

What impacts crowdfunding awareness in Albania and Lithuania?

GJOLLESHI, ESMERALDA
PILYTE, GRETA

SUPERVISOR
Prof. Shneor, Rotem

University of Agder, 2024
Faculty of School of Business and Law
Department of Strategy and Management
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Esmeralda Gjollashi and Greta Pilyte

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CERTIFICATION

We hereby certify that the contents and information in this master's thesis titled "What Impacts Crowdfunding Awareness in Albania and Lithuania" are unique and have not been submitted to any other university or educational institution for the granting of a degree. All information acquired from external sources was adequately credited and acknowledged.

Esmeralda Gjollëshi



Greta Pilyte



ABSTRACT

Purpose — Crowdfunding awareness is essential for potential investors and entrepreneurs seeking funding as it can influence their decision to participate in crowdfunding campaigns. Understanding factors affecting crowdfunding awareness can help researchers and practitioners better understand the dynamics of crowdfunding and develop effective strategies for promoting participation and success in crowdfunding campaigns. This final thesis aims to investigate the main factors affecting awareness of crowdfunding in Albania and Lithuania.

Design/methodology approach — This study applied a quantitative research design and employed an online survey as its primary data collection method. A 7-point Likert scale was selected to measure four main latent variables: social trust (SOT), familiarity (FAM), awareness (AWA), and economic and financial education (EED). A combination of random and snowball sampling was used, and distribution was conducted through various online channels without specific demographic targeting.

Findings — The results showed that two hypotheses were supported, and two were not supported. Firstly, economic education and familiarity have a positive and significant effect on crowdfunding awareness. Secondly, people's trust has no significant effect on crowdfunding awareness. Furthermore, the level of crowdfunding market development was found to have no moderating effect on economic education, social trust, and familiarity with crowdfunding users. Regarding control variables, the results indicated that age significantly influences crowdfunding awareness, whereas gender did not.

Originality/value — **The study analyzes scientific literature to reveal** the factors affecting individuals' willingness to use crowdfunding. The research data is valuable as the crowdfunding situation, especially the factors affecting awareness and willingness to use crowdfunding in Lithuania and Albania, is not discussed. The findings and conclusions could be adapted to other countries.

Keywords: awareness, crowdfunding, social trust, familiarity, Lithuania, Albania

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1. INTRODUCTION

The relevance of the theme. Innovations such as new products and services are essential for economic growth and development. Innovative start-ups face difficulties getting financing due to a lack of experience, resources, and high risk (Magomadova et al., 2023). On the other hand, households can use a combination of savings and borrowing for consumption. External finance may have unfavorable conditions (Besley et al., 2008) from the leading players in the lending services (banks, credit unions); thus, demand for additional funds arises. Continuous improvements in information technology, the digitalization process, and innovation are helping to create new credit alternatives that are taking an increasing market share away from traditional providers. One such alternative is crowdfunding, which allows money flow without the intervention of other financial intermediaries. In a world in economic downturn, such as the situation we had during the COVID-19 pandemic or the 2008 economic crisis, where there is a reduction in the public's trust in banks and other financial institutions, there is an incentive to look for alternative ways of financing.

The latest business trends, exclusive technologies, and user-friendly systems can be found on crowdfunding platforms. Although a recent development, this alternative form of financing has caught the attention of many and is now more regulated, legally defined, and formalized in many countries. The granting of legal status has further strengthened the confidence of project participants and funders and has encouraged this phenomenal financing to grow even further. The topic is much discussed in the popular press and various media, but research is lacking. Although there is a growing interest in crowdfunding among academics, the articles written are instead fragmentary and do not fully define the meaning and essence of the phenomenon. The topic of awareness and the influencing factors is also narrowly covered.

However, it is worth noting that crowdfunding has challenges as well. Crowdfunding campaigns require careful planning, marketing, and management to succeed. Not all campaigns are guaranteed to reach their funding goals, and entrepreneurs must carefully navigate crowdfunding platforms' competitive landscape to stand out and attract backers. Communication strategy, social capital, founder and investor characteristics, financial risk, presented product/project quality, and context are influencing factors behind successful campaigns (Hoegen et al., 2017; Wang et al., 2021). Additionally, entrepreneurs face operational and reputational risks when fulfilling the stage of delivering promised products or

services. This stage can be complex and time-consuming, requiring various managerial activities and competencies during project development (Schiavone, 2017).

Crowdfunding awareness, a key aspect of this study, is the level of knowledge and understanding that individuals or groups have about crowdfunding as a method of financing. It encompasses a range of factors, such as understanding what crowdfunding is, how it works, its benefits and risks, and the types of projects or ventures that can be financed through crowdfunding. This awareness is crucial for potential investors and entrepreneurs seeking funding as it can influence their decision to choose a financial method. By understanding the various factors that influence crowdfunding awareness, this research can provide valuable insights to researchers and practitioners, aiding in developing effective strategies for promoting participation and success in crowdfunding campaigns.

This study aims to investigate the factors influencing individuals' awareness of crowdfunding and identify strategies to increase awareness and participation in alternative finance in Albania and Lithuania.

Research question

Based on the above objective, this thesis tends to give answers to the following research questions:

1. What influences the crowdfunding awareness of prospective backers?
2. Do these differ in different national contexts characterised by high versus low levels of crowdfunding development?

2. CROWDFUNDING AWARENESS THEORETICAL BACKGROUND

2.1. The concept of crowdfunding and features

Crowdfunding is an attractive alternative for financing without using traditional sources (Wilson et al., 2018; Song et al., 2019). Its importance has grown significantly in recent years. Previously, crowdfunding was predominantly used for art, charity, and political campaigns. However, since the emergence of crowdfunding platforms, the scope of use has expanded, including social causes, entrepreneurs, and small businesses (Parhankangas et al., 2019). Crowdfunding is closely related to the well-known term *crowdsourcing*, which refers to the crowd's participation in the process of value creation, traditionally within companies. While crowdsourcing is related to the sharing of people's knowledge, crowdfunding is a mechanism that allows the public to support financially creative ideas and entrepreneurs (Ibid).

Lambert and Schwienbacher (2010) define crowdfunding as “*an open call, essentially through the Internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes*” (in Mollick, 2014, p. 2).

According to Leonski (2022), crowdfunding could be defined as using a large, geographically dispersed audience to finance a project or company for small amounts of money. Crowdfunding is an online funding method that aims to implement an initiative through many people's contributions and microfinancing of small amounts of money online over a limited period. Funders can donate, pre-purchase products, lend, or invest,

Crowdfunding, as described by Dibrova (2016), is a novel financing method facilitated by an intermediary, typically an online platform. This platform connects sponsors or investors, who are often ordinary individuals willing to invest small amounts in promising projects, with entrepreneurs or start-ups. These start-ups, often with innovative ideas, may struggle to secure funding from traditional sources. Crowdfunding not only provides a financial boost but also offers entrepreneurs the opportunity to showcase their products, gather valuable feedback, and gain exposure to potential future customers (Forbes & Schaefer, 2017).

Aderemi et al. (2021) noted that the idea and use of crowdfunding are evolving and being used in increasingly inventive ways. The key elements are focused on crowd intensity, technology, and capital funding, which allows many small efforts to accumulate substantial

financial results. However, crowdfunding relies heavily on technology. In addition, Omarini (2018) points out that crowdfunding is not only an innovative financing method but also serves as a marketing tool that can be used to advertise or promote your market and stimulate interest in new projects in the initial development phase. Awareness of the task can be created through social media to generate a crowd of interested parties willing to contribute or invest.

Zwilling et al. (2020) define crowdfunding as a financial connection between fundraisers and backers. Some platforms allow a direct transfer of capital between the two sides. Other platforms pass the funds through third-party institutions - usually banks. Bouncken et al. (2015) indicate indirect crowdfunding, where an intermediary is involved, and describe direct crowdfunding, where crowd funds are raised directly on the company's website. Direct crowdfunding is more advantageous for well-known fundraisers with extensive networks; however, in practice, most crowdfunding is conducted indirectly.

Crowdfunding is a new concept and thus has a long road to be defined eventually. Scholars have different points of view regarding the topic, but in this study, Hossain and Oparaocha's definition (2017) was considered. According to their summarised definition, crowdfunding is an internet-based funding method that allows individuals or organisations to raise funds for a purpose, idea, or project by making an open call for contributions from a large pool of people, typically through online platforms that leverage the Web 2.0 technologies. Funders can donate, pre-purchase a product, lend money, or invest for the expectation of a financial return. Crowdfunding has become a popular way to finance a wide range of initiatives, from charitable endeavours, social causes, and creative projects to innovative business startups, as funders do not need to be expert investors, and the amount of contribution might be minimal as well as the purpose of funding might be philanthropic with no monetary return (Hossain & Oparaocha, 2017; Baber, 2021). It leverages the power of online networks and communities to connect funders with projects they are interested in supporting, creating opportunities for individuals and organisations to bring their ideas to life through collective financial support.

Crowdfunding can be classified into different models based on the rewards or benefits offered to backers or the nature of the funding arrangement (Table 1). Commonly recognised models of crowdfunding include (Hossain & Oparaocha, 2017):

Donation-based crowdfunding: In this model, backers contribute funds without expecting any financial returns. Instead, they may receive non-financial rewards such as a thank-you note, a shout-out, or an appreciation post.

Reward-based crowdfunding: Backers receive a tangible reward or product for their contribution in this model. The reward can be a product, a piece of art, or any bonus offered according to the contribution size (Wangchuk, 2021).

Equity-based crowdfunding is a profit-sharing model in which funders expect a monetary return on investment. Fundraising is arranged by selling shares, and backers receive ownership stakes or equity in the company or project they support (Bouncken et al., 2015).

Lending-based crowdfunding: In this model, backers provide funds as a loan to the entrepreneur or project, expecting to receive the principal amount along with interest later.

Table 1. Crowdfunding types and returns.

	Procurer’s accounting treatment	Returns
Equity	Capital stock and capital reserve	Dividends on shares, Gain on sale of shares and stock acquisition rights
Debt	Loans payable	Interest Fund
Rewards	Advance received (accounts receivable)	Products, services, and benefits
Donation	Non-operating income	Certificate of appreciation, etc.

Source: Nose & Hosomi, 2023.

Fundamentally, all crowdfunding models share a common principle - contributors invest in projects with the expectation of achieving success (Mollick, 2014). In order to achieve successful funding, close communication is vital. Intermediaries ensure standardised crowdfunding processes and function as platforms for communication, information dissemination, and execution (Bouncken et al., 2015). The crowdfunding process typically follows several key steps. First, project creators submit their ideas or campaigns to the platform, providing details such as project description, funding goal, timeline, and rewards for backers (Borst et al., 2018). The platform then reviews the submissions to ensure compliance with guidelines and policies. After the project is communicated on the platform, it serves as a social network and promotes campaigns through various channels such as social media (e.g., Facebook, Twitter, etc.), email, and press releases to attract backers and generate interest (Bouncken et al., 2015). The rapid growth of crowdfunding platforms worldwide is not just a matter of "trendiness" - crowdfunding has several advantages over the more

traditional institutions providing similar services, i.e., banks, credit unions, and other institutions.

