it easier for funders to invest money.

3.2.4 Trust and Competence

In the context of trust, the expectation that a partner possesses the necessary technical abilities, expertise, and dependability to fulfil its commitments is referred to as the expectation that the partner is competent (Lui and Ngo 2004). It is also possible to interpret it as the anticipation of dependable performance, which is cultivated via prior experience and ultimately leads to

confidence in one's partner (Lee 2004). Lee further buttresses the notion that trust in a partner's competence is motivated by the expectations of technically proficient performance, functional competency born from time and experience, and the perception of being reliable. This is consistent with Williamson's theory of trust, in which he posits that trust is founded on the experience that a trustor has had in the past with the way a trustee has carried out their responsibilities. In the context of crowdfunding, the funder or investor will have a higher level of trust for the entrepreneur and his project if he possesses some knowledge of the entrepreneur's competence (technical skill and experience) to carry out and fulfil such a project. This is because the funder or investor will know that the entrepreneur can carry out and fulfilling such a project. It is expected that funders will make intelligent and effective decisions to explore all the options available to them in order to obtain the best possible return on their investments (Connelly et al. 2015). Therefore, the only way for an entrepreneur to be regarded as trustworthy is if there are sufficient rational grounds to assume that the entrepreneur is capable, such as multiple cycles of commerce in which expectations have been met (Connelly et al. 2015).

3.3 Research Model

In developing the conceptual framework for this research effort, I took into consideration the numerous aspects that have been identified by various scholars as being factors that influence decisions regarding online investments. Keeping in mind that the primary goal of a funder or investor in a reward-based crowdfunding platform is to make a profit on the reward that he or she receives for contributing to a project is an important consideration. The first approach, known as the variance approach, and the second approach, known as the process approach, are the two different ways to think about trust, as was covered in the chapter before this one. The variance method is concerned with the link between trust and its antecedents; however, it does

not provide light on how this relationship is established or broken depending on the circumstances (Gwebu et al. 2007). The process approach is complementary to the variance approach in the sense that it offers insight into the pertinent processes and activities that are necessary to progress from a point of low or no trust to a point of high trust. This insight can be used to move from a point of low or no trust to a point of high trust (Harell and Daim 2009). According to Tyler and Kramer (1996), the conceptualization of trust ought to consider both instrumental and non-instrumental forms of trust-building.

3.3.1 Instrumental Model of Trust-Building

The instrumental model of trust-building postulates that people are motivated to maximize their own profits, minimize their losses and react to others from an angle of self-interest or an instrumental perspective. Within this perspective, people decide whether to trust based on rational or intuitive calculations. This is in tandem with the discoveries of Liang et al (2019) who wrote that the primary aim of a funder/investor in a crowdfunding project is to maximize profit and minimize losses. Williamson (1993) further buttressed this fact when he said that people's willingness to trust is based on their intuitive calculation of the probability of future cooperation's. Moreover, Tyler and Kramer (1996) also described the instrumental model of trust-building as people's estimate of the likelihood that the trust imposed on others will be reciprocated. They further described it as a measure of the calculation for the rewards of a trusting behaviour and punishment for the violation of trust.

3.3.2 Non-Instrumental Model of Trust-Building

People are motivated to maximize their own profits, minimize their losses, and react to others from an angle of self-interest or an instrumental perspective, according to the postulates of the instrumental model of trust-building, which would be a type of model for developing trust. According to this point of view, people determine whether you can trust someone based on the rational or intuitive calculations they make. This agrees with the findings of Liang et al (2019),

who stated that the major goal of a funder or investor in a crowdfunding project is to maximize profits and minimize losses. This is in line with the findings of Liang et al (2019). When he indicated that people's readiness to trust is based on their intuitive calculation of the possibility of future co-operations, Williamson (1993) provided more support for this fact by elaborating on it. In addition, Tyler and Kramer (1996) identified the instrumental model of trust-building as people's estimation of the possibility that the trust imposed on others will be reciprocated. This was another aspect of the trust-building process. They went on to explain that it was a measurement of the computation for the rewards of trusting behaviour as well as the punishment for betraying trust.

3.4 Elements of the Conceptual Framework

Kim et al. (2008) conducted research that revealed a framework for determining trust in an online context. They classified the components that go into this framework into four distinct categories. These categories include 1) factors based on cognition, such as privacy protection and information quality; 2) factors based on affect, such as reputation, third party certification, recommendation, and word of mouth; 3) factors based on experience, such as internet experiences and website familiarity; and 4) factors based on personality, such as an individual's propensity to trust. Other previous studies carried out by different researchers that I drew inspiration from include the work of Teo and Liu who studied and found that reputation, structural guarantee, and an individual's disposition to trust affected online trust in e-commerce contexts. Other previous studies carried out by different researchers include: (Teo and Liu 2008). Grayson and Johnson conducted a study that examined the relationship between consumers and service providers. They found that product performance, expertise ability, reputation, satisfaction, and similarity were important determinants of cognition-based and affect-based trust. Another study that was carried out that was of great importance was the

study that was carried out by Grayson and Johnson (Johnson and Grayson 2005). Another study that was carried out that was of great use was the one that was done by Walczuch and Lundgren. These researchers revealed and identified that key factors of online trust include reputation, similarity, prior experience, communication, information content, privacy technology, satisfaction, and an individual's disposition to trust (Walczuch and Lundgren 2004).

For the aim of this study work, the researcher devised and made use of the framework that can be found below. This framework was developed after comprehensive reviews of the outcomes and discoveries of these earlier research works. The framework focuses on a number of aspects that influence an investor's trust in a crowdfunding system and organizes these factors into two primary categories, namely cognition-based factors and personality-based ones. Both of these categories are highlighted throughout the framework. Because crowdfunding takes place exclusively online, the researcher decided not to include experienced-based characteristics because it is expected that participants have adequate internet knowledge and expertise.

3.4.1 Developed Conceptual Framework

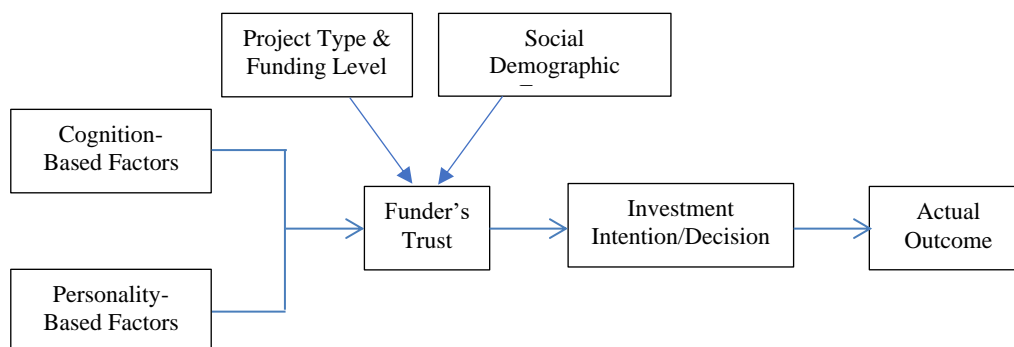


Figure 3-1: Developed Conceptual framework

The researcher developed the aforementioned framework adapted and drew inspiration from the previous work of (Liang et al., 2019) as well as that of several other researchers who were previously cited. According to what was mentioned previously, the framework that is shown

above highlights various aspects that affect an investor's trust on a crowdfunding system and groups them into two key categories, which are cognition-based factors and personality-based elements respectively.

3.4.2 Cognition-Based Factors

The amount of confidence a person has in another person's competence or ability to perform or fulfil his or her promises or part of a bargain is an example of a cognition-based factor, which can also be referred to as a performance-based factor. Cognition-based factors can also be referred to as performance-based factors. According to Liang et al., (2019) cognition-based criteria can be broken down into the following categories: the quality of the project information, the reputation of the entrepreneur, and the expertise of the entrepreneur, etc.

3.4.2.1 Project Information Quality

When a consumer has the intent of purchasing a product online, the information about that product that is displayed on the websites of the various vendors will play a significant role in determining whether the consumer will actually buy the product. As a direct result of this, the quality of the product information that is shown to the consumer might eventually influence the consumer's decision regarding whether or not to purchase a certain product. Kim et al. (2008) conducted a number of studies, and at the end of those studies, they came to the conclusion that information quality consummates the consumer's general perception of the completeness and accuracy of product information as contained in the vendor's website. They also emphasized that this is an important factor in a consumer's decision to make a purchase. To put it another way, when consumers have access to higher-quality product information, they can have greater confidence in the capabilities of service providers. Bringing this into the realm of crowdfunding, Mollick (2014) conducted a study in which he evaluated how investors (funders) behave and react to project information. The research was published in the journal *Crowdfunding*. It was revealed that the quality of the project information that was put up by

the entrepreneur who was seeking funding was a significant factor in the investment decisions of most potential investors. Therefore, he concluded that the information quality of a proposed project, which indicates the correctness and completeness of this proposal, can and will influence investors' confidence and faith in the project, and consequently, their choice of whether to invest in it.

3.4.2.2 Entrepreneur's Expertise

In the social experiment that Busch and Wilson (1976) carried out, they found that people have a strong tendency to have a resilient inclination towards someone to carry out a task if they perceive that such a person has the ability or expertise in the area that the task entails. This finding suggests that people have a strong tendency to have a resilient inclination towards someone to carry out a task. As a result, Smith and Barclay describe expertise or ability as the perceived skills, procedures, and relevant knowledge that is necessary for performing specific tasks of the trustee. This knowledge is seen essential for the success of the trustee. Additionally, Mayer et al. define expertise or ability as a collection of skills, competencies, and traits that allow a party to have influence within a certain domain. This definition can be found in the article "Expertise and Ability." In the same vein, Mollick (2014) went on to point out that investors' decisions to invest in a particular project that was proposed by an entrepreneur would be influenced by that entrepreneur's prior experience, knowledge, and expertise in the relevant task or project. This was mentioned in the context of crowdfunding. This is since the investor has reason to assume that the entrepreneur will be successful in meeting the objective of the project because he has previously demonstrated his knowledge and capability by completing a similar endeavour with great success.

3.4.2.3 Entrepreneur's Reputation

Gotsi and Wilson (2001) define reputation "as the opinion or impression that people have about someone or something, including subjunctive observation or objective evaluation in general".

An entrepreneur's reputation is a key factor that influences an investment decision because it is a potential indicator for the evaluation of his/her expertise and ability. Reputation, which is built over time, is built through social interactions of the past and can, therefore, reflect experience and a good prediction of a person's ability. Baum and Silverman (2008), showed from their studies that third-party endorsements can be a signal of a start-ups reputation and can positively influence an investor's trust in the competence of the entrepreneur. They also revealed that the accumulated reputation of a project team can influence the investor's trust in this team. Doney and Cannon (1997) argued that reputation is second-hand information of one's past behaviors, and consumers can use such information to evaluate if the vendor is trustworthy.

3.4.2.4 Personality-Based Factors

Personality-based factors which can also be referred to as affect-based factors basically refers to the personal experiences and traits that entrepreneur possesses that can foster or attract trust from an investor. It further depicts a person's disposition to trust based on inherent personality factors that have been influenced by personal experiences and maybe genetical makeup. According to the conceptual framework above, personality-based factors is divided into Value Similarity and Funder's Trust disposition.

A. Value Similarity

Sociologists like Morgan (1998) have described value similarity as a shared belief that two people have similar goals, visions, lifestyle, behaviour etc. Many others hold the notion that in examining social relationships people tend to be attracted to those who are like themselves, and, therefore, are more willing to interact with them. When two parties have similar goals and values toward the same objects, the emotional reaction can be produced to increase mutual trust. Harms (2007) found that capital providers are more willing to invest in projects proposed by the fundraisers with whom they have better feelings. Lambert and Schwienbacher (2010)

also argued that capital providers' investment decisions rely on their own evaluations as to whether the proposed projects have similar beliefs or shared values with their own ideas. Therefore, value similarity is a critical determinant of the investor's trust in the fundraiser.

B. Disposition to Trust

According to the Oxford dictionary, a disposition is a person's inherent qualities of mind and character. It further describes the way a person is positioned or configured to see or perceive things especially in relation to other things. Therefore, a disposition to trust or dispositional trust, as it is well known, is the extent to which a person intends to be willing to trust or depend on others (Mcknight et al 1998). This characteristic feature is said to be particularly important when unfamiliar parties are involved in the interaction. This comes into play in a very high degree in the context of crowdfunding where the investor (funder) and the entrepreneur are in most cases unknown to each other. Kini and Choobineh (1998) pointed out that a disposition to trust is usually developed and cultivated from childhood and sure vary from person to person depending on the environment that each one grew up. The degree of dispositional trust does not vary with the interactive experience or rational observation between two parties; rather, this tendency is the result of an individual's life experience. When a person faces unfamiliar situations or people, like in the case of a crowdfunding system which occurs online, the disposition to trust will become the most influential factor in trusting beliefs. Consequently, the researcher believe that this is one of the core factors that built up trust within an environment like that of crowdfunding. Knowing that higher disposition of trust reflects higher trusting beliefs, an investor (funder) with a higher disposition to trust will be more likely to assume that people are reliable without much further information or investigation.

3.4.4 Project Type and Funding Level

It has been argued by Schwienbacher (2014) that in the arena of crowdfunding, the type of project being crowdfunded for may create inspiring effects on an investor's intention to invest

and, in turn, affect the actual project success. Whether the project type meets the user's interest including the investor and the size of the project or the funding level are potential factors that may affect the motivation for careful thinking. Liang et al. (2019), compared investing in crowdfunding project in an online platform to consumers online purchasing behaviour and described that a consumer's decision to purchase a product is not only dependent on the quality of product information available for that product but also the product types and how much it cost to purchase such product as it was noted that consumers have varying purchasing power. In the same vein, an investors decision to invest in a crowdfunding project is not only influenced by the project information quality present on the crowdfunding platform but also the type of project and the amount of funds necessary to carry out such a project as different investors have varying investing power. They further added that if a product increases in personal relevance or consequences, it becomes more important in forming a veridical opinion. Thus, people are more motivated to devote the cognitive effort required to evaluate the product when involvement is high rather than low. On the other hand, if a project type is more related to a Crowdfunder's personal preference or experience, or may increase more personal consequences (e.g., financial loss), the Crowdfunder may have higher involvement in such a project. In their own words, "the cognitive efforts devoted to evaluating such a project is higher, and therefore, the central route to persuasion should have higher effect and play more effective role in attitude, which in turn increases the impact of trust on the intention to investment".

3.4.5 Platform-Based Trust

A platform is a business model that creates value by facilitating exchanges between two or more interdependent groups. Platforms are also known as two-sided markets (for two groups) or multisided markets (for more than two groups). An online platform, is therefore, a platform that fundamentally utilizes information technology (such as Internet connectivity) as well as non-physical environments like websites and mobile applications, in order to operate.

Crowdfunding platforms are a type of online platform. Platform-based trust deals with one's belief that the necessary structural and security conditions are present in the internet setting of a crowdfunding platform to ensure a safe and successful outcome. This means that the necessary security features that makes a website involved in online activities like crowdfunding must be present. This helps to reassure the investor that his investment is safe and that he would get value for his investment. Platform-based trust, as shown in our developed conceptual framework, exerts a certain level of influence over the investors decision to invest in this regard. Nowadays, reputation-based systems have become a popular tool for decision-making in Internet mediated service provision. The main idea behind these reputation systems is that it allows the communicating parties to 'rate' each other and to arrive at an aggregated 'trust score' for a given party somehow; then this score is used to determine whether the party can be trusted for a transaction in the future.

3.4.6 Social Demographic Factors

Social demographic factors which are sometimes referred to as socio-demographic factors are independent variables that are defined by their sociological and demographic characteristics relating to a combination of social and demographic factors which are used to analyse human behaviours and can influence the decision-making process of social beings (Bellman et al. 1999). These factors are sometimes referred to as independent variables simply because they are naturally occurring influences and cannot be manipulated in any way. These factors include Age, Gender, Education, Income level, platform familiarity, Knowledge, Cultural Influences etcetera. In the context of investment and crowdfunding, these factors have been studied by several researchers in the past and have been shown to influence investment decisions among funders. Studies by Colombo et al (2015) revealed that the gender factor affects investment decisions as female entrepreneurs tend to receive more funding in compares with male entrepreneurs indicating the crowdfunding offers more opportunity for women than with men

and the success likewise. Barasinska & Schafer (2014) disagrees with this research by stating from their research that the gender of the entrepreneur has no significant influence in investment decision. Like gender, age has been found to also influence investment decision. This thought pulls from the studies done by Loureiro and Gonzalez (2015) where they discovered that individuals with higher age correlated mostly with favourable investment decisions as investors see age as a sign of experience and competence.

In the same vein, knowledge and level of education has been described to influence investors decision to invest. According to the findings of Burtch et al. (2015) the more educated an investor is, the more he would seek to gain knowledge about the project he intends to fund, the more he would make an informed decision to fund especially if the project appeals to his understanding. This correlates with the factor of platform familiarity. This is because the more educated an investor is, the better he familiarizes with the crowdfunding platform from where he intends to invest. This assertion is in line with the findings of Choy and Schlagwein (2016) who stated that positive investment decision is largely dependent on how well a crowdfunding platform support an investor privacy and way of thinking which is a direct function of how well the investors understands and familiarizes with the crowdfunding platform. Moreover, cultural influences which consist of an investors social network or status has been found to influence investment decision (Ahlers et al. 2015, Lin et al. 2013). Colombo et al. 2015 asserted that many families and friends sometimes helps to facilitate funding especially when it relates to start-ups. This gives the idea that investors would rather fund someone they know rather than a stranger (Liu et al. 2015). In addition, Jenq et al. (2015) conducted research in which they reported that skin colour also influences investors decision to fund. In their report, they stated that dark-skinned entrepreneurs are somewhat pruned to receiving fewer funds than their white counterpart especially when the crowdfunding platform is in a white dominated area.

This is clear indication that cultural differences greatly influence investment decision as investors tend to become bias when these cultural differences come to play during investment decision making.

CHAPTER 4

CROWDFUNDING IN EMERGING ECONOMIES

4.0 Crowdfunding in Emerging Economies

4.1 Emerging Economies in Africa

Crowdfunding has the potential to alter the historical norms that have been used in the financial services industry and to lessen the economic gaps that exist between supply and demand (Alharbey & Van Hemmen, 2021). Over the course of the past decade, there has been a growth in the number of foci given to it. Nevertheless, the promise that crowdfunding possesses in less fortunate economic circumstances, where small and medium-sized enterprises are arguably needed the most, has not yet gotten the attention that it deserves because it has not yet been fully explored. (Bounchen et al. 2015) This study, which acknowledges the influence of prior knowledge about crowdfunding, investigates the viability of crowdsourcing as a source of capital for small and medium-sized enterprises (SMEs) in a developing nation. The purpose of this study was to examine whether there is a difference in alignment between the perspectives of an investor and an entrepreneur regarding the form of crowdfunding that is most appropriate and the incentives for entering a crowdfunding effort. An online quantitative survey was used to compile the empirical evidence that was gathered. Exploratory factor analysis, more especially Principal Axis Factoring, together with Varimax rotation and Kaiser normalization were incorporated in the statistical processes. Two-tailed t-tests were utilized in order to differentiate respondents in terms of their level of familiarity with crowdfunding, as well as the preferences and behaviours that investors and business owners anticipate exhibiting. The findings suggest that it is critical to raise the general public's awareness of crowdfunding in the face of mounting evidence of sympathy for new businesses and a willingness to support even fledgling enterprises. The findings also suggest that investors' and entrepreneurs' motivation to

participate in crowdfunding is not necessarily driven by a desire to maximize their financial returns. The world of international banking and international investment faces an exciting new challenge in the form of emerging markets (Kehl 2007). Although they carry a large amount of risk, they have the potential to generate astonishingly huge profits (Kehl 2007). It is arguable that the growth of new markets is the single most important factor affecting international investments, international finance, and economic development in modern-day Africa (Kehl 2007). Because of this, "developing capital markets" (also known as "EMs") recently have captured the attention of global investors as well as academics. The markets are distinguished by high levels of average returns, significant levels of volatility, and excellent opportunities for diversification (Barry and Lockwood 1995). A so-called "emerging market" has the potential to more than treble the amount of foreign investment that a certain nation receives (Kehl 2007). In the years 1999 and 2000, there was a significant amount of debate taking place in the international business community on the classification of various nations in the North African region as emerging markets. These nations included Algeria, Egypt, Tunisia, and Morocco (Mwenda 2000). Evaluating the performance of countries according to the macroeconomic and macro political elements that are most significant to foreign investors is the most effective and accurate technique to identify emerging markets. This is also the most time-consuming method (Mwenda 2000).

Despite the undeniable significance of emerging markets, there is neither a simple nor exhaustive definition of what exactly makes a market that is considered emergent. Creditors from other countries tend to consider a country to be an emerging market if it possesses the institutions necessary to support a capital market or stock market. In order to attract international investors, emerging nations need to offer more than just a stock or portfolio market. A market is emerging when it demonstrates an increase in overall national economic

activity, in addition to having consumer markets, labour markets, raw material markets, and markets for industries that feed into those consumer markets. The truth of the global market is that the amount of foreign investment flowing into a country is the primary factor that decides whether that nation is considered an emerging market. The question now is: how can international investors recognize emerging economies? The AFRICA Foreign Investment Survey 2003: Motivations, Operations, Perceptions, and Future Plans focuses on foreign manufacturing companies and asks questions regarding which aspects of a country (political stability, cost structures, resources, etc.) are the most influential factors in the decisions of foreign investors. This survey is innovative, informative, and relatively new (Asefa 2003, UNIDO 2003). The research found that senior managers, chairmen, and directors of 758 businesses in 10 target nations (Burkina Faso, Cameroon, Ethiopia, Kenya, Madagascar, Nigeria, Senegal, Tanzania, Uganda, and Mozambique) provided legitimate survey replies (UNIDO 2003). According to the findings, the following factors have the greatest impact on investment choices: political stability, economic stability, access to local markets, cheap labour costs, transparency, legal framework, skilled labour, infrastructure, quality of life, and help from government agencies. The ability of developing countries to succeed macroeconomic and macropolitical categories will determine whether it will be feasible to increase investment, finance inflows, general economic activity, and the rate at which economic progress is accelerated.

4.2 Crowdfunding Potentials of an Emerging Economy

There are a variety of subtypes that make up the overall crowdfunding industry. These subtypes include loan (debt), equity, and royalty-based models. Additionally, there are non-securitized types, such as rewards crowdfunding and charitable donations (Mollick 2014). The kind of crowdsourcing known as lending crowdfunding has seen the most rapid growth over the past

few years (Massolution 2015). The whole market for crowdfunding in the developing world is anticipated to be approximately \$327 million in 2015, corresponding to roughly 2 per cent of the total market worldwide (Massolution 2015). Crowdfunding has been hailed as a potential to broaden entrepreneurs' access to financing, even though its use is still relatively uncommon in countries that are still in the process of developing (The World Bank Group 2015). Crowdfunding's Potential for the Developing World was a paper that was issued by the World Bank in 2013. This report claimed that the crowdfunding sector in developing countries may be worth \$96 billion by the year 2025. (The World Bank Group 2013).

This is an encouraging indication of optimism for businesspeople working in developing economies in Africa, who currently have some of the worst results everywhere in the world when it comes to the use of crowdfunding. The total amount raised through crowdfunding in Africa was approximately \$70 million in 2015, which is less than half of one percent of all crowdfunding activity worldwide and approximately 21 percent of all crowdfunding activity in emerging markets (Massolution 2015). Platforms that facilitate peer-to-peer lending, such as Kiva.org, were responsible for the generation of approximately 54 percent of the total \$70 million. The usual loan through Kiva is for \$415.67, and it is used to fund "lifestyle" businesses as opposed to the artistic, technological, or infrastructure initiatives that are typically launched by high-growth potential entrepreneurs through other crowdfunding markets. Based on these numbers, it appears that the concept of crowdfunding for African business owners is still in its infant stages. Crowdfunding is a method of obtaining funds that involve many people making small donations through Internet platforms. It has been a revolutionary force in many nations, allowing entrepreneurs, creatives, and social causes to receive capital that would otherwise not be available through regular channels. The low level of adoption of crowdfunding by African entrepreneurs can be linked to several variables. These factors include national legislative settings that are not appropriate for crowdfunding of equity locations where e-commerce is not

widely employed (Bankole 2011). Another key factor contributing to the low adoption rate is a general distrust of crowdfunding sites, which is the primary motivation behind the current body of study. Despite the obstacles posed by society and the larger environment, business owners are coming up with inventive solutions to the problems they encounter while trying to raise capital from the general public. (The Group of the World Bank, 2015).

Several factors contribute to the lack of significant crowdfunding activity in Nigeria:

Crowdfunding has gained popularity in some industrialized countries but may not have achieved the same degree of awareness and adoption in Nigeria. Many potential donors and project creators may be unaware of the concept or not understand how it works.

- **Issues with Trust:** Crowdfunding relies on trust between entrepreneurs and funders. In a country where internet fraud and fraudulent activities are rampant, some potential funders may be unwilling to contribute due to doubts about the projects' trustworthiness.
- **Payment Infrastructure:** Crowdfunding platforms must succeed with a strong and secure payment infrastructure. Online payment systems in Nigeria have historically encountered issues, such as low credit card use. This could impede crowdfunding transactions.
- **Regulatory environment:** The regulatory environment may not have been conducive to crowdfunding in some circumstances. Legal uncertainty and a lack of precise crowdfunding legislation may prevent both platforms and potential funders from participating.
- **Economic Factors:** Nigeria has suffered its fair share of economic difficulties, such as inflation, currency volatility, and unemployment. These variables may impact people's willingness and ability to participate in crowdfunding initiatives.

Despite these obstacles, Nigeria has had some successful crowdfunding campaigns, particularly for social causes and community initiatives. Furthermore, as the global landscape evolves and more nations embrace crowdfunding, Nigeria may see an increase in interest in this alternative funding tool.

4.3 Nigeria as an Emerging Economy

West Africa is home to the nation of Nigeria, which has borders with the countries of Chad, Niger, Benin, and Cameroon. Nigeria is the most populous nation in Africa. The nation has a total population of 181,562,056, which places it as the country with the highest population in all of Africa and the seventh highest population in the entire world (The World Factbook case, 2017). The nation, much like many others in Africa, is blessed with an abundance of natural resources. As a result, the vast majority of the country's GDP is derived from the sale of crude oil and natural gas. These profits make up approximately 95 percent of the total amount of foreign currency that the government receives (Onyekakeyah 2010). According to the rankings provided by the World Bank for 2018, the ease of conducting business in Nigeria is ranked 146th, which is a major drop from the United States of America (which is ranked 8th), the United Kingdom (which is ranked 9th), or South Africa (which is ranked 82nd) (worldbank.org 2018). Both the International Monetary Fund and the World Bank have identified Nigeria as one of the eleven countries that would be of the utmost significance to keep an eye on over the course of the next decade. Nigeria was chosen for this distinction for its economic potential. In 2022, Nigeria's gross domestic product (GDP) was \$477.39 billion, with a GDP per capita of \$2,184.4 and a GDP growth rate of 3.3%. Inflation increased by 18.8%, while unemployment rose by 5.8%. Exports and imports increased to \$105.5 billion and \$152.2 billion, respectively, as the population increased to 218.5 million (Group, *Nigeria economic outlook 2023*).

The World Bank classifies Nigeria as an emergent economy. This indicates that the economy is expanding but is not yet completely developed. Nigeria's economic development is being driven by its large population and expanding middle class. However, Nigeria encounters several obstacles, such as high rates of poverty, corruption, and insecurity. Real GDP growth decreased from 3.6% in 2021 to 3.3% in 2022, primarily due to a decline in hydrocarbon production. This resulted in a 5% decline in total industry, which was mitigated by 7% growth in services and 2% growth in agriculture. On the demand side, the decline in GDP growth was due to a 2.5% decline in public consumption and an 80% decline in net exports. In 2021, the increase in per capita income decreased from 1.2% to 0.8%. The fiscal deficit decreased to 4.9% of GDP in 2022, down from 5.2% in 2021, and was financed through borrowing, bringing the public debt to \$103.1 billion (approximately 22% of GDP) from \$92.6 billion in 2021. Inflation reached an all-time high of 18.8%, fuelled by rising energy and food prices and the passthrough effects of a depreciating exchange rate (Group, *Nigeria economic outlook 2023*). To combat rising inflation, the Central Bank of Nigeria gradually increased the policy rate, which crested at 16.5% in November 2022 after beginning the year at 11.5%. The current account recorded a modest surplus of 0.1% of GDP in 2022, reversing three years of deficit, due to relative improvement in oil exports. Gross international reserves decreased by 7.5% to \$37.1 billion (5.7 months of import protection). In 2022, the ratio of nonperforming loans was 4.2%, below the regulatory minimum of 5%. In 2022, the capital adequacy ratio exceeded the regulatory benchmark of 10%. High rates of multidimensional poverty (63%) and unemployment (33,3%) persisted (Group, *Nigeria economic outlook 2023*).

This is as a result of the fact that Nigeria is replete with prospects to make profitable investments and conduct business, as well as the fact that the country's development potentials are only growing (Abbah 2013). This petrodollar-rich sub-Saharan nation with exceptional

natural riches has seen impressive expansion in its expanding capital markets, which has given very tempting opportunities for market operators and investors (Abbah 2013). Abbah went on to emphasise that Nigeria is considered the second most impressive economy of the developing world, and that certain markets that had previously been off-limits to foreign investors had been reorganised after 1999, when the country returned to civilian rule, in order to make room for the participation of free-market institutions. He went on to say that Nigeria is currently ranked as the second most impressive economy in the developing world. According to him, this was one of the reasons why Nigeria is currently recognised to have the second most amazing economy of the developing world. He said this was one of the reasons. According to Abbah (2013), several international businesses have entered lucrative partnerships with local brokers in order to deal in government bonds and shares. The crises that hit the more developed financial markets around the world, including those in the United States, Europe, and Asia, have given rise to compelling arguments in favour of the engagement of foreign investors in emerging financial markets. These markets present prospects for generating profits through the diversification of assets. The market potential in the country is enormous, and there are prospects for investment even in the real estate industry, including the housing market, agriculture, transportation, and tourism industries (Abbah 2013).

The country, which is the fifth largest exporter of crude oil to the United States of America, has received a great deal of attention because of its relevance in the oil market. In addition, throughout the past five years in a row, the Gross Domestic Product of the nation has increased at an annual pace of 8% on average. The United States of America, which is currently Nigeria's largest foreign investor, has been a major contributor to the influx of international investment (Abbah 2013). On the other hand, many investments are made in the oil industry of the economy. The Gross Domestic Product of Nigeria experienced a growth rate of 7.4 percent

during the first three months of 2011. This was an increase from the average quarterly GDP growth rate of 6.71 percent from 2005 through 2010 when growth increased to 8.29 percent. The petroleum industry is responsible for providing 80 percent of budget income and accounts for higher surpluses in the government as well as increased economic activity. The country's trade surplus with the United States is by far its greatest. Inadequate infrastructure, unfavourable rules and regulations, ineffective policy execution, inadequate investment in technology, and widespread corrupt practices are among the issues preventing Nigeria from achieving its full potential in terms of economic growth (Nathaniel et al., 2017).

4.4 Crowdfunding Challenges in Emerging Economies

Crowdfunding is an innovative new way for business owners to collect monetary contributions for the initiatives and issues that they care about (Mollick 2014). However, entrepreneurs that want to take advantage of Africa's expanding markets must routinely overcome a variety of challenges in order to do so. If nothing is done to address these difficulties, they will continue to be a risk to the prospects of crowdfunding in the region and put its very survival in jeopardy. If nothing is done to address these challenges, according to a study conducted by Allied Crowds in 2015, the crowdfunding industry is forecasted to experience significant growth in Africa as an emerging market for two primary reasons: shifts in the demographic composition of the continent and innovations brought about by advancements in technological capabilities. The population of the developing world, and notably that of Africa, is poised to expand at an accelerated rate in the not-too-distant future. For instance, it is anticipated that Africa's population will have doubled from 1.1 to 2.3 billion by the year 2050, which demonstrates the enormous potential for monetary gain that may be derived from this continent. This gain may be derived from tourism, agriculture, manufacturing, and other industries (Allied Crowd 2015).

