REASONS FOR PUBLIC TO BACK EQUITY-BASED CROWDFUNDING IN MALAYSIA

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REASONS FOR PUBLIC TO BACK EQUITY-BASED CROWDFUNDING IN MALAYSIA

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A final year project submitted in partial fulfilment of the requirement for the degree of

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DECLARATION

We hereby declare that:

1. This undergraduate FYP is the end result of our own work, and that due acknowledgement has been given in the references to ALL sources of information be they printed, electronic, or personal.

2. No portion of this FYP has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.

3. Equal contribution has been made by each group member in completing the FYP.

4. The word count of this research report is 24408.

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LIST OF ABBREVIATIONS

ANOVA	Analysis of Variance
BSE	Backing Self-Efficacy
CA	Cronbach's Alpha
ECF	Equity-Based Crowdfunding
IBECF	Public Intention to Back Equity-Based Crowdfunding
M	Mean
PR	Perceived Risk
R	Rewards
ROI	Return on Investment
SCT	Social Cognitive Theory
SPSS	Statistical Package Social Sciences
SD	Standard Deviation
VIF	Variance Inflation Factor
WSQ	Website Service Quality

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PREFACE

The concept of equity-based crowdfunding can be found in the early 21st century, which the project owner raises capital from backers to finance a start-up private entrepreneurship or company. The backers who provide fund for the project owners receive in the exchange for rewards, which are advantageous to both the project owner and the backer. In recent years, equity-based crowdfunding has seen a growth in Malaysia with the emergence of the online platform since 2020. The project owner may now access a wider potential backer base thanks to the growth of the internet, and backers can now easily choose equity-based crowdfunding and obtain relevant information. However, Malaysia as a developing country, the SMEs still lacking funds, which SMEs comprising 98.5 percent of all businesses and 33.3 percent of Malaysia's GDP, plays a significant role on boost Malaysian economic.

Hence, this study attempts to investigate the reasons for public to back equity-based crowdfunding in Malaysia to help the project owner to understand the intention for public to back the equity-based crowdfunding project in order to attract more capital fund. Data from an online questionnaire will be collected for this study from a standard sample size that includes all states in Malaysia. Besides that, this study also provides a valuable insight into the Malaysia equity-based crowdfunding since there is limited research which specifically focuses on Malaysia. Lastly, the interested parties can carry out additional study on this topic by utilising this study as a reference.

ABSTRACT

This study examines the backing intention of the public towards equity-based crowdfunding in Malaysia. The Social Cognitive Theory (SCT) has been utilized in conducting the research model of this study. SCT includes the behaviour, personal factors and environmental factors which are suitable for this study to investigate the independent variables which are backing self-efficacy, rewards, website service quality and perceived risk. Additionally, Malaysians who are 18 years old and above are the target respondents in this study. A total of 403 responses were gathered for the purpose of data analysis. The data information was analysed by using SPSS 26.0 software. The analysis comprises a few elements which included Cronbach's Alpha, multicollinearity test, normality test, Q-Q plot and multiple regression analysis. The study findings revealed that backing self-efficacy, rewards and website service quality are significantly related to the public intention to back equity-based crowdfunding in Malaysia. Nevertheless, the relationship between perceived risk and backing intention of Malaysians towards equity-based crowdfunding is insignificant. Furthermore, this paper would demonstrate a comprehensive understanding on equity-based crowdfunding which helps in enhancing crowdfunding knowledge towards Malaysians as well as increasing the involvement in equity-based crowdfunding projects.

CHAPTER ONE: RESEARCH OVERVIEW

1.0 Introduction

This chapter explains the overview of equity-based crowdfunding (ECF). Subsequently, the problem statement is utilized in explaining the concerns raised in this investigation. Followed by the objectives, questions, hypothesis, and significance of the study are presented.

1.1 Research Background

Right after the Global Financial Crisis in 2008 and the subsequent world economic downturn, the entrepreneurial finance market exacerbated persistent and fundamental challenges. This is due to limited availability of funds which lead to the reluctance of the financial institutions to lend between each other as well as the restrictions in lending fed via the wider economy (Cowling et al., 2012). Nonetheless, many nations' economic recovery is still being held back by a decline in bank lending (Filippetti & Archibugi, 2011). In order to address the funding imbalance and risk implications faced by the financial institutions, governments, central banks, and supranational organizations directly intervene. A new paradigm of 'crowdfunding' for entrepreneurial initiatives in both the profit and non-profit sectors was emerging concurrently with these events, which resulted in severe capital rationing in the entrepreneurial sector.

The fundamental idea of crowdfunding can be summed up in the saying "many a little makes a mickle". Crowdfunding is the practice of using small donations from the crowd, which is the public, to finance a business without using regular channels (Mollick 2014; Belleflamme et al. 2014; Bradford 2012; Gerber & Hui 2013). This means that the business can jumpstart new projects with a critical injection of cash. These campaigns typically publish in specific online platforms, with predetermined timelines for raising money and disclose specific monetary goals (Johnson, 2023). While the traditional private equity includes business angels (BA) and venture capital (VC) firms, who analyse ventures thoroughly, crowdfunding involves a much

larger, anonymous group. These online investors contribute smaller amounts based on limited verified information and with less overall transparency, leading to higher inherent risks (Heminway, 2014; Mollick, 2013). In line with Griffin (2012), crowdfunding can be separated into four basic forms depending on the value a backer receives in exchange for his funding. Donation-based crowdfunding allow for gathering financial support for charitable causes or projects. In rewards-based crowdfunding, contributors receive non-cash rewards like products or experiences in exchange for their funding. Debt-based crowdfunding functions similarly to peer-to-peer lending, where the crowd acts as a lender with a repayment agreement. Finally, equity-based crowdfunding provides backers with a financial stake in the company they support, offering potential returns on their investment (Cholakova & Clarysse, 2015; Mollick, 2014).

This research focuses on equity-based or equity crowdfunding for small and medium-sized enterprises (SMEs). Equity crowdfunding model is a relatively new form of financing, whereby founders attempt to raise money from backers by offering an equity stake in their company. Backers refers to the individuals who financially support a project (Frydrych et al., 2014). Equity crowdfunding bridges the gap between public and private equity. Though open to the public for investment during the fundraising campaign, these shares usually lack liquidity. Unlike publicly traded stocks, they cannot be easily sold on secondary markets after the campaign closes. This limited tradability positions them closer to private equity investments (Nguyen et al., 2019). Generally, investors who backed these companies via equity crowdfunding platform would become shareholders of the company. For backers in equity crowdfunding, the potential rewards are two-fold: sharing in the company's profits through dividends and experiencing significant gains if the company exits through a successful acquisition or Initial Public Offering (Kaur, 2022). Subsequently, to attract investors, companies seeking equity crowdfunding need to demonstrate their growth potential. Investors are drawn to the possibility of a steady income stream through dividends, just like returns from publicly traded stocks on the stock market. By having deeper understanding on the effective equity-crowdfunding methodologies, companies can unlock their full fundraising potential using equity-crowdfunding and bring their businesses to the next level.

1.2 Problem Statement

Small and medium-sized enterprises (SMEs) play a crucial role in the Malaysian economy, comprising 98.5 percent of all businesses, contributing 33.3 percent to the country's GDP, and employing over four million workers (Bank Negara Malaysia, 2022). In 10 years' time, the total contribution of SMEs to overall GDP increased, rising from 32.5 percent in 2011 to 38.1 percent in 2021, with 38.9 percent being the largest contribution in 2020 (SME Corporation Malaysia, 2021; SME Corporation Malaysia, 2017). Consequently, it becomes imperative for SMEs to have access to capital at various stages to sustain their ability to create value. However, despite the rise in the number of crowdfunding campaigns, it is important to note that the average funding per campaign has experienced a decline. Nonetheless, in 2022, Malaysia is still facing an RM90 billion funding shortage for SMEs (Ignatius, 2022). According to Securities Commission Malaysia (2022), the total fund raised by equity crowdfunding shows a fluctuation pattern where the range of funds raised ranges from 0.01 million to 0.2 million. Moreover, when considering the overall proportion of total funds raised, equity crowdfunding accounts for the smallest portion, ranging from 1.25% to 8%. Hence, it is crucial to identify the underlying reasons behind the smallest portion of the total fundraised, ensuring that SMEs can effectively leverage crowdfunding to secure the necessary capital for their growth and development.

The level of investor confidence in attaining favorable results and targeted returns is of significant importance in self-efficacy for investment, and also holds significance in the context of equity crowdfunding. Among these factors, the level of knowledge and experience of the investor emerges as a critical influencer, as emphasized by Abdul Kareem et al. (2023). It is observable via the inclination of individuals to allocate assets towards markets that they are familiar with, leveraging their specialized knowledge in the respective subject. For instance , in behavioral finance, the concept of familiarity bias pertains to the inclination of investors to exhibit a preference for investing in stocks or securities that are familiar to them, regardless of their potential financial viability (Jason Hreha, n.d.). Significantly, this phenomenon is particularly evident in the realm of startup investments, wherein investors actively pursue prospects that are congruent with their expertise (Godick, 2022). Therefore, it is believed that the enhancement of expertise or positive comments on the investment can raise investor's confidence and simultaneously increase the self-efficacy of an individual.

Moreover, the enduring appeal of equity crowdfunding has consistently revolved around the potential for equity returns and rewards. The attractiveness of an investment depends on the magnitude of the potential return as the investment landscape continues to change significantly (Batty, n.d.). Burtch et al. (2011) asserted projects that are aligned with trends and popularity on the internet are more likely to garner more community contributions. The significance of this aspect is crucial for both investors and the companies seeking fundraising, as it influences the decision-making process by determining the prospective return on investment. This research by Frydrych (2014) underscores the significance of appropriate rewards in determining the success of crowdfunding campaigns. The research emphasizes the importance of inventive, practical, and moderately priced rewards. It goes on to say that projects that offer uninspired prizes will have difficulties gaining support from potential backers. Therefore, it indicates that projects that are able to offer additional social-psychological reward-levels will provide higher motivation to the community for financial support.

Furthermore, the advent of the digital era has heightened the importance of virtual presence. A website that is professionally designed and of excellent quality is indicative of legitimacy, hence fostering trust among prospective investors. Consequently,the likelihood of successfully raising funds on ECF platforms is influenced by the key role played by intermediaries and syndicates. In order to ensure the success of fundraising campaigns, platform managers are required to meticulously select the most promising projects to be featured on their website (Löher, 2017). The improvement of information sharing and the facilitation of conscious investment among investors are important entitlements that should be pursued. This can be achieved through the implementation of effective advertising strategies. Hence, efficient platforms have the potential to decrease search and due diligence expenses for prospective investors, address information asymmetries and transaction risks, optimize capital allocation, foster economic growth by minimizing market failures, and serve as syndicators for investors (Agrawal et al., 2014; Löher, 2017; Xiao, 2020). Recent research conducted by Vrontis et al. (2021), the authors highlight the significant role played by platforms in serving as information hubs, facilitating the dissemination of information and the exchange of knowledge among investors. Additionally, the visual appeal and usability of a website have a significant impact on molding the opinions and decisions of investors, as first impressions tend to have a disproportionate influence. Therefore, the evaluation of a website's service quality plays a significant role to lead to the public intention to back equity crowdfunding.

Lastly, the investment environment in emerging countries has historically been characterized by elevated risk due to fledgling and turbulent political systems (Henisz and Zelner, 2010). This distinct risk picture necessitates investigation into how investors in Malaysia perceive and evaluate risk in comparison to their counterparts in established markets (Wasiuzzaman et al., 2022). Understanding the impact of risk on the public's proclivity to back equity crowdfunding projects is especially important for Malaysia, where a significant portion (approximately 97%) of business entities are SMEs (Wasiuzzaman and Nurdin, 2019).

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study is to examine the reasons for public to back equity-based crowdfunding in Malaysia.

1.3.2 Specific Objectives

Specifically, the specific objectives of this research are as follows.

- To examine whether there is a significant relationship between backing self-efficacy and public intention to back equity-based crowdfunding in Malaysia.
- To examine whether there is a significant relationship between rewards and public intention to back equity-based crowdfunding in Malaysia.
- To examine whether there is a significant relationship between website service quality and public intention to back equity-based crowdfunding in Malaysia.
- To examine whether there is a significant relationship between perceived risk and public intention to back equity-based crowdfunding in Malaysia.

1.4 Research Questions

The following research questions are designed to examine these questions.

- Is there a significant relationship between backing self-efficacy and public intention to back equity-based crowdfunding in Malaysia?
- Is there a significant relationship between rewards and public intention to back equity-based crowdfunding in Malaysia?
- Is there a significant relationship between website service quality and public intention to back equity-based crowdfunding in Malaysia?
- Is there a significant relationship between perceived risk and public intention to back equity-based crowdfunding in Malaysia?

1.5 Hypothesis of the Study

H_1: There is a significant relationship between backing self-efficacy and public intention to back equity-based crowdfunding in Malaysia.
H_2: There is a significant relationship between rewards and public intention to back equity-based crowdfunding in Malaysia.
H_3: There is a significant relationship between website service quality and public intention to back equity-based crowdfunding in Malaysia.
H_4: There is a significant relationship between perceived risk and public intention to back equity-based crowdfunding in Malaysia.

1.6 Research Significance

Firstly, it is necessary to conduct this study to understand the public intention to back ECF in Malaysia because it can encourage economic growth in Malaysia. After the Global Financial Crisis in 2008, ECF is valued all over the entrepreneur and public as it is an alternative of raising capital for startups from small contributions from the public and in exchange of some rewards. The ECF therefore may lead to job creation as it can solve the biggest challenge of business startups, which is financial barriers. From the investors' perspectives, the ECF is an alternative investment with the potential to gain some rewards by contributing only a small amount of money. Hence, the intention for the public to back ECF plays a significant role in encouraging economic growth as the attracted investment may receive high amounts of initial capital, leading to the increase of job creation.

Secondly, this study can enrich the existing study of ECF in Malaysia. In our knowledge, there are insubstantial studies that are focused on the public intention to back ECF in Malaysia. Most of the previous studies regarding crowdfunding are more focused on the Islamic or Shariah compliant ECF and general crowdfunding, but only few are focused on intention to back ECF in Malaysia (For example, Wasiuzzaman et al., 2021; Razak et al., 2021). This study is important for Malaysia as it is a developing country that has huge potential to grow. Researching the intention of Malaysians to back ECF can help in assessing the potential market size, allowing the entrepreneur to tailor their strategies according to the demand estimated. Our study therefore fulfills the research gaps.

Thirdly, awareness of crowdfunding among Malaysians is believed to be lacking due to limited research focusing on Malaysia's willingness to support ECF. The understanding of Malaysians' intentions to support the ECF may highlight the need for awareness and education initiatives. The lack of research in Malaysia may lead to misunderstandings or obstacles in education efforts. This may discourage potential investors from backing ECF, resulting in lower initial capital received by entrepreneurs. Conversely, ECF awareness and education of the public may lead to good analysis and rational investing by investors.

By studying the intention for the public to back ECF in Malaysia, the government will be enabled to have a deep understanding on the potential of employment impacts and therefore develop the initiatives or supportive policies that encourage entrepreneurial activities, hereafter to boost Malaysia's economy. In addition, the regulators can have an insight on how to find a balance between stimulating investment and protecting investors. Consequently, the attention of the government and the regulators on the ECF may encourage the crowdfunding platform

providers to improve the website service quality, embrace the fund seekers to introduce initiated programs or rewards and encourage the investors to provide funds for the businesses. Besides that, the special characteristics of ECF that involve higher risk allows the investors to diversify their investment portfolio, in order to let the entrepreneur to understand the types of projects that might attract investors to invest, therefore increasing the investment amount of ECF.

Finally, this study can also contribute to the broader literature resources on the understanding of the public intention to back ECF in Malaysia. As a developing country, the SMEs accounted for the majority of entrepreneurship, therefore it is essential to encourage the initial investment for the businesses through the understanding among reasons to back ECF. The study can provide valuable insights into how to improve the ECF processes and the quality of ECF and contribute to the growth of Malaysia's economy.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

Chapter 2 covers the overview of literature on the dependent variable, public intention to back equity-based crowdfunding, followed by its relationship with four independent variables, which are backing self-efficacy, reward, website service quality and perceived risk. The theoretical and conceptual framework will be further discussed respectively, followed by the development of hypotheses.

