

Crowdfunding Adoption of Startup Entrepreneurs in Developing Context: An Application of the Unified Theory of Acceptance and Use of Technology Model

Abstract

Aim: Crowdfunding is a relatively new source of financing that enables an entrepreneur or a startup to obtain capital from many people, often through the Internet. This innovative financing method can democratize access to capital, allowing entrepreneurs in developing nations to bypass traditional gatekeepers and connect directly with potential investors or supporters. The appeal of crowdfunding for startup entrepreneurs in developing countries lies in its ability to democratize access to capital, bypassing traditional gatekeepers and connecting directly with potential investors or supporters. Despite its potential, the adoption and effectiveness of crowdfunding in developing countries like Sri Lanka are not yet fully understood. The objective of this research is to identify and analyze the key determinants of crowdfunding adoption intentions among Sri Lankan startup entrepreneurs.

Design: Unified Theory of Acceptance and Use of Technology (UTAUT) model used to develop conceptual framework of the study. Performance expectancy, effort expectancy, social influence, facilitating conditions and perceived risk included as the variables. The target population of this study was the individual startup entrepreneurs in Sri Lanka. 384 startup entrepreneurs were selected based on the industry they belong; including technology, agriculture, manufacturing and services. Multiple regression analysis used to test the hypotheses.

Findings: Out of 384, a disproportionate split exists between males and females as startup entrepreneurs. The overwhelming majority, 93% (n=357), were male, and 7% (n=27) were female. The largest group (41.1%, n = 158) described their ventures as early, focusing on product development or market validation. This was followed by 32% (n = 123) in the idea stage, 20.1% (n = 77) in the growth stage, and 6.8% (n = 26) in the scaling stage. E-commerce dominates the sample, representing 51.8% (n = 199) of the startups. Interestingly, 53.1% (n = 204) have considered but not used crowdfunding, while 33.6% (n = 129) have used it. Among the predictors, effort expectancy emerges as the strongest predictor ($\beta = 0.301$, $t = 6.638$, $p < 0.001$), followed by facilitating conditions ($\beta = 0.285$, $t = 7.295$, $p < 0.001$), performance expectancy ($\beta = 0.261$, $t = 6.383$, $p < 0.001$), and social Influence ($\beta = 0.151$, $t = 3.536$, $p < 0.001$).

Implication: Given the strong influence of effort expectancy, platform developers should prioritise user-friendly interfaces and simplified processes. Policymakers can use these insights to develop supportive regulatory frameworks that enhance the facilitating conditions for crowdfunding adoption.

Limitation and Future Research Suggestions: The findings can potentially be urban-biased and may not be generalisable to the Sri Lankan entrepreneurial ecosystem. Deeper insights could be obtained from research incorporating qualitative methods on entrepreneurs' decision-making process. A deeper understanding of cultural influences would be gained through cross-cultural studies that compare crowdfunding adoption factors in different developing economies.

Key words: Crowdfunding; Financial technology; Sri Lanka; Startup entrepreneurs; UTAUT model

Introduction

In the rapidly evolving finance sector, digital technologies are reshaping traditional models of financing (Siddik et al., 2025). Thus, digital finance has transformed consumer behavior and redefined financial systems globally via mobile banking, digital wallets, fintech and crowdfunding (Cong et al., 2024). Crowdfunding, as a novel method for helping entrepreneurs/ nascent ventures/young firms/ startups bypass traditional financial intermediaries to directly raise financial resources, has become a global phenomenon and popular financing channel in recent years (Hu et al., 2025). Like in any emerging field, popular and academic conceptions of crowdfunding are in a state of ongoing evolution (Torres et al., 2024). Larralde and Schwienbacher (2010) define crowdfunding as “an open invitation, essentially over the Internet, to raise financial resources, either in the form of donation or in exchange for some form of reward, in order to support initiatives for specific purposes”. Crowdfunding has various forms, including reward-based crowdfunding, donation-based crowdfunding, loan-based crowdfunding, and equity crowdfunding. The World Bank estimates that by 2025, crowdfunding will have reached a value of \$300 billion (Hoque, 2024). Moreover, academic research on crowdfunding has gained momentum in the last decade, with early studies focusing primarily on reward-based and loan-based crowdfunding.

Young firms or startups play a crucial role in economic growth, employment, and innovation (Weuschek, 2025). Startups are often considered better suited for certain types of innovation; however they also face unique challenges in financing. Early-stage startups require funding to develop and assess their concepts, resulting in many startups failing at this stage (Lange et al., 2024). As statistics indicate, the failure rate of startups exceeds 90 percent and 30 percent of the business fail due to a shortage of financial resources. This is highlighting that the key obstacle of sustaining the startups is inadequate funding. In addition, improving the ecosystem of startup firms is currently of great interest to the governments (Weuschek, 2025). Crowdfunding provides startups a means to approach and leverage networks across countries and regions to raise funds to support a particular business idea (Hu et al., 2025), and it represents its own category concerning resource mobilization, facilitated by a growing number of online platforms (Torres et al., 2024). Crowdfunding has emerged as a novel type of financing for startup ventures that are often unable to secure funding through traditional means (Hoque, 2024). Thus startups must develop a coherent vision to secure the support of many stakeholders of the business ecosystem (Mankevich et al., 2025).