4.4.1 The Challenge of Trust

Platforms for crowdfunding are the intermediaries that facilitate the transfer of funds from members of the crowd to initiatives that are worthy of their support. Each platform for crowdfunding has its own payment processors and set of guidelines for making payments, which has a significant bearing on who can receive and contribute money to a campaign (World Bank Report 2015). It is possible for crowdfunding to be utilized for unethical purposes, even though it has a reputation for being a civilized means to solicit financial support for a good cause. It is common practice for opportunists to take advantage of the generosity of funders by creating fake profiles to help obtain funds from those contributing to a cause, even though the real purpose of the funds is to finance the commission of illegal activities such as fraud, money laundering, human trafficking, and drug trafficking. Trafficking or the financing of terrorism. This can be carried out by the issuer colluding with the investor to exchange money for services which in a real sense are of illegitimate means while making it seem like a legitimate business/project financing.

4.4.2 The Challenge of Regulation

This is because the governments of most African countries have not enacted laws and regulations that govern crowdfunding, and most crowdfunding sites have a loose and unreliable set of rules to guide their activities. As a result, there is a possibility of fraud, delay in project performance/poor project performance, and money laundering (Nur and Mohd 2016), which contributes to an overall sense of mistrust regarding the concept. As a result, a significant obstacle to the success of crowdfunding in emerging economies is the widespread lack of Trust, which is the primary focus of this body of study.

4.4.3 The Challenge of International Crowdfunding Platforms

As a result of the problem described above, a great number of entrepreneurs have attempted to seek assistance from international crowdfunding platforms such as Kickstarter and Indiegogo.

However, they have run into problems when it comes time to make payments because many of these platforms have payment restrictions that prevent African entrepreneurs from participating (World Bank Report 2015). For instance, the international platform with the largest critical mass of users, Kickstarter, does not permit individuals to collect funds if they do not have a valid identification card and a bank account in one of the countries that are listed on their website, and no African countries are included on the list. According to them, individuals in the United States of America, the United Kingdom of Great Britain and Northern Ireland, Canada, Australia, New Zealand, the Netherlands, Denmark, Ireland, Norway, Sweden, Germany, France, Spain, Italy, Austria, Belgium, Switzerland, Luxembourg, Hong Kong, Singapore, Mexico, and Japan are able to participate in the creation of projects at this time (Kickstarter 2019). Because of this, the vast majority of would-be entrepreneurs in Africa are unable to launch their campaigns on this particular platform. In addition, in order to contribute to a campaign on Kickstarter or Indiegogo, you need a major credit card, while most people in Africa do not have access to either Apple Pay or Paypal. Kickstarter requires the use of a major credit card, while Indiegogo requires either a major credit card, Apple Pay, or Paypal. If an entrepreneur's core network is only found in their immediate area and does not make use of these systems, then there is a huge disincentive for them to use platforms that operate on a global scale (World Bank Report 2015). As a result of the facts presented above, a window of opportunity has opened up for the development of crowdfunding platforms that are reliable and trustworthy in order to promote innovations coming out of Africa.

4.5 Benefits of Crowdfunding in Emerging Economies

Traditional investors typically avoid providing capital to start-ups or early-stage entrepreneurs in economies that are still developing, as these economies are more likely to be plagued by economic downturns and volatility (BAE et al., 2019). They contended that the cause may be

owing to uncertainty regarding the success of the business under such economic conditions, and he offers this explanation in his argument. Because of the state of the economy, intervention funds from government agencies and programmes are either non-existent or, if they do exist, are extremely difficult to get on a regular basis. As a direct consequence of this, business owners in developing nations are looking for other avenues to finance their operations, and as a direct consequence of this, they are turning to the internet to look for investors. In this way, they take advantage of the internet to extend the base of possible investors, so boosting the availability to capital for the goal of funding innovative ideas and creative endeavours. There are a wide variety of advantages to using crowdfunding, some of which will be discussed in greater depth in the following paragraphs.

- **Alternative Source of Entrepreneurial Finance:** The power of the social web is harnessed through the practice of crowdsourcing in order to provide funds for entrepreneurs, who often use the money to power a new breakthrough or idea. Researchers have pointed out that because traditional models of finance appear to make access to entrepreneurial funds difficult by requiring dozens of meetings and paperwork in addition to several obstacles to overcome, many of these entrepreneurs have turned to crowdfunding as a means of rescuing themselves. Crowdfunding is considered as a replacement to these established means of fundraising since the relationship between the two is seen as one of replacement rather than one of complimenting.
- **Efficient for Crowdfund Investors:** Entrepreneurs and anyone interested in investing in crowdfunded projects has access to centralized data about potential innovative ideas and investment opportunities to investigate thanks to platforms that facilitate crowdfunding. Investors are given the ability to investigate many potential investments all at once online, which enables them to determine very quickly whether a company

fits their portfolio strategy, risk appetite, or any other criteria. This makes the decision of which idea to fund much simpler for the investors.

- **A Disruption to funding cycle:** Early-stage businesses in the developed world have received funding from business investors and venture capitalists, whereas early-stage businesses in the developing world have received funding from friends and family. However, since the advent of crowdfunding, early-stage and high-growth businesses all over the world now have the option to leapfrog the venture investor boardroom by presenting their offering to a bigger group of investors inside their social network. This allows them to raise capital more quickly. It is important to note that BAE et al., (2019) claims that venture capitalists are very much needed in order to provide later-stage or larger-scale funding. This is something that should be taken into consideration.
- **Product validation, support network and partnership:** Crowdfunding is used by many businesses to investigate the commercial potential of a product and to engage the product's early users at minimal cost and with few barriers to entry. The visibility that is gained for a company as a result of participating in an online crowdfunding campaign is one of the primary benefits offered by crowdfunding. Crowdfunding also offers advantages for marketing (Yousaf et al., 2022).
- **Not Limited by Geography:** Crowdfunding campaigns are typically run through online platforms provided by social networking services. As a result, conventional constraints to fundraising such as location are eliminated.
- **Exchange of Ideas and Promotion:** The project that is going to be crowdfunded will be made available to many people, and these people will be able to provide input on how to make the project better (from those who have experience in the field of the project), and they will also be able to allow for the promotion of the project via various social

media platforms. As a result, crowdfunding is known to encourage the dissemination of ideas and promotion (Younghwan and Junseok, 2018).

- **Market Testing and Demand Measurement:** The form of crowdfunding that relies on donations supports pre-sale, which provides businesses with the opportunity to investigate the demand for their products and services. The entrepreneurs can gauge the potential of the market using this method. The validation provided by the crowd lowers the risk of investing for the investor by providing evidence that there is a demand for the product.
- **Fosters Relationship between Investor and Initiator:** According to Gerber et al. (2016), one of the greatest advantages or benefits of crowdfunding is the fact that its functioning is like that of social media. This enables project initiators to make personal contacts and communicate with many visitors (potential investors) who are interested in the future of their projects and are emotionally attached to them as well. This contrasts with banks or venture capitalists, who are not interested in the future of the projects they are investing in.

Not Limited by Geography: The process of funding would not be affected by geographical limitations (such as distance) that are a part of the traditional method of funding for businesses because crowdsourcing takes place on the internet.

According to Aderemi et al. (2021), the advantages or benefits of crowdfunding can be viewed from a variety of points of view. These distinct points of view include those of the platform, the funders (investors), and the creators (Initiators). The benefit, viewed from the point of view of the innovator or initiator, will be somewhat distinct from the advantage, viewed from the point of view of the investors, and distinct from the advantage, viewed from the point of view of the platform (Yousaf et al., 2022).

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Table 4-1: The advantages of Crowdfunding (Yousaf et al., 2022)

4.6 Crowdfunding in Nigeria

4.6.1 The Nigerian Economy

According to research published by the World Bank (2017), Nigeria is regarded as one of the rising economies in Africa that is expanding at the quickest rate. Nigeria is the 27th largest economy in the world in terms of nominal gross domestic product and the 22nd largest economy in terms of purchasing power parity, with an estimated \$447 billion (nominal GDP) and \$1.2 trillion (PPP). The volatile oil price propelled growth in Nigeria's gross domestic product (GDP) to a high of 8 percent in 2006 and a very low of -1.5 per cent in 2016. This occurred between 2006 and 2016, resulting in an average annual growth rate of 5.7 percent for the country's GDP. In 2017, Nigeria emerged from recession with a growth rate of 0.8 percent, which was primarily driven by the country's oil industry. This sector is mainly responsible for

Nigeria's economic turnaround. The growth rate was more significant in 2018, coming in at 1.9 per cent, and it is projected to go even higher in 2019, reaching 2.2 percent (World Bank Report 2019). Nigeria is the most populous country in Africa, with a population of over 190 million people, which accounts for 47 percent of the population of West Africa. More than half of this population lives below the poverty line, and 23 percent of the population is unemployed, making Nigeria one of the least developed countries in the world (World Bank Report 2017). According to the research published by the World Bank, Nigeria is afflicted with several socio-political and economic challenges, all of which are preventing the country's economy from expanding. It was stated that these issues include things like pervasive corruption, an inability to diversify the economy, widespread unemployment, and other such things. The Nigerian economy is highly dependent on crude oil, with very little reliance on other industries such as agriculture, manufacturing, or finance; as a result, the volatile nature of oil prices has wrought enormous misery on the country's inhabitants.

Studies conducted by Suzanne Wisse-Huiskes of Crowdfunding Hub, a European Expertise Centre on Alternative Finance and Community Finance, reveal that the African continent is experiencing a slow adaptation of the concept of crowdfunding (*Suzanne Wisse-Huiskes 2021*). This is evidenced by the fact that the region contributed only 0.5 per cent (\$83.3 million) to the global crowdfunding market in 2015, with Nigeria contributing just about \$8 million. Suzanne thinks that despite this number being relatively insignificant concerning the total amount donated through fundraising worldwide, the country still can experience an economic breakthrough. This is because the country has a substantial population of 190 million people, of which more than 84 percent have access to the mobile internet technology and are active on social media (*Suzanne Wisse-Huiskes 2021*). However, the lack of a legislative framework for

crowdfunding and the lack of Trust within online communities, particularly in financial matters, are substantial obstacles to the swift adoption of the phenomenon.

4.6.2 Crowdfunding Awareness in Nigeria

The Cambridge dictionary describes awareness as "knowledge and understanding of a particular action or subject." This description can be found for awareness in the Cambridge dictionary. According to the definition that can be found in the Meriam-Webster dictionary, it is "the quality or state of being aware: awareness and comprehension that something is happening or exists." Because of this, it is reasonable to conclude that awareness is the capability of an individual or group of individuals to know a phenomenon and to have the ability to comprehend the surrounding conditions regarding that phenomenon. It is essential to bear in mind that, in most cases, a period of time elapses between gaining an awareness of a notion and completing an in-depth comprehension of the corresponding concept. This time lag can either be shortened as a consequence of insufficient information and grasp of the idea, its processes, and its results, or it can be lengthened as a result of such information and comprehension being present. Both of these outcomes are possible.

The quantity of individuals in Nigeria that are aware of crowdfunding is rather low, according to a study that was carried out by Soreh (2017). He interviewed one hundred and fifty persons from three main cities in Nigeria using a questionnaire for his research. The participants in the study included small and medium enterprise (SME) business owners, people who come up with fresh ideas, and potential funders. The participants came from a diverse collection of different walks of life. According to the study results, an overwhelming majority of people in Nigeria are either utterly ignorant of the issue at hand, have a fundamental misunderstanding of it, or have been provided erroneous information about it (Soreh 2017). All of the respondents admitted that they have heard of people requesting cash over the radio or television for social

causes, particularly for issues that relate to health. This is because crowdfunding involves asking for financial resources from the general public (the crowd). Only 8.5% of those who participated in the study had ever made a monetary donation to a charity through the internet, and 91.5% of them had never made a donation of any kind through the internet. This number, according to Soreh (2017), is indicative of the poor degree of awareness regarding crowdfunding that exists among the population of Nigeria. Despite the fact that a large number of Nigerians are either online or have access to the internet (World Bank Report 2017), a significant portion of the population does not participate in crowdfunding due to the widespread distrust that exists over the legitimacy of online donations. This is the case despite the fact that a large number of Nigerians are either online or have access to the internet. It's probable that the seemingly endless news of scams and thefts performed online are mostly to blame for this. In line with Hermer's results, 89.1 percent of respondents do not believe that crowdfunding can serve as a suitable alternative to the traditional sources of finance for small and medium-sized enterprises (SMEs) and creative ideas (such as banks and venture capitalists). According to Soreh (2017), respondents were also curious about whether or not crowdfunding can take the place of more conventional sources of finance for small and medium-sized enterprises (SMEs) and creative ideas (such as banks and venture capitalists) (2011).

The remaining 10.9 percent of respondents simply did not respond to the survey, which indicates that they are neither in agreement nor disagreement with the statement. When asked how they feel about crowdsourcing, 59.7 percent of respondents said they have a positive feeling about crowdsourcing, while 40.3 percent of respondents said they have a negative attitude about crowdfunding. It is interesting to note that 86 and a half percent of respondents who have a negative attitude towards crowdfunding attest that their perspective about the concept is likely to change if the proper regulatory framework is put in place to support its

implementation in Nigeria. This finding is interesting because it indicates that people who have a negative attitude towards crowdfunding are likely to change their perspective on the concept. In conclusion, Soreh (2017) stated that in contrast to the developed world, where awareness of crowdfunding is high and the phenomenon has been fully adopted by the government, developing nations such as Nigeria still suffer from low awareness and low levels of adoption. This is in contrast to the developed world, where the phenomenon of crowdfunding has been fully adopted by the government. This stands in stark contrast to the industrialised world, which has completely embraced the concept of crowdsourcing.

4.6.3 Crowdfunding Regulations in Nigeria

Regulations can both enable and deter entrepreneurship and crowdfunding depending on its structure and scope. According to world bank report (2014), Nigeria scores as one of the lowest countries in the world when it comes to ease of doing business. In fact, the country ranks 169 on the world index, with number 1 having the most business-friendly regulations. As a result of great political instability in the country, it is often difficult for entrepreneurs to anticipate when existing policies or regulation will change. In addition, corruption and multiple taxes make it a difficult environment to work in (*Suzanne Wisse-Huiskes 2021*)

In August 2016, the Securities and Exchange Commission of Nigeria (SEC) announced that equity crowdfunding is now banned in Nigeria until further notice. The reason they gave was that the capital market regulations and laws in Nigeria such as the Investment and Securities Act (ISA 2007) and the Companies and Allied Matters Act (CAMA 1990) did not envision Crowdfunding activities and therefore did not make provisions for it (Ajibade 2016). SEC regulates all securities offered for sale by public companies in Nigeria and there are no provisions relating to crowdfunding in the SEC rules (*Suzanne Wisse-Huiskes 2021*). Furthermore, they regulate the formation and operation of all types of companies and

enterprises in Nigeria and can place restriction in dealing with the transfer of shares. The SEC believes that crowdfunding cannot be effective in Nigeria for now because of the lack of rules. The legal provisions of crowdfunding are a big challenge to the commission. However, according to SEC, they are considering different ways to go about it so that companies will enjoy the benefits of crowdfunding in the country as well. In order to do so, SEC is looking at the crowdfunding rules in the US and Canada in order to ensure an enabling legal and regulatory framework that will support this massive global innovation (Ajibade 2016).

The lack of patent laws is another concern. It discourages entrepreneurs to share their business ideas online. When their business model is showcased on a crowdfunding platform, their idea is unprotected from copycats. Another obstacle for entrepreneurs is the process of starting a new business in Nigeria. This process is frustrated by government bureaucracy, with people resorting to third-party agents to help them facilitate the process of business registration thereby making it more expensive. A positive note is that lower taxes and higher price ceilings have helped entrepreneurs to move forward. Also, the government is actively promoting the use of the Internet and trying to incorporate technology in the country. Bureaucracy is a system of government administration and management in Nigeria that is characterized by hierarchical structures, standardized procedures, and official rules and regulations. Bureaucracy is important in the governance and operation of numerous government agencies, ministries, and public institutions in Nigeria, as it is in many other countries.

These are some important aspects to know about the bureaucracy in Nigeria.

Nigeria is governed as a federal republic with three levels of government: federal, state, and local. Each layer has its own bureaucracy in charge of policy implementation, service delivery, and regulatory enforcement.

Federal Civil Service: Nigeria's federal civil service is the country's bureaucracy's backbone. It is made up of numerous ministries, departments, and organizations that are in charge of specific aspects of governance, such as education, health, finance, and defense.

Nigeria's bureaucracy has been suffering from inefficiency, corruption, red tape, and bureaucratic delays. Doing business in the country has been made more difficult by these challenges, which have hampered effective service delivery.

Reforms: Efforts have been made over the years to reform Nigeria's bureaucracy in order to make it more efficient, transparent, and responsible. Initiatives such as the Public Service Reform Agenda have been developed to address some of the difficulties and improve public service performance.

Civil Service Commission: At the federal and state levels, the Federal Civil Service Commission (FCSC) and State Civil Service Commission are in charge of civil servant recruitment, advancement, and discipline.

Public Service Rules: The Nigerian government has developed Public Service Rules, which outline civil officials' rights, duties, and obligations and offer rules for their conduct and operations. The function of bureaucracy in development is critical to implementing government policies and programs aimed at boosting economic development, social welfare, and national security.

4.6.4 Crowdfunding Platforms in Nigeria

Crowdfunding, which is an open solicitation for monetary contributions for a cause, is typically carried out through a medium known as a crowdfunding platform. These internet-based platforms connect funders and fundraisers with the intention of providing financial resources for a cause by a large number of funders (Agrawal et al. 2013). There are a variety of

crowdfunding platforms available, each catering to a particular type of crowdsourcing. These include investment or equity-based crowdfunding platforms, donation-based crowdfunding platforms, and reward-based crowdfunding platforms. The ability for both the fundraiser and the funders to access the platform is a characteristic shared by all platforms that provide crowdfunding (Belleflame et al. 2015). Fundraisers, who might be business owners or anyone who is in need of assistance, come with the expectation of gaining access to financial resources, while funders come with a plethora of distinct preferences. Crowdfunding platforms, in contrast to many other platforms, such as dating websites, do not enable one-to-one matching but rather one-to-many matching. This is due to the fact that it is typically necessary for a project to have more than one backer in order to fulfil its financing target. By providing the necessary web infrastructure, crowdfunding platforms play the role of a market player and act as a mediator between innovators and funders. This makes it possible for individuals, start-ups, and small and medium-sized businesses to present their own ideas in the form of a crowdfunding campaign to a large number of potential investors, giving them the opportunity to collect a substantial amount of money for investment if the idea is well received by the crowd (Frank and Rutgen 2015).

According to the 2018 Crowdfunding Monitor, there are already around 2000 online crowdfunding platforms located all over the world. These platforms are all designed to offer contracts advice and support to the implementation of crowdfunding projects through the use of technology. Crowdfunding platforms are only beginning to make their way into the market in Nigeria, and there is no official database that tracks the number of platforms that are either active or even in existence (Soreh 2017). According to Suzanne Wisse-Huiskes (2021), crowdfunding platforms such as Malaik and Naturad, which were formally existing in 2015 and 2016 respectively, no longer exist because their websites are no longer reachable or

functional (*Suzanne Wisse-Huiskes* 2021). The lack of funders and fundraisers is most likely the reason for this. Malaik and Naturad were formally existing in 2015 and 2016. Donate-ng, Imeela, NaijaFund, Fundmie, Suregift's Registry, Quickraiz, 234Give, and others are some of the crowdfunding platforms that are active in Nigeria and whose websites (platforms) are still active. Other platforms include Suregift's Registry, Quickraiz, and 234Give (*Ajibade* 2016).

4.6.5 Entrepreneurship in Nigeria

Entrepreneurship entails taking chances and risk in order to launch a new endeavour because new firms do not appear by luck. According to *Nwokoye et al.* (2013), empirical data indicates that major poverty alleviation is conceivable and has occurred in many other nations where entrepreneurship has been supported. The same can be said for any country that fully embraces entrepreneurship. According to *Anyadike* (2012), entrepreneurship leads to job creation, economic progress, and long-term development, and that Nigerian youths possess attributes such as resourcefulness, initiative, drive, ambition, enthusiasm, and courage that are essential for entrepreneurs. According to *Athreye* (2011), there is a decent association between motivation, entrepreneurship, and development. *Lingelbach, Vina, and Asel* (2005) observed a distinction between entrepreneurship in an emerging market and that in an established country in their studies. They discovered that the degree of market efficiency affects entrepreneurship practise. They also discovered that entrepreneurs in inefficient markets must be able to live above some of these inefficiencies.

Access to markets, bad infrastructure, a lack of support from key government agencies, a lack of enough capital, poor information transmission, and a lack of access to the right technology are all obstacles to the growth of entrepreneurship in Nigeria (*Bankole* 2007). According to *Fasehun and Bewayo* (2012), among these issues, a lack of appropriate money is the primary cause of very low entrepreneurial success in Nigeria. Among the different sources of funding

for entrepreneurial projects, which include Business Angels, Bank loans, Venture Capitalists, Government agencies, and so on, crowdfunding has emerged as an alternative form of finance that has received very little attention in Nigeria (Wisse-Huiskes 2017). This is partly due to the government's lack of a legislative framework in place to regulate crowdfunding operations in the country and stimulate capital formation while safeguarding investors and project initiators. As a result, most crowdfunding platforms work independently, which may encourage fraudulent behaviours and undermine people's faith in the Nigerian crowdfunding ecosystem (Wisse-Huiskes 2017). However, supporting crowdfunding could strengthen the nation's entrepreneurial perspective, leading to economic growth and progress.

CHAPTER 5

RESEARCH METHODOLOGY

5.0 Methodology

5.1 Introduction

This research study aims to provide an in-depth discussion on what the aim and objectives of the research work are, it will find a way to show all requirements and give an understandable view of the different types of theoretical methodologies while additionally, give reasons as to why a selected methodology is being used. This chapter will start with a definition of research, details on the research philosophies and the choice of research method and the data collection method. This will furthermore show how the collected data would be analyzed using the relevant tools and method. However, difficulties experienced while data is being collected would be presented and how it was minimized or overcome would be explained. The techniques discussed in this chapter will be employed in designing the final methodology for this research work. Saunders *et al.*, (2009), designed research onion would be employed in this research, in other for the best obtainable result to be achieved.

According to Saunders et al. (2009), research may be defined as "what individuals do in order to find out things in a methodical way, therefore improving their knowledge." In addition, Walliman (2011) defined it as the methodical gathering of information on various topics. Research is not simply the act of gathering data; rather, it is directed in situations in which the data are obtained methodically, evaluated methodically, and there is an overarching objective to learn something new (Saunders et al. 2009). In addition, in order to obtain a systematic conduct in research that is based on logical relations, the researcher is required to provide a clarification of the methods that were used to collect data, prove that the results have meaning,

and outline any limitations to the research. This is necessary in order to obtain a systematic conduct in research that is based on logical relations. Discovering a clear solution to a specific issue has been established as the objective of this investigation. Several researchers and academics have each provided their own unique interpretation of what the phrase; What does "research design" mean? According to Kumar (2013), a research design is a method of planning and carrying out research in order to solve a study issue or problem. This method was created to plan and carry out research. A research plan, according to Kerlinger (1986), is an overview of what a researcher wants to investigate, beginning with the design and continuing through the outcomes and data interpretation. According to Thyer (1993), as stated in Kumar (2011), a research design is a blueprint or detailed plan of how a research project will begin and end, including sample selection, data collection, and data analysis. This strategy also specifies how the research will be presented.

Furthermore, academics such as Gall et al. (2003) provide a study design as a framework for data collection and analysis. This framework allows for the accurate acquisition of vital information as well as the appropriate analysis of that information. A research design, according to Creswell (2009), is the rigorous framework or frame that is necessary to do research. According to Polit and Beck (2012), a research design is the study strategy chosen by the researcher to respond to a research subject. According to Creswell (2009), a research design is the strict structure or framework required to do research. According to Creswell (2009), a typical research design consists of the four main components listed: research methodologies, research strategies, research approaches, and research philosophies. The many definitions of research design, according to Kumar (2013), highlight its major purpose in research, which is to construct a technique for research and improve the quality of the procedure by enhancing its reliability, validity, objectivity, and accuracy. The

fact that the fundamental goal of research design is to construct a research technique reveals its position in research. He thinks that the definitions show the important role that research design plays in the research process, which is the most important thing about research design.

5.2 Research Philosophy

According to Flowers (2009), when conducting research, one must take into consideration the numerous types of research paradigms in addition to those of ontology and epistemology. This is because the design of research as well as how it is carried out are influenced in some way by all these different philosophical concepts. Ontological and epistemological viewpoints give birth to research philosophy, which in turn was born from a mix of traditional and modern forms, by which these positions may be classified in a way that is not only efficient but also successful. Research philosophy was born from the combination of traditional and modern forms in order to accomplish this. As a direct consequence of this, philosophy is concerned with the ways in which humans understand the universe with respect to academia, knowledge, and reality. The way an individual takes in information and the way they create their perceptions of the external environment are two key aspects that have a part to play in determining the strategies that might be utilised in scientific research (Wood 2015).

Some researchers, such as Bryman (2012) and Hall & Hall (1996), believe that research philosophy is tied to the nature of reality or knowledge as well as the way that researchers absorb information. This is so since research philosophy is concerned with the methods that researchers employ to obtain knowledge. These researchers provide evidence that there is a relationship between a researcher's philosophical approach to their work and the method by which they get knowledge. According to Burns and Burns (2008), the term "research philosophy" refers to the assumptions and views that are held by a researcher and that serve to

guide the way a research project is conceived of, planned, constructed, and carried out. In other words, a researcher's research philosophy dictates how a research project is conceived of, planned, constructed, and carried out. Burns & Burns have kindly given us this definition (2008). It is stated to be advantageous to have a research philosophy since it directs the researcher in making decisions regarding the research approach, research strategy, research technique, and data collection and analysis. Researchers such as Gill and Johnson (2002), Bryman and Bell (2011), and Creswell have characterised axiology, ontology, epistemology, and the nature of people as the essential components of any study of philosophy. Creswell also included the nature of people in his list of fundamental components (2014). The relevance of these components is shown by their placement in this list.

Positivism, interpretivism, realism, and pragmatism are the four fundamental schools of thought that may be discovered within the area of research philosophy, as stated by Saunders et al. (2009). Each of these schools of thought has its own unique perspective on research philosophy, as well as several different ways in which it might be understood. Positivism is a research philosophy approach that makes use of organised, systematic, and objective research techniques that improve the replication and generalisation of study findings, according to researchers such as Gill and Johnson (2002), who assert that positivism is a research philosophy approach. Because of this, Bryman and Bell (2011) demonstrate that the fundamental tenet of positivism is the idea that an excessive amount of human involvement in the process of conducting research has the potential to distort the outcomes of the study and lessen the relevance of the findings. According to Bryman and Bell (2011), researchers should be confined to acquiring data in a transparent manner when carrying out their studies. This is the argument that they make. According to Saunders et al. (2009) and Bryman & Bell (2009), interpretivism demonstrates that there is a difference between research pertaining to the natural sciences and research pertaining to social phenomena. This is shown by the fact that

interpretivism demonstrates that there is a distinction between the two types of research (2011). Interpretivism is used extensively in each of these studies as the principal research methodology. Because of this distinction, researchers in the social sciences are required to have an appropriate level of engagement with the subject of their inquiry if they are to reach the levels of success, they have set for themselves as goals for their work. According to Zikmund et al. (2013), the interpretivist philosophical approach has a drawback in the sense that it encourages researchers to meddle with the results of the studies they conduct, which is a negative. This is a drawback because the interpretivist philosophical approach encourages researchers to meddle with the results of the studies they conduct. Concerns are raised by the fact that the interpretivist theory encourages researchers to change the results of the studies they do, Bryman (2012) demonstrates that when realism is used as a research philosophy, the knowledge and experience of the researchers are typically distinct from, independent of, and distinct from the existing reality of knowledge. This is because realism emphasises the importance of the researcher's own experiences. This is proved by the fact that the same findings are reached whether realism is used as a research philosophy or not. This is a demonstration of this point.

As a direct consequence of this, realism necessitates that researcher analyse, investigate, and recognise reality via their imaginations while simultaneously avoiding the contamination of the truth with their own individual experiences (Saunders et al., 2009; Bryman & Bell, 2011). According to Baert (2005) and Saunders et al. (2009), pragmatism is a philosophical approach that focuses on making any study paradigm in regular research activities relevant and result driven. Pragmatism also emphasises the importance of achieving one's goals. The term "scientific method" refers to another name for pragmatism. People are sometimes given the opportunity to take pragmatism into consideration as an alternate philosophical choice. Denscombe (2007), Saunders et al. (2009), and Creswell (2014) are just a few examples of

academics that have proposed the idea that researchers should combine a variety of research procedures, tactics, and strategies in order to get the most accurate results possible. This is because a single strategy can't solve all the problems the researcher ran into or answer all the questions the study raised.

5.2.1 Ontology

Ontology is viewed as the science or study of 'being'. It gives an in-depth view of "what exists, how it looks like (how it is perceived visually), its' make up, and their nature of interaction with one another. Therefore, ontology sees one's view based on reality i.e., does this exist or is it a subjective reality which is but a figment of the mind. Ontology pertains to the philosophical examination of the fundamental nature of reality, existence, and being. This inquiry pertains to the fundamental inquiry of the essence of existence. What types of entities or phenomena are present? The field of ontology offers a conceptual framework that facilitates the comprehension of researchers' perspectives and definitions regarding the entities under investigation, as well as the connections and associations that exist among them. The field of research is significantly impacted by ontology, as it shapes researchers' perspectives towards their subjects, determines the nature of inquiries posed, and influences the selection and implementation of data collection and analysis methodologies. The phenomenon influences the researcher's comprehension of the boundaries of knowledge and the process by which knowledge is formed. In the context of research, it is commonly observed that there exist two primary ontological stances. Objectivism, also known as realism, asserts the existence of an objective reality that is independent of human perception. Researchers who adhere to an objectivist perspective maintain the belief that the apprehension and explication of reality can be achieved by means of empirical observation and measurement. The researchers assume that the phenomena under investigation possess inherent properties and exist independently of the researcher.

Secondly is the philosophical perspectives of constructivism and relativism which posit that reality is not an objective entity, but rather a product of individual or collective construction and interpretation. Researchers who adopt a constructivist viewpoint assert that knowledge is inherently subjective and shaped by personal experiences, social environments, and cultural influences. The acknowledgment of the influence of human interpretation on the construction of reality is a central tenet of their viewpoint, which underscores the significance of comprehending diverse perspectives.

5.2.2 Epistemology

Epistemology considers how the nature of the world is viewed via means accepted as being appropriate. It also tries to look at, what is knowledge and where can knowledge be obtained from as well as the possible limitations that may exist. Epistemology is a branch of philosophy that investigates the essence of knowledge, the origins of knowledge, and the methods by which expressions of knowledge can be assessed. This framework offers a theoretical structure for comprehending the processes through which researchers acquire knowledge and comprehension of the world, as well as how they determine the reliability and precision of their discoveries. Researchers have the option to adopt various fundamental positions within the field of epistemology.

Empiricism places significant emphasis on the role of sensory experience and empirical evidence as fundamental components in the process of acquiring knowledge. Scholars who embrace an empirical epistemological perspective depend on the utilisation of direct observation, measurement, and experimentation as means of collecting data and generating knowledge. The prioritisation of evidence-based findings and the objective provision of explanations for phenomena are central to their approach. Rationalism places significant emphasis on the utilisation of reason and logic as fundamental means of acquiring knowledge.

Scholars who adopt a rationalist epistemological framework place emphasis on the utilisation of deductive reasoning, logical analysis, and rational argumentation. Academic individuals often depend on theoretical frameworks, conceptual models, and logical deductions as means to develop and establish knowledge. Constructivism posits that knowledge is actively constructed by individuals or collectives through the lens of their subjective experiences, interpretations, and social interactions. Scholars who embrace a constructivist epistemological perspective recognise that the acquisition of knowledge is shaped by various factors, including the researcher's personal background, beliefs, and social environment. One possible approach that researchers may adopt is to prioritise the comprehension of various viewpoints and subjective interpretations in order to cultivate comprehensive and contextually grounded insights into phenomena. Pragmatism is a philosophical perspective that places emphasis on the practical consequences and utility of knowledge. Scholars who adopt a pragmatic epistemological stance prioritise the pragmatic utilisation of knowledge and direct their attention towards the consequences and ramifications of their research endeavours. Academic institutions may exhibit a tendency to prioritise research that is action-oriented and oriented towards addressing practical issues.

