THE ASIAN BULLETIN OF GREEN MANAGEMENT AND CIRCULAR ECONOMY
Vol 5, Issue 1(2025)
THE ASIAN BULLETIN OF GREEN MANAGEMENT AND CIRCULAR ECONOMY
ISSN (online): 2959-0035
http://abgmce.com/ 10.62019/abgmce. v5i1.128
ISSN (Print): 2959-0027

Impedivit of Crowdfunding in Start-Up Financing in the Technology Sector of an Emerging Asian Economy

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Chronicle

Article history
Received: Jan 3, 2025
Received in the revised format: Jan 10, 2025
Accepted: Feb 28, 2025
Available online: March 13, 2025

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Abstract

The crowdfunding, which is now considered as a vital alternative financing model for startups, has become possible for startups to raise capital from small investors in a mass without the dependence on traditional financial institutions (Belleflamme et al., 2014). Albeit Pakistan's technology sector is one of the few which is known to have successfully launched a crowdfunding initiative, there are too many challenges to make it a viable option for most of the population. The secondary data used in this study was collected over 10 years and this study examines the regulatory, economic, and cultural barriers to its adoption. It is the analysis of these five hypotheses, structured around the three factors, namely regulatory uncertainty, economic instability, and societal perception of the crowdfunding in Pakistan. Results show that regulatory constraints are a very important barrier due to the poor development of the clear policies concerning investor protection, taxation and compliance impede the participation. Moreover, economic realities, including inflation, low financial literacy and investor risk aversion hinder the effectiveness of the crowdfunding. There is cultural skepticism towards online funding models as well as a preference for traditional financing. Also, because startup or investor awareness about this financing method is low and most crowdfunding platforms are still under development, startups and investors do not take full advantage of this financing method. This study suggests a regulatory framework that is structured, financial awareness and literacy promotion, and secure, transparent crowdfunding platforms to overcome these obstacles. Crowdfunding must be encouraged by digital financial transactions and to trust in online investments. Reforming targeted policy and technological innovations can turn crowdfunding into a viable financing choice for the technology sector of Pakistan with the ability to bring innovation and the growth of entrepreneurship.

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Keywords: Crowdfunding, Start-up Financing, Technology Sector, Pakistan, Regulatory Barriers, Economic Factors, Trust Issues, Awareness Campaigns

INTRODUCTION

Economic In the past decade, crowdfunding has revolutionized how startups fund their businesses, becoming a popular model for fundraising, accomplished through small contributions via online platforms (Mollick, 2014). This approach democratizes funding by bypassing traditional financial institutions and venture capital firms, enabling entrepreneurs to raise and access funds from peers instead (Belleflamme et al., 2014). Crowdfunding not only provides financial resources but also serves as a powerful marketing tool, allowing startups to engage with early adopters and build a loyal customer base (Agrawal et al., 2015). Pakistan has seen rapid growth in its technology sector in recent years, driven by a young, tech-savvy population and rising internet penetration (Pasha et al., 2021). However, despite a favorable landscape, only a few startups in Pakistan can leverage crowdfunding as a viable financing method (Zafar & Mustafa, 2017). The aim of this research is to explore the key issues preventing Pakistani tech startups from utilizing crowdfunding effectively. The technology sector has the potential to boost Pakistan's economy and job creation, given its expanding digital landscape (Qureshi et al., 2022). However, while many startups have viable funding potential, they often face a critical lack of accessible funding (Khan & Akhtar, 2019). While starting a business has become easier, financial constraints remain a significant hurdle. Studies indicate that entrepreneurial activity is rising, yet many founders struggle to raise sufficient capital to scale their ventures (Zaheer et al., 2020). High interest rates, stringent collateral requirements, and other limitations of traditional financing options further highlight the need for alternative financing mechanisms such as crowdfunding (Hassan et al., 2021).

Understanding the barriers to crowdfunding adoption is crucial for improving Pakistan's startup ecosystem, informing policymakers, and crafting strategies to enhance alternative financing options (Kshetri, 2018). Limited access to crowdfunding platforms and a lack of awareness among entrepreneurs are major challenges impeding adoption (Zafar & Mustafa, 2017). Compared to other parts of the world, crowdfunding usage in Pakistan remains low. Many founders struggle to design compelling crowdfunding campaigns that meet platform requirements and attract potential backers (Chemin, 2020). Moreover, cultural attitudes towards public investment discourage crowdfunding participation, as entrepreneurs often perceive public funding as a signal of financial instability (Kshetri, 2018). Studies suggest that investors also lack trust in crowdfunding platforms due to concerns over transparency, security, and accountability (Hassan et al., 2021). Many investors hesitate to support crowdfunding initiatives without guaranteed returns, further limiting its appeal as an alternative financing model (Zafar & Mustafa, 2017). Regulatory challenges also hinder the adoption of crowdfunding in Pakistan. The country's financial regulations primarily cater to traditional forms of investment, leaving crowdfunding in a legally gray area (Qureshi et al., 2022).

