

Impact of Crowdfunding Practices on Sales Growth of Selected Small Businesses in Lagos State: Role of Investor Attitude and Government Policy

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DOI: <https://dx.doi.org/10.47772/IJRISS.2025.9010402>

Received: 17 January 2025; Accepted: 25 January 2025; Published: 25 February 2025

ABSTRACT

The main objective of this study was to examine the impact of crowdfunding practices on sales growth of small businesses in Lagos State, Nigeria. The study adopted survey research design. Data were collected using questionnaire administered to 484 small businesses in Lagos State across the five (5) divisions (Ikeja, Ikorodu, Lagos Island, Badagary and Epe) and analysed using descriptive frequencies and regression analysis via SMARTPLS 3.0. The results revealed that DB, EB, ITC, and LB positively and significantly impact on sales growth ($\beta = 0.594$; $t\text{-stat} = 8.660$; $p < 0.05$); ($\beta = 0.095$; $t\text{-stat} = 1.754$; $p < 0.05$); ($\beta = 0.142$; $t\text{-stat} = 2.378$; $p < 0.05$); ($\beta = 0.136$; $t\text{-stat} = 2.370$; $p < 0.05$) respectively, while RB impacted positively, REB impacted negatively ($\beta = 0.000$; $t\text{-stat} = 0.007$; $p > 0.05$); ($\beta = -0.062$; $t\text{-stat} = 1.054$; $p > 0.05$) however, both impact were insignificant on sales growth of small businesses in Lagos. In view of the findings of the study, the researcher recommended that owners of small businesses should identify and focus on crowdfunding practices that enables it to achieve sales growth by extension guarantees survival of the business. Furthermore, study recommended that investors and fund raisers should be transparent in their engagements and try as much as possible to adhere to rules and regulations by Security and Exchange Commission (SEC) and other agencies to enable getting the needed financial resources that will enhance small business survival.

Key words: Crowdfunding, Government policy, Investors Attitude, Small-Businesses (SBs), Survival

INTRODUCTION

The survival of small businesses is an important and critical ingredient to economic strategies because they reduce unemployment, embark on innovations, raise living standards, add to an economy's gross domestic product, and provide goods and services (Olayinka & Joseph, 2013). Hence, the survival of small business has become a priority to every manager of national economies be it developed, emerging and developing defined by traditional funding and modern financing (Crowdfunding) particularly in developing nations (Efebeh, Ikenga & Orher, 2021). A relatively new and evolving kind of fundraising called crowdsourcing is made possible by a crowdfunding platform (CFP), which is an online portal or web. According to Surowiecki (2004), the idea was created and is predicated on the "power and wisdom of the crowd." Crowdfunding is a modern, innovative and creative way of raising fund from large group of people (Crowd) without the involvement of any traditional intermediaries (Camilleri, 2021). This could be in terms of Loan-based, Equity-based, Royalty-based, Invoice Trading, Reward-based and Donation-based crowdfunding which enables small business start-up without grappling with the burden of interest charges like the traditional sources of financing (Camilleri & Bresciani, 2022). According to a United Nations Industrial Development Organization (UNIDO) Report (2023), obstacles arising from finance and non-funding considerations have impeded small business survival strategies affecting sales, productivity, business continuity, and competitive advantage across countries. Crowdfunding practices have been associated with various challenges worldwide, such as trust, determining the appropriate amount to request, selecting the right platform, and safeguarding the innovative ideas of

fundraisers in developed, emerging, and developing economies, such as Nigeria (Afrikstart, 2022; International Monetary Fund, 2022). In addition, these other issues are related to crowdfunding practices especially in Nigeria; fraud, corruption, double taxation, illegal framework, and ignorance. These difficulties have also made it difficult to find funding and finance growth, which has an impact on small businesses ability to survive in terms of sales growth (Adam & Alarifi, 2021; Aderemi, Maulida & Maikabara, 2022). The researcher noted that numerous studies, both inside and outside of Nigeria, had been conducted, including those by Aderemi, Maulida and Maikabara (2022), Camileri (2021), and Camileri and Bresciani (2022), among others. However, majority of these earlier studies on the subject had not considered how crowdfunding affects small businesses' ability to survive. In the light of the prospect of this creative source of funding to small businesses, this study examined the impact of crowdfunding on sales growth of small businesses. Also, it is the aforementioned challenges, obstacles and gap identified that has engendered the motivation for this study to assess the effect Crowdfunding on sales growth of small businesses in Lagos state and the role of investor's attitude and government policy.