5.2.3 Justification of Research Philosophy Choice

This study aims to explore the phenomenon of Reward-based crowdfunding in Nigeria and investigate strategies for establishing trust within this process. It is aimed at examining strategies for cultivating trust within the given procedure. Adopting an interpretivist research paradigm, this study will focus on qualitative data collection techniques, like conducting interviews, to explore the viewpoints and lived experiences of crowdfunding platform administrators, entrepreneurs, and funders within the Nigerian context. The objective of this inquiry is to acquire knowledge regarding the mechanisms that can facilitate the development of trust within a reward-based crowdfunding process. Within the framework of

this study, I would adopt a constructivist/relativist ontological perspective, as I perceive reward-based crowdfunding and trust mechanisms to be socially constructed and subjectively interpreted by individuals and collectives. It is acknowledged that trust-building mechanisms can exhibit variations depending on cultural, social, and contextual factors. This research study aims to investigate the subjective perceptions and experiences of crowdfunding platform administrators, entrepreneurs, and funders in Nigeria. In order to comprehend the multifaceted perspectives and underlying factors that foster trust within the crowdfunding domain, interviews would be employed as a qualitative research method to collect data.

Furthermore, a constructivist epistemological framework seems fit and will be employed, recognising that understanding of reward-based crowdfunding and trust-building mechanisms is shaped by social construction and subjective factors such as individual experiences, interpretations, and social interactions. My primary objective will be to comprehend the various viewpoints and subjective interpretations associated with trust-building mechanisms within the context of crowdfunding. I intend to conduct interviews in order to comprehensively capture the intricate comprehension and contextual elements associated with the establishment of trust. This research work will therefore employ the interpretivism research philosophy, which prioritises the comprehension of social phenomena by examining the subjective meanings and interpretations of individuals.

5.3 Research Design

The research design provides the researchers with the ability to properly organise, create, and carry out their research operations. Saunders and colleagues (2003) use an analogy of an onion to describe the stages of the study design process. The research onion describes the sequence of stages that are often involved in conducting research, which progresses from the outside to the middle by peeling back successive layers of the onion. The layers consist of the following

components: a research philosophy; an approach; a method; a strategy; a time horizon; and techniques and processes for gathering and analysing research data. In general, the research onion illustrates the considerations that must be made before to setting off on an uncharted path of research. The research onion that is displayed in Figure 5.1 symbolises the connectedness among the numerous concepts that are present in a research planning and design, and it demonstrates the entirety of the research procedures, actions, or activities that are often involved in research (Saunders, et al., 2003). A study design is crucial because it helps researchers understand how all the research's components are related, according to the results of several researchers (Bryman and Bell, 2007; Blumberg et al., 2008). The figure below is a modified Saunders research onion illustrating the various research choices that would be ideal for this research study.

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Figure 3-1: A Modified Saunder's Research Onion (Saunder et al., 2009)

5.3.1 Exploratory Research

An exploratory research design is one that is employed with the intention of gaining more, more in-depth insights that may be used to later research investigations. "Exploratory research"

is the name given to this study strategy. Exploratory research, as its name indicates, is intended to perform the function of exploring or studying the study issue or problem that a researcher is presently presented with. This function is intended to play a role in the research process. When it comes to this situation, the researchers seek to arrive at a research question or hypothesis that is more specific. Several experts in the field of academia have mentioned that exploratory research necessitates the utilisation of a greater number of techniques that are malleable and open-ended, as well as those that direct the attention of the researchers toward the processes of learning, problem-solving, and discovery (Palys, 2017; Bryman 2012). Exploratory research, as described by Malhotra (1996), is often malleable and fluid, allowing researchers to dive more deeply into their subject. Again, according to Sekaran (2003), exploratory research is best utilised in circumstances in which a more conventional research study has already been carried out but insufficient information is readily available. Both Saunders, et al. (2003) and Neuman (2000) believe that exploratory research is beneficial to researchers in helping them develop a deeper understanding of their subject matter. Neuman (2000), on the other hand, contends that this research approach is essential in situations when there had been no previous study conducted.

5.3.2 Descriptive Research

There is also the possibility of doing descriptive research as an alternative to exploratory studies. According to Glass and Hopkins (2008), a descriptive research study is one that permits the data relevant to the event to be acquired and arranged. This data may then be used to draw conclusions about the event. This method of doing research is compatible with both qualitative and quantitative methods of conducting research. Typical descriptive studies aim to either uncover anything novel or offer answers to research questions by employing a survey-based method of data collection. This is done in order to maximise its usefulness (Borg & Gall, 1989). According to Fong's research, the validity and reliability of the measurements were two of the

most essential issues in the descriptive study design (1992). These two concepts, validity and reliability, will be dissected in greater depth in the following chapter, which will focus on the process of data collection and be devoted to that topic.

5.3.3 Explanatory Research

According to de Vaus (2004), the queries that begin with "why" are the focal point of explanation study since they pose a rhetorical query. For instance, this kind of research may be used to investigate the issue of why the rate of crime in a certain country is either high or low in that country. When, for instance, a study topic has not been investigated in the past, it is vital to do explanatory research, which is sometimes referred to as a casual research design. This type of research design is also referred to as a research method. Research that explains phenomena, as defined by Churchill (1995), proves the presence of a cause-and-effect relationship between two or more separate approaches or groups. In most cases, researchers are unable to maintain control over the independent variable while it is being researched, as stated by Gay and Airasian (1999). Explanatory research can take many forms, but some of the more illuminating examples are case studies, research carried out by focus groups, and in-depth explorations of a single topic.

5.3.4 Justification for Exploratory Research Utilization

As there are many different strategies for the planning and design of research, the research study in question makes use of an exploratory research design. This makes it possible for the researcher to carry out an in-depth investigation of the interaction between an investor and an entrepreneur in order to explore the start-up funding issues that are encountered by equity financiers in addition to entrepreneurs. If you choose to do your investigation utilizing this kind of inquiry, you won't have to provide concrete evidence to back up your claims because it will be much simpler to do so. The researcher will have the opportunity to investigate and implement creative solutions to the research challenges that have been identified, which will

assist the researcher in gaining insights into the problems that have been pointed out, if the research is conducted using an exploratory research design (Kothari, 2003). In addition to this, the exploratory study is going to be of great support to the researcher in thoroughly researching subjects and ideas that had not been found before. This provides support for the implementation of this study approach given that past research studies on venture capital investment in Nigeria and Africa, in general, are limited in both their breadth of coverage and their frequency of occurrence. When performing exploratory research, in addition to formal structured interviews, additional sources of data such as pilot studies and informal talk are utilised. This is done in order to get as much information as possible about the topic at hand. This not only gives the researchers some leeway to adjust to changes as the research advances, but it also makes it possible for the findings to be more varied.

5.4 Research Methodology Overview

To help build a mechanism trust in reward-based crowdfunding in Nigeria, a qualitative method of conducting interviews would be employed. This would be done to help identify what set of trust mechanism would be most suitable for a reward-based crowdfunding in Nigeria, what minimum trust mechanism would be required for the initial stage of crowdfunding, what factors might play a role in altering trust perception, acceptance, and requirements in the future for reward-based form of crowdfunding, and generally to relate and identify patterns of trust model usually frequented. The research study "Reward-Based Crowdfunding in Nigeria, building a Mechanism of Trust" has been undertaken with specific aim and objectives as stated in chapter one of this study. In order for the stated objectives to be achieved, several stages must be covered in order for an appropriate methodology to be produced.

Saunders *et al.* 2007, onion model was used in the development of this research methodology due to the research onion been able to provide an efficient progression for research

methodology and due to its flexibility in being used in almost any research type. Saunder's research onion is made of various layer (just like a typical onion) and each layer of the onion represent a detailed stage of the research study process. This chapter, therefore, looks at the various layers of the research onion, how they relate with the research study and the reason/justification as to why certain choices were made at different layers. It is imperative to know that in selecting the option considered most appropriate, the aim and objective of the research study were taken into consideration as to achieve with greater precision the necessary information to create a study that would give an in-depth and clear insight and provide knowledge and understanding on the research topic to readers.

According to Saunder's *et al.*, (2007), for a good definition of research methodology, the purpose of a research must be classified into three, namely, Exploratory, descriptive, and explanatory. Exploratory research, as the name suggests, is exploratory in nature. They are those research that have only a handful of studies which can be made use of as a reference. Exploratory research also tries to discover underlying patterns, hypothesis, or ideas rather than have a hypothesis tested. Descriptive research on the other hand provides information on the characteristics of an issue which is searched for, and a precise description of the issue is provided. For explanatory research, the researcher goes further than what is usually done in a descriptive type of research as the researcher carry out an in-depth analysis and give an explanation to 'why' and 'how' something is or has happened (Saunders *et al.*2007).

5.5 Research Paradigms

There are various paradigms employed in carrying out a research study which is based on the field of social science. The paradigm of research, also known as research epistemologies, describes how researchers or individuals express their world views (Daniel 2011). There are

four major research paradigms usually looked at which are Positivism, Interpretivism, realism and pragmatism. I will then investigate these various research paradigms in more details.

5.5.1 Positivism

This research philosophy is based on the idea that the hypothesis derived from existing theory should be tested using such means as the movement of social relatives that are observable (Flowers 2009). Positivism views the world has been fixed and thus operate on an already fixed law (Daniel 2011). This research philosophy sees the social world existing both externally and objectively and that knowledge is only acceptable if it relies on observations made of this reality that is viewed as externally occurring. It also states that, the existence of general or universal law is real and that models that are theoretical can be created and can give meaning to the cause-and-effect relationships, thus helping to foretell various outcomes. Therefore, positivism as a philosophy looks at values of reason, truth and validity, and those facts are obtained through the method of observations and or measurable experience (surveys and experiments). Thus, positivism is believed to see reality as something that can only be found or understood through the method of categorization and the measurement (via scientific means) of individuals and systems behaviours and that languages show reality as it is (Flowers 2009). Positivism believes that to answer a research question, theories need to be generated and the generated theories (which are usually scientific) are used to test these laws which help to either confirm these laws or reject them. This helps provides a better understanding of how exactly the world works and expose the truth as it is (Daniel 2011).

5.5.2 Realism

According to Daniel (2011), realists are those who believe that the work of a researcher is to help unravel an already existing reality. Realists believe that the truth is already out there and all that a researcher needs to do is provide or rather give a clear and easily understandable explanation to the already existing truth. Realism is also of the believes that it is possible, for

structures to exist outside the realm of human consciousness while knowledge is created via social means. Realism is thus seen as trying to look at things as they are, how they behave and that reality as a form might have an independent existence irrespective of science or observation and thus there is need to acknowledge realities whose existence or acts are said to be present, whether it has been proven or not. Thus, realism sees social science and natural science as two different science and just like positivism, science must not only be rational and objective, but it must also be empirically based (Flowers 2009). Realism can be viewed as more of understanding and explanations than prediction. Also, they view the need for research to be carried out from different angles and from different levels to help bring about the understanding of reality. Realism is thus considered inductive or theory building in Nature (Flowers 2009).

5.5.3 Interpretivism

Interpretivism which is sometimes referred to as a form of anti-positivism or post-positivism believes that research been conducted should take note of how humans differ in terms of the roles they play as social actors. This emphasizes the difference that is observed when research is carried out on animate rather than inanimate objects (Saunders *et al.* 2009). Interpretivism is considered as those who work in collaboration with others to help bring about the interpretation, conclusion and understanding of realities to better see events as they are from the point of views of others and give clarity and interpretation to the academic researcher's experience. Interpretivism is most times considered inductive and is theory building. This research philosophy considers the thought and feelings of people and the way they communicate (verbal or non-verbal) (Flowers 2009).

5.5.4 Pragmatism

Pragmatism is a research philosophy which believes that data acquisition should be of a mixed approach. Pragmatism sees both reality and philosophy as being of a multi-system approach. This, therefore, allow researchers to choose how data is collected and analysed (that is to say,

the researchers are at freedom to decide the method, technique as well as procedures they desire to be applied in the execution of the research study). Pragmatist research always looks at what the consequence of a given approach might be before taking a decision (Crewell 2014). This research study will, therefore, make use of the pragmatic research approach as it tries to understand the mechanism of trust in reward-based crowdfunding in Nigeria. Due to the importance of carrying out this research, there is a need to employ methods/techniques that will allow for the researcher to execute the research study and provide an explanation to how trust affects reward-based crowdfunding in Nigeria.

5.5.5 Justification for choice of Research Paradigm

This research work will employ the interpretivism research paradigm, which prioritises the comprehension of social phenomena by examining the subjective meanings and interpretations of individuals. The study aims to explore the phenomenon of Reward-based crowdfunding in Nigeria and investigate strategies for establishing trust within this process. This study is a component of a broader research endeavour aimed at examining strategies for cultivating trust within the given procedure. Adopting an interpretivist research paradigm, this study will focus on qualitative data collection techniques, like conducting interviews, to explore the viewpoints and lived experiences of crowdfunding platform administrators, entrepreneurs, and funders within the Nigerian context. The objective of this inquiry is to acquire knowledge regarding the mechanisms that can facilitate the development of trust within a reward-based crowdfunding process.

5.6 Research Approach

One definition of research approach is the way research is carried out and the way it evolves from being mostly composed of assumptions to becoming a clear-cut and well-organized procedure (Kothari 2004). There are primarily three different strategies or approaches for

conducting research: inductive, deductive, and abductive. The focus of the study is a component of the research method that is pertinent to the decision-making process that a researcher goes through when choosing a research method. The definition of a research methodology that was provided by Saunders et al. (2009) states that it is nothing more than the approach that is used to establish and validate research hypotheses. In general, a research study of this kind might be approached in a variety of ways depending on the specific circumstances. As outlined by Bryman and Bell (2011), inductive reasoning, deductive reasoning, and abductive reasoning are the three basic research approaches. In the next three subsections, an explanation is provided for each of these three approaches that is more comprehensive:

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Figure 5-2: Inductive, deductive and abductive research, and the selected approach (Adapted from Ketokivi and Choi (2014))

5.6.1 Inductive Research approach

The inductive method involves moving from a particular concept to a more general one, whereas the deductive method involves evaluating broad facts and working towards a particular concept (Boilerman., 2016). Inductive research is called a bottom-up research strategy since it develops research theories based on an initial observation of research data in order to identify how the theory is explained (Burns & Burns, 2008; Bryman & Bell, 2011). According to Hall

and Hall (1996), the inductive method is one that makes use of both observed facts as well as the conclusions generated from those data. The inductive method connects the act of seeing phenomena to the research process, which in turn is related to hypotheses (Goddard & Melville, 2004). The progression from individual observations to generalisations and ideas is the focus of inductive inquiry. Inductive research often begins with the researcher making observations to recognise patterns and formulate a hypothesis, which they then investigate in order to arrive at either findings or hypotheses (Trochim et al., 2016). According to Bryman (2012), one of the benefits of inductive research is that it makes it possible to draw inferences from models. On the other hand, one of the problems with this way of doing research is that it's hard to know how far you can generalise because inferences aren't based on any known premises.

5.6.2 Deductive research approaches

In deductive research, a researcher follows a topic of interest with theory thinking and brings down the investigation to a specific testable hypothesis, as described by Trochim et al. (2016). Deductive research starts from the top and moves down to the bottom as well as goes from the general to the exact issue. According to Trochim et al. (2016), it is feasible to further narrow down when observations are gathered in order to address the hypothesis, which ultimately leads to the testing of the hypothesis with data and a confirmation of the original beliefs. According to Bryman & Bell (2011), the most significant limitation of the deductive methodology is that it cannot be used in the sort of study that is typically conducted in order to investigate and pinpoint the influence of human behaviour on the researcher. Research that takes an inductive method starts at one end of the spectrum, while deductive research begins at the other. Arguments in which laws, rules, or principles are the primary topic of discussion lend themselves particularly well to the use of a deductive strategy (Soiferman 2006).

5.6.3 Abductive Research

The abductive research strategy is one that was developed to provide an alternate solution to the key issues and shortcomings that are linked with both the inductive and the deductive research approaches. Earlier researchers, Saunders and Thornhill (2012), note that the deductive method lacks clarity on the selection of a theory to be tested through the development of a hypothesis. This is something that Saunders and Thornhill (2012) remark. The researcher also pointed out that one of the shortcomings of the inductive methodology is that it is not feasible to construct a theory using it, even when using a significant quantity of empirical evidence collected through field study. Both the inductive and the deductive methods of doing research have flaws, but the abductive technique addresses some of these issues head-on by taking a more pragmatic point of view. According to Saunders, Lewis, and Thornhill (2016), the abductive method incorporates not only the process of testing to confirm or reject a hypothesis but also the process of building a theory in order to identify patterns in observed data. This was presented as a key feature of the abductive method. The research approach type, which is rarely used, employs the use of the term "surprise facts" at an initial stage with the research process dedicated to their explanation. It should be known that amongst the research approach types, both the inductive and deductive approaches remain the major research approaches employed for research studies. This is because inductive research remains more reliable than deductive research in predicting outcomes (Soiferman2006). Since the purpose of this research is to investigate the influence that trust has on the model of crowdfunding that is based on rewards, an abductive approach will be utilised. This study intends to collect the required data by employing a qualitative method of data collection, which will involve the use of semi-structured interview (face-to-face interview), analysing the data collected, and then responding to the research study questions (Greener, 2008).

5.6.4 Justification for the choice of Research Approach

The abductive research approach, also referred to as abduction or inference entails the construction of plausible hypotheses or explanations by considering the available evidence and prior knowledge. This approach is especially well-suited for investigating research subjects that necessitate the exploration of unique or intricate phenomena, the formulation of hypotheses, and the establishment of explanatory frameworks. The utilisation of the abductive research approach would prove advantageous for investigating the topic of "Reward-based Crowdfunding in Nigeria, building a mechanism of trust" due to several compelling factors.

The examination of complex phenomena, such as reward-based crowdfunding and the mechanisms of trust, reveals their multifaceted nature, which is shaped by a range of contextual factors. The abductive methodology enables scholars to explore the complicated nature of the subject matter by examining the accessible evidence, existing theories, and contextual elements in order to formulate plausible explanations or hypotheses that can yield a more profound comprehension of the subject. The utilisation of abductive reasoning in research stimulates researchers to engage in creative thinking and facilitates the generation of novel insights and hypotheses. In the context of reward-based crowdfunding in Nigeria, this methodology has the potential to facilitate the identification of novel trust-building mechanisms that have not been previously examined or conceptualised (Frydrych et al., 2014). This capability facilitates the production of original explanations or hypotheses that can contribute to the progression of knowledge within the respective field.

The process of abductive research entails the integration of various perspectives, theories, and pieces of evidence in order to formulate the most credible explanations. In the realm of trust establishment within the framework of reward-based crowdfunding, this methodology allows researchers to examine the perspectives of different stakeholders, including platform users,

campaign creators, and contributors. By incorporating these viewpoints, researchers can construct comprehensive explanations or hypotheses that encompass the wide range of experiences and factors that impact trust. The process of abductive reasoning can be characterised as iterative and reflexive, as it entails the continuous revisiting and refinement of hypotheses considering ongoing data collection and analysis. This enables researchers to iteratively evaluate and enhance their explanations as they accumulate additional evidence and insights. Moreover, abductive reasoning serves to foster reflexivity, thereby prompting researchers to engage in critical self-reflection regarding their underlying assumptions, biases, and the potential impact of contextual variables on the outcomes of their research.

The abductive research approach is characterised by its alignment with a reasonable orientation, as it prioritises the resolution of practical problems and the provision of meaningful explanations. The deployment of the abductive approach in this research work has the potential to yield valuable insights and generate propositions that can be practically applied to enhance trust-building mechanisms within reward-based crowdfunding platforms in Nigeria. The research findings have the potential to provide valuable insights for platform design, communication strategies, and policy recommendations aimed at improving trust and fostering greater participation. The selection of the abductive research approach enables researchers to employ both creative and analytical thinking, examine various viewpoints, and produce fresh perspectives and hypotheses that enhance comprehension of trust-building mechanisms in reward-based crowdfunding within the context of Nigeria.

5.7 Research Strategy

One definition of research strategy is "the way and manner in which activities are organized to aid in the execution of the researcher's goal in a manner that is systematic rather than a

disorganized manner." In other words, research strategy refers to the way and way the activities are organized (Saunders et al. 2009). In addition, the intended actions of a researcher to answer the research questions and carry out the study technique are also included in the definition of "research strategy." It was determined, via the process of doing a literature review, that most of the earlier study made use of a variety of research methodologies in order to gather their main data. This piece of study makes use of a research approach that makes it possible to successfully conduct research and gather data using interviews. Sekaran and Sekaran (1992), Saunders, Thornhill, and Lewis (1997), and Bryman (2012) describe various types of research strategies that are utilized in the design and implementation of research. It is common practice for research strategy to utilise either one or a combination of these strategies. For this research work I will be adopting an interview-based research strategy.

5.7.1 Interview-based research

Interview based research is a qualitative research method that collects data and insights for a study by interviewing participants. It permits researchers to investigate and comprehend complex phenomena through the perspectives and experiences of individuals or groups. Marshall and Rossman (2016) assert that interviews are a valuable method for obtaining rich and detailed information directly from participants. Interviews, in the authors' words, "offer opportunities to explore people's experiences, beliefs, attitudes, and values in ways that other research methods cannot capture" (p. 9). In many fields, interview-based research has become increasingly prevalent. For instance, in Flick's (2009) study on migration and integration, interview-based research was used to understand the experiences and obstacles immigrants confront during the integration process. The interviews provided a deeper comprehension of the participants' experiences by capturing their personal narratives and points of view. Rubin and Rubin (2012) used interview-based research to investigate the experiences of individuals with chronic illness in a separate study. Through in-depth interviews, the researchers obtained

insight into the participants' daily struggles, coping mechanisms, and interactions with healthcare-providers.

Additionally, interviews have been utilised in organisational studies. In their study on the development of leadership, Gentry et al. (2019) interviewed executives to learn about their perspectives and experiences with leadership development programmes. The interviews provided valuable insights into the efficacy of various development strategies and their effects on leadership development. In interview-based research, the data acquired through interviews is usually analysed using qualitative analysis techniques. For instance, in a study on thematic analysis conducted by Braun and Clarke (2006), interviews were transcribed, coded, and analysed to identify themes and patterns within the data. The thematic analysis assisted in identifying participants' shared experiences, attitudes, and perspectives.

According to Saunders et al. (1997), the level of structure that a research interview has can vary depending on the research problems that are being investigated as well as other factors that are specific to the research being conducted. A research interview may also be semi-structured or unstructured. The researcher and the participants both have the potential to be biased while using the interview research technique, which is one of the method's drawbacks. Interviews for research are often carried out in one of two primary formats: in-person or over the phone. Face-to-face interviews are those in which the interviewees meet the researcher in person and offer their agreement and willingness to be individually questioned at a designated time and location. Researchers can acquire some quick replies from participants when they conduct a personal interview, which is one of the benefits of this method.

In conclusion, interview-based research is a qualitative research method that permits researchers to investigate and comprehend complex phenomena by collecting rich, detailed

data directly from participants. It provides an opportunity to record personal perspectives, experiences, and beliefs, which contribute to a deeper comprehension of the research topic.

5.7.2 Ethnographic Research Strategy

Ethnographic research is a qualitative research strategy typified by the researcher's immersion in the social context or community under investigation, with the aim of acquiring a comprehensive comprehension of its culture, behaviours, and practises. Ethnographers commonly engage in an extended duration of fieldwork, wherein they engage in participant observation, interact with individuals, conduct interviews, and meticulously record their observations and encounters. The objective is to acquire the comprehensive and nuanced understandings that arise from active participation in the research environment. Within the scope of the research subject "Reward-based Crowdfunding in Nigeria; building a mechanism of trust," the application of ethnographic research can be employed to investigate the cultural and social factors that impact the establishment of trust-building mechanisms within the Nigerian crowdfunding landscape. Ethnographic research can be effectively employed in various contexts to gain a comprehensive understanding of social phenomena and cultural practises.

The researcher would undertake an extensive duration of involvement in the crowdfunding ecosystem, actively engaging with and observing diverse stakeholders, including users of crowdfunding platforms, campaign initiators, and contributors. Through active engagement and deep involvement in the specific domain, the researcher can acquire a direct and experiential comprehension of the various procedures, standards, and dynamics associated with the establishment of trust within the context of reward-based crowdfunding (Medzhyboyska,2017). The researcher will engage in active observation and participation in crowdfunding campaigns, platform activities, and pertinent events or gatherings. This may

entail attending events where campaigns are launched, engaging in discussions on crowdfunding platforms, or observing the dynamics between campaign creators and contributors (Moysidou & Hausberg, 2019) By engaging in participant observation, researchers can observe and document the processes involved in building trust, as well as analyse the various strategies, challenges, and dynamics that are present in such interactions.

Ethnographic research entails the utilisation of in-depth interviews to engage with diverse stakeholders who are actively participating in crowdfunding campaigns. This may involve conducting interviews with campaign creators to gather insights on their strategies for cultivating trust with contributors, engaging in discussions with contributors to comprehend their decision-making processes, or consulting platform administrators to gain a deeper understanding of their initiatives aimed at fostering trust. Casual dialogues with participants can additionally yield valuable insights and cultivate trust, thereby empowering the researcher to capture nuanced perspectives. The ethnographer would diligently maintain comprehensive field notes, documenting observations, conversations, and personal reflections. The inclusion of field notes is crucial in the documentation of the researcher's experiences, as they serve to capture significant moments and aid in the subsequent analysis and interpretation of the collected data. Field notes play a crucial role in safeguarding the precision and credibility of research findings, while also serving as a valuable repository of qualitative data. The process of analysing ethnographic data entails the examination and categorization of the gathered information, the identification of recurring themes, patterns, and emerging concepts, and the interpretation of the findings within the specific cultural and social framework of the crowdfunding ecosystem in Nigeria. The process of analysis in this study encompasses various tasks, such as coding the collected data, categorising the identified themes, and examining the

interrelationships and connections among different dimensions of trust establishment in the context of reward-based crowdfunding.

By utilising an ethnographic research approach, one can acquire a comprehensive comprehension of the cultural, social, and contextual elements that impact the establishment of trust mechanisms in reward-based crowdfunding within the Nigerian context. This methodology facilitates a comprehensive examination of the lived experiences, interactions, and practises within the crowdfunding community, yielding valuable insights that may not be effectively captured by alternative research methodologies.

5.8 The Research Method

It has been stated by several authors, including Bryman (2012) and Creswell (2009), that in general, there are three primary research techniques, which are known as qualitative, quantitative, and mixed methodologies, and that each of these research methods has a unique set of characteristics. Bryman (2012) and Creswell (2009) are two examples of authors who have made this assertion. According to these academics, the researchers who carry out their studies make use of these approaches, which are distinguished by their own distinct processes and strategies. This part gives an overview of the plans for collecting data, analysing that data, and disseminating the findings of the research. It is included under the methodology section. It is useful to have a thorough understanding of these three major research approaches while conducting research on entrepreneurship. Research choice can also be said to be the methods used in collecting and using data. Such data can be collected either via mono-method (quantitative or qualitative) or a mixed/multi-method (combination of quantitative and qualitative) (Saunders *et al.* 2009). Below is a summarized explanation of both mono method

of data collection and why the mono-method is the method that will be used in this study (Williams,2011).

5.8.1 Mono-method

A mono-method study approach is one that employs only a single research method and data collection technique. It entails employing a single methodological strategy throughout the entirety of the research process, from data collection to data analysis. This strategy permits researchers to maintain methodological consistency and concentrate on the strengths and limitations of a particular research method (Williams,2007).

5.8.1.1 Quantitative Research Method

The quantitative research method is concerned with the definition of variables, the various categories of these variables, and the way in which they are interconnected with each other to create a hypothesis, typically before the data collection is carried out for the research. This method of research is referred to as "descriptive research." The quantitative method will be used in the study only when the research topic has been thoroughly outlined and the answers to the questions that the respondent is asked to have been provided in a manner that is clear, succinct, and straightforward (Younus 2014). According to Creswell (2014), the quantitative research method typically involves the utilisation of "strategies of inquiry such as experimental and surveys to collect data on predetermined instruments that will help yield statistical data." In other words, the goal of this type of research is to produce numerical information. Data collection in quantitative studies typically involves the use of numerical formats, and quantitative research frequently makes use of mathematical models as a tool for conducting data analysis (Williams 2007). The quantitative research method is considered a research problem inquiry that employs statistical variables in the testing or proving of a theory. This type of research into a human problem or social phenomenon is based on testing or proving a

theory with statistical variables to determine whether the theory is true (Saunders et al. 2009). According to Muijs (2011), a quantitative research approach is a methodical study that includes the utilisation of numerical analysis and delivers a specific and condensed description of controllable variables. This type of research is systematic. Most economics and social science studies use quantitative research methods.

5.8.1.2 Qualitative Research Method

The qualitative research strategy is a strategy employed to study qualitative phenomena. Such Phenomena include those of 'quality' and 'kind' (Kothari 2004). Qualitative research is generally of the view that "research is influenced to a great extent by the values of the researcher" (soiferman 2010). The qualitative research method is believed to be ideal for behavioural sciences where the motives of a man are the main aim, thus helping to provide an understanding of what motivates people to act in the way or manner they do. Unlike quantitative research, qualitative research is difficult to apply in a research study (Kothari 2004). For qualitative research method to be made use of in a study, the research question of that study might not be well defined and therefore, questions directed to the respondent would lead to answers that might be inconclusive and complex (Younus 204).

5.8.1.3 Differences between Qualitative and Quantitative Methods

Many researchers, like Yilmaz (2013), Creswell (2007), and Denzin & Lincoln (1998), are of the opinion that there is a great deal of distinctions between the two primary types of research methodologies, which are qualitative and quantitative research methods. For instance, there are discrepancies in terms of their foundations in epistemology, theory, and methodology. According to the findings of previous researchers such as Bergman (2008), Bryman (1998), and Cohen, Manion, and Marrison (2007), the key distinctions between qualitative and quantitative research methods lie in the research approaches, assumptions, and purposes that are pursued, as well as the role that the researcher plays. One of the most intriguing distinctions

concerns the procedures that were used for the collecting and examination of the data. Denzin and Lincoln (1998) and Miles and Huberman (1994) assert that quantitative research utilizes surveys and questionnaires to collect data, and then applies statistics in conjunction with mathematical models to analyse the data. On the other hand, qualitative research utilizes interviews, focus groups, and participant observation to collect data, and then utilises non-statistical methods to analyse the data. Again, the population size of the research participants who are investigated is another area that is different between the two types of research. While qualitative research only needs a small number of participants, quantitative research needs a high number of people. Patton (2002) demonstrated that the qualitative method is superior to the quantitative method when it comes to researching individual participants. However, the quantitative method is advantageous when it comes to conducting research on cases, people, and situations that involve a relatively large number of participants.

5.8.2 Mixed/Multi-Method

The use of both qualitative and quantitative means of data collection and analysis in a single study is referred to as a mixed or multi-method. Using this method, the researcher gathers data in both numerical (quantitative) and narrative (qualitative) form to help answer the research questions. A good example of a multi-method been made use of is in research whereby data is gathered via a mix of the survey method (obtaining numerical data as well as interviews for the gathering of data that is narrative). The advantage of using multi-method lies in the fact that the strength of both quantitative and qualitative means is taken advantage of while the weakness of both methods is minimized (Williams 2007).

5.9 Data Collection Technique

The term "data collection" pertains to the systematic acquisition of relevant information or data in the context of a research investigation. The process entails the methodical gathering,

documenting, and arranging of data in order to address the research objectives and provide answers to the research questions. The collection of data plays a pivotal role in the research process as it furnishes the empirical evidence required to substantiate or challenge hypotheses, generate valuable insights, or arrive at well-informed conclusions. The data that is gathered can take on various forms, including qualitative, quantitative, or a blend of both, contingent upon the chosen research design and methodology.

The process of data collection generally encompasses the subsequent stages which includes the process of formulating a coherent strategy for gathering data entails several key components, namely the identification of suitable data collection methods, the establishment of an appropriate sampling approach, and the incorporation of ethical considerations. Select the most appropriate methods for gathering data, taking into consideration the research objectives, research questions, and the characteristics of the phenomenon being studied. Various data collection techniques commonly employed in research include surveys, interviews, observations, focus groups, document analysis, experiments, and case studies. When appropriate, create or modify data collection instruments, such as questionnaires, interview guides, or observation protocols. It is imperative to ensure that the chosen instruments are in alignment with the research objectives and possess the capability to effectively elicit the desired data. The selection of an appropriate sampling strategy and the identification of participants or cases that accurately represent the target population or the phenomenon under investigation are essential steps in research design. Sampling techniques commonly employed in research studies encompass random sampling, stratified sampling, purposive sampling, and convenience sampling.