The absence of a clear regulatory framework from the Securities and Exchange Commission of Pakistan (SECP) creates apprehension among investors and entrepreneurs (Khan & Akhtar, 2019). Without legal protection, investors fear fraud or mismanagement, discouraging them from engaging in crowdfunding in initiatives (Chemin, 2020). The lack of regulatory oversight further increases the risk of fraudulent activities on crowdfunding platforms, deepening distrust in this financing model. Addressing this regulatory gap is essential to fostering a secure and transparent crowdfunding ecosystem that encourages broader participation from investors and startups alike (Kshetri, 2018). Economic conditions also play a crucial role in making crowdfunding viable in Pakistan. High inflation rates reduce disposable income, limiting individuals' ability to support startup campaigns (Zaheer et al., 2020). Additionally, the pool of potential investors in startups remains restricted, particularly in rural areas where financial services are less accessible (Pasha et al., 2021). Like any investment model, crowdfunding success depends on the broader economic environment, including exchange rate fluctuations and investor confidence (Hassan et al., 2021). Economic instability further reduces the likelihood of securing adequate funding for new ventures. Raising awareness and building trust in crowdfunding platforms is key to their success. Most entrepreneurs and investors in Pakistan are unfamiliar with crowdfunding or unaware of its benefits (Zafar & Mustafa, 2017). Limited exposure to successful crowdfunding campaigns and a lack of educational initiatives contribute to low adoption rates (Khan &Akhtar, 2019). Moreover, skepticism regarding the credibility of crowdfunding platforms discourages participation (Chemin, 2020). Government-backed initiatives, workshops, and public awareness campaigns could help build trust and educate stakeholders on the effectiveness of crowdfunding as a financing tool. This research aims to contribute to the development of a more supportive entrepreneurial ecosystem in Pakistan by addressing these challenges. Identifying barriers to crowdfunding adoption and proposing actionable solutions can facilitate access to alternative financing for tech startups. As crowdfunding is a critical alternative financing model, it is essential for policymakers, regulatory bodies, and industry stakeholders to collaborate in establishing fair guidelines and support mechanisms (Kshetri, 2018). Improving regulatory oversight, strengthening investor confidence, and increasing public awareness will create a more favorable environment for fundraising in Pakistan's technology sector, fostering innovation and economic growth.

LITERATURE REVIEW

Startup succeeding based on resources, and the basic nature must be sufficient financing. Financing mechanisms using crowdfunding is a novel devise which has come into the scene in the past decade. Crowd funding is a new financing model based on a collective effort of people backing a project or a project by pooling resources, mostly online (Belleflamme, Lambert, & Schwienbacher, 2014). As the field of commerce expands and creates numerous business opportunities, it has come to function as a novel method of starting and funding for startups, for instance, those who wish to get away with or around initial conventional financial institutions. Nevertheless, a few barriers restrict the comprehensively exploitation of crowdfunding especially in an emerging market like Pakistan. The impediments include a lack of awareness and technological challenges, regulatory uncertainties and, of course, economic influences. Lack of awareness and understanding regarding crowdfunding adoption is considered a huge barrier between entrepreneurs and additional investors. As indicated by Khalil & Moustafa (2021), many developing country entrepreneurs are unaware of the operations of proven crowdfunding platforms and therefore find their connotation with the campaign aspect inconceivable.

Crowd funding differs from the traditional form of financing, where entrepreneurs interact directly with financial institutions, by being an activity that requires entrepreneurs to promote their project, present its value proposition well, and work to attract backers. Due to the absence of expertise and relevant knowledge, the adoption rate of such campaigns is low in many startups. Additionally, cultural attitudes have strong impacts on people's perceptions on what is crowdfunding. McCaffrey and Hu (2018) also point out other cultures that may consider seeking public funding as a negative sign of financial instability or failure. As a result, entrepreneurs might be discouraged from considering crowdfunding as a means of developing their projects if they possess promising and innovative ideas. Because of traditional business funding models in Pakistan such as family investments or personal networks, it may even be considered unconventional or potentially risky by the investor community to raise capital publicly through online platforms. Cultural barriers may have a big impact on the willingness of both the entrepreneurs and the investors to get participate in the crowdfunding initiative. Compounding it still further are technological challenges leading to problems with crowdfunding in Pakistan. That is why as noted by Sharma et al (2018) and Javed et al (2020), access to internet is limited particularly in rural areas, which limits crowdfunding platform suiting.