2.1 Review of Literature

2.1.1 Public Intention to back equity-based crowdfunding

Public intention to back equity-based crowdfunding (ECF) can be known as the motive for people to support and eventually invest in ECF (Wasiuzzaman et al., 2021). In the view of Emily (2011), intention for action is defined as motivation that underpin willing and volitional behavior from a human-computer interaction and behavioral science perspective. Public intention to back ECF also qualifies as a study in the field of entrepreneurial finance as it consists of the backers' investment dynamics and their behavior in ECF (Olsson, 2023). People with high crowdfunding intentions imply that they are more confident in their ability to afford the amount of money required to back a project on crowdsourcing sites (Kuo et al., 2020). Since equity-based crowdfunding has a profound impact on our economic and social functioning, it is essential to understand the reasons for the public to back equity-based crowdfunding to give some recommendations for the fund-seeker to increase their money raised, therefore provide the market an effective fund-raising and investment tool (Razak et al., 2021; Kaartemo, 2017).

Currently, there are a lot of studies doing research on reasons to participate in ECF. Kuo et al. (2020) have studied the behavioral intention of the Taiwanese to back crowdfunding projects through social cognitive theory. The research has found out that backing self-efficacy, rewards and website service quality are significantly related to the intention to back ECF. Also, Elizabeth et al. (2012) found out that reward positively contributes to the motivation of participating in crowdfunding platforms. Moreover, Razak et al. (2021) claimed that website service quality positively contributes to the willingness to invest, however rewards have no significant relationship with the dependent variable. This can be proven by the study of Goethner et al. (2018), they found that the crowdfunding participants come from different groups and are motivated to participate in crowdfunding by different factors.

2.1.2 Backing Self Efficacy

In social cognitive theory, self-efficacy represents an individual's belief in their capabilities to successfully accomplish specific tasks (Bandura, 1986). In essence, it indicates one's confidence in own ability to achieve desired objectives (Bandura, 2011). This construct significantly influences the decisions people make and the actions they undertake (Schunk & Pajares, 2009). According to Bandura (1986), self-efficacy judgments are informed by four key sources of information: enactive attainment (actual performance of a behavior), vicarious experience (observation of others' behaviors), verbal persuasion (encouragement and feedback from others), and physiological states (sensations experienced during behavior, such as pain or fatigue). The cognitive assessment of these factors have shaped individuals' perceived level of confidence in performing specific behaviors. Hence, it is essential to acknowledge that personal factors, the behavioral and environmental factors on outcomes play a crucial role in self-efficacy theory.

In view of crowdfunding, backing self-efficacy pertains to an individual's confident belief in his or her capacity to support projects of interest on crowdfunding platforms (Kuo et al., 2019). This sense of assurance is crucial in influencing potential backers' decision-making processes and willingness to participate in the crowdfunding ecosystem. According to Bandura (1977), the positive experiences of successful behavior execution reinforce and fortify self-efficacy expectations. This is consistent with Duong (2023) stating that individuals tend to adopt interests that align with their anticipated outcomes and are inclined to pursue tasks that match their skills and capacity to handle challenges. The presence of high self-efficacy in individuals leads to increased effort in fulfilling their obligations (Hechavarria et al., 2012). It is also aligned with Lent et al. (2008), higher levels of self-efficacy within a specific domain lead to more positive outcome expectations, thus reinforcing one's interest in that particular field. In contrast, individuals with low self-efficacy believe they are unlikely to succeed, are consequently less likely to exert sustained effort, and may view difficult tasks as a risk that should be avoided (Margolis and McCabe, 2006) . This creates a self-reinforcing cycle which shows a positive relationship between increased self-efficacy and outcome expectations resulting in the achievement of performance goals.

Thus, it is able to influence and refine an individual's self-efficacy and outcome expectations over their lifespan (Azeem et al., 2022).

However, based on the research, it was discovered that backing self-efficacy is rarely used in equity crowdfunding research. As a result, it is critical to recognise and address the importance of self-efficacy in order to promote a more inclusive and vibrant crowdfunding ecosystem that benefits both backers and project creators.

2.1.3 Reward

The reward is something that is given in return for an action done, which can be known as the amount of money commonly associated with symbolic rewards (Steigenberger, 2016). In illustration, an invitation to a particular online community or the exchange of gifts or even the opportunity to meet the project creator or being recognized as a valued contributor if a large sum of investment have been made (Steigenberger, 2016; Belleflamme et al., 2014). In other words, reward can be defined as an expectation to get for investing in equity-based crowdfunding which can be conceptually similar to perceived value or perceived benefit (Kuo et al, 2020). The funders can offer tangible or intangible rewards to attract a larger amount contributed by investors and incentivize potential investors (Elizabeth et al., 2012).

There are few studies indicating that investors that opt to back ECF are primarily driven by the goal of achieving financial returns or for an expected reward. Elizabeth et al. (2012) claimed that reward significantly affects the backing intention of ECF as the investors are highly motivated to contribute their funds in order to get a reward. However, the study of Razak et al. (2021) and Wasiuzzaman et al. (2021) have indicated that rewards do not significantly affect the intention to back ECF projects. This is because Malaysian investors do not rely much on cognitive evaluation but rely more on emotive processes. In other words, Malaysian investors are more willing to back in ECF projected by the entrepreneurs they believe in seeking assurance, but not the reward.

Besides that, the study by Steigenberger (2017) claimed that the possible reason for the insignificant relationship may be due to the majority investors are more interested in getting their interested ECF project rather than its reward, so they commit only the required amount to obtain the ECF project which then leads to a lower fund accumulated.

2.1.4 Website Service Quality

The degree to which the services supplied by a website can efficiently or sufficiently meet the expectations of users is referred to as website service quality (Kuo et al, 2020). The exponential increase in online users and transactions is an unequivocal proof that the Internet has taken the center stage in the modern economy. Subsequently, most of the industry has embraced the Internet and websites as a reliable customer communication tool (Kuo et al., 2020). Same goes to crowdfunding platforms, users are more likely to have high backing intention when the service quality of the platforms perform well. It can be proven by several prior studies on crowdfunding platforms which examined that website service quality is a crucial determinant influencing the credibility and backing intention towards crowdfunding (Kuo et al., 2020; Liu et al., 2018). To illustrate, Kuo et al. (2020) found out that website service quality can be classified into five dimensions which are content quality, navigation quality, interactivity quality, system quality and others. In terms of the retail sectors, the website service quality can be assessed through the SERVQUAL model which comprises five different components (responsiveness, tangible, reliability, empathy and assurance) as compared to previous research (Parasuraman et al., 1988).

Nowadays, website service quality has become one of the crucial aspects that will be considered by users. This is consistent with the study from Razak et al. (2021), showing the positive relationship between the website service quality and the investors' willingness to invest in equity-based crowdfunding platforms. In other words, high quality of website service encourages investors to have backing intention towards equity-based crowdfunding. Moreover, the quality of a website's design also positively

influences the visitors' intentions to stay loyal as it can keep visitors and encourage them to revisit (Bahari et al., 2018). Additionally, some studies revealed that website service quality affects the users' behavioral intentions and satisfaction which may contribute to higher backing intention on equity-based crowdfunding (Lee & Lin., 2005; Collier & Bienstock., 2006). Also, the study by Jeon and Jeong (2016) found that maintaining high website quality assists in keeping visitors and encouraging them to revisit, which will eventually increase customer loyalty to the particular website.

2.1.5 Perceived Risk

Perceived risk is characterized by the notion that consumers' actions can result in outcomes that are uncertain and potentially unpleasant (Bauer, 1960). In general, perceived risk can be generally described as the state of ambiguity regarding potential negative consequences linked with usage of a certain product or service (Featherman and Pavlou, 2003). This construct encompasses various multidimensional ideas and distinct dimensions (Wang et al., 2003). The distinctive characteristic of ECF investment lies in its requirement to be conducted exclusively via an internet platform. The advent of the Internet era has introduced a sense of uncertainty over the acceptance of systems, mostly attributed to the remote and impersonal nature of the online world. This characteristic has made risk an inherent component of ECF (Pavlou, 2003). According to Vismara (2018), the presence of information asymmetries has a greater impact in ECF compared to other markets for entrepreneurial capital. Ellsberg (1961) claimed that individuals tend to have a greater propensity for risk-taking when they possess knowledge of the specific set of potential outcomes and their corresponding probability, as opposed to when they are faced with an uncertain alternative. Hence, in situations where investors encounter uncertain information regarding an investment opportunity, wherein they are unable to identify all potential future outcomes and to assign precise probabilities to these outcomes, they are reluctant to invest compared to an equivalent alternative where all outcomes and associated probabilities are known.

This implies that the perception of risk may encourage backers to develop a favorable disposition towards investing in ECF initiatives.

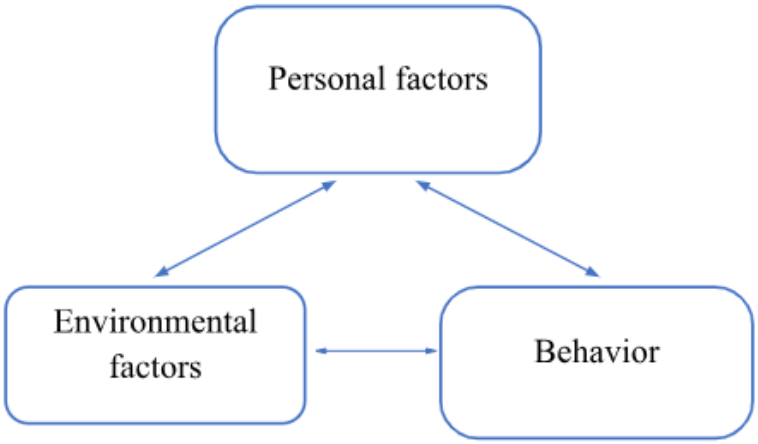
According to the findings of Ahlers et al. (2015), the act of keeping equity and offering more comprehensive information regarding the risks associated with a venture are useful signals that have an influence on the likelihood of achieving funding success. This is aligned with the research by Cumming and Groh (2018), who argue that investment risk can be attributed to the uncertainty in ECF investments which happened due to the existence of information asymmetry. This is aligned with the finding by Kleinert and Volkmann (2019), claiming that investors are concerned about information asymmetry and agency risk, which significantly affect their investment intention. According to Nitani et al. (2019), empirical findings indicate that investors in ECF tend to mitigate risk by selecting larger enterprises that are overseen by managers with greater levels of expertise and education. Furthermore, these investors also tend to hold a larger ownership stake in the venture subsequent to its successful funding by the crowd. Moreover, Nguyen et al. (2019) demonstrate that individuals who invest in ECF exhibit a tendency to postpone their investment decisions in order to get additional information, thereby enabling them to mitigate potential risks. Backers face agency risks as well because they typically do not have voting rights due to their minority shareholdings (Hornuf & Schwienbacher, 2014).

2.2 Underlying Theories

2.2.1 Social Cognitive Theory (SCT)

Figure 2.1:

Theoretical Framework of SCT



Source: Bandura (1986)

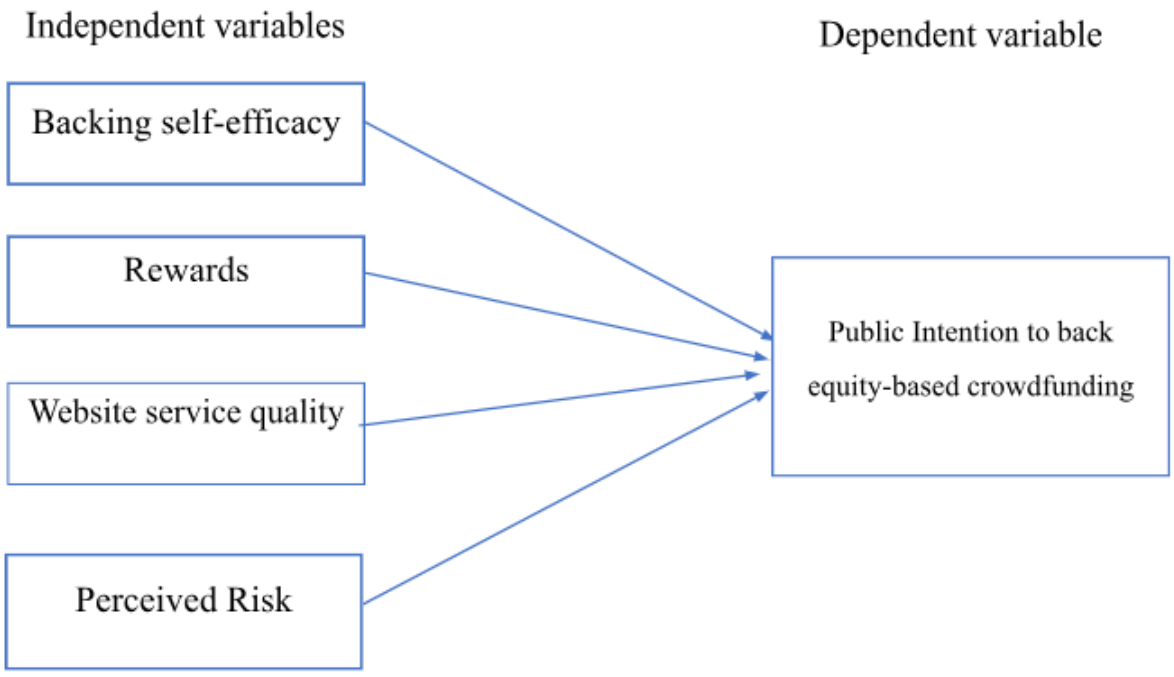
Social Cognitive theory was introduced by Bandura (1986) which emphasizes three elements which are personal factors, environmental factors and behavior. Based on Bandura (1986), action plans that individuals make in response to diverse tasks requirements are strongly influenced by the surroundings and personal intrinsic factors. To further explain, this theory provides a solid theoretical foundation that has been widely utilized in elaborating individual behavior. Research from Luszczynska & Schwarzer (2015) have used Social Cognitive theory in predicting one's behavior and self efficacy. They came to a conclusion that the behavior of an individual will significantly affect one's decisions (Luszczynska & Schwarzer, 2015). In addition, Social Cognitive theory has been used by Lin and Huang (2021) in examining the investment intention in online P2P lending. Thus, Social Cognitive theory has been adopted in this study to examine the influence of the three elements on equity-based crowdfunding and the public backing intention.

According to research from Kuo et al. (2020), they have adopted Social Cognitive Theory in explaining the backing intention on crowdfunding projects. They have proved that this theory would be better than others in presenting an individual's behavior. Therefore, the use of Social Cognitive Theory suits the variables which are backing self-efficacy and rewards which can be considered as personal factors while website service quality and perceived risk are considered as environmental factors.

2.3 Conceptual Framework

Figure 2.2:

Conceptual Framework



According to the theoretical framework given in the preceding part, Figure 2.2 constructs a conceptual framework to investigate Malaysian public intention to back equity-based crowdfunding. There are four independent variables included in the conceptual framework that originated from Social Cognitive Theory, comprising backing self-efficacy, rewards, website service quality and perceived risk. According to past studies, the independent variables above were used in investigating business aspects like investment intention, crowdfunding and investors behavior. They demonstrated that explanatory variables have a substantial effect on crowdfunding and investing intentions. This brings a huge contribution as they provide supported evidence and information which help in strengthening the capacity and quality of this research. Other than the previous studies, this research concentrates on equity-based crowdfunding and no restrictions have been set on target respondents in terms of age, career or gender. Thus, the conceptual framework will be utilized in our study to test the correctness of the thesis. The hypotheses will be developed in the next section based on the framework construct above.

2.4 Hypotheses Development

2.4.1 Backing self-efficacy and public intention to back equity-based crowdfunding

According to Huang et al. (2008), there is evidence suggesting that self-efficacy has a significant influence on both personal outcome expectations and performance. Self-efficacy is closely associated with goals. Individuals who possess a strong sense of self-efficacy tend to establish more ambitious goals for themselves and demonstrate a greater level of dedication towards accomplishing those goals, in contrast to individuals with low self-efficacy (Wood et al., 1990; Wood & Bandura, 1989a, 1989b). In the realm of financial matters, studies have identified financial self-efficacy as a pivotal determinant that impacts financial performance. This is due to its capacity to bolster investors' confidence in their ability to make investments that effectively fulfil their financial objectives (Montford and Goldsmith, 2016; Choi, 2018; Kim et al., 2016). According to Asebedo and Payne (2019), individuals who possess a strong sense of financial self-efficacy demonstrate the belief in their ability to effectively control and manage their financial circumstances. According to Shiau et al. (2020), individuals with a higher level of financial self-efficacy demonstrate a greater likelihood of engaging in specific financial tasks or behaviours. Nadeem et al. (2020) also have found that financial self-efficacy serves as a positive moderator in the relationship between money attitudes and stock market participation. In the context of crowdfunding, the concept of backing self-efficacy refers to an individual's confident belief in their ability to support projects that they find noteworthy. In essence, supporting self-efficacy refers to an individual's confidence in their ability to contribute to a specific project on a crowdfunding platform (Tsai, 2020). Therefore, this finding suggests that supporting self-efficacy plays a crucial role in enhancing the intention of the public to support investment. Hence, the initial hypothesis formulated for the study is:

H_1: There is a significant relationship between backing self-efficacy and public intention to back equity-based crowdfunding in Malaysia.