In developed economies significant research has been conducted to the determinants of crowdfunding success; however in emerging economies, the focus of crowdfunding research on determinants of accessing crowdfunding is dearth. In here, the studies emphasised the importance of social connections, interpersonal relationships and community support as the key factors of accessing crowdfunding (Adhikary et al., 2018; Hoque, 2024). Moreover, it is evident that the lack of public awareness about crowdfunding platforms is another identified challenge in developing nations (Torres et al., 2024). Crowdfunding in developing and emerging nations deserves attention due to its potential to address significant financial gaps

Comment [DIK1]: Cite?

Comment [DIK2]: Use suitable words

and foster entrepreneurship in regions where traditional funding sources are often limited or inaccessible. This is particularly relevant in contexts like Sri Lanka, where the startup ecosystem is still evolving, and conventional funding sources may be risk-averse or have stringent requirements that many early-stage startups struggle to meet. Despite extensive research on crowdfunding success and crowdfunding for innovation, a gap remains in understanding what determine startups to adopt crowdfunding, particularly in developing nations. To address this gap, our study investigates what factors influencing the adoption of crowdfunding by startup entrepreneurs in Sri Lanka. Drawing on the Unified Theory of Acceptance and Use of Technology (UTAUT) model, this paper examines the determinants of adopting crowdfunding by startup entrepreneurs in Sri Lanka

Examining the factors influencing crowdfunding adoption among Sri Lankan startup entrepreneurs is crucial for several reasons. Firstly, understanding these factors can help policymakers and platform developers create more effective strategies to promote crowdfunding in the country. By identifying the barriers and enablers of adoption, targeted interventions can be designed to increase the uptake of this alternative financing method. Secondly, such research can provide valuable insights into the unique challenges and opportunities present in the Sri Lankan context, which may differ from those in other developing or developed nations. This localized understanding is essential for tailoring crowdfunding platforms and practices to better suit the needs of Sri Lankan entrepreneurs. Crowdfunding adoption is often influenced by factors such as digital literacy, trust in online platforms, and the overall entrepreneurial culture. By studying these elements, researchers can gain a more comprehensive understanding of the startup landscape in Sri Lanka, which can inform broader economic development strategies. Additionally, this research can help identify potential synergies between crowdfunding and traditional financing methods, potentially leading to innovative hybrid models that could better serve Sri Lankan entrepreneurs.

Comment [DIK3]: Source?

The rest of the paper is organised as follows. Section 2 reviews the existing literature and formulates the research hypotheses. Section 3 describes the data and methodology. The empirical results are presented in Section 4. Section 5 discusses the results. We summarise the contributions, implications, and conclusions in Section 6.

Literature review and hypothesis development

A startup is an organization specifically designed to explore and establish a business model that can be replicated and scaled. A firm that possess the characteristics such as less than ten years old, incorporates innovative technologies and business concepts that are highly inventive, and seeks to achieve substantial expansion in both employee count and sales numbers, identified as a startup (Lange et al., 2024). Ehsan (2021) outlines four interrelated factors employed to define a startup: the time of establishment, level of novelty, degree of risk, and growth potential. Worldmetrics reports that about 100 million startups are founded annually (Lange et al., 2024), nearly 70% of startups initially operate from a local setting before starting their path to success in global. Unfortunately, 90% of these startups fail within

Comment [DIK4]: Source?

the first year of the operation. Most notably, critical challenge that startups commonly encounter is early-stage startup financing. Informal capital is often seen as a primary source of external funding for these businesses.

Comment [DIK5]: Source

Crowdfunding is defined as an open call, essentially through the Internet, to provide financial resources for specific purposes, has become a viable source of entrepreneurial seed capital (Larralde and Schwienbacher, 2010). The crowdfunding modalities include donation, rewards, “equity—capital”, and loans, each with distinct characteristics (Torres et al., 2024). This financial innovation is particularly utilized in times of crisis, as evidenced after the financial crisis of 2008 (Catarino 2018).

This phenomenon has recently boosted the emergence of crowdfunding platforms, powered by the evolution of Internet technology, which has facilitated easy and direct communication (Torres et al., 2024). In international reward crowdfunding platforms such as Kickstarter, backers of the projects simultaneously play the roles of investors and customers (Strausz, 2017). As Agrawal et al. (2015) opined, international crowdfunding campaigns are designed to sell products through crowdsourcing in online social communities and share the information on the web page. Therefore, the impact of location on financing in the traditional financing channel should be eliminated in the context of crowdfunding. As such, fundraising involves not only fundraising from investors but also selling products and services to customers worldwide, similar to multinational enterprises (Buckley, 2017). Unlike the traditional form of venture financing, crowdfunding is raising a small amount of capital for a one-time project (e.g., an event) and creating interest in new projects at the conceptual stage of development to a reward-based approach that allows funders to receive rewards for backing a project (Kang et al., 2016; Hu et al., 2025).