Although there are various efforts going on to bridge the digital divide in Pakistan, access to online financial services and digital payment systems are crucial to the success of crowdfunding and there is no sign of them diminishing. Also, many potential investors, out of urban centers, may lack the requisite digital literacy to enter the online investment scene. Additionally, the reliable internet connectivity and the fear of Cybersecurity threats help inhibit both Entrepreneurs and backers to interact with crowdfunding platforms limiting its growth and adoption. The crowdfunding ecosystem is also highly dependent on the regulatory landscape. Lacking a comprehensive legal framework for crowdfunding makes it uncertain for famers and people who might want to put in cash. Cumming and Johan (2019) suggest that regulations which do not embody the nature of crowdfunding can seriously dampen its development and discourage participation.

That suggests that the Securities and Exchange Commission of Pakistan (SECP) has not created specific rules on crowdfunding, which concern investor protection, for example, the legitimacy of the crowdfunding platforms (Haq, 2021). The lack of clear regulation in crowdfunding discourages crowdfunding as a mode of finance, besides creating a way of rife fraudulent activities without checking. Like in the research the factors of transparent and well-structured regulatory framework will build investor confidence (Ali and Khan, 2020). If investors don't have legal protection, they may have reservations about giving their money to a campaign they do not know may be mismanaged or may be a fraud. To build trust and engage more people to participate in crowdfunding projects, it is important to establish clear regulations, investor protection policies and a formalized crowdfunding ecosystem. The viability of crowdfunding is also dependent on economic factors. Crowd funding research links the success of crowd for backing economic stability and growth. When there is economic uncertainty, potential investors might not be willing to put their money into things like startups that, in our case, are considerable risk ventures, which can impact how people flow into the crowdfunding campaigns (Ziegler & Pels, 2020).

Potential backers of crowdfunding projects would then be deterred by Pakistan's fluctuating economic conditions, high inflation rates, diminishing disposable income. Additional variables such as the availability of crowdfunding alternatives also affect the adoption of crowdfunding. Crowdfunding may not be able to compete against venture capital and traditional bank loans if it is in regions in which such capital is readily available, writes Ahmad and Zubair (2022). Nevertheless, the entrepreneurs may be more inclined to consider crowdfunding in areas where conventional financing options are absent. But the financing traditions in Pakistan and crowdfunding itself have challenges, so it is necessary to build crowdfunding as an effective and operational financing model. Another important determinant of the success of crowdfunding is the level of awareness and trust between venture capitalists and entrepreneurs and the level of awareness of potential investors. Khan and Ali (2020) also research that a substantial percentage of the Pakistani population is unaware of the crowdfunding platforms and the benefits they offer. Fundamentally, this lack of awareness leads to the skepticism associated with crowdfunding; many potential investors disregard crowdfunding as being more than a risky investment channel. Crowdfunding platforms need to gain the trust of users for it the platforms to be successful and taken seriously by users. Ojo and Odukoya (2021) emphasize that transparency, faithful information, and positive experiences from the past can contribute to the establishment of a premise for confidence in crowdfunding activities. To assure investors by proving the legitimacy of the projects, entrepreneurs must be proficient in presenting their projects in a clear and systematic manner. Also, with crowdfunding platforms, they need to set up strong security measures and due diligence processes to protect investors from fraudulent schemes. But if investors and entrepreneurs do not have enough trust for crowdfunding, both will not join hands, and it will remain a limited growth opportunity in Pakistan. The purpose of this study is to explore crowdfunding as a potential funding mechanism for the technology startup in Pakistan and particular ways that hinder the adoption of crowdfunding for the technology startup in Pakistan. The research will focus on the challenges of entrepreneurs obtaining crowdfunding by targeting the technology startups that are looking for alternative sources of funding.

It will study the major obstacles — a prevalent sense of unawareness, regulatory vagaries, and prevailing culture of the robustness of financing and norms of risk in the public funding. This research is grounded in theoretical frameworks of social capital theory, collective intelligence, and democratization of finance; in these theoretical frameworks' conceptualization of various aspects of crowdfunding landscape in Pakistan will be discussed. This is limited to a contextual analysis of the unique factors that govern crowdfunding adoption in Pakistan. Further, differences in awareness, regulatory environment, and culture attitudinal issues with different regions will be explored. The study will analyze trends of the past decade and how such changes in perceptions interact with this economic contingency on crowdfunding success rates. Only secondary data collected from credible sources, namely academic journals, industry reports, government publications and case studies, will be used in the research. Finally, the findings will bring out a greater understanding of how the crowding can be made more effective as a financing mechanism for tech startups in Pakistan and present recommendations for policymakers, entrepreneurs, and investors in getting maximum value of the crowding.

THEORETICAL BACKGROUND

The study builds upon existing theories to analyze the challenges and potential of crowdfunding in Pakistan's entrepreneurial landscape:

Social Capital Theory (Putnam, 2000): Highlights the role of trust, norms, and networks in crowdfunding success. Entrepreneurs with higher social capital tend to achieve better funding outcomes due to their ability to mobilize support from their networks (Agrawal et al., 2015).