2.4.2 Reward and public intention to back equity-based crowdfunding

A significant amount of research across various areas provides empirical support for the assertion that reward serves as a significant determinant of investor behavior. Based on existing research on crowdfunding, it has been found that a significant proportion of individuals who contribute financial support to a project using crowdfunding platforms have an expectation of earning a return on their investment (Kuppuswamy & Bayus, 2018; Ryu & Kim, 2016). In addition to this, it is important to note that participants in ECF engage in investment activities rather than consumption. Consequently, their research demonstrated that the fundamental driving force behind investment in such a company is the prospect of receiving rewards. According to Cholakova et al. (2015), it was determined that the combination of financial and nonfinancial incentives can serve as an effective approach for generating funds in the context of crowdfunding campaigns. Moreover, the provision of monetary incentives within the framework of crowdfunding has the potential to draw a greater influx of funds from investors, as their primary focus on financial returns significantly impacts their investment choices (Zheng et al., 2014; Cholakova et al., 2015). Cholakova et al. (2015) further determined that extrinsic financial incentives hold greater significance compared to intrinsic non-financial incentives. Apart from that, Kuo et al. (2020) stated that the provision of rewards has an important role in motivating individuals to engage in project participation. The authors propose that funders should provide concrete incentives in order to attract the investment intentions of potential investors, particularly those who lack prior expertise in backing projects. This is aligned with the findings of Kuppuswamy and Bayus (2018) as well as Ryu and Kim (2016) in their respective studies on crowdfunding, suggesting that rewards exert a favourable influence on the behaviour of backers. Hence, the hypothesis developed is:

H_2: There is a significant relationship between rewards and public intention to back equity-based crowdfunding in Malaysia.

2.4.3 Website service quality and public intention to back equity-based crowdfunding

According to Kumar and Lata (2021), website service quality acts as a dominant factor in figuring out one's behavior intention. Website service quality can be described in terms of dependability, effectiveness, responsiveness. Prior research revealed that these factors are essential in offering client satisfying services (Gupta & Bansal, 2012; Kadir et al., 2011; Khan et al., 2009). Furthermore, some of the past studies show a substantial and favorable relationship between service quality and customer satisfaction, with service quality being viewed as a factor of consumer satisfaction (Yang et al., 2004; Yavas et al., 2004). Based on Jeon and Jeong (2016), maintaining high-quality websites is important to keeping visitors and encouraging them to return, which eventually leads to increased consumer loyalty. They have found out that websites which are equipped with adequate information and protection for privacy and security matters tend to increase customers' intention. While in the banking perspective, website service quality plays a crucial role in serving customers through online channels and competing with other banking industries (Saha & Zhao, 2005). Apart from that, website service quality acts as a degree of whether it satisfies customer's expectations and it is technically visible in the design and functionality of the website. They conclude that website services quality is positively correlated with the inclination to participate in crowdfunding platforms (Hariwibowo et al., 2022). Same goes to Kuo et al (2020) that proved that website service quality and backing intention towards crowdfunding having significant relationships with each other. Hence, the hypothesis constructed is:

H_3: There is a significant relationship between website service quality and public intention to back equity-based crowdfunding in Malaysia.

2.4.4 Perceived risk and public intention to back equity-based crowdfunding

Perceived risk is viewed as the subjective anticipation of investors experiencing a negative consequence while striving to achieve a desirable objective (Warkentin et al., 2002). According to the findings of Abramova and Böhme (2016), investment risk emerges as the primary determinant of perceived risk and user behaviour, exerting a notable impact on investors' decision-making process. The findings indicate that perceived risk has a considerable and strong negative impact on respondents' inclination to utilize Bitcoin. Similarly, the research conducted by Wasiuzzaman, Chong, and Ong (2021) asserts that perceived risk and the inclination to invest in ECF have a negative relation. The findings indicate that investors tend to dedicate a smaller amount of their investment portfolio to ECF projects when they perceive a higher level of risk associated with such investments. Furthermore, Jun et al. (2011) have discovered a negative correlation between project uncertainty and the success of project implementation. Additionally, Zheng et al. (2014) have suggested that the effectiveness of the ECF may be influenced by investment risk. In the context of e-service adoption, previous research has indicated that perceived risk has a greater likelihood of exerting a negative influence on users' inclination to engage in ECF (Featherman et al., 2010; Lee, 2009). The online nature of equity-based crowdfunding as a fundraising activity gives rise to potential ambiguity, leading to the perception of risk (Amaro & Duarte, 2015). Hence, the hypothesis developed is:

H_4: There is a significant relationship between perceived risk and public intention to back equity-based crowdfunding in Malaysia.

2.5 Conclusion

This chapter discussed the four independent variables consisting of backing self- efficacy, reward, website service quality and perceived risk whereas the dependent variable is the public intention to back equity-based crowdfunding in Malaysia. Additionally, the theoretical framework of Social Cognitive Theory (SCT) was applied to examine the factors influencing the public intention to back equity-based crowdfunding in Malaysia. Hypotheses were constructed based on the research framework discussed.

CHAPTER THREE: METHODOLOGY

3.0 Introduction

This study aims to determine the reason for public backing intention on equity-based crowdfunding in Malaysia. The research methodology used in this study is described in this part. The research framework and data collection methods are first made clear. For this inquiry, we have used quantitative techniques and primary data sources. The sample design, research instruments, and construct measures are also developed. Online questionnaire was employed to gather primary data. Finally, we outline the four steps to process and analyse data.

3.1 Research Design

The research design serves as the overarching plan for connecting conceptual research issues to construct an applicable and feasible empirical study. It is a step-by-step approach that is followed by researchers before the data gathering and analysis process in order to accomplish the research objective (Asenahabi, 2019). Also, research design is a plan, structure, and method of study that is done with the purpose of discovering answers to research questions while

keeping the greatest possible control over variables (Kerlinger, 1986). Research designs are classified into qualitative and quantitative research.

Quantitative research includes examining and quantifying factors to determine the results. It requires evaluating numerical data using certain statistical procedures to respond to queries. Furthermore, quantitative research "uses methods of investigation like surveys and experiments and gathers data on predetermined instruments that produce statistical data" (Apuke, 2017). Also, quantitative techniques are usually required for the analysis of data from big samples (Creswell et al., 2017).

Quantitative research has been utilized in this study. This type of research was adopted by Liao et al (2017) on understanding the temporal backing patterns in online crowdfunding communities and Liu et al (2018) on studying individual behaviour towards crowdfunding. This form of study methodology simply asks the respondents to choose from the specified set of possibilities as the questionnaires are fixed alternative in nature.

3.2 Data Collection

The process of gathering data can be considered as a vital component in a study. The final results are produced using the data collected. The data can be categorized into primary data and secondary data. This study uses primary data using the questionnaires that were designed for respondents.

3.2.1 Primary data

Primary data is referred to as unidentified information that is original, factual, and was first acquired by researchers for the study. Also, Primary data is collected with the objective of resolving existing challenges. Yet, it is time consuming as it requires them

to be involved in each of the data collection processes. There are several primary sources of data, including surveys, questionnaires, and interviews (Ajayi, 2017).

For the purpose of collecting primary data, online questionnaires related to this study will be distributed to the target respondents. The online questionnaires comprise a series of questions regarding the dependent and independent variables, which include backing self-efficacy, reward, website service quality and perceived risk towards the public intention on backing equity crowdfunding. With the exception of the demographic section, which offers the respondents various alternatives, while the other questions prepared are closed-ended. Furthermore, costs can be minimized, and data collection will be simple when adopting online questionnaires (Pozzo et al., 2019). The responses will be kept confidential in order to protect the respondent's privacy (Roopa & Rani, 2012). Based on Efrat et al. (2023), online questionnaires have been utilized to acquire primary data regarding the loyalty and well-being of serial backers' backing behavior. In addition, Moon and Hwang (2018) have adopted online questionnaires to determine the backing intention of the public on crowdfunding.

3.3 Sampling design

3.3.1 Target population

The participants who satisfy the pertinent standards and criteria are referred to as the "target population". It is essential to ensure that every respondent is a member of the study's target demographic so that the collected information and details are accurate. In this study, the intention for the public to back equity-based crowdfunding in Malaysia will be investigated. Thus, individuals in Malaysia, who are 18 years old and above will be the target population.

3.3.2 Sampling location

Sampling location can be known as the venue that we select for data collection. The sampling location for this study will be the 13 states (Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Perak, Perlis, Penang, Sabah, Sarawak, Selangor and Terengganu) and 3 federal territories (Federal Territory of Kuala Lumpur, Federal Territory of Labuan and Federal Territory of Putrajaya) in Malaysia.

3.3.3 Sampling elements

The individual case within a population or unit of analysis being studied is termed a sampling element. The sampling element from the study's population will vary depending on the sampling technique chosen. The target respondents are selected from 13 different states and 3 federal territories in Malaysia based on quota sampling. Apart from the living states, the target respondents are also categorized into different subgroups which are age, gender, ethnicity, annual personal income and ECF experience.

3.3.4 Sampling technique

Probability and non-probability sampling are two categories of sampling techniques. Probability sampling, often known as "random sampling," ensures that every member in the population has an even chance to be included in the sample. Conversely, non-probability sampling does not offer a basis for estimating the probability of any specific element in the population being included in the study sample (Etikan & Bala, 2017). Based on Taherdoost (2017), both sampling techniques use various sampling tactics.

All of the statistics and data utilized in this study were gathered via online questionnaires that are distributed to Malaysians. In this investigation, quota sampling (non-probability sampling) was used for the selection of individuals who lived in Malaysia. This sampling technique is adopted as it assists in separating each of the individuals into subgroups by criteria including age group, gender, ethnicity, living state, annual personal income and ECF experience. As a result, it aids in enhancing the representation of certain strata within the population and ensure that those strata (groups) are not overrepresented. Also, it increases the efficiency in performing the result as the sampling frame is not being considered (Sharma, 2017).

Previous studies have employed the quota sampling approach. One of the studies from Kim and Hall (2019) adopted a quota sampling method to gather information from Korean mobile Internet users with the age of 18 and above. Besides, Baccarne et al. (2020) employed quota sampling techniques to study on the civic crowdfunding platforms towards the inhabitants of Ghent. Moreover, Martin et al. (2021) also applied a quota sampling method in examining the potential crowdfunders' attitudes and intention in crowdfunding with the age of 18 and above. In summary, quota sampling is simpler than other sampling methods and is appropriate for research that decides to divide the respondent population into a small number of subgroups in order to achieve their goals.

3.3.5 Sampling size

The demand for an efficient technique of estimating sample size has grown along with the ever-increasing necessity for a representative statistical sample in empirical research (Bukhari, 2021). To solve the issue, Krejcie and Morgan (1970) had introduced a table for estimating sample size for a given population as a quick reference. The sampling size of this study is formed by utilizing the "Table for Determining Sample Size from a Given Population" (Refer to Appendix 3.1). Refer to the table below, there are 33,380,000 individuals in Malaysia (Statista, 2023). Thus, the study required 384

of respondents. However, there are 7 responses which cannot be processed as they choose not to disclose their personal information in this study based on the final results gained from the survey.

Table 3.1:

Population of Malaysia by State and Federal Territories, 2023

States	No. of population (in million)	% of overall population	No. of respondents
Federal Territory of Kuala Lumpur	2	5.99%	23
Federal Territory of Labuan	0.1	0.30%	2
Federal Territory of Putrajaya	0.12	0.36%	2
Johor	4.1	12.28%	47
Kedah	2.19	6.56%	25
Kelantan	1.86	5.57%	21
Malacca	1.03	3.09%	12
Negeri Sembilan	1.22	3.65%	14
Pahang	1.64	4.91%	19
Perak	2.54	7.61%	29
Perlis	0.29	0.87%	3
Penang	1.77	5.30%	20
Sabah	3.59	10.75%	41
Sarawak	2.51	7.52%	29
Selangor	7.21	21.60%	83
Terengganu	1.21	3.62%	14
Total	**33.38**	**100%**	**384**

3.4 Research Instruments

3.4.1 Questionnaire

The major data collection tool employed to acquire information from the general public throughout 13 states and 3 federal territories Malaysia is a questionnaire. Utilizing a questionnaire as the primary instrument in this study presents numerous advantages in comprehending the underlying motivations of the general public towards equity crowdfunding. One of the primary benefits associated with the utilization of questionnaires is in their ability to effectively gather standardized data from a substantial pool of participants. This facilitates the examination and comparison of responses within the sample, hence augmenting the study's findings' applicability to a broader population. According to Bryman (2012), questionnaires provide a means of achieving time efficiency by offering a scalable method for collecting data, enabling researchers to distribute surveys to a large audience concurrently. The incorporation of a wide array of participants facilitates the attainment of a more comprehensive and inclusive sample, hence enhancing its representativeness (Lindemann, 2023). In addition, questionnaires can be sent via many modalities, including online platforms, traditional paper-based methods, or through face-to-face interviews. This allows participants to select the format that aligns with their preferences and provides them with the greatest ease and comfort (Dörnyei, 2003).

In this research, the survey instrument is disseminated electronically via social media platforms. Opting for online questionnaires in the aforementioned study presents numerous advantages that can prove particularly advantageous when investigating public backing intention for equity crowdfunding in Malaysia. Firstly, online questionnaires serve as a rapid means of reaching the intended audience, enabling prompt acquisition of input from respondents. As a result, the use of online questionnaires aids an efficient process. To elaborate more, researchers have the ability to expand their audience reach, acquire real-time results, and gather feedback to enhance decision-making (Bhat, n.d.). Therefore, it is advantageous for research focused on examining the intention of public support. Additionally, the utilization of online questionnaires can result in cost savings through the transition from a paper-

based format to an electronic medium (Wright, 2005). The expenses associated with paper surveys can be substantial, even with a very modest sample size. Moreover, doing a traditional large-scale survey with postal questionnaires can result in exorbitant prices. The issue at hand can be effectively addressed through the utilization of online questionnaires, which obviates the necessity for physical materials and associated expenses, such shipping, printing, and data entry (Evan & Mathur, 2005).

3.4.2 Pre-Test

Pre-test was conducted to assess the questionnaire's appropriateness, evaluate the scales, and examine potential modifications needed for the questions. Participants were required to complete the survey in English. Prior to distributing the questionnaires to the public, the questionnaire has been reviewed by UTAR's lecturer.

3.4.3 Pilot -Test

Prior to conducting the actual study, a pilot test was conducted to determine the feasibility and adequacy of the research instruments within the actual study (Connelly, 2008). The test involves evaluating the criteria for including and excluding participants in a smaller scale (In, 2017). In this research, this pilot study aims to assess the public intention to back equity-based crowdfunding in Malaysia by examining the four independent variables. Hence, a sample size of 30 targeted Malaysia respondents from different living states in Malaysia to ensure diverse representation was selected for the pilot test. To ease for understanding, the questionnaire is included in closed-ended to gather both quantitative and qualitative data. Besides, participants will be informed

about the study's objectives and their rights, including the right to withdraw consent at any time without consequences (Gefen et al., 2003).

The data analysis will be conducted using SPSS 26.0 software. To assess the reliability of the research instrument, Cronbach's Alpha (CA) coefficient will be employed. If the score of the CA is 0.70 or above that, the reliability of the items will be considered acceptable. Whereas the items having a score lower than 0.60 will be removed from the questionnaire as the values of CA within 0.60 and 0.70 are acceptable in exploratory research (Hamid et al., 2017).

3.4.4 Result of Pilot Test

Table 3.2:

Cronbach's Alpha value

Variables	**Cronbach's alpha**	**Reliability Test**
Public Intention of Back Equity-based Crowdfunding	0.904	Excellent
Backing Self Efficacy	0.717	Acceptable
Rewards	0.670	Acceptable
Website Service Quality	0.920	Excellent
Perceived Risk	0.946	Excellent

Based on Table 3.2, all of the variables have Cronbach's Alpha values ranging from 0.650 to 0.950. In other words, it indicates that the variable has a high degree of internal consistency and can be used for exploratory research. Perceived risk is the most reliable

variable (0.946), followed by website service quality (0.937), backing self-efficacy (0.717), and rewards (0.670).

