

Crowdfunding as a Funding Opportunity for Youth Start-Ups in Malaysia

Mokhtarrudin, A.^{1*}, Masrurah, I. M. K.² and Muhamad, S. C. R.²

¹*Centre for Language Studies and Generic Development, Universiti Malaysia Kelantan, 16100 Kota Bharu, Kelantan, Malaysia*

²*Faculty of Entrepreneurship & Business, Universiti Malaysia Kelantan, 16100 Kota Bharu, Kelantan, Malaysia*

ABSTRACT

One of the many hurdles that youth start-ups are facing in support of their pre-start-up capitals is access to finance. This paper highlights the expectations of Malaysian youth start-ups on crowdfunding activities as one of the sources of alternative funding in assisting them to pursue pre-start-up capitals. The paper examines the types of crowdfunding models being offered in the Malaysian setting. It further explores which types of crowdfunding models appear to be more suitable for the needs of youth pre-start-ups. In this context, a quantitative survey was conducted to investigate relevant models, its awareness levels and expectations of youth start-ups in selecting crowdfunding. The survey received 202 responses of Malaysian youth start-ups with a business of not less than two years. The overarching impression is that Malaysia, despite being the first ASEAN country with its own legal framework on crowdfunding, has placed focus merely on equity crowdfunding. Within the context of youth start-ups, the results indicate that youth prefer donation-based and reward-based crowdfunding. Results from the multiple regression analysis further show that little support was received from relevant authorities on promoting donation-based and reward-based crowdfunding to assist youth start-ups. The originality and value of this paper lie on the expectation of youth start-ups to pursue their business venture.

While equity crowdfunding offers more risks, donation-based and reward-based crowdfunding provide better opportunities to ease youth start-ups to pursue the needs of their venture.

Keywords: Crowdfunding, donation-based crowdfunding, entrepreneurship, equity-based crowdfunding, Malaysia, youth start-ups

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E-mail addresses:

mokhtarrudin@umk.edu.my (Mokhtarrudin, A.),

masrurahirinah@gmail.com (Masrurah, I. M. K.),

msaufi@umk.edu.my (Muhamad, S.C.R.)

* Corresponding author

INTRODUCTION

In an effort to democratise finance opportunities, the Government of Malaysia approved the equity crowdfunding (ECF) framework in 2015. This initiative has positioned Malaysia as the first country in the Asia-Pacific region to legislate ECF. With this initiative, the Government also announced six equity crowdfunding operators from whom entrepreneurs and small businesses can seek help in expanding their capital market and business for growth. At the other end, investors may now explore opportunities to invest in substantial business opportunities with relevant local and small medium enterprises (SMEs) and create social impact initiatives.

The Securities Commission of Malaysia (2014) has defined ECF as a new form of fundraising that allows start-ups of small enterprises to obtain capital through small equity investments from a large number of investors by way of using online portals to facilitate such investments. In addition to ECF, this paper also explores other types of crowdfunding models and examines the opportunities each model has to offer.

There are many obstacles that young people are facing in support of their pre-start-up capital needs (Cosh, Cumming, & Hughes, 2009). This paper highlights the expectations of youth start-up on fundraising activities using crowdfunding. It further explores the crowdfunding models which may serve as a new strategy to support youth start-up funding (Bhide, 1992). Hence, a quantitative survey was conducted to investigate relevant models of crowdfunding

that exist in Malaysia, awareness levels of crowdfunding initiatives and expectations of youth start-ups to consider crowdfunding as one of the sources of their funding needs.

LITERATURE REVIEW

Crowdfunding as a Source of Funding Access

The literature highlights some of the emerging development that young people are encountering in meeting their needs for a new venture. Information support and seeking for appropriate advice are the two reasons why youth start-ups feel more confident about crowdfunding as a method of raising funds. According to Twingtangibles (2013), information support and advice are the key confidence-building factors, while generic awareness of crowdfunding is growing, information on crowdfunding is still lacking in providing the assurance required for youth start-ups to confidently choose this method as a preferred funding mechanism.