Collective Intelligence Theory (Surowiecki, 2004): Explains how investor insights contribute to better funding decisions. Crowdfunding backers collectively assess project viability, leading to more informed investment decisions (Belleflamme et al., 2014).

Financial Access Theory (Beck et al., 2007): Examines the structural barriers limiting startups' access to alternative finance. Limited financial literacy, high transaction costs, and restrictive lending policies impede financial inclusion (Ahmed & Gul, 2022).

Regulatory Environment Theory (Cumming & Johan, 2019): Evaluates the impact of legal frameworks on crowdfunding participation. Countries with clearer crowdfunding regulations see higher levels of investor participation and startup funding success (Ali & Khan, 2020).

CONCEPTUAL FRAMEWORK OVERVIEW

A conceptual model has been developed, incorporating independent and dependent variables influencing crowdfunding adoption.

Independent Variables

Regulatory and Economic Factors: Impact of legal frameworks and economic stability on crowdfunding. Unclear regulations and a lack of investor protection reduce participation (Haq, 2021; Ziegler & Pels, 2020).

Awareness and Financial Literacy: Entrepreneurs' understanding of crowdfunding mechanisms significantly affects adoption. Studies indicate that lack of awareness is one of the biggest barriers in developing economies (Arshad & Bhatti, 2022).

Trust in Crowdfunding Platforms: Investor confidence based on platform security and transparency. Trust is a major determinant of crowdfunding success, as backers prefer platforms with clear due diligence processes (Ojo & Odukoya, 2021).

Technological Infrastructure: Internet penetration and ease of digital payments. Crowdfunding success is higher in countries with well-established digital payment systems (PTA, 2022; Javed, Khan, & Ahmed, 2020).

Cultural and Social Norms: Perception of public fundraising as a viable financing option. Many entrepreneurs in Pakistan hesitate to use crowdfunding due to fear of reputational risks (McCaffrey & Hu, 2018; Shneor & Vik, 2020).

Entrepreneurial Readiness: Ability of startups to market themselves effectively on crowdfunding platforms. Startups with well-developed business models and strong digital marketing strategies tend to raise more funds (Rehman et al., 2021; Shane, 2003).

Dependent Variables

Crowdfunding Adoption: Measured by startup participation and investor engagement. The number of crowdfunding campaigns and repeat investments indicate adoption trends (Mollick, 2014).

Funding Success: Determined by funds raised, number of investors, and campaign duration. Studies show that longer campaign durations often correlate with lower funding success (Agrawal et al., 2015).

Investor Participation: Measured by investment frequency and campaign backers. Investors are more likely to engage when platforms ensure transparency and reduce risk perception (Khan & Ali, 2020).

Economic and Market Impact: Effect of crowdfunding on financial growth and scalability of startups. Successful crowdfunding campaigns contribute to business expansion and job creation (Rehman, Ali, & Muneer, 2021).

Challenges & Barriers: Regulatory and technological limitations hindering crowdfunding expansion. Regulatory gaps and lack of legal protections often deter both investors and startups (Ali & Khan, 2020).