Crowdfunding, as an alternative financing method, offers several benefits. It provides access to capital, validates market demand, and fosters community building. However, it's not without its challenges. There's no guarantee of success, platform fees can be a concern, legal complexities exist, and the risk of fraud is a reality. Despite these drawbacks, crowdfunding remains a popular and accessible option for entrepreneurs and creators seeking funding.

2.2. The factors affecting crowdfunding development.

Financial technology has not just become a part of financial services, but a transformative force. It is a term that signifies the innovative use of financial technology (FinTech) to design and implement financial products and services with unprecedented efficiency. As Gai et al. (2018) suggest, the introduction of such innovative financial services propels technology development, business growth, customer innovation expectations, and cost-saving opportunities. Kuzmina-Merlino and Saksonova (2018) further argue that the rapid growth of FinTech has revolutionized the business environment of banks, sparking a demand for more innovative solutions. While banks and other financial services firms have always been proactive in adopting new technologies, today FinTech firms leverage the internet, cloud computing, and other data to craft innovative financial solutions. This leads to a new business model or product that revolutionizes the delivery, use, and accessibility of services (Lee & Shin, 2018). However, Zhang (2019) cautions that while FinTech enhances productivity and fosters competition, financial development and efficiency, it can also pose a threat to consumers, investors, and financial stability. The drive for market innovation must ensure that new technologies do not become the breeding ground for fraud or money laundering, inspiring a cautious yet forward-thinking approach.

Crowdfunding companies are financial platforms that bring together two parties: fundraisers requesting funds and backers (or investors) who provide money without the intervention of an intermediary institution, such as traditional banks. Unlike the banking system, which acts as an indirect financial system, crowdfunding platforms allow individuals or small businesses to raise funds directly from backers. As a substitute for an indirect financial system such as banks, these companies offer an online platform that reduces risk by

They spread investments and filter investors according to several criteria. The Internet helps companies reduce costs compared to traditional banking systems (Zwilling et al., 2020).

Like other financial institutions, crowdfunding platforms are also influenced by a country's economic situation. Financial crises and economic downturns encourage consumers to disinvest and focus on meeting their basic needs. Recently, most economies have been hit by the effects of the COVID-19 pandemic. Goodell (2020) highlighted the lack of research on the impact of the COVID-19 pandemic on the financial sector, but that it may be in parallel with other disasters that have been experienced, including earthquakes, volcanic eruptions, and air disasters. In previously disclosed disasters, the impact of these events is usually limited, which is different from COVID-19, which has adverse effects at the global level. Goodell (2020) also argued that in the case of unrevivable disasters, economic markets will not be affected as they appear to be "inappropriate" in that situation. However, in the case of COVID-19, financial markets are affected.

Luci et al. (2023) analysed the development of crowdfunding in Albania and the main advantages and disadvantages affecting further development (see Table 2).

Table 2. Advantages and disadvantages of crowdfunding in Albania.

Advantages of crowdfunding	Disadvantages of crowdfunding
<ul style="list-style-type: none"> • Community building efforts • Very quick way to collect money • Untaxed transactions • Immediate response and feedback • Small donators can gather a lot of money • Privacy donations • Can be started easily by everyone • Increases social solidarity, etc. 	<ul style="list-style-type: none"> • Lack of a fully legal framework regarding crowdfunding • Low credibility by the vast majority of people. High number of scammers • Low financial culture of people • Boomerang effect from a lot of donation requests • Object to cyberattacks • Lack of transparency

Source: Luci et al. (2023), p. 110.

Speed and automation are great advantages for financing compared to traditional banks. However, the main disadvantage of crowdfunding is the time-consuming process, as the projects on the platform require constant promotion (Magomadova et al., 2023).

According to Luci et al. (2023), donation-based crowdfunding is a new and innovative way of financing that increases social responsibility and solidarity in tackling critical issues such as natural disasters, earthquakes, marginalised groups, etc. As a counterpart, the biggest problem with crowdfunding is the lack of a legal framework. Donation and reward-based

crowdfunding have seen minimal regulatory effort, while debt- and equity-based crowdfunding has received more legislative scrutiny (Cattelan & Neumann, 2022).

Cyber-attacks and other technological aspects can also disadvantage crowdfunding as a funding method. In general, advancements in computer technologies have significantly increased the volume and scale of funding; however, the effectiveness of crowdfunding platforms highly depends on the implementation of robust information security measures (Magomadova et al., 2023).

In summary, despite the development of information technology and online financial services, crowdfunding platforms face several operational challenges and risks. The most frequently cited risks for online service providers are credit risks, insufficient disclosure of information, economic changes in the country, unforeseen crises and lack of clarity in regulation.

2.3.The individual’s willingness to use crowdfunding.

Personal investment decisions are influenced by various factors. In the research literature, authors present different groups of factors, which are discussed in this sub-section of the paper. Figure 1 presents a classification of the factors determining investment decisions by different authors.

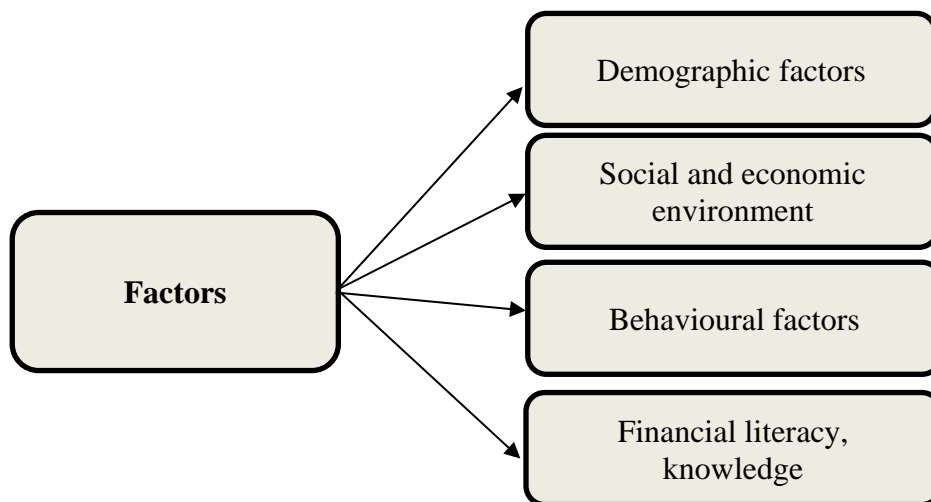


Figure 1. Factors affecting investment decisions.

Source: formed according to Ademola et al., 2019; Hidayat and Hartono, 2022.

Demographic characteristics. Investment decisions are determined by the demographic characteristics of individuals, one of which is their gender. Men are expected to be risk-takers and prefer investments in equities with a more extreme asset allocation. Other demographic characteristics are age and education. Life-cycle theory suggests that people choose investments at each age, constrained by available resources (Ademola et al., 2019). Therefore, the research authors introduced age as a finite variable and indicated that the working-age population should be the most active investors. Moreover, according to Chavali and Raj (2016), age and risk tolerance are inversely related variables, so younger households are expected to choose riskier investment instruments. While older people have the lowest risk tolerance, they tend to accumulate more illiquid assets. The analysis of education as a determinant of investment decisions shows that low levels of education tend to lead to underinvestment. At the same time, educated people are more likely to choose an investment instrument.

Socio-economic characteristics. Disposable income is one such variable that explains investment decisions, as the more additional savings a household has, the more flexibility it has to invest. Saving habits should also be proportionally related to investment, but accumulated and uninvested savings are inversely related to the investment decision. In addition, people who work should invest more, especially those working in the financial services, investment or banking sectors are more likely to make better financial decisions. Single-person households tend to take more risk when considering family status, but married couples may make risky investment decisions due to their dual income (Chavali & Raj, 2016). However, it is important to note that larger households' cost of living increases accordingly. In addition, urban residents should invest more in real estate, as residential real estate investors tend to choose investment properties close to their residence, and cities are a much livelier investment environment than rural areas (D'Lima & Schultz, 2021).

Behavioural factors. Irrational decisions are encoded in people's beliefs and preferences (Subramaniam & Velnampy, 2017). Hence, various psychological attitudes, such as overconfidence or loss aversion, and certain expectations help explain investment decision-making. Planning habits also predict investment decisions based on defined financial expectations for the future. Moreover, if the planning goal is long-term returns, such an investor is also more likely to participate in the investment market. According to a fundamental principle of investing, higher risk leads to higher returns. Risk tolerance is one of the most significant determinants of individual investment opportunities when uncertainty about expected outcomes is high (Chavali & Raj, 2016). However, risk appetite is difficult to

understand and is primarily implicit in various models through demographic and socio-economic variables such as age, gender, earnings, etc. Chapagain (2022) examined behavioural factors that influence the decisions of potential investors. The results show that perceived behaviour, attitudes, and subjective norms positively and significantly impact investors' decision-making and investment plans.

Financial literacy, financial attitude. Ullah and Zhou (2020) highlight the importance of financial literacy in investment decision-making. As the authors point out, many investors (men and women) avoid investing in financial markets. This reluctance to make an investment decision in financial markets may be due to a lack of knowledge and interest. Financial knowledge or financial literacy can be defined as understanding important financial concepts such as inflation, interest rate calculation and portfolio risk diversification. It has been observed that a household lacking basic financial knowledge, saving behaviour and investment decisions is reckless and imprudent. The financial approach involves a preference for one investment option or project over another. Hidayat and Hartono (2022) point out that investment decisions based on financial literacy are reflected in the rational attitude of the investor and help to make favourable investment decisions. Financial literacy contributes to the efficient management of financial resources.

Financial literacy measures the extent to which an individual understands basic financial concepts and has the ability and confidence to manage personal finances through short-term decision-making and long-term financial planning. As research on financial literacy grows, many scholars agree that financial literacy has two distinct dimensions - objective and subjective financial knowledge (Munnukka et al., 2017). Objective financial knowledge refers to individuals' understanding of financial concepts, principles and tools, while subjective financial knowledge refers to individuals' confidence. Many previous studies have shown that objective financial knowledge is an important determinant of investment intentions and behaviour. Akhtar and Das (2019) found that objective financial knowledge has a significant positive relationship with intention to invest in stock markets. Kim et al. (2019) also reported that individuals with more objective financial knowledge are more likely to invest.

Environmental factors are groups of socio-cultural environments, proximate environments, families, and other environmental influences that are affected by investors' investments. The attitudes and thoughts of individuals are mainly influenced by the cultures in which they live. In other words, the socio-cultural background of an individual also influences the decision-making process. As individual investors do not have sufficient

knowledge of investment instruments, they want to get the approval and opinion of decision-makers. Naturally, these people are mostly family members. Since the savings owner also lives in a group or family, the influence of this group or family cannot be ignored in the decision-making process. As individuals feel insecure and misconceive the decision when they are alone in deciding on a topic, they need the support of a group or family (Ho & Lee, 2021).