The various crowdfunding platforms offer significant opportunities for entrepreneurs to obtain alternative financing and for investors to diversify their investment portfolios. The crowdfunding platforms have emerged as a disruptive means of raising initial capital, simplifying the interaction between entrepreneurs and investors. In the literature, it has been documented that certain regions raise more funds in crowdfunding campaigns than others. For examples; European region’s volume of crowdfunding grew at an average rate of 69%; Asia-Pacific region grew at an average rate of 127% and the United States market accounts for about 96% grew between 2013 and 2018 (Hu et al., 2025). It is evident that there are nation oriented factors that are influencing entrepreneurs’ or startups’ selection of crowdfunding. Despite the growing interest in crowdfunding research, the literature still lacks comprehensiveness in determinant of attracting crowdfundings.

Comment [DIK6]: Source?

Unified Theory of Acceptance and Use of Technology (UTAUT)

The original UTAUT, postulated by Venkatesh et al., (2003); Venkatesh & Thong (2012), incorporates parts of eight widely known technology acceptance models in order to present a more comprehensive understanding of the users’ intentions to adopt new technologies. The four major components of UTAUT include performance expectancy, effort expectancy, social influence, and facilitating conditions.

The UTAUT has been employed and validated in numerous technology adoption research areas such as mobile banking, e-government, and more recently, fintech and crowdfunding (Islam & Khan, 2021; Tun & Madden, 2020; Zhao et al., 2017). Given the scope of this theory and its fairly good explanatory power, it may be useful for explaining startup's crowdfunding adoption (Kim & Jeon, 2017; Moon & Hwang, 2018; Williams et al., 2015).

Performance Expectancy

Performance expectancy has been established to be among the most influential factors that can affect the attitude of users towards the adoption of new technologies (Venkatesh et al. 2003). Prior studies also have shown that performance expectancy is another factor that appears to affect crowdfunding adoption among entrepreneurs. Zhao et al. (2017) aimed at investigating the antecedents of reward based crowdfunding adoption intention of Chinese entrepreneurs with the help of UTAUT model enhanced with some constructs. The analysis indicated that performance expectancy was the most significant factor boosting the participants' attitude towards crowdfunding. This established that the entrepreneurs who deemed crowdfunding as useful in attaining the objectives of fundraising targets and other benefits including market test were more likely to use the method. Similarly, Tun and Madden (2020) and Islam & Khan (2021) identified factors that influence equity crowdfunding among SMEs and showed that there was a positive effect of performance expectancy. Regarding the access to capital, its cost and customers' involvement, it was crucial to be aware of the advantages of crowdfunding in order to develop the adoption intention. Consequently, depending on the type of crowdfunding and the environment of entrepreneurship, performance expectancy can be more or less relevant. Hence, Thaker et al. (2018) rightly concluded that the religious and ethical values played a significant role in using Islamic crowdfunding in Malaysia than the financial performance expectation. The following hypothesis is postulated.

H1: There is a positive relationship between performance expectancy and intention to adopt crowdfunding among startup entrepreneurs in Sri Lanka.

Effort Expectancy

Perceived ease of use of the crowdfunding platforms and campaigns is also expected to have a significant influence on the adoption intention. Therefore, based on the studies of Zhao et al., 2017 and Tun & Madden, 2020, it has been observed that effort expectancy has a positive influence on the adoption of crowdfunding. The studies indicated that the higher the ease with which an entrepreneur perceives crowdfunding to be the higher the likelihood of use (Islam & Khan, 2021; Park & Lee, 2016). This encompasses features like the campaign setup, contacting investors and disbursing of rewards or equity. The ease of use that is offered by the crowdfunding platforms has been found to greatly influence perceived effort by the users (Gerber & Hui, 2013). However, the influence of the effort expectancy may decrease with time because users get to know the use of the crowdfunding often as time goes. Venkatesh et al. (2003) confirmed that the relationship between effort expectancy and behavioral intention is stronger in case of inexperienced users. On these notes, the study presents the following hypothesis:

H2: There is a positive relationship between effort expectancy and intention to adopt crowdfunding among startup entrepreneurs in Sri Lanka.

Social Influence

The literature has provided mixed results of the impact of social influence on the adoption of crowdfunding. Some studies revealed that it is a strong influence on adoption intentions (Zhao et al., 2017; Thaker et al., 2018), on the other hand, there are others that have shown that its impact is moderate or even insignificant (Tun & Madden, 2020). In the context of the entrepreneurial context, social pressure can be exerted by fellow entrepreneurs, a mentor, a financier or the market in general that is made up of other start-ups (Gleasure, 2015). Word of mouth and actual positive experience together with recommendations from other entrepreneurs who have implemented crowdfunding and experiencing or hearing good things from other entrepreneurs that have implemented it can influence the adoption decisions (Gerber & Hui, 2013). The string of social pressure may differ from one culture to the other and from one entrepreneurial environment to the other (Islam & Khan, 2021). Culture can influence the technology adoption decisions especially where social pressure has a higher influence in collectivist cultures and tightly-knit entrepreneurial community (Venkatesh & Zhang, 2010; Williams et al., 2015). Acknowledging these arguments, the study postulates the following hypothesis:

H3: There is a positive relationship between social influence and intention to adopt crowdfunding among startup entrepreneurs in Sri Lanka.