Youth start-ups also demand more information on how crowdfunding works and how to choose the best platform for their specific needs. It appears that youth start-ups may need assistance in their pre-start-up capital so as to bring their ideas to fruition. In reality, many of them face constraints in seeking funding assistance from the traditional financing sources. Hence, issues on capital gap become more urgent among youth start-ups. Seeking more credible and convincing information on what crowdfunding attempts to offer will likely open up potentials to bridge this

capital gap and assist youth start-ups to pursue their business ventures.

Equity-Based Crowdfunding and Donation-Based Crowdfunding

Many previous empirical studies have suggested that crowdfunding has its own unique role in assisting the downtrend of the existing economy and the financial crash that has impacted young businesses to grow (Sharma & Lertnuwat, 2016; Apnizan, 2016). Crowdfunding is an activity involving a collection of relatively small contribution of a large number of people in order to support the small and medium enterprises and start-ups (Security Commission of Malaysia, 2014). Donation-based crowdfunding allows the public to donate money or make a financial contribution to a project without any expectation of a financial return (Security Commission of Malaysia, 2014).

Sharma and Lertnuwat (2016) found that equity of debt (such as peer-to-peer lending-based crowdfunding) offers a variety of financial returns on investment. The financial market, according to Sharma and Lertnuwat (2016), showed a significant growth in Asia by 320% to 3.4 billion. This business model further sets a starting point to consider opportunities that other types of crowdfunding are likely to offer. There are also various forms of benefit and drawback both youth start-ups and investors encounter as ECF offers unique opportunities and at the same time, challenges the risk of investment (Moritz, Block, & Lutz, 2015). These start-ups actually give youth the

opportunity to learn that ECR is attributed to changes in their selection of crowdfunding as a choice of access to finance.

Hypothesis

This study was conducted based on the following hypotheses.

Hypothesis 1: Equity-based crowdfunding has a positive relationship with the choice of youth start-ups to select crowdfunding as one of the alternative sources of funding.

In the context of youth start-ups, Apnizan (2016) has failed to address issues connecting community-based crowdfunding to the extent of young people's appetite and attitude that might make crowdfunding a more suitable or desirable option. Apnizan (2016) is of the view that donation-based crowdfunding offers the same value as community-based crowdfunding. This seems to pose some limitations and gaps in the existing studies in addressing youth expectations of the choice of best crowdfunding model alternatives that fit their pre-start-up capital needs. There is also limited evidence in the perspective of donation-based crowdfunding and the extent of levels of consideration in taking up any of these platforms among youth start-up research (Lambert & Schwiendbacher, 2015).

Interestingly, donation-based crowdfunding can also be defined as funds being collected for no returns other than the one existing to the donating

party. The donation-based crowdfunding structure offers youth start-ups the freedom and wider opportunities to pursue their business by way of no returns for any funds paid to the platform. In other words, it is purely by donation, an act of giving away someone's property (in this context, the paper is keen to explore more extensively the charity cause or activities involving donation from philanthropists) without any obligations on the part of the recipient to give anything in return. Youth start-ups are, therefore, expected to view donation-based crowdfunding as having a strong relationship with their choice to consider crowdfunding as one of the alternative sources of funding.

Hypothesis 2: Donation-based crowdfunding has a positive relationship with the choice of youth start-ups to select crowdfunding as one of the alternative sources of funding.

According to research among Scottish entrepreneurs (Twintangibles, 2013), in almost all cases, a crowd funder sets a specific target he or she wishes to raise and runs a campaign seeking relevant funding, which usually takes place over a defined period, the length of which varies considerably. This paper also views that ECF is regarded as a risky form of financing. The notion that ECF requires novel expectations of returns on investments is merely to make entrepreneurs understand that the typically small nature of investments

should not expose investors to excessive risk (Twintangibles, 2013). In the next section, therefore, it is necessary to highlight the other types of crowdfunding models such as reward-based and peer-to-peer lending-based models. In response to risk issues, the next section also highlights these forms of crowdfunding models to weigh their rational and associated risk factors.