Previous research on crowdfunding and the assessment of backers' intention to invest have relied on social psychology, trust, signalling and well-being theories. Despite its widespread adoption and use, the Technology Acceptance Model (TAM) has received little attention in explaining the adoption of crowdfunding platforms and the intention of backers'. Baah-Peprah (2023) conducted a study examining the applicability of this system: original (TAM1) and extended (TAM2). The study's results revealed that the ability to attract backers depends partly on the backers' perceived usefulness of crowdfunding. In order to maintain a favorable opinion about the usefulness of the platform, platform operators can strive to create features that increase the clarity of the importance of the task (e.g., cases and ready-made templates), the quality of the results (e.g., more indexes and facts that reflect information about the campaign results) and the visibility of the results (e.g., smooth transmission of relevant information through social media and communication platforms). Platform operators may also seek to develop features that support more significant social interaction (internal messaging, topic groups, discussion rooms, etc.) and user engagement (for example, icons, badges, awards, and recognition icons), as both of these have been shown are critical in shaping intention among backers.

Baber and Fanea-Ivanovici (2023) analysed the influence of intrinsic motivation, intrinsic innovativeness, shared values, and campaign participation on perceived trust and risk on backers' intention to participate in crowdfunding. The research data was collected in Europe and Asia through convenience and snowball sampling using a structured questionnaire. The research results revealed that perceived trust was positively influenced by intrinsic motivation, shared values, and campaign participation, while perceived risk was unexpectedly positively influenced by campaign participation. In addition, the perceived trust and risk jointly created by the platform and the crowdfunding provider positively influence the intention to participate in the campaign.

Munim et al. (2021) collected research data using a structured questionnaire distributed via Facebook. The analysis is based on data collected from 252 valid responses, using ordered probit regression for estimation. The authors found that the campaign idea and

positive media coverage of the crowdfunding campaign are positively related to intentions to contribute to crowdfunding. However, the research results showed that personal relationships, recommendations from others, and the location of the campaign owner were not significantly related to the intention to provide financial support and the intention to participate in crowdfunding. In addition, respondents' location in Bangladesh (vs. abroad) and age are positively related to their intention to contribute, while education is negatively related.

In summary, investment decisions are influenced by various factors. Research highlights that investment decisions and investment risk are related to individuals' demographic and social characteristics. Education, financial literacy and awareness, and the availability of information on investment instruments also impact investment decisions and risk assessment. Attracting backers in crowdfunding can be influenced by various factors, and understanding these elements is crucial for the success of a crowdfunding campaign.

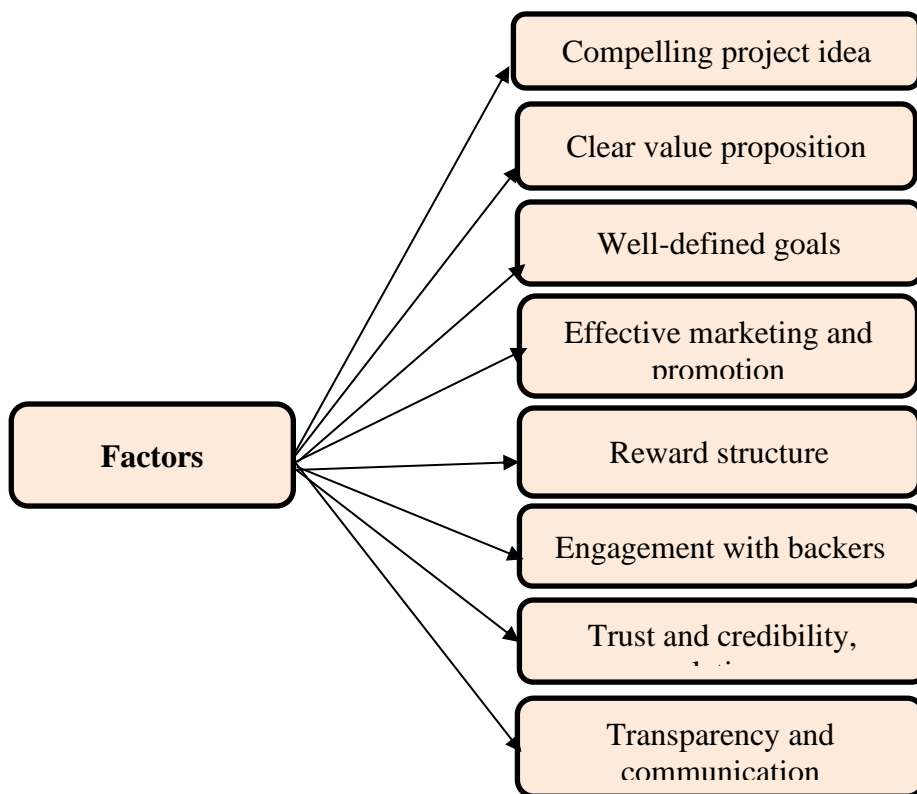


Figure 2. Factors affecting backers' intention.

Source: formed according to analysed literature.

The analysis revealed that the project itself is a critical factor. Backers are more likely to support projects that have a unique and compelling idea, solve a problem, or meet a need innovatively. It is necessary to communicate clearly the value of your project to potential

backers. Backers are more likely to support projects with transparent and achievable financial targets. Successful crowdfunding campaigns often involve robust marketing efforts. Considering and optimizing these factors can increase the likelihood of attracting backers to a crowdfunding campaign.

2.4. The analysis of research

This chapter reviews research that sheds light on the awareness and readiness to use crowdfunding instruments. The research uses a variety of instruments and variables, which form the basis for this thesis research (Table 3).

Table 3. The summary of analysed scientific research.

Author	Research model and variables	The main conclusions
Salim, Kassim, 2018, Malaysia	A questionnaire survey of young entrepreneurs, which consists of five sections: demographics, knowledge of crowdfunding, general perception of crowdfunding, choice of forms of crowdfunding, and respondents' opinion of crowdfunding as an alternative instrument.	The survey results revealed a lack of awareness and knowledge about the benefits of crowdfunding among entrepreneurship students, but students agree that crowdfunding can be used as an alternative to finance business ideas.
Gunawan, Susanto, 2019, Indonesia	The study aimed to assess the willingness of residents of Jakarta, Indonesia, to participate in crowdfunding activities. 239 respondents were surveyed. Variables included interpersonal connectedness, attitudes toward helping others, social identification, innovativeness, and motivation.	The study found that motivation, the role of the crowdfunding platform, and social identification significantly impact the intention to participate in crowdfunding.
Bernardino, Santos, 2020, Portugal	The questionnaire is administered to young entrepreneurs to determine their knowledge about crowdfunding, its benefits, and the main obstacles.	The results show that the level of knowledge is not uniform, with more knowledge on the typology of crowdfunding but less on the risk factors.
Carlos, Jorge, 2022, Chile	Quantitative study with 240 students at a Chilean university. The questionnaire is based on a Likert scale. Dependent variable: use of crowdfunding. Independent variables: entrepreneurship index, trust in financial institutions, knowledge of crowdfunding, level of IT usage, age,	The study's results showed that entrepreneurial skills, knowledge, IT skills, and trust in crowdfunding platforms determine the frequency of crowdfunding use.

	gender, and income.	
Luci et al., 2023, Albania	The study was carried out in Albania using a quantitative research approach. Dependent variable: the amount that respondents are willing to invest. Independent variables: willingness to invest, level of knowledge about crowdfunding, sources of information, gender, employment status.	The results show that men are better informed than women about crowdfunding instruments, while the other variables have no statistically significant effect.
Vaznyte et al., 2023, Belgium	Population questionnaire survey. Dependent variables: awareness of crowdfunding with two variables that indicate whether a) a person has heard of crowdfunding in general and b) can specifically identify any crowdfunding platform. Independent variables: age, education, income, employment.	The study found that crowdfunding awareness is influenced by the demographic characteristics of the respondents and the socio-economic environment and that the effect of the environment is stronger for men.

Salim and Kassim (2018) argue in their study that since there are many barriers, especially access to finance, that can limit the ability of youth entrepreneurs to access finance, crowdfunding can be a viable way to help them turn their ideas and skills into viable businesses. This study focuses on the extent to which youth entrepreneurs consciously recognise and consider crowdfunding as an alternative financing mechanism in Malaysia. The study found that the level of awareness of crowdfunding among most youth entrepreneurs is still very limited. It is suggested that entrepreneurship students should have crowdfunding included in their curriculum. This will help raise their awareness and be useful for young entrepreneurs to make wider use of finance for their businesses. However, according to the perception results, most young entrepreneurs have a positive attitude towards the use of crowdfunding, which indicates that crowdfunding is accepted as a new financing option. Furthermore, the results also show that youth entrepreneurs chose reward-based crowdfunding models as their main choice. This is because these types of models are less risky compared to other types of models. Reward-based crowdfunding models are considered to provide better opportunities for youth entrepreneurs to implement their business ideas more easily.

Gunawan and Susanto's (2019) study aims to identify the factors determining the intention to participate in crowdfunding activities in the Jakarta region. The population of this study is general consumers in Jakarta. The sample of this study is 239 respondents with the characteristics of those who participated/did not participate in crowdfunding activities, living or residing in Jakarta. This study employs a purposive sampling method and was conducted

through an online survey. A hypothetical model is used to analyse the relationship between variables and tested using SEM-PLS. The results show that four hypotheses are confirmed, and two hypotheses are rejected. Moreover, it shows that attitudes toward helping others significantly affect social identification with the crowdfunding community. In addition, motivation, the role of the crowdfunding platform, and social identification have a significant effect on the intention to participate in crowdfunding. However, interpersonal connectedness and innovativeness do not significantly affect the intention to participate in crowdfunding.

The Bernardino and Santos (2020) study questionnaire consisted of four groups. The first one aimed to collect information about the respondents, such as gender, age, academic and professional profile. The second group was designed to assess students' knowledge about crowdfunding. A five-point Likert scale was used to assess the extent to which students agree/disagree with different definitions of crowdfunding. The same scale was used in the third set of questions to determine respondents' perceived main benefits and barriers to using crowdfunding platforms. The results showed that young potential entrepreneurs have a general knowledge of crowdfunding - that online platforms raise funds for a project where a large number of sponsors contribute with small amounts. Young entrepreneurs face some problems in recognizing the different crowdfunding models, especially those related to investment (lending- and equity-based). According to the study, young potential entrepreneurs understand several advantages of crowdfunding as a financial method. Among the perceived advantages, the study highlighted improved project/entrepreneur awareness, feedback from prospective clients, and lower financial costs. Other benefits, although less important, are also recognized, such as easy and quick access to capital and no collateral required during the financing process. Regarding the main barriers to using crowdfunding, the study revealed that potential entrepreneurs are not overly concerned about regulatory and contextual issues but are worried about the difficulties in designing and implementing a crowdfunding campaign and the publicity they have to display about the project.