3.5 Construct Measurement

The process of construct management holds significant importance in research, as it encompasses the task of clearly identifying and operationalizing fundamental concepts or constructions inside a study, hence guaranteeing precise measurement and analysis. The procedure involves the careful selection of suitable scales, which may fall into one of four categories: nominal, ordinal, interval, or ratio. The choice of scale is determined by the characteristics of the construct being measured and the desired level of measurement. Furthermore, the construct management's field includes the formulation of precise and succinct operational definitions. These definitions serve to outline the manner in which constructs will be observed, measured, or modified within the study setting. The provided definitions serve the purpose of upholding consistency and guaranteeing precise assessment of constructs across various individuals and situations (Creswell & Creswell, 2017).

3.5.1 Scale of Measurement

Measurement scales are utilized as structures for the purpose of arranging and classifying data, taking into account the connections between the values assigned to the variables being analysed (Lee, 2016). There are four primary measurement scales that are commonly recognised in academic literature: nominal, ordinal, interval, and ratio. The nominal scale is a method of categorizing data into distinct categories without any underlying hierarchy, such as gender or race. In the context of measurement, the ordinal scale serves to produce a systematic arrangement or hierarchy of categories, as exemplified by customer satisfaction scores or academic grades. It is important to note,

however, that the intervals between these rankings may not exhibit uniformity. The interval scale is characterized by the presence of regular and equidistant intervals between values, together with the inclusion of a meaningful zero point. Examples of variables measured on an interval scale are temperature recorded in Celsius or Fahrenheit. The ratio scale is characterized by the inclusion of a genuine zero point, which signifies the complete lack of the attribute under consideration. This scale permits the application of mathematical operations and facilitates comparisons, as exemplified by measurements such as height or weight. In essence, the utilization of a measurement scale holds significant importance in the organization of data and the understanding of the interconnections between variables in research (Lee, 2016).

3.5.1.1 Nominal Scale

A nominal scale is a categorization system employed in statistical analysis with the purpose of categorizing data into distinct groups, without ascribing any order or hierarchy to these categories (Taylor, n.d.). Within this particular scale, the various categories are denoted by distinct labels or names. It is important to note that each category is mutually exclusive, indicating that each given observation can only be assigned to a single category. Nominal scales are frequently employed in surveys and questionnaires as a means of gathering data pertaining to factors such as gender, race, or occupation. While this particular scale facilitates data organization and frequency calculation, it does not yield any insights regarding interrelationships or hierarchical rankings among categories. As a result, nominal data allows for the application of fundamental statistical techniques, such as mode and frequency distribution.

3.5.1.2 Ordinal Scale

An ordinal scale functions as a method of classification employed in statistical analysis for the purpose of organizing data into discrete groups, while also preserving a fundamental order or ranking among these groupings (Mishra et al., 2018). Ordinal scales are a type of measurement that incorporates the concept of relative position or hierarchy among different categories. Ordinal scales are characterized by the presence of distinct labels or names assigned to each category. The distinguishing characteristic of ordinal scales is in their ability to facilitate the organization of categories according to their respective magnitudes. The utilization of this scale is applicable in situations when there exists a discernible sequence or hierarchy among the many groups.

Ordinal scales are frequently employed in surveys and questionnaires to collect data pertaining to traits that possess differing levels of importance or preference. These qualities may include satisfaction levels, educational attainment, or customer evaluations. Ordinal scales offer a greater level of insight into the relationships between categories by maintaining their order, beyond the level of understanding that can be achieved using nominal scales. The inclusion of this ranking attribute facilitates the utilization of statistical methodologies such as calculating the median and conducting percentile analysis.

3.5.1.3 Interval Scale

An interval scale refers to a measurement technique wherein the intervals between data points are identical, indicating equivalent differences in the underlying variable being measured (Marateb et al., 2014). It possess the ability to not only categorize and rank data, but also facilitate the measurement of the magnitude of variations between values. The interval scale is characterized by a uniform, arbitrary reference point that does not indicate the absence of the measured attribute. Hence, it is not appropriate to compute ratios or draw conclusions regarding the proportionality of numbers.

Interval scales are commonly observed in temperature measurements using the Celsius or Fahrenheit scales. In these cases, the differentiation between two temperature values is meaningful, whereas the zero point on the scale is arbitrary and does not indicate the absence of temperature. In short, interval data allows for the execution of arithmetic operations such as addition and subtraction, as well as the calculation of descriptive statistics such as mean, median, and standard deviation.

3.5.1.4 Ratio Scale

A ratio scale is a type of measurement system that possesses all the characteristics of an interval scale (‘Ratio Scale”, 2021). However, it distinguishes itself by incorporating a true, non-arbitrary zero point that signifies the complete absence of the attribute being measured. This particular scale serves the purpose of not only categorizing, ranking, and quantifying variations between values, but also facilitating the computation of ratios and proportions. This is made possible by the inclusion of a zero point, which signifies a total lack of the attribute being measured.

Ratio scales are exemplified by measurements of weight, height, and length, wherein a value of zero represents the total absence of the measured property. Ratio data allows for the execution of many arithmetic operations, including addition, subtraction, multiplication, and division. Also, it can be subjected to descriptive and inferential statistical studies, which may involve measures such as mean, median, standard deviation, and correlation.

3.5.2 Origin of Construct

Table 3.3:

Summary of Measures Used for Present Study

Component	**Item(s)**	**Author Reference**
DV-Public Intention to Back Equity-based Crowdfunding	1. I want to back a project on the XYZ platform in the future. 2. I will try to back a project on the XYZ platform in the future. 3. I am planning to back a project on the XYZ platform in the future. 4. For managing my personal investments, I intend to use equity crowdfunding platforms as much as possible.	Kuo et al. (2020) Savolainen (2016)
IV1- Backing self-efficacy	1. I will back the project if I can afford the amount of money required to back a project on the XYZ platform. 2.I will back the project if I have the expertise needed to contribute to crowdfunding campaigns. 3. I will back the project if I have confidence in the project that can achieve my expected outcome.	Kuo et al. (2020) Shneor and Munim (2019) Bandura (1986)

	4. I will back the project if I see other people successfully get return from the project. 5. I will back the project if people around me have positive comments on the project.	
IV2- Rewards	1. I will back a project on the XYZ platform for the return offered by the company. 2. I am satisfied with the given investment rate. 3. I prefer the project to give me fixed-return rather than profit sharing. 4. I expect to gain good monetary return if this project succeeds.	Kuo et al (2020) Razak et al (2021) Wasiuzzaman (2020)
IV3- Website Service Quality	1. It is easy to navigate between different pages on the XYZ platform. 2. I find the XYZ platform easy to use. 3. I find the platform is clear. 4. Overall, the services on the platforms were excellent in quality. 5. New projects are introduced continuously on the XYZ platform.	Kuo et al (2020) Razak et al. (2021) Jeon and Jeong (2016)

IV4- Perceived Risk	1. I will back the project although I may not be able to get back my capital if the investment project fails. 2. I will back the project although it will be difficult for me to sell my investment once committed. 3. I will back the project although there is a chance that the investment project may become insolvent. 4. I will back the project although there are insufficient disclosure requirements. 5. I will back the project although transparency of crowdfunding platforms is low.	Dorff (2013) Kirby and Worner (2014)

3.5.3 Measurement of Independent Variables and Dependent Variable

Four components influencing public intention to back equity-based crowdfunding in Malaysia are chosen in this study, namely backing self-efficacy, reward, website service quality and perceived risk. Five-point Likert scale will be applied for the entire items, in which one indicates “Strongly Disagree” and five indicates “Strongly Agree”.

3.5.3.1 Public Intention to Back Equity-based Crowdfunding

The public intention to back equity-based crowdfunding refers to the motivation behind people's support and eventual investment in equity-based crowdfunding (Wasiuzzaman et al., 2022). In particular, public intention to back equity-based crowdfunding can represent a type of public investment intention, therefore Social Cognitive Theory (SCT) (Bandura, 1986) can be used.

Public intention to back equity-based crowdfunding is assessed by using 4 criteria. The scale is taken from Kuo et al. (2020) and Savolainen (2016). The sample items include " I want to back a project on the XYZ platform in the future", "I will try to back a project on the XYZ platform in the future", "I am planning to back a project on the XYZ platform in the future", and " For managing my personal investments, I will consider equity crowdfunding as much as possible".

3.5.3.2 Backing Self Efficacy

In the context of crowdfunding, the concept of backing self-efficacy refers to an individual's strong belief in their ability to provide support for projects of personal interest through crowdfunding platforms (Kuo et al., 2019). Backing self-efficacy towards public intention to back equity-based crowdfunding is assessed by using 5 criteria which are adopted from Kuo et al (2020), Shneor and Munim (2019) and Bandura (1986). Some sample items are "I will back a company's project if I am affordable", "I will back a company's project if I have the expertise needed", " I will back a company's project if I have confidence that it can achieve my expected outcome", "I will back a company's project if I observed others achieving positive returns from the previous project" and "I will back a company's project if people around me have positive views on the project".

3.5.3.3 Reward

A reward is a form of compensation granted in response to a specific action or behavior, sometimes in the form of monetary remuneration that is frequently associated with symbolic rewards (Steigenberger, 2016). Reward towards public intention to back equity-based crowdfunding is assessed by using 4 criteria which are adopted from Kuo et al. (2020), Razak et al. (2021) and Wasiuzzaman (2020). Some sample items are "I will back a project for the return offered by the company", "I am satisfied with the promised return", "I prefer to gain fixed-return rather than capital gain from the project" and "I expect to gain higher monetary return from equity crowdfunding project".

3.5.3.4 Website Service Quality

Website service quality is the term used to describe the extent to which the services provided by a website can effectively and adequately meet the expectations of its users (Kuo et al., 2020). Website service quality towards public intention to back equity-based crowdfunding is assessed by assessing 5 criteria which are adopted from Kuo et al. (2020), Razak et al. (2021) and Jeon and Jeong (2016). Some sample items are "I will back a company's project if its' website is smooth to navigate between different pages", "I will back a company's project if I find its website easy to use", "I will back a company's project if I find its' user interface design is clear and easy to understand", "I will back a company's project if I find its' platform functions are comprehensive" and "New projects are introduced continuously on the XYZ platform".

3.5.3.5 Perceived Risk

Perceived risk refers to the level of ambiguity around potential negative consequences that may arise from the use of a specific product or service (Featherman and Pavlou, 2003). Perceived risk towards public intention to back equity-based crowdfunding is assessed by using 5 criteria which are adopted from Kirby and Worner (2014) and Dorff (2013). Some sample items are "I will back a project although I may not be able to get back all my capital", "I will back a project although it will be difficult for me to sell my investment once committed", "I will back a project although there is a chance that the project may become insolvent", "I will back a project although there are insufficient disclosure requirements" and "I will back a project although transparency of equity crowdfunding platform is low".

3.5.4 Questionnaires Designing

The questionnaires consist of three sections, A, B, and C, totalling 29 items. Section A gathers personal information from respondents through seven demographic questions regarding gender, age, ethnicity, living state, annual personal income and equity-based crowdfunding experience. Gender, ethnicity, living state is measured using a nominal scale, whereas age employs an ordinal scale and annual personal income measured using ratio scale.

Section B comprises four questions focused on the dependent variable: public intention to back equity-based crowdfunding. These questions employ a Likert Scale with an interval scale as the measurement method. Respondents choose a value between 1 and 5 to indicate their perception, with 1 meaning "Strongly Disagree" and 5 signifying "Strongly Agree."

Section C includes nineteen questions addressing the selected determinants: backing self-efficacy, rewards, website service quality and perceived risks. A Likert scale,

ranging from 1 to 5, is used as the measurement method. As in Section B, a score of 1 represents "Strongly Disagree," while 5 denotes "Strongly Agree."

After gathering data through the questionnaires, the reliability of the instruments is assessed using the SPSS 26.0 software.

3.6 Data Processing

The procedure of transforming unprocessed data into meaningful and valuable insights involves the implementation of efficient data processing techniques. Kveder and Galico (2008) emphasize the fundamental stages involved in data processing, namely verification, modification, encoding, and transcription. This procedural step takes place subsequent to the collection of responses from participants and necessitates meticulous focus and precision in order to limit the occurrence of errors. In this particular study, SPSS 26.0 was employed for the purpose of data processing.

3.6.1 Data Checking

The initial phase of data processing entails the verification of questionnaires to ensure their accuracy and absence of errors. The surveys may exhibit errors, such as instances of missing data, inconsistent responses, or omitted data, which can be mitigated through the implementation of data checking procedures. Pilot testing can be employed as a means of identifying errors, hence facilitating the implementation of necessary modifications to enhance the reliability of questionnaires. It is the duty of researchers to guarantee the comprehensiveness and accuracy of the gathered data (Sekaran &

Bougie, 2009). In essence, the objective of data checking is to get data that is both more precise and harmonious (Zikmund et al., 2013).

3.6.2 Data Editing

After the process of data verification, the subsequent stage involves data editing. This phase encompasses the examination, adjustment, and rectification of inadequate or inconsistent responses provided by the participants. The primary goal of data editing is to reduce the occurrence of unsatisfactory responses. When researchers encounter incomplete replies, they address this issue by replicating the response patterns of the participants, improving the consistency of the data. Data editing is a crucial component in ensuring the reliability and consistency of research findings (Sekaran & Bougie, 2009).

3.6.3 Data Coding

Following the process of data editing, the subsequent stage entails data coding, which encompasses the assignment of numerical codes to the responses provided by the selected respondents. The codes are subsequently inputted into the software, with values spanning from 1 to 5, whereas any missing values are designated a code of 99. Data coding is the process of assigning numerical numbers or symbols to categorized edited data (Sekaran & Bougie, 2009).

For Section A, the answer to each question is coded as below:

Q1	Gender	“Male” = 1

		"Female" = 2
Q2	Age	"18 to 24" = 1 "25 to 30" = 2 "41 to 50" = 3 "51 to 60" = 4 "61 or over" = 5
Q3	Ethnicity	"Chinese" = 1 "Malay" = 2 "Indian" = 3 "Other" = 4

Q4	Living State	"Federal Territory of Kuala Lumpur" = 1 "Federal Territory of Labuan" = 2 "Federal Territory of Putrajaya" = 3 "Johor" = 4 "Kedah" = 5 "Kelantan" = 6 "Malacca" = 7 "Negeri Sembilan" = 8 "Pahang" = 9 "Perak" = 10 "Perlis" = 11 "Penang" = 12 "Sabah" = 13 "Sarawak" = 14 "Selangor" = 15 "Terengganu" = 16

Q5	Annual Personal Income	"Less than RM18,000" = 1 "RM18,000 – RM48,000" = 2 "RM48,001 – RM78,000" = 3 "RM78,001 – RM108,000" = 4 "RM108,001 and above" = 5 "I prefer not to say" = 6
Q6	ECF experience	"Yes" = 1 "No" = 2

In Section B and Section C, the answer to each question is coded with the 5-point Likert scale as below:

Scale	Code
Strongly Disagree (SD)	1
Disagree (D)	2
Neutral (N)	3
Agree (A)	4
Strongly Agree (SA)	5

3.6.4 Data Transcribing

The act of transcribing data serves as the concluding phase within the broader process of data processing. This phase is converting the encoded data into a format suitable for analysis using statistical software such as SPSS 26.0. During the process of data transcription, the raw data undergoes a conversion into a format that facilitates its further analysis and interpretation. In essence, data transcription refers to the systematic conversion of encoded data into actionable information that may be subjected to analysis and interpretation.

3.7 Data Analysis

Upon the completion of data manipulation, the subsequent stage involves scrutinizing the data in order to ascertain the acceptance or rejection of the research hypothesis. The aforementioned procedure facilitates the resolution of the research inquiries posited in the conducted study (Sekaran & Bougie, 2016). In the present study, the data was subjected to analysis using the statistical software SPSS 26.0. The aforementioned programme was employed in a prior empirical investigation carried out by Hossain and Lim (2016). The software SPSS 26.0 has the capability to conduct a range of data analyses, encompassing descriptive analysis, reliability tests, multicollinearity tests, normality tests, and inferential analysis.

3.7.1 Descriptive Analysis

The initial analysis conducted in this study is the descriptive analysis. Zikmund et al. (2013) assert that it is widely regarded as the fundamental method of data analysis. The process entails the condensation of gathered data using statistical techniques in order to facilitate comprehension of the data. This analysis produces measures of central tendency, measures of dispersion, and information on the structure of the distribution (Aldrich, 2019). Furthermore, the scope of descriptive analysis encompasses the utilization of frequency statistics as outlined by Larson (2006). In this study, tables are constructed to present mean, standard deviation, frequency, and percentage of the data. Moreover, pie charts are constructed in order to visually depict the data acquired from Section A.