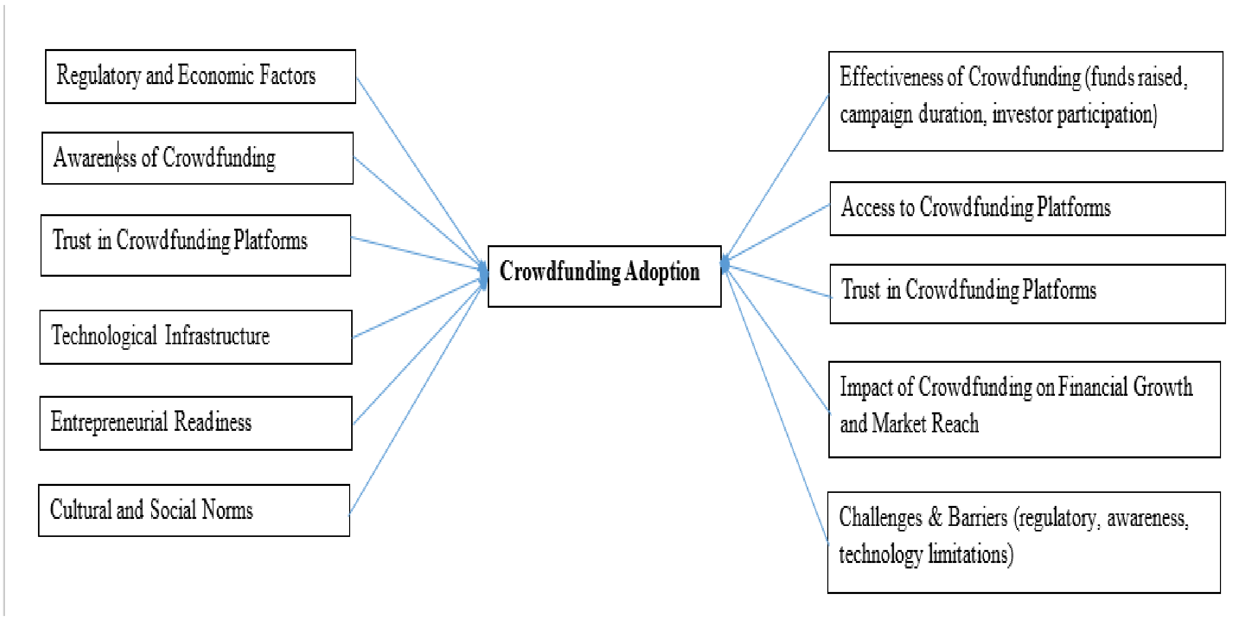

Figure 1.
Conceptual Framework

HYPOTHESIS DEVELOPMENT

For ease of adoption the improved crowdfunding ecosystem would reduce perceived financial risk thereby mediating regulators' clarity and trust that are important in reducing backers' funding intention as three key mediating variables. Investors' willingness to participate in crowdfunding campaigns is correlated to the perceived risks in those campaigns, which are primarily fraud, business failure or lack of accountability. Theoretical insights identify ways of reducing these risks by means of transparent governance, enhanced financial education and suitable policy framework that can enhance outcomes of crowdfunding in Pakistan. This study ultimately shows what drives the adoption of crowdfunding in the country's technology sector by unraveling trust, regulatory clarity and financial accessibility as key factors. As such, we put forth the following hypothesis.

H1. Higher awareness of crowdfunding correlates with increased willingness of tech startups in Pakistan to utilize it.

Explanation: The problem tackled through this hypothesis is: How does the level of awareness and knowledge of tech entrepreneurs in Pakistan regarding crowdfunding platforms influence their preference to use crowdfunding platforms as a source of financing? It is an assumption that increased awareness is associated with higher rates of crowdfunding adoptions because in the latter case, awareness should heighten perceptions of the associated capital raising method as viable, thereby increasing the chances of startup adoption of the fund-raising technique. (Ahlers et al., 2015; Mochkabadi & Volkmann, 2020). Research suggests knowledge and awareness that plays a vital role in reducing uncertainty and increasing confidence in crowdfunding as a funding option (Moritz et al., 2015). Furthermore, awareness raising and financial literacy programs are associated with greater commitment to alternative financing models, particularly in emerging economies (Ramos and González, 2021).

H2. Strict regulations negatively impact the feasibility of crowdfunding for technology startups in Pakistan.

Explanation: This hypothesis examines the effect of regulatory barriers on the success of the crowdfunding engagement by tech startups of Pakistan. It argues that in cases where regulations are strict or laws pertaining to crowdfunding platforms are obscure, there are obstacles to entrepreneurs using those (crowdfunding) platforms or the crowdfunding campaigns failing. (Cumming & Johan, 2013). Research shows that an overly complex or ambiguous normative environment has both investors and entrepreneurs, limiting the possibilities of crowdfunding (Hornuf & Schwienbacher, 2017). Furthermore, research shows that the absence of well-defined legal protections and compliance with requirements prevents crowdfunding from being used as a viable funding method, suppressing innovation and investment in the technical sector (Ziegler et al., 2021).

H3. Cultural attitudes toward public funding influence the acceptance of crowdfunding among tech entrepreneurs**.**

Explanation: The cultural factors and the way society functions as instruments of changing the understanding and the use of new financial methods. The basis of this hypothesis is that traditional ideas of funding, including the preference for private, family based, or bank type of lending may influence the way tech entrepreneurs see and accept crowdfunding as a feasible financing option in Pakistan (Shneor & Vik, 2020). If public funding looks or feels negative or skeptically then it may decrease a willingness for entrepreneurs to take to the use of crowdfunding (Burtch et al., 2013). In addition, the cultural perception of financial risk, collectivism and social trust plays a significant role in determining the level of crowdfunding, especially in developing economies (Davies & Giovannetti, 2018). If state funding is perceived negatively, entrepreneurs may not decide to pursue crowdfunding as a legal source of financing (Kim & Hann, 2019).

H4. Trust in crowdfunding platforms positively affects investor participation in campaigns for tech startups.