Reward-Based Crowdfunding

A reward is deemed commission-based by the contributor and provided by the party using crowdfunding to raise funds. There are a number of crowdfunding platforms such as IndieGogo and Kickstart that ride on reward-based crowdfunding. Reward-based crowdfunding works by way of the exchange of donations for some form of reward and/or voting rights in order to support initiatives for specific purposes (Lambert & Schwiendbacher, 2015). From this engagement, it is apparent that the funders of reward-based crowdfunding expect something in return for the fund they are investing in the venture.

According to Apnizan (2016), these rewards could be in the form of acknowledgement like a thank-you mail, an artist's autograph or being mentioned by name on the cover of a film DVD or music CD. It is further noted that this nature of reward requires the platform to be legally registered. It is deemed to have been made transparent on the nature of the object to be achieved in raising the funding along with its disclosure requirements. Therefore, in this paper, the researchers consider reward-

based funding as one of the options that youth start-ups prefer in order to select an alternative crowdfunding for fundraising.

Hypothesis 3: Reward-based crowdfunding has a positive relationship with the choice of youth start-ups to select crowdfunding as one of the alternative sources of funding.

Peer-to-Peer Lending-Based Crowdfunding

Countries around the world have started to accommodate this form of financial return of crowdfunding. It is considered a little bit riskier compared to reward-based and donation-based crowdfunding models as it works on the provision of a loan to entrepreneurs (Lynn, 2016). The loan can be interest-bearing or simply a commitment to return the lent sum at some point in the future (Twintangibles, 2013). Similarly, peer-to-peer lending allows the public to give money in return for interest payment and repayment of the capital (Security Commission of Malaysia, 2015).

One of the important notes to consider is that peer-to-peer lending-based crowdfunding may offer the risk of closure or failure. There were cases, according to the Security Commission of Malaysia (2015), of contracts between investors and entrepreneurs that went missing that consequently resulted in investors losing 100% of their investments. Youth start-ups may need to be extremely cautious in considering peer to-peer lending if they do

not fully understand the context of the risks and whether this model could offer them a more suitable option for their pre-capital start-up needs. Therefore, if youth start-ups understood the contexts of the risk in peer-to-peer lending-based crowdfunding, they will select crowdfunding as one of the sources of alternative access to finance.

Hypothesis 4: Peer-to-peer lending-based crowdfunding has a positive relationship with the choice of youth start-ups in selecting crowdfunding as one of the alternative sources of funding.

CROWDFUNDING TRENDS IN MALAYSIA

Donation-based crowdfunding works on the fund being collected for no returns other than the existing one to the donating party (Twintangibles, 2013). There are a few successful organisations that work on this model such as GoFundMe and DonorsChoose. They normally set a specific target they wish to raise and run a campaign. They seek funding over a defined period, the length of which can vary considerably (Twintangibles, 2013; Apnizan, 2016). In Malaysia, the most sought-after funding platform is the ECR. ECR activities receive support from the Government of Malaysia to legislate its activities and strategies for both investors and entrepreneurs.

This paper further explores the context of how this model works as used by these six appointed ECR operators as illustrated in the following table.