3.7.2 Scale Measurement

3.7.2.1 Reliability Test

Reliability test is a measurement instrument to measure the dependability and consistency of the results. The reliable scale means that it is independent of random error when administered repeatedly or by various individuals. In this study, the internal consistency will be used as it is one of the main indicators of reliability. The Cronbach's alpha coefficient will be applied to measure the internal consistency. The value of Cronbach's alpha coefficient will always fall between zero and one, with the consumption of a greater number indicating greater reliability. In addition, a number above 0.7 is assumed to have a good reliability and internal validity scale (Pallant, 2020).

Table 3.4:

Cronbach's Alpha Rule of Thumb

Cronbach's alpha	Internal consistency

$\alpha \geq 0.9$	Excellent
$0.9 > \alpha \geq 0.8$	Good
$0.8 > \alpha \geq 0.7$	Acceptable
$0.7 > \alpha \geq 0.6$	Questionable
$0.6 > \alpha \geq 0.5$	Poor
$0.5 > \alpha$	Unacceptable

Source: Pallant, 2020

As shown in Table 3.4, the value falling below 0.5 is unacceptable. Followed by poor reliability when the number is within 0.5 and 0.6. When the value falls within 0.6 and 0.7, there is questionable reliability. Besides that, the scale is considered acceptable in terms of reliability when the value falls within 0.7 and 0.8. When the value falls within 0.8 and 0.9, it is considered good reliability, followed by excellent reliability when the number falls above 0.9. In conclusion, Cronbach's alpha value should fall higher than 0.7, and the higher the better.

3.7.3 Preliminary Data Screening

3.7.3.1 Multicollinearity

The multicollinearity test is one of the preliminary data screening to detect whether there is a linear relationship among independent variables. When the multicollinearity is high, the regression coefficient's standard error will be increased. (Pallant, 2020). As a consequence, the coefficient will be less reliable in statistics. In addition, the significance level of the independent variable affecting the dependent variable will be hard to detect. The multicollinearity could be caused by the reasons of unnecessary information included or due to the poor linear regression method. Hence,

multicollinearity should be detected before conducting regression (Hair et al., 2018; Pallant, 2020).

There are two methods to test whether there is a multicollinearity problem. The first method is using the community project of SPSS with a suggestion to get a result of the correlation value below 0.8, otherwise, there is a multicollinearity problem (SPSS, n.d.). Besides that, the second method is to test through variance inflation factor (VIF) and tolerance value that get from collinearity diagnostics results from SPSS. There is a multicollinearity problem when VIF is greater than 10 and the tolerance value that is lower than 0.1 (Hair et al., 2018).

3.7.3.2 Normality

The fundamental assumption for statistical analysis is the normality test. The dependent and independent variables must be tested to see if they are normally distributed. The normally distributed dependent and independent variables can provide precise results on population parameters (Natrella, 2012). One of the methods is using the statistical procedures of skewness and kurtosis to test the normality. A distribution is said to be symmetric when the mean, median, and mode of distribution all lie within the same range, in the case of its skewness and kurtosis are both zero. Moreover, it is called approximate normal if the skewness and kurtosis are between -1 and +1 (Hair et al., 2018).

The second approach to assess normality is by observing the histogram curve . The unimodal and symmetric curve or bell-shaped of the histogram shows that the data is normal, otherwise, not normally distributed. In addition, the prominent peak represents the most probable event, and the equal tails that in the left and right of the curve represent the other events (Natrella, 2012).

Lastly, the third way to determine the normality of data is using the normal probability plot, often known as the Q-Q plot (Hair et al., 2018). The standard normal probability

plot is created using the horizontal and vertical axes, where the horizontal axis represents the medians of normally ordered statistical data, and the vertical axis represents the sorted values of the responses. The model is normally distributed when the graph shows a clearly straight-line (Natrella, 2012).

3.7.4 Inferential Analysis

The inferential analysis can be seen as the most critical data analysis. In the inferential analysis, the sample data of 384 from the population of Malaysians will be made based on the potential predictions and conclusions (Edward et al., 2017). The unknown population parameters will be estimated through the sample data collected through sample statistics. Hence, the connection between the responding and explanatory variables will be examined, which is the relationship between the intention to back equity-based crowdfunding towards backing self-efficacy, rewards, website service quality, and perceived risk. Since there is more than one independent variable, the multiple linear regression analysis will be employed to investigate the relationship between dependent and independent variables.

3.7.4.1 Multiple Linear Regression Analysis

A multiple linear regression model is a statistical approach that is the extension of a simple linear regression model that deals with the connection between a dependent variable and more than one independent variable (Tranmer et al., 2020; Newman et al., 2010). In this study, one dependent variable and four independent variables will be examined.

To examine the relationship, the ANOVA table, model summary table, and coefficient table will be generated through SPSS. ANOVA measures the mean difference problems by verifying differences of variances by using F-statistic. If the F-statistics falls below

0.05, the model is considered significant in explaining the dependent variable (Park, 2009).

Besides, the R^2 is being used in the model summary table to identify the variation of dependent variables that are affected by the independent variables. High R^2 indicates that the more extraordinary ability of the model explains the proportion of variance in the dependent variable (Pallant, 2020).

Lastly, the P-value is used in the coefficient table to examine the effect each independent variable brings to a dependent variable. If the P-value is below 0.1, the model is considered having a significant relationship with the dependent variable. Besides that, the unstandardized coefficient beta indicates the level of changes of the dependent variable when there is one unit of changes in independent variables (Tranmer et al., 2020). Moreover, the 95% confidence interval is being utilized to examine the connection between dependent and independent variables (Newman et al., 2010; Pallant, 2020).

The equation of the multiple linear regression is:

$$IBECF_i = \beta_0 + \beta_1 BSE_i + \beta_2 R_i + \beta_3 WSQ_i + \beta_4 PR_i + \mu_i$$

Where $IBECF_i$ = Public intention to back equity-based crowdfunding

BSE_i = Backing self-efficacy

R_i = Rewards

WSQ_i = Website service quality

PR_i = Perceived risk

μ_i = Error term

The multiple linear regression model will be carried out the same as the discussion in chapter two, the hypothesis development. The equation will be formed by the left-hand side, dependent variables, and the right-hand side, the independent variables.

3.8 Conclusion

In summary, this chapter addresses the methodology employed in this study, which involves quantitative research. The pre-test and pilot test are being discussed first, followed by an actual test through collecting data from 384 Malaysians through the online questionnaire. Hereafter, the data collected is then processed and analyzed through descriptive and inferential analysis.

CHAPTER FOUR: DATA ANALYSIS

4.0 Introduction

This chapter aims to examine the results obtained from the questionnaire by employing SPSS 26.0. The analysis encompasses descriptive evaluation, measuring scales, initial screening of data, and conducting inferential analysis. SPSS 26.0 enabled the evaluation of concept validity, discriminant validity, and path coefficient. The collected results were developed in detail, offering a better comprehensive view of the study.

4.1 Descriptive analysis

Descriptive analysis serves to guarantee that the gathered data are thoroughly explained, depicted, and summarized effectively. In terms of the public demographic profile found in

Section A of the questionnaire, pie charts and tables are constructed in the following section to assist in data interpretation. Subsequently, the central tendencies and dispersion measurement of constructs are used to examine the data gained from Section B and C.

4.1.1 Respondents Demographic

This study has included 6 elements of demographic information which are gender, age, ethnicity, living state, annual personal income and the experience in equity-based crowdfunding. Each of the categories are analysed individually in the next part.

4.1.1.1 Gender

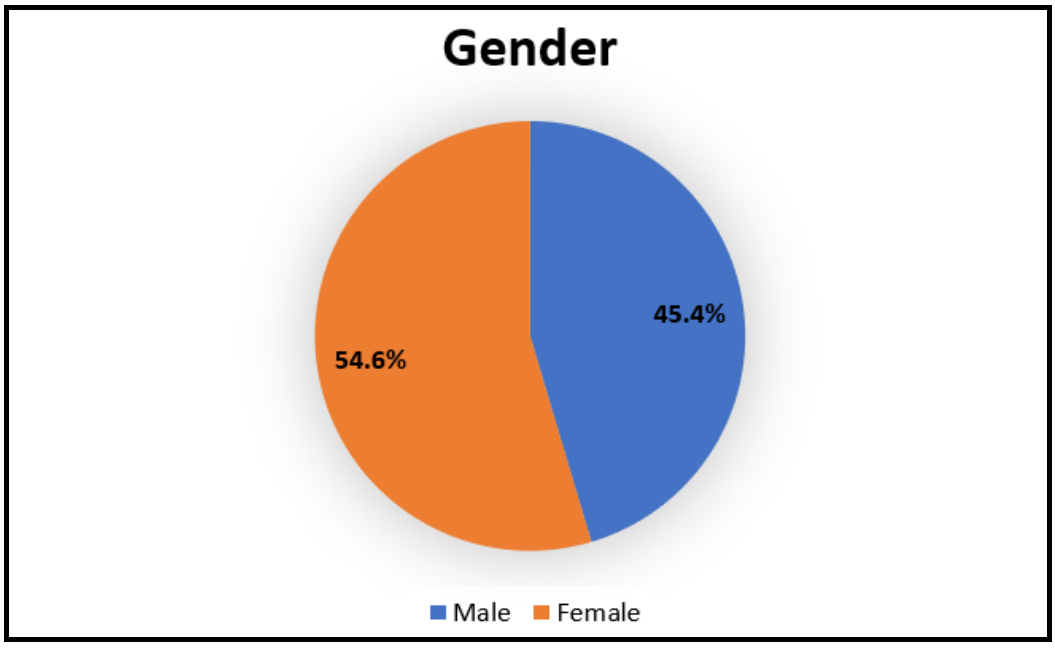
Table 4.1:

Descriptive Analysis for Gender

Description	Frequency	Percent (%)
Male	183	45.4
Female	220	54.6
Total	403	100.0

Figure 4.1:

Pie Chart: Gender



The respondents in this study are classified based on their gender. 403 of respondents (public) have taken part in the survey. Referring to table 4.1 and figure 4.1, 220 respondents are female (54.6 percent) and 183 respondents are male (45.4 percent). In conclusion, there is a surplus of 37 female respondents (9.2 percent) compared to male respondents.

4.1.1.2 Age

Table 4.2:

Descriptive Analysis for Age

Description	Frequency	Percent (%)
18 to 24	175	43.4
25 to 30	52	12.9
31 to 40	63	15.6

41 to 50	64	15.9
51 to 60	43	10.7
61 to over	6	1.5
Total	403	100.0

Figure 4.2:

Pie Chart: Age

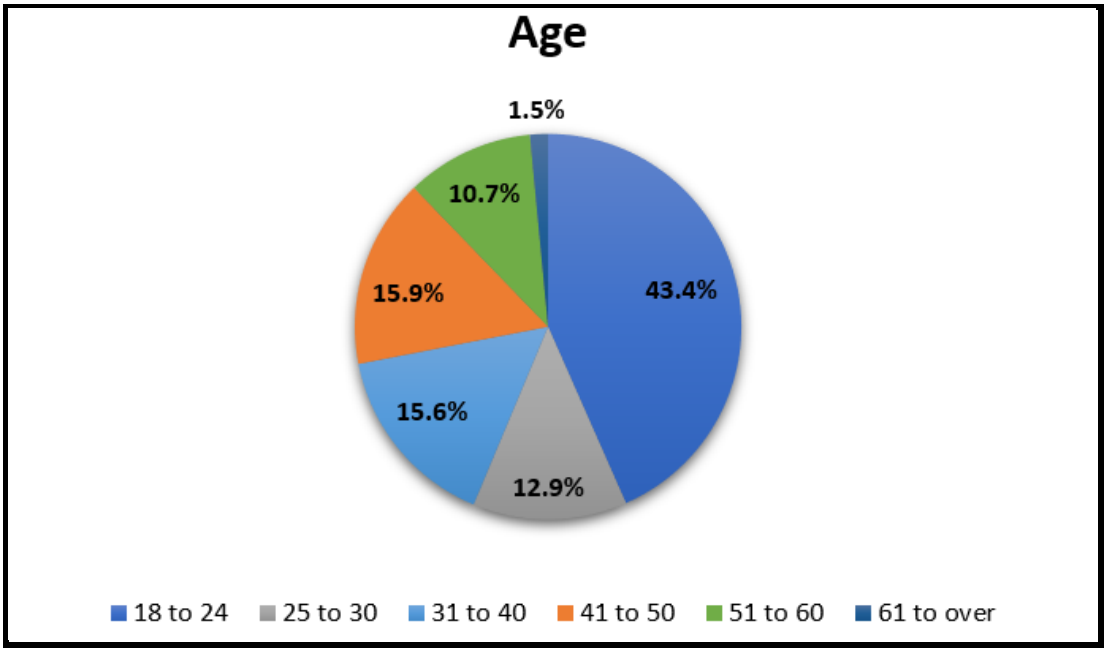


Table 4.2 and Figure 4.2 reveal the age range among 403 respondents. Majority of them are from 18 to 24 years old, which consists of 175 respondents (43.4 percent). Followed by the second largest age groups of 64 respondents from 41 to 50 years old (15.9 percent), 63 respondents from 31 to 40 years old (15.6 percent), 52 respondents from 25 to 30 years old (12.9 percent) and 43 respondents from 51 to 60 years old (10.7 percent). Minority number of them fall under 61 years old and above which are only 6 respondents (1.5 percent).

4.1.1.3 Ethnicity

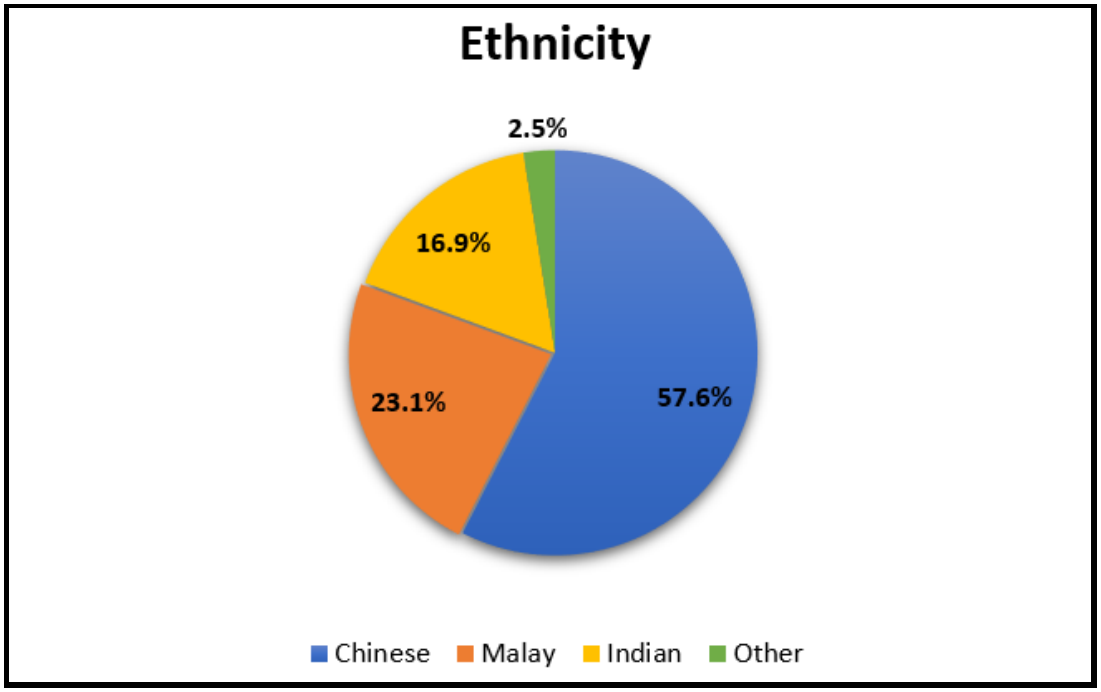
Table 4.3:

Descriptive Analysis for Ethnicity

Description	Frequency	Percent (%)
Chinese	232	57.6
Malay	93	23.1
Indian	68	16.9
Other	10	2.5
Total	403	100.0

Figure 4.3:

Pie Chart: Ethnicity



Ethnicity also has been used in classifying the respondents across Chinese, Malay, Indian and others. Table 4.3 and Figure 4.3 illustrated that 232 respondents are Chinese (57.6 percent), 93 respondents are Malay (23.1 percent) and 68 respondents are Indian (16.9 percent). Lastly, the other 10 respondents are from Kadazan (2.5 percent).