The main findings of the study conducted by Carlos and Jorge (2022) can be summarised as follows. Firstly, the study participants have limited knowledge of crowdfunding platforms in Chile. Second, four variables that may influence the future level of crowdfunding were tested: entrepreneurial intentions, trust in financial institutions, the degree of use of ICT, and knowledge of crowdfunding. The quantitative results show a positive and significant effect of trust and prior knowledge variables. Thirdly, the qualitative analysis presents the main reasons for and perceptions of crowdfunding. Familiarity with the platforms, perceptions of security, and personal circumstances would lead to the use of the

platforms. Trust in financial institutions is a factor that can be partly managed, and financial inclusion can be promoted with FinTech industry services. Currently, crowdfunding companies are not regulated in Chile, which has led to a low level of trust in crowdfunding platforms among the public. It is also suggested that institutions promoting public trust should communicate the benefits and features of crowdfunding platforms as another alternative to raise public awareness of crowdfunding.

Luci et al. (2023) in Albania for the study used a questionnaire to collect the primary data, which fully met the statistical criteria and significance. Even though the level of information on crowdfunding is insignificant, there is a positive significant correlation between the amount of money young people are willing to donate and the level of information they have on crowdfunding. Although gender is insignificant in this model, men are more aware of crowdfunding than women of their age.

In a study by Vaznyte et al. (2023) in Flanders, the northern and Dutch-speaking part of Belgium, an individual survey was conducted with a representative sample of 1,042 working-age individuals on their awareness of crowdfunding. The sample was randomly selected from Flanders' total (working-age) population and categorized by gender, age, and level of education. Awareness of crowdfunding was measured by two dependent variables that indicate whether a) a person has heard of crowdfunding in general and b) can specifically name any crowdfunding platform. Independent variables: age, education, income, employment. Results have shown that individuals' overall awareness of crowdfunding varies considerably depending not only on their personal characteristics but also on the socio-economic environment in which they live and that the characteristics of this environment are more important for women than for men's awareness of crowdfunding. These findings contribute primarily to both the crowdfunding literature and practice and provide additional insights into the theory of financial literacy and information processing.

Most of the analyzed research revealed that personal and demographic factors affect the willingness to use crowdfunding. Social and environmental factors, financial literacy, and knowledge about various investment and financial instruments also affect the willingness to use crowdfunding. The studies do not show a coherent picture, and a generalized and precise theory of factors influencing awareness is lacking.

2.5. Factors affecting crowdfunding awareness

Awareness refers to the state of being informed. In the crowdfunding context, awareness involves the personal ability to recognize and understand crowdfunding as a concept, as well as its benefits and drawbacks. Similarly, awareness in relation to technology adoption involves knowledge and understanding about available crowdfunding platforms and how they work (Aravindan et al., 2022).

Crowdfunding has emerged as a significant alternative financing method, allowing individuals and businesses to fund projects or ventures through small contributions from many people, typically via the Internet. The definition itself mentions a large number of people. Thus, the awareness of crowdfunding is crucial, as the more people know, the higher the probability of crowdfunding success, which refers to the achievement of targeted funds. Vaznyte et al. (2023) indicate that poor quality and unattractiveness are the main reasons for failing in crowdfunding campaigns while noting that the limited number of backers also contributes to the failure. Similarly, Mollick (2014) and Song et al. (2019) explain that the wide social network online is also essential to leverage the success among other factors for crowdfunding campaign success. Shneor et al. (2023) discovered that the majority of the population in Europe has insufficient knowledge about equity and lending-based crowdfunding, while reward-based and donation crowdfunding for the public is more familiar. Similarly, Vaznyte et al. (2023) mention that despite the growing popularity of crowdfunding, only a small part of the population has backed crowdfunding campaigns and that in Europe, a smaller number of backers have contributed to the campaigns more than once. Such numbers highlight the importance of the new backers' attraction, which can be achieved by increased awareness of crowdfunding. Interestingly, Erasmus et al. (2022) highlight the importance of raising awareness of crowdfunding among the general public, as crowdfunding can work the other way around; the awareness about crowdfunding campaigns not only spread knowledge about the crowdfunding concept but can promote business as well.

The role of education in shaping individuals' understanding and willingness to engage with innovative financial mechanisms like crowdfunding cannot be understated. Yasar (2021) finds a positive correlation between financial literacy and the willingness to participate in or start crowdfunding campaigns. Formal education has a positive influence on financial literacy, as it prepares individuals with the necessary skills and knowledge to understand, evaluate, and use financial instruments (Arifah & Dalimunthe, 2020).

Human capital is one of the main crowdfunding success factors (Liu et al., 2022), as individuals' awareness and education allow them to use their knowledge and skills to support and/or promote crowdfunding campaigns. Accordingly, education serves as a tool for raising awareness of crowdfunding among people, particularly in developing countries. It stimulates innovative and critical thinking and decision-making abilities by providing knowledge and skills relevant to the latest business environment (Shneor & Flåten, 2020; Debrah et al., 2021; Manolis & Manoli, 2020). Financial literacy influences participation in investing activities (Arifah & Dalimunthe, 2020). According to Yasar (2021), investors with higher levels of education enhance individuals' confidence in participating in crowdfunding campaigns. This perspective is supported by Salim and Kassim (2018), who state that well-informed people are more likely to recognize and use crowdfunding as a financial tool.

The structure and focus of national educational systems significantly influence the level of economic literacy, which refers to knowledge about financial concepts and risks that influence effective decisions in different financial contexts and participation in economic life, thus increasing social and economic development (Lusardi, 2019; Perez-Moreno et al., 2023). Higher education institutions play a significant role in spreading awareness of the new phenomenon. Thus, universities have the potential to support a deeper understanding of crowdfunding through specialized courses or by including it in business and finance programs (El Talla et al., 2017). This approach educates students and encourages research and innovation within the crowdfunding sector.

Jegelevičiūtė & Valančienė (2015) emphasize education for entrepreneurs and potential investors as a way to promote crowdfunding. Through workshops and training, books, and shared information on websites, it is explained how crowdfunding works so that individuals can be informed about its mechanisms and benefits. Moreover, they note that some countries also make certification programs for industry professionals, highlighting the importance of continuous education and being updated in the field. However, such training may be biased due to commercial interests (Shneor & Flåten, 2020).

Community-based education initiatives can also enhance understanding of crowdfunding as it integrates meaningful community. Such initiatives that address real-world problems and focus on specific community needs and interests, can personalize the benefits of crowdfunding, making the concept more accessible and appealing to a broader audience engagement (Joseph & Said, 2020). However, public education mainly depends on government funding, which is often insufficient (Zhou et al., 2022).

“Crowdfunding is a financial alternative that relies heavily on social interaction” (León & Mora, 2017, p.6). Researchers emphasize the availability of awareness support as it enhances the effectiveness of information spread within communities and improves social interactions (Reinhardt et al., 2012). The theory of multidimensional social capital suggests that individuals have facilitated resource exchange and knowledge sharing through dimensional factors such as network ties, trust, and shared narrative within the network in which they are integrated (Zheng et al., 2014). In general, social capital represents the value gained from the social relationships among individuals or groups (Gedajlovic et al., 2013). In the context of crowdfunding awareness, close friends, family members, colleagues, and community members become aware of crowdfunding campaigns through direct communication or social media shares due to a natural desire to help (Kim & Koh, 2023). Moreover, it stimulates trust and can enhance the reliability of crowdfunding campaigns, encouraging participation.

The technological infrastructure of a country plays a significant role in the awareness of crowdfunding. Adopting innovative financial services and the readiness to use smart devices enhance accessibility to crowdfunding platforms, shaping awareness and understanding of this type of financing (Okine et al., 2023; Shneor et al., 2023). By using technology tools, project creators promote their campaigns to a broad reach of backers and, in general, raise awareness about crowdfunding. This is supported by Bernardino and Santos (2020), who link the development of the Internet and IT directly to increased public knowledge and acceptance of crowdfunding.

The level of crowdfunding awareness in Lithuania and Albania is influenced by a complex interplay of economic, technological, regulatory, cultural, and educational factors. Understanding these influences provides valuable insights into the current challenges and opportunities within the crowdfunding sector.

2.6. The hypotheses development

Objective financial knowledge and economic education refer to individuals' understanding of financial concepts, principles, and instruments, while subjective financial knowledge refers to individuals' confidence in their knowledge. People with strong economic education usually have access to the financial literature and are better informed about financial instruments and investment opportunities. Thus, it increases their knowledge about

alternative finance trends and development. Moreover, through various professional network interactions such as communication with other students and professors and attending different seminars/conferences, crowdfunding may be one of the topics being discussed. In such a way, economic education spreads awareness among many. Additionally, universities that include crowdfunding in their educational programs teach directly about crowdfunding, where students face real cases and experiments (Shneor & Flåten, 2020). In their study, Vaznyte et al. (2023) underline the socioeconomic environment. Thus, economic education and access to it define crowdfunding awareness. Some previous studies have shown that objective financial knowledge, and economic education is an important determinants of crowdfunding awareness. Akhtar and Das (2019) found that economic education and financial literacy have a significant positive relationship with intention to invest and affect crowdfunding awareness. Kim et al. (2019) also reported that individuals with economic education are more likely to invest and use crowdfunding instruments.

H1: The higher a person's economic education, the higher their crowdfunding awareness.

Information sharing theory explains factors influencing information exchange among individuals. The first factor is related to self-interest, and the other one is related to the social and organizational context. Willingness to share information is affected by a person's positive attitude toward others and can be defined as the level to which a person is inclined to allow others to access information (Zaheer & Trkman, 2016). Social exchange theory explores motivational factors of information sharing, involves interconnections, and requires trust. Thus, trust increases willingness to share information (ibid).

Community plays an important role in crowdfunding. It can be defined by geographical and virtual areas, where people are connected due to personal interests, various relations, and/or common goals (Josefy et al., 2017; Hui et al., 2014). Trust in crowdfunding campaign creators builds a community around promoted concepts (Shneor et al., 2021). Communities tend to rely on cooperation and mutual support. Interpersonal trust positively affects knowledge sharing, and trust in the community encourages engagement (Baah-Peprah et al., 2024). Thus, by achieving a common goal, community members are motivated to share information about the relevant crowdfunding campaigns in order to achieve their success. Baber & Fanea-Ivanovici (2023) indicate that trust has a positive significant impact on attitudes towards crowdfunding. Their study suggests that perceived trust is positively influenced by factors such as intrinsic motivation, shared values, and campaign involvement. This means that when investors/backers perceive the campaign has values aligning with their

own and feel personally involved in the campaign, they are more likely to engage and spread information about crowdfunding campaigns and raise awareness about crowdfunding in general. People's attitudes, thoughts, and trust are largely influenced by the cultures and social environment (Ho & Lee, 2020). In other words, a person's socio-cultural background, trust in other persons and their knowledge, who already are familiar with crowdfunding, has an influence on their crowdfunding awareness.

H2: The higher a person's trust in others, the higher their crowdfunding awareness.