Facilitating Conditions

Crowdfunding success requires supportive infrastructure, and resources that are lacking in most developing economies. Enablers include among others reliable crowdfunding intermediaries, favorable legal environment and access to information and resources on crowdfunding for the entrepreneurs. Tun and Madden (2020) highlighted that facilitating conditions were the factors that influenced the equity crowdfunding adoption intentions of SMEs from Malaysia. Crowdfunding platforms and friendly government policies were deemed as the facilitators. However, many developing countries have a weak set of facilitating conditions and this is one of the reasons why crowdfunding is still limited there. Some of the issues that have been identified include regulatory issues, limited number of platforms, and lack of knowledge on crowdfunding (Torres et al., 2024). The following hypothesis is postulated.

H4: There is a positive relationship between facilitating conditions and intention to adopt crowdfunding among startup entrepreneurs in Sri Lanka.

The literature reveals several potential gaps in the current research on crowdfunding adoption among startup entrepreneurs, particularly in developing economies like Sri Lanka. While existing studies have explored various aspects of crowdfunding adoption, there appears to be a lack of comprehensive research focusing specifically developing context. Most of the cited

studies concentrate on countries such as China, Malaysia, and Kenya, highlighting a geographical gap in the literature (Zhao et al., 2017; Tun & Madden, 2020; Chao et al., 2016).

Methods

The study adopted positivism paradigm which assumes that reality exists and can be observed and measured regardless of the observer. The positivist approach allowed for the formulation and applying of hypotheses based on theory and literature review. Aforementioned, acknowledging the literature, the study used four dimensions in independent variable namely performance expectancy, effort expectancy, social influence, facilitating conditions, and dependent variable as intention to adopt crowdfunding. The measurement items of the selected variables were based on established scales from the literature. Table 1 shows the measurement items of each of the variable.

Comment [DIK7]: Source

Table 1: Measurement Items

Variables	Measurement Items	Source
Performance expectancy	Using crowdfunding is useful to raise capital for my start-up. Using crowdfunding enables me to raise capital for my start-up. Using crowdfunding increases my financial performance and more quickly. If I use crowdfunding, I will enhance the possibility of raising	Venkatesh et al. (2003); Islam & Khan (2021)
Effort expectancy	The structure and user interface of crowdfunding platforms is clear and easy to understand. Learning how to use crowdfunding platforms is easy for me. I find crowdfunding platforms easy to use for fund raising. It is easy for me to become skillful at using crowdfunding platforms.	Venkatesh et al. (2003); Islam & Khan (2021)
Social influence	People around me encourage me to raise funds from crowdfunding platform for my start-up. People who are important to me think that I should use crowdfunding for funds raising for my start-up. My friends are likely to follow if they encourage raising fund for their start-ups through crowdfunding platforms. People whose opinions I value prefer that I use the crowdfunding platform.	Venkatesh et al. (2003); Islam & Khan (2021)
Facilitating Conditions	The crowdfunding platforms are capable to provide me sufficient technical support to solve any problems I encounter during raising funds for my start-up The crowdfunding platforms have adequate transaction systems for fund raising for start-ups. Crowdfunding platforms have sufficient channels (chat and mail) to communicate with the appropriate technical support staffs.	Venkatesh et al. (2003); Islam & Khan (2021)

Variables	Measurement Items	Source
	The crowdfunding platforms have enough experience and knowledge in managing and facilitating funds raising for startups	
Intention to adopt crowdfunding	I have intention to raise capital for my start-up through crowdfunding platform in coming future. I predict I would raise capital for my start-up through crowdfunding platform in near future. I have planned to use crowdfunding in near future. I will always try to use crowdfunding platforms in my daily life.	Venkatesh et al. (2003); Islam & Khan (2021)

The scope of this study includes the startup entrepreneurs in Sri Lanka. the Department of Census and Statistics of Sri Lanka (2022) and databases from startup incubators in Sri Lanka, there are 100000+ registered startups in Sri Lanka. The sample was selected intentionally rather than at random using purposive sampling technique. When the traits that samples are anticipated to have are uncommon and difficult to find, a non-probability (non-random) sampling approach known as purposive sampling is used. The participants were selected based on the industry they belong such as; technology, agriculture, manufacturing and service. Accordingly, data were collected from 384 startup entrepreneurs.

Comment [DIK8]: Purposive sampling, rewrite the sentence. The purposive sample employee.....

The cross-sectional online survey method was chosen to collect data from the desired sample. A structure questionnaire was constructed, including a total of 33 items to collect primary data from the desired sample. The items were measured by five-point Likert scale type questions with strongly disagree and strongly agree as end points.