Table 1
Appointed ECR operators in Malaysia

No.	ECR Operators	Type of CF	Investors	Issuers
1	Alix Global is a digital marketing agency and WeChat solution provider in Malaysia. The company is in partnership with FundedByMe, a Swedish crowdfunding platform with a Scandinavian nexus of investors that provide opportunities for Malaysian companies to attract funds from Europe. http://alixglobal.com/	ECF	<ul style="list-style-type: none"> • Pre-screening of companies • Regulated by Securities Commissions Malaysia and is compliant with the Malaysian Capital Market Securities Act 	<ul style="list-style-type: none"> • Ability to raise up to RM3 million in funds for a year's expenses • Great for SMEs & start-ups to access alternative finance options to develop the business • Develop contacts through investors and gain more insight into developing further
2	PitchIN is a reward-based platform with tie-ups and partnerships with government agencies and angel investor networks. https://www.equity.pitchin.my/	ECF Reward-based	<ul style="list-style-type: none"> • Diversify the investment portfolio through equity crowdfunding • Become a shareholder of a company 	<ul style="list-style-type: none"> • Worldwide brand exposure • Democratises the capital raising process • Brings savvy investors looking to invest in innovative early-stage Malaysian businesses
3	Ata Plus is a crowdfunding platform, matching Sharia-compliant businesses with investors seeking substantial business opportunities. The firm aims to operate with a focus on local SMEs and social impact initiatives. http://www.ata-plus.com/deals	ECF	<ul style="list-style-type: none"> • High-growth companies bring high returns • Bring early-stage companies previously accessible only to private equity and VC firms to any investors, giving investors the opportunity to invest in companies so that they can grow fast and big 	<ul style="list-style-type: none"> • Offers to reduce the bureaucracy and get the company listed efficiently and effectively
4	Crowdonomic, with offices in Singapore, Malaysia and Indonesia, has the backing of US and Japanese investors and has a presence in Singapore. https://investment.crowdo.com/	ECF	<ul style="list-style-type: none"> • Strive to minimise risks. Companies listed have to go through a stringent screening process designed to increase good investment opportunities. 	
5	Dubai-based Eureeca is a regulated entity of UK Financial Conduct Authority, providing Malaysian companies an opportunity to raise funds from the Gulf region. http://eureeca.com/D_eefault.aspx	ECF		
6	Propellar Crowd+ has partners in both North Asian and Oceania markets such as Hong Kong, China, Taiwan and New Zealand. It aims to be the ECF hub for ASEAN, with plans to collaborate with Malaysian government agencies and to tap into various early-stage incubators and investing networking groups in the region. http://www.netrove.com/?p=3082	ECF		

Bradford (2012) provided some fundamental evidence on crowdfunding activities in the literature. Bradford (2012) argued that obtaining financial assistance at the initial stage of a small/micro business venture or other projects is a common problem faced by entrepreneurs despite their excellent business ideas or projects. This is in line with evidence from Cosh, Cumming and Hughes (2009) that revealed issues on obtaining financial assistance. The problem becomes worse when fund-raisers are not able to provide collateral for financial assistance and further, are faced with difficulties in attracting investors due to insufficient cash flow of the business start-up and relevant information asymmetry with investors (Bradford, 2012; Cosh, Cumming, & Hughes, 2009). The authors also argued that when seeking financing from any financial intermediary or equity venture company, credit screening was another hurdle that could impede fund-raisers' ability to obtain it (Apnizan, 2016; Cosh, Cumming, & Hughes, 2009). Traditional sources of capital, such as bank loans, venture and angel capital are relatively difficult to be secured by entrepreneurs (Apnizan, 2016; Lambert & Schwienbacher, 2015). According to Bradford (2012), entrepreneurs end up with bootstrapping techniques to raise their capital and mitigate their financial manacles by boosting their short-term profits (Ebban & Johnson, 2006; Winborg, & Landstrom, 2001).

As an alternative mode of fundraising, donation-based crowdfunding seems to be overlooked (Apnizan, 2016; Lambert &

Schwienbacher, 2015). A lot of empirical evidence has provided details of the current status and opportunities offered by equity-based, peer-to-peer-based and reward-based crowdfunding models. The various models of crowdfunding offer prevailing characteristics and typical applicability. However, donation-based crowdfunding as an emerging fundraising model to assist lower income entrepreneurs receives little attention (Bradford, 2012; Cosh, Cumming, & Hughes, 2009). Therefore, the researchers aimed to answer the following research questions:

- RQ1: Do the four hypotheses regarding crowdfunding choices influence the choice of crowdfunding selection as an alternative source of fundraising?
- RQ2: Which of the four models of crowdfunding choice brings the most value to fund-raisers as an alternative source of fundraising?