Social influence comes from an individual's awareness and recommendations from their families, friends, peers or colleagues (Yi et al., 2021). If a person knows crowdfunding platform users, it brings a high probability of hearing about the crowdfunding concept through daily conversations. Moreover, due to various ties, people might be involved in crowdfunding campaigns, which would widen their knowledge and understanding of crowdfunding. Additionally, as people rely increasingly on social media for information, influencers have an impact on forming other people's opinions and attitudes and have the power of information sharing (Čiković et al., 2023; Xu, 2023). Thus, if people follow influencers who are crowdfunding platform users and share related content, their awareness will be increased.

H3: The higher a person's familiarity with users of crowdfunding platforms, the higher their crowdfunding awareness.

The development of the crowdfunding market in a country reflects its economic, technological, and social evolution. The economic stability of a country is a crucial driver of crowdfunding market development. Economic prosperity facilitates greater investment in technological infrastructure (Ansar et al., 2016), which is essential for functioning digital crowdfunding platforms. Conversely, market development might be slower in economically strained environments due to limited disposable income and lower investor confidence. Crowdfunding market is constantly developing (Gierczak et al., 2015). Ramos et al. (2023) mark that despite Spain's continuous crowdfunding market growth, it remains below potential. The reason is related to the need for improved financial and entrepreneurial education to promote innovative financing methods and overcome the tendency to seek capital through traditional ways. In countries with more developed crowdfunding markets, individuals may have greater exposure to successful crowdfunding campaigns, regulatory support, and a broader understanding of crowdfunding benefits and risks. Consequently,

these conditions can enhance the positive effects of economic education, trust, and familiarity on crowdfunding awareness. Ismaila (2023) noted that the success of crowdfunding initiatives in Africa depends on a hybrid strategy that involves the offline network of backers. Most of the research concluded that the biggest barriers to the growth of crowdfunding in Africa were a lack of knowledge and trust in public institutions. It has lagged behind other continents in the use of crowdfunding to raise money for small businesses or individuals, which could also help with financial inclusion in Africa. The research results confirm that crowdfunding market development in the country directly impacts financial literacy, trust, and familiarity with the crowdfunding market.

H4: Crowdfunding market development level will positively moderate the effects of (1) economic education; (2) social trust; and (3) familiarity with crowdfunding users on crowdfunding awareness.

The proposed hypotheses aim to explore the factors influencing crowdfunding awareness, particularly focusing on economic education, trust, and familiarity with crowdfunding platforms, moderated by the development level of the crowdfunding market. These hypotheses are grounded in the existing literature and seek to contribute to a better understanding of how individuals become aware of and engage with crowdfunding as an alternative financing mechanism in different national contexts.

Based on the hypotheses, the thesis conceptual model provided by supervisors is represented as follows:

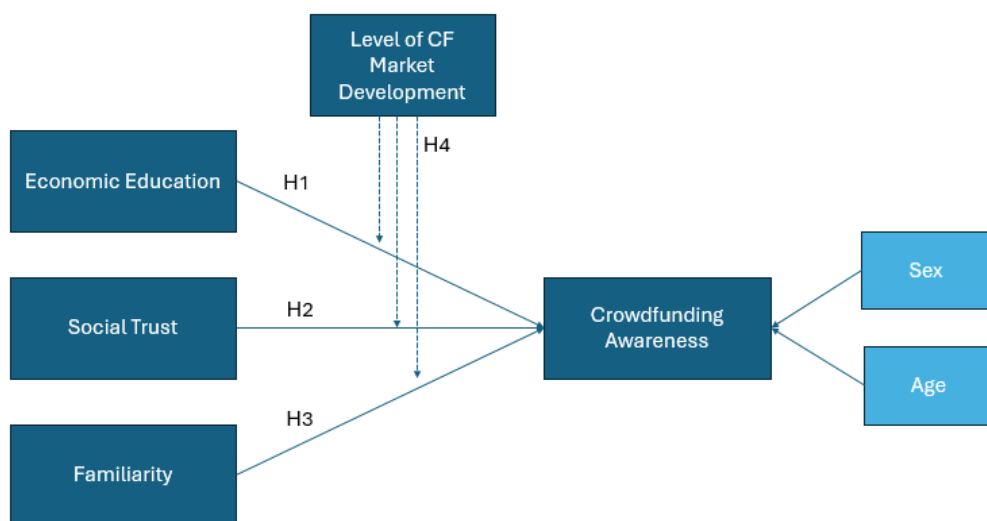


Figure 3. The hypothesis model.

3. METHODOLOGY

3.1. The context

According to the European Crowdfunding Network's (ECN) annual report for 2020, the European crowdfunding market grew by 78.8% in 2019, reaching a total volume of €16.9 billion. This growth was primarily driven by peer-to-peer (P2P) consumer lending, which accounted for 57% of the total market volume. Equity- and reward-based crowdfunding accounted for 15% and 7%, respectively. The remaining volume was generated by other forms of crowdfunding, such as donation-based and debt-based crowdfunding. The report also indicates that the United Kingdom and France are the largest crowdfunding markets in Europe, accounting for 30% and 25% of the total market volume, respectively. However, other countries such as Germany, the Netherlands, Italy, and Spain have shown significant growth in recent years and are emerging as important players in the European crowdfunding market.

Unfortunately, there is limited information available on crowdfunding statistics specifically for Albania. Crowdfunding is a relatively new concept in Albania, and the market is still developing. However, some sources suggest that there has been a recent increase in crowdfunding campaigns in Albania, particularly for social causes and startups. Most crowdfunding campaigns in Albania are still reward-based, with fewer equity-based campaigns. Two crowdfunding platforms operate in the country (Shneor et al., 2024).

According to the "Alternative Finance in the Baltics" report published in 2020 by the European Crowdfunding Network, Lithuania has a relatively small but growing crowdfunding market. In 2019, the Lithuanian crowdfunding market grew by 34.7%, reaching €8.3 million in funding volume. Most crowdfunding campaigns in Lithuania were reward-based (62.5%), followed by equity-based (33.3%) and donation-based (4.2%). The average funding amount per campaign in Lithuania is €13,400. Lithuania's most active crowdfunding sectors are business and entrepreneurship, social causes, and technology. The report also notes that Lithuania has a supportive legal and regulatory environment for crowdfunding, with clear regulations for equity-based crowdfunding and tax incentives for crowdfunding investors. 17 crowdfunding platforms are operating in the country (Shneor et al., 2024).

3.2. Research Approach

The research approach provides a systematic plan for conducting research, assisting in data collection and interpretation to generate comprehensive findings and conclusions and enabling recommendations or implications based on the study (Asenahabi, 2019; Mohajan, 2017).

For this study, a quantitative research design was applied, one of the leading research approaches. Quantitative research involves the systematic investigation of a social phenomenon using statistical or numerical data, with an emphasis on measurement, analysis for trends and relationships, and validation of measurements (Watson, 2015). Quantitative research relies on random sampling to ensure representativeness, allowing for generalization about the broader population and thus yielding nomothetic findings (Osunbor & Ofobruku, 2023).

Survey research was selected as the preferred data collection method due to its systematic approach in gathering information and its capacity to describe samples and populations within a large and diverse demographic. This method provides a numeric description of people's attitudes and behaviors. Additionally, survey research employed a questionnaire, as they effectively collect large amounts of data (Asenahabi, 2019; Osunbor & Ofobruku, 2023; Watson, 2015).

3.3. Measurement

This research employed an online survey as its primary data collection method. The survey consisted of a questionnaire with 20 items and aimed to examine the various variables within the study. These items were a combination of measures given by supervisors, replicated from their own research projects on crowdfunding awareness in other study contexts (see Table 4). A 7-point Likert scale has been selected for measurement, aiming to explore participants' opinions and perceptions regarding latent variables (Joshi et al., 2015). The questionnaire comprised four main latent variables: social trust (SOT), familiarity (FAM), awareness (AWA), and economic and financial education (EED). The 7-point Likert scale, ranging from 1 (strong disagreement) to 7 (strong agreement), offers respondents two extreme, two intermediate, two moderate, and one neutral opinions through the scale.

3.4. Sampling

According to Taherdoost (2016), sampling refers to the process of selecting a subset of individuals or items from a larger population to study. It serves the purpose of making inferences about the larger population or generalizations in relation to existing theory. There are different types of sampling techniques, including probability sampling and non-probability sampling. Probability sampling involves selecting individuals or items from a population using *probability sampling techniques*, such as simple random, stratified random, or cluster sampling. This type of sampling ensures that every individual or item in the population has an equal chance of being included in the sample and allows for statistical inference about the population (Ibid). “*On the other hand, nonprobability sampling methods involve samples that are available to the researcher or are selected by the researcher*” (Naderifar et al., 2017, p. 2), meaning there is no equal chance for everyone to participate. Snowball sampling is one of the several nonprobability sampling methods and is used to overcome difficulties accessing the targeted population (Ibid).

This study employed a combination of random and snowball sampling. The online questionnaire was made possible to complete by almost everyone since it was distributed to a wide range of residents in Albania and Lithuania without any previous intention for participants to have a different feature from others. Personal networks were used to distribute the survey by asking participants to share it with their friends, family members, and/or colleagues.

3.5. Distribution of the survey

The online system SurveyXact was used to create a questionnaire-based survey. Distribution was conducted through various online channels without specific demographic targeting. The questionnaire was made available to everyone willing to participate. It was translated into Albanian and Lithuanian to enhance accessibility and comprehension, regardless of English proficiency.

It is worth noting that this distribution approach might introduce some bias into the sample, as not all potential respondents may be reached through these channels, and those who respond might not accurately represent the broader population. While the distribution method used in the survey appears to be cost-effective and convenient, it is crucial to consider the potential limitations and biases in the sample that may result from this approach.

Table 4. Survey items, measurement properties and sources.

Latent constructs	Measurement items		Factor loadings	Source
SOT (Social Trust)	SOT1	I trust that members of my social environment will always try and help me out if I get into difficulties.	0.933 ***	SOT1-4 adapted from "social trust" (organizational knowledge sharing) in (Chow & Chan, 2008). SOT-5 adapted from "institutional trust" (related to trust among households) in (González & Smith, 2017).
	SOT2	I can always trust members of my social environment to lend me a hand if I need it.	0.915 ***	
	SOT3	I trust that members of my social environment will always try and help me out if I am in need.	0.926 ***	
	SOT4	I can always rely on members of my social environment.	0.895 ***	
	SOT5	Overall, I believe that members of my social environment are trustworthy.	0.910 ***	
FAM (Familiarity)	FAM1	I am familiar with people who raise funds on crowdfunding websites.	0.921 ***	FAM1-4 adapted from "familiarity" (related role of familiarity in e-commerce) in (Bargoni, Giachino, Battisti, & Iaia, 2023; Gefen, 2000; Kim, Ferrin, & Rao, 2008).
	FAM2	I am familiar with people who run crowdfunding campaigns.	0.909 ***	
	FAM3	I know very well, people who run crowdfunding campaigns.	0.888 ***	
	FAM4	People who run crowdfunding campaigns are very well known to me.	0.924 ***	
AWA (Awareness)	AWA1	Prior to answering this survey, I was aware of the existence of crowdfunding.	0.888 ***	AWA1-3 adapted from "consumer awareness" (related to consumer awareness of product websites) in (Bailey, 2005). AWA4-6 adapted from "modelling awareness" (related to solar energy adoption intention) in (Aravindan et al., 2022).
	AWA2	I am informed of/about the crowdfunding concept.	0.893 ***	
	AWA3	I often hear the term crowdfunding.	0.806 ***	
	AWA4	I know of crowdfunding.	0.937 ***	
	AWA5	I am sufficiently knowledgeable about the concept of crowdfunding.	0.916 ***	
	AWA6	I am familiar with dynamics related to crowdfunding.	0.870 ***	
EED (Economic and Financial Education)	EFD1	I have taken economics and/or finance related courses.	0.896 ***	Adapted from the "International Crowdfunding Awareness Survey".
	EFD2	I have participated in economics and/or finance related training programs.	0.903 ***	
	EFD3	I have received economic and/or finance training before.	0.919 ***	
	EFD4	Generally, I think I am well educated and informed regarding economics and/or finance.	0.725 ***	
	EFD5	I believe I am sufficiently knowledgeable about finance and/or economics.	0.735 ***	

Number of observations is 331 for all measurement items.