In quantitative approach, data analysis consists of three steps: measuring the sample profile, testing the goodness of the data, and testing the hypotheses. The sample profile is measured using frequency analysis. The measurement items' reliability and validity were tested to ensure the measurement goodness. Factor analysis, construct reliability, average variance extraction, Cronbach's alpha values, and discriminant validity were all tested. Multiple regression analysis is used to test the hypotheses.

Findings

Sample Profile

The study gathered data about respondent's characteristics such as gender, age, level of education, and business characteristics. Out of 384 respondents, 357 were male, indicating the significant gender gap Sri Lanka's startup leadership. The age range of the data shows that the participants are a pretty diverse bunch, the largest segment making up 25.3% (n = 97) and aged 26 to 30. This is closely followed by the 21-25 age group, representing 21.6% (n = 83) of the respondents. Together, these two groups account for nearly half of the sample, indicating that young entrepreneurs in their twenties dominate the startup scene in Sri Lanka. The data reveals a relatively well-educated sample, with the majority pursuing education beyond the secondary level. Vocational training emerges as the most common educational background, representing 29.2% (n = 112) of the entrepreneurs. This is followed closely by

those with A/L qualifications at 28.1% (n = 108). Notably, 31.2% of the respondents have higher education qualifications, including diplomas (19.5%, n = 75) and bachelor's degrees (11.7%, n = 45). The largest group (41.1%, n = 158) described their ventures as early, focusing on product development or market validation. This was followed by 32% (n = 123) in the idea stage, 20.1% (n = 77) in the growth stage, and 6.8% (n = 26) in the scaling stage. This distribution suggests that most startups in the sample are in the formative stages of their development, which aligns with the potential interest in alternative funding sources like crowdfunding. The industry sectors these startups operate in are diverse. E-commerce dominates the sample, representing 51.8% (n = 199) of the startups. Other significant sectors include agriculture (13%, n = 50), technology (12.2%, n = 47), education (11.5%, n = 44), and manufacturing (11.5%, n = 44). Most ventures (41.7%, n = 160) have been running for 1-3 years, followed by 32% (n = 123) operating for less than a year. This indicates that the sample primarily comprises relatively young startups, consistent with the potential target audience for crowdfunding initiatives. Finally, participants' experience with crowdfunding was scored. Interestingly, 53.1% (n = 204) have considered but not used crowdfunding, while 33.6% (n = 129) have used it. Only 13.3% (n = 51) have yet to consider crowdfunding. These figures suggest a high awareness and interest in crowdfunding among Sri Lankan startup entrepreneurs, even if adoption rates are lower.

Skewness and kurtosis measurements were used to evaluate normality. Kurtosis values range from -0.603 to -0.052, and skewness values range from -0.855 to -0.559 for all variables. According to George and Mallery (2010), these values for skewness and kurtosis are within the permissible range of +/- 2, suggesting that the data is roughly regularly distributed. This result validates the application of parametric statistical methods in further investigations.

Goodness of Measurements

To reduce the data and purify the items under each study variable, a factor analysis was used. The Kaiser-Meyer-Olkin (KMO) sample adequacy measure was used. According to Hair et al. (2010), a KMO value of 0.60 or higher indicates a good factor analysis. Table 2 shows that the KMO value of the measurement items was greater than 0.50 and that the Bartlett's test of sphericity showed a significant level ($p < 0.001$), indicating the appropriateness of factor analysis. The reliability of each variable was assessed using Fornell and Larcker's (1981) measure of composite reliability (CR) and Cronbach alpha, as shown in Table 2. The CR and Cronbach's alpha values for each construct were above 0.70, which falls within the acceptable reliability range (Hair et al., 2010). Convergent validity of the constructs was assessed by examining the average variance extracted (AVE). The results presented in Table 2 further shows that AVE values exceed the respective threshold values (above 0.50) ensuring the convergent validity.

The discriminant validity was ensured as the square root values of all AVEs exceed the correlation values of the respective constructs (Fornell and Larcker, 1981) (Table 3). The values of the square root of the AVE are as given in italic along the diagonals in Table 3.

Table 2: Assessment of adequacy of measurement

Variable	No. of	KM	Bartlett's	AVE	CR	Cronbach's
----------	--------	----	------------	-----	----	------------

	Items	measure	test of sphericity			alpha
Performance expectancy	4	0.824	891.324	0.597	0.911	.871
Effort expectancy	4			0.513	0.900	.885
Social influence	4			0.596	0.908	.894
Facilitating Conditions	4			0.583	0.902	.872
Intention to adopt crowdfunding	4			0.581	0.900	.881

Table 3: Discriminant validity

Variable	Mean	Std. deviation	PE	EE	SI	FC	IAC
Performance expectancy PE	3.6413	.9661	0.7726				
Effort expectancy EE	3.7943	.9934	.621**	0.7162			
Social influence SI	3.7051	.9612	.701**	0.668**	0.7720		
Facilitating Conditions FC	3.6667	.9625	.704**	.696**	0.694**	0.7635	
Intention to adopt crowdfunding IAC	3.6615	.9888	.652**	0.668**	.633**	.647**	0.7622