Explanation: Financial transactions do work in the world of technology and thus, trust is one of the most crucial factors for any type of client as we know. The source of the aim of this hypothesis is supposed to be how much of a crowd funder's reliance on the security, reliability, and transparency of the crowdfunding platform undertaken in being the content of diverse types of decisions of crowd funder. More so, if the trust in these platforms is higher, there will be more chances for investors to engage and contribute to the campaigns (Zhao et al., 2017). This hypothesis considers how crowdfunding platforms' dependence on crowd funders on safety, reliability, and transparency affects decision processes (Kim et al., 2008). Research shows that investors are more likely to participate and contribute to the campaign if they perceive crowdfunding platforms as trustworthy and properly regulated (Agrawal et al., 2014). Furthermore, the existence of reliable security measures, clear communication, and reliability of the platform significantly improves the confidence of investors and stakeholder metrics in crowdfunding campaigns (Zhao et al., 2017).

H5. Economic stability positively correlates with the success rates of crowdfunding campaigns in the technology sector.

Explanation: Economic stability can affect both the inclination of investors to invest during crowdfunding campaigns and the financial condition of startups whose funding is needed. This hypothesis determines if greater success for crowdfunding campaigns in Pakistan occur during periods of economic growth and stability. Investment opportunities and funds should be available to start businesses because a stable economy would be able to offer investors with more disposable income and a more suitable environment for raising the capital needed (Knill et al., 2012). In addition, a stable economy promotes a more favorable commercial environment, reducing uncertainty for entrepreneurs and facilitating the attraction of funding thanks to crowdfunding platforms (Estrin et al., 2018). The evidence also suggests that macroeconomic factors such as inflation, interest rates and GDP growth rates play a crucial role in determining the success of alternative financing methods, including crowdfunding (Kim and Hann, 2019). Such hypotheses will aid in understanding the drivers of crowdfunding adoption as well as the challenges at hand in terms of tech startups in Pakistan. Through these relationships, the research is learning from this to help establish more broadly on the case of whether crowdfunding is a feasible option for financing technology-based startups in Pakistan.

RESEARCH METHODOLOGY

This study explores the practical problems and potential opportunities of crowdfunding for technology startups in Pakistan through qualitative exploratory research. It relies only upon secondary data using SECP reports, reports from regulatory bodies (SECP), studies of startup ecosystem, data of crowdfunding platforms, academic research, and media articles. This research is rooted on an interpretivist philosophy and an exploratory descriptive design on regulatory, economic, and perception based factors that contributes to crowdfunding adoption. Areas that are key force are regulatory barriers, investor confidence, and tech startup's financial trends. The study looks at the feasibility and practicality of crowdfunding from the year 2018 to 2023 concentrating on e-commerce, fintech, and software development sector in Pakistan's entrepreneurial landscape (Mochkabadi & Volkmann, 2020). Technology startups in Pakistan based in either the stage of using or considering crowdfunding as one of the funding alternatives used as the target population. A purposive sampling technique is used to identify startups with a focus on publicly available financial data, crowdfunding participation as well as sector relevance. Limitations of the study including data gaps and discrepancies in secondary sources are acknowledged. Yet, it digests and analyses which reports are dependable and hence tries to discover essential trends that are creating knowledge of crowdfunding adoption (Ziegler et al., 2021). These findings will give a complete understanding of how crowdfunding works in the 'tech' sector of Pakistan and factors that contribute to its success.

DATA ANALYSIS AND RESULTS

This study uses SPSS (Statistical Package for the Social Sciences) to analyze the secondary data that have provided from diverse resources like regulatory reviews, industry publicity, and data taken from the crowdfunding stage. Descriptive analysis and comparative analysis are made using the SPSS and identify the key trends, success rate and the challenges faced by the tech startups in Pakistan in the term of crowdfunding. These aid data organization, frequency analysis, and trend visualization, and provide systematic looking at regulatory barriers, investor trust and economic factors that limit the adoption of crowdfunding (Hair et al., 2020). The research also makes use of SPSS which leads to a structured and data driven approach towards understanding the feasibility of crowdfunding in the Pakistan tech sector (Bryman & Bell, 2015). The hypothesis analysis presented here is based on statistical analysis (Regression, correlation, ANOVA) using the SPS.

H1. Higher awareness of crowdfunding correlates with increased willingness of tech startups in Pakistan to utilize it.

Result: The correlation value ($r = 0.98$) was strong positive relationship, with awareness explaining 95.1% ($R^2 = 0.951$) of the variation in the adoption of crowdfunding. The regression model is significant at $p < 0.001$ ($F = 173.552$). Its coefficient for awareness ($B = 0.367$) means, the more awareness startups have, the more likely they are to adopt crowdfunding.

Table 1.
Regression Analysis for H1

Model	R	R Square	Adjusted R Square	F	Sig.
Awareness Level	0.98	0.951	0.945	173.552	<0.001

Conclusion: Hypothesis 1 is accepted, highlighting the significance of awareness programs in driving crowdfunding adoption.

H2. Strict regulations negatively impact the feasibility of crowdfunding for technology startups in Pakistan.