4.1.1.4 Living state

Table 4.4:

Descriptive Analysis for Living State

Description	Frequency	Percent (%)
Federal Territory of Kuala Lumpur	24	6.0
Federal Territory of Labuan	2	0.5
Federal Territory of Putrajaya	2	0.5
Johor	47	11.7
Kedah	25	6.2
Kelantan	21	5.2
Malacca	12	3.0
Negeri Sembilan	14	3.5
Pahang	19	4.7

Perak	44	10.9
Perlis	3	0.7
Penang	23	5.7
Sabah	41	10.2
Sarawak	29	7.2
Selangor	83	20.6
Terengganu	14	3.5
Total	403	100.0

Figure 4.4:

Pie Chart: Living State

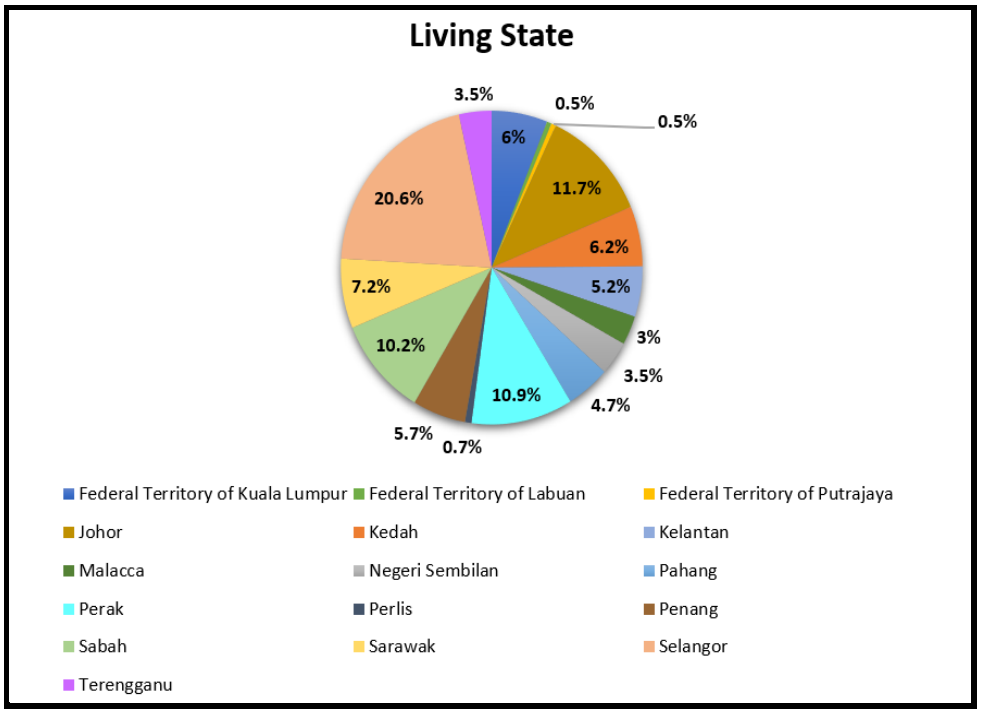


Table 4.4 and Figure 4.4 show the respondents from 13 states in Malaysia. Among 403 respondents, Selangor is the largest group, with 83 respondents (20.6 percent). Followed by Johor (47 respondents with 11.7 percent), Perak (44 respondents with 10.9 percent), Sabah (41 respondents with 10.2 percent), Sarawak (29 respondents with 7.2 percent), Kedah (25 respondents with 6.2 percent), Federal Territory of Kuala Lumpur (24 respondents with 6.0 percent), Penang (23 respondents with 5.7 percent), Kelantan (21 respondents with 5.2 percent) and Pahang (19 respondents with 4.7 percent). Negeri Sembilan and Terengganu have the same number of respondents which are 14 respondents (3.5 percent). Next will be Malacca (12 respondents with 3.0 percent) and Perlis (3 respondents with 0.7 percent). Lastly, the least number of respondents are from the Federal Territory of Labuan and Putrajaya, with only 2 respondents (0.5 percent).

4.1.1.5 Annual personal income

Table 4.5:

Descriptive analysis for Annual Personal Income

Description	Frequency	Percent (%)
Less than RM18,000	132	32.8
RM18,000 - RM48,000	37	9.2
RM48,001 - RM78,000	58	14.4
RM78,001 - RM108,000	54	13.4
RM108,001 and above	35	8.7
I prefer not to say	87	21.6

Total	403	100.0

Figure 4.5:

Pie Chart: Annual Personal Income

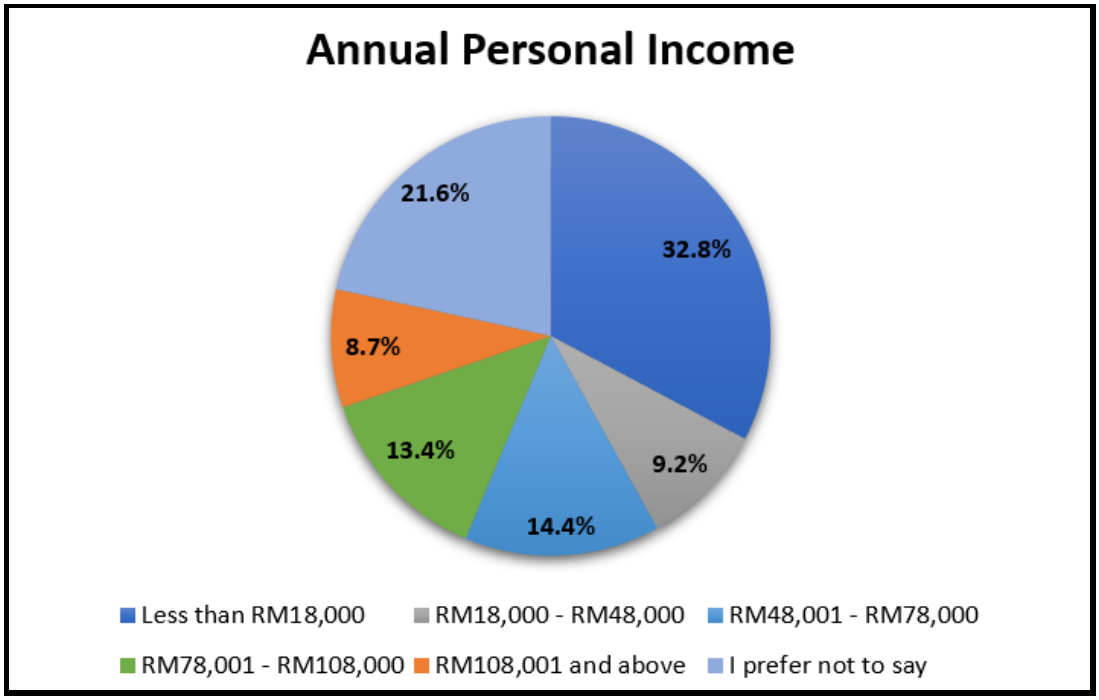


Table 4.5 and Figure 4.5 illustrate the annual personal income of respondents. 132 of them have annual income less than RM18,000, which contributed to the largest annual personal income group (32.8 percent). Next, 87 respondents prefer not to state their annual income (21.6 percent), 58 respondents have annual income between RM48,001 to RM78,000 (14.4 percent), 54 respondents have annual income between RM78,001 to RM108,000 (13.4 percent) and 37 respondents have annual income between RM18,000 to RM48,000 (9.2 percent). Lastly, the minority of respondents have annual income between RM108,001 and above, accounting for 35 respondents (8.7 percent).

4.1.1.6 Experience in equity-based crowdfunding

Table 4.6:

Descriptive Analysis for Experience in Equity-based Crowdfunding

Description	Frequency	Percent (%)
Yes	156	38.7
No	247	61.3
Total	403	100.0

Figure 4.6:

Pie Chart: Experience in Equity-based Crowdfunding

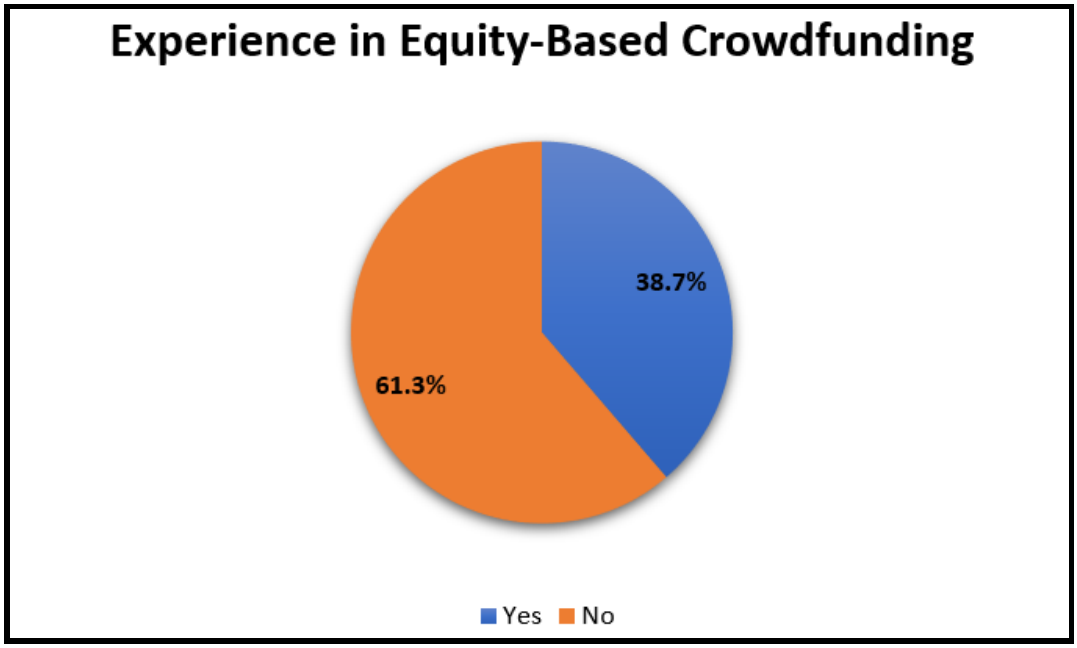


Table 4.6 and Figure 4.6 indicate the respondents' experience in backing equity-based crowdfunding. 247 respondents did not have any experience in backing equity-based crowdfunding (61.3 percent) while 156 respondents have experience in backing equity-based crowdfunding (38.7 percent). In short, respondents with no experience in backing equity-based crowdfunding are more than those who have experienced.

4.1.2 Central Tendencies and Dispersion Measurement of Constructs

The gathered responses for both DV and IV outlined in Section B and C are examined in the upcoming section. The measures that are used encompass mean and standard deviation. Each variable undergoes separate examinations to gain better understanding.

4.1.2.1 Public Intention to Back Equity-based Crowdfunding

Table 4.7:

Central Tendencies Measurement of Public Intention to Back Equity - Crowdfunding

Variable	Statement	N	M	SD	M Rank	SD Rank
DV1	I want to back a project on the XYZ platform in the future. Note: XYZ platform could be any equity crowdfunding platform (E.g. pitchIN, Ata Plus etc.)	403	3.7568	1.0535	3	3
DV2	I will try to back a project on the XYZ platform in the future.	403	3.8759	1.0364	1	4
DV3	I am planning to back a project on the XYZ platform in the future.	403	3.7841	1.0861	2	2
DV4	For managing my personal investments, I will consider equity crowdfunding as much as possible.	403	3.7097	1.1297	4	1

Based on Table 4.7, statement DV2 has the highest mean value of 3.8759. It indicates a favourable and positive attitude among respondents towards supporting projects on the equity crowdfunding platform. Respondents are showing interest in exploring innovative investment options. The positive attitude and enthusiasm can be demonstrated by growing interest in investing in ECF projects, as indicated by DV2 having the second highest mean of 3.7841. Conversely, the statement of DV4 has the lowest mean value of 3.7097. It suggests that the public may not view ECF as their main way of handling personal finances. This happens because ECF entails investing in small or startups businesses, which carries inherent risks. These businesses might not succeed, resulting in a complete loss of the fund. For instance, when compared to fixed deposits or bonds, ECF involves higher volatility in returns.

4.1.2.2 Backing Self-Efficacy

Table 4.8:

Central Tendencies Measurement of Backing Self-Efficacy and Public Intention to Back Equity - Crowdfunding

Variable	Statement	N	M	SD	M Rank	SD Rank
BSE 1	I will back a company's project, if I am affordable.	403	4.1390	0.8168	3	5
BSE 2	I will back a company's project, if I have the expertise needed.	403	4.1464	0.8261	2	4
BSE 3	I will back a company's project, if I have confidence that it can achieve my expected outcome.	403	4.2283	0.8390	1	3

BSE 4	I will back a company's project, if I observe others achieving positive returns from the previous project.	403	4.1092	0.8798	5	2
BSE 5	I will back a company's project, if people around me have positive views on the project.	403	4.1390	0.8467	3	1

Based on Table 4.8 , statement BSE3 has the highest mean value of 4.2283. It has indicated the public will only invest in a project if they have a strong confidence in the expected outcome. They are more inclined to back a project when they believe the project will have a desired outcome that aligns with their expectation. Conversely, statement BSE 4 has the lowest mean of 4.1092. It appears that the public is more likely to do the decision making based on their own understanding and analysis rather than relying on external advice or market trends.

4.1.2.3 Reward

Table 4.9:

Central Tendencies Measurement of Reward and Public Intention to Back Equity - Crowdfunding

Variable	Statement	N	M	SD	M Rank	SD Rank
R1	I will back a project for the return offered by the company.	403	4.1960	0.7973	1	4
R2	I am satisfied with the promised return.	403	4.1414	0.8536	2	3

R3	I prefer to gain fixed-return rather than capital gain from the project.	403	3.9256	1.0291	4	2
R4	I expect to gain higher monetary return from equity crowdfunding projects.	403	4.0918	0.9352	3	1

Based on Table 4.9, R1 has the highest mean of 4.1960. The result has indicated that the public prioritizes the potential return on investment (ROI) offered by the company when deciding whether to back a project on an ECF platform. Public are more likely to invest in a project if the offered returns align with their desired financial outcomes. Besides that, statement R3 has the lowest mean of 3.9256 suggests that most of the respondents prioritize guaranteed returns over potentially higher returns from capital gains in ECF projects. There could be ECF involving investing in startups is risky. Public might prefer the security of a guaranteed return, even if it's lower than potential capital gains.

4.1.2.4 Website Service Quality

Table 4.10:

Central Tendencies Measurement of Website Service Quality and Public Intention to Back Equity - Crowdfunding

Variable	Statement	N	M	SD	M Rank	SD Rank
WSQ1	I will back a company's project, if its website is smooth enough to navigate between different pages.	403	4.1117	0.8286	2	5
WSQ2	I will back a company's project, if I find its website easy to use.	403	4.1315	0.8810	1	2

WSQ3	I will back a company's project, if I find its' user interface design is clear and easy to understand.	403	4.0521	0.8637	4	3
WSQ4	I will back a company's project, if I find its' platform functions are comprehensive.	403	4.1042	0.8370	3	4
WSQ5	I will back a company's project, if new projects are introduced continuously on the XYZ platform.	403	3.9156	0.9103	5	1

Based on Table 4.10, statement WSQ2 has the highest mean of 4.1315. This suggests that ease of use is a significant factor for respondents when considering whether to back a project on an ECF platform. A user-friendly website can provide a positive first impression and foster confidence with potential investors. In contracts, a complex or confusing website can be a turnoff and hinder investment decisions. Furthermore, the statement WSQ5 has the lowest mean of 3.9156. This suggests that having a constant stream of new projects might be the least important factor for respondents when deciding whether to back a project. Investors might prioritize the quality and potential of individual projects over the overall quantity available on the platform.

4.1.2.5 Perceived Risk

Table 4.11:

Central Tendencies Measurement of Perceived Risk and Public Intention to Back Equity - Crowdfunding

Variable	Statement	N	M	SD	M Rank	SD Rank

PR 1	I will back a company's project, although I may not be able to get back all my capital.	403	2.3648	1.1838	1	3
PR 2	I will back a company's project, although it will be difficult for me to sell my investment once committed.	403	2.3002	1.1640	2	5
PR 3	I will back a company's project, although there is a chance that the project may become insolvent.	403	2.2978	1.1952	3	2
PR 4	I will back a company's project, although there are insufficient disclosure requirements.	403	2.2531	1.2055	4	1
PR 5	I will back a company's project, although the transparency of the equity crowdfunding platform is low.	403	2.2159	1.1657	5	4

Based on Table 4.11, statement PR1 has the highest mean of 2.3648. It has indicated the public are more willing to support a company project even if there is a risk of not recovering the entire invested capital. Conversely, statement PR5 has the lowest mean of 2.2159. It indicates that respondents are less inclined to support a company project when there is perceived low transparency in the ECF platform.

4.2 Scale Measurement

4.2.1 Reliability Test

Table 4.12:

Cronbach's Alpha value

Variables	Cronbach's alpha	Reliability Test
Backing Intention of the Public	0.907	Excellent
Backing Self Efficacy	0.845	Good
Rewards	0.762	Acceptable
Website Service Quality	0.866	Good
Perceived Risk	0.921	Excellent

Table 4.12 displays the Cronbach's Alpha values for both dependent and independent variables in the study. The public intention to back ECF exhibits a Cronbach's Alpha of 0.907, reflecting an excellent level of reliability. Regarding the independent variables, the backing self-efficacy has a Cronbach's Alpha of 0.845, also indicating a good level of reliability in measuring respondent's attitudes. The rewards offered by equity crowdfunding has a Cronbach's Alpha of 0.762, signifying an acceptable assessment on the reward offered. Besides, the website service quality has a Cronbach's Alpha of 0.866 also denoting a good level of reliability in evaluating public intention on backing equity crowdfunding in Malaysia.

These values collectively suggest that the constructs measured in the study are consistent and dependable, providing a reliable foundation for drawing conclusions from the findings. Moreover, the reliability of the variables strengthens the overall validity of the research, contributing to the study's credibility and generalizability. As a result, the insights gained from this study can help policies and practices related to equity–crowdfunding in Malaysia.

4.3 Preliminary Data Screening

To guarantee that the study findings are credible, preliminary data analysis is performed prior to inferential analysis. The multicollinearity test and normality test are included.

4.3.1 Multicollinearity Test

Multicollinearity, which can result in a high error term and unreliable findings, is the outcome of a highly correlated independent variable in the model. To detect and address this issue, variance inflation factor (VIF) and tolerance value have been applied. According to Sekaran and Bougie (2016), a high degree of multicollinearity occurred when both the VIF is greater than 10 and the tolerance value is less than 0.1.

Table 4.13:

Tolerance Value and Variance Inflation Factor (VIF)

Explanatory Variables	**Collinearity Statistics**	
	VIF	Tolerance
Backing Self-Efficacy	2.170	0.461
Rewards	2.365	0.423
Website Service Quality	2.217	0.451
Perceived Risk	1.025	0.976

Based on the VIF values and the tolerance value shown in Table 4.13, it is proven that there is no multicollinearity issue among entire explanatory variables.

4.3.2 Normality Test

The normality of the data was checked using skewness and kurtosis value, histogram and a normal Q-Q plot, after performing the multicollinearity test.

Table 4.14:

Normality Test Result

Variables	**Skewness**	**Kurtosis**
DV: Backing Intention of the Public towards Equity-based Crowdfunding	-1.035	0.799
IV 1: Backing Self-Efficacy	-1.361	2.842
IV 2: Rewards	-1.086	1.556
IV 3: Website Service Quality	-1.200	1.968
IV 4: Perceived Risk	0.949	-0.030

Figure 4.7:

Histogram

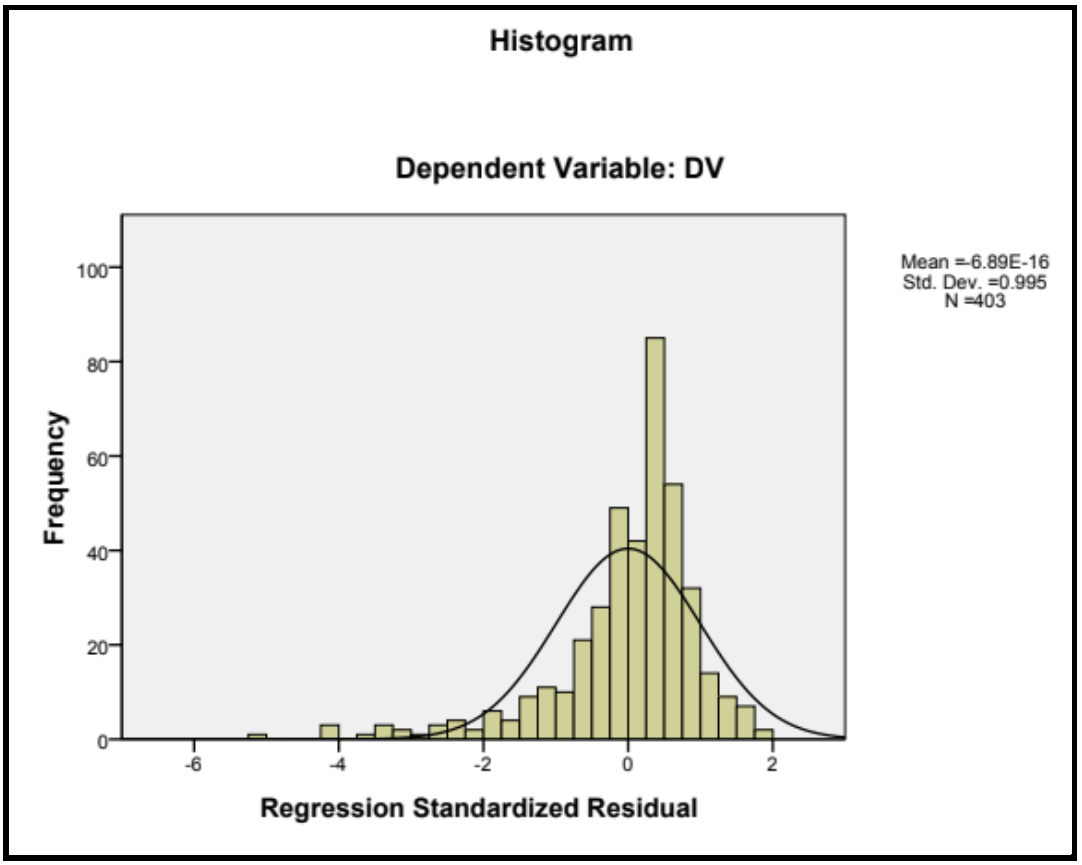
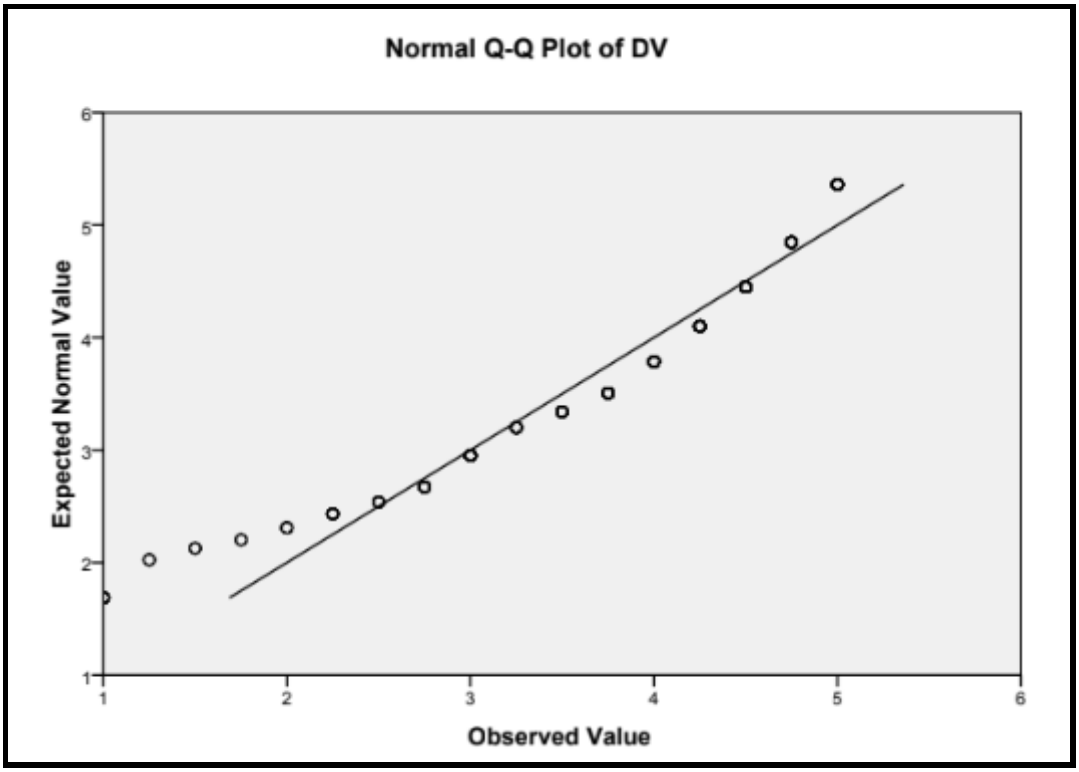


Figure 4.8:

Q-Q Plot



Referring to Table 4.14, the normality test results generated from the SPSS, all the variables satisfy the assumption of normality since the absolute value of skewness are below 2 and the absolute kurtosis are below 7.

In terms of the visual inspection of the distribution, a histogram and a normal Q-Q plot have been used for assessing normality. Based on Figure 4.7, the plot displays a bell-shaped pattern, with the highest frequency of data in the centre and diminishing frequencies towards both ends. This roughly symmetrical pattern indicates that the data follows a normal distribution. Besides, according to Figure 4.8, the data points tend to fall along the diagonal line, forming a pattern that closely resembles a straight line. This indicates that the data follows a normal distribution.

4.4 Inferential Analysis

4.4.1 Multiple Regression Analysis

Multiple regression analysis is being applied to examine the relationship between the dependent variable, public intention to back equity-based crowdfunding with the independent variables, which are backing self-efficacy, rewards, website service quality, and perceived risk.

Table 4.15:

Multiple Regression Analysis

Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-0.357	0.281		-1.271	0.205	-0.909	0.195
	BSE	0.404	0.083	0.280	4.842	0.000	0.240	0.568
	R	0.319	0.083	0.233	3.851	0.000	0.156	0.482
	WSQ	0.260	0.080	0.190	3.251	0.001	0.103	0.417
	PR	0.044	0.037	0.048	1.205	0.229	-0.028	0.117
	R-squared					0.386		
	Adjusted R-squared					0.379		
	F-test					62.463		
	P-value					0.000		

Based on Table 4.15, the first independent variable, backing self-efficacy significantly explains the dependent variable as its p-value (0.000) is less than 0.05, at 95 percent confidence level. Furthermore, the unstandardized coefficient 0.404 indicates that when there is one unit increase in backing self-efficacy, it will increase public intention to back equity-based crowdfunding by 0.404. In conclusion, the backing self-efficacy strongly and positively explains the public intention to back equity-based crowdfunding.

Following that, reward significantly explains the dependent variable as its p-value (0.000) is less than 0.05, at a 95 percent confidence level. Furthermore, the unstandardized coefficient is 0.319 indicates that when there is one unit increase in reward, it will increase public intention to back equity-based crowdfunding by 0.319. In conclusion, the reward strongly and positively explains the public intention to back equity-based crowdfunding.

Furthermore, the third independent variable, website service quality significantly explains the dependent variable as its p-value (0.001) is less than 0.05, at a 95 percent confidence level. Furthermore, the unstandardized coefficient is 0.26 indicates that when there is a unit rise in website service quality, it will result in a rise in public intention to back equity-based crowdfunding at 0.26. In conclusion, the website service quality strongly and positively explains the public intention to back equity-based crowdfunding.

Lastly, the fourth independent variable, the dependent variable's p-value (0.229) is more than 0.05, indicating that perceived risk is not statistically significant in explaining it, at a 95 percent confidence level. The insignificant p-value hypothesis that the independent variable may have a poor ability to predict the model, proven by the 0.044 unstandardized coefficient, which indicates that a one unit increase in perceived risk

will result in only 0.044 rise in public intention to back equity-based crowdfunding. Therefore, the insignificance could be attributed to the independent variable's low explanatory power inside the model. Moreover, it is plausible that additional factors could be impacting the results. In conclusion, the perceived risk does not significantly explain the public intention to back equity-based crowdfunding.

4.5 Conclusion

In this chapter, analysis, and summarization of the primary research data by using SPSS 26.0 were performed. After the analysis, the result concluded that the data collected is reliable. Besides that, the data are normality distributed and there is no multicollinearity problem. Based on the result generated by SPSS, the three independent variables, backing self-efficacy, rewards, and website service quality can explain the dependent variable. However, this study found that perceived risk is insignificant in explaining the dependent variable.

CHAPTER FIVE: DISCUSSION, CONCLUSION, AND IMPLICATIONS

5.0 Introduction

This chapter describes in depth the outcomes performed in the preceding chapter. It summarizes the statistical analysis and explains the connection between the independent and dependent variables. Moreover, the consequences and limitations of this study are discussed, with recommendations for future study are also presented. Finally, a conclusion is made to summarize the entire findings.

5.1 Summary of Descriptive Analysis and Statistical Analysis

Summary of descriptive analysis and statistical analysis were discussed in this part. Utilizing the data gathered from 410 respondents, this study centred on the Malaysian, with the age of 18 and above. Yet, only 403 of responses were utilized after the process of filtration. The analysis explores the features of variables and identifies relevant patterns and linkages, offering valuable insights.

5.1.1 Summary of Descriptive Analysis

The demographics of the respondents showed that female respondents (54.6 percent) more than male respondents (45.4 percent). Regarding their age, most of them are from 18 to 24 years old (43.4 percent), followed by 41 to 50 years old (15.9 percent), 31 to 40 years old, 25 to 30 years old, 51 to 60 years old and 61 years old and above (1.5 percent). For ethnicity, Chinese respondents have the highest percentage of 57.6, while other ethnicities only have a percentage 2.5. For living state, majority of respondents are from Selangor (20.6 percent), followed by Johor (11.7 percent), Perak (10.9 percent), Sabah (10.2 percent), Sarawak (7.2 percent), Negeri Sembilan and Terengganu (3.5 percent), Malacca (3.0 percent), Perlis (0.7 percent) and Federal Territory of Labuan and Putrajaya (0.5 percent). Also, the annual personal income demonstrates that 32.8 percent of the respondents have annual income less than RM18,000 while only 8.7 percent of respondents have annual income between RM108,001 and above. Regarding the experience in equity crowdfunding, 61.3 percent of respondents do not have experience in equity crowdfunding, which is more than the respondents who have experience (38.7 percent). This data offers valuable insights into the traits of the respondents, facilitating a deeper understanding of the target audience for the study of the intention of the public to back equity-based crowdfunding in Malaysia.

5.1.2 Summary of Statistical Analysis

The final outcomes collected from 403 respondents shows that perceived risk is the most reliable variable in internal consistency, followed by website service quality, backing self-efficacy and rewards. Based on the results, all the variables are classified under "excellent", "good" and "acceptable". Also, multicollinearity issue was not detected by looking at the data from variance inflation factor (VIF) and tolerance value. Normality tests such as skewness and kurtosis, histogram and Q-Q plot were conducted in the previous chapter, with results showing that the model is normally distributed. These outcomes demonstrate this study model is valid and reliable.

According to the findings presented in Table 5.1, backing self-efficacy, reward and website service quality have significant relationships with the DV, public intention to back ECF in Malaysia. However, perceived risk is not significantly related to the dependent variable. Thus, only backing self-efficacy, reward and website service quality are the strong predictors of the intention of the public to back equity-based crowdfunding in Malaysia.

Table 5.1:

Summary of Statistical Findings

Independent Variables	T-statistic	P-value	Findings
Backing self-efficacy	4.842	0.000	Significant (Reject null hypothesis)
Reward	3.851	0.000	Significant (Reject null hypothesis)
Website service quality	3.251	0.001	Significant (Reject null hypothesis)
Perceived risk	1.205	0.229	Insignificant (Fail to reject null hypothesis)

5.2 Discussion on Key Findings

5.2.1 Backing Self –Efficacy and Backing Intention

The findings show that backing self-efficacy is significant to the public backing intention towards ECF. An individual's self-efficacy has been shown to influence their decision-making when it comes to backing equity crowdfunding. The initial hypothesis has been accepted and confirmed. In Duong's (2023) study, it was found that self-efficacy has a large and direct impact on behavioral intention. This means that when individuals have a strong belief in their own capacity and talents which are related to a particular project, they are more likely to engage in backing an ECF project. Apart from that, Lent et al. (2008) suggested that self-efficacy enables individuals to effectively deal with unfavorable circumstances. To put it another way, self-efficacy provides an individual with confidence and determination to back an ECF project, even in the presence of negative external factors such as a poor economic climate, as long as they believe in the project's value. The idea is aligned with the findings of Hechavarria et al. (2012) and Azeem et al. (2022). Both researchers agreed that individuals with high self-efficacy are more motivated to achieve their goals. Specifically, individuals with high self-efficacy are more likely to back a project in equity crowdfunding with the expectation of receiving a return on their investment (Margolis and McCabe, 2006).

5.2.2 Reward and Backing Intention

This finding shows that reward is significant to the public backing intention towards ECF. The presence of rewards as a return on an ECF platform has been shown to boost

the likelihood of individuals backing an ECF project. The research findings of Kuo et al. (2020) suggest that when investors have stronger outcome expectations, such as the anticipation of obtaining a physical product or present, they are more inclined to support the project. This can be explained by investing in ECF incurs a significant opportunity cost for investors due to the time value of money. Typically, projects in ECF take longer to generate capital gains compared to other investment products. Elizabeth et al., (2012) also found that investors are driven to participate in order to seek rewards, support project owners, and enhance their social network connections. However, this study contrasts with prior relevant study by Wasiuzzaman et al. (2021) and Steigenberger (2016). Wasiuzzaman et al. (2021) reveals that investors use his or her affective process, rather than the cognitive decision process when involved in ECF as they tend to try something new that can be trusted, which he or she can emotionally connect to. Steigenberger (2016) also has the same standpoint, where he found that the intention of investors to back a ECF project is due to their interest in the project itself, but not really focus on the return (rewards) of the project.

5.2.3 Website Service Quality and Backing Intention

This finding underscores the significance of website service quality in shaping public backing intentions towards ECF. It suggests that website service quality serves as a precursor to investor satisfaction and confidence, ultimately leading to a higher likelihood of investor re-engagement. As such, the initial hypothesis posited at the onset of the study is confirmed and supported. Our findings align closely with prior study by Kuo et al. (2020) and Liu et al. (2018), who also emphasized the pivotal role of website quality, particularly in terms of security, navigability, visual appeal, and transaction convenience, in influencing investors' intentions to back projects. Essentially, when investors' needs are adequately met, they are more inclined to support projects on the platform (Razak et al, 2021; Bahari et al., 2018). Moreover, our research echoes the findings of Lee & Lin (2005) and Collier & Bienstock (2006), highlighting website service quality significantly impacts individual decision-making intentions. In essence, a visually appealing and user-friendly interface enhances investors' experiences,

facilitating seamless navigation and heightened engagement. This is further supported by the insights of Jeon and Jeong (2016), emphasizing practical features on an ECF platform's website to cultivate trust among investors, thereby reinforcing investors' intentions to support the project.

5.2.4 Perceived Risk and Backing Intention

The findings suggest that there is an insignificant relationship between perceived risk and public backing intention towards ECF. In simpler terms, the perceived level of risk associated with investing in ECF projects does not influence public intentions to back them. Consequently, the initial hypothesis is not accepted and established, attributed to several factors. Firstly, the public may have a higher tolerance of risk when it comes to backing ECF projects as they are willing to take higher risks for higher returns. The attractiveness of potentially high returns could overshadow any concerns about perceived risk. Moreover, it's possible that the public does not fully comprehend the risks associated with ECF compared to other traditional investment options. The lack of understanding on the perceived risk on ECF could diminish their backing intentions. This result aligns with Hasnan and Mina's (2021) finding, showing that intrinsic motivation has an insignificant relationship with perceived risk. This is further supported by Yang et al. (2019), suggesting that when the value of projects are aligned with the investors, the associated risk becomes less relevant. It can be further illustrated by when the investors and project’s owners are having the same shared values, such as feminism or addressing poverty, the investors will tend to financially or emotionally support the project. However, our research diverges from Zhao et al.'s (2017) findings, which suggest that perceived risk positively influences crowdfunding participation intentions. It's possible that when the perceived risk is higher than actual risk, it may spur individuals to engage and closely monitor the project's progress, and eventually affect the intention of investors to back the project.

5.3 Research Implications

The results generated in this study provided academia, government and regulators as well as project owners a comprehensive understanding about the public intention to back equity-based crowdfunding in Malaysia.

5.3.1 Academia

The study is significant because it offers academia with a better knowledge of the identified critical aspects, such as backing self-efficacy, rewards, website service quality, and perceived risk, which affect the public's intention to back equity-based crowdfunding in Malaysia. Further research can be conducted using the analysis and findings on these aspects. Furthermore, academia can construct the following study in a more specific and analytical manner, yielding more comprehensive and meaningful results.

According to the result, backing self-efficacy, rewards, and website service quality significantly affect the public's intention to back equity-based crowdfunding. However, perceived risk showed insignificant impact to the public's intention to back equity-based crowdfunding. From these results, researchers may obtain ideas on relevant factors in future studies related to this topic.

5.3.2 Government and Regulators

The implication of this research to the Malaysian government and regulators is to provide them with comprehensive insights on the public's intention on backing equity crowdfunding in Malaysia. The Malaysian government can come up with

comprehensive solutions on how to successfully regulate this growing sector and facilitate the issue of funding shortage among SMEs in Malaysia.

The Malaysian government may develop awareness campaigns that include information about the elements that influence backers' intention to back ECF. These campaigns, by promoting equity-based crowdfunding and its benefits can help to reduce fears and accelerate public intention to back ECF programs. Subsequently, to reinforce the rules and regulations in conducting ECF, regulators could cooperate with the government to organize workshops for platform owners and project owners. The trustworthiness towards the government will result in the boost of confidence among the public towards ECF. Hence, the public will tend to back the ECF since they have general knowledge and confidence in the ECF.

In other ways, the government should spend some funds on developing ECF by keeping up to date to the latest development, cultivating talents, as well as improving the functions in the website service quality, since the website service quality significantly affects the public intention to back ECF. Apart from that, since reward is significantly contributed to the public intention to back ECF, it is advised that the government should retain their tax incentives for the investors. This will encourage the public to back equity-crowdfunding projects by eliminating hesitation, and drive economic growth.

5.3.3 Project Owner

On top of everything, the project owners themselves are essential in attracting backers. Based on our findings, backers tend to receive dividend income rather than capital growth. The reason might be the respondents in Malaysia prefer to receive a stable income during a fixed period of time. Hence, the project owners are recommended to introduce dividend income to draw backers’ intention to back ECF.

5.4 Limitation of Study

Several obstacles that occurred have been identified and discussed in this section to certify the reliability and validity of the findings. First and foremost, the sample size bias, where the sample disproportionately represents a specific group, leading to inaccuracies in generalizing findings to the entire population. For illustration, 175 of respondents (43.3%) were between the ages of 18 and 24. One probable factor is due to the data collection method using Google Forms, which is more commonly used within this age range. Hence, this might limit the generalizability of the results to different age demographics, as younger generations may hold divergent perspectives towards ECF compared to other age groups.

Moreover, the presence of ECF experience on individuals will slightly influence their viewpoints on the backing intention towards ECF projects. First of all, individuals with ECF experience will have a deeper understanding on how the ECF projects works, the challenges and characteristics of ECF. For instance, experienced backers are aware of the challenges that they might face and most of them are mentally prepared for high risks that might be encountered once involved in it. Gangi and Daniele (2017) mentioned that experienced backers can be known as expert investors who are able to make credible judgments on crowdfunding projects; thus, they are highly aware of the obstacles and willing to bear high risk. Yet, for those individuals who don't have experience on ECF, they would have less preference on backing ECF projects as their trustworthiness on crowdfunding are low and often concerned on the risks and failure that may occur. Research from Zhang et al. (2023) stated that zero experienced backers have insufficient knowledge towards crowdfunding which lead to high concerns on the trust and risk that might be faced. Furthermore, experienced backers have deeper insights on the legal and regulatory requirements, and also the best practices of crowdfunding platforms. Research shows that experienced backers have been involved in many crowdfunding projects; therefore, they are familiar with the legal requirements of crowdfunding (Beaulieu et al., 2015). This knowledge and expertise can assist them in determining the appropriateness of various crowdfunding platforms for certain projects. However, this could be the concern for zero experience backers as they have difficulty in selecting ECF platform, projects and amount of funds to back. This might reduce the intention for potential backers to back the ECF projects.

Additionally, perceived risk does not significantly affect the backing intention of the public towards ECF. This may be due to the other possible factors like attitude, belief and trust that would influence perceived risk.

The significance of the research was not affected by any of the limitations identified or addressed in this study, although they may have had an impact on the results of the analysis. However, these limitations may assist future researchers to conduct better research that includes more in-depth analysis and discussion.

5.5 Recommendation for Future Study

In conjunction with the objectives, recommendations are considered as the resolutions for the limitations to avoid the occurrence of repeated mistakes. To obtain a better representative sample, future studies should prioritize achieving a more balanced age distribution among participants. Researcher can diversify methods used to collect data that facilitate face-to-face interview to reach respondents across all age groups effectively, leading to a broader sample. Additionally, employing a mix method, like online surveys and interviews, could help in capturing a wider range of perspectives. Furthermore, actively targeting underrepresented groups like older adults is crucial. In illustration, researchers could collaborate with retirement communities to provide direct access to these populations. Finally, offering incentives can be particularly motivating for groups typically less likely to volunteer. By implementing these strategies, researchers can create more diverse and representative samples, ultimately strengthening the reliability and validity of their findings.

Secondly, researchers are encouraged to employ a longitudinal study design in future. Based on Baranowski (1990), human behaviour is dynamic and impacted by elements like age, social surroundings, and institutional contexts. This indicates that the assumption of unchanging individual behaviour over time is inaccurate. Researchers can examine how backing intention may be affected by individual and environmental factors in a reciprocal manner by tracking the same set of respondents across time. For instance, zero-experience backers might be affected by particular factors in their early stage when backing ECF projects. Yet, during the

transformation to become a greater expertise backer, there is a huge possibility that they will be affected by different factors. As a result, backing intention can be discussed from a longitudinal perspective to explore the effects on backers with different experience levels.

Finally, since perceived risk insignificantly influence public intention to back ECF, it indicates that perceived risk is not an important factor to affect the backing intention of the public towards ECF. Hence, future researchers are recommended to revisit this variable to determine the possible reason that led to this insignificant relationship.

5.6 Conclusion

Ultimately, the public intention to back ECF indicates that backing self-efficacy, rewards and website service quality have a significant effect on the public intention to back equity-crowdfunding in Malaysia. As opposed to what was previously thought, this study shows that the perceived risk is not a significant factor in the backing intention of the public towards equity-based crowdfunding in Malaysia.

This study can be used as a reference for future research to understand the public intention to back ECF in Malaysia. Future researchers should be aware of the caveats previously mentioned and adjust their future research in accordance with the suggestions made in the previous section. Despite several obstacles in this study, this type of research holds huge potential for expanding the understanding of the variable influencing the backing intention of the public in Malaysia.

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Appendixes

Appendix 3.1 Table for Determining Sample Size from a Given Population

TABLE 1
Table for Determining Sample Size from a Given Population

N	*S*	*N*	*S*	*N*	*S*
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Note.—*N* is population size.
S is sample size.

Appendix 3.2 Questionnaire

Reasons for Public to back Equity-Based Crowdfunding

Dear respondents, we are students from Universiti Tunku Abdul Rahman and currently studying Bachelor of Finance (Hons). We are currently working on our Final Year Project, and

the title is Reason for Public to Back Equity-based Crowdfunding in Malaysia. This research is to discover the factors that affect the backing intention of the public towards equity-based crowdfunding in Malaysia. **Equity-based crowdfunding is an online fundraising method that allows small businesses or startup companies to raise capital online from investors. In return, investors will receive equity ownership (share) of the business.**

We will conduct quantitative research to collect primary data by asking relevant questions in the questionnaire. Thus, we are sincerely inviting you to take part in our questionnaire. Please give your best to answer all questions. The completion of this questionnaire will take you approximately 3-5 minutes. All responses from the survey will be anonymous and will be kept strictly confidential. Thank you for your participation.

Personal Data Protection Notice

Please be informed that in accordance with Personal Data Protection Act 2010 ("PDPA") which came into force on 15 November 2013, Universiti Tunku Abdul Rahman ("UTAR") is hereby bound to make notice and require consent in relation to collection, recording, storage, usage and retention of personal information.

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a) Place of Birth

b) Race

c) Personal Information and Associated Research Data

2. The purposes for which your personal data may be used are inclusive but not limited to:

a) For assessment of any application to UTAR

b) For processing any benefits and services

c) For communication purposes

d) For advertorial and news

e) For general administration and record purposes

f) For enhancing the value of education

g) For educational and related purposes consequential to UTAR

h) For replying any responds to complaints and enquiries

i) For the purpose of our corporate governance
j) For the purposes of conducting research/ collaboration

3. Your personal data may be transferred and/or disclosed to third party and/or UTAR collaborative partners including but not limited to the respective and appointed outsourcing agents for purpose of fulfilling our obligations to you in respect of the purposes and all such other purposes that are related to the purposes and also in providing integrated services, maintaining and storing records. Your data may be shared when required by laws and when disclosure is necessary to comply with applicable laws.

4. Any personal information retained by UTAR shall be destroyed and/or deleted in accordance with our retention policy applicable for us in the event such information is no longer required.

5. UTAR is committed in ensuring the confidentiality, protection, security and accuracy of your personal information made available to us and it has been our ongoing strict policy to ensure that your personal information is accurate, complete, not misleading and updated. UTAR would also ensure that your personal data shall not be used for political and commercial purposes.

Consent:

6. By submitting or providing your personal data to UTAR, you had consented and agreed for your personal data to be used in accordance to the terms and conditions in the Notice and our relevant policy.

7. If you do not consent or subsequently withdraw your consent to the processing and disclosure of your personal data, UTAR will not be able to fulfill our obligations or to contact you or to assist you in respect of the purposes and/or for any other purposes related to the purpose.

Acknowledgement of Notice

- I have been notified by you and that I hereby understood, consented and agreed per UTAR notice.
- I disagree; my personal data will not be processed.

Section A:

Demographic information

1. Gender
    - Male
    - Female

2. Age
    - 18 – 24 years old
    - 25 – 30 years old
    - 31 – 40 years old
    - 41 – 50 years old
    - 51 – 60 years old
    - 61 years old and over

3. Ethnicity
    - Chinese
    - Malay
    - Indian
    - Other

4. Living state
    - Federal Territory of Kuala Lumpur
    - Federal Territory of Labuan
    - Federal Territory of Putrajaya
    - Johor
    - Kedah
    - Kelantan
    - Malacca
    - Negeri Sembilan
    - Pahang
    - Perak
    - Perlis
    - Penang
    - Sabah
    - Sarawak
    - Selangor
    - Terengganu

5. Which of these categories describes your annual personal income?
    - Less than RM18,000
    - RM18,000 – RM48,000
    - RM48,001 – RM78,000
    - RM78,001 – RM108,000
    - RM108,001 and above

- I prefer not to say

6. Have you been involved in equity-based crowdfunding before?
    - Yes
    - No

Section B:

DV-Public Intention to Back Equity-based Crowdfunding

Question	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. I want to back a project on the XYZ platform in the future. *Note: XYZ platform could be any equity crowdfunding platform (E.g. pitchIN, Ata Plus etc.)*	1	2	3	4	5
2. I will try to back a project on the XYZ platform in the future.	1	2	3	4	5
3. I am planning to back a project on the XYZ platform in the future.	1	2	3	4	5
4. For managing my personal investments, I will consider equity crowdfunding as much as possible.	1	2	3	4	5

Section C:

IV1- Backing self-Efficacy

Question	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. I will back a company's project if I am affordable.	1	2	3	4	5
2. I will back a company's project if I have the expertise needed.	1	2	3	4	5
3. I will back a company's project if I have confidence that it can achieve my expected outcome.	1	2	3	4	5
4. I will back a company's project if I observed others achieving positive returns from the previous project.	1	2	3	4	5
5. I will back a company's project if people around me have positive views on the project.	1	2	3	4	5

IV2- Rewards

Question	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**

1. I will back a project for the return offered by the company.	1	2	3	4	5
2. I am satisfied with the promised return.	1	2	3	4	5
3. I prefer to gain fixed-return rather than capital gain from the project.	1	2	3	4	5
4. I expect to gain higher monetary return from equity crowdfunding projects.	1	2	3	4	5

IV3- Website Service Quality

Question	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. I will back a company's project if its website is smooth enough to navigate between different pages.	1	2	3	4	5
2. I will back a company's project if I find its website easy to use.	1	2	3	4	5

3. I will back a company's project if I find its user interface design is clear and easy to understand.	1	2	3	4	5
4. I will back a company's project if I find its' platform functions are comprehensive.	1	2	3	4	5
5. New projects are introduced continuously on the XYZ platform.	1	2	3	4	5

IV4- Perceived Risk

Question	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
1. I will back a project although I may not be able to get back all my capital.	1	2	3	4	5
2. I will back a project although it will be difficult for me to sell my investment once committed.	1	2	3	4	5

3. I will back a project although there is a chance that the project may become insolvent.	1	2	3	4	5
4. I will back a project although there are insufficient disclosure requirements.	1	2	3	4	5
5. I will back a project although the transparency of equity crowdfunding platforms is low.	1	2	3	4	5