Prior to gathering data from the entire sample, it is advisable to carry out a pilot test or a small-scale trial of the data collection instruments and procedures. This aids in the identification of any potential issues or areas for improvement within the data collection process. Execute the predetermined methods and protocols for data collection. This entails the implementation of surveys, execution of interviews, undertaking observations, or analysis of pertinent documents. It is imperative to adhere to ethical guidelines, acquire informed consent from participants, and uphold data confidentiality. Ensure that the data is recorded with precision and thoroughness. This process may encompass the tasks of transcribing interviews, structuring field notes, or converting survey responses into digital format. Develop a comprehensive framework for the purpose of effectively arranging and safeguarding data in a manner that ensures its confidentiality, integrity, and availability. It is imperative to guarantee the integrity and dependability of the gathered data. Incorporate methodologies aimed at mitigating errors, biases, and instances of missing data. It is imperative to implement routine inspections and validation protocols in order to uphold the integrity of the data.

After the completion of data collection, it is imperative to appropriately structure and oversee the accumulated data in a format that is appropriate for efficient management. The analysis of data should be conducted using suitable techniques, such as statistical analysis, qualitative analysis, content analysis, or thematic analysis, depending on the research design and methodology employed. The data analysis should be interpreted and synthesised in order to derive significant insights, identify recurring patterns, and effectively address the research questions. Present the results in a concise and logical manner, utilising suitable visual aids such as graphs, charts, or written explanations. For this research, a semi-structured interview has been selected as the means employed for primary data collection.

5.9.1 Semi-Structured Interview

An interview allows the interviewer and the interviewed to have an in-depth discussion. It also allows for the interviewer to give a better explanation to questions the interviewees need clarification on. Most respondents find it more rewarding to be asked questions than to fill a questionnaire. Although interviews can be far more time-consuming as they take longer as well as allow for the interviewer's bias in cases where the interviewer tries to influence the respondent to answer a question in a particular manner which can be eliminated when a questionnaire approach is made use of. Questionnaires are also known to be not only cheap but also suitable for issues that may be considered too sensitive for the respondent to engage with an interviewer. Questionnaires are most suited to a few questions that must be clear and simple to understand by the respondent. Face-to-face interviews allow for open-ended questions to be asked and allow non-verbal cues to be picked up from the respondent(s). Interviews can be semi-structured or structured in design with a structured design known to have the advantage of being simple to use, cost-efficient and timely while a semi-structured interview allows for better understanding of the response obtained from a respondent as a response is usually well detailed and thus easy to be understood and interpreted. This study will employ a semi-structured interview.

5.9.2 Interview Sample Selection

Purposive sampling would be applied in this research. Liker *et al.* (2016) stated the act of intentionally choosing a group of people who out of self will provide necessary information for a study by acquired knowledge and information obtained over time can be referred to as purposive sampling. The survey would be carried out on those who are willing to participate to ensure that information obtained is accurate. The interviews, on the other hand, would be designed in such a manner as to focus on the effect trust has on crowdfunding. The interview would be conducted via telephone (video calls), Skype, and where possible face-to-face.

discussion. The combination of all method would have the benefit obtainable from a face-to-face interview as the respondent can be heard and seen while the interview has been carried out. The interview will begin with, short background information of what the study is and why it is been done with the proposed time to be spent with each respondent should be between 30 minutes to an hour. The respondent would also be informed that the research is of an academic nature and their privacy would be ensured.

The study would involve the interview of thirty (30) entrepreneurs, eleven (11) funders and six (6) crowdfunding platform owners or administrators and eight (8) security and regulatory scheme. In addition, some lawyers who specializes in cybercrime would be interviewed, this would be done as it is necessary to have the view of what the law says and what actions are normally taken when there are failures in trust or insincerity in terms of agreement reached between the funder and the entrepreneur who is being funded. The fail-safes that can be put in place and what legal action can be taken).

The semi-structured interview will consist of open-ended questions that will be used to interview entrepreneurs, funders, people knowledgeable in the field of crowdfunding and those likely to participate in or seek funding for a project through crowdfunding. It should be known that while crowdfunding is a relatively new method of sourcing for funding, the method in itself has been employed over the years, not only in Nigeria but Africa in totality as in the past, people have been known to seek funds from immediate family, friends, well-wishers and neighbours to purchase commodities such as foodstuff or materials to conduct business usually in Small and Medium Scale and then pay back money obtained as well as interest and such method of funding usually depends to a great extent on the reputation of the entrepreneur in the society or the reputation of those who agree to stand as surety for him /her if s/he is unable to pay back the loan given or abscond with the fund. An example is the thrift method employed

in Nigeria and West Africa. The only difference is that crowdfunding occurs online through the internet.

5.10 Research Data Reliability and Validity

5.10.1 Reliability

The extent to which result obtained from research remains consistent over time and which gives a representation of the given sample been studied is known as reliability. When the research created by different researcher using similar methodology and ends up obtaining the same/similar result, the instrument of the research is reliable (Golafshani 2003). Reliability can be subdivided into three in terms of research, and they are namely.

1. That which after a repeated performance by different researchers, the result remains similar.
2. That which irrespective of the time passed, the result/measurement obtained is stable.
3. That which shows that in each period, measurement remains similar (Golafshani 2003).

Reliability which informs that a measurement carried out by various people in the same or different locations in varying occasions, using an alternate means of measurement that means, an identical situation or thing depends on its reliability. To summarize what reliability is, reliability shows that consistency of measurement, the stability of measurement over varying conditions will at the end provide results which are similar or almost identical. It is widely known that random errors do affect data obtained when research studies are carried out. In terms of measurement, errors can be either systematic or be random and tend to be brought in by factors which are situational and play a major role by how much influence they have on objects behaviour while been studied, due to the research style employed by different examiners and the influence of other factors. It is highly important to note that while a measure is considered reliable, it might not necessarily be a valid measure (Drost 2011). While it is

possible for a reliable measure to be invalid, it is rather impossible for a measure considered invalid to be ever-reliable (CharlesDennisHale.org 2015). Reliability can also exist as a measure of purely random error while been invalid since reliability description fails indicates that measuring validity is important even though having a reliable measure which is invalid is highly possible (Drost 2011). Some of the methods known to be used in determining how reliable research can be, included.

5.10.1.1 Internal Consistency Reliability

This reliability helps provide an answer to questions such as, “How efficiently does an item measure a construct been considered?”. Internal Consistency thus helps to indicate how reliable a test or measure known to be administered, once a response that is extremely correlated to each item as well as scores is provided (CharlesDennisHale.org 2015).

5.10.1.2 Test-Retest Reliability

This is sometimes referred to as stability. Test-retest reliability helps to answer the question “Will the data obtained be stable over time?”. In this reliability approach, a measure is administered and later administered to a different group that is identical or like the initial group. Result obtained is extremely reliable and correlated coefficient if they are existence of consistency in the measurement been carried out (CharlesDennisHale.org 2015).

5.10.1.3 Alternate Forms

This technique while like the test-retest method has a bit of dissimilarity to it. The alternate form technique method makes use of various unidentical measures of a behaviour which are collated at varying points in time. This is very much unlike the test-rest method in which measures are identical (Drost 2011).

5.10.1.4 Split-Half Approach

Split-half approach is another method usually made use of in the test of validity. Split-half method is of the idea that various items are obtainable in the measurement of behaviours. half

of such items will be used together to create a new second measure. The result thus obtained would be of two value and thus makes two new measures available for the testing of similar behaviour. Split-half approach differs from both alternate and test-retest method which are measured at various times, the split-half approach is measured at the same time. Results obtained from the use of split-half approach needs to be converted into a single result so a single reliability coefficient for the test in its entirety can be obtained. Split-half is known to eradicate the effect of memory which is known to be present in alternate form due to test been executed at varying period. split-half approach is inexpensive, and results are far easier to obtain in comparison with test-retest which is time consuming and uses similar measure.

In this study, reliability can be attained and improved upon by making use of both interviews and survey with questions been straight forward, well-structured and employing the Likert scale to allow for answers to be simple and easy to interpret and eliminating attenuation (Drost 2011).

5.10.2 Validity

Validity is rooted in the tradition of positivism and has been largely limited to the systematic validity theory; validity was developed due to various other empirical concepts such as evidence, objectivity, reason, truth, actuality, etc. Validity can thus be said to involve helping to determine to what extent a research measures hat is created and/or designed and the level of sincerity the result obtained from the research is i.e., was the main objective of the research achieved using the stated research instrument? Research is considered valid by researchers by the quality of questions they ask and, in most cases, review other researchers study/work to obtain answers (Golafshani 2003). Validity can be subdivided into four groups namely.

5.10.2.1 Face Validity

Just by looking at the face value of a studied item, researchers can reach an agreement as to the validity of the measured concept. This is to say that each measuring item is measured on the sole fact of it been a match to any of the conceptual domain of the concept (Quinn 2000).

5.10.2.2 Internal Validity

Internal validity involves determining the cause and effect of a phenomenon and the determination of how well result corresponds with reality. Internal validity is only useful for exploratory studies thus making it must times fit for studies of that nature (Lofving 2014). The main aim of this research work is to determine the role of trust and how trust impact or affect the various crowdfunding model, and what can be done to better improve trust between both funders and project creators/entrepreneurs. It should be noted that the analytical technique that is employed in this study is designed to help improve the internal validity of the study.

5.10.2.3 External Validity

External validity is of the consideration that research designs should be easily applicable or generalizable to other studies. This generalization can be classified into two, namely statistical generalization and analytical generalization with this study relying on statistical generalization. It is usually stated that case studies, as well as literature, be compared and where possible generalized to help improve external validity. For this study, external validity is achieved as they were generalization brought about by comparison of literature and other research studies. The logic associated with replication as has been used in various multiple-case studies also helps to attain external validity. External validity is believed to be on an increase as cases are chosen and reported duly, and replication logic is present (lofving 2014).

5.10.2.4 Construct validity

This form of validity is usually employed in the creation of operational measures for the study of theories. Although they are usually a failure of operational measures amongst researchers

when they make use of case study, as 'subjective' judgment is made use of in the collecting of data. Three means exist in the collection of data to help Improve construct validity and they are.

- a. The use of various sources of evidence
- b. Creating a chain of evidence
- c. And having informants who will help review the case description

The use of various evidence source, making use of various methods of gathering data and employing triangulation can help bring about an improvement to validity. The use of different data sources e.g., articles, dissertation, publication, published interviews and books in the execution of literature research can help strengthen validity (Lofving 2014).

5.10.2.5 Content Validity

Content validity ensures that the sampling of the measuring instrument represented is perceived as it is. Content validity depends greatly on judgment and asks the all-important question "is the content of the measure representative of the universe of the content and the concept being measured". Content validity helps the researcher knows if s/he should include any left-out items when measuring the concept of representativeness (Quinn 2000).

Research is judged using the yardstick of its trustworthiness as well as the quality of its finishing (conclusion). Other criteria such as how acceptable the research is, the level of trustworthiness shown towards the study, the credibility of the study and finally how transferrable the content of the study is are some of the major criteria that are made use of in both qualitative and/or quantitative research.

Below is the criterion for a research thesis based on reliability and validity:

Test	Case Study Tactics	The phase of Research in Which Tactics Occur
Reliability	<ul style="list-style-type: none"> • The protocol of a case study should be made use of • They should be a development and constant update of cased study database 	<p>Collection of Data</p> <p>Collection of Data</p>
Internal Validity	<ul style="list-style-type: none"> • The matching of patterns should be carried out. • Explanation building should be employed. • Rival explanations should be explained clearly and accurately. • Logic models should be well-made use of 	<p>Analysis of data obtained.</p> <p>Analysis of data obtained.</p> <p>Analysis of data obtained.</p> <p>Analysis of data obtained</p>
External Validity	<ul style="list-style-type: none"> • Where applicable, theories should be 	<p>Collection of Data</p>

	<p>applied advisably in single case studies.</p> <ul style="list-style-type: none"> • For multiple-case studies, replication logic should be applied 	Collection of Data
Construct Validity	<ul style="list-style-type: none"> • The exploration of different diverse data source should be carried out. • A reputable chain of evidence should be established. • The draft case study report should be reviewed 	<p>Data Collection</p> <p>Data Collection</p> <p>Data Collection</p>

Table 2-1: The Reliability and validity table for research (Adapted from Lofving 2014).

5.11 Reliability and Viability of this Research

It is crucial that this study is reliable and valid, just as it is with research works dealing with economic and societal issues. The dependability and conformity of the study findings are at the heart of what we mean by “reliability” in research (Bazeley, 2013). According to the definitions offered by some researchers, such as Blumberg et al. (2008), reliability is defined as the capacity to reproduce a research design in order to acquire the same result. According to Neuman (1994), there are two types of reliability: internal and external reliability. According

to the researcher, internal reliability is determined by the consistency of the results and the plausibility of the data, whereas external reliability is determined by the consistency of the data and the duplicative qualities across all the sites. For the purpose of this investigation, a pilot study on interview for funders was carried out. Additionally, research questions were developed to minimize ambiguity while also reducing bias, and low inference descriptors were implemented through the use of an adequate recording device to record interview data. In conclusion, in order to obtain the level of dependability in the study that is required, the participants were people who have had the practical experiences and working knowledge that allowed them to correctly answer the research questions.

The most authentic, accurate, credible, and representative truth of research procedures and outcomes is what we mean when we talk about the validity of research (Polit & Beck 2012). According to Sarantakos (1998), validity is defined as the capacity to deliver an accurate result and to measure what is intended to be measured. The researcher contends that a valid measure generates accurate data that accurately reflect the circumstances and settings of the research environment that the measure is intended to investigate. The researcher made sure that the data collection tool, which took the form of an interview, was able to get all the pertinent information needed to answer all the research questions and accomplish all of the research goals in order to ensure the validity of the work that was done for this research project. Therefore, the planning, design, and development of the research interview questions were carried out in accordance with the research objectives of this study.

In addition, I conducted these procedures to assure validity by deciding that the findings are true from the views of both the participants and the researchers. This action was taken in accordance with the recommendation made by Creswell (2014). In the first step of the research

process, I questioned a subset of the study's participants about the veracity of the most important findings, such as certain themes, descriptions, or final reports. A non-familiar third party who can provide an objective evaluation of the research effort was contacted in the second step of the process. Thirdly, I was open and honest in their description, as well as their self-reflection, which helped clear up any confusion regarding bias in the study. In addition, the researcher used these steps in order to improve the study work's reliability, as recommended by Gibbs (2007). First, the interview transcripts were reviewed against each other to look for any obvious errors or mistakes that might have constantly examined the data that was generated with the codes that were generated and wrote memoranda regarding the codes. Last but not the least, before beginning the actual fieldwork, a trial run of the interview questions was carried out in the form of a pilot interview. This was done to ensure the validity, reliability, and appropriateness of the questions. The approaches and procedures outlined above were required in order to keep the reliability of this research study high and to improve its validity.

5.12 The Rationale for the Use of Qualitative Methods

The qualitative research approach is employed in this investigation since the population size being researched is quite small. The investigation focuses on the tactics that funders use to investing in start-up businesses through crowdfunding platform. In addition, an in-depth interview that is somewhat organized is conducted in order to obtain the primary research data that will later be analysed. Due to the size of the population, the quantitative research approach is inadequate for this study, the goal of which is to get an in-depth comprehension of the primary obstacle (TRUST) that stands in the way of improved investment engagements or connections between investors and entrepreneurs. Researchers such as Creswell (2003) and Rossman & Rallis (2003) demonstrate that qualitative research comprehends concepts and phenomena in more detail and takes a more holistic view of social and economic concerns. Creswell's findings are supported by Rossman & Rallis' findings.

5.13 Summary

The approach that was taken to answer a research question is one of the most important aspects of the research process. Presented in this chapter are the many research methodological approaches that were utilized throughout the course of this investigation. Discussions were had on the study design, which considers exploratory, descriptive, and explanatory research. Clarification was provided about the rationale for the decision to do exploratory research. Moreover, the research philosophy as well as the research methodologies, which included inductive, deductive, and abductive, were examined. Additionally, the argument for selecting an inductive research strategy was presented. Once more, the research plan was presented in terms of approaches based on observation, case studies, surveys, questionnaires, and interviews. It was important to introduce the various research methodologies, such as qualitative, quantitative, and mixed research approaches. The primary distinctions between qualitative and quantitative approaches were discussed, as well as the factors that led to the justification of using a qualitative research approach. In the next chapter, we will talk about the process of collecting and analysing data for the study by arranging and carrying out semi-structured interviews with the people who participated in the study.

CHAPTER 6

DATA COLLECTION

6.1 Introduction

Chapters 2, 3 and 4 of this thesis were dedicated to discussing the secondary literature relevant to this research, which ultimately led to the establishment of the research conceptual framework presented in chapter 4. Interviews with several carefully selected entrepreneurs, investors, and administrators of online platforms provided the primary source of data for this study. The gathering of data involves performing routine internet searches in order to retrieve the necessary information and concentrated on the most important aspects of the entrepreneurial finance difficulties that were investigated in this study. The various research methods were discussed in the previous chapter, along with the considerations that led to the decision to choose a qualitative research method for the study. This chapter outlines the procedures that are followed in order to acquire primary data. These procedures include, amongst others, taking samples, documenting data, storing information, and addressing ethical concerns. This chapter outlines the choice of research location, research population, pilot study, primary and secondary data collection, as well as types of qualitative research methods, with a focus on semi-structured, one-on-one interview processes. In addition, the chapter discusses the types of data that can be collected through primary and secondary sources. The approach to data collection that was used in this study consisted of a series of actions that were designed to collect the necessary information in order to answer the research questions and achieve the research objectives (Creswell, 2013).

6.2 Groundwork for Data Collection

It is necessary to carefully plan and organize the data collection process in order to ensure its success as a task. Before beginning this activity, the purpose and goals of the investigation

were first analysed and taken into consideration. From a variety of different sources, we compiled a list of prospective participants that includes entrepreneurs, platform administrators, and funders. For the participants who are entrepreneurs, a list of start-up and scale-up businesses was combed through, and some small companies and their founders were chosen to represent them. These businesses have been recommended for development in Nigeria by government officials and other advocates of entrepreneurship and small business growth. Many of these aspiring business owners were highly recommended by their loved ones and circle of acquaintances. Following the completion of a Google search to locate several crowdfunding sites in Nigeria, some of these platforms were chosen and contacted. I also asked to see some of the list of the organizations who financially supported them so that I could better my investigation. The names of all the possible participants were compiled into a thorough list and signed letters of introduction from Coventry University were emailed to the individuals on the list in order to initiate communication with them. The message extended an invitation to everyone who read it to take part in the research investigating the mechanism of trust. The reasons why they were chosen, the benefits and hazards connected with taking part in the research, as well as the protection and confidentiality of their data, were all covered in the text of the letter that was sent to them.

Following this, a series of follow-up e-mails were addressed to those individuals who had reacted favourably in order to further discuss the nature of the research. A final selection of the participants was made, and the list comprised law enforcement officers and law makers alongside entrepreneurs, funders, and administrators of crowdfunding platforms. In addition, further phone calls were made to those participants who had agreed to take part in order to reaffirm their enthusiasm in the process, clarify the interview procedures, and emphasize the benefits of the process both for them personally and for the development of crowdfunding in

Nigeria. In order to acquire primary data for the study, the researcher went about it by conducting interviews that were only somewhat organized. This is because an interview enables both the interviewer and the interviewee to have a more in-depth conversation about the topic being discussed. It also enables the interviewer to provide a better explanation to questions that the interviewee needs clarification on, and it enables the interviewee to express his or her genuine concerns about the subject matter, as most of them sometimes find it more rewarding to be asked questions than to fill out a questionnaire.

6.3 Research Setting and Justification

The purpose of this research effort is to investigate the mechanism of trust in reward-based crowdfunding in Nigeria in order to comprehend the factors that contribute to the high level of involvement among platform administrators, entrepreneurs, and funders. The following are some of the reasons that lend credence to the selection of Nigeria as the focus of this research. According to research published by the World Bank in 2015, Nigeria has one of the greatest concentrations of start-up companies and the MSMEs sector in Africa; yet most of these businesses do not have access to funding that is sufficient for their needs. Researchers such as Igwe (2016) and Igwe, Onjewu, and Nwibo (2018) have shown that as a result of the severe economic repercussions of the most recent financial crisis, there has been an increased attention paid to start-ups and small businesses in Nigeria. This has been shown to be the case. There has been an increase in the number of individuals who are interested in beginning a new business, and these individuals are looking for possibilities to obtain money from outside sources. In order to facilitate the building of the nation's digital economy, it is essential to conduct research and gain an understanding of the best ways to build trust in the transactional relationship that exists between local entrepreneurs, Platform administrators, and funders which are the actors in any crowdfunding endeavours. This requires research and development that drives new and innovative business models.

6.4 Research Population

The research population can be described in a variety of ways, some of which are highlighted here. According to Mugenda and Mugenda (1999), a population is defined as a group of humans, entities, objects, or events that share comparable qualities or features that may be seen. Denzin and Lincoln (2013) define a research population as "the individuals or groups with associated qualities which correspond to identified specifications of a research project." In other words, a research population is comprised of people who fit a certain profile. Lumley (2010), on the other hand, contends that a research population is a vast collection of all of the people that enables a sample size to be obtained and that this collection can be used to do research. Again, Fowler (2014) defines a research population as the complete set of factors from which data are obtained regarding a research study that includes both individuals and organizations. The target population for this piece of research is made up of Nigerian business owners that are either currently in possession of some type of formal or informal money for their company concept or have not yet been in possession of any such funding. The second group consists of all investors in businesses, whether they are based in Nigeria or elsewhere, who are interested in funding Nigerian business ideas. Thirdly, all crowdfunding platforms that are assisting the expansion of micro, small, and medium-sized businesses in Nigeria. For the purposes of this research study, there are primarily two categories of people's demographic information that are taken into consideration: the population that is being targeted, and the population that is easily available. The two primary ideas that will be covered in the next paragraphs are discussed.

6.4.1 Target Population

According to Fiat (1995), the research population is comprised of all of the potential subjects or items that could be utilized to create a representative sample. The terms "target population" and "theoretical population" can be used interchangeably depending on the situation

(Explorable, 2009). In order to conduct its analysis, this study will concentrate its attention primarily on the following segment of the general public: To begin, in the most recent decade, Nigerian start-up companies may or may not have sought external financing from business angels and venture capitalists (2008 - 2018). The condition that a company must have been started and funded within the past ten years serves as a filter that is designed to eliminate businesses that were established and funded in the distant past. To clarify more on the second point, the target audience is comprised of venture capitalists and business angels who have previously invested in at least one Nigerian startup. Thirdly, before the equity investors and entrepreneurs or managers are independently questioned, data on the activities of micro, small, and medium firms in Nigeria are gathered through a variety of intermediate organizations such as government agencies, associations, and groups. This occurs before the funders and entrepreneurs are questioned independently.

6.4.2 Accessible Population

The term "focus population" refers to a subset of a study's overall population that is included in the study and from which the researcher makes conclusions and recommendations. This subset may or may not be representative of the entire population (Asiamah, Mensah, & Oteng-Abayie, 2017). Because of this, the word "study population" is equivalent with the term "available population," which is a subset of the target population. According to Bartlett et al definition the accessible population consists of the persons who are still alive after eliminating those who do not want to participate in the study or are unable to do so (2001). As demonstrated by Bartlett et al., the sampling frame is the final group of people who participated in the research and from whom data was collected (2001). Most samples utilized in research projects are collected from members of the general public. The population to be sampled is comprised of pre-screened Nigerian entrepreneurs situated in Lagos, along with the founders responsible for those start-ups, who have received money from business angels or venture capitalists within

the past ten years (between 2008 and 2018). The following are some examples of MSMEs that have upper-level management teams that are contactable. The second category includes business angels and venture capitalists who are open to participating in in-person, semi-structured interviews. Third, certain start-up company promoters that have experience working with entrepreneurs in the past and may offer support, guidance, and mentoring to new business owners. Most of the target audience is composed of company owners and investors, and most of these individuals reside in Nigeria's principal cities (research location). Because of Lagos's central location in Nigeria and its easy access to the rest of the country, this city was selected as the focus of the research.

6.4.3 Criteria for research population sampling

A comprehensive sample of the population being studied is an essential component of both the planning and implementation stages of a research project. In essence, sampling assists in gaining a more precise understanding of more about the characteristics or qualities of the complete population (Lucy, 1996). According to Denzin and Lincoln (2013), sampling criteria are the specific traits or qualities that parts of the population selected for a research study need to have in order to be considered for inclusion in the study. According to Burns and Grove (2008), the feature of inclusion is supposed to help define the scope of the research population that is of interest. In order to ensure that the requirements of this research project are met, all of the participants, who are mostly business owners, financial backers, and platform administrators, needed to have the following distinctive characteristics in order to take part in the research study:

- In order to raise funds through crowdfunding, websites used to do so must be registered and active in Nigeria.
- It is possible, but not guaranteed, that the entrepreneurs have obtained financial backing from a funder by using a crowdfunding platform.

- The funder must have contributed to at least one project that was successfully completed via the use of a crowdfunding platform.
- Law enforcement officials and regulatory enforcement officers must be aware of crowdfunding.

The sampling was based on the researcher's judgement and the request for interviewed participants to nominate others to be interviewed, the sampling method for the hard-to-reach participants in this research was a combination of judgement sampling and snowball sampling, as outlined by Ben-Shlomo, et al (2013), who outlined several sampling methods for social science research. Based on the work of these scholars, the sampling method used for the hard-to-reach participants in this research was a combination of judgement sampling. The researcher did not place any restrictions on the characteristics of the various funders that were interviewed, as long as they had funded at least one business project in Nigeria. Instead, the researcher concentrated on funders who already had experience funding Nigerian business ideas. The sampling of the entrepreneurs and funders was more flexible as a result. Additionally, the platform administrators are locally based in Nigeria and who have worked with entrepreneurs and funders in the past or who are actively engaging with both of these groups. The number of people who participated in the survey was dependent on the amount of people who agreed to take part and were available to be questioned. Interviews were conducted with a total of 55 participants, including 30 entrepreneurs, 11 funders, 6 platform administrators, 5 law enforcement officers, and 3 regulatory officers.

6.5 Primary Data Collection

The researcher decided to employ semi-structured online interviews with the participants as the major strategy for collecting data and made this decision since these interviews allowed for in-depth discussions of the research subject as well as the capture of pertinent data. The researcher decided to go with the interview method since it allows for precise data collection

while also providing participants with a secure environment in which they are free to discuss their opinions and experiences. Interviews with participants in this study were conducted in a semi-structured format to collect the necessary data. This is because the interviewer and the interviewee can have a comprehensive conversation on the subject matter during the interview. Most people feel that being asked questions rather than being given a questionnaire to fill out is more beneficial. This is because it enables the interviewer to provide a more comprehensive explanation of any points that the interviewee may have been unclear on, and it enables the interviewee to express any genuine concerns that they may have about the topic that is being discussed. During the time that the activities for collecting data were being carried out during the 2020 covid epidemic, it was required to select appropriate respondents for interviews. I used a recorder that was provided by the university in order to record our chat because each person who was interviewed had already provided their informed agreement to having their interview(s) recorded. The interviews were all carried out through phone or via Zoom, and even the one that lasted the longest, for a total of 45 minutes, were all performed remotely. Every participant was given the opportunity to organize their own interview at a time that was convenient for them.

6.5.1 Developing Interview Questions

Any qualitative research to be effective, the researcher piloting the study need to first ask the participants questions in a format that is understandable to them (Buschle, 2021). Using this approach, information that is useful and perhaps actionable can be extracted from the interviewees. In this qualitative study, the funders, platform administrators, and entrepreneurs each received their own set of personalized interview questions to ask each participant. The questions that were asked of one group of participants were not the same as those asked of the next group. Before moving on to the actual interview, we put each question through its paces

with a volunteer who acted as a test subject (Buschle, 2021). The interview questions that were prepared were made to be open ended.

The researcher chose to conduct open-ended interviews with the participants so that they would have the opportunity to delve more deeply into the topics that were being asked about. This was done because the primary objective of this research project is to investigate the level of trust that exists in reward-based crowdfunding in Nigeria. In addition to this, it made it possible for the researcher to record the ideas and perspectives of the respondents regarding the primary topics of the research. Each of the financiers, entrepreneurs, platform administrators, law enforcement officer, and regulatory officer were given their own unique sets of questions to answer throughout the interview. After that, semi-structured, open-ended online interviews were carried out with each of the individuals who had taken part in the research. In addition to this, the researcher also carried out interviews of a similar nature with business owners and other proponents of the expansion and development of Nigerian small businesses. Because the participants have worked in either the finance industry or as business owners for several years, the credibility of the interview has been significantly improved as a direct result. The primary objective of the research was to understand the reasons for low engagement between formal and informal investors, on the one hand, and entrepreneurs, on the other hand. Therefore, the researcher posed several questions concerning the intricate and ever-changing nature of the relationship that exists between entrepreneurs and investors.

6.5.2 Research Interview Process

The interviews for the research were conducted using a method known as semi-structured interviewing, which is often referred to as an interview guide approach. The interview was organized and carried out in the form of a semi-structured interview, in which the participants were asked questions that were very specifically focused on the topic, and the researcher was

given the flexibility to play around with the wording and the sequences during each individual interview (Patton, 2002). According to Gillham (2005), the flexibility of this sort of interview as well as the high quality of the raw data that can be gathered make it an effective method for carrying out qualitative research. A select group of researchers, including Bruton et al., (2002) and Wright et al., (2005), maintain that interviews are one of the appropriate data collection methods for qualitative research because it enables participants to engage in more in-depth interactions, discussions, and follow-up questions. According to Yin (2009), one of the benefits of using an interview method is that it is typically centred on the topic being discussed. Additionally, it offers clear insights even though it frequently results in bias when researchers ask questions incorrectly and mistakes when participants fail to remember things accurately.

Online interviews typically eliminate the need to send out and receive questionnaires, which is one of the drawbacks of the questionnaire method of data collection. Although interviews may be more expensive for researchers, Wright et al., (2005) argue that face-to-face interviews usually solve one of the drawbacks of the questionnaire method of data collection. According to Smith (2005), interviews are often conducted in person; nevertheless, the necessity of overcoming geographical boundaries has pushed the frequent usage of telephone interviews, zoom calls these days. Otter.ai software was utilized as a digital voice recorder and the principal technology tool for capturing and archiving the different interviews performed on the Internet. After that, the transcripts of these interviews were transcribed into Microsoft Word, then saved and stored on the researcher's laptop in addition to other safe locations that can only be accessed by the researcher using a username and password. In the end, the researcher gathered the feedback, transcribe, and code the interviews so that they were ready for analysis. In general, the use of these technology, namely Otter.ai, made the research interview and transcribing processes significantly more entertaining, intelligent, and efficient while simultaneously

reducing the amount of time needed to complete them. The procedures for conducting research interviews are broken down into the following sub-sections for your convenience.

6.5.3 Benefits and drawbacks of Interview as a Data Collection Method

The practice of carrying out qualitative research with the interview serving as the primary method of choice for data gathering is related with a variety of positive aspects and outcomes. For Instance, interviews can provide more in-depth data (information) that react to the researcher's inquiries and allow the participants the opportunity to clarify information better (Cohen & Manion, 1994). This increases the possibility of collecting genuine information. According to Fraenkel and Wallen (1993), interviews lead to an increase in relevant cooperation between the researcher and the people who are being researched. Face-to-face interviews do, however, have some drawbacks, such as the possibility that a participant's responses to questions will be influenced by the researcher's tone of voice, body position, or facial expressions (Cohen and Manion, 1994). When conducting qualitative research, interviews run the risk of being influenced by the researcher who oversees conducting the interview (Cohen and Manion, 1994). For instance, the researchers might have ideas about what kinds of responses they want to see, and they might go into the study hoping to collect responses that lend credence to those ideas. Alternatively, the researchers might interpret the responses of the participants in a way that lends credence to their own ideas (Cohen & Manion, 1994).