CONCEPTUAL MODEL

The primary motivation of this paper was to seek the extent of choices among youth start-ups to select donation-based crowdfunding compared to other models of crowdfunding (ECR, peer-to-peer lending and reward-based), to discover awareness levels of crowdfunding in Malaysia and to explore the factors that influence young people in considering views on this model as a method of raising funds and creating access to their funding needs.

The conceptual framework was developed based on empirical evidence and the work of Twintangibles (2013) and

the Securities Commission of Malaysia’s (2015) definition of crowdfunding. The variables related to crowdfunding as an alternative model were developed by the researchers from related work by Apnizan (2016), Lambert and Schwienbacher (2015). The framework conceptualises the model of crowdfunding, awareness levels of crowdfunding and the extent to which youth start-ups perceive views in considering crowdfunding to finance their business ventures. Figure 1 explains the conceptual model.

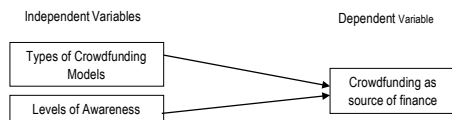


Figure 1. Conceptual model

Sources: The variables related to the types of crowdfunding model and awareness levels were extracted from the work of Twintangibles (2013) and the Securities Commission of Malaysia (2015). The variables related to crowdfunding as an alternative model were developed by the researchers based on related work by Apnizan (2016) and Lambert and Schwienbacher (2015).

RESEARCH METHODOLOGY

The types of crowdfunding model and awareness levels were explored to identify the acceptance level to crowdfunding among youth start-ups in Malaysia. Samples were drawn from a survey conducted by the researchers involving 380 youth start-ups. The sampling frame was extracted from the lists of young entrepreneurs of the ‘Bpreneur Muda’ programme of Universiti Malaysia Kelantan. These youth start-ups had established micro enterprises and had

at least two years of experience in business. Some had prior business ideas or projects and were in the process of registering their start-ups with the Securities Commission of Malaysia (2015). The response from 201 of the youth start-ups was found to be useful and was thus included in the final data analysis. In this paper, the descriptive correlational research design method was employed.

DATA ANALYSIS AND RESULTS

To check the multicollinearity among research variables after testing the Multiple Regression assumptions of normality, equation (1) was divided into the following sample of crowdfunding choices: ECR, donation-based, reward-based and peer-to-peer-based crowdfunding. Then, four multiple regression models for four crowdfunding choices were regressed to discover the selection among youth start-ups based on choice of which crowdfunding would meet their capital needs. The purpose was to confirm whether or not each choice of crowdfunding model could explain similar outcomes. The models are specified as follows:

$$Y = a + b_1X + b_2Z_1 + b_3Z_2 + b_4Z_3 + b_5Z_4 + e$$

$$CRF = ma + b_1ECR + b_2RBC_1 + b_3PPC1 + b_4DBC_2 + e \tag{1}$$

Equation (1) represents crowdfunding as an alternative source of fundraising (CRF); the four independent variables include equity-based crowdfunding (ECR), reward-based crowdfunding (RBC), peer-to-peer lending-

based crowdfunding (PPC) and donation-based crowdfunding (DBC).

The demographics shown in Table 2 consist of gender, age of the start-up's founder, ethnicity of the founder, the founder's parental income background and the status of the start-up. The gender of the start-up founder plays a significant

role on the participation based on interest in crowdfunding opportunities. Male youth founders of start-ups made up the majority (53.5%) in this sample. In terms of age, most of the youth founders of the start-ups were 23 years old (68.3%), followed by those who were 24 years old (31.2%).