Model fit: $\chi^2 = (441.038/164=2.68)$, CFI = 0.932 > 0.90 TLI = 0.929 > 0.90, RMSEA = 0.071 < 0.09, SRMR = 0.082 < 0.09. *p<0.05, **p<0.01, ***p<0.001.

4. DATA ANALYSIS AND FINDINGS

4.1. Demographic information

Table 5 provides information related to the demographic features of participants. A total of 525 responses were received. Due to partially completed questionnaires (65 from Albania, 94 from Lithuania) and monotonous responses (16 and 19, respectively), the final number of participants used for the data analysis was 331 (170 from Albania, 161 from Lithuania).

Table 5. The demographic data of participants

		Frequency	Percentage
Origin of participants	Lithuania	161	48,6%
	Albania	170	51,4%
Gender	Male	185	55,9%
	Female	146	44,1%
Age	18 – 25 y.	30	9,1%
	26 – 35 y.	235	71,3%
	36 – 45 y.	40	10,9%
	46 – 55 y.	12	3,6
	56 years and more	14	4,2%
Employment	Self-employed	58	17,5%
	Fully employed by an organization that I do not own	199	60,1%
	Partially employed by an organization that I do not own	43	13,0%
	Unemployed	31	9,4%
Education	High school	48	14,0%
	Bachelor's degree or equivalent	153	44,7%
	Master's degree or equivalent	137	40,1%
	Doctoral degree or equivalent	4	1,2%
Residence	Urban/Major city in my country	108	32,6%
	Rural/Small town or village in my country	223	67,4%
Entrepreneurial experience	Yes	74	22,4%
	No	257	77,6%
Experience with digital payment	Yes	292	88,2%
	No	39	11,8%
Investment experience	Yes	104	31,4%
	No	227	68,6%
Student	Yes	42	12,7%
	No	289	87,3%

The demographic data analysis revealed a balanced representation between Albania and Lithuania, with 51,4% and 48,6% of respondents, respectively. Gender distribution leaned slightly towards males, constituting 55,9% of respondents, while 44,1% accounted for females. Most participants fell within the 26-35 age range, comprising 71,3% of the sample, with the smaller percentages across other age groups. Employment status varied, with more than half of respondents fully employed by an organization they did not own (60,1%). A portion accounting for 17,5% were self-employed, followed by partially employed individuals (13,0%). Additionally, 9,4% of respondents indicated that they were unemployed. The demographic data on education shows diversity in academic background. The proportion of respondents holding bachelor's degrees or equivalent (44,7%) slightly exceeds those with master's degrees or equivalent (40,1%). High school diploma holders represent a smaller yet notable portion, accounting for 14,0% of respondents, while in contrast, Doctoral degrees or their equivalents constitute a significantly smaller percentage, at only 1,2% of the surveyed population. Regarding geographic residence, 32,6% of participants live in urban or major city areas within their country, while 67,4% reside in rural or small town/village areas. Notably, 22,4% of respondents reported having entrepreneurial experience, whereas the majority (77,6%) did not have such experience. 12,7% of survey participants were students, contrasting with the significantly larger proportion (87,3%) who were not.

4.2. Common method bias (CMB)

Surveys are one of the widely used data collection techniques in behavioral research. However, they might carry the risk of common method bias (CMB), making them potential sources of measurement error that can impact the reliability and validity of the empirical data and findings derived from the research (Kock et al., 2021; Podsakoff et al., 2003). Harman's single-factor test is a widely used statistical assessment that helps to identify if common method bias is present. It involves loading all variables into an exploratory factor analysis to determine a single factor, where an explanation of over 50% of the variance indicates the presence of CMB (Ibid). This study's single-factor test explained 41% of the variance, indicating the absence of Common Method Bias.

4.3. Non-response bias

Non-response bias occurs when certain types of survey respondents are under-represented in the sample data due to non-response, leading to errors in estimating population characteristics (Berg, 2005). Using the wave approach (Armstrong & Overton, 1977), non-response bias was assessed by comparing the demographic variable means of the first and last respondents, including variables such as origin, online payment experience, residence, number of contributions, and social and professional networking site usage. Results revealed no significant difference between variables at a 5% statistical significance level (Table 6), indicating that this study is unaffected by non-response bias.

Table 6. Non-response bias check

	Mean of 1 st respondents	Mean of 2 nd respondents	T	df	p value
Origin (Rural/Urban)	0.497	0.394	1.8873	327.83	0.060
Online Payment Experience	0.970	0.958	0.5866	319.76	0.558
Residence (Rural/Urban)	0.715	0.636	1.5296	326.68	0.127
Number of contributions	2.364	2.879	1.8699	304.59	0.062
Social and professional networking sites	3.030	2.903	0.9989	323.74	0.319

Comparison of two sub-samples of the first and last 331 respondents.

4.4. The test of Normality

It is essential to assess whether the data demonstrates a significant deviation from the normal (Gaussian) distribution in order to choose the correct statistical methods (Ejsmont et al., 2022). Ghasemi and Zahediasl (2012) highlighted that the Shapiro-Wilk test is the most recommended choice for testing the normality of the data. This test “*compares the scores in the sample to a normally distributed set of scores with the same mean and standard deviation*” (Ghasemi & Zahediasl, 2012, p. 487). The results of Shapiro-Wilk’s test showed that all the p-values of variables were under 0.05, indicating that data in this study is non-normally distributed.

Structural equations modelling (SEM) is a general statistical technique for analysing complex relationships among multiple variables within a dataset, and the maximum likelihood (ML) method is widely employed for estimation. However, when the data is not normal, ML statistical conclusions may be misleading. Since the data of this study is non-normally

distributed, to address this problem, the Satorra-Bentler rescaling method was performed (Pavlov et al., 2020; Baah-Peprah et al., 2024).

4.5. Measurement model

To ensure a comprehensive understanding of the model's constructs, multi-item measurements rated on a 7-point Likert scale were used, incorporating items adapted from previous studies and adjusted to fit the specific crowdfunding context. These items were carefully reverse-coded to enhance the accuracy and reliability of the data collection process. Using the statistical software SPSS, a confirmatory factor analysis (CFA) was carried out to evaluate model fit.

A set of fit indices was used to quantify the degree of fit or deviation from the perfect model (Goretzko et al., 2024). Alavi et al. (2020) recommended that a minimum set of indices, including the chi-square, the Root Mean Square Error of Approximation (RMSEA), the comparative fit index (CFI), and the Standardized Root Mean Square Residual (SRMSR), should be reported and assessed together.

The chi-square goodness of fit test was employed to determine whether the observed data aligned with the expected distribution (Turney, 2022). A chi-square and degree of freedom ratio was 2.68 (441.038/164), which falls below the upper threshold of 3 (Baah-Peprah et al., 2024). Besides CFI (0.932), which indicates the extent to which the proposed model explains the variance, Tucker-Lewis Index (TLI, 0.929) was counted additionally, which compares the fit of the specified model to a baseline model. The results showed that both exceeded the minimum threshold of 0.90 (Bhale & Bedi, 2023). Furthermore, the RMSEA (0.071) measure was used to evaluate how well the theoretical model fits the actual collected data, and the SRMR value (0.082) provides a measure of how well the model's implied correlations match the observed correlations in the data (Ibid). Even the SRMR value slightly exceeds the threshold of 0.08, yet Henseler et al. (2015), from a simulation study, stated that the correctly specified models might have higher values than the recommended threshold. Hence the measurement model was deemed to be a good fit.

4.6. Validity and reliability tests

Reliability and Validity are the necessary features of measuring instruments, which absence may yield inaccurate results in the study (Sürücü & Maslakci, 2020). Cronbach's alpha reliability, developed by Cronbach in 1951, stands as a prominent measure of reliability

across various fields and assesses the consistency of multiple measurements, such as questionnaire items, with a focus on internal consistency (Bonett & Wright, 2014). Cronbach's alpha was calculated, yielding values ranging from 0.920 to 0.960 (as shown in Table 6), exceeding the recommended threshold of 0.7 (Sürücü & Maslakci, 2020). Consequently, it can be inferred that the measuring instrument is reliable.

Furthermore, discriminant validity refers to the degree to which constructs empirically differ from one another, and it was measured using a Fornell-Larcker method, which involves comparing the square root of the average extracted (AVE) with the correlation between latent constructs (Hamid et al., 2017). The results showed that the latent construct better explains the variance of its own indicator than the variance of other latent constructs, as indicated (see Table 7) by higher values of the square root of each construct's AVE compared to correlations with other latent constructs (Ibid).

Table 7: Reliability and Validity.

	AWA	SOT	FAM	EED	Reliability	AVE
AWA	1	(0.047)	(0.373)	(0.221)	0.960	0.785
SOT	0.218	1	(0.164)	(0.082)	0.960	0.838
FAM	0.611	0.405	1	(0.139)	0.950	0.830
EED	0.470	0.286	0.373	1	0.920	0.705

Latent construct correlations, reliability (Cronbach's alpha) and discriminant validity. **Notes:** The figures below and above the diagonal (in parentheses) are the correlations of the constructs and squared of correlations of the constructs respectively. AVE is the average variance extracted.

4.7. Results

Table 8 shows the analysis outcomes, which included testing all hypotheses with two additional controls: age and gender. As depicted, the model successfully meets all goodness-of-fit criteria, and the R-square values explanatory power explains 47.8% of the variance of awareness without control variables and 49.6% of the variance of awareness with control variables.