Thus, the following are the relevant research questions;

1. What is the effect of Crowdfunding practices on the sales growth of small businesses in Lagos State, Nigeria?
2. In what way does investor's attitude and government policy complimentarily impact crowdfunding between crowdfunding practices and sales growth of small businesses in Lagos State?

Examining the impact of crowdfunding on small business survival is the primary objective of this study, while specific objectives are to;

1. assess the effect of crowdfunding practices on sales growth (SG) of small businesses in Lagos State;
2. assess the complementary impact of investor's attitude and government policy on the relationship between crowdfunding practices and sales growth of small businesses in Lagos State

The understated hypotheses are thus developed and presented in their null form as follows, in line with the research questions and objectives of this study:

H₀₁: There is no significant effect of crowdfunding practices on sales growth of small businesses in Lagos State

H₀₂: Investor's attitude and government policy has no significant complimentary impact on the relationship between crowdfunding practices and sales growth of small businesses in Lagos State

LITERATURE REVIEW

Conceptual Review

Small Businesses (SBs)

Small businesses are defined in a variety of ways. Due to the subjectivity of classification and categorization, studies have revealed that small businesses are defined differently in different economies. As a common yardstick, many classifications and definitions have been made using turnover and the number of employees in their activities (Olayinka & Joseph, 2013). According to SMEDAN (2017) it sees small business as an enterprise that operates with assets value of an amount up to N10 million and less than N100 million excluding land and building and employing between ten (10) and forty-nine (49) people in its operation. This study however adapts the Finance Act, 2020 which defines small businesses as any organization whose turnover ranges between N1Million and N25Million with permanent employees of between 5 – 49.

Crowdfunding and crowdfunding practices

Crowdfunding is a modern and creative way of raising fund from large group of people (Crowd) via the internet through a platform referred to as Crowdfunding Platform (CFP) without the involvement of any

financial institutional intermediaries (Camilleri,2021). According to Hossain and Oparaocha (2017), crowdfunding is an online method of obtaining capital for creative projects, ideas, or endeavors in which a large number of individuals pledge or donate money over a predetermined length of time. Crowdfunding, as defined by Ezekiel and Toba (2020), is an online method of generating money where the fund raiser is expected to provide factual details through image and video content. According to Bouncken, Komorek, and Kraus (2015), crowdfunding is another way to raise money from the general public, particularly from global groups of people utilizing online platforms. Furthermore, crowdfunding, according to Aladejebi (2020), is a means of attracting a large number of investors to a project or business that requires capital. Nordin, Sum, and Zainuddin (2018) also posited that using crowdfunding is an alternate way to realize the dreams of creative ideas and SMEs. There are essentially two broad categories of crowdfunding, namely; investment-based and non-investment-based crowdfunding. In this case of investment based, investor expects to get financial reward. Equity-based, Royalty-based, Invoice Trading and loan-based crowdfunding falls under this category. While under non-investment based, fund backers do not expect any financial rewards as such the Donation and Reward-based crowdfunding are the two practices under this category (Soreh,2017; Massolution,2015)

Survival

The idea of "business survival" has gained enormous traction and popularity among management specialists. This is mostly the case since it is one of the factors taken into account when assessing an organization's potential for expansion, profitability, and long-term viability. Since it is referred to by many names, there is no single, accepted definition for "business survival." Organizational survival, according to Collins (1996), is maintaining operations and accomplishing objectives without making sacrifices for the future. Business survival, according to Fakunmoju, Fasola, and Fashagba (2021), is the ability of a business to remain open at the end of a given period of time if it was open at the start of that period. According to Cefis and Marsili (2012), a business's ability to continue operating without permanently closing down is referred to as survivability.

Sales Growth

Growth in sales is a strategic metric that helps executives and the board of directors make decisions that have an impact on how business strategy is developed and carried out (Gaur & Kesavan, 2015). According to Blal et al. (2018), examining the relationship between profit and total sales is the most effective technique to demonstrate the relationship between profitability and growth. Sales growth, as described by Wati and Ine (2017), is an organization's performance over a considerable quantity of goods or services supplied from production to customers in a given period of time that also shows the rise and fall of sales. Sales growth is a success that may be quantified in terms of the size, expansion, or quantity of a product (Rangkuti, 2012).