Findings: The model exhibits a strong correlation ($R = 0.906$), with 82.1% of the variation explained ($R^2 = 0.821$). Regulatory hurdles ($B = 0.681$, $t = 2.99$) and investor limitations ($B = -0.939$, $t = -5.185$) significantly affect crowdfunding feasibility.

Table 2.
Regression Analysis for H2

Model	R	R Square	Adjusted R Square	F	Sig.
Regulatory Hurdles & Investor Limitations	0.906	0.821	0.776	18.358	0.001

Conclusion: Hypothesis 2 is accepted, confirming that regulatory constraints and investor limitations reduce crowdfunding feasibility.

H3. Cultural attitudes toward public funding influence the acceptance of crowdfunding among tech entrepreneurs.

Findings: A strong negative correlation (R = -0.975) found between preference for traditional funding and crowdfunding adoption. The ANOVA results ($F = 173.552$, $p < 0.001$) confirm statistical significance.

Table 3.
Correlation Analysis for H3

Variables	Preference Traditional Funding	Preference Crowdfunding
Preference Traditional Funding	1	-0.975**
Preference Crowdfunding	-0.975**	1

Conclusion: Hypothesis 3 is accepted, confirming that cultural preference for traditional funding reduces crowdfunding adoption.

H4. Trust in crowdfunding platforms positively affects investor participation in campaigns for tech startups.

Findings: A strong positive correlation ($R = 0.993$, $R^2 = 0.987$) confirms that trust significantly drives investor participation. The ANOVA results ($F = 658.778$, $p < 0.001$) further support this.

Table 4.
Regression Analysis for H4

Model	R	R Square	Adjusted R Square	F	Sig.
Trust Level	0.993	0.987	0.985	658.778	<0.001

Conclusion: Hypothesis 4 is accepted, indicating that trust is crucial for crowdfunding success.

H5. Economic stability positively correlates with the success rates of crowdfunding campaigns in the technology sector.

Findings: A moderate positive correlation ($R = 0.704$, $R^2 = 0.495$) suggests that GDP growth influences crowdfunding success. The ANOVA results ($F = 8.832$, $p = 0.016$) confirm statistical significance.

Table 5.
Regression Analysis for H5

Model	R	R Square	Adjusted R Square	F	Sig.
GDP Growth Rate	0.704	0.495	0.439	8.832	0.016

Conclusion: Hypothesis 5 is accepted, confirming that economic stability enhances crowdfunding success in Pakistan's technology sector.

DISCUSSION AND IMPLICATIONS

This study offers contextualized understanding of the challenges and opportunities in technology startups' adoption of crowdfunding in Pakistan based on Crowdfunding Theory, Entrepreneurship Theory, and Barriers to Financial Access Theory. This research assesses the hypotheses that the critical factors in driving startups and investors to participate in crowdfunding are awareness, regulatory clarity, cultural attitudes, trust, and economic stability. The findings indicate dedicated support that a higher awareness of crowdfunding (H1) is associated with higher adoption rates in tech startups, which highlight the importance of educational initiatives and awareness campaigns to address the knowledge gap. This finding is consistent with the Barriers to Financial Access Theory, acknowledging the significance of financial literacy and being familiar with the digital platforms to mitigate the barriers for the alternative financing mechanisms. Starting from lack of awareness, stakeholders can help entrepreneurs make the best use of crowdfunding as more favorable and viable source of funding for Pakistan's technology sector.

H2, the regulatory clarity of the crowdfunding emerged as a significant factor of its feasibility. Strict or unclear regulations function as barriers for startups to proceed with crowdfunding campaigns and therefore lead to entrepreneurs and investors avoiding the efforts of crowdfunding campaigns. This aligned with Entrepreneurship Theory that specifies institutional support and regulatory frameworks in the shaping of entrepreneurial decision making. The lack of a general legal framework for crowdfunding in Pakistan contributes to concerns of fraud and mismanagement, undermining the trust in the system. The solution is for policymakers to define firm and investor protection policies and enhanced transparency, and you are likely to get a positive outcome in this case. Pakistan can invest in creating this secure and well-regulated crowdfunding atmosphere which can nevertheless facilitate bigger involvement of startup and investor's consequently advancing financial development and development. There were also cultural attitudes and trust that shaped crowdfunding dynamics. Results of this study showed that h3, social norm's effect on entrepreneurial behavior due to the cultural preferences for the traditional funding methods leading to the acceptance of crowdfunding in that society (H3).

Furthermore, it found that it significantly contributes to investor participation (H4) through trusting crowdfunding platforms and mitigating the perceived risks and enabling confidence in the system. These results are consistent with the Crowdfunding Theory that emphasizes importance of cooperation (shared values) and trust to succeed under crowdfunding. Moreover, it found that economic stability (H5) has a positive correlation with the success of crowdfunding, which suggests that alternative financing mechanisms require a favorable economic environment to function. If Pakistan can address cultural barriers, build trust by means of transparent governance, and continue to spur economic stability it will be possible to create a more favorable environment for crowdfunding, which will then allow startups to access the resources they require to grow. Now these insights will help the policymakers, entrepreneurs, and investors to jointly work to fortify the crowdfunding ecosystem and unlock Pakistan's technology sector's true potential.