Table 8. Summary of hypotheses testing and estimation results

Standard Estimates				
Hypothesis	Hypothesized effect	Model (a)	Model (b)	Result
H1	EED→AWA	0.286 (0.068) ***	0.311 (0.066) ***	Supported
H2	SOT→AWA	-0.027 (0.065)	-0.034 (0.067)	Not supported
H3	FAM→AWA	0.593 (0.064) ***	0.622 (0.061) ***	Supported
H4a	LCFD*EED→AWA	-0.073 (0.120)	-0.103 (0.116)	Not supported
H4b	LCFD*SOT→AWA	-0.080 (0.143)	-0.054 (0.139)	Not supported
H4c	LCFD*FAM→AWA	0.031 (0.106)	0.017 (0.102)	Not supported
Controls	Age		0.130 (0.011) **	Significant
	Gender		0.053 (0.152)	Non-significant
	CFI > 0.90	0.932	0.928	
	TLI > 0.90	0.929	0.926	
	RMSEA < 0.08	0.071	0.069	
Good-of-fit indices	SRMR < 0.08	0.082	0.088	
	RNI robust > 0.90	0.939	0.935	
	χ^2 (t-statistic/df) < 3	(441.038/164) = 2.69	(524.7375/202) = 2.59	
Explanatory power	R ² AWA	47.8%	49.6%	
Number of observations		331	331	

Notes: Standard errors in parentheses; * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. SEM model (a)- tests our research model without control variables. SEM model (b)- tests our research model with control variables, i.e., age and sex.

The results showed that two hypotheses were supported, and two were not supported. Firstly, economic education (EED) and familiarity (FAM) have a positive and significant effect on crowdfunding awareness (AWA), indicating hypotheses H1 and H3 are confirmed. Secondly, the results observed that a person's trust (SOT) has no significant effect on crowdfunding awareness, thus rejecting hypothesis H2. Furthermore, the level of crowdfunding market development (LCFD) had no moderating effect on economic education, social trust, and familiarity with crowdfunding users, leading to hypotheses H4a, H4b, and H4c rejection. Regarding control variables, the results indicated that age significantly influences crowdfunding awareness, whereas gender did not.

5. DISCUSSION AND CONCLUSIONS

The results of this study provide valuable insights into the factors influencing crowdfunding awareness in Lithuania and Albania. The findings have several theoretical and practical implications, which this section discusses.

5.1. Discussion

Crowdfunding in Lithuania is a rapidly growing field that promotes the creation of new companies and innovations in the country. This area has grown in recent years due to a favorable environment for business development and has many potential startups that seek initial capital. Crowdfunding is an underdeveloped field in Albania compared to other European countries or the United States. However, progress has been made in recent years, and interest in this topic has grown. Albania has the potential to create innovative startups and businesses, especially given the country's geographic location, tourism industry, and other natural strengths. However, the business ecosystem, including funding opportunities, should still improve to create favorable conditions for the implementation of new ideas and innovation.

Consistent with previous research, this study confirms the significant impact of economic education on crowdfunding awareness (Arifah & Dalimunthe, 2020; Yasar, 2021; Salim & Kassim, 2018; Lusardi, 2019; Moreno et al., 2023; El Talla et al., 2017; Jegelevičiūtė & Valančienė, 2015). Individuals with higher economic education levels are more likely to understand and engage with crowdfunding platforms due to their better access to financial literature and understanding of new financial tools. Also, educated entrepreneurs can make appealing crowdfunding campaigns with detailed information and realistic goals in such a way as to attract more backers and increase awareness about crowdfunding.

This thesis examined social trust and its effect on crowdfunding awareness. Research has repeatedly highlighted that social trust impacts a person's awareness of crowdfunding (Kim & Koh, 2023; Baah-Peprah et al., 2024; Baber & Fanea-Ivanovici, 2023). Contrary to earlier studies, our findings indicate that social trust does not significantly impact crowdfunding awareness in the sampled populations. This result contrasts with the positive association between trust and crowdfunding campaign success found in other contexts (Rodriguez-Ricardo & Sicilia, 2016; Prince Baah-Peprah et al., 2024; Zhao & Vinig, 2019). One possible explanation for this discrepancy could be cultural differences in trust dynamics

or varying levels of trust in financial systems in Lithuania and Albania. On the other hand, our results are similar to Shneor et al. (2021) study, where they show that social media engagement and sharing of information influences reward crowdfunding success regardless of social trust. This explains that social trust as a factor does not impact the spread of crowdfunding awareness.

Another important aspect to explore was familiarity with crowdfunding platform users. In line with previous studies, a positive influence on awareness was found (Zheng et al., 2014; Kim & Koh, 2023; Yi et al., 2021; Čiković et al., 2023; Xu, 2023). Through network ties, people are connected and more likely to share information about crowdfunding opportunities through daily communication. Due to social influence, familiarity reduces perceived risks and builds confidence among potential backers, making them more inclined to be aware and participate in crowdfunding activities. The popularity of social media enhances awareness as there are social bonds between followers and content creators who share crowdfunding-related content. Therefore, an increase in the number of followers may reflect increased awareness. Moreover, entrepreneurs who seek capital for their business ideas and are familiar with crowdfunding users might be encouraged to learn more about crowdfunding financing opportunities. Consequently, they might use it and, in order to succeed, they promote the campaign and spread awareness in their networks.

The moderation effect of the crowdfunding market development level was not supported, indicating that the relationship between economic education, social trust, familiarity, and crowdfunding awareness is consistent across different market maturity levels. This finding suggests that these factors universally influence crowdfunding awareness, regardless of the market's development stage.

5.2. Research contributions

The main contribution of our research is emphasizing the importance of changing conditions of social trust, information from others, and economic education in influencing crowdfunding practices. Here, the degree to which different campaign elements are incorporated and their association with successful outcomes may vary depending on the levels of social trust prevailing in the context in which campaigns are launched. In this sense, we have expanded on previous insights into how trust is built through proper campaign planning, knowing that campaign efforts come from different points of reference based on the pre-existing level of social trust opportunities in different cultures. Accordingly, campaign design

should match the confidence conditions under which the campaign is launched and adjust their intensity levels based on these conditions to ensure a successful outcome. In addition, our study also contributes by examining education, trust, and familiarity in the context of European crowdfunding, complementing the previous research that was mainly conducted in the context of East Asia, as they make up the most active crowdfunding platforms (Ziegler et al., 2020). Large global platforms and markets with significant crowdfunding growth have dominated previous research.

5.3. Implication for research

Although our study provides interesting insights, several shortcomings should be acknowledged and serve as a basis for future research. First, the generalization of our findings is country-specific, i.e., Lithuania and Albania, and the period during which data was collected. Nevertheless, researchers are encouraged to examine similar dynamics in other contexts, especially due to differences in crowdfunding regulation in national legal systems, public awareness, and financial literacy.

Another suitable way to expand the boundaries of the research conducted and the generalizability of the findings is to conduct different studies on different crowdfunding models, both in the same national and in other contexts. Specifically, researchers are encouraged to investigate whether the role of economic education, social trust, and familiarity differs among crowdfunding models and investment crowdfunding practices (i.e., lending- and equity-based) compared to non-investment (rewards- and donation-based). This call aligns with previous suggestions for more research comparing different crowdfunding models (Hoegen et al., 2017).

5.4. Implication for practice

The results of our research also provide some practical insights into the development of crowdfunding awareness in Lithuania and Albania. First, our research results confirm other researchers' insights that a person's knowledge about crowdfunding activities is influenced by economic and financial education (Voka & Ruxho, 2021). Educational programs and initiatives aimed at improving financial literacy can equip individuals with the necessary skills to understand and engage with crowdfunding platforms effectively. To raise awareness,

crowdfunding platforms can teach the public about crowdfunding concepts, different models, and benefits by investing in educational training and social media engagement. Moreover, due to accessibility and convenience, podcasts are becoming an increasingly widespread option for communicating with the audience and a way to inform about a wide range of topics. Podcasts serve as an effective tool for entrepreneurs to improve their knowledge (Chandler et al., 2023). However, on the other hand, it can be used to spread awareness to the general public, teach, and attract potential backers. Dehdashti et al. (2024) point out that TV and social media together attract more donors to charitable crowdfunding. This channel could be utilized to inform and spread awareness about other crowdfunding models.

While social trust was not found to be a significant factor, building trust through transparency and reliable information remains crucial. Policymakers and platform operators should focus on creating a supportive regulatory environment to foster the growth of crowdfunding in these countries.

5.5. Limitations and further directions

This study has several limitations that should be addressed in future research. First, some scales have been removed from the statistical data analysis, and only a shortened version of the questionnaire has been used. Second, the sample size, while sufficient for the study, could be expanded to include a more diverse demographic to improve the generalizability of the findings. Additionally, future research could explore other factors influencing crowdfunding awareness, such as individual personality traits or broader socio-economic conditions.

As the results showed, the crowdfunding market level has no moderating effect on education, social trust, and familiarity. Further research could also check in the opposite direction if such variables have a moderating effect on the crowdfunding market level and suggest practices to enhance education, social trust, and familiarity in order to increase the adoption of crowdfunding and contribute to economic growth.

5.6. Conclusion

Crowdfunding is a new, rapidly growing financing alternative with uncountable benefits for various projects, from charity endeavors to innovative technology projects. There

are four main crowdfunding models: donation-, reward-, equity-, and lending-based. Understanding what crowdfunding is, how it works, its benefits and risks refers to crowdfunding awareness. It is crucial for potential investors and entrepreneurs seeking capital.

The main purpose of this study was to investigate the main factors affecting awareness of crowdfunding in Albania and Lithuania. To achieve this objective, a qualitative research design was applied. An online survey consisted of a questionnaire with 20 items that examined the four main latent variables within the study. The results showed that economic education and familiarity positively and significantly affect crowdfunding awareness. Secondly, social trust has no significant effect on crowdfunding awareness. Furthermore, the level of crowdfunding market development was found to have no moderating effect on economic education, social trust, and familiarity with crowdfunding users. Regarding control variables, the results indicated that age significantly influences crowdfunding awareness, whereas gender did not.

Albania's crowdfunding activities are still in its infancy compared to other countries. Crowdfunding in Lithuania is a rapidly growing investment field in the country. Despite differences, economic education and community-based initiatives should improve financial literacy and equip people with the knowledge and skills to use crowdfunding effectively in both countries. While social trust was not a significant factor, building trust through transparency and reliable information remains crucial. Policymakers and platform operators should focus on creating a supportive regulatory environment to foster the adoption of crowdfunding in these countries and contribute to economic growth.

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Discussion paper – Esmeralda Gjollehi

Introduction

With the growing relevance of crowdfunding, research in the field of crowdfunding has been systematized in academic literature reviews for the past few years; the research focused mainly on the concept of crowdfunding, types, participants of crowdfunding, and the influence of individual factors on crowdfunding and, most importantly, on the success of crowdfunding projects. Examining the studies analyzing the factors of project success, it becomes increasingly clear that there is no consensus on what factors decide the success of projects since the opinions of academics, as well as the research methods used, differ on this point, and have not yet found a consensus. Crowdfunding is also related to the responsible behavior of various participants. This discussion paper is dedicated to analyzing crowdfunding and responsible behavior relations.

Summary of the thesis

The latest business trends, exclusive technologies, and user-friendly systems can be found on crowdfunding platforms. Although a recent development, this alternative form of financing has caught the attention of many and is now regulated, legally defined, and formalized in many countries. The granting of legal status has further strengthened the confidence of project participants and funders and has encouraged this phenomenal financing to grow even further. The topic is much discussed in the popular press and various media, but research still needs to be done. Although there is a growing interest in crowdfunding among academics, the articles written are instead fragmentary and need to define the meaning and essence of the phenomenon entirely. The topic of attracting successful investment and the factors that can make it happen are also narrowly covered.

However, it is worth noting that crowdfunding has challenges as well. Crowdfunding campaigns require careful planning, marketing, and management to succeed. Not all campaigns are guaranteed to reach their funding goals, and entrepreneurs must carefully navigate crowdfunding platforms' competitive landscape to stand out and attract backers. Communication strategy, social capital, founder and investor characteristics, financial risk, presented product/project quality, and context are influencing factors behind successful campaigns (Hoegen et al., 2017; Wang et al., 2021). Additionally, in fulfilling the stage of

delivering promised products or services, entrepreneurs face operational and reputational risks. This stage can be complex and time-consuming, requiring various managerial activities and competencies during project development.

Also, the responsible behavior of crowdfunding market participants is a highly interesting area, but detailed studies are still needed.

Responsible crowdfunding

Environmental factors are groups of sociocultural environment, immediate environment, family, and other environmental influences affected by investors' investments. The attitudes and thoughts of individuals are largely influenced by the cultures in which they live. In other words, a person's sociocultural situation also affects decision-making. Since individual investors need more knowledge about investment vehicles, they want to get the approval and opinion of decision-makers. Naturally, these people are usually family members. Since the savings owner also lives in a group or family, the influence of this group or family cannot be ignored when making decisions. Because individuals feel insecure when deciding about a topic when they are alone, so they misperceive the decision and need group or family support (Ho & Lee, 2020).

Crowdfunding responsible behavior and sustainability

A wealth of research has analyzed the impact of the sustainability orientation of crowdfunding campaigns on their funding success in different contexts (Vismara, 2019; Calic & Mosakowski, 2016). For example, it has been found that the sustainability orientation of equity crowdfunding can lead to more limited investors (Vismara, 2019) but not necessarily increase funding from equity and rewards-based crowdfunding (Vismara, 2019). However, Calic and Mosakowski (2016) found, in contrast, that in rewards-based crowdfunding, social campaigns lead to a higher success rate, as do environmental campaigns funding technology projects. According to research, project creativity in some cases and third-party endorsements and guarantees lead to more excellent acquisition of resources and support in others (Calic & Mosakowski, 2016). Another explanation for the positive effect of sustainability orientation may be the community logic that limited investors follow in equity crowdfunding: since limited investors in crowdfunding acquire only a marginal, small share of the company, they

are not only dependent on profits but also pursue communal values and cooperative capitalism approach (Vismara, 2019).

By its very nature, crowdfunding can provide substantial added value by increasing the participation of citizens as investors and consumers (European Commission and European Investment Bank, 2020). According to Chen et al. (2019), crowdfunding has appeared in recent years as a new sustainable channel for organizations seeking to develop new products to obtain funding sources. Investors through crowdfunding platforms mainly invest in business projects (40%), solving social problems (20%), art projects (12%) and real estate (6%). There are also specialized platforms for sub-sectors such as agriculture, retail, food, housing, and services (UNDP, 2017). Meanwhile, environmental projects, except for renewable energy, still need more attention.

The donation-based model involves raising funds for the implementation of, as a rule, socially significant projects in the form of voluntary donations. We are talking about the internal motivation of the donor without external financial incentives from the recipient of the funding. However, compensation is not excluded, including expressions of gratitude in writing, media, or other acceptable forms. Crowdfunding platforms running on this model leave the reward issue to the project organizers' discretion. This model seems closer to the idea of sustainable development since it assumes internal motivation (Martínez-Climent et al., 2019). The core of motivation is often associated with ego-oriented motives, philanthropy, and other factors.

Reward-based model. Funds are raised for a project through a project-specific award that generates interest in this project, which was supported and financed. The model may provide for non-financial compensation in both tangible and intangible forms. Depending on the crowdfunding project's nature, this is, for example, a copy of a new product, a particular service, or the chance to take part in a project. Some studies show that the reward-based model is unsuitable for projects focused on responsible behavior (Testa et al., 2019).

Conclusion

Responsible behavior in the crowdfunding market could be understood as participation in and funding of various sustainable projects and initiatives. Responsible behavior is also related to trust and personnel experience related to crowdfunding activities and various models. Still, more detailed research outlining the key features of responsible crowdfunding is lacking.

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Discussion paper – Greta Pilyte

Introduction

UiA Scholl of Business and Law's activities are based on three key concepts: international, innovative, and responsible (Strategic Framework). As a master's student, I had the opportunity to research the topic "What impacts crowdfunding awareness in Albania and Lithuania?". As the concept of crowdfunding is relatively new, it was interesting to know more about people's awareness and the factors affecting it in the mentioned developing countries. For my discussion paper, I was assigned to the notion of *international*. The term refers to economic, political, social, and technological interactions among countries. The concept highlights the importance of the connection of the global community and demands innovations for better communication, technology, and flow of goods and services. In the crowdfunding context, the international aspect is related to access to international capital and the reach of a broader audience of supporters and investors. Thus, the summary of the master thesis will be presented, followed by a discussion of the crowdfunding concept and international trends in relation to the growing use of the investment model. After a brief overview of the situation in Albania and Lithuania, a conclusion is drawn.

Summary of Master thesis

Crowdfunding is a capital-raising method involving a large number of individuals using an online intermediary. Its roots go back to history when it was used to collect funds for art, charity, and political campaigns. Crowdfunding is closely related to the relatively recent crowdsourcing movement, where collective knowledge and skills are used to create value (often in companies). Crowdfunding is a financial mechanism to support social causes, entrepreneurs, and small businesses (Parhankangas et al., 2019).

Albania and Lithuania are developing countries, and crowdfunding can be used to foster entrepreneurship, drive innovations, and help grow the economy. The topic was chosen to identify the awareness of this latest financing method, as it is the underlying driver of adoption. Through the online survey, quantitative research was conducted with a focus on economic education, social trust, and familiarity with crowdfunding users. The results showed that education and familiarity have a significant effect on crowdfunding awareness, whereas social trust did not. Moreover, the moderating effect of the crowdfunding market level on the mentioned variables was examined and found not significant.

Crowdfunding and international trends

International or global trends refer to “*a general development or change in a situation that affects many countries of the world*” (Cambridge Dictionary, 2024). Sustainable finance is one of the emerging trends in the international economy, and it can be described as investments in companies with a positive impact on the environment and society. Another one is the use of digital technologies (Leal-Arcas & Alsaud, 2024). Crowdfunding and these trends are related in several ways.

Firstly, crowdfunding relies heavily on digital technology. It enables the development of platforms that are the intermediaries between project creators and backers. Platforms provide integrated options to create crowdfunding campaigns and communicate with potential funders. Moreover, for faster payments, secure transactions, and reduced cost, crowdfunding platforms need advancements in financial technology (FinTec) and provide digital solutions such as cashless payments, e-payment processes, automatization, the blockchain, and traceability (Ziegler et al., 2020; Baber, 2020). Additionally, by using web technologies and incorporating various tools, crowdfunding platforms provide customized campaign designs, payment gateways accepting different currencies, real-time updates to track progress, and the option to share on social media to reach a broader audience. All these functionalities enhance a crowdfunding campaign’s quality, which is crucial for success.

Secondly, crowdfunding has increased interest in financial support for projects and initiatives with a focus on sustainability issues. Such initiatives have less attention from traditional investors due to the higher interest in social and environmental goals than economic returns and business plans, the lack of tangible and measurable outputs in the short term, and the higher market uncertainty (Petruzzeli et al., 2019; Dinh et al., 2024). Such obstacles promoted a sustainability-oriented crowdfunding stream, which is related to the concept of the *triple bottom line* from sustainable entrepreneurship. It refers to entrepreneurial opportunities pursuing social, ecological, and economic goals, resulting in economic and non-economic gains for individuals, society, and the economy (Dihn et al., 2024). Crowd investors have different motivations and motives to contribute than professional investors. Thus, it is necessary to integrate a crowdfunding campaign communication strategy where signaling and interaction effects focus on attracting sustainability-related backers (Ibid).

Another international trend is the growing use of the equity-based crowdfunding model. This is a profit-sharing model where funders expect a monetary return on investment. Fundraising is arranged by selling unlisted shares or debt-based securities via the Internet, typically issued by a business (SME), and investors receive ownership stakes or equity in the company or project they are supporting (Bouncken et al., 2015; Shneor, 2020). Recently, this industry has been facing the need for internationalization. Where domestic markets are relatively small, international reach – investors and organizations from around the globe can help upscale profitability and growth of local platforms. Increased volumes of funding support economic development (Maula & Lukkarinen, 2022; Wenzlaff et al., 2020). Equity crowdfunding gained more attention from regulatory and policy authorities; however, despite the expansion, equity crowdfunding still constitutes a small share of the global alternative market, and most investments are made domestically (Shneor, 2020; Ziegler et al., 2020). Public awareness is one of the factors supporting the development of this market. By measuring the level of people’s understanding it can be easier to implement specific policies and practices to enhance the adoption in order to contribute to the economic growth and achievement of global goals (e.g., SDGs).

In relation to the master’s thesis topic, it would be interesting to measure people’s awareness about different types of crowdfunding, opportunities to invest, and sustainability-oriented initiatives, as well as the attitudes toward the importance of their contribution. In Lithuania, there are 23 operating crowdfunding platforms, two of which focus on and provide opportunities to invest in sustainable projects that not only have financial returns but also positively impact our planet and society. Both drive the lending-based crowdfunding model. Seven of all platforms are internationally based. Nearly all the platforms operate on a lending crowdfunding model (19 of 23) focusing on P2P lending (16 of 19), and only one is equity-based. On the other hand, Albania only has two operating crowdfunding platforms; they are donation-based and have no specific focus on sustainability. One platform is foreign, and the other is local, and both operate on a donation crowdfunding model (CrowdSpace, 2024). Thus, the crowdfunding market in Lithuania is more developed and operates more closely in line with global trends.

Conclusion

Crowdfunding is a rapidly growing alternative financing method that allows individuals, start-ups, and organizations, by using online platforms, to tap into the crowd and collect needed capital from many backers. There are two types of crowdfunding, non-investment and investment, including donation-based, reward-based, equity-based, and lending-based models. Crowdfunding serves various projects, from charity causes to the creation of innovative technologies. In the international context, crowdfunding platforms operate worldwide and enable global participation, attracting larger volumes of funding and contribute to the economic growth. Additionally, more attention is gaining sustainability-oriented crowdfunding to address global environmental and social challenges. In Albania and Lithuania, economic education and familiarity with crowdfunding users influence awareness, while social trust and the level of the crowdfunding market do not. Both are developing countries with different levels of crowdfunding market. Thus, collaboration among all stakeholders, increased awareness, and improved regulatory support can help to achieve common goals (SDGs).

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