Table 2
Demographic information

	Frequency	%
Gender		
• Male	108	53.5
• Female	94	46.5
Age		
• 21 years old	1	0.5
• 23 years old	138	68.3
• 24 years old	63	31.2
Ethnicity		
• Malay	161	79.7
• Chinese	16	7.9
• Indian	25	12.4
Parental Income Background		
• Below RM2,500	13	6.4
• Between RM2,501 and RM3,000	103	51.0
• Between RM3,001 and RM3,500	37	1.3
• Above RM3,501	49	24.3
Status of the Start-ups		
• Currently running micro business	192	95.1
• Planning to grow micro business	10	4.9

Ethnicity of the youth founders of these start-ups was included to capture the diverse background of the Malaysian youth founders, who come from different ethnicities, who took part in the survey. The information may also show some form of trend in ethnicity patterns on new venture

creation among Malaysian youth. In this case, the dominant ethnicity was Malay (79.7%) followed by Indian (12.4%) and Chinese (7.9%). The youth founders of start-ups were also analysed from the perspective of parental income background. Parental income background can indicate the extent

of support given by parents to the founders' bootstrapping strategies where funding assistance comes from their parents.

Unlike ordinary entrepreneurs, who might seek financial assistance from traditional banks or take loans, these youth founders of start-ups do not appear to be keen on starting their venture with loans or other forms of financing that require collateral or borrowing. The largest group of youth founders of start-ups came from those whose income was between RM 2,501 and RM3,000 (51%), followed by those earning more than RM 3,501. Some 6.4% earned less than RM 2,500, while 1.3% of the youth founders earned between RM 3,001 and RM 3,500.

Youth start-up status referred to the start-ups' current stage of business. The factors measured were if the start-ups had micro businesses running or if they had plans to grow their business. The results showed that the majority of the start-ups (95.1%) were pursuing a micro business. As the start-ups sampled were only at the very beginning of their venture, only 4.9% claimed that they had plans to grow their micro businesses. Knowing the status of these start-ups can assist researchers in determining their choices in selecting which type of crowdfunding opportunity suits their venture best. This status provides fundamental resources that are deemed to be critically important in evaluating their appetite and choice of crowdfunding activity.

Several important factors in measuring the reliability and validity of the data

were adhered to in order to ensure the research would reach its objectives. The researchers took possible steps to ensure that reliability and validity could be achieved. The Cronbach alpha test was used to test the reliability of the research instrument. All the reliability coefficients (Cronbach alpha) were above 0.6 and within the acceptable range (Nunnally, 1978) as shown in Table 3 below. All the dimensions of the Cronbach alpha exceeded 0.6.

Table 3
Reliability statistics

	Cronbach's alpha
Level of awareness	0.899
Types of crowdfunding model	0.812
Crowdfunding as source of finance	0.623

This paper also explores if the undesirable collinear data are presented by computing the Tolerance (T) and the Variance Inflation Factor (VIF) values. As a rule of thumb, as long as the values are <10.0, multicollinearity is not a major problem. In other words, high Tolerance and low VIF values indicate low multicollinearity. The table below shows that the Tolerance values obtained for the present study were high whereas the VIF values obtained were low. In this sense, it is suggested that the IVs correlate significantly with the DVs but have relatively low correlation among themselves. These values also imply that multicollinearity does not appear to pose a threat to the validity of the results.

Table 4
Test for collinearity crowdfunding as source of finance

Variables	Collinearity Statistics	
	Tolerance	Variance Inflation Factors (VIFs)
Equity-based	0.444	2.251
Peer-to-peer lending-based	0.624	1.603
Reward-based	0.619	1.615
Donation-based	0.491	2.035

From Table 4 and the discussion, it is apparent that the data fit well with the multivariate analysis and it would not be distorted by any unwanted problems. Moreover, since the assumptions of the data being analysed were not violated, data transformation was not required. In other words, multivariate normality assumption was met with these assumptions; therefore, the appropriate analyses that were required

to answer the research questions and achieve the objectives of the study were conducted.