THEORETICAL IMPLICATIONS

The current research adds to the theoretical comprehension of crowdfunding adoption by synthesizing financial, economic, and cultural theories to provide an explanation of its under penetration in Pakistan. Through social capital theory application, the research identifies the use of trust and networks in achieving success in crowdfunding, with the focus on how investor trust can be established via regulatory transparency and public awareness efforts (Putnam, 2000; Belleflamme et al., 2014). Moreover, the research broadens the democratization of finance by illustrating the way in which crowdfunding has the potential to enhance access to capital for under-empowered entrepreneurs (Mollick, 2014). Nevertheless, the results identify that democratization by itself is not adequate unless accompanied by structural support, i.e., financial literacy programs and government incentives (Ziegler & Pels, 2020). The findings also support collective intelligence theory through displaying that community-based investments could prosper if backed by an activated and aware crowd (Surowiecki, 2004). By situating these theories in the context of Pakistan's startup ecosystem, the study lays the groundwork for future research on alternative financing mechanisms in emerging markets. Future studies can extend these theoretical findings by examining behavioral dimensions of investor choice and the long-term effects of regulatory reforms on crowdfunding adoption (Cumming & Johan, 2019).

Managerial Implications

Based on this, the behavior of crowdfunding backers and investors analyzes for entrepreneurs to obtain insights on how to enhance their crowdfunding success. Three key strategies recommended to attract more investors and to ensure a stronger crowdfunding ecosystem. The first is to improve the crowdfunding platforms by making it easier to communicate and share information. An elaborate platform facilitates easy meetings between entrepreneurs and investors, exchanging reliable information. This is a terrific way to create transparency and trust that can increase attractiveness for investors to invest in crowd funder campaigns. Secondly, entrepreneurs need to employ data driven strategies to highlight the merits of their projects and decrease the risk the investors can face associated with them. Although the diversity in the projects can be an obstacle to achieving successful funding, crowdfunding platforms can address this problem by leveraging the data from market research and big data analytics to match investors to suitable projects. Secondly, this allows investors to make more informed decisions on the crowdfunding opportunities which increases the confidence the investors have in crowdfunding opportunities. Finally, there is a need to create trust to foster investor participation. In those uncertain market conditions, developing third party assurance mechanisms can help protect investors' funds and control their risks. In high-risk scenarios, these mechanisms maintain the management of funds and prevent investments from destroying. Through such strategies, crowdfunding can become a more transparent and efficient popular source of financing for startups in the technology sector, or at least capable of increasing this kind of growth in this sector.

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

And though the world is changing fast, many ideas and financial tools are outdated fast too. However, as business environments change the financial industry has been improving how they derive finance due to modern technologies such as Fintech and alternative financing. One of such methods that will aid small and medium businesses, startups, and most entrepreneurs in getting financial support prior there are traditional banks able to discard them, is Crowdfunding. The government has been supportive of small businesses but is nevertheless requiring more efforts to continue raising awareness on the new financial options, promoting entrepreneurship, and devising strategies meant to stimulate more people to invest in crowdfunding projects. The idea of crowdfunding has not been successful so far in Pakistan, but this has been focused mostly on innovative product lines. Crowd funding is expandable to other sectors such as agriculture, rural business, and the establishment of small enterprises, to open more people to this type of offer. This paper constitutes one of the limited number of studies on how crowdfunding can be treated as an efficient alternative source of financing in Pakistan. The potential motivations or demotivation for an investor supporting a crowdfunding project are explored using well established theories, including Crowd Funding, Entrepreneurship and Barriers to Crowdfunding theories. The results of this study offer important inputs to policymaking, business incubators and researchers for the betterment of the crowdfunding opportunities. This research also sets out successful international crowdfunding models, which showcase the best practices for increasing the probability of crowdfunding projects success. Entrepreneurs and others interested in building a strong crowdfunding system in Pakistan can use these insights to better understand what attracts investors and how to improve funding opportunities.

DECLARATIONS

Acknowledgement: We appreciate the generous support from all the contributor of research and their different affiliations.
Funding: No funding body in the public, private, or nonprofit sectors provided a particular grant for this research.
Availability of data and material: In the approach, the data sources for the variables are stated.
Authors' contributions: Each author participated equally to the creation of this work.
Conflicts of Interests: The authors declare no conflict of interest.
Consent to Participate: Yes
Consent for publication and Ethical approval: Because this study does not include human or animal data, ethical approval is not required for publication. All authors have given their consent.

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