6.5.4 Procedure for Data Recording

Even though it can be difficult to record the data that is gathered through interviews, it is essential to have a solid grasp on what exactly must be recorded in qualitative research data collection that is based on interviews. There are a variety of approaches of documenting interview information for use in qualitative research. Yin (2019) recommended that it was vital to evaluate and update one's initial notes taken during interview research to increase the

completeness and accuracy of the data. In this investigation, the researcher did what Creswell (2003) suggested and kept reflective and descriptive notes on their own ideas as well as the responses of the participants while they were conducting interviews. When it came to the time to record the interviews for this inquiry audio recordings were utilized. After then, the audio recordings of the interviews were transcribed word for word into Microsoft Word with a great deal of patience and attention to detail. After the completion of each interview, the transcripts were subsequently typed out. Before any of the interviewees' conversations could be caught and filmed, the interviewers made sure to get their permission first, and then they took their consent into serious consideration and documented it.

6.6 Research Ethics Compliance

For the purpose of this research study, data was gathered through conducting semi-structured interviews with important players such as entrepreneurs, funders, platform administrators, and so on. Before beginning the process of conducting in-depth online interviews, some ethical concerns were discussed and resolved. According to Denscombe (2007), ethical issues with sensitive data, erroneous reporting, permission, and bias were strictly observed. Specifically, this was done in order to avoid any potential for bias. References were supplied whenever the work or ideas of other researchers were utilized in this research in order to preserve this project's academic legitimacy. Following the researcher's successful completion of the Coventry University Ethical Approval process, the research project in question was reviewed, evaluated, and deemed to be of medium risk in conformity with the ethics principles of Coventry University. After that, a certificate of ethical approval bearing the date June 25, 2020, and the reference number P101723 for the project was issued.

In addition to this, the following steps were taken in order to adhere to the ethical values upheld by Coventry University and ensure the participants' right to privacy throughout the research

process: In the first place, the goals of this research activity were conveyed to the participants by means of emails and telephone calls, which also served to provide a synopsis of the interviewing procedure. A participant's information sheet was given to them, and their informed consent was gained from them before the actual interviews took place at a secure location of the participant's choosing. Thirdly, it was made abundantly apparent to the participants that they are free to either accept or reject to participate, as well as withdraw from participating in the interview at any time or refuse to respond to any question.

The privacy of every person who participated in the research was protected, and the secrecy of the information that was gathered was managed and protected in such a way that it will be impossible to identify any of the participants in either the thesis report or any future research publications that may appear in journals, books, or other locations. The researcher had access to both the recorded interviews and their corresponding transcripts, which were kept in a safe location and were also made available to the researcher. When the research study is finished, the interview data will be disposed of in a secure manner.

CHAPTER 7

DATA ANALYSIS AND FINDINGS

7.0 Data Analysis and Findings

7.1 Introduction

This section presents the findings of the research work done to achieve the aim of this research endeavour which is to examine the trust issues among investors (funders) and entrepreneurs in Reward Based Crowdfunding in Nigeria. In the bid to align to the objective 2 of this work, which is to explore the implication of trust in successfully connecting entrepreneurs and funders in Reward Based Crowdfunding, I resulted to using semi structured interview as a means of data collection to gather primary data for the research. This is because an interview allows the interviewer and the interviewee to have an in-depth discussion about the subject matter. It also allows for the interviewer to give a better explanation to questions the interviewees needs clarification on and allows the Interviewee to express his or her genuine concerns about the subject matter as most of them sometimes finds it more rewarding to be asked questions than to fill a questionnaire.

The researcher employed qualitative content analysis which is one of the several qualitative methods presently existing for analysing data and construing its meaning (Schreier, 2012). The challenge for the researcher was presenting an organized representation of the data, which were huge and cluttered, and needed to make sense of diverse viewpoints or complex issues. Furthermore, it represents a systematic and objective means of describing and quantifying phenomena (Downe-Wamboldt, 1992; Schreier, 2012). The process of data analysis was to assemble or reconstruct the data in a meaningful or comprehensible fashion, in a way that is transparent, rigorous, and thorough, while remaining 'true' to participants' accounts. A precondition for an efficacious content analysis is that data can be reduced to concepts that

describe the research phenomenon (Cavanagh, 1997; Elo & Kyngäs, 2008; Hsieh & Shannon, 2005) by creating categories, concepts, a model, conceptual system, or conceptual framework (Elo & Kyngäs, 2008; Morgan, 1993; Weber, 1990).

7.2 Data Content Analysis

The data collected include the interview done with 55 participants who were either an entrepreneur, an investor (Funder), platform administrators or government regulatory officials in Nigeria. They were carefully selected from different languages, cultures, gender, and sectors of the Nigerian society to give this project a wholistic view and perception. It also worthy to note that all the participants in this research willingly made the decision to join. No one was cajoled or coase to participate. Furthermore, many more people were contacted for the research who promised to join but for several reasons were unable to join.

Some of them when contacted said they were indisposed to participate and others just outrightly changed their mind about airing their views about how they solicited for funds online to support their business mainly because the endeavours were futile. There were also many others who were contacted by the researcher who were willing and able to share their experiences with the hope that this research work will help improve the crowdfunding space in Nigeria. These sets of people formed the various interviewees of this project work. It should be noted that a lot more people were contacted to participate in this project, however, only the numbers below were finally available and willing to participate.

Interviewee	Number
Entrepreneurs	30
Funders	11
Platform Administrators	6
Police	5

EFCC	3
Total	55

Table 7-1: Interview participants in the Research

As earlier stated, these participants were recruited online from Nigeria because this research work is looking into how to build trust in the Reward based crowdfunding process in Nigeria and the method used in collecting and gathering data was interview. The interview was captured in audio format using a portable handheld recorder as the researcher had to put a call through to the participants via the internet and took permission to record the conversation. The recorded conversations were then transcribed from the original audio format into a text format in preparation for the analytical processes that would be carried out on the data. The process of transcribing was quite a daunting one as a lot of time and energy was put into ensuring that proper translation was done.

7.3 Data Transcription

Transcription involves close observation of data through repeated careful listening (and/or watching), and this is an important first step in data analysis. Since qualitative research explores the complexities and meaning of social phenomena, data usually gathered maybe in different formats. It could be visual, audible, or written data with the first two usually collected through recording which then needs to be transcribed into a written format so that they can be studied in detail, linked to analytic notes and/or coded for thematic analysis. Transcribing audio formatted data into written text data could be a very tedious and pain striking activity as intense brainpower is required to listen to everything the interviewee was asked and their various response and writing down these notes in preparation for data analysis.

For this research work, the researcher undertook several sessions of transcribing the recordings of the participants and this spanned through several weeks of active work. Although there is several software that could help in transcribing audio into text format, the researcher did not find them too useful as too many corrections needed to be made after transcribing. Furthermore, as all the participants were from Nigeria, some of them had difficulty speaking simple and correct English language which the software could not pick. Additionally, some of those who could speak correct English language were not pronouncing the words properly which also was mis-interpreted by the transcribing software. With all these being a limitation, the researcher had to embark on manually transcribing the content of the audio recording into written text format for data analysis.

7.4 Data Familiarization

Before data coding and the identification of themes can begin, it is important that the researcher become familiar with the body of text that is being analyzed. The process of familiarization usually begins while carrying out data transcription. As the researcher, listens to the audio recording of the interviewees and writes them down, he/she is apparently getting familiarized with the work and themes and patterns begins to appear in its original form. Braun and Clarke (2013) properly articulated this activity as “analytical sensibility,” which refers to the skill of reading and interpreting data through the chosen theoretical lenses. Consequently, reading and rereading the body of text while taking cognizance of noticeable and repeatable words or patterns which invariably shows emerging patterns and relationships between the data is a key activity that was carried out by me before moving to data coding.

It is essential that the researcher become familiar with the body of text that is being studied before the researcher can begin the process of coding the data and determining the themes. In most cases, the process of becoming familiar with something will start when the data

transcription is being done. As the researcher, listens to the audio recording of the interviewees and writes down their responses, he or she is becoming familiar with the work, and themes and patterns are starting to develop in their initial form. This activity has been appropriately characterized as "analytical sensibility" by Braun and Clarke (2013). Analytical sensibility refers to the talent of analysing and understanding facts through the selected theoretical lenses. Before moving on to data coding, one of the most important things that the researcher did was read and reread the body of text while paying attention to noticeable and repeatable words or patterns, which invariably shows emerging patterns and relationships between the data. This was a step that the researcher took before moving on to the next step, which was data coding.

7.5 Data Coding

In qualitative data analysis, Data Coding is a way of classifying the text in order to establish a framework or pattern of ideas about it (Gibbs 2007). It is how a researcher identifies the passage of a text that is related to the concept being investigated. It is not just labelling; it is linking the data to the research idea and back to other data. Coding could either be concept-driven, which involves developing a system of codes and looking for concepts or ideas in the text or could be data-driven, in which you look for ideas or concepts in the text without any preceding codes so that the data can speak for itself. Furthermore, the process of data coding involves a method of categorizing the text in order to construct a structure or pattern of concepts in relation to it (Gibbs 2007). It is the process by which a researcher determines the section of a text that is relevant to the topic that is the subject of the investigation. It is not simply a matter of labelling the items; rather, it is a matter of tying the data to the study hypothesis and back to other data. The coding could either be concept-driven, in which you develop a system of codes and look for concepts or ideas in the text, or it could be data-driven, in which you look for concepts or ideas in the text without any preceding codes so that the data can speak for itself. Both approaches to coding are possible. For this research work, the researcher adopted the concept-

driven approach as the researcher has developed a conceptual framework that the result of the analysis will help refine to help build trust into the reward based crowdfunding process in Nigeria. After careful and thorough reading of the transcribed interview responses, the researcher identified several passages within the body of text that share an expression of the concept and grouped them as one code.

7.5.1 First-Level Data Coding

In the first-level data coding which is essentially a primary data coding analysis, the researcher identified several passages within the body of text that share an expression of the concept and grouped them as one code. This was done for all the categories of interviewees including entrepreneurs, funders, platform administrators and securities and regulations. This exercise was done in order to identify patterns in the body of the text related to the conceptual framework developed by me. The following tables shows the raw data extracted from the translated body of text, the category of interviewee and the initial codes assigned to them.

7.5.1.1 Entrepreneur Data Coding

The audio recording of the interviews done with the various entrepreneurs were transcribed and the researcher took a deep dive into the text to understand patterns of communication amongst them. In this first stage for the analysis, an initial coding exercise was embarked upon whereby each line of data was examined to identify key phrases related to the aim of this research. The raw data extracted from participants and retained in their own words are identified below with corresponding category of interviewee and the initial codes assigned to them by the researcher are show in the table below:

Raw Data from participants	Category	Initial Assigned Codes
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I have had a very bad experience with crowdfunding, and another thing is that there are a lot of issues in Nigeria regarding trust online or crowdfunding platforms	Entrepreneur	BOE
I know a lot of people are scared that the ideas might be stolen	Entrepreneur	BOE
But I believe that if there are some government rules around governing all these platforms, it might make some people want to try it out	Entrepreneur	GBP
As this crowdfunding is online, I am really uncomfortable with it as too many things going on, so you don't really know how to trust the process	Entrepreneur	BOE
Dealing online, if there's a problem you don't know how to address it or who you're doing business with. There may be so much regret. However, if you can see the people you are dealing with, if they want to try to cause any kind of problems you know where to locate them, you know, so that kind of thing to do online, then you can't really reach anybody. If you are being scammed you must find them anyway, so I don't trust online transaction	Entrepreneur	TFOP
You know, anything online I do not get involved, because there are a lot of problems for people know that I've read stories about, I know how they were defrauded and scammed, especially in this country.	Entrepreneur	BOE

<p>Okay I have heard of crowdfunding before, but I really don't know anything about it and I'm very very sceptical about anything online. online because it's a very unsafe space. Because people are using it for different activities</p>	<p>Entrepreneur</p>	<p>CFA</p>
<p>But I am concerned about the safety of my idea or my business in the hands of those people because people are selfish because they want to sit down or help you or symptom or steal from you.</p>	<p>Entrepreneur</p>	<p>TFOP</p>
<p>From my own research, many in this country so I don't think there are strong regulations in the banking system. So, you not only put your money in the bank. In order to get your money back. But there is no such assurance for those crowdfunding places</p>	<p>Entrepreneur</p>	<p>RE</p>
<p>I don't trust any of these platforms I don't know why I don't trust them, but I don't trust them at all, so I don't get involved at all. I don't do even do my shopping online.</p>	<p>Entrepreneur</p>	<p>TFOP</p>
<p>I have not been able to raise money for my business because I am a woman. Every potential investor (funder) would first be looking for some sexual gratification and if I don't agree they turn down my business idea</p>	<p>Entrepreneur</p>	<p>GD</p>
<p>I have given up on trying to raise money online to boost my business as some a funder told me he would rather</p>	<p>Entrepreneur</p>	<p>GD</p>

fund a man to take care of his family than fund a woman because he said he is a traditional man who believes that the man should work to provide of his family, but the woman should be at home to take care of the family		
I have encountered several funders who turned down my business idea because I am man and they said they online fund women-led business ideas because they fill women are too few in the business world	Entrepreneur	GD

Table 7-2: Table of Entrepreneur's data coding

7.5.1.2 Entrepreneur Data codes and meaning

Entrepreneur Data Codes	Meaning	Percentage (%)
BOE	Bad Online Experience	40
GBP	Government Backed Platform	15
TFOP	Trust for Online Platforms	20
CFA	Crowdfunding Awareness	10
RE	Regulations	5
GD	Gender Discrimination	10

Table 7-3: Table of Entrepreneur's data codes and meaning

The above codes and meanings were derived from the interview conversations between me as the interviewer and the entrepreneurs I interviewed. I interviewed 30 entrepreneurs many of whom have had a bad experience with online transactions or activity. They complained bitterly about how they have lost both money and ideas to unscrupulous elements online who either pose as a crowdfunding platform or fronting as a funder but seeking some upfront payment

from the entrepreneurs to enable them release funds for them. From the table above, about 40% of the entrepreneurs said they have had bad online experiences. This was followed by 20% of the entrepreneurs who said they have no trust for online transactions mainly based on the first issue which is around the experiences they have had. Closely following that is 15% of the entrepreneurs who asserted that they would have some level of trust on online activities or transactions if they were backed by the government giving it some credibility. Another 10% of the entrepreneurs asserted that more entrepreneurs would get involved in crowdfunding if they know more about it. They denoted that many entrepreneurs have heard about crowdfunding but does not know the true meaning of it or exactly how it works. Another 10% of the entrepreneurs described their ordeals around gender discrimination. They narrated how they were discriminated against when they were trying to raise funds for business. In their narration, some of the funders would rather fund a man than do so for a woman because they believe that a man is meant to provide for his family while the woman belongs to the kitchen. With this impression, many female entrepreneurs suffer this action of the discrimination of gender. In the same vein, many female funders tend to fund other women entrepreneurs with the impression that women must look out for themselves. Only 5% of the entrepreneurs interviewed mentioned any about regulations which in many ways point to the way that the government will be able to back any platform where funders and entrepreneurs would meet. There must be certain laid down rules which will then be regulated by the government.

7.5.1.3 Funders Data Coding

In the same vein, the audio recording of the interviews done with the various funders were transcribed and I took a deep dive into the text to understand patterns of communication amongst them. In this first stage for the analysis, an initial coding exercise was embarked upon whereby each line of data was examined to identify key phrases related to the aim of this research. The raw data extracted from participants and retained in their own words are

identified below with corresponding initial codes assigned to them by me which are show in the table below:

Funders Raw Data	Category	Initial Assigned Codes
<p>Basically, what I actually looked out for is uniqueness, how knowledgeable the person is because when you have something unique easily carried you understand what everybody's doing so, I try to first of all, towards that because I know those directors where they just bring up, sometimes just run through the people that they have. So, my secretary knows what I like. She tries to bring the ones that make meaning or the idea/business proposal.</p>	Funder	KOE
<p>I get to see exactly what the business is about and get information about the Entrepreneur if he is trustworthy before I think of funding a business idea</p>	Funder	KAE
<p>I think one way that I cross check a platform is to get to meet the people in charge of that platform, If possible, the directors</p>	Funder	KOP
<p>To keep on being in business for as long as I have. You'll know that you can't really trust anybody. You just have to keep an open mind because you can't move forward here is why basically, he told the verification process like I said I met them and also check their docs</p>	Funder	TD
<p>I would prefer to fund a low-cost project because, this isn't an opportunity or contract with this people, it's better to go</p>	Funder	PC

for low costs so other people can also get some money for their business.		
Yes so, I can fund the project, which was based on the recommendation of the platform administrators	Funder	PR
A lot more people will fund if they are aware that these crowdfunding platforms are regulated and backed by the government.	Funder	GR
In my opinion, first of all the recipients, which is the entrepreneur needs to have a clear vision and the plan already in place. This will help fundraising organization to work in line with your vision.	Funder	KAE
You know the funder has to have done his own homework, you know, the straightforward and sincere because it's not really easy trusting, all these platforms, it could give them your ideas, and they sell it to the highest bidder.	Funder	EKP
Basically, there's something that I know. I'm passionate about when it comes to health care, you know, I'm not, I'm not specific about how much the project costs, I'm interested in is 100% you know other projects, meaningful to me.	Funder	PC
As for me, I am a female investor and I only fund women businesses as a way to support women in different communities and empower them to believe in themselves	Funder	GD
Categorically I am a man who believes in culture and our culture says a man must provide for his household. So, I	Funder	GD

tend to support male-owned businesses than the female ones because I believe the man needs it more to provide for his family		
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Table 7-4: Table of Funder's data coding

7.5.1.4 Funders Data codes and meaning

Funders Data Codes	Meaning	Percentage (%)
KOE	Knowledge of Entrepreneur	18
KAE	Knowledge about Entrepreneur	9
KOP	Knowledge of Platform	9
TD	Trust Disposition	9
PC	Project Cost	9
PR	Platform Recommendation	9
GR	Government Regulation	9
EKP	Entrepreneur's Knowledge of Platform	9
GD	Gender Discrimination	18

Table 7-5: Table of Funder's data codes and meaning.

The above codes were derived from the interview conversations between me as the interviewer and the funders the researcher interviewed. As stated earlier, the interview took place over the phone and 11 funders were interviewed. Out of the 11 funders interviewed, 2 of them stressed how important it is for the entrepreneur to have knowledge of the business area his or her project or business idea is located. The entrepreneur must have a good knowledge of the market and how they are going to make it work. This will be contained in a business plan that the entrepreneur will submit to convince both the platform and the funders of the viability or

feasibility of their business idea or project. Another 2 funders stressed how gender discrimination influences a funders intention to fund which depicted this factor as an important one.

7.5.1.5 Platform Administrators Data Coding

Furthermore, the audio recording of the interviews done with the various platform administrators were transcribed and the researcher took a deep dive into the text to understand patterns of communication amongst them. In this first stage for the analysis, an initial coding exercise was embarked upon whereby each line of data was examined to identify key phrases related to the aim of this research. The raw data extracted from participants and retained in their own words are identified below with corresponding initial codes assigned to them by the researcher are show in the table below:

Raw Data	Category	Initial Assigned Codes
We operate with transparency so that funders and entrepreneurs can know that we are strict and confidential when dealing with their information	Platform Administrator	PT
We work within the confines of government regulations, and we try to make this known to the public by making it evident on our website	Platform Administrator	PR
For those who are concerned about the security of our website, we employ the latest security architecture to keep our system hacker-proof so both funders and project initiators information are safe	Platform Administrator	PS

We encourage entrepreneurs to catch funders attention by training them to interactive campaigns with eye catching content portraying their business idea	Platform Administrator	PK
As part of our policy, we are neutral as to whether to support a male-owned or female-owned businesses. We give them both equal opportunities and allow the funders decide who they will fund. We do not influence it in anyway.	Platform Administrator	GD

Table 7-6: Table of Platform Administrator's data coding

7.5.1.6 Platform Administrators Data codes and meaning

Platform Administrators	Meaning	Percentage (%)
Data Codes		
PT	Platform Transparency	20
PR	Platform Regulation	25
PS	Platform Security	25
PK	Platform Knowledge	10
GD	Gender Discrimination	20

Table 7-7: Table of Platform Administrator's data codes and meaning.

The above codes were derived from the interview conversations with participants who were platform administrators. The researcher was able to interview 6 platform administrators who had different views and perception that could influence a funder to fund a project or a business idea even though some of them agreed in some of the factors. Their thoughts ranged from platform security, platform transparency, platform knowledge to platform regulation including gender discrimination. All platform administrators spoken to believed they try to minimize gender discrimination by giving equal opportunities to both male and female entrepreneurs

both it still boils down to who the funders choose to fund. Platform administrators also believed that more people would tend to use their platform to raise funds for their business ideas or projects if people know that it is government regulated which assures them of their investments or support for those who just want to donate to a business idea without expecting a reward.

7.5.1.7 Securities and Regulation

Moreover, the audio recording of the interviews done with the various securities and regulations personnel were transcribed and the researcher took a deep dive into the text to understand patterns of communication amongst them. In this first stage of the analysis, an initial coding exercise was embarked upon whereby each line of data was examined to identify key phrases related to the aim of this research. The raw data extracted from participants and retained in their own words are identified below with corresponding initial codes assigned to them by the researcher are show in the table below:

Raw Data	Category	Initial Assigned Codes
There are existing regulations by the SEC that help govern the activities of crowdfunding platforms in Nigeria	Securities & Regulation	SEC R
Once there is any indication of misappropriation of funds and it's reported to the police, any party of the crowdfunding process can request for an arrest to be done by police or EFCC	Securities & Regulation	RI
Even though there are regulations, the government is still careful about backing any online activity like crowdfunding	Securities & Regulation	GBP

Any platform that is not following the regulations laid down is most likely a fake platform and should be avoided	Securities & Regulation	FP
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Table 7-8: Table of Securities and Regulations data coding

7.5.1.8 Securities and Regulations codes and meaning

Entrepreneur Data Codes	Meaning	Percentage (%)
SEC R	SEC Regulations	25
RI	Regulatory Intervention	25
GBP	Government Backing	25
FP	Fake Platforms	25

Table 7-9: Table of Securities and Regulation's data codes and meaning.

The above codes were derived from the interview conversations with the security and regulations officials that participated in this research effort. Some of the officials spoken with believed there are existing regulations that governs certain online activities including crowdfunding, but this would need to be improved and personalized for crowdfunding platforms. They also insinuated that there must be more awareness about these regulations. This awareness will help the public identify fake platforms and stay away from them.

7.5.2 Second-Level Data Coding

The next stage of the analysis is bringing similar or identical codes together to define a broader theme for the research work. This is a form of thematic analysis that will help across the data set to identify, analyze, and report repeated patterns within the dataset (Braun and Clarke 2013). At this stage, the researcher began a pattern-based analysis that allowed the researcher to identify salient topographies of the data which are meaningful in answering the research

question of this research work. Even though the frequency of appearance of a particular code usually underscores its importance in answering the research question of this research, however, there are some codes that do not appear more frequently yet are indispensable in providing clarity into answering the objectives of the research (Braun and Clarke 2013). The researcher therefore considered both factors in identifying patterns that would answer the research question of this work.

7.5.2.1 Entrepreneurs' thematic analysis

After careful analysis of the dataset from the entrepreneurs, the initially assigned codes were then thematically categorized into two broad themes which are Negative Experience and lack of government involvement. These can then be described as the primary reason many entrepreneurs have trust issues with the crowdfunding process in Nigeria

Raw Data	Initial Assigned Codes	Theme
I have had a very very bad experience with crowdfunding, and another thing is that there are a lot of issues in Nigeria regarding trust online or crowdfunding platforms	Bad Online Experience (BOE)	Negative Experience
I know a lot of people are scared that the ideas might be stolen	Bad Online Experience (BOE)	
As this crowdfunding is online, I am really uncomfortable with it as too many things going on so you don't really know how to trust the process	Bad Online Experience (BOE)	
You know, anything online I do not get involved, because there are a lot of problems for people know	Bad Online Experience (BOE)	

<p>that I've read stories about, I know how they were defrauded and scammed, especially in this country.</p>		
<p>Dealing online, if there's a problem you don't know how to address it or who you're doing business with. There may be so much regret. However, if you can see the people you are dealing with, if they want to try to cause any kind of problems you know where to locate them, you know, so that kind of thing to do online, then you can't really reach anybody. If you are being scammed you must find them anyway, so I don't trust online transaction</p>	<p>Lacks trust for online transactions (TFOP)</p>	<p>Lack of Trust for Online activities</p>
<p>But I am concerned about the safety of my idea or my business in the hands of those people because people are selfish because they want to sit down or help you or symptom or steal from you.</p>	<p>Lacks trust for online platforms (TFOP)</p>	
<p>I don't trust any of these platforms I don't know why I don't trust them, but I don't trust them at all, so I don't get involved at all. I don't do even do my shopping online.</p>	<p>Lacks trust for online platforms (TFOP)</p>	
<p>But I believe that if there are some government rules around governing all these platforms, it might make some people want to try it out</p>	<p>Government backed platforms may increase trust (GBP)</p>	<p>Lacks Strong Government Involvement</p>

From my own research, many in this country so I don't think there are strong regulations in the banking system. So, you not only put your money in the bank. In order to get your money back. But there is no such assurance for those crowdfunding places	Lack of Regulations (RI)	
Okay I have heard of crowdfunding before, but I really don't know anything about it and I'm very sceptical about anything online. online because it's a very unsafe space. Because people are using it for different activities	Lacks Awareness of crowdfunding (CFA)	

Table 7-10: Table of Entrepreneur's thematic analysis

7.5.2.2 Funders thematic analysis

A similar thematic analysis was carried out on the dataset from the funders, the initially assigned codes were then thematically categorized into several broad themes which includes entrepreneur's expertise & reputation, Funder's platform knowledge, funders trust disposition, project funding level, value similarity and existing regulation. These can then be described as factors that can influence the funders trust as to whether to fund or not fund a crowdfunding campaign in Nigeria.

Raw Data	Initial Assigned Codes	Theme
Basically, I actually look out for is uniqueness, how knowledgeable the person is because when you have something unique easily carried you understand what everybody's doing so, I try to first of all, towards that	Knowledge of Entrepreneur (KOE)	Entrepreneurs Expertise & Reputation

<p>because I know those directors where they just bring up, sometimes just run through the people that they have. So, my secretary knows what I like. She tries to bring the ones that make meaning or the idea/business proposal.</p>		
<p>I get to see exactly what the business is about and get information about the Entrepreneur if he is trustworthy before I think of funding a business idea</p>	<p>Knowledge about Entrepreneur (KAE)</p>	
<p>In my opinion, first the recipients, which is the entrepreneur needs to have a clear vision, expertise, and the plan already in place. This will help fundraising organization to work in line with your vision.</p>	<p>Knowledge of Entrepreneur (KOE)</p>	
<p>You know the funder must have done his own homework, you know, the straightforward and sincere because it's not easy trusting, all these platforms, it could give them your ideas, and they sell it to the highest bidder.</p>	<p>knowledge of platform (KOP)</p>	<p>Funders Platform Knowledge</p>
<p>I think one way that I cross check a platform is to get to meet the people in charge of that platform, If possible, the directors</p>	<p>Knowledge of platform (KOP)</p>	

<p>To keep on being in business for as long as I have.</p> <p>You'll know that you can't really trust anybody. You just must keep an open mind because you can't move forward here is why basically, he told the verification process like I said I met them and also check their docs</p>	<p>Trust Disposition (TD)</p>	<p>Funders Trust Disposition</p>
<p>I would prefer to fund a low-cost project because, this isn't an opportunity or contract with this people, it's better to go for low costs so other people can also get some money for their business.</p>	<p>Project cost (PC)</p>	<p>Project Funding Level</p>
<p>Basically, there's something that I know. I'm passionate about when it comes to health care, you know, I'm not, I'm not specific about how much the project costs, I'm interested in is 100% you know other projects, meaningful to me.</p>	<p>Project Cost (PC)</p>	
<p>No, so I don't fund a project based on my personal values in relations to age, culture or other factors but based on my assessment that it would change the world and help people</p>	<p>Project based on my values (TD)</p>	<p>Value Similarity</p>
<p>A lot more people will fund if they are aware that these crowdfunding platforms are regulated and backed by the government.</p>	<p>Government Regulation (GR)</p>	<p>Government Regulation</p>

Table 7-11: Table of Funder's thematic analysis

7.5.2.3 Platform Administrators thematic analysis

In the same vein, after careful analysis of the dataset from the platform administrators, the initially assigned codes were then thematically categorized into one broad theme which is Platform Trust. This means that platforms will have to portray themselves as being trustworthy by making sure that they are transparent in their dealings with both funders and entrepreneurs. Clearly communicate with this duo that they are regulated by the government and showcase the security architecture of their platform as safe and secured while helping them navigate through their website easily.

Raw Data	Initial Assigned Codes	Theme
We operate with transparency so that funders and entrepreneurs can know that we are strict and confidential when dealing with their information	Platform transparency	Platform Trust
We work within the confines of government regulations, and we try to make this known to the public by making it evident on our website	Platform Regulated by government	
For those who are concerned about the security of our website, we employ the latest security architecture to keep our system hacker-proof so both funders and project initiators information are safe	Platform Security	
We encourage entrepreneurs to catch funders attention by training them to interactive campaigns with eye catching content portraying their business idea	Platform knowledge	

Table 7-12: Table of Platform Administrator's thematic analysis

7.5.2.4 Securities and Regulations thematic analysis

Furthermore, after careful analysis of the dataset from the securities and regulation category, the initially assigned codes were then thematically categorized into one broad theme which is Regulatory Influence. This means that Nigerian government have a very key role to play in pursuing and building trust into the crowdfunding system in Nigeria. This role includes exerting regulatory influence over the whole process and offering great awareness and assurances to its citizens, especially entrepreneurs and funders alike to encourage them to participate in this all-important phenomenon that has the capacity to transform the economy of the nation as more businesses would begin to spring up resulting in economic growth and development of the nation of Nigeria.

Raw Data	Initial Assigned Codes	Theme
There are existing regulations by the SEC that help govern the activities of crowdfunding platforms in Nigeria. They just must enforce it.	SEC Regulations	Regulatory Influence
Once there is any indication of misappropriation of funds and it's reported to the police, any party of the crowdfunding process can request for an arrest to be done by police or EFCC	Police & EFCC intervention	
Even though there are regulations, the government is still careful about backing any online activity like crowdfunding	Government is careful about backing online transactions	

Any platform that is not following the regulations laid down is most likely a fake platform and should be avoided	Noting a fake platform	
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Table 7-13: Table of Securities and Regulation’s thematic analysis

7.6 Thematic Compilation

Now that the researcher has identified all the secondary codes from the initially assigned primary codes which were assigned to all the categories of interviewees, the next stage is to compile these codes together which represents themes issuing out from the pattern-based analysis carried out by me. According to Braun and Clarke (2014), a theme “captures something important about the data in relation to the research question and represents some level of patterned responses or meaning within the data set”. This exactly represents how the researcher identified the broader patterns from the initial codes assigned and are then represented in the table below.

S/N	Category of Interviewee	Primary code	Secondary code (Themes)
1	Entrepreneur	Bad online experience, Government backed platforms may increase trust, lacks trust for online transactions, Lacks Awareness of crowdfunding, Lack of Regulations,	Negative Experience, Lacks Strong Government Involvement
2	Funder	Knowledge of entrepreneur, knowledge about entrepreneur, I don’t trust easily, Project	Entrepreneurs’ expertise and reputation, Funder’s knowledge, platform

		cost, project recommended by platform, government regulation, entrepreneurs vision, entrepreneurs knowledge of platform	knowledge, Funder's trust disposition, project funding level, value similarity and government regulation
3	Platform Administrators	Platform transparency, Platform Regulated by government, Platform Security, Platform knowledge	Platform Trust
4	Securities & Regulations	SEC Regulations, Regulatory intervention, Government is careful about backing online platforms, Noting a fake platform	Regulatory Influence

Table 7-14: Table of thematic compilation of secondary codes

These themes are broader than the initially assigned codes which contained many facets and therefore they are a collection of codes which invariably are a collection of ideas and aspects that can be recorded under the primary code. These themes represent the concerns of each category of interviewees alongside being factors that could influence their behaviours and decision in the area of reward-based crowdfunding in Nigeria.

Looking at the table above, it is a pellucid realization that many of the entrepreneurs interviewed were concerned about the negative experiences they have had with online activities in Nigeria which they somehow blame on the lack of government involvement and regulations to online activities in the country. This is very indicative that if crowdfunding is introduced in

Nigeria, which is an online activity, many entrepreneurs may not participate as majority of them have had very negative and bad experiences in the past with other online activities.