Government Policies, Crowdfunding and Security and Exchange Commission (SEC)

Regulatory policy is about achieving government's objectives through the use of regulations, laws, and other instruments to deliver better economic and social outcomes and thus enhance the life of citizens and business (Adegboyo, Keji & Fasina,2021). Policy studies have three characteristics; first, as a framework to solve a problem; second, the nature of policy is multidisciplinary and policy is normative or value oriented (Roziqin et al., 2021). Making a policy is an effort to combine technical knowledge with a complex political and social reality (Roziqin, Mas'udi, & Sihidi, 2021). The Nigerian Securities and Exchange Commission ("SEC") released its Rules on Crowdfunding ("the Rules") on January 12, 2021, in accordance with section 13(a) of the Investment and Securities Act 2007 to regulate investment-based crowdfunding in Nigeria, according to Diya (2021), which noted the fundamentals of policy. The SEC has ordered that all currently operating portals and platforms that support investment-based crowdfunding adhere to the regulations set forth in the Rules, register with the SEC, or close their doors by June 30, 2021. Thus, this study is tailored along this policy.

Investors' Attitude

Attitude is defined as a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour (Kisaka, 2014). Economists consider the attitude of entrepreneurs toward risks

and risk-taking as one of the important factors that influence the rate of economic growth and development in any economy (Kisaka, 2014). Investors do not follow the rational models of investment which are assumed in the theory of efficient markets and there exist significant variations in the behaviour of investors (Riitsalu & Murakas, 2019). An attitude has the cognitive, affective and behavioural components. This view of attitudes has a direct impact on the way people who hold them behave toward specific attitude objects. However, in another clime behavioral finance is knowing investor's psychology related to financial decisions and is a combination of two disciplines, i.e., psychology and economics (Nadeem et al., 2020). Furthermore, according to Abdulahi (2014), investment decisions and returns often depend a lot on the investors' perceptions routines and cognitive or emotional biases unique to individual.

Theoretical Review

There exist many different theories on crowdfunding, but the study was anchored on Social Exchange Theory as it better explains the interplay between the individual participants that are engaged in crowdfunding activities.

Social Exchange Theory (SET)

George Homans, a sociologist, created this Theory in 1958. The exchange mechanism that underpins social behaviour serves as the theoretical foundation. Its fundamental presumption is that people will engage with one another and exchange goods and services, in this case money and ideas. Accordingly, the theory examines how relationships among people impact the kinds of transactions that they engage in. This idea is used in the study to explain why individuals and groups engage in swapping behaviours. Specifically, it views crowdfunding promoters as individuals and new entrepreneur teams as groups. Crowdfunding systems enhance positive social exchange behaviour by fostering mutual trust, communication, and commitments.

Empirical Review

Camilleri and Bresciani (2022) examined crowdfunding small businesses and start-ups: A systematic review, an appraisal of theoretical insights and future research directions. A PRISMA's methodical protocol was used to search, screen, extract and scrutinised seventy-two (72) articles that were indexed in both Scopus and Web science. A thorough review of the relevant literature suggests that there are opportunities as well as challenges for project initiators as well as for crowd-investors, if they are considering equity crowdfunding, peer-to-peer (P2P) lending and rewards-based crowdfunding platforms among others to raise awareness about their projects and to access finance from crowd-investors.

Adekoya (2019) examined crowdfunding and SMEs financing in Nigeria-The threat and opportunities. The study examined crowdfunding as alternative sources of finance for SMEs. The study employed an exploratory research design. The study concluded that crowdfunding was one of the innovative ways for SMEs and creative ideas initiators for sourcing financing in Nigeria. Also, Barbi and Bigelli (2017) using survey research design reported that with the advent of crowdfunding becoming popular and growing in usage for a financing start-up business, it might become the main source of financing new and existing businesses shortly.

Prananingtyas and Irawati (2021) used cultural research approach to examine adoption of financial technology in crowdfunding as business financing in Indonesia and the findings indicated that Indonesian business association already utilized the crowdfunding platform to finance several business sectors such as real estate, modern store franchise, movie production. Chen et al., (2018) examined the life-cycle influence mechanism of the determinants of financing performance: an empirical study of a Chinese crowdfunding platform. The study employed secondary data sets obtained from crowdfunding platform. The econometric analysis results of individual fixed effects models with instrumental variables reveal that the fundraiser's online social capital, number of description images and project popularity, as well as the herding effects that exist in the financing process have significant positive impacts on financing performance, while the funding goal has negative impact.

Nikolov and Botseva (2018) investigated role and importance of government policies and strategies for long-term economic development. The explorative research revealed that universal policies and strategies for the implementation of joint mechanisms and actions are subjected to constant attacks. This reflects in many sectors of the economic and social life, both for individual countries and on the global stage. Akhter and Hoque (2022) conducted a study on the moderating effects of financial cognitive abilities and considerations on the attitude–intentions nexus of stock market participation. Data were collected from active and potential investors in Dhaka stock exchange of Bangladesh using structured questionnaire. The findings of this study suggest that investors’ attitudes, financial planning ability, and perceptions of financial risks and benefits are important factors that influence their decisions in stock market participation. Also, the link between attitude and behaviour intentions to invest in the stock market is moderated by financial planning, financial satisfaction and perceived financial risk.