**Correlation is significant at the 0.01 level (2-tailed)

With the highest mean score ($M = 3.79$, $SD = 0.99$), Effort Expectancy indicates that participants believe crowdfunding platforms to be reasonably user-friendly. Social Influence comes in second ($M = 3.71$, $SD = 0.96$), suggesting that peer and influential opinion plays a big part in the decision to use crowdfunding. Performance Expectancy and Facilitating Conditions show similar mean scores ($M = 3.64$, $SD = 0.97$ and $M = 3.67$, $SD = 0.96$, respectively), reflecting positive expectations about the usefulness of crowdfunding and the availability of supportive infrastructure. The dependent variable, Intention to Adopt Crowdfunding, also demonstrates a positive inclination ($M = 3.66$, $SD = 0.99$), aligning with the overall positive perceptions of the independent variables. Correlation analysis results indicate that the intention to use crowdfunding and all independent variables have significant positive associations. The positive correlations suggest that all four factors play essential roles in influencing the intention to adopt crowdfunding among startup entrepreneurs in Sri Lanka.

Multiple Regression analysis

Multiple regression analysis was conducted to examine the combined effects of performance expectancy, effort expectancy, social influence, and facilitating conditions on the intention to adopt crowdfunding. The regression analysis results are presented in Table 4.

Table 4: Regression analysis results

R		R Square		Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	Sig.	
.920 ^a		.846		.845	.3896	1.892	0.000 ^b	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.040	.084		.475	.635		
	Performance expectancy	.261	.041	.255	6.383	.000	.254	3.940
	Effort expectancy	.301	.045	.303	6.638	.000	.195	5.131
	Social influence	.151	.043	.155	3.536	.000	.210	4.758
	Facilitating Conditions	.285	.039	.278	7.295	.000	.279	3.580
a. Predictors: (Constant), performance expectancy, effort expectancy, social influence, and facilitating conditions								
b. Dependent Variable: Intention to adopt crowdfunding								

According to the model summary, the independent factors account for 84.6% of the variance in the intention to adopt crowdfunding ($R^2 = 0.846$, Adjusted $R^2 = 0.845$). The model's high R-squared value indicates strong explanatory power. The ANOVA results confirm that the regression model is statistically significant ($F = 522.012$, $p < 0.001$). The coefficients values provide insights into the individual contributions of each independent variable. All four predictors show statistically significant positive relationships to adopt crowdfunding ($p < 0.001$). Effort Expectancy emerges as the strongest predictor ($\beta = 0.301$, $t = 6.638$, $p < 0.001$), followed by Facilitating Conditions ($\beta = 0.285$, $t = 7.295$, $p < 0.001$), Performance Expectancy ($\beta = 0.261$, $t = 6.383$, $p < 0.001$), and Social Influence ($\beta = 0.151$, $t = 3.536$, $p < 0.001$). In sum, all four hypotheses proposed in this study are supported based on the regression analysis results.

Discussion and Implications

This study draws on key insights into the factors that influence the adoption of crowdfunding by such Sri Lankan startup entrepreneurs. The findings further reinforce the applicability and importance of the UTAUT framework for understanding similar dynamics in the Sri Lankan context. Results revealed that effort expectancy was the most important predictor of the intention to use crowdfunding, implying that the perceived ease of use of crowdfunding platforms is a key characteristic of Sri Lankan entrepreneurs. This is consistent with the findings of other developing countries where the importance of user-friendly platforms is found to encourage adoption (Zhao et al., 2017; Tun & Madden, 2020). Facilitating conditions was also necessary, highlighting the importance of providing infrastructure and resources to enable crowdfunding in the developing Sri Lankan startup ecosystem. This

finding highlights the importance of robust support systems in enabling crowdfunding adoption (Torres et al., 2024). Sri Lankan entrepreneurs have understood the potential benefits of crowdfunding, including raising more funds and getting market validation and confirmation. It reveals a worldwide tendency for crowdfunding to be a creative and effective fundraising practice for early-stage ventures (Hoque, 2024). Social Influence, the weakest predictor of adoption intention, was still significantly positively related to adoption intention. However, this also suggests that this social network of peers influences decision-making processes, consistent with Sri Lanka's collectivist culture, where communalism and social networks play a significant role (Agrawal et al., 2015). The demographic analysis of the startup ecosystem showed a gender imbalance and the dominance of young entrepreneurs. The dynamics in Sri Lanka can be understood in this insight, indicating where targeted interventions can help reduce disparities and encourage greater diversity regarding who participates as an entrepreneur.

The research has significant practical implications for crowdfunding platform developers, policymakers, and startup ecosystem stakeholders. Given the strong influence of effort expectancy, platform developers should prioritise user-friendly interfaces and simplified processes. Policymakers can use these insights to develop supportive regulatory frameworks that enhance the facilitating conditions for crowdfunding adoption. This involves creating clear platform designs, fostering transparent navigation systems, and offering complete onboarding processes. Language barriers that could prevent adoption are barriers to adoption, which platform operators should also invest in developing multilingual support and localised content to address. Crowdfunding adoption is vital, and we need government agencies and regulatory bodies to create an enabling environment.

Clear regulatory frameworks must be developed to protect entrepreneurs and investors and enable innovation. The setting of guidelines for the crowdfunding operation, investor protection and the establishment of mechanisms for dispute resolution have been affected. More importantly, government support through tax incentives, grants or matching funds for crowdfunding campaigns will help drive startup adoption. Crowdfunding education should be integrated into educational institutions' entrepreneurship curricula. This includes hands-on learning how to use the platform, how to manage a campaign, and best practices for raising money successfully.

Entrepreneurs can develop the capabilities to use crowdfunding platforms best through workshops, seminars, and hands-on training sessions. When educational institutions collaborate with successful crowdfunding campaigns, aspiring entrepreneurs get a chance to get real-world insights and mentorship from crowdfunded entrepreneurs.

Academic implications include validating the UTAUT model in the Sri Lankan crowdfunding context and identifying relative importance among adoption factors. This contributes to the growing knowledge of financial technology adoption in developing economies.

Conclusion

The study conclusively proves the influence of all four UTAUT factors on crowdfunding adoption intention from the perspective of Sri Lankan startup entrepreneurs. The results show a powerful connection between the theoretical constructs and entrepreneurs' intention to use

crowdsourcing platforms. An R^2 value of 0.846 confirms the solid explanatory power of the model, with an 84.6% variance in adoption intention for crowdfunding acceptance in Sri Lanka. The results highlight the importance of platform usability and the complementary infrastructure for the adoption of crowdfunding. Effort Expectancy has a significant effect, which makes our finding that user-friendly platforms designed for different levels of technological proficiency among entrepreneurs not only desirable but also necessary. The strong impact of Facilitating Conditions also indicates that a firm requires a robust support system and infrastructure to implement crowdfunding properly.

This study is not without its limitations. An urban-centric sampling approach may not yet be representative of the views and constraints experienced by rural entrepreneurs with unique levels of technological access, infrastructure support, and cultural attitudes towards crowdfunding. The findings can potentially be urban-biased and may not be generalisable to the Sri Lankan entrepreneurial ecosystem. It is worthwhile to expand the scope of the study including other provinces and conduct comparative study. The research does not cover the dynamic nature of technology adoption decisions or how attitudes towards crowdfunding might change over time when entrepreneurs become increasingly exposed to and experienced in using these platforms by collecting data at a single point. This temporal limitation hinders understanding how the intentions translate into actual adoption behaviour in time and how different factors may impact such behaviour switches. A deeper understanding of cultural influences would be gained through cross-cultural studies that compare crowdfunding adoption factors in different developing economies. One could also determine how demographic variables modulate the adoption process across different entrepreneur segments. In addition, whereas quantitative methodology can ensure statistical reliability, the exclusive use of quantitative methods may have omitted nuanced insights that could have been obtained using a qualitative approach. Deeper insights could be obtained from research incorporating qualitative methods on entrepreneurs' decision-making process.

References

1. Adhikary BK, Kutsuna K, Hoda T (2018) Crowdfunding Potential in Developing Countries—A Case of Bangladesh. In Adhikary BK, Kutsuna K, Hoda T, *Crowdfunding Lesson from Japan's Approach*. Singapore: SpringerBriefs in Economics. Springer, Singapore, pp. 77–94.
2. Agrawal, A., Catalini, C., Goldfarb, A., 2015. Crowdfunding: geography, social networks, and the timing of investment decisions. *J. Econ. Manag. Strat.* 24 (2), 253–274.
3. Buckley, P.J., Tian, X., 2017. Internalization theory and the performance of emerging market multinational enterprises. *Int. Bus. Rev.* 26 (5), 976–990.
4. Catarino, Luís Guilherme. 2018. Crowdfunding and Crowdinvestment: Back to the Future? CEDIPRE Online Publications—32. Coimbra. March 2017. Available online: <http://www.cedipre.fd.uc.pt> (accessed on 2 May 2022).
5. Chao, E. J., Serwaah, P., Baah-Peprah, P., & Shneor, R. (2016). Crowdfunding in Africa: Opportunities and challenges. In R. Shneor, L. Zhao, & B.-T. Flåten (Eds.), *Advances in Crowdfunding* (pp. 319-339). Palgrave Macmillan.
6. Cong, L. W., Giesecke, K., & Kuhnen, C. (2024). Call for papers—management science virtual special issue on digital finance. *Management Science*, 70(8), Vi-Vii.

7. Ehsan, Z. A. (2021). Defining a startup-a critical analysis. Available at SSRN 3823361.
8. Fornell, C. and Larcker, D.F. (1981), Evaluating structural equation models with unobservable variables and measurement error, *Journal of Marketing Research*, 18(1), 39-50.
9. Gerber, E. M., & Hui, J. (2013). Crowdfunding: Motivations and deterrents for participation. *ACM Transactions on Computer-Human Interaction (TOCHI)*, 20(6), 1-32.
10. Gleasure R (2015) Resistance to crowdfunding among entrepreneurs: An impression management perspective. *Journal of Strategic Information Systems* 24(1): 219–233
11. Hair. J.F, Black. W.C, Babin, B.J. and Anderson, R.E. (2010), *Multivariate Data Analysis*, 7th ed., Pearson Prentice-Hall, New Jersey, NJ.
12. Hoque, M. M. (2024). Crowdfunding for innovation: a comprehensive empirical review. *Future Business Journal*, 10(1), 102.
13. Hu, J., Hua, X., Li, H., & Boateng, A. (2025). Home region orientation, international intensity, and funding performance of international crowdfunding projects. *Technovation*, 140, 103164.
14. Islam, M. T., & Khan, M. T. A. (2021). Factors influencing the adoption of crowdfunding in Bangladesh: A study of start-up entrepreneurs. *Information Development*, 37(1), 72-89.
15. Kang M, Gao Y, Wang T, Zheng H (2016) Understanding the determinants of funders' investment intentions on crowdfunding platforms: A trust-based perspective. *Industrial Management & Data Systems* 116(8): 1800–1819.
16. Kim SD, Jeon IO (2017) Influencing Factors on the Acceptance for Crowd Funding— Focusing on Unified Theory of Acceptance and Use of Technology. *Journal of Korean Institute of Intelligence Systems* (27): 150–156.
17. Lange, J., Rezepa, S., & Zatrochová, M. (2024). The Role of Business Angels in the Early-Stage Financing of Startups: A Systematic Literature Review. *Administrative Sciences*, 14(10), 247.
18. Larralde, B., & Schwienbacher, A. (2010). Crowdfunding of small entrepreneurial ventures. *Handbook of Entrepreneurial Finance*, Oxford University Press, SSRN: <http://ssrn.com/abstract,1699183>.
19. Mankevich, V., Tumbas, S., & Holmström, J. (2025). Digital innovation sourcing through entrepreneurial storytelling: Insights from Pebble time's crowdfunding success. *Information and Organization*, 35(1), 100552.
20. Moon Y, Hwang J (2018) Crowdfunding as an Alternative Means for Funding Sustainable Appropriate Technology: Acceptance Determinants of Backers. *Sustainability* 10: 1–18.
21. Park W, Lee SY (2016) An Exploratory Study on the Factors Affecting Crowdfunding: An Analysis on Online Donation. *e-Business Studies* (17): 55–69.
22. Siddik, A. B., Li, Y., Du, A. M., & Migliavacca, M. (2025). Fueling financial development: The crucial role of generative AI financing across nations. *Finance Research Letters*, 72, 106519.
23. Strausz, R., 2017. A theory of crowdfunding: a mechanism design approach with demand uncertainty and moral hazard. *Am. Econ. Rev.* 107 (6), 1430–1476.
24. Thaker, M. A. M. T., Thaker, H. M. T., & Pitchay, A. A. (2018). Modeling crowdfunding's behavioral intention to adopt the crowdfunding-waif model (CWM) in

- Malaysia. *International Journal of Islamic and Middle Eastern Finance and Management*, 11(2), 231-249.
25. Torres, B., Serrasqueiro, Z., & Oliveira, M. (2024). Crowdfunding versus Traditional Banking: Alternative or Complementary Systems for Financing Projects in Portugal?. *International Journal of Financial Studies*, 12(2), 33.
 26. Tun, P. M., & Madden, G. (2020). Intention to use equity crowdfunding in Malaysia: An extended UTAUT2 model. *Journal of Economics and Business*, 3(3), 1148-1161.
 27. Venkatesh, V., & Zhang, X. (2010). Unified theory of acceptance and use of technology: US vs. China. *Journal of Global Information Technology Management*, 13(1), 5-27.
 28. Venkatesh, V., Morris, M. G., Davis, G. B., & Davis, F. D. (2003). User acceptance of information technology: Toward a unified view. *MIS Quarterly*, 27(3), 425-478.
 29. Venkatesh V, Thong J, Xu X (2012) Consumer acceptance and use of information technology: Extending the unified theory of acceptance and use of technology. *MIS Quarterly* 36: 57-178.
 30. Weuschek, N. (2025). Does public funding reduce financial constraints of young firms in Germany?. *Journal of Business Economics*, 1-52.
 31. Williams M, Rana N, Dwivedi Y (2015) The unified theory of acceptance and use of technology (UTAUT): a literature review. *Journal of Enterprise Information Management* 28(3): 443-488.
 32. Zhao, Q., Chen, C. D., Wang, J. L., & Chen, P. C. (2017). Determinants of backers' funding intention in crowdfunding: Social exchange theory and regulatory focus. *Telematics and Informatics*, 34(1), 370-384.