In the same vein, Funders interviewed who were willing to fund projects for entrepreneurs seems to have concerns around the expertise and reputation of the entrepreneur, their knowledge and familiarity with the crowdfunding platform where entrepreneurs promote their projects. Another major concern that funders have is in the area of the level of funding a project requires with many of them seeming to gravitate towards projects with low to medium level of funding due to the enormous risk involved. Another thing funders seem to be concerned about was the value of the project in comparison with their personal values or principles. It seemed like funders would love to fund projects that had some form of inclination towards what they value as important and good for people although a few of the funders would sponsor any project if it met a human need. Also, many of the funders showed that they will feel more comfortable funding projects from a crowdfunding platform that is government regulated. This will give them the confidence to know that it is not a fraudulent platform where people are swindled of their hard-earned money but one that is there to contribute to the economic growth of the nation. It was also apparent from the interviews carried out that many funders declared they don't easily believe what people say mainly due to experiences they have had in the past. Therefore, suffice it to say that the funder's disposition to trust has some influence on the final decision made by a funder whether to fund or not. This disposition or thought pattern were described by the funders as being shaped by events that have happened in the past.

Most of the platform administrators that were interviewed believed something has to be done to differentiate the fraudulent platforms from those that are not so as to win the trust of entrepreneurs and funders alike who visits the platform to find solution. These people must be able to see the transparency of the platform operations especially in the area of handling their personal and business information. Also, the presence of an SSL certificate is important

because it assures the security of their personal and business information to ensure it is safe from cyber-attacks. Moreover, government regulated platform seem to be what entrepreneurs and funders are looking for as they feel safe using those platforms.

7.7 Theme Rundown

From the qualitative content analysis employed in this research, the researcher has been able to investigate the perception of trust in reward-based crowdfunding from the perspective of entrepreneurs, funders, platform administrators and regulatory agencies. Some of the common expressions from entrepreneurs was “I have had a very bad experience with crowdfunding, and another thing is that there are a lot of issues in Nigeria regarding trusting online or crowdfunding platforms” which is an indication of bad experiences with online activities. A few other entrepreneurs said “But I am concerned about the safety of my idea or my business in the hands of those people because people are selfish because they want to sit down or help you or symptom or steal from you” displaying their concerns around the safety of their ideas.

While some entrepreneurs made reference to government regulated platform as stated “But I believe that if there are some government rules around governing all these platforms, it might make some people want to try it out”, funders also believed that government involvement in crowdfunding activities will give it more credibility as said here “A lot more people will fund if they are aware that these crowdfunding platforms are regulated and backed by the government”. These expressions were assigned codes with which the researcher intended to use to categorize the expressions into meaningful combinations.

The next stage of the analysis was bringing similar or identical codes together to define a broader theme for the research work. This is a form of thematic analysis that will help across the data set to identify, analyse, and report repeated patterns within the dataset (Braun and Clarke 2013). At this stage, the researcher began a pattern-based analysis that allowed me to

identify salient topographies of the data which are meaningful in answering the research question of this research work. The researcher further categorized the expressions using manual data coding by looking around all the expressions made by the category of interviewers which are entrepreneurs, funders, platform administrators and regulatory agencies and grouping the expressions into common groups which is comparable to the elements of the conceptual framework designed for this research.

CHAPTER 8

RESEARCH FINDINGS AND DISCUSSION

8.0 Research Findings and Discussion

8.1 Introduction

One of the most important objectives of this discussion is to establish a comparative relationship between the findings from the data analysis and the conceptual framework that the researcher had established based on the review of the relevant literature. The researcher had created a conceptual framework based on the existing body of literature with the purpose of expanding on that framework after conducting interviews with the people who were involved in this study activity. The interviewer and the person being interviewed can have a more in-depth conversation while using a semi-structured format, which was a strategic choice made by me. It also provides the opportunity for the interviewer to provide a clearer explanation to questions on which they require further clarification. Most respondents believe that being questioned is more enjoyable than filling out a questionnaire. Even though conducting interviews can be a significant time commitment because they last for a longer period, doing so can be beneficial in that it helps to bring in perspectives that the interviewer may not have thought about, thereby making room for creativity and the new discovery of ideas that have the potential to improve the body of literary work.

8.2 Validation of Initial Conceptual Framework Design

This research is based on the work of Kim et al. (2008) who identified four categories of factors that are determinants in trust-building within the online context and the work of Liang et al. (2019) who identified key determinants in trust-building which include expertise, ability, reputation, satisfaction, and similarity which they identified to be important determinants of

trust. Kim et al. (2008) found that trust-building within the online context was driven by four main factors: online identity, online communication, online relationship, and online environment. Liang et al. (2019) looked at the same factors, but also identified five additional key determinants: expertise, ability, reputation, satisfaction, and similarity. They noted that these factors were important for building trust with online users.

As a result of the responses that were provided by the participants in this research, all the propositions that I included in the initial framework that I established based on the existing body of literature were validated. Following tests and verifications on each component of the initial framework, the reward-based crowdfunding system in Nigeria could become trusted and reliable. As a result of the interviews conducted, it was evident that these components, in terms of their characteristics and how they build trust, can improve crowdfunding trust practices. These results did not contradict the definition of these elements as to what they are and how they influence trust. The tests and verifications conducted showed that the components of the initial framework had the capacity to build trust and improve crowdfunding trust practices. The results from the interviews showed that the characteristics of the components were in line with the definition of trust and were capable of influencing trust.

As the researcher, I began by developing a framework that was based on cognitive elements, personality factors, affective components, and experienced-based factors designed. This initial framework was developed based on my findings from studying the works of Kim et al 2008 and Liang et al. 2019. Trust that is founded on cognition involves making decisions and being willing to act on the words, acts, and decisions made by an authority based on an objective evaluation of such things. The amount of confidence a person has in another person's competence or ability to perform or fulfil his or her promises or be part of a bargain is an example of a cognition-based factor, which can also be referred to as a performance-based factor. According to Liang et al. (2019), cognition-based factors include things like the

protection of privacy and security as well as the quality of information; for instance, when a funder decides to fund a business, his or her decision to finally fund such a business will be largely dependent on the information displayed on the websites of the crowdfunding platform. This indicates that the quality of the product information that is offered to the consumer might ultimately have an impact on the decision of the funder over whether to fund the project. After conducting several studies, Kim et al. (2008) concluded that the quality of the project information largely informs the funder's general perception of the completeness and accuracy of project or business idea information as contained on the website of the crowdfunding platform. They also emphasized that this is an important factor in a funder's ultimate decision regarding whether to invest.

Furthermore, personality-based factors, which could also be referred to as disposition-based trust, in a nutshell, refer to the personal experiences and characteristics that an entrepreneur possesses that can foster or attract trust from an investor or a funder. This type of trust could be beneficial to the entrepreneur in obtaining funding or investments. In addition, it illustrates a person's propensity to trust others based on innate personality elements that have been shaped by one's own life experiences and maybe one's genetic make-up. It is characterized by a general tendency to either trust or not trust a person, an authority, or a system, with this tendency being mostly informed by one's own experiences.

The initial framework developed by me was developed based on these factors which were further categorized into four different factors which are cognition-based factors, personality-based factors, affect-based factors, and experienced-based factors. The cognition-based factors covered the knowledge and beliefs associated with trust, the personality-based factors looked at how the individual's personality traits might influence their opinion on trust, the affect-based factors looked at the emotions associated with trust, and the experienced-based factors looked at any past experiences the individual may have had with trust.

8.2.1 Cognition Based Trust

The interaction that takes place between a business owner and a buyer in a regular market transaction which can be likened to the interaction between an entrepreneur and a funder helps to create and strengthen trust between the two parties. One way to talk about this is using the term "cognition-based trust," which refers to the decision and willingness to act on the words, acts, and decisions of an authority based on rational evaluation. These factors, which can also be referred to as performance-based factors, refer, in a nutshell, to the degree to which a person has confidence in another person's competence or ability to perform or fulfil his or her promises or part of a bargain. In other words, these factors measure a person's degree of trust in the other person. According to Liang et al. (2019), cognition-based variables include things like protecting one's privacy and one's security, providing high-quality information, and other similar considerations. These are some of the cognition-based factors that were stated earlier in the research and that the researcher have also found to be true both during the interviews with the participants and after the interviews with the participants.

8.2.2 Affect Based Trust

In the affect-based model of trust, feelings are brought into the process of establishing trust. A trust that is affect-based is one that is founded not only on feelings of emotional affection and fondness for the authority but also on mutual respect and the conviction that the authority sincerely cares about the requirements of the people and is willing to do everything in their power to protect them. This type of trust considers aspects such as reputation as well as certification from a third party, recommendations, and even word of mouth. In this situation, the buyer is not just purchasing a product or receiving a service because he or she wants it anymore; rather, they are doing so because of the fondness that they have developed or built for the seller, which causes them to trust that they will be getting a good product or receiving a wonderful professional service. According to the responses obtained from the interviews that

were carried out for the purpose of this research, the researcher discovered that this kind of trust is present and common in Nigeria. In the following paragraphs, we will talk more in depth about this topic.

8.2.3 Personality Based Trust

Trust that is based on a person's personality refers to the confidence that an individual has in another individual's capabilities, competency, and reliability to carry out what they have promised. When you trust someone to the extent that you know they will not put you or anything connected to you in danger, you have reached the highest level of trust possible for that person. This level of trust is developed over the course of time. In the context of crowdfunding, this refers to the process by which an investor or a funder wants to decide about sponsoring a specific project based on factors such as the transparency of the project information, the reputation of the entrepreneurs, and other factors. Personality-based factors, which could also be referred to as disposition-based trust, refer to the personal experiences and characteristics that an entrepreneur possesses that have the potential to foster or attract trust from an investor or a funder. Personality-based factors can also be referred to as disposition-based trust. In addition, it illustrates a person's propensity to trust others based on innate personality elements that have been shaped by one's own life experiences and maybe one's genetic make-up. It is characterized by a general tendency to either trust or not trust a person, an authority, or a system, with this tendency being mostly informed by one's own experiences. In addition to this, this was another aspect that many of the people who took part in the interview that was organized by me cited as a crucial reason for them to trust other people who were taking part in the crowdfunding process. In the next discussion, we will go into further detail regarding the responses given by the participants.

8.2.4 Experience Based Trust

Building trust takes intentional effort over a period, and one of the most important components is gaining experience. The utilization of a person's past experiences as a factor in helping to create trust is an example of experience-based trust. It requires a person to have information and an understanding of the behaviours of another person over a period in order to be able to forecast how the other person would react in given circumstances. In the context of crowdfunding, which is a transaction that takes place over the internet, the previous experience that an entrepreneur or a funder has had with online transactions will most definitely inform how such an entrepreneur or a funder will relate to other online transactions such as crowdfunding. Therefore, the level of familiarity that an entrepreneur or a funder has with the internet and the transactions that can take place over the internet, as well as the level of familiarity that they have with the crowdfunding platform that they are using, will either positively or negatively impact the level of trust that they have for that platform, depending on their previous experiences using that platform. The responses from the interview that was carried out provide further confirmation that this aspect plays a role in trust, as many of the participants alluded to the fact that they may be reluctant to participate in crowdfunding because they do not have a strong level of familiarity with the internet. It is unnecessary to go into further detail at this time; suffice it to state that the interviews that were conducted provided validation for the importance of experience-based criteria.

In conclusion, the propositions that were included in the initial framework that was established by me and that were based on the literature that was readily available all found validity from the responses that were supplied by the participants in this research effort. In order to establish a level of confidence in a crowdfunding system in Nigeria that is based on rewards, it was necessary to verify each component of the original structure. The results of the interviews that

were carried out produced findings that did not contradict the definition of these aspects regarding what they are and how they influence trust. Furthermore, the findings provided credence to the notion that these aspects can enhance trust building measures within a crowdfunding system.

For instance, when a funder makes the choice to invest in a company, the information that is presented on the websites of the various crowdfunding platforms will play a significant role in determining whether the funder would ultimately invest in that company. This indicates that the quality of the product information that is presented to the customer ultimately has the potential to impact the decision of the funder over whether to fund the project. After conducting a number of studies, Kim et al. (2008) came to the conclusion that the quality of the project information largely informs the funder's general perception of the completeness and accuracy of project or business idea information as contained in the website of the crowdfunding platform. They also emphasized that this is an important factor in a funder's ultimate decision regarding whether to invest in a project.

8.2.5 Esusu/Osusu

Esusu is a term that refers to the ancient types of cooperation that are prevalent in African communities. These forms of cooperation see groups of individuals contributing to unofficial savings and credit institutions for the benefit of the group. These associations are most found in agricultural production and credit finance, and they both replace and supplement modern cooperative institutions and formal financial systems. The primary focus of these groups is on agricultural production. It is thought that the Yoruba people of Nigeria were the first to engage in this practice, and from there it expanded to Liberia, the Democratic Republic of the Congo, and most of the countries in West Africa (Seibel 2004). Among the Yoruba people of southwestern Nigeria, the practice is referred to as esusu or esu. However, the Ibo people of south-

eastern Nigeria call it etoto; the Hausa people of northern Nigeria call it adashi; the Nupe people of Nigeria's Kwara and Niger States call it dashi; the people of Ogoja in Cross River State call it osusu; the Igbo people of Ab (Iganiga and Asemota 2018). The word refers to the total amount of money gathered, not the individuals that contributed it (Bascom 2012).

Esusu practices can be found in the Caribbean Islands, which is the only region outside of Africa where they are practiced. It is believed that these rituals were brought there during the time of the transatlantic slave trade. Maynard (1996) provides evidence that the Yoruba esusu rotating-credit arrangement was brought to the Anglophone Caribbean at some point. The term "partner" is used for the relationship in Jamaica, but the term "syndicate" is used across the rest of the Caribbean. In addition, migrants played a significant role in the establishment of contribution societies in several American communities (Bascom 2012). The Yoruba people frequently organize themselves into traditional cooperatives such as aaro, owing, esusu, and ajo. Aaro is a term that refers to a cooperative agricultural arrangement in which peer farmers form ad hoc groups and work on one another's farms during peak periods on tasks such as land preparation, planting, weeding, and harvesting, until all the members of the group have been serviced. This arrangement is known as aaro (see pomochi, 5.13 in this volume). Owe is another form of agricultural cooperation in which physically able members of the community (often young or middle-aged males) combine to aid the impoverished, old, and chieftains on their fields. Owe is typically practiced in places where there is a significant male population.

The terms esusu and ajo are used to refer to unofficial methods of financing, in which a group of people cooperate in order to further both their own and their group's interests. This could appear in a few different ways. To begin, there are units whose primary focus is the accumulation of deposits, but which engage in very little or no lending activity. Second, there are lending units that do not significantly participate in the mobilization of savings. Third, there

are organizations that are dedicated to the practice of self-help finance and that engage in a variety of forms of savings, such as those that revolve and those that are supplied by licenced cooperatives (Ojenike and Olowoniyi 2013). In the research that has been done on fraudulent finance, esusu is almost often discussed in relation to revolving savings and credit associations (Seibel 2004).

Esusu cooperatives are run in the following manner by Yoruba people: a group of individuals band together to contribute a set and equal sum of money at specific intervals – daily, weekly, fortnightly, monthly, or bi-monthly – allowing each member to collect the entire sum in rotation. Once all members of the group have benefited from the pool, a new rotation cycle is started. Voting or reaching an agreement among all members of the group is the typical method for determining the sequence in which individuals will be allowed to draw the money.

The Yoruba people make a distinction between esusu and ajo in their urban settings. In ajo, a professional collector known as an alajo is hired to go around and collect contributions on a regular basis, typically once per day or once per week. In exchange for their work, alajo are given a tiny commission. Because there is no requirement to physically go to a bank in order to make a deposit, this is a more personable alternative to the traditional banking system. On the other hand, in contrast to esusu associations, it is less personal because ajo contributors do not necessarily know the other contributors to the work. Their interactions are instead managed by the alajo, who maintains a record of the contributions made by each party. Each contributor is required to make consistent contributions within a specified time period, but they are free to contribute an amount that is consistent with their financial means. The difference between an ajo and an esusu is that a contributor may ask the alajo to refund a portion of their donation under specific conditions, such as an emergency. This is what differentiates an ajo from an esusu. In some circumstances, the alajo is in possession of a bank account, into which they place the funds until the conclusion of the collecting cycle, at which point they are required to

transfer the amounts to the contributor of their choosing. The way and the timing of the donor receiving the money from the alajo are both matters that are decided upon and mutually agreed upon by the two of them. For example, if the contributor makes a daily contribution (a practise that is common among traders and owners of small businesses) and the contribution 'matures' at the end of the month, the alajo will return the remainder of the contribution to the contributor after deducting his or her fee. This practise is popular among traders and owners of small businesses.

It is up to the discretion of the alajo to decide whether to use a bank account for the cash that have been gathered. There is a significant amount of reluctance among Nigerians to subscribe to fraudulent financial services. Street vendors in southern and northern Nigeria, for instance, have no faith in most legal microfinance institutions; as a result, they are forced to rely on informal sources of loan and savings mobilization (Oloyede 2008). However, when an alajo decides to use a bank account, this signals the introduction of previously undocumented money into the official financial system. This also establishes a connection between the formal and the informal financial systems. The idea of "financial dualism" acknowledges the coexistence of these two distinct financial systems (Osabuohien and Duruji 2007).

Esusu typically functions independently from formal legal and financial systems and relies primarily on an oath of allegiance and mutual confidence in order to function effectively. This prevents members of the association who have already received their cash from withdrawing from the system and so causing other members to forfeit some or all their contributions. This is done because it would be unfair to those members who have not yet received their funds. Concerning ajo, the reliability of the alajo serves as the most important factor in mitigating risk and maintaining continuing patronage. Even though there are now legal microfinance organizations in Nigeria, Esusu continues to be a popular option for many people. People who work in the informal economy, people who frequent market areas, rural and urban

communities, and religious groups all make use of it. It is especially popular among people who make a living on a low or middling income. Because of the low wages they receive, many people who labour in rural areas are forced to rely on it because they are unable to participate in the formal financial system. In contrast, the financial services that Esusu provides are individualized to meet the actual, day-to-day requirements of each individual member of the group. When compared to the conventional financial system, using esusu makes saving money easier, and getting credit is cheaper than it would be otherwise (Oloyede 2008). There are also financial advantages to becoming a member of an esusu organisation, such as the absence of interest fees. Additionally, gender is a factor, since research shows that Nigerian women are more prone than males to employ esusu as a kind of unofficial savings (National Bureau of Statistics 2013).

Esusu is primarily a practice that takes place in an informal context; nonetheless, it has made its way into formal work settings and is used to benefit people and groups inside commercial organizations. It is common practice to view esusu participation as supplemental to other methods of acquiring credit (such as cooperatives). Many people participate in esusu with the intention of achieving a certain goal, such as the acquisition of assets, the launch of a business, or the expansion of their trade. Because it is difficult for them to secure loans from traditional financial institutions, owners of informal businesses sometimes turn to esusu. Empirical studies of informal finance, financial exclusion, modern cooperatives, poverty alleviation, microfinancing, and savings mobilization in Nigeria recognize the significance of esusu and its variants and acknowledge the impact that it has. These studies also acknowledge the impact that esusu has had. The legal implications and trust difficulties that are associated with the practices of esusu are not easily resolved. Despite this, the traditions of esusu in Nigeria and other parts of the world are predicated on trust and the honesty of the participants (Hofstede

1980; Fukuyama 1996). It is possible that comparative research into the origins and instruments of informal funding from a cultural-type perspective or across other countries could bring about intriguing discoveries, even if they are unusual.

The mutual trust of Osusu cooperative society is an informal organization that was founded by people who shared similar mentalities, social standing, and most of the time, were engaged in the same occupation, vocation, and geographical region. Osusu Mutual Trust People get together to form cooperative societies for the purpose of meeting each other's needs, just like the official, statutorily registered cooperative organizations that exist in Nigeria and elsewhere across the world. Many various types of economic endeavours can benefit from the utilization of cooperatives as a valuable technique for risk management. Members can strengthen their socio-economic activities by participating in cooperative initiatives, which involve pooling their limited resources with those of other members in order to increase their capital base (Ebonyi and Jimoh, 2002). Arua (2004) had a similar sentiment, stating that he believed cooperatives to be a "essential tool for improving the living standards of members." Cooperatives are particularly recognized as significant tools for the formation of commercial ventures and jobs, as well as for the mobilization of resources for the generating of income, as stated by Bhuya (2007). According to Levi (2005), cooperatives provided work opportunities for more than 100 million men and women all over the world. In Nigeria, cooperatives provide locally needed services, employment and inputs to farmers, businessmen and women, and local entrepreneurship; they also provide opportunities for farmers/businessmen/women to organize themselves into groups for the purpose of providing services which will facilitate output of members (Ibitoye, 2012), and they provide functional education to members in the areas of production, processing, and marketing of produce. In addition, cooperatives provide

opportunities for farmers/businessmen/women to organize themselves into groups for the purpose of providing services (Hermida, 2008).

The lack of trained employees, poor money, excessive government supervision, a lack of confidence among members, and dishonesty among cooperative leaders are some of the challenges that cooperative organizations (both modern and traditional) face (Onje, 2003).

Borgens (2001) also pointed to problems with the organization's structure, limited infrastructure facilities, and administrative bottlenecks as contributing factors.

8.3 New Framework Description

As a result of the analysis of the data that was gathered during the interview of fifty-five (55) participants, certain new factors that in some way sway on the decision of the funder to fund a campaign were discovered. Having a successful crowdfunding campaign is defined as having a campaign that raises a significant amount of money from many individuals. The development of a trust framework that will enable funders, entrepreneurs, and the crowdfunding platforms in Nigeria to function effectively and bring about successful crowdfunding campaigns was one of the goals of this research work. One of the other objectives of this research work was to investigate the implications of trust in successfully connecting entrepreneurs and investors in reward-based crowdfunding.

The researcher took the four factors that were described in the initial framework designed, which were proposed by various authors and noted in the chapter of this work that was dedicated to the literature review and combined them with some of the new factors that became obvious after the interviews were carried out. In addition, the researcher has developed the new framework purely based on the experiences of the participants, which the researcher acknowledges may be one of the limits of this research effort.

Figure 8-1: New Conceptual Framework (Aideyan S.N 2022)

8.3.1 Cognition-Based Factors

The amount of confidence a person has in another person's competence or ability to perform or fulfil his or her promises or part of a bargain is an example of a cognition-based factor, which can also be referred to as a performance-based factor. Cognition-based factors can also be referred to as performance-based factors. According to Liang et al. (2019), cognition-based criteria can be broken down into the following categories: the quality of the project information, the reputation of the entrepreneur, and the expertise of the entrepreneur, etc.

8.3.1.1 Project Information Quality

When a consumer has the intention of buying a product online, the information about that product that is displayed on the websites of the various vendors will play a significant role in determining whether the consumer will buy the product. As a direct result of this, the quality of the product information that is shown to the consumer might ultimately influence the consumer's choice on whether to purchase a certain product. Kim et al. (2008) conducted

several studies, and at the end of those studies, they concluded that information quality consummates the consumer's general perception of the completeness and accuracy of product information as contained in the vendor's website. They also emphasized that this is an important factor in a consumer's decision to make a purchase. To put it another way, when consumers have access to higher-quality product information, they can have greater confidence in the capabilities of service providers. Bringing this into the realm of crowdfunding, Mollick (2014) conducted a study in which he evaluated how investors (funders) behave and react to project information. The research was published in the journal of Crowdfunding, and it was revealed that the quality of the project information that was put up by the entrepreneur who was seeking funding was a significant factor in the investment decisions of most potential funders. Therefore, he concluded that the information quality of a proposed project, which indicates the correctness and completeness of this proposal, can and will influence investors' confidence and faith in the project, and consequently, their choice of whether to invest in it.

The interviews that I carried out with funders supported the above claim that the quality of information about a project influences the decision by the funder to fund. When an investor or a funder was asked a question of how important the project information is to him, he simply said “if the information about the project is not clear and as an investor, I don’t understand it, it is very unlikely for me to fund that project”. It then behoves the entrepreneur to ensure that very clear and high-quality information is contained in the project campaign put on the crowdfunding platform. Also, the platform also has a role to play here, they are to ensure their websites are well designed with eye-catching user interface that will attract the funder to want to stay and read through. They could even adopt the use of animations and pictures to further enhance the understanding of the funders.

8.3.1.2 Entrepreneur's Expertise

According to the social experiment carried out by Busch and Wilson (1976), there is a strong tendency for people to have a resilient inclination towards someone to carry out a task if they perceive that such a person has the ability or expertise in the area of that task. Consequently, Smith and Barclay define expertise or ability as the perceived skills, techniques, and relevant knowledge that is necessary for achieving specific tasks of the trustee. Additionally, Mayer et al. define expertise or ability as a group of skills, competencies, and characteristics that enable a party to have influence within some specific domain. Similarly, Mollick (2014) further pointed out that in crowdfunding the entrepreneurs' prior experience, knowledge and expertise in a particular task or project would influence the investors' decision to invest if similar project the researcher proposed by the said entrepreneur. This is because the investor believes that the entrepreneur will achieve the project goal since he has carried out such task successfully in the past revealing his expertise and ability to carry out such a task.

Every funder interviewed stressed the need for the project initiator who is the entrepreneur to have proven abilities and expertise to carry out the project they are initiating for funding. This is because if they lack the expertise to carry out the project, the project will automatically fail, and all funds put into it will be lost. In fact, one of the funders interviewed said "In my opinion, first the recipients, which is the entrepreneur needs to have a clear vision, expertise, and the plan already in place. This will help fundraising organisation to work in line with your vision". This factor seems to sway strongly on the decision of the funder as most funder seem not to fund without this factor in place. Therefore, an entrepreneur must endeavour to understand completely the project or business he or she is looking for funding for and in fact be a subject matter expert in that subject so that no matter the questions posed to them by the funders, they are able to answer correctly and prove to them that they have the knowledge to execute the project.

8.3.1.3 Entrepreneur's Reputation

A person's reputation can be defined as "the opinion or impression that people have about someone or something, including subjective observation or objective evaluation in general," according to Gotsi and Wilson (2001). Because it is a potential signal for the appraisal of an entrepreneur's skill and abilities, an entrepreneur's reputation is a significant aspect that plays a role in the decision-making process about an investment. Because a person's reputation develops over time via the course of their previous social interactions, it is possible for reputation to serve as both a mirror of a person's prior experiences and an accurate indicator of their future capabilities. Third-party endorsements can be an indicator of a start-up's reputation and can favourably influence an investor's belief in the competency of the entrepreneur, as Baum and Silverman (2008) shown through their research. They also discovered that an investor's faith in a project team can be affected by the team's reputation over the course of the project's duration. Doney and Cannon (1997) suggested that reputation is second-hand information on one's prior behaviours, and buyers can use such information to judge if the seller is trustworthy. Reputation can be found through the word of mouth of others.

From the interviews with funders, an entrepreneur's reputation seems to be what precede them with the funder and even make the funder decide to investigate their look into their project proposition. Most funders confirmed that they investigate the reputation of the entrepreneur before they even decide to investigate the project. Even when the project seems to be one, they are heavily interested in, they must first investigate the reputation of the entrepreneur before deciding to fund. One of the funders, when asked the question, said that "I get to see exactly what the business is about and get information about the Entrepreneur if he is trustworthy before I think of funding a business idea". The entrepreneur must therefore be a person of good behaviour and well respected in the society.

8.3.2 Personality-Based Factors

Personality-based variables, which may also be referred to as affect-based elements, generally refer to the personal experiences and characteristics that an entrepreneur possesses that might promote or draw trust from an investor. These factors can also be referred to as affect-based factors. In addition, it illustrates a person's propensity to trust others based on innate personality elements that have been shaped by one's own life experiences and maybe one's genetic make-up. According to the conceptual framework presented earlier, personality-based considerations can be broken down into two categories: Value Similarity and Funder's Disposition to Trust.

8.3.2.1 Value Similarity

The term "value similarity" was coined by sociologists like Morgan (1998), who defined it as "a shared assumption that two persons have similar aims, visions, lifestyle, behaviours, etc." When it comes to social connections, many people believe that individuals have a natural tendency to be attracted to others who are like themselves and, as a result, are more eager to communicate with those individuals. An emotional reaction can be developed to raise the level of mutual trust between two parties when those parties share similar goals and values regarding the same things. According to research conducted by Harms (2007), capital sources are more likely to invest in initiatives that are recommended by fundraisers with whom they have a positive relationship. Furthermore, Lambert and Schwienbacher (2010) claimed that the investment decisions made by capital providers are dependent on the capital providers' own evaluations to determine whether the proposed projects have comparable views or values with the capital providers' own ideas. As a result, the degree to which two sets of values are comparable is an essential component in determining the level of trust an investor has in the fundraising effort.

From the interviews carried out with the funders, it was noted that most funders would not mind funding project that does not align with their values if it is helping people in the society.

Like one of the funders said when he was asked if he would only sponsor projects that align with his values, he said “No, so I don’t fund a project based on my personal values in relations to age, culture or other factors but based on my assessment that it would change the world and help people”. So, some funders are comfortable to fund a project if it would change the world for good. This factor seems to sway on the decision of the funder to fund a project, however more of the funders seem to sway to the direction of not minding if the project is related to their values or not but tries to put the basis of their funding of a project on the impact of the project on the society at large rather than on their selfish needs.

8.3.2.2 Disposition to Trust

The qualities of a person's mind and character that are present from birth are referred to as a person's disposition in the Oxford dictionary. Additionally, it describes the way a person is positioned or designed to see or perceive things, particularly in relation to other things. As a result, the degree to which a person plans to be willing to trust or depend on other people is known as their "disposition to trust," which is also sometimes referred to as "dispositional trust" (Mcknight et al 1998). It has been stated that this particular trait has a particularly significant role in the interaction when it involves parties that are unknown to each other. In the context of crowdfunding, where the investor (funder) and the entrepreneur are, in most situations, not familiar with one another, this comes into play to a very significant degree. According to Kini and Choobineh (2018), an inclination to trust is typically created and cultivated from childhood onward. However, this can vary greatly from one individual to the next depending on the environment in which they were raised. This propensity is more the outcome of an individual's life experiences than it is of the interactive experience or rational observation between two parties.

The degree of dispositional trust does not vary with the interactive experience or rational observation between two parties. When confronted with unknown circumstances or persons,

such as in the case of a crowdfunding system that takes place online, a person's propensity to trust will become the single most important element in determining whether they will trust beliefs. Like one of the funders said, "to keep on being in business for as long as I have been, you'll know that you can't really trust anybody, I just try to keep an open mind, but I don't trust people easily". Some other funders said, "I would prefer to fund a low-cost project because it's better to go for low costs so other people can also get some money for their business". This shows that different funders have different disposition to trust and how they view funding projects from the standpoint of their trust disposition. As a result of this, I believe this is one of the primary contributors to the development of trust within an environment such as that of crowdfunding. An investor (funder) with a higher disposition to trust will be more likely to assume that people are reliable without much further information or investigation if they know a higher disposition to trust reflects higher trusting beliefs.

8.3.3 Project Type And Funding Level

In the arena of crowdfunding, it has been stated by Schwienbacher (2014) that the type of project that is being crowdfunded for may produce inspiring effects on an investor's intention to invest, which in turn may affect the success of the actual project. The extent to which the sort of project satisfies the interests of the user, including the investor, as well as the magnitude of the project or the degree of funding, are examples of potential elements that have the potential to influence the motivation for cautious thought. Liang et al. (2019) made a comparison between investing in a crowdfunding project on an online platform and the behaviour of consumers who shop online. They explained that a consumer's decision to buy a product is dependent not only on the quality of product information that is readily available for that product, but also on the product types and how much it costs to buy such a product because it was observed that consumers have different levels of purchasing power.

In a similar vein, an investor's decision to invest in a crowdfunding project is not only influenced by the quality of the project information that is present on the crowdfunding platform, but also by the type of project and the amount of funds that are necessary to carry out such a project as different investors have varying investing power. In other words, an investor's decision to invest in a crowdfunding project is not only influenced by the quality of the project information that is present on They went on to say that if the personal significance or repercussions of a product increased, then that product would become more essential in the process of establishing a veridical judgement. Therefore, people are more motivated to commit the cognitive work required to evaluate a product when they have a high level of involvement in the process rather than when they have a low level of involvement. On the other hand, if a certain project type is more tied to the personal choice or experience of a Crowdfunder, or if it may increase more personal effects (for example, financial loss), then the Crowdfunder may have a higher level of engagement in such a project. According to their own words, "the cognitive resources spent to evaluating such a project is larger, and as a result, the central route to persuasion should have stronger effect and play more effective role in attitude," which in turn enhances the impact that trust has on the intention to invest.