Table 5 indicates that in the overall model, all hypotheses were significant at 0.01 level. Therefore, H1 to H4 were supported. Youth start-ups as claimed in this paper positively viewed that choice of each crowdfunding model positively affected their selection of crowdfunding as a source of finance.

Table 5
Correlation

		Crowdfunding as source of finance	Reward-based	Equity-based	Peer-to-peer lending-based	Donation-based
Pearson Correlation	Crowdfunding as source of finance	1.000	0.368**	0.332**	0.321**	0.300**
	Reward-based	0.368**	1.000	0.696	0.418	0.482
	Equity-based	0.332**	0.696	1.000	0.522	0.498
	Peer-to-peer lending-based	0.321**	0.418	0.522	1.000	0.539
	Donation-based	.300**	0.482	0.498	0.539	1.000
Sig. (1-tailed)	Crowdfunding as source of finance	.	0.000	0.000	0.000	0.000
	Reward-based	0.000	.	0.000	0.000	0.000
	Equity-based	0.000	0.000	.	0.000	0.000
	Peer-to-peer lending-based	0.000	0.000	0.000	.	0.000
	Donation-based	0.000	0.000	0.000	0.000	.

Notes: Correlation is significant at **0.01 level

The results of regressions in the four choices of crowdfunding (ECR, donation-based, reward-based and peer-to-peer lending-based crowdfunding) are presented in Table 6.

Table 6
Model Summary: Crowdfunding as Source of Finance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R-Square Change	F Change	df1	df2	Sig. F Change
1	0.368a	0.135	0.131	0.724	0.135	31.279	1	200	0.000
2	0.383b	0.147	0.138	0.722	0.011	2.629	1	199	0.107
3	0.418d	0.175	0.158	0.713	0.004	0.978	1	197	0.324
4	0.413c	0.171	0.158	0.713	0.024	5.824	1	198	0.017

- a. Predictors: (Constant), reward-based
- b. Predictors: (Constant), reward-based, equity-based
- c. Predictors: (Constant), reward-based, equity-based, peer-to-peer lending-based
- d. Predictors: (Constant), reward-based, equity-based, peer-to-peer lending-based, donation-based
- e. Dependent Variable: Crowdfunding as source of finance

Table 7
The coefficients

		Unstandardised Coefficients		Standardised Coefficients		Sig
		B	Std. Error	Beta	T	
1	(Constant)	2.627	0.238		11.054	0.000
	Reward-based	0.382	0.068	0.368	5.593	0.000
2	(Constant)	2.504	0.249		10.068	0.000
	Reward-based	0.275	0.095	0.265	2.906	0.004
	Equity-based	0.149	0.092	0.148	1.621	0.107
3	(Constant)	2.207	0.275		8.034	0.000
	Reward-based	0.255	0.094	0.245	2.711	0.007
	Equity-based	0.066	0.097	0.066	0.682	0.496
	Peer-to-peer lending-based	0.200	0.083	0.184	2.413	0.017
4	(Constant)	2.181	0.276		7.900	0.000
	Reward-based	0.236	0.096	0.227	2.459	0.015
	Equity-based	0.054	0.098	0.053	0.550	0.583
	Peer-to-peer lending-based	0.069	0.070	0.081	0.989	0.324
	Donation-based	0.0167	0.089	0.154	1.679	0.047

- a. Dependent variable: Crowdfunding as source of finance

In Table 6 and Table 7 the coefficient shows that for model 1, $R=0.368$, $R^2=0.135$ and $[F(1, 200)=31,279, p=0.001]$. This R^2 means that 13.5% of the variance in the crowdfunding measures as source of financial increase is explained by types of crowdfunding model.

In the last model, the result obtained was after the three other crowdfunding choices (reward + peer-to-peer + donation-based) had been entered into the equation. The addition of these variables resulted in an R^2 change of 0.024, $[F(1, 198)=5.824, p<0.001]$. The results supported the idea that donation-based and reward-based crowdfunding were sources of finance to youth start-ups. In other words, the effect of donation-based crowdfunding explained 2.40% of the variance in the choice of crowdfunding, while reward-based crowdfunding explained 13.5%. Equity-based and peer-to-peer lending-based crowdfunding did not explain the choice of youth start-ups in selecting crowdfunding for their fundraising needs.

In answering Research Question 2 i.e. which of the four crowdfunding choice provided the most value and choice for selection of crowdfunding as an alternative source of fundraising, the following equation was formulated:

$$Y = a + b_1X + b_2Z_1 + b_3Z_2 + b_4Z_3 + b_5Z_4 + e$$

$$CRF = a + b_1ECR + b_2RBC_1 + b_3PPC_1 + b_4DBC_2 + e \quad (1)$$

$$CRF = 2.181 + .236ECR + .054RBC_1 + .069PPC_1 + .167DBC_2 \quad (2)$$

The findings revealed that the model supported the robustness of the Twintangibles's (2013) measures on the types of crowdfunding model and awareness levels, the work of Apnizan (2016) and Lambert and Schwiembacher (2015) and the variables of access to finance, which were developed by the researchers.

The hypothesis was based on the premise that the youth start-ups emphasised and were more concerned with donation-based and reward-based crowdfunding and were also fully aware of their needs. Youth start-ups even positioned their interests to select donation-based and reward-based crowdfunding as models that fit their needs. They further agreed that money placed in the fund was pledged for no specific tangible returns (Twintangibles, 2013). Thus, the variable on access to finance was higher in most of the donation-based crowdfunding models, followed by reward-based, which eventually is likely to show a higher perceived access to funding opportunities.

On the other hand, equity-based and peer-to-peer lending-based crowdfunding models are expected to have lower perceived access to funding opportunities. As conjectured, the risk associated with both equity-based and peer-to-peer lending-based crowdfunding has implications on the choice of youth start-ups to consider choosing these models as they prefer less-risky funding assistance. The work of Apnizan (2016) and Lambert and Schwiembacher (2015), however, only focusses on the literature review of the existing trend of crowdfunding opportunities and fails to address youth

start-up selection of which crowdfunding model meets their pre-start-up capital needs. Hence, these findings contribute to a new, sound and robust view of youth start-ups in Malaysia as there are limited empirical findings that focus on the similar context of dealing with crowdfunding as a new source of fundraising among youth start-ups,

CONCLUSION

This paper focussed on an overview of the proposed implementation of crowdfunding activities as a platform to provide new funding access for youth start-ups in Malaysia. There appears to be many hurdles that young people are facing in support of their pre-start-up capitals. The paper highlighted the crowdfunding process and initiative that are in practice in the Malaysian setting. It further explored the types of crowdfunding model that help to provide a new strategy in support of youth start-up funding. In this context, a quantitative survey was conducted to investigate relevant models, awareness levels and factors that lead young people to consider crowdfunding as a method of raising funds. The survey received 202 responses from Malaysian youth start-ups with a business of not less than two years in operation. The overarching impression is that Malaysia, despite being the first ASEAN country to have its own legal framework on crowdfunding, focusses merely on equity-based crowdfunding. Within the context of youth start-ups, the results indicate that youth prefer donation-based and reward-

based crowdfunding models. The results further reveal that little is known about the success of donation-based crowdfunding and the support from philanthropists in assisting youth start-ups. This paper reveals why young people demand more support and feel more confident about considering crowdfunding as a method of raising funds. While equity-based crowdfunding offers more key risks, donation-based and reward-based crowdfunding models provide better opportunities for youth start-ups to more easily pursue their ventures.

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