Mwanzi and Muturi (2021) using survey research design, investigated external elements affecting capital structure of small and medium enterprise in Kenya: a case of Kitui County, Kenya. The results of data analysis revealed that the cost of capital had negative coefficient effect. The analysis also showed that the market condition had a positive but insignificant effect. Additionally, investors’ attitude revealed a significant effect on the capital structure.

METHODOLOGY

The study adopted the survey research design which involves the use of structured research questionnaire in obtaining data from the respondents. The population of this study comprises 11,663 small businesses operating across the five (5) divisions referred to as *Ibile* (Ikeja, Ikorodu, Lagos Island, Epe and Badagary) in Lagos state being the latest number of small businesses captured, that also satisfies the study’s definition (Lagos Ministry for Commerce, Industry and Cooperatives Report,2021; SMEDAN,2020; PwC survey,2021). A sample size of 484 small businesses determined by applying Cochran (1997) formular as stated below and were selected using stratified random sampling;

$$n = \frac{NZ^2pq}{d^2 (N-1) + Z^2pq}$$

Where:

n = sample size

N = Total number of small businesses in Lagos State (N=11,663)

Z = 95% Confidence Interval (Z = 1.96),

p = 0.5

q = 1 – p

d = degree of accuracy or estimation (d = 0.05)

Therefore;

$$n = \frac{11,663 (1.96)^2(0.5) (0.5)}{(0.05)^2 (11,663- 1) + (1.96)^2 (0.5) (0.5)} = 372$$

However,30% of the computed size was added to compensate for the non-response and wrong filling of questionnaires. This brings the total sample to 484. This is as recommended by Zikmund (2000). The sample size of 484 was the distributed disproportionally based on stratified random sampling technique because the number of elements sample from each stratum is not equal to their population representation (Iliyasu & Etikan,2021).

Table 1.0: Distribution of Questionnaire to Small Businesses Across Five Divisions in Lagos State

S/N	IBILE Divisions	Number of Small Businesses in Lagos State Divisions	Stratifiedsample technique (Disproportionally)	Sample Size from Each Division
1	Badagry	1,846	$484/11,663 * 1,846$	76
2	Ikeja	2,824	$484/11,663 * 2,824$	117
3	Lagos Island	3,392	$484/11,663 * 3,392$	141
4	Ikorodu	2,163	$484/11,663 * 2,163$	90
5	Epe	1,438	$484/11,663 * 1,438$	60
		11,663		484

Source: Author’s Computation (2024)

Primary source of data was used for this study; this is also justified by the fact that it was difficult securing secondary data that fits this study, especially given the nature of the business sector. The instrument used is a close ended and well-structured questionnaire adapted from the study of (Camilleri & Bresciani, 2022). Section A focused on demographic information in which the respondents are asked to provide some basic background information. Section B was on the multidimensional variables of Crowdfunding Practices measure with loan-based crowdfunding, equity-based crowdfunding, royalty-based crowdfunding, invoice trading crowdfunding, reward-based crowdfunding and donation-based crowdfunding respectively. Section C focused on small business survival measure with Sales growth, Productivity, Business Continuity and Competitive Advantage. For dependent and independent variable, six points modified Likert scale type was used to elicit responses from every question in the questionnaire and this covered; Strongly Agree (SA) – 6; Agree (A) – 5; Moderately Agree (MA) – 4; Moderately Disagree (MD) – 3; Disagree (D) – 2; Strongly Disagree (SD) – 1.

Reliability and Validity of Research Instrument

The instrument was subjected to expert opinion validity as recommended by Raza and Nawaz (2011). A content validity test was conducted on the instrument. The questionnaire was reviewed by experts in financial management and practitioners in the field of accounting and finance. The test instrument validity was guaranteed because their opinion did not significantly change the instrument’s structure or content. According to Nunally (1978) the standard reliability test in management science research is 70%. Hence, the results on Table 2.0

Table 2.0: Construct Reliability

	Cronbach's Alpha	rho_A	Composite Reliability	AverageVarianceExtracted (AVE)
DBC	0.608	0.684	0.740	0.569
EBC	0.784	0.603	0.747	0.576
ITC	0.698	0.601	0.757	0.584
LBC	0.620	0.645	0.763	0.597

RBC	0.673	0.581	0.741	0.567
REBC	0.678	0.582	0.746	0.571
Sales Growth (SG)	0.711	0.733	0.810	0.562
Productivity (PROD)	0.797	0.630	0.755	0.589
Market Share (MS)	0.693	0.700	0.802	0.548
Competitive Advantage (CA)	0.761	0.508	0.793	0.561

Source: Author's Computation

From the findings obtained on the assessment of reliability of the construct through Cronbach's Alpha (CA) and Composite Reliability (CR) values. The generally accepted threshold of 0.7 for most research purposes (Nunnally,1978; Hair et.,2010). However, certain researchers contend that a slightly lower threshold of 0.6 may also be deemed acceptable in certain scenerios (George & Mallery,2003). The result demonstrated that the CA and CR values exceeded 0.6 signifying the presence of one-dimensionality with the 10 constructs. The data collected were analysed using descriptive and inferential statistical techniques and employed regression model via SmartPLS 3,0 software version.

Model specification

In this study, the independent variable is Crowdfunding represented by (X), proxy by the different crowdfunding practices (Loan-Based Crowdfunding-LBC, Equity-Based Crowdfunding-EBC, Royalty-Based Crowdfunding-RBC, Reward-Based Crowdfunding-REBC and Donation-Based Crowdfunding-DBC) and dependent variable is Survival of small business represented by (Y) and proxy by Sales Growth – SG while the mediating or intervening variables represented by Z (z_1 , z_2) are Investor's Attitude (IA) and Government Policy (GP) The operational model for the study variable is denoted in equation $Y = f(XZ)$; $Y = y_1 = SG$ and $X = (x_1, x_2, x_3, x_4, x_5, x_6)$ representing the crowdfunding practices respectively.

The models formulated for each of the hypotheses are written as:

Hypothesis One

$$y_1 = f(x_1, x_2, x_3, x_4, x_5, x_6)$$

$$y_1 = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \beta_6x_6 + \epsilon_i$$

$$SG = \beta_0 + \beta_1LBC_i + \beta_2EBC_i + \beta_3RBC_i + \beta_4IBC_i + \beta_5REBC_i + \beta_6DBC_i + \epsilon_i \quad i$$

Hypothesis Two

$$Y = f(X \ z_1 \ z_2)$$

$$Y = \beta_0 + \beta_1X + \beta_z \ z_1 \ z_2 + \beta_{iz} \ X \ z_2 + \epsilon_i$$

$$SBS = \beta_0 + \beta_1CP_i + \beta_{z1z2} (IA * GPC) + \beta_{iz1z2} CP * (IA * GPC) + \epsilon_i \quad ii$$

RESULTS AND DISCUSSION

Descriptive Analysis of variables and interpretation for small business owners in Lagos state

Below is a summary of descriptive statistics for each variable on a six-point Likert scale.

A total of 484 copies of the questionnaire were administered to small business owners operating in the five divisions in Lagos state. Only 344 were correctly filled out and returned.

Table 3.0 Descriptive Results on Crowdfunding practices

Crowdfunding practice	Results/Findings
Loan-Based Crowdfunding (LBC)	Result indicated that 51% of the respondents agreed with items under LBC among small businesses in Lagos state
Equity-Based Crowdfunding (EBC)	55% of the respondents agreed with items questions for Equity-Based Crowdfunding – EBC
Royalty-Based Crowdfunding (RBC)	Result revealed that 51% of respondents concurred with all items raised for Royalty-Based Crowdfunding – RBC
Invoice Trading Crowdfunding (ITC)	52% of respondents agreed with items raised for ITC except for item five (That ITC does not enable online investors to fund small businesses in Lagos state)
Reward-Based Crowdfunding (REBC)	Result indicated that 58% of the respondents had divergent opinion towards items raised for REBC
Donation-Based Crowdfunding (DBC)	61% of the respondents agreed with items of questions raised for Donation-Based Crowdfunding – DBC

Source: Researcher's Field Survey, 2024

Table 4.0: Descriptive Statistics on Sales Growth

	Strongly Agree	Agree	Moderately Agree	Moderately Disagree	Disagree	Strongly Disagree	Missing	Mean	Std. Deviation
Increasing customer base	13.2%	51.7%	18.6%	9.2%	6.5%	0.9%	0.0%	4.53	1.093
Increase turnover	19.2%	52.3%	11.6%	9.2%	6.7%	0.9%	0.0%	4.65	1.143
Increasing base year sales	18.8%	38.3%	22.8%	11.9%	5.8%	2.2%	0.2%	4.44	1.235
Wider market reach and acceptance	17.7%	11.9%	27.1%	33.6%	8.1%	1.8%	0.0%	4.35	1.233
Growth in investment intensity degree	17.9%	32.0%	26.4%	13.4%	8.5%	1.3%	0.4%	4.31	1.267

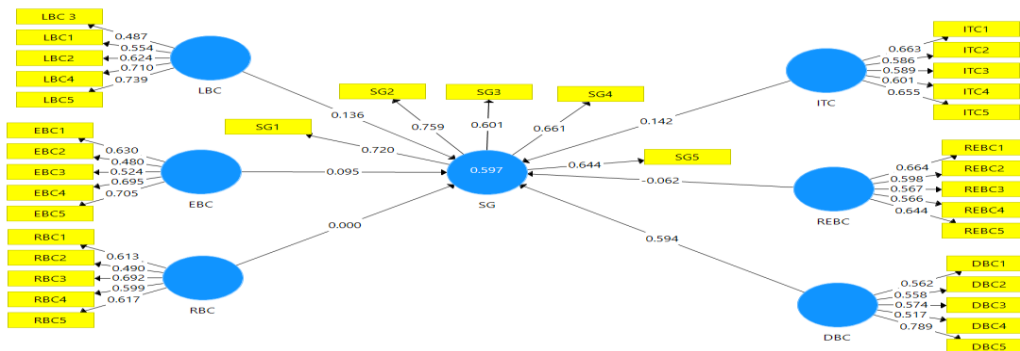
Source: Researcher's Field Survey, 2024

Table 4.0 descriptively explained sales growth which shown that 51.7% of majority respondents agreed that there is an increased in customer based, 52.3% of majority respondents agreed that small businesses experienced increase turnover, 38.3% of majority respondents agreed that there exist increasing base year sales among small businesses, 33.6% of majority respondents moderately disagreed that small business achieve wider market reach and acceptance while 32.0% of majority respondents agreed that small businesses experienced growth in investment intensity degree. Thus, the table 4.0 shown that majority of respondents agreed with all items except for item four in Table 3.0

Empirical Analysis and Discussion

Hypothesis One - H_{01} : Crowdfunding practices (loan-based crowdfunding, equity-based crowdfunding, royalty-based crowdfunding, invoice trading crowdfunding, reward-based crowdfunding and donation-based crowdfunding) have no significant effect on sales growth of small businesses in Lagos State

PATH DIAGRAM FOR HYPOTHESIS - One



PATH DIAGRAM FOR HYPOTHESIS – One - T- STAT

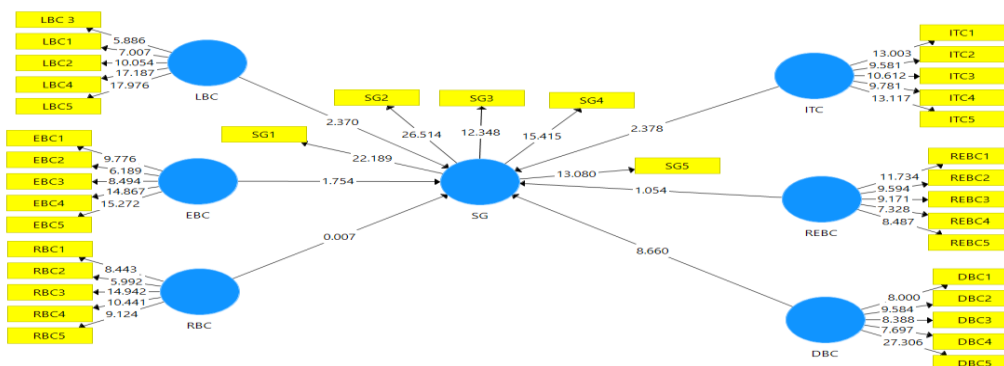


Table 5.0: Path Coefficient

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	TStatistics (O/STDEV)	P Values
DBC -> SG	0.594	0.594	0.069	8.660	0.000
EBC -> SG	0.095	0.094	0.054	1.754	0.020
ITC -> SG	0.142	0.143	0.060	2.378	0.018
LBC -> SG	0.136	0.136	0.057	2.370	0.008
RBC -> SG	0.000	0.002	0.050	0.007	0.994
REBC -> SG	-0.062	-0.058	0.058	1.054	0.292

Source: Author's Computation (2024)

Considering the path coefficient analysis in Table 5.0 of this study employed multiple regression to explain hypothesis one formulated. From Table 5.0, the path coefficient for hypothesis one which state that; **H_{01} :** Crowdfunding practices (loan-based crowdfunding, equity-based crowdfunding, royalty-based crowdfunding, invoice trading crowdfunding, reward-based crowdfunding and donation-based crowdfunding) have no significant effect on sales growth of small businesses in Lagos State. Result from Table 5.0 revealed that

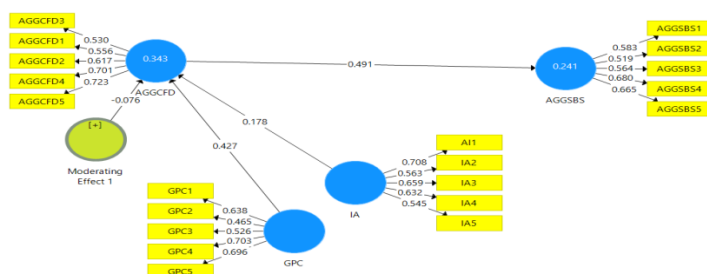
donation based crowdfunding has positive and significant effect on sales growth of small businesses in Lagos State, Nigeria ($\beta = 0.594$; $t\text{-stat} = 8.660$; $p < 0.05$); equity based crowdfunding has positive and significant effect on sales growth of small businesses ($\beta = 0.095$; $t\text{-stat} = 1.754$; $p < 0.05$); invoice trading crowdfunding has positive and significant effect on sales growth ($\beta = 0.142$; $t\text{-stat} = 2.378$; $p < 0.05$); loan based crowdfunding has positive and significant effect on sales growth ($\beta = 0.136$; $t\text{-stat} = 2.370$; $p < 0.05$); royalty-based crowdfunding had positive and insignificant effect on sales growth ($\beta = 0.000$; $t\text{-stat} = 0.007$; $p > 0.05$); and reward-based crowdfunding had negative and insignificant effect on sales growth of small businesses in Lagos State, Nigeria ($\beta = -0.062$; $t\text{-stat} = 1.054$; $p > 0.05$). This insinuated that donation-based crowdfunding, equity-based crowdfunding, invoice trading crowdfunding and loan-based crowdfunding significantly and positively contribute to sales growth of small businesses. Therefore, this study rejected the null hypothesis one of this study.

Discussion of Findings

The hypothesis one focused on how crowdfunding practices such as loan-based crowdfunding, equity-based crowdfunding, royalty-based crowdfunding, invoice trading crowdfunding, reward-based crowdfunding and donation-based crowdfunding significantly affects sales growth of small businesses in Lagos State. Studies such as Adekoya (2019), Aderemi et al. (2021), Aderemi et al. (2022), Adjakou (2021), Baber (2020), Berndt (2016), Bernardino, and Santos (2020), Belleflamme, Lambert, and Schwienbacher (2014), Camilleri, and Bresciani (2022), and Diya (2021) all agreed that crowdfunding mechanism enhanced business performance as well as business continuity. This finding indicated that all variants or components of crowdfunding practices contribute to business performance within and outside Nigeria contexts. Similarly, the Johari window theory also supported the finding of the study, as it represents information-feeling, experience, views, attitudes, skill, intentions, motivation, etc. within a person or about group. Thus, this study aligned with past related studies scholars that crowdfunding practices enhanced business survival and therefore null hypothesis one was rejected.

Restatement of Hypothesis Two

PATH DIAGRAM FOR HYPOTHESIS - Two



PATH DIAGRAM FOR HYPOTHESIS – Two (T- STAT)

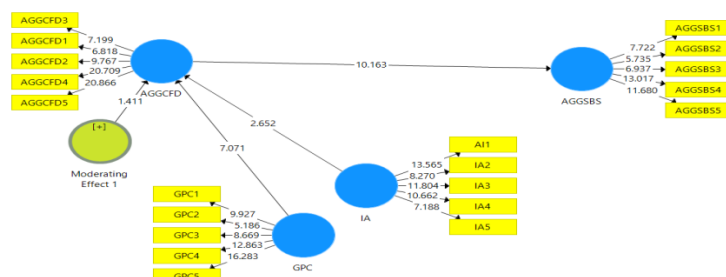


Table 6.0a: Path Coefficients

	AGGCFD	AGGSBS	GPC	IA	Moderating Effect 1
AGGCFD		0.491			
AGGSBS					0.000
GPC	0.427				
IA	0.178				
Moderating Effect 1	-0.076				0.032

Source: Author's Computation (2024)

Table 6.0b: Specific Indirect Effects

	Specific Indirect Effects
Moderating Effect 1 -> AGGCFD -> AGGSBS	-0.037
GPC -> AGGCFD -> AGGSBS	0.210
IA -> AGGCFD -> AGGSBS	0.087

Source: Author's Computation (2024)

Table 6.0c: Total Effects

	AGGCFD	AGGSBS	GPC	IA	Moderating Effect 1
AGGCFD		0.491			
AGGSBS					
GPC	0.427	0.210			
IA	0.178	0.087			
Moderating Effect 1	-0.076	-0.037			

Source: Author's Computation (2024)

Table 6.0a depicted how Investor's Attitude (IA) and Government Policy on Crowdfunding (GPC) between crowdfunding practices and sales growth of small businesses in Lagos State. It was shown that both Investor's Attitude (IA) and Government Policy on Crowdfunding (GPC) had negative, significant moderating and complimentary impact on business survival of small business in Lagos State. The interaction of Investor's Attitude (IA) and Government Policy on Crowdfunding (GPC) with crowdfunding practices had inverse direction with business survival. Table 6.0b shown that both Investor's Attitude (IA) and Government Policy on Crowdfunding (GPC) had negative indirect trend ($\beta = -0.037$) with crowdfunding practices and small business survival while GPC and IA had positive indirect effect with crowdfunding practices and small business survival in Lagos State. This was also supported by table 6.0c that both Investor's Attitude (IA) and Government Policy on Crowdfunding (GPC) inversely affect crowdfunding practices and business survival in Lagos State. This implied that Government policy on crowdfunding was not well recognised and known by majority individual and as well individual investors are scared to pool their financial resources for crowdfunding due to corrupt attitude of investor who want to crowdfund and the fraudulent intention of fund raisers.

DISCUSSION OF FINDINGS

The hypothesis two dwelled on how both government policies on crowdfunding and investors attitude affects crowdfunding practices and business survival. Finding like Munyayi, and Mapfumo (2016), Mwanzi and Muturi (2021), Nadeem, Qamar, Nazir, Ahmad, Timoshin, and Shehzad (2020), Nordin, Md. Sum, and Zainuddin (2018), Pekmezonic, and Walker (2016), Shneor, Zhao, and Flåten (2020) that investor character determines crowdfunding practices and business survival. Similarly, the Johari window theory also supported the finding of the study, as it represents information-feeling, experience, views, attitudes, skill, intentions, motivation, etc within a person or about group. it is widely used to understand self, to achieve personal development, improve communications, interpersonal relations, group dynamics, team development and finally to strengthen inter-group relations.

SUMMARY AND CONCLUSION

The general objective of the study was to examine the impact of crowdfunding practices on the sales growth of small businesses in Lagos state with the complimentary role of investor's attitude and government policy on crowdfunding practices to see how both intervening variables interrelated, strengthened or weakened the interaction between the independent and dependent variables. The result shows that crowdfunding practices (Donation-based, Reward-based, Equity-based, Loan-based, Royalty-based and Invoice trading crowdfunding) are veritable alternative source of financing for small businesses in Lagos state, Nigeria as revealed by the descriptive statistical analysis. Also, from the regression result, it was revealed that crowdfunding practices by small businesses in Lagos state contributes positively and significantly to the sales growth of the businesses. In addition, the study also revealed and posited that both Investors' Attitude and Government Policy on crowdfunding had negative significant moderating and complimentary impact on small business sales growth in Lagos state, Nigeria. However, the study noted that investor's attitude and government policy on crowdfunding are positively connected with crowdfunding practices and survival measured by sales growth of small businesses in Lagos state.

Based on these findings, the study concluded that crowdfunding practices actually influences sales growth of small businesses and that both investor's attitude and government policy compliment the relationship between crowdfunding practices and survival measured by sales growth of small businesses in Lagos state, Nigeria.

In the light of the study's finding and conclusion, the study recommended that owners of small businesses in Lagos state should identify and continue to engage in the optimal crowdfunding practices that enable the achievement of sales growth. Also, that investors should be transparent in their crowdfunding engagements or dealings and should try as much as possible adhere to set rules and regulations laid down by SEC or other government agencies regulating crowdfunding practices in Nigeria. This will enable owners to get the needed financial resource that will enhance small business survival.

The study contributed to the existing body of knowledge conceptually by expanding the understanding of the concept of crowdfunding practices and the dependent variable of small business sales growth. The study also contributed empirically by attempting to broaden the empirical foundation of crowdfunding practices as they jointly affect sales growth and the introduction of the two mediating variables as no known study to the best of the researcher's knowledge has done this in past studies.

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