During the interview, when funders were asked the kind of project, they are likely to fund, while some believed they will rather fund low-cost projects because it involves less risk, some others said cost should not be a problem if the projects align with their values and aspiration as a person. For instance, one of the funders said, "Basically, if the project is something that I'm passionate about like when it comes to health care, I don't mind how much the project costs, all I'm interested in is if the project 100% meet my values and aspirations, that is what is meaningful to me. However, majority of the funders would rather fund a project with low project cost that those with huge ones. Therefore, in building trust into the crowdfunding

system in Nigeria, entrepreneurs should bear this in mind that investors would tend to fund low-cost projects so even if they have a huge project, they can decide to break it down into mini projects that will cost less than the huge project.

8.3.4 Platform-Based Trust

A company strategy that provides value by enabling two or more interdependent parties to communicate and transact with one another is known as a platform. Platforms are sometimes referred to as two-sided marketplaces (since they cater to two distinct groups) or multisided markets (for more than two groups). Because of this, a platform that is online is one that relies heavily on information technology (like the capacity to connect to the Internet), in addition to other non-physical settings, such as websites and mobile applications, in order to function well. One category of online platform is known as crowdsourcing platforms. Trust in an online crowdfunding platform is referred to as platform-based trust, and it refers to an individual's opinion that the required structural and security conditions are present in an online crowdfunding platform's environment to ensure a safe and successful conclusion. This indicates that a website must be equipped with the appropriate safety measures for it to participate in various types of online activities, such as crowdfunding. This helps to persuade the investor or funder that his investment is secure and that he will get value for his money if he makes the investment.

As demonstrated in the conceptual framework that the researcher has built, platform-based trust can exert a certain degree of control over the investors' choice of whether to invest in this respect. This is because many of the entrepreneurs that were interviewed had all had bad experiences online where they lost valuable resources whether time, money or ideas as the platform they taught was setup for crowdfunding to help was only crowdfunding for their selfish gains. Like as one of the entrepreneurs said “dealing online, if there's a problem you don't know how to address it or who you're doing business with. There may be so much regret.

However, if you can see the people you are dealing with, if they want to try to cause any kind of problems you know where to locate them, you know, so that kind of thing to do online, then you can't really reach anybody. If you are being scammed you must find them anyway, so I don't trust online transaction". These experiences have made both the entrepreneurs (project initiators) and funders (investors) to lose trust in online activities like crowdfunding. Apart from bad experiences that many of the entrepreneurs have had around crowdfunding activities, there seems to also be a problem of a lack of awareness of crowdfunding activities in Nigeria. Like one of the entrepreneurs said, "Okay I have heard of crowdfunding before, but I really don't know anything about it and I'm very sceptical about anything online because it's a very unsafe space. Because people are using it for different activities". Also, there seem to be very few crowdfunding platforms local to Nigeria as it was difficult for the researcher to track them. The researcher was only able to track down a few who finally participated in the interview for this research work. So, there is generally a very low awareness level of crowdfunding in Nigeria.

From the interview carried out with entrepreneurs, some of the problems that were identified are a lack of awareness of crowdfunding, bad experiences with online activities like crowdfunding, lack of government regulations etc. For trust to be built in the crowdfunding system in Nigeria, these problems will have to be solved. There must be an increased awareness of crowdfunding activities as well as regulations in place to control online activities. This suggest that the government has a key role to play in carrying out the above proposed solution. People seem to believe their governments and when they know that their government is involved in the crowdfunding process with regulations to control how these activities are carried out and a penalty or punishment for those found dealing fraudulently. The solution to building platform based trust which will ultimately contribute to building trust in the

crowdfunding system in Nigeria is for the government to come up with regulations to control these activities one of which will be a certificate of clearance for platforms to do crowdfunding activities with a code number that must appear on their website so that anyone, whether a funder or an entrepreneurs, who goes to their website will lookout for this code which will indicate that they have been certified by the government to carryout crowdfunding activities meaning that the people's ideas and funds are safe as they are backed by the government.

This will eradicate the fake platforms out there that are there to steal people's idea and money. With the help of crowdfunding professionals, government an decide how the crowdfunding activities are carried out encouraging the platforms to make their processes as transparent as possible. This will help build the reputation of the crowdfunding platforms in Nigeria which will encourage entrepreneurs and funders to participate in it. The government can also introduce a reputation-based system that shows the level of transparency based on the public response. These days, reputation-based systems are becoming an increasingly common instrument for use in decision-making about the supply of internet-mediated services. These reputation systems are based on the central tenet that they give the communicating parties the ability to "rate" each other and to somehow arrive at an aggregated "trust score" for a given platform; this score is then used to determine the level of trust people should have that platform. This will then make all the platforms to strive for a high score so they can be patronized by the public.

8.3.5 Social Demographic Factors

Independent variables that are defined by their sociological and demographic characteristics relating to a combination of social and demographic factors that are used to analyze human behaviour and can influence the decision-making process of social beings are known as social demographic factors, which are also referred to as socio-demographic factors at times. Another

name for social demographic factors is socio-demographic factors (Bellman et al. 1999). Because they are naturally occurring influences that cannot be influenced in any way, these components are sometimes referred to as independent variables. The reason for this is simple: they cannot be controlled in any way. These criteria include age, gender, education level, income level, familiarity with the platform, degree of knowledge, cultural influences, and so on and so forth. These factors, when considered in the context of investments and crowdfunding, have been the subject of research conducted by several researchers in the past, and it has been demonstrated that these characteristics influence the investment decisions made by funders.

8.3.5.1 Gender

According to research conducted by Colombo et al. (2015), the gender factor has an effect on investment decisions. According to these findings, it was asserted that female entrepreneurs tend to receive more funding in comparison to male entrepreneurs. This finding suggests that crowdfunding offers more opportunity for women than it does for men, and the success rate of campaigns launched on crowdfunding platforms is similar. Barasinska and Schafer (2014) disagree with the findings of this research and state that the gender of the entrepreneur does not have a major influence on investment decisions, as a result of the research that they conducted. According to Gafni et al. 2021, who investigated gender in relation to crowdfunding, they said; "In conclusion, our response would be "No" to the issue of "Does crowdfunding totally erase gender hurdles that women encounter in trying to raise money for ventures?" In reward-based crowdfunding, we discovered that several conventional financial tendencies have been duplicated. Men favour backing male businesses, while women back women businesses. On a more positive note, our findings do give some hints that crowdfunding platforms may improve female engagement in business and fundraising, as well as raise the amount of money going to initiatives with female leaders.

This seems to support the researcher's findings from the interviews carried out, gender seems to play role in the decision-making process of investors/funders. Female funders interviewed tend to want to fund female owned businesses as they feel marginalized by the male counterpart. One of the female funders that the researcher interviewed said "As for me, I am a female investor and I only fund women businesses as a way to support women in different communities and empower them to believe in themselves". When asked further questions it was then clear that this does not take pre-eminence over some other factors like entrepreneur expertise, entrepreneur reputation etc. This means after all the other factors have been settled and there were several entrepreneurs to pick from to fund, she said she would rather pick the lady amongst them. Furthermore, another funder had mentioned saying "Categorically I am a man who believes in culture and our culture says a man must provide for his household. So, I tend to support male-owned businesses than the female ones because I believe the man needs it more to provide for his family". So, it is obvious that a traditional African man would tend to naturally fund a male-owned business rather than a female-owned business.

8.3.5.2 Age

Age, in addition to gender, has been found to play a role in investment decision making. This line of thinking originates from the research that was carried out by Loureiro and Gonzalez (2015). In those studies, the researcher found that individuals with a higher age correlated mostly with favourable investment decisions. This is because investors view age as a sign of experience and capability. This correlate with my findings as many of the funders interviewed believed they will rather fund an older mature person rather than a young person whom they feel is unstable and may not be able to manage the funds. Furthermore, they believe that an older person would have gathered enough of life experience to able to handle circumstances when they arise. Age therefore sways, in lower pedigree, on the decision of a funder to either fund or not fund a project.

8.3.5.3 Education & Income Level

In a similar line, it has been suggested that an investor's expertise as well as their level of education can impact their decision to invest. According to the findings of Burtch et al. (2015), an investor with a higher level of education is more likely to seek knowledge about the project he intends to fund, and he is also more likely to make an informed decision to fund the project, particularly if the project appeals to his understanding. Along the same line, an investor or a funder tends to only fund the project of an educated entrepreneur because he is likely to research on ways to fix business problems when they arise in contrast to one who is not educated. This, the researcher found to be true as many of the funders that were interviewed, they value an informed and educated entrepreneur to one that is uneducated. The researcher at this point had not considered the type of education, the scope and if the education is one tailored to the type of project he or she is initiating. All these are opportunities for future research which will help build the body of knowledge in crowdfunding. In addition to education level, many investors or funders are also interested in the amount of funds the entrepreneur is willing to commit into the project. Funders believe that if an entrepreneur foresees so much success in his business idea, he or she will be willing to commit his funds into it. So, the question “How much is the entrepreneur willing to put into this project?” has an influence in the funder’s trust on the project to decide whether to fund.

8.3.5.4 Platform Familiarity

This has a correlation with the factor of being comfortable with the platform. This is because an investor's familiarity with the crowdfunding platform from which he plans to contribute improves in proportion to the level of education the investor possesses. This assertion is consistent with the findings of Choy and Schlagwein (2016), who stated that a positive investment decision is largely dependent on how well a crowdfunding platform supports an investors or a funder’s privacy and way of thinking, which is a direct function of how well the

investors understand and are familiar with the crowdfunding platform. This further buttress the need for platforms and the government to increase the awareness of their platforms so that when funders or potential investors are aware of it, it is easy for them to fund projects on that platform. From the interviews carried out, it is apparent that most funders would always do a diligent study of the platform they intend to fund projects from. The first time they fund a project on a platform would be due to what they have both heard and read about the platform, but subsequent funding will be due to their experience of the platform.

8.3.5.5 Culture

In addition to this, it has been discovered that cultural factors, such as the social network or status of an investor, can influence investment decision making (Ahlers et al. 2015, Lin et al. 2013). According to Colombo et al. 2015, having many family members and friends might sometimes help to facilitate funding, particularly when it refers to start-ups. This lends credence to the notion that investors would prefer to put their money into someone they already know rather than a complete unknown (Liu et al. 2015). In addition, Jenq et al. (2015) carried out a research project and reported that skin colour has a role in the decision of investors about whether to fund a company. They found that dark-skinned entrepreneurs have a slightly higher risk of receiving fewer funds than their white counterparts, particularly when the crowdfunding platform is in an area where white people are in the majority. This was found to be especially true in areas where white people make up the majority. When these cultural differences come into play during the process of investment decision making, investors tend to become biased, which is strong evidence that cultural differences have a significant influence on investment decisions.

This assertion gained more backing during the interview of funders for this research work as many of the funders interviewed believed cultural differences can influence their decision. This indicates that funders will tend to support projects initiated by entrepreneurs who speak the

same language as them and have the same cultural background as them. The degree of influence of this factor, which is outside the scope of this research work, is however not 100% as some funders do not mind funding a project that is initiated by someone from a different cultural background as them.

8.4 Conclusion

Research conducted by Colombo et al. (2015) highlighted the significant role that gender plays in investment decisions. The study found that female entrepreneurs receive more funding than their male counterparts, indicating that crowdfunding platforms may offer greater opportunities for women. Interestingly, the success rates of campaigns launched by both male and female entrepreneurs on crowdfunding platforms were similar, suggesting that gender bias may be less of a factor in these contexts. However, Barasinska and Schafer (2014) disagreed with these findings. They argued that while female entrepreneurs may receive more funding on crowdfunding platforms, this is because women tend to launch projects that are viewed as more socially responsible and have a higher emotional appeal. As a result, it is difficult to determine whether gender or the nature of the project is the primary factor driving funding decisions on these platforms. Despite these disagreements, gender plays a significant role in investment decisions which supports my findings, and crowdfunding platforms may offer unique opportunities for female entrepreneurs. Further research is needed to fully understand the dynamics at play in this context and to develop strategies to promote greater gender equity in funding decisions. Female funders tend to fund female-owned businesses as they feel marginalized by their male counterparts. Age, expertise, and education also play a role in investment decision-making, with older individuals being more likely to fund projects. Investors with higher education levels are more likely to seek knowledge about the project they intend to fund and make informed decisions, particularly if the project appeals to their understanding. Overall, gender, age, expertise, and education play significant roles in investment decisions. Investors and funders tend to fund projects initiated by educated entrepreneurs, as they are more

likely to research and fix business problems. This is supported by the fact that many funders value informed and educated entrepreneurs over those who are uneducated. The level of education, scope, and tailored education are also important factors in crowdfunding that were not fully considered in this research work. The amount of funds an entrepreneur is willing to commit to a project also influences the funder's trust in the project. This is influenced by the investor's familiarity with the platform and their understanding of the platform. Cultural factors, such as social networks and investor status, can also influence investment decisions. For example, having many family members and friends can facilitate funding, especially for start-ups.

Additionally, skin colour can play a role in investors' decisions, with dark-skinned entrepreneurs having a slightly higher risk of receiving fewer funds than their white counterparts. Cultural differences can influence investment decisions, with some funders supporting projects initiated by entrepreneurs from different cultural backgrounds. From literature, these factors have been found to influence a funder's trust in investing in a project and my findings from my research support or corroborate the findings in literature. I have found to be true based on my research that indeed these factors does sway on the decision that an investor in crowdfunding makes. Future research should focus on understanding these factors in detail to better understand and support crowdfunding projects especially in Nigeria. This knowledge can be used to craft more effective campaigns that will increase the chances of a project being successfully funded. It can also be used to better support crowdfunding platforms in Nigeria, making access to funding more available to those who need it. Finally, it can help inform government policy to better support crowdfunding initiatives. This will ultimately enable more entrepreneurs to access capital and resources to grow their businesses, creating more jobs and economic opportunities. This will in turn help to reduce poverty and inequality, creating a more equitable society for all. This will also lead to increased economic growth and development, resulting in increased prosperity for the country. This will benefit both individuals and businesses, creating a more vibrant and prosperous economy.

CHAPTER 9

CONCLUSION AND RECOMMENDATION

9.0 Conclusion and Recommendation

9.1 Introduction

Nigerian start-ups, innovators, and SME businesses have a funding problem. This situation requires all stakeholders to proactively and cooperatively find a solution so enterprises and individuals may contribute to the country's economic prosperity. While funding sources are available, albeit in limited volumes, most entrepreneurs and businesses are ignorant or lack the knowledge to access them. This funding from banks or other financial institutions has strict terms, unfavourable interest rates, and collateral because to borrowers/lenders' fear of default. Crowdfunding has helped close this gap and solve the crisis since it democratizes access to funds needed to develop projects and disseminate ideas.

Crowdfunding is, therefore, a new approach for start-ups to raise money. It's an Internet-based technique for businesses or groups to raise money from "the crowd" (Belleflamme et al. 2012). It uses crowdsourcing to support initiatives or enterprises (Mollick, E 2014). Due to their complexity, trust and reputation have been researched for decades. Crowdfunding is more trustworthy than traditional e-commerce since sponsors/funders pay more and take greater risk (Zheng et al. 2016). Crowdfunding in Nigeria is in its infancy, yet it might change entrepreneurial activities and help the economy. Gerber and Hui found out that the "lack of trust" hinders crowdfunding campaigns (Gerber and Hui 2013). This research aimed to examine Nigeria's reward-based crowdfunding method and create trust in it to support successful campaigns.

As a result of the analysis of the data that was gathered during the interview of fifty-five (55) participants who participated in the research work, certain new factors that in some way sway

on the decision of the funder to fund a campaign were discovered. Having a successful crowdfunding campaign is defined as having a campaign that raises a significant amount of money from many individuals. The development of a trust framework that will enable funders, entrepreneurs, and the crowdfunding platforms in Nigeria to function effectively and bring about successful crowdfunding campaigns was one of the goals of this research work which was achieved. One of the other objectives of this research work was to investigate the implications of trust in successfully connecting entrepreneurs and investors in reward-based crowdfunding.

9.2 Research Objectives Revisited

At the beginning of this research work, certain objectives were documented as the objectives of the research work and in this section, the researcher will now attempt to show how these objectives have been met through the research done. The objectives of this research work are:

- To explore the phenomenon of crowdfunding and its role in entrepreneurship.
- To explore the implication of trust in successfully connecting entrepreneurs and funders through a crowdfunding platform in Reward Based Crowdfunding
- To develop a trust framework that will enable funders, entrepreneurs, and the crowdfunding platforms in Nigeria to function effectively bringing about successful crowdfunding campaigns.

9.2.1 Achievement of First Objective

The first objective of this research work is to explore the phenomenon of crowdfunding and its role in entrepreneurship. The researcher had explained in chapter one, how crowdfunding promotes entrepreneurship. Using the internet to solicit monetary contributions from many individuals is one method of utilizing crowdsourcing, which is an important tool that assists business owners in bringing their projects to fruition. This is accomplished by facilitating the

acquisition of financial capital that is obtained directly from a larger number of people. Crowdfunding can be accomplished using the internet. The most significant difficulty that newly established businesses have is securing financial backing, and a novel strategy known as crowdsourcing has recently arisen as a potential solution to this problem. This approach, which is made possible by the widespread usage of the internet, enables companies and other organizations to utilize it to request monetary donations or financial backing from a huge number of individuals who are referred to collectively as "the crowd" (Belleflamme et al. 2012). The process of financing projects or businesses is facilitated through the utilization of crowdsourcing strategies, which may include creativity and decentralized decision-making (Mollick 2014). According to Gompers and Lerner (2004), for a new business to be successful, it is necessary to have resources, and one of the resources that is of the utmost importance is funding. In addition, for a new business to be successful, it is necessary to have resources for it to be successful. In recent years, a solution to this problem has emerged in the form of crowdfunding. This is because an increasing number of business owners have resorted to this critically important and distinctive method to gather funds for innovation (Hemer 2011). Even though there have only been a few instances of successful crowdfunding campaigns recorded by platforms in Nigeria, the Nigerian society presents a large potential for the accomplishment of multiple successful initiatives, which could have a positive impact on the economy. This could be attributed to the fact that there is a large potential for the accomplishment of multiple successful initiatives. There are benefits to be obtained regardless of the type of crowdfunding an entrepreneur decides to use or the model that is accepted by a fundraiser, and these benefits can be obtained in several different ways. Crowdfunding makes it possible to examine new and feasible ideas for projects or enterprises and determine whether they should be implemented. This opens the door for the formation of relationships and the growth of communities of supporters. One of the most important benefits that can come from using crowdfunding is this.

The purpose of crowdsourcing is to increase public awareness of a particular product or project, and it also serves the purpose of assisting in the early stage of the development of projects and products by assisting in the detection of possible requests for items. Crowdfunding can also play a role in the expansion of networks, independent of the members' physical locations or the socioeconomic standings they hold. This is true regardless of the participants' geographical locations (Soreh 2017). Reward-based, equity-based, and loan-based crowdfunding are the three most popular forms of this form of outsourcing. The several ways in which donors might be rewarded for their contributions give each of these forms of crowdsourcing its names (De Buysere et al. 2012). However, donation-based crowdsourcing is also addressed, but this falls within the area of charity as well as other ways to aid someone who is in need, both of which are outside the scope of my interest in this context because they are not directly relevant to the question at hand. Two of the several forms of crowdsourcing provide investors with the opportunity to earn a return on their investment in exchange for their support. When you are trying to generate money through crowdfunding that is based on equity, you are selling shares of your firm to the audience. When you generate funds using a type of crowdsourcing that relies on loans, you end up taking on debt.

The same line of reasoning should be applied to funding collected via methods other than crowdsourcing. Individuals who participate in crowdfunding through the sale of equity do so with the understanding that they will forfeit a portion of the organization's ownership in exchange for the benefit of not having to make regular loan payments or pay interest. People that use crowdfunding in the form of loans make regular payments, but they retain full ownership of the company even after doing so. The quantity of money provided by Africans is quite low because crowdfunding is still a relatively new technique of providing financial assistance for various projects. In the year 2015, it was observed that Africa was only

responsible for roughly 0.5 percent of the total funds received through crowdfunding across the globe. This is because African business owners approach the implementation of crowdfunding with a cautious approach, there is a lack of effective regulation, and most of it may be ascribed to the fact that e-commerce is not widely used in Africa (Crowdfunding Potential for Nigeria 2017). With an estimated population of 195 million people, Nigeria continues to hold the title of the most populated country in Africa (worldbank.org). It is also one of the fastest emerging markets globally with a GDP of 2.7 percent in 2015, more than 97.2 million internet users, 15 million social media users (Crowdfunding Potential for Nigeria 2017), and an ever-increasing growth in the field of technology, which has been noticed by companies such as Facebook, Twitter, and Alibaba. In addition, it has an ever-increasing growth in the field of technology, which has been noticed by companies such as Facebook, Twitter, and Alibaba (Crowdfunding Potential for Nigeria 2017). It is estimated that non-traditional funding techniques brought in a total of USD 83.3 million for Africa in 2015, with most of the contributions coming from crowdfunding platforms (Crowdfunding Potential for Nigeria 2017).

There are benefits to be obtained regardless of the type of crowdfunding an entrepreneur decides to use or the model that is accepted by a fundraiser, and these benefits can be obtained in several different ways. Crowdfunding makes it possible to examine new and feasible ideas for projects or enterprises and determine whether they should be implemented. This opens the door for the formation of relationships and the growth of communities of supporters. One of the most important benefits that can come from using crowdfunding is this. The purpose of crowdsourcing is to increase public awareness of a particular product or project, and it also serves the purpose of assisting in the early stage of the development of projects and products by assisting in the detection of possible requests for items. According to Soreh (2017), the three

most popular types of crowdsourcing are reward-based, equity-based, and loan-based. Crowdfunding can also play a role in the expansion of networks, regardless of the participants' geographical location or socioeconomic condition. The several ways in which donors might be rewarded for their contributions give each of these forms of crowdsourcing its names (De Buysere et al., 2012). However, donation-based crowdsourcing is also addressed, but this falls within the area of charity as well as other ways to aid someone who is in need, both of which are outside the scope of my interest in this context because they are not directly relevant to the question at hand. Two of the several forms of crowdsourcing provide investors with the opportunity to earn a return on their investment in exchange for their support. When you are trying to generate money through crowdfunding that is based on equity, you are selling shares of your firm to the audience. When you generate funds using a type of crowdsourcing that relies on loans, you end up taking on debt. The same line of reasoning should be applied to funding collected via methods other than crowdsourcing. Individuals who participate in crowdfunding through the sale of equity do so with the understanding that they will forfeit a portion of the organization's ownership in exchange for the benefit of not having to make regular loan payments or pay interest. People that use crowdfunding in the form of loans make regular payments, but they retain full ownership of the company even after doing so. This concludes and proves the achievement of the first objective.

9.2.2 Achievement of Second Objective

The second objective of this research work is to explore the implication of trust in successfully connecting entrepreneurs and funders through a crowdfunding platform in Reward Based Crowdfunding. The researcher had indicated earlier in this research work that trust continues to be a vital resource that is required for any social interaction. This is something that the researcher had mentioned earlier. If there is a lack of trust between the parties involved, the formation of a new connection (or partnerships) and the maintenance of an existing relationship

will both be more difficult. When there is confidence between two parties, the cognitive risks that are normally connected with conducting business over social media or the internet are significantly minimized. It is common knowledge that problems with trust have a higher impact on offline crowdsourcing than they do on internet crowdsourcing. This is because it is more difficult to notice issues such as insincerity and indications of fraud when doing it online as opposed to when doing so offline. When it comes to deciding whether two people will continue to have a relationship with one another, the degree of trust that exists between them can be an important factor. It is possible to view crowdfunding as a type of computer-mediated communication even though it entails activities that take place online via various crowdfunding platforms. This mode of conversation takes place through the internet and entails conversations between people who do not come into immediate and direct physical contact with one another (Cheshire et al., 2010).

Trust is a crucial component that is needed to the creation of successful online connections between individuals who do not see each other in person. These interactions take place between people who do not physically engage with one another. As a result of this, trust is a vital component in the context of crowdfunding, and it is one of the most important aspects in the adoption of crowdfunding systems in a society. This part of the review of the relevant literature delves deeply into the meaning of trust, gaining an understanding of trust theory, analysing the factors that make trust possible within an online community, and investigating the social makeup of Nigerians and how it affects their ability to trust any system and platform. This portion of the literature study dives somewhat deeply into the concept of trust because trust can assume several different forms and is influenced by many different elements. According to Kang et al. (2016), the word "trust" refers to a comprehensive idea that may be expressed in a variety of ways and possesses a great deal of nuance. They went on to argue that trust is built

when one party has faith in the dependable and honourable character of an exchange partner. According to the viewpoints presented by Cheshire et al. (2010), trust is an essential component, particularly when it comes to the beginning of a new relationship or even when it comes to the maintenance of an existing one. In addition, trust is an essential component when it comes to the maintenance of an existing relationship. According to the description offered by Luchman. (1979) trust may be described as "a cognitive and social device that can lessen complexity and enable people to manage with the various levels of uncertainty and risk." Wang et al. (2004) went on to state that these varying degrees of uncertainty and risk can be minimized over the course of time by engaging in interpersonal interaction with one another. This was said to be possible using interpersonal engagement with one another. Although all crowdfunding-related activities take place on an online platform known as the Crowdfunding Platform, it is necessary to carry out research on trust in the context of online communication. This is because the primary focus of our research is to investigate the mechanisms of trust that are involved in crowdfunding. When a member of the online community discloses personally identifiable information about themselves on the internet, they put themselves at risk for a variety of negative consequences, some of which have to do with their financial situation, some with their mental health, and some with the relationships they have with other people (Cheshire et al. 2010). Due to the anonymity that is inherent to the online environment, the impression of danger and uncertainty is amplified. Because of this, trust is an essential component of the online community, even though demonstrating trust online can be a challenging endeavour. It is nonetheless an essential component of the online community (Kollock 1999).

As a result of the qualitative content analysis that was performed on the data that was collected, it became crystal clear that many of the entrepreneurs who were interviewed were concerned about the negative experiences they have had with online activities in Nigeria, which they somehow blame on the lack of government involvement and regulations to online activities in

the country. This realization was reached as a result of the qualitative content analysis that was carried out on the data that was collected. This is very indicative that if crowdfunding is introduced in Nigeria, which is an online activity, many entrepreneurs may not participate because most of them have had very negative and bad experiences in the past with other online activities (Gefen et al., 2003). If crowdfunding is introduced in Nigeria, it will be an online activity.

To continue in the same vein, the expertise and reputation of the entrepreneur, as well as their knowledge of and familiarity with the crowdfunding platform where entrepreneurs promote their projects, appear to be areas of concern for funders who were willing to fund projects for entrepreneurs who were interviewed and who indicated a willingness to do so. Due to the tremendous risk that is involved, many funders appear to gravitate toward projects that require a low to medium level of financing.

This is one of the primary concerns that funders have. Another important concern that funders have is in the area of the degree of funding that a project requires. One more issue that potential funder appears to be worried about is how the value of the project compares or contrasts with their own personal ideals or principles. Even though some of the funders are willing to sponsor any initiative if it satisfies a human need, it appeared as though most funders would prefer to give money to projects that had leaning toward what they consider to be significant and beneficial for people. Additionally, a significant number of the funders demonstrated that they would feel better at ease financing initiatives through a crowdfunding platform that was controlled by the government. This will instil a sense of confidence in them, as they will realize that the platform, they are using is not one that is designed to defraud people of the money they have worked so hard to achieve, but rather one that is intended to contribute to the overall economic expansion of the nation. It was also clear from the interviews that were conducted

that many funders stated they do not readily believe what individuals say, primarily as a result of experiences they have had in the past. This was a significant finding. Considering this, it is sufficient to point out that a funder's propensity to trust plays some role in the funder's ultimate decision regarding whether or not to provide funding. The people that provided the funding referred to this disposition or cognitive pattern as being one that has been formed by things that have occurred in the past.

Most of the platform administrators that were questioned expressed the opinion that action needs to be taken in order to differentiate fraudulent platforms from those that are not fraudulent. This is necessary in order to earn the trust of entrepreneurs and funders alike who visit the platform in search of a solution. These individuals have a right to be able to observe the openness with which the platform operates, particularly about the management of the business and personal information they provide. In addition to this, the existence of an SSL certificate is essential since it provides reassurance that both their personal and company information is protected from any potential threats posed by cybercriminals. In addition, it appears that entrepreneurs and funders are opting for platforms that are regulated by the government since they feel more secure when using those platforms. This concludes and proves the achievement of the first objective.

9.2.3 Achievement of the Third and Main Objective

The third objective for this research work is to develop a trust framework that will enable funders, entrepreneurs, and the crowdfunding platforms in Nigeria to function effectively bringing about successful crowdfunding campaigns. The researcher began by developing a framework that was based on cognitive elements, personality factors, affective components, and experienced-based factors. The results of the interviews that were conducted provided evidence that these components can improve trust building measures within a crowdfunding

system. It was determined that a whole reward-based crowdfunding system in Nigeria could be trusted after each component of the initial architecture was tested and verified. Personality-based factors refer, in a nutshell, to the personal experiences and characteristics that an entrepreneur possesses that can foster or attract trust from an investor or a funder. This type of trust could be beneficial to the entrepreneur in obtaining funding or investments.

It is characterized by a general tendency to either trust or not trust a person, an authority, or a system. An entrepreneur must endeavour to understand completely the project or business he or she is looking to fund. Most funders confirmed that they investigate the reputation of the entrepreneur before they even decide to investigate the project. Some funders are comfortable to fund a project if it would change the world for good. The degree of dispositional trust does not vary with the interactive experience or rational observation between two parties.

When confronted with unknown circumstances or persons, a person's propensity to trust will become the single most important element in determining whether they will trust beliefs. Different funders have different disposition to trust and how they view funding projects from the standpoint of their trust disposition. Entrepreneurs should bear in mind that investors would tend to fund low-cost projects so even if they have a huge project, they can decide to break it down into mini projects that will cost less than the huge project. The solution to building platform-based trust is for the government to come up with regulations to control these activities. Gender seems to play role in the decision-making process of investors/funders.

Female funders interviewed tend to want to fund female owned businesses as they feel marginalized by the male counterpart. Another funder mentioned saying "Categorically I am a man who believes in culture and our culture says a man must provide for his household". An investor's expertise as well as their level of education can impact their decision to invest. This is because an investor's familiarity with the crowdfunding platform from which he plans to contribute improves in proportion to his education. Along the same line, an investor tends to

only fund the project of an educated entrepreneur because he is likely to research on ways to fix business problems when they arise.

A positive investment decision is largely dependent on how well a crowdfunding platform supports an investor's privacy and way of thinking. This is a direct function of how well the investors understand and are familiar with the crowdfunding platform. Skin colour has been found to play a role in the decision of investors about whether to fund a company. Dark-skinned entrepreneurs have a slightly higher risk of receiving fewer funds than their white counterparts. All these factors were then put together to form a trust framework found in figure 7-1, that will enable funders, entrepreneurs, and crowdfunding platforms in Nigeria to function effectively and bring about successful crowdfunding campaigns.

9.3 Assumptions and Limitations

Numerous assumptions were made over the course of this study, which the researcher have characterized as research limitations. These assumptions and constraints have been noted as future research opportunities. This research has only studied and examined aspects that could influence or sway a funder's trust, which ultimately leads to a choice to either support or not fund a project or campaign. At this stage, the researcher had not explored each element in sufficient detail to comprehend or quantify their degree of impact on the funder's funding decision. Undoubtedly, some elements will have a greater impact than others; however, this was not shown in the research and represents a potential for future study. For example, the research indicates that the level of education of an entrepreneur is one of the factors considered by funders when deciding whether to provide funding. However, the type of education, its scope, and whether it is a project-specific education, or a general education of the mind are not discussed. The research presupposes that the study's findings and conclusions can be applied to the broader Nigerian crowdfunding landscape. Nonetheless, it is essential to recognise that

crowdfunding platforms, practises, and trust dynamics may vary across industries, regions, and platforms, limiting the applicability of the findings. In addition, the research implies that the respondents who were selected (entrepreneurs, investors, platform operators) are representative of the larger crowdfunding community in Nigeria. Nonetheless, it is plausible that the participants do not adequately represent the diversity of perspectives and experiences within the crowdfunding ecosystem, which could introduce bias into the findings. In addition, the research assumes that the participants' trust perceptions and judgements accurately reflect the credibility of crowdfunding campaigns in Nigeria. Nevertheless, the participants' evaluations of trust may be subjective and influenced by personal biases, resulting in differences in how trust is perceived and evaluated.

Data Availability and Reliability are two of the limitations of this investigation. Variations in data availability, quality, and completeness can impact the analysis's scope and profundity. In addition, sufficient time is required to observe and analyse the trust dynamics when conducting research on trust-building in crowdfunding campaigns. As a result of the Covid-19 pandemic, there were time and availability constraints on this research endeavour, limiting the ability to adequately capture long-term trust dynamics or changes over time. Self-Report Bias represents a further limitation. As this study relied on self-reported data collected through interviews, it is susceptible to biases such as social desirability bias and recall bias. Participants may provide responses they perceive as positive or may not recall their trust-related experiences accurately, resulting in potential limitations in the data's reliability and validity. The research has not accounted for all external factors that can influence trust in crowdfunding campaigns, including economic conditions, political climate, and media influence. These external factors may fall outside the scope of the research, thereby limiting the exhaustiveness of the analysis but presenting an opportunity for future study.

9.4 Opportunity for Future Research

Future research opportunities can expand our understanding of trust mechanisms in crowdfunding campaigns in Nigeria, contribute to the existing body of knowledge, and provide entrepreneurs, policymakers, and crowdfunding platforms with practical insights to strengthen trust and promote the growth of crowdfunding in the country.

Future research can examine the long-term viability of trust in crowdfunding campaigns. This may involve examining how trust evolves throughout the various phases of a campaign, how it influences funders' continued engagement and support, and how entrepreneurs can maintain trust after the initial funding round. Understanding the dynamics of long-term trust can inform strategies for maintaining trust in the context of crowdfunding. Investigating the relationship between trust and project success is also a potentially fruitful area for future research. Researchers can investigate whether greater levels of trust result in increased funding success rates, project completion rates, or favourable project outcomes. This may entail examining the effect of trust on project performance by analysing a large dataset of Nigerian crowdfunding campaigns. Trust dynamics are strongly influenced by cultural factors. Future research can delve deeply into the relationship between cultural factors and trust in Nigerian crowdfunding campaigns. It can investigate how cultural values, social norms, and communication styles influence trust formation, trust signal interpretation, and risk perceptions. This research can offer a nuanced comprehension of the interaction between culture and trust mechanisms in the context of crowdfunding.

Moreover, with the advancement of technology, it can be fascinating to investigate the role of technological features and innovations in establishing trust in crowdfunding platforms. Future research can examine how features such as user reviews, rating systems, blockchain technology, and smart contracts enhance transparency and accountability in Nigerian

crowdfunding campaigns. Crowdfunding models include reward-based, donation-based, equity-based, and lending-based models. Future research can compare the dynamics of trust between these various crowdfunding models in Nigeria. Investigating the unique challenges and trust-building strategies associated with each model can shed light on how to customise trust mechanisms for crowdfunding approaches. The landscape of crowdfunding in Nigeria may entail international transactions and interactions. Future research can investigate the implications of trust in cross-border crowdfunding campaigns, including challenges in establishing trust, regulatory considerations, and cultural differences in trust dynamics between Nigerian entrepreneurs and international backers. This research can contribute to a greater comprehension of trust mechanisms within the context of international crowdfunding.

In addition, it is important to emphasize that the input received from the participants of this research was based only on their own perspectives and experiences, which may differ from those of others because different people have various perspectives. All of these are prospects for future research that will contribute to the expansion of the crowdfunding body of knowledge.

9.5 Recommendation

The researcher has developed a trust framework that will enable funders, entrepreneurs, and crowdfunding platforms in Nigeria to function effectively and bring about successful crowdfunding campaigns. Having a successful crowdfunding campaign is defined as having a campaign that raises a significant amount of money from many individuals. The interviews carried out with funders supported the claim that the quality of information about a project influences the decision by the funder to fund. Entrepreneurs must endeavour to understand completely the project or business he or she is looking for funding. This is because if they lack the expertise to carry out the project, the project will automatically fail, and all funds put into

it will be lost. Most funders confirmed that they investigate the reputation of the entrepreneur before they even decide to look at the project. Funders' disposition to trust is one of the primary contributors to the development of trust within an environment such as that of crowdfunding. For instance, some funders would rather fund a project with low project cost than those with huge ones. This is because they are more likely to assume that people are reliable without much further information or investigation if they know this reflects higher trusting beliefs. For trust to be built in the crowdfunding system in Nigeria, these problems will have to be solved. There must be an increased awareness of crowdfunding activities as well as regulations in place to control online activities. The government can also introduce a reputation-based system that shows the level of transparency based on the public response. This will help build the reputation of the crowdfunding platforms in Nigeria which will encourage entrepreneurs and funders to participate in it. Gender seems to play a role in the decision-making process of investors/funders. Female funders interviewed tend to want to fund female owned businesses as they feel marginalized by the male counterpart.

So, it is obvious that a traditional African man would tend to naturally fund a male-owned business rather than a female-owned one. An investor or a funder tends to only fund the project of an educated entrepreneur because he is likely to research on ways to fix business problems. They believe that an older person would have gathered enough of life experience to be able to handle circumstances when they arise. Many investors or funders are also interested in the amount of funds the entrepreneur is willing to commit into the project. The question "How much is the entrepreneur willing to put into this project?" has an influence in the funder's trust on the project to decide whether to fund. So, the need for platforms and the government to increase the awareness of their platforms so that when funders or potential investors are aware of it, it is easy for them to fund projects on that platform. This assertion gained more backing

during the interview of funders for this research work as many of the funders interviewed believed cultural differences can influence their decision.

The key recommendations are itemized below:

- The entrepreneur must ensure that the project campaign posted on the crowdfunding site has information of the highest clarity and standard.
- The platform has a responsibility to play in this regard; they must guarantee that their websites have a well-designed user interface that will entice the funder to want to stay and read through.
- The entrepreneur must have demonstrated skills and knowledge to execute the idea they are proposing for funding.
- An entrepreneur must fully comprehend the project or business for which he or she is seeking funding, as well as be a subject matter expert on that subject, so that he or she can correctly answer any questions posed by the funders and demonstrate that he or she has the knowledge to execute the project.
- The entrepreneur must be a person of good character and highly esteemed in the community.
- In order to develop trust in the Nigerian crowdfunding system, entrepreneurs should keep in mind that investors tend to support low-cost projects; therefore, even if they have a large project, they can decide to divide it into mini projects that would cost less than the large project.
- The presence of an SSL certificate is important because it assures the security of their personal and business information to ensure it is safe from cyber-attacks
- There must be a greater understanding and awareness of crowdfunding as well as legislation in place to regulate online activities.

- The government may also implement a reputation-based system that indicates the degree of transparency based on public feedback and assign a trust score to every crowdfunding platform.
- The government can have a standard code for every crowdfunding platform that have registered to be regulated and publicize it to get rid of the fake platforms pretending under the disguise of crowdfunding to defraud people of their hard-earned money.

Crowdfunding is a fantastic method for testing the market acceptance of a new venture or product. Crowdfunding supporters won't respond positively if you're not well-prepared. Nobody wants to put money into a futile effort. To be well-prepared, one should anticipate any queries that could be raised by possible funders and have responses ready in advance.

9.6 Theoretical and Empirical Contributions

The development of a trust mechanism constitutes a significant theoretical contribution of this research. This study enhances the theoretical understanding of trust mechanisms in crowdfunding platforms by exploring the complexities of trust establishment and maintenance in Nigeria. The research has effectively outlined the significant factors and mechanisms that foster trust among entrepreneurs, funders, and platform administrators. In addition, a theoretical framework or paradigm has been proposed to facilitate the cultivation of trust in crowdfunding initiatives, with a particular focus on Nigeria but potential applicability to a broader international context. The identification of cultural factors constitutes an additional theoretical contribution. The Nigerian nation possesses a complex cultural milieu in which cultural elements exert a substantial influence on the dynamics of trust. This study examined the complex interplay between cultural values, norms, and practises, as well as their effect on the formation of trust. This, in turn, influences the decision-making process regarding the

allocation of funds to initiatives, thereby having a significant impact on the outcome of crowdfunding campaigns. This effort facilitates a deeper understanding of the role of culture in trust mechanisms and informs the development of culturally sensitive crowdfunding platforms and policies.

Moreover, the study delved into the examination of institutional factors by scrutinising the determinants of trust in crowdfunding within the Nigerian context. The task at hand entails a thorough analysis of the regulatory landscape, legal frameworks, and policies that govern the various crowdfunding activities within the nation. Comprehending the influence of these institutional elements on trust can provide insight for enhancing the regulatory structure to bolster trust and safeguard investors in the realm of crowdfunding. An outstanding empirical contribution was the proposal of a framework aimed at fostering trust. The scholarly inquiry has posited a trust establishment methodology or paradigm that may be implemented by Nigerian entrepreneurs to achieve prosperous crowdfunding endeavours. The construction of the framework was achieved through the identification of discrete factors, communication tactics, and indicators of credibility that collectively facilitate the establishment of trust. The empirical discoveries presented herein possess the potential to furnish pragmatic discernments for entrepreneurs and crowdfunding platforms, thereby augmenting the level of trust in their respective campaigns. Moreover, this framework was constructed with a comprehensive approach that considers the perspectives of the financiers, entrepreneurs, and platform administrators. The aim is to provide ample support to all three parties involved in a crowdfunded initiative. The present study was conducted by collecting empirical data from crowdfunding participants in Nigeria with the aim of comprehending their trust perceptions, decision-making mechanisms, and determinants that shape their trust in crowdfunding initiatives. This entailed conducting interviews to delve into their apprehensions, anticipations,

and encounters. The results yielded a nuanced comprehension of trust dynamics as perceived by the participants, which in turn informed the framework aimed at augmenting trust-building endeavours. The present study undertook an analysis of extant platform designs and policies within the Nigerian crowdfunding landscape, with a view to assessing their impact on trust dynamics, both positive and negative. The study discerned optimal methodologies and suggestions that have the potential to cultivate a sense of confidence and reliance among users. The empirical contribution in question has the potential to assist platforms in optimising their features and policies to augment their trustworthiness.

9.7 Implications for Entrepreneurs and Policy Makers

The implications of the conceptual framework developed as an outcome of this research include, among other things, an increase in capital accessibility. Crowdfunding presents a unique opportunity for entrepreneurial individuals to acquire financial resources for their projects. Entrepreneurs can increase their likelihood of attracting benefactors and securing financial assistance by establishing a trust-building infrastructure within their crowdfunding campaigns. The research findings provide insightful perspectives on effective trust-building strategies, empowering entrepreneurs to design and present initiatives with greater credibility. This framework will have additional repercussions in the realm of reputation management. In the domain of crowdfunding, establishing trust is of the utmost importance, as investors frequently base their financial contributions on the dependability and reputation of businesspeople. The study highlights the significance of reputation management for business proprietors, emphasising the need to cultivate and maintain a positive reputation. This tool has the capacity to provide entrepreneurs with guidance regarding the efficient administration of their online presence. In addition, it enables them to interact with funders and platform administrators in a manner that is both efficient and professional, while demonstrating their

skill and integrity. The development of this framework has yielded another significant result, namely the cultivation of robust relationships between wellness-focused funders and entrepreneurs. Establishing trust within crowdfunding campaigns has the potential to strengthen relationships between funders and entrepreneurs. This research project has shed light on the factors that foster reliance and cooperation among entrepreneurs, funders, and platform administrators, resulting in long-lasting alliances and potential future investments. By utilising these insights, entrepreneurs can cultivate meaningful relationships with funders and increase the likelihood of sustaining funding for future endeavours.

The developed framework proposes a regulatory framework that can enlighten policymakers about the dynamics of trust in crowdfunding campaigns and its implications for the protection of funders. It offers recommendations for updating or establishing regulatory frameworks that promote trust, transparency, and accountability in crowdfunding platforms. Policymakers can consider implementing guidelines and regulations that promote trust-building best practises and reduce the risks associated with fraudulent activities. In addition, policymakers can use the research findings to develop a crowdfunding ecosystem in Nigeria. This may involve establishing platforms or initiatives that educate entrepreneurs on the significance of trust, provide guidance on establishing trust in crowdfunding campaigns, and facilitate access to campaign development resources. By fostering a favourable environment, policymakers can encourage more entrepreneurs to utilise crowdfunding as a viable source of funding. Additionally, the research emphasises the significance of funder education and awareness in crowdfunding. Policymakers can develop programmes or campaigns to educate potential funders about the risks and benefits of participating in crowdfunding campaigns, with a focus on the importance of undertaking due diligence and evaluating trustworthiness. By

empowering funders with knowledge, policymakers can contribute to Nigeria's crowdfunding ecosystem having a more informed and confident funder base.

9.8 Conclusion

The researcher took the four factors that were described in the initial framework designed, which were proposed by various authors and noted in the chapter of this work that was dedicated to the literature review and combined them with some of the new factors that became obvious after the interviews were carried out to creating new framework that will build trust into the crowdfunding system in Nigeria. In addition, the researcher has developed the new framework purely based on the experiences of the participants, which the researcher acknowledges may be one of the limits of this research effort. The new framework consists of a set of factors called cognition-based factors which involves the amount of confidence a funder has in an entrepreneur's competence or ability to perform or fulfil his or her promises or part of a bargain, which can also be referred to as a performance-based factor. According to Liang et al. (2019), cognition-based criteria can be broken down into the following categories: the quality of the project information, the reputation of the entrepreneur, and the expertise of the entrepreneur.

The findings of the interviews with potential funders provide credence to the assertion that the quality of the information provided about a project is a factor in determining whether the funder will provide funding backing. It is then in the best interest of the entrepreneur to ensure that the project campaign that is uploaded to the crowdfunding site contains information that is both highly clear and of a high quality. Additionally, the platform has a part to play in this scenario; they are responsible for ensuring that their websites are professionally designed and have an appealing user interface in order to entice the funder to stay and go through the submission.

They might also employ the utilization of animations and visuals in order to further boost the comprehension of the funders. In addition, each potential funder that was interviewed emphasized the importance of the project initiator, who is the entrepreneur, having demonstrated capabilities and competence in order to successfully carry out the project for which they are seeking finance. This is because if they do not have the necessary competence to carry out the project, then the project will undoubtedly fail, and all money that was invested into it would be wasted. This factor appears to have a significant impact on the decision made by the funder, as most funders do not appear to provide funding in the absence of this criterion. According to the interviews that were conducted with various funders, the reputation of an entrepreneur appears to be the primary factor that precedes them with the funder and even makes the funder decide to investigate the project idea of the entrepreneur. Most potential funders have stated that, before even considering looking into a project, they conduct research into the reputation of the business owner.

Personality-based factors can be broken down into two categories: value similarity and funder's disposition to trust. In general, personality-based factors refer to the personal experiences and characteristics that an entrepreneur possesses that might promote or draw trust from an investor. Value similarity is the first category. According to the findings of the interviews that were conducted with the funders, it was discovered that most of the funders would not mind sponsoring a project that does not correspond with their principles if it is beneficial to people in the society. This factor seems to sway the decision of the funder to fund a project; however, more funders seem to be leaning in the direction of not caring if the project is related to their values or not, but rather trying to put the basis of their funding of a project on the impact the project will have on society rather than on their own individual needs. In addition, the researcher is of the opinion that one of the key factors to the growth of trust within an

environment such as that of crowdfunding is a propensity to trust, which is one of the primary contributors to the development of trust. An investor or funder who has a greater propensity to trust will have a larger likelihood of presuming that other people may be relied upon. Because different investors have different amounts of investing power, the decision of an investor to invest in a crowdfunding project is influenced not only by the quality of the project information that is present on the crowdfunding platform, but also by the type of project and the amount of funds that are necessary to carry out such a project.

During the interview, funders were asked about the types of projects they are most likely to fund. While some funders responded that they would prefer to fund low-cost projects because they involve less risk, others stated that cost should not be a problem if the projects align with their values and aspiration to support people. Both entrepreneurs, who are the people who start a project, and funders, who are the people who contribute money, have lost trust in online activities such as crowdfunding as a result of negative online experiences and a general lack of awareness of the phenomenon. In order to cultivate an atmosphere of confidence in the Nigerian crowdfunding system, the government has an important part to play in ensuring that there is a greater knowledge of crowdfunding activities and that there are regulations in place to monitor actions that take place online. Anyone, whether a funder or an entrepreneur, who goes to their website will look out for this code which will indicate that they have been certified by the government to carry out crowdfunding activities meaning that the people's ideas and funds are safe. The government should come up with regulations to control these activities, one of which will be a certificate of clearance for platforms to do crowdfunding activities with a code number that must appear on their website. The government should come up with regulations to control these activities. one of these regulations will be a certificate of

Additionally, socio-demographic factors such as age, gender, education level, income level, familiarity with the platform, degree of knowledge, and cultural influences are examples of naturally existing effects that have the potential to influence a funder's trust to support. For example, there is a correlation between gender and trust, possibly because gender seems to play a part in the decision-making process of investors and funders. Female funders interviewed tend to want to fund female owned businesses because they feel marginalised by the male counterpart, and a traditional African man would tend to naturally fund a male-owned business rather than a female-owned business. However, female funders interviewed tend to want to fund female owned businesses. It has been discovered that age, in addition to gender, plays a part in the decision-making process regarding investments. This is because investors consider age as an indication of experience and capability. This is consistent with my findings, since many of the potential funders the researcher spoke to express the idea that they would prefer to give money to an older, more mature individual rather than a younger person who they perceive to be unstable and who might not be able to properly manage the money. In addition, an investor or a funder will typically only provide financial support to the venture of an educated business owner. This is because an educated business owner is more likely to conduct research on the best ways to address challenges that may arise in the company, in contrast to an uninformed business owner. The researcher came to this conclusion after conducting interviews with potential investors and discovering that most of them place a higher value on an educated and knowledgeable entrepreneur than they do on an uninformed one. The people who provide funding have the assumption that an entrepreneur will be prepared to invest his or her money in a business idea if they believe it has a good chance of being profitable. Therefore, the answer to the question "How much is the entrepreneur willing to put into this project?" is a factor that the funder considers when deciding whether to provide financial support for the venture. Additionally, it is clear from the interviews that were conducted that most funders

would always conduct an in-depth investigation of the platform that they intend to support projects from. The first-time people finance a project on a platform, it will be because of what they have both heard and read about the platform, but any subsequent financing will be because on their experience using the platform. In addition to this, it has been found that cultural elements, such as an investor's social network or status, can influence the investment decisions that they make (Ahlers et al. 2015, Lin et al. 2013). Most of the potential funders who were questioned expressed the belief that differences in cultural norms can play a role in the formation of their decisions. This suggests that investors are more likely to support initiatives that are started by entrepreneurs who share the same cultural background as them and speak the same language as them. However, the level of influence of this factor, which is outside the scope of the work being done on this research project, is not one hundred percent. This is because some funders are okay with funding a project even if it was initiated by someone from a cultural background that is different from their own.

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APPENDICES

APPENDIX 1



RESEARCH PROJECT RISK ASSESSMENT

Person(s) undertaking project:	Sarah Nnenna Aideyan
Project Lead/Principal Investigator:	Arun Sukumar
Brief outline of project: <i>Outline the types of activities that will take place or items fabricated i.e. face to face interviews, public surveys, water sampling, machining vehicle parts, brazing etc.</i>	Interviews will be carried out online through Skype video call, telephone call and WhatsApp call.
Dates of study (from – to)	From- 02 July 2020

Location(s) of activity: <i>Country and specific area.</i>	Online
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Will the project involve laboratory work? <i>If yes, you will be required to complete separate risk assessment(s) prior to carrying out any laboratory work.</i>	No
Will the project involve workshop work? <i>If yes, you will be required to complete an induction and may carry out a separate risk assessment(s) prior to carrying out any workshop work.</i>	No

Will the project involve travel? <i>(If yes, complete this section as fully as possible. The form may require review prior to travel to add missing details)</i>	No
Contact details at destination(s): Contact details of next of kin in case of emergency:	
Approximate dates of travel and itinerary: <i>Your supervisor/line manager must have details of travel plans once confirmed.</i>	The project is expected to run from July 2020- Exact date and time will be updated once interviews are confirmed with participants.
Arrangements to maintain contact with the University:	The interviews will take place online through, Skype video call, telephone call and WhatsApp call
Emergency contact information:	School/Faculty contact (Daytime): <u>02477652029</u> 24hr University contact (Protection Service): 02476 888 555 Local healthcare/emergency services at research location: <u>02476672277</u>
Has suitable travel insurance has been obtained? <i>(Please attach a copy of certificate)</i>	N/A
If EU travel, has EH1C card been obtained?	N/A
Has advice/vaccinations from GP been sought <i>(where appropriate)</i> ?	N/A
Are medical kits required <i>(i.e. in countries with poor healthcare facilities)</i> ?	N/A
Are there any warnings issued by the FCO* against travel to the area?	N/A
Have you registered with the FCO* service LOCATE? <i>(British nationals only)</i>	N/A

*FCO = <http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/>

APPENDIX 2

PLEASE USE THE HAZARD CHECKLIST AS A GUIDE WHEN COMPLETING THIS SECTION.

Hazard	Precautions to be used
<p>Work factors: <i>E.g.: dealing with the public, interviewing on sensitive issues, lone working, driving, working on boats, laboratory work; biological, chemical hazards etc</i></p>	<p>The project does not involve lone working. The interviews will be conducted Online. I will ensure that the devices used for recording my interviews will be fully charged, accessible just in case of any assistance that i may need if there is an emergency.</p> <p>As data collection will only take place in the UK but online through WhatsApp call, Skype Video call and telephone call.</p>
<p>Site specific factors (in the field): <i>E.g.: remote area, construction site, local endemic diseases, political unrest, terrorism risk etc</i> <i>If travel abroad see FCO* website – list any risks greater than there would be for the UK</i></p>	<p>The project does not foresee any significant site related risks.</p>
<p>Environmental factors (in the field): <i>E.g.: extremes of temperature, altitude, weather conditions, tidal conditions, cliffs, bogs, caves, mountains etc</i></p>	<p>The interview results should not be affected by environmental conditions.</p>
<p>Equipment: <i>E.g.: operation of machinery, use of specialist equipment, manual handling/transportation, compressed gases, etc</i></p>	<p>The project does not foresee any use of special equipment.</p>

Other: <i>Detail any special arrangements required, i.e. permissions required, accommodation, travel/visas, catering etc</i>	NA

This assessment must be reviewed before any significant project changes are made.

Assessment carried out by:

Signature: Arun Sukumar
 Position: Associate Professor
 Date: 13/06/2019

Authorisation to proceed:

Signature:



Position: Director, ICTE
 Date: 14 June 2019

APPENDIX 3

Participant
No.

INFORMED CONSENT FORM:

Space use, REWARD BASED CROWDFUNDING- BUILDING MECHANISM OF TRUST

You are invited to take part in this research study for the purpose of collecting data to better understand crowdfunding campaigns and the trust issues faced by the INVESTORS, PLATFORM LEADS and ENTREPRENURS.

Before you decide to take part, you must **read the accompanying Participant Information Sheet.**

Please do not hesitate to ask questions if anything is unclear or if you would like more information about any aspect of this research. It is important that you feel able to take the necessary time to decide whether or not you wish to take part.

If you are happy to participate, please confirm your consent by circling YES against each of the below statements and then signing and dating the form as participant.

1	I confirm that I have read and understood the <u>Participant Information Sheet</u> for the above study and have had the opportunity to ask questions	YES	NO
2	I understand my participation is voluntary and that I am free to withdraw my data, without giving a reason, by contacting the lead researcher and the Research Support Office <u>at any time</u> until the date specified in the Participant Information Sheet	YES	NO
3	I have noted down my participant number (top left of this Consent Form) which may be required by the lead researcher if I wish to withdraw from the study	YES	NO
4	I understand that all the information I provide will be held securely and treated confidentially	YES	NO
5	I am happy for the information I provide to be used anonymously in academic papers and other formal research outputs	YES	NO
6	I am happy for the interview to be <u>audio recorded</u>	YES	NO
7	I am happy for the information I provide to be shared anonymously with Coventry University Group (Project Funder)	YES	NO
8	I agree to take part in the above study	YES	NO

Thank you for your participation in this study. Your help is very much appreciated.

Participant's Name	Date	Signature
Researcher	Date	Signature
Sarah N Aideyan	20/06/2020	S.O

APPENDIX 4

Reward Based Crowdfunding – Exploring the Mechanism of Trust

PARTICIPANT INFORMATION SHEET

You are being invited to take part in an online interview, Reward Crowdfunding- Exploring the mechanism of Trust. Sarah Aideyan, Researcher in International Centre for Transformational Entrepreneurship (ICTE) at Coventry University is leading this research. Before you decide to take part, it is important you understand why the research is being conducted and what it will involve. Please take time to read the following information carefully.

What is the purpose of the study?

The purpose of this research study is to observe the Reward-based crowdfunding process in Nigeria by examining trust issues among investors and entrepreneurs in Nigeria in order to develop a trust framework that will enable them to function effectively and bringing about successful crowdfunding campaigns.

Why have I been chosen to take part?

You are invited to participate in this research work because you are a stakeholder in crowdfunding process (Platform administrator, Investors, Entrepreneurs) to better understand how trust affect crowdfunding.

Are there any risks associated with taking part?

This study has been reviewed and approved through Coventry University's formal research ethics procedure. There are no significant risks associated with participation.

Do I have to take part?

No – it is entirely up to you. If you do decide to take part, please keep this Information Sheet and complete the Informed Consent Form to show that you understand your rights in relation to the research, and that you are happy to participate. Please note down your participant number (which is on the Consent Form) and provide this to the lead researcher if you seek to withdraw from the study at a later date. You are free to withdraw your information from the project until the data are destroyed on 30/12/2022. You should note that your data may be used in the production of formal research outputs (e.g. journal articles, conference papers, thesis and reports) prior to this date and so you are advised to contact the university at the earliest opportunity should you wish to withdraw from the study. To withdraw, please contact the lead researcher (contact details are provided below). Please also contact the Research Support Office email researchproservices.fbl@coventry.ac.uk; telephone +44(0)2477658461 so that your request can be dealt with promptly in the event of the lead researcher's absence. You do not need to give a reason. A decision to withdraw, or not to take part, will not affect you in any way.

What will happen if I decide to take part?

You will be asked a number of questions to capture the detailed story about your engagement with crowdfunding campaigns, the issues you are faced with, e.g. TRUST. The interview will take place online either through skype video call, telephone call or WhatsApp. I would like to audio record your responses (and will require your consent for this), The interview should take around 40mins to complete.

Data Protection and Confidentiality

Your data will be processed in accordance with the General Data Protection Regulation 2016 (GDPR) and the Data Protection Act 2018. All information collected about you will be kept strictly confidential. Unless they are fully anonymised in our records, your data will be referred to by a unique participant number rather than by name. If you consent to being audio recorded, all recordings will be destroyed once they have been transcribed. Your data will only be viewed by the researcher/research team and the funder. All electronic data will be stored on a password-protected computer file on secure university servers. All paper records will be stored in a locked filing cabinet in ICTE office. Your consent information will be kept separately from your responses in order to minimise risk in the event of a data breach. The lead researcher will take responsibility for data destruction and all collected data will be destroyed on or before **30/12/2022**.

Data Protection Rights

Coventry University is a Data Controller for the information you provide. You have the right to access information held about you. Your right of access can be exercised in accordance with the General Data Protection Regulation and the Data Protection Act 2018. You also have other rights including rights of correction, erasure, objection, and data portability. For more details, including the right to lodge a complaint with the Information Commissioner's Office, please visit www.ico.org.uk. Questions, comments and requests about your personal data can also be sent to the University Data Protection Officer - enquiry.ipu@coventry.ac.uk

What will happen with the results of this study?

The results of this study may be summarised in published articles, reports and presentations. Quotes or key findings will always be made anonymous in any formal outputs unless we have your prior and explicit written permission to attribute them to you by name.

Making a Complaint

If you are unhappy with any aspect of this research, please first contact the lead researcher, **Sarah N Aideyan, in a ICTE, G08, Sir William Lyons Building, Coventry University, CV1 5DL**. If you still have concerns and wish to make a formal complaint, please write to **Prof Gideon Mass, Director, ICTE G08, Sir William Lyons Building, Coventry University, CV1 5DL**.

In your letter please provide information about the research project, specify the name of the researcher and detail the nature of your complaint.

APPENDIX 5

INTERVIEW QUESTIONS

Interview Questions for platform administrators/managers

- It must have cost some money to setup this platform. Do you run this as a work of Charity or as a business?
- If as a business, how do you make money? Is it by charging a fee for the services you render or through other means?
- In your own opinion and from your experience, what are the important ingredients for a successful crowdfunding campaign? (General)
- How many successful crowdfunding campaigns have you achieved through your platform? Why do you think they were successful?
- In your opinion, are there fake crowdfunding platforms in Nigeria? How then can anyone identify a fake crowdfunding platform in Nigeria? (General)
- How do you distinguish yourself from them?(General)
- How do you get funders and entrepreneurs to come and deal within your platform?
- Are there features on your platform that encourages and attracts investors to fund projects and entrepreneurs to list their project or ideas on your platform? (Platform-based trust)
- What role does your platform play in developing trust between funders and entrepreneurs? (Platform-based trust)
- How easy is it for people to use your platform? (Platform-based trust)
- What is the age group of funders who have funded projects on your platform?
- Are there government regulations regulating your activities as a crowdfunding platform?
- What does the government do to encourage your activities or promote your existence?

Interview Questions for Funders/Investors

- As an investor, what do you look out for in a project/campaign before deciding to fund it? (Project Information Quality)
- What do you look out for in a platform before choosing to fund projects there? (Platform-based Trust)
- Would you rather fund a project with high cost or low cost and why? (Project Type & Funding Level)
- Have you ever funded a project and later realized that either the platform or the project was fake? If yes, kindly share your experience?(General)
- Would you ever fund a project based on the recommendation of the platform not entirely on your knowledge of the project or the project initiator? (General)
- How does the reputation of an entrepreneur/Project Initiator inform your decision to trust and subsequently fund their project? (Entrepreneur's Reputation)
- In your view, does the ability or expertise of an entrepreneur in relation to the project being initiated, come into play when deciding to fund the project? If Yes/No, Why? (Entrepreneur's Expertise)
- How does the quality of information about a project influence your decision to fund that project? (Project Information Quality)
- In looking out for a project you wish to fund, does it matter if the vision and values of that project align with yours or are just in it for the profit? If Yes/No, Why? (Value Similarity)

- How easily can you trust others? Do you consider yourself as someone who easily trust others (Funders Trust Disposition)
- In funding a project, does it matter to you if the project initiator is a male or female? If yes, who would be your preference and why?
- Would you trust a platform more and fund projects there if you know that they are properly regulated by the government? (Platform-based trust)
- If you had a project you are interested in funding being initiated by different entrepreneurs, would you rather choose to fund the one that is of same tribe and culture with you? If Yes/No why?
- How do you think that other factors like, Education, Income, platform familiarity, Crowdfunding Knowledge, affects your decision as a funder to fund a project?

Interview Questions for project initiators/entrepreneurs

- Have you ever gotten a project or an idea funded through crowdfunding? (General)
- In your own opinion, what do you think should be in a crowdfunding campaign for it to be successfully funded (General)
- How do you trust that the funder and the platform will not steal your business idea? (General)
- Have you or anyone you know encountered a platform where you didn't get the fund that was released by the funder? Kindly share your experience.
- In your opinion, how do you identify a fake platform?
- Are you aware of any form of regulation, regulating the activities of these crowdfunding platforms.

Interview Questions for the Nigerian Law Enforcement (either for an official of Ministry of Industry, Trade and Investment, Economic and Financial Crimes Commission, a Lawyer or the Police)

- Are you aware that crowdfunding platforms exist in Nigeria as a form of investment or donation platform? If yes, what do you know about them?
- How does the Nigerian government regulate the activities of these crowdfunding platforms?
- How are fake platforms identified and prosecuted?
- Seeing that crowdfunding is capable of developing the economy of Nigeria, What is the government doing to encourage it?