

# Does Crowdfunding Aid Entrepreneurship Development? A Study of Selected Small and Medium-Sized Enterprises in Ogun State, Nigeria

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DOI: <https://doi.org/10.51583/IJLTEMAS.2026.15020000027>

Received: 12 February 2026; Accepted: 19 February 2026; Published: 05 March 2026

## ABSTRACT

Crowdfunding is a new form of financing opportunities for small and medium enterprises and other innovators of creative business ideas by harnessing the power of the internet. As a new form of financing opportunity, this study investigated the influence of crowdfunding practices on entrepreneurship development and its marketing values on SMEs in Ogun state, Nigeria. Explanatory cross-sectional survey research design was employed and data analysis was carried out using SPSS 20. Analysis of the T-test was used to also ascertain the influence of crowdfunding on the entrepreneurship development in Nigeria. Findings from this research revealed that lack of awareness and understanding of crowdfunding as an instrument of raising funds by SMEs in Ogun state, Nigeria form the major challenges for SMEs in exploring the opportunities of the concept. This is evident from the model summary result in hypothesis one showing R square having 12%, which implies that Reward based, Loan based and Equity based crowdfunding which are the independent variables used only account for 12% variation in Business Growth of SMEs in Ogun state. Hypothesis two also indicates a 6% R square, which also implies that Reward based, Loan based and Equity based crowdfunding account for 6% variation in SMEs in Ogun state. The study recommends that government and campaigners of crowdfunding should launch national programs to educate the public about how crowdfunding works, how to assess campaigns, and how to use digital tools to explore opportunities crowdfunding offer.

**Keywords:** Crowdfunding, Entrepreneurship, Small and Medium enterprises, Marketing values.

## INTRODUCTION

Small and Medium enterprises (SMEs) are the backbone of Nigeria's economy and economy of any nation, contributing significantly to employment and GDP. The survival of small and medium businesses is an important and critical ingredient to economic strategies because they reduce unemployment, raise living standards, provide goods and services and add to an economy's gross domestic product (Garuba, Akinbiyi & Osinupebi 2025).

Many SMEs in Nigeria lack the capital to continue their businesses and they are forced to close shop because they are unable to access the required funds. Every enterprise is financed either through debt or equity or a combination of both. Both types of financing are usually sourced from either the informal finance sector (IFS) or the formal finance sector (FFS).

The two fundamental financing platforms for SME are the formal and informal forms of financing identified by previous researchers, scholars and practitioners (Adekoya, 2019). The researchers identified commercial banks and development banks in the formal sector as the most popular source of finance for enterprises. The informal sector which consists of personal savings, borrowing from friends, relatives and cooperatives are also important source of financing SMEs.

The formal finance sector is made up of formal finance institutions such as commercial banks, microfinance banks, international development agencies etc. Commercial banks, Microfinance banks, International development agencies, the CBN and some of its agencies are some of the institutions in the formal finance sector that have played very prominent roles in the financing of SMEs in Nigeria. Commercial banks remain the biggest source of finance for SMEs across the globe. However, many commercial banks are reluctant in financing SMEs because of perceived risks and uncertainties. As a result, access to capital remains a daunting challenge for many enterprises. Other challenges that militate against SMEs optimal performance apart from poor funding include low managerial skills; unfriendly business environment; failing infrastructure; bureaucratic bottlenecks and lack of access to modern technology (Kazaure & Abdullah, 2018)

Crowdfunding is an emerging financing innovation available to entrepreneurs and other creators of innovative business ideas to source for fund to finance projects or creativity ideas for agreed rewards (Adekoya, 2019). Recently, crowdfunding has gained world-wide prominence as an alternative means of financing start-up business and social projects. According to Eno, Udonde, and Ibok (2022), crowdfunding emanated from the wider concept of crowdsourcing, which refers to the tapping of resources from an indefinite public group in an open call for the purpose of finding ideas or solutions to a given problem. The global economic meltdown in 2008 and subsequent unstable economy, banks and other institutional lenders worldwide have been reluctant to grant small and medium scale enterprises (SMEs) enough capital to support their funding needs (Eldridge, Nisar & Torchia 2021). The resultant effect of economic melt-down, the financial crisis, as well as the advancement and globalization of social media and technology made crowdfunding to be more prominent and widely accepted as an alternative fundraising option (Ibrahim, Gbadebo & Akande 2024).

A United Nations Industrial Development Organization (UNIDO) Report (2023) states that financial and non-financial issues have made it difficult for small businesses to survive and have an impact on sales, productivity, business continuity, and competitive advantage. The introduction of crowdfunding thus became a more popular tool for entrepreneurs who long to fund their business concepts. This concept allows the entrepreneur to look beyond the traditional banking institutions to source funds. Crowdfunding is the process of collecting small contributions from a large number of individuals instead of being reliant on traditional financial institutions (Adekoya, 2019).

Crowdfunding is a new dimension of sources of finance which provides small and medium enterprises (SMEs) and other creative ideas initiators the opportunity to raise fund from the crowd using the strength of the internet (Adekoya, 2019). Crowdfunding has become a contemporary financial means of raising modest sums of money by depending on different contributions made from many individuals gathered through the online platforms to fund profit or non-profit projects (Ibrahim, et al., 2024). Globally, crowdfunding has been associated with a number of issues, including trust, inability of the project owners/promoters to raise the required amount through crowdfunding, selecting the most effective platform, and protecting the creative ideas of those who are raising money in developing countries like Nigeria (Afrikstart, 2022; International Monetary Fund, 2022; Eno, Udonde & Ibok, 2022).

However, majority of these studies had not considered how crowdfunding can expose and influence marketing performance of small and medium-sized enterprises. This study attempts to examine the effect of crowdfunding practices on entrepreneurship development in Ogun state, Nigeria. In addition, the gap in knowledge that has been identified motivated this study to assess the impact of Crowdfunding practices on marketing values of small and medium enterprises in Ogun state, Nigeria.

**Thus, the following are the relevant research questions;**

- i. What is the influence of crowdfunding practices on entrepreneurship development and business survival of small and medium-sized enterprises in Ogun State, Nigeria?
- ii. Does crowdfunding practice have marketing values on small and medium-sized enterprises in Ogun State, Nigeria?

Examining the effect of crowdfunding practices on entrepreneurship development and business survival of small and medium-sized enterprises is the main objective of this study, while specific objective is to;

- i. Assess the effect of crowdfunding practices on marketing values of small and medium-sized enterprises in Ogun State;

The study's hypotheses formulated in line with the research objectives and questions raised are as follows:

**H<sub>01</sub>:** There is no significant influence of crowdfunding practices on entrepreneurship development in Ogun State, Nigeria.

**H<sub>02</sub>:** There is no significant impact of crowdfunding practices on marketing values of small and medium-sized enterprises in Ogun State, Nigeria.

### Significance of the Study

Many entrepreneurs, especially in developing economies, face challenges in accessing traditional funding like bank loans. This study helps evaluate whether crowdfunding can fill this financing gap and support start-up growth.

By exploring the link between crowdfunding and entrepreneurship, the study can help determine how this financing method contributes to job creation, local development, and GDP growth.

And since crowdfunding platforms allow diverse individuals including youth, women, and entrepreneur to raise capital, this study highlights the potential of crowdfunding to promote more inclusive economic development and democratize access to capital.

The findings can also guide government agencies, financial institutions, and development organizations in formulating policies to promote entrepreneurship and supporting decisions around legal frameworks, or education.

In summary, this study is significant because it explores how crowdfunding might be transforming the entrepreneurial landscape by offering new paths to funding, promoting innovation, and stimulating economic growth especially in environments where traditional funding mechanisms are limited or inaccessible.

## LITERATURE REVIEW

### The Concept of Crowdfunding

Crowdfunding, according to Aladejebi (2020), is a method of attracting a big number of investors to a capital-intensive project or business. Ezekiel and Toba (2020) define crowdfunding as an online approach of raising money in which the fund raiser is expected to provide factual information via image and video content. Ajayi and Oyedele (2020) explained further that, crowdfunding is different from other means of financing available to small and medium-sized enterprises. In a crowd-funding approach, small and medium-sized enterprises or project initiators approach the crowd-funding platform or website by introducing the intended project to interested parties or crowd-funders in the form of a listing. The necessary information on the project will be shown on the internet to interested crowd funders for decision-making. This allows the crowd funders to appraise the project to either support or not to support the ideas based on their perception (Ajayi & Oyedele, 2020). Aremu (2023) corroborated other researchers assertions that crowdfunding is a form of online crowdsourcing wherein the public provides capital to businesses looking to raise money for pure charity or with the expectation of profit.

The concept and application of crowdfunding is evolving and the objective is to raise money for investments through the use of social networks on the Internet. Technology plays a major role in the crowdfunding process, both in terms of the presentation sites and the social media platforms that help disseminate the word about them.

Several models of crowdfunding exist, including Lending-based, Donation-based, Equity-based, Reward-based and Royalty-based crowdfunding (Adekoya, 2019).

Lending-based crowdfunding approach is based on the same principles as a traditional funding source where an investor lends an amount to an entrepreneur and expects a rate of return on the capital lent. The Donation-based approach has charity as its foundation, as the investor does not expect to get any return on the investment. Here, backers provide funding based on charitable or civic motivations without expecting any repayment, to support disaster relief, famine, health and other charity-related issues (Adekoya, 2019). Another crowdfunding model is Royalty-based, this approach gives the investor a percentage rate of the company’s income based on the level of the investment. This implies that supporters of an idea receive a percentage of the revenue accumulated when the business starts making a profit. It is also important to emphasize that it doesn’t make them shareholders in the venture; they are just entitled to receive a percentage from income (Eno, Udonde & Ibok, 2022). However, Equity-Based Approach Crowdfunding allows individuals or institutional funders purchase the equity of new ventures or enter into some sort of profit-sharing agreement with a company or organization (Ajayi, 2020). Equity-based crowdfunding has a profit-sharing approach that allows the entrepreneur to raise capital from the crowd in exchange for shares, dividends or equity in the company. Lastly, Reward-based crowdfunding is a type of crowdfunding where backers contribute money to a project or venture in exchange for a non-financial, usually company’s product or service related to the project (Ajayi, 2020).

### Small and Medium Enterprises (SMEs) in Nigeria

There is no one definition of a small or medium-sized enterprise that is universally recognized by everyone. Small Enterprises are those enterprises whose total assets (excluding land and building) are above five million naira but not exceeding fifty million naira with a total workforce of above ten, but not exceeding forty-nine employees. Medium enterprises are those enterprises with total assets excluding land and building) are above fifty million naira, but not exceeding five hundred million naira with a total workforce of between 50 and 199 employees (Ajayi, 2020). How SMEs are classified vary depending on the country, industry, and context. In Nigeria, the definition of small and medium enterprises (SMEs) varies slightly depending on the institution, but the small and medium development agency of Nigeria (SMEDAN) and the National Policy on SMEs provides the most widely accepted definitions. SMEDAN defines SMEs based on the number of employees and annual turnover.

### SME Classification in Nigeria (SMEDAN)

Category	Number of Employees	Annual Turnover (N
Small Enterprises	10 – 49	N3 million – N100 million
Medium Enterprises	50 – 199	N100 million – N500 million

Source: SMEDAN REPORT, 2020.

These definitions are outlined in the National Policy on MSMEs and used by institutions like SMEDAN, Central bank of Nigeria (CBN), and Bank of industry (BOI). This study focuses on small and medium enterprises in Ogun state, Nigeria.

### Crowdfunding in Nigeria

In recent years, crowdfunding in Nigeria has surged in popularity as a viable alternative investment option (Aandale, 2024), but yet to penetrate the fabrics of entrepreneurial finance in Nigeria (Aladejobi, 2020). Crowdfunding though yet to fully develop in Nigeria has the potentials to transform the Nigeria entrepreneurial landscape by providing access to capital, fostering innovation, and empowering individuals to participate in the growth of emerging businesses and ventures. Given the achievements of crowdfunding as a financing solution elsewhere in the world, the tool is gradually gaining traction in a snail speed in the country's entrepreneurial finance sector. There is currently no existing database for crowdfunding activities in Nigeria. For the time being,

no current laws are governing its application for entrepreneurial activities in the country and they are unlikely to be short. Perhaps this is the underlying reason why the most active crowdfunding projects in Nigeria are the social and political causes. Virtually, most of the successful campaigns are to help the sick (health-related), charity and fundraising for political activities like the “Fund40MB Donation Campaign” to support Peter Obi in his bid for the presidency of Nigeria (Andale, 2024).

A review of successful campaigns for entrepreneurial purposes reveals that one of such campaigns on one of the Nigerian-oriented sites was funded by the promoters of the platform. Thereafter, there is no indication of other successful campaigns for over four years leaving the first successful campaign a suspect (Ajayi & Oyedele, 2022). This will not make us assume that the concept is not workable in the country. Nigeria is said to be a host of about nine crowdfunding platforms with several listings on some of the platforms, especially indigenous sites such as Imeela, Naturfund, Funmilowo, Donate-ng, Farmcrowdy, but there is little or no evidence of successful funding for entrepreneurial activities.

The one or two successful campaigns recorded for entrepreneurial activities in the country were listed on Kickstarter and Indiegogo; incidentally, the campaigners are not Nigerians. On the other hand, the government is not doing enough to fund innovation in the country. Recently, on May 26, 2021, the Security and Exchange Commission released a notice directing all investment platforms in Nigeria to comply with the new crowdfunding rules or cease operations by June 30, 2021 (Hassan, 2022). The new rules however apply to only investment-based crowdfunding. This trend effectively rescinds the earlier statement suspending all crowdfunding activities in Nigeria due to lack of rules and legal difficulties.

As the industry continues to evolve, it is essential for entrepreneurs and investors to stay informed about the latest developments and opportunities in crowdfunding investment in Nigeria.

In summary, crowdfunding in Nigeria presents a promising avenue for raising capital, supporting innovation, and driving economic growth in the country. With the right support and infrastructure in place, crowdfunding has the potential to unlock new opportunities for entrepreneurs and investors alike.

### **How Crowdfunding Aids Entrepreneurship Development**

Crowdfunding is highly beneficial for entrepreneurship development by providing access to capital, market validation, and a wider network. It offers a unique opportunity for start-ups to secure funding without diluting ownership or giving up control to traditional investors.

In Nigeria, SMEs are known for gross underperformance resulting from key issues such as unfriendly business environment, poor funding, low managerial skills, and lack of access to technology; poor funding is the most central of all (Ajayi, 2020). The reason is that money deposit banks which remain the major source of funds to SMEs are no longer willing in their role due to the high risk and uncertainties. The advent of crowdfunding has provided alternative source of funding for entrepreneurs and projects and one of the major reasons entrepreneur seek for crowdfunding campaign is the difficulty in accessing funds to finance their ideas or start-up businesses from the traditional financing organisations (Morgan, 2025). Besides providing alternative platform of financing, crowdfunding allows entrepreneurs to test and validate their ideas before investing significant resources. It also offers flexible funding options, such as reward-based or equity-based.

Crowdfunding is useful for young entrepreneurs at the early stage of new projects, since it helps to compensate for the financial shortage that start-ups typically face, enhances fund diversification, and multiplies the sources of funding (Hommerová, 2020). With crowdfunding, it is simple, faster and less bureaucratic to secure loans than from the banks. It is easy because the leaders of the platform make an analysis based on the trustworthiness of the project and the promoter. It is quicker because the period between the call and the money available is nominated by the entrepreneur (duration of the campaign).

It is less bureaucratic because there are little administrative documents to be filled in and no collateral warranties needed.

Crowdfunding campaign can double as a marketing launch pad, helping start-ups build awareness and develop a community of early adopters and brand advocate (Morgan, 2025). Fundraisers can also create crowdfunding campaigns in order to create awareness for themselves and their new products. New products at any developing stage can be exposed to a large crowd in a more original and less costly fashion than traditional marketing organizations. The platform provides valuable feedback and input from potential customers.

Crowdfunding platforms encourage innovation and creativity by providing a platform for new and innovative ideas. It helps entrepreneur turn their ideas into reality and can foster creativity and out-of-the-box thinking.

Crowdfunding is a platform that allows entrepreneurs to test their ideas and gain valuable market feedback through pre-buying, it also helps estimate demand post product launch which is a great opportunity for market testing (Morgan, 2025). Crowdfunding can be a helpful tool for proof of concept for your product, service, or project. It allows the entrepreneur to gauge potential interest and market demand by seeing if people are willing to invest their money in their ideas. This validation can be valuable for determining acceptability or potentials of entrepreneur ideas. In this case, large volumes of presales are regarded as strong indicators of future market acceptance. Consequently, a campaign that doesn't achieve its funding goals may offer valuable feedback to help founders further refine their products

Crowdfunding campaign is a marketing campaign. Fundraisers as well can consider the marketing aspect of crowdfunding as important or even more important as raising funds. By having a strong online presence and engaging with potential backers, the campaign can generate buzz and attract media outlets and potential customers.

Crowdfunding platforms facilitate direct communication between creators and their backers. This allows creators to receive feedback, suggestions, and ideas, which can prove valuable in improving their products or projects.

Crowdfunding enables medium enterprises to broaden their funding sources by gathering support from a diverse group of people who are enthusiastic about their ideas. This reduces their reliance on a single investor or funding agency and spread the risk of funding.

In summary, crowdfunding democratizes access to capital, reduces barriers to entry, and provides entrepreneurs with essential tools for testing, marketing, and growing their business ideas and has become an essential tool for entrepreneurship development. Crowdfunding will likely continue to evolve, offering new features and opportunities for entrepreneurs.

### **Marketing Values of Crowdfunding**

Businesses are increasingly applying crowdfunding platforms not only as a basis to obtain finance, but also as marketing platform (Tchoualak, Roux & Jager, 2020, as cited in Brown et al., 2017). Crowdfunding can be used by fundraisers for market testing, especially with regard to prices. In certain instances, funders are offered to pre-purchase products from a new venture. Fundraisers therefore, over a limited period of time could project the potential performance of the given venture based on the prices and volume of pre-sales.

The main marketing values of a crowdfunding campaign are;

**Market Validation:** Crowdfunding platforms provide a way to gauge interest in a product or service, helping entrepreneurs validate their business ideas. Fundraisers will be able to measure market acceptance from a reliable pool of users post-launch based on the volumes of the crowdfunding pre-sales (Eno, Udonde, & Ibok. 2022).

**Increased Exposure:** Crowdfunding campaigns can reach a large audience, generating buzz and publicity for a product.

**Create Sales Channel:** Launching a crowdfunding campaign will automatically also establish a sales channel for the campaign, since the fundamental functions of a sales channel will directly be available when the campaign goes live (The reward-based approach offers a pre-ordering model where an investment immediately turns into

a purchase. This turns the reward-based crowdfunding platform into a marketplace where the value is traded, as backers interchange their money for a product through their investment. While the reward-based approach can create sales channels that reward the backers with discounts or first samples of the product, the equity-based approach takes a profit-sharing route. The sales channel established through the platforms allows the crowdfunding company to deliver value to the investors and the customers (Etuk, Udoh & Eke, 2021)

**Social Media Promotion:** Crowdfunding campaigns can leverage social media platforms to increase visibility and attract potential investors (Tchoualak et. al, 2020). Crowdfunding campaign can expand product or service awareness through social media platforms. This corresponds to reaching out to as many individuals as possible. This may in marketing terms be connected to public relations (PR) since the essence is to send a message in order to educate or inform the public about the organization or its product without using the business's own resources.

**Build Relationships:** Building relationships refers to the relationships that are a result of a successful crowdfunding campaign. This could be relationships with either partners or consumers that can be considered a stakeholder of the organization. The result of starting or strengthening these relationships will allow the originator to gain valuable inputs regarding countless sections of the business. Relationship management plays a crucial part when successfully building relationships where both parties need to work together to gain mutual benefits.

**Expand Awareness:** This allows for the flow of information to go from the company to the investors, who in turn potentially gain value from receiving information about the product. By launching a crowdfunding campaign, regardless of selected approach, the company simultaneously establishes a communication channel.

In short, crowdfunding acts as a powerful marketing tool, offering validation, exposure, and customer engagement that traditional advertising often can't match for start-ups and entrepreneurs.

## THEORETICAL FRAMEWORK

### Entrepreneurial Ecosystem Theory

There exists different theories on crowdfunding and entrepreneurship, but this study was anchored on Entrepreneurship ecosystem theory.

The entrepreneurial ecosystem theory describes the interconnected network of actors and factors that support new ventures and innovation within a specific geographic area. According to Jones and Ratten (2021), the concept of an entrepreneurial ecosystem implies some form of social interactions that occur continually and represent a way to understand the combination of elements required for entrepreneurship to exist in a designated space. It views entrepreneurship not just as individual action, but as a collective effort within a system. This theory emphasizes the importance of how different elements, like funding, support services and culture, interact to either foster or hinder entrepreneurial activity. The theory recognizes the role of government policies, funding mechanisms, and support organizations in shaping the ecosystem and promoting entrepreneurship.

Entrepreneurship develops within an ecosystem of institutions, networks, and resources and crowdfunding platforms act as part of this ecosystem, offering an alternative financing infrastructure that supports start-up growth and innovation.

### Empirical Review

Adekoya (2019) in his study "Crowdfunding and SMEs financing in Nigeria – threat and opportunities" concluded that one of the innovative ways for SMEs and creative ideas initiators becoming increasingly important and irreplaceable in promoting economic development is to improve on method of financing through crowdfunding as this had contributed to growth of SMEs in some developed countries. The study suggested that

there is need for government to provide the regulatory framework and awareness that will support crowdfunding with good internet network for interaction between the promoters and investors.

Garuba and Adebayo (2024) examined the impact of Donation-based, Equity-based, Loan-based and Reward-based crowdfunding on productivity in Lagos state. The study concluded that donation-based, loan-based, equity-based and reward-based crowdfunding practices are modern source of funding for small businesses that contributed positively and significantly to productivity and business continuity of small businesses in Lagos state, Nigeria. In view of these findings, the study recommended that small businesses proprietors should pinpoint and engage in the best crowdfunding practices that influences productivity and enhances business continuity to assure survivability of the business.

Eno, Udonde and Ibok (2022) carried out a research on crowdfunding and marketing performance of microfinance banks in Akwa Ibom State, this study was carried out in order to assess the relationship between crowdfunding and marketing performance of microfinance banks in Akwa Ibom State. The major findings revealed a positive and significant relationship between Equity-based, reward-based and lending-based crowdfunding have positive and significant relationship on marketing performance of microfinance banks in Akwa Ibom State. It was recommended that companies, start-up businesses and financial institutions should adopt various crowdfunding platforms in their businesses as one of the means of raising finance for the company in order to boost their marketing performance.

Garuba, Akinbiyi and Osinupebi (2025) concluded and recommended in their research study “Impact of crowdfunding practices on sales growth of selected small businesses in Lagos state: Role of investor attitude and government policy” that small businesses should identify and focus on crowdfunding practices that enables it to achieve sales growth by extension guarantees survival of the business.

## METHODOLOGY

The research design used in the study was an explanatory cross-sectional survey. This type of quantitative study uses survey methodologies to find and explain correlations between variables (dependent and independent) at a certain moment in time. Providing an explanation of the correlational links between two or more variables is the objective. The primary goals of this preliminary method are to collect background information, identify problems, generate concepts, and develop hypotheses for more in-depth, future research. Survey research includes the use of structured research questionnaire in obtaining data from the respondents.

### Study Population

The population of this study comprised all operational small and medium-sized businesses operating in Ado-Odo/Ota local government of Ogun state. A sample size of 83 small and medium-based enterprises was adopted using z-score for unestablished population size. The total population has not been defined since most of the small and medium enterprises in the study area were not registered businesses. The study therefore used a non-probability sampling method, specifically, purposive sampling to select enterprises who were willing to partake in the study.

### Research Instrument

The questionnaires, which were the primary source of data, were distributed within this region to the owners/managers of small and medium enterprises. The instrument is made up of two sections: section 1 containing the information on respondent’s demographic data; Industrial sector, nature of business, age of business and source of start-up capital) and section 2 was on awareness and ease of access of crowdfunding. The researcher adopted a five-point Likert scale of 1, 2, 3, 4 and 5 for the questionnaire. The rating system adopted is as follows: 1=Strongly Agree (SA), 2=Agree (A), 3=Undecided (U), 4=Disagree (D), 5= Strongly Disagree (SD) was adopted. With the use of Cronbach’s alpha for reliability test, the analysis came with 0.728. The data obtained were analysed using descriptive statistics and regression analysis, while t-test statistics was used to test hypotheses formulated.

## 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 and Reward-based crowdfunding-RBC and the dependent variable is Entrepreneurship development represented by (Y1) and measured by Business Growth (BG).The dependent variable for hypothesis two is Marketing performance represented by (Y2), and measured by Sales Growth (SG), while the independent variables Crowdfunding represented also by (X), and proxy as well by loan-based, Equity-based and Reward-based crowdfunding.

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

The model for this study is specified below:

$$y = f(x)$$

Where:

y = Dependent variables i.e. Business Growth; Sales Growth.

x = Independent variable i.e. Loan based, Equity based and Reward based crowdfunding

$$BG = \beta_0 + \beta_1LBC + \beta_2EBC + \beta_3RBC + \mu \dots\dots\dots (1)$$

$$SG = \beta_0 + \beta_1LB + \beta_2EB + \beta_3RB + \mu \dots\dots\dots (2)$$

Where:

BG = Business Growth

SG = Sales Growth

LBC = Loan Based Crowdfunding

EBC = Equity Based Crowdfunding

RBC = Reward Based Crowdfunding

$\beta_0, \beta_1, \beta_2, \beta_3$  = Coefficients

$\mu$  = error term

Hypothesis One

$$y_1 = f(x_1, x_2, x_3)$$

$$y_1 = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \epsilon_i$$

$$BG = \beta_0 + \beta_1LB_i + \beta_2EB_i + \beta_3RB_i + \epsilon_i$$

Hypothesis Two

$$y_2 = f(x_1, x_2, x_3)$$

$$y_2 = \beta_0 + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \epsilon_i$$

$$SG = \beta_0 + \beta_1LB_i + \beta_2EB_i + \beta_3RB_i + \epsilon_i$$

### Data Presentation and Analysis of Findings

The information used for analysis of this study was through questionnaire which was gotten from the respondents. Eighty three (83) copies of questionnaire were distributed to medium scale business owners in Ado-Ota/Ota local government in Ogun state which represents the sample size from the unknown population size. Out of the distributed copies only seventy six (76) were returned valid.

The analysis was carried out using statistical packages for social science (SPSS). Simple linear regression analysis was used to analyse the data collected in order to answer the hypotheses raised in this study.

All statistical analysis was tested at 5% level of significant

Cronbach's Alpha	N of Items
.728	15

Reliability test was examined using the Cronbach’s Alpha (a), to ensure the validity of the instruments used. The outcome reported in table 1, shows the Cronbach's Alpha of 0.73 which is higher than the theoretical benchmark of 0.70. This indicates that the sample is reliable and internally consistent.

### Hypothesis one

H<sub>01</sub>: There is no significant influence of crowdfunding practices on entrepreneurship development in Ogun State, Nigeria.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.352 <sup>a</sup>	.124	.087	1.70217	.124	3.386	3	72	.023	2.298

a. Predictors: (Constant), RBC, LBC, EBC

b. Dependent Variable: BG

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	29.428	3	9.809	3.386	.023 <sup>b</sup>
	Residual	208.611	72	2.897		
	Total	238.039	75			

a. Dependent Variable: BG

b. Predictors: (Constant), RBC, LBC, EBC

**Table 4: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.239	.591		10.555	.000
	LBC	-.163	.144	-.184	-1.134	.260
	EBC	.013	.168	.015	.080	.936
	RBC	.331	.123	.410	2.688	.009

a. Dependent Variable: BG

From the information displayed in table 2, the dependent variable combined with the independent variables produce a statistics of 0.35, which indicate a weak and positive relationship between Business growth and LBC, EBC and RBC.

The contribution of the independent variables to the dependent variable was by R-square 0.12. This implies that Reward based, Loan based and Equity based crowdfunding account for 12% variation in Business growth while the remaining 88% is caused by factors not captured in the model.

Table 3 revealed the result of the analysis of Variance (ANOVA) for the model employed for this study and it revealed the difference between the variables. The table reports the significance of the model employed in hypothesis one.

The table reports an F-statistic value of 3.38 with a probability value of 0.023. This indicates that the regression model is statistically significant, meaning that RBC, LBC, and EBC have a significant effect on business growth of small and medium scale enterprises in Ogun state.

The independent variables significant level can be determined using the probability value of the t-test, and the decision rule suggest that if the t-statistics is less than 5% (0.05), then the null will be rejected and accept the alternative hypothesis. If otherwise, the inverse will be the case.

From the information revealed in table 4 above, the standardized beta coefficients (B = .015) indicates that when EBC increases by 1 unit, entrepreneurial development activities increase by 0.015 units. Moreover, the standardized beta coefficients for RBC (0.410) indicates that as RBC increases by 1 unit, entrepreneurial activities increase by 0.41 units. Thus, this is an indication that EBC and RBC significantly affect entrepreneurship development.

Table 4 also shows Loan based and equity based crowdfunding having insignificant values of 0.26, 0.94 respectively while reward based crowdfunding shows a significant value of 0.009 because it is lower than the acceptable 5% (0.05) level of significance.

This generally implies that crowdfunding platforms in this context, except reward-based have no significant impact on the Business growth of the small and medium-sized businesses in Ogun state.

These findings corroborate the findings of Ayedun, Popoola, Emmanuel, and Oladele (2024) in their study, "Assessment of Equity Crowdfunding as an Alternative Source of Finance for Small and Medium Enterprises in Nigeria". Their report suggested a low degree of awareness of crowdfunding (24%) among the respondents.

### Hypothesis two

H<sub>02</sub>: There is no significant impact of crowdfunding practices on marketing values of small and medium-sized enterprises in Ogun State, Nigeria.

**Table 5: Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.240 <sup>a</sup>	.058	.018	1.32617	.058	1.464	3	72	.231	.988

a. Predictors: (Constant), RBC, LBC, EBC

b. Dependent Variable: SG

**Table 6: ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.727	3	2.576	1.464	.231 <sup>b</sup>
	Residual	126.629	72	1.759		
	Total	134.355	75			

a. Dependent Variable: SG

b. Predictors: (Constant), RBC, LBC, EBC

**Table 7: Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	6.326	.461		13.736	.000
	LBC	-.228	.112	-.343	-2.036	.045
	EBC	.111	.131	.164	.847	.400
	RBC	.027	.096	.044	.279	.781

a. Dependent Variable: SG

From the information displayed in table 5, the dependent variable combined with the independent variables produce a statistics of 0.24, which indicate a weak and positive relationship between Sales Growth and LBC, EBC and RBC. The contribution of the independent variables to the dependent variable was by R-square 0.058. This implies that Reward based, Loan based and Equity based crowdfunding account for 6% variation in SMEs Sales growth while the remaining 94% is caused by factors not captured in the model.

The ANOVA results in table 6 reveal a significant F-statistic of 1.46, with a p-value of 0.231, indicating that the overall model is statistically insignificant. This means that there is no evidence to suggest that RB, LB, and EB crowdfunding have impact on sales growth of small and medium scale enterprises in Ogun state.

In Table 7, the standardized beta coefficients ( $B = 0.164$ ) indicates that when EBC increases by 1 unit, marketing values of small and medium enterprises increase by 0.164 units. Also, the standardized beta coefficients for RBC (0.044) indicates that as RBC increases by 1 unit, marketing values of small and medium enterprises increase by 0.044 units. Thus, this is an indication that EBC and RBC significantly affect marketing values of small and medium-sized enterprises in Ogun state.

Equity and Reward-based crowdfunding show insignificant values of 0.4, 0.78 respectively while Loan based crowdfunding shows a weak significant value of 0.045. This also implies that crowdfunding platforms in this context, except loan-based have no significant impact on the Business growth of the small and medium scale businesses in Ogun state. Generally, this study indicates that only loan based crowdfunding has significant influence, though weak, on marketing value represented by sales growth of small and medium-sized enterprises in Ogun State, Nigeria.

## CONCLUSION AND RECOMMENDATION

The study is on whether crowdfunding aids entrepreneurship development, looking at the experience of crowdfunding activities in Ogun state, Nigeria. The study objectively looks at the effect crowdfunding has on business growth and the influence it has on the marketing values of small and medium enterprises in Ogun state, Nigeria.

The results obviously show that the majority of small and medium enterprises in Ogun state are oblivious of the opportunities being offered by crowdfunding as an alternative to financing their businesses because of lack of awareness.

A more informed population is more likely to participate confidently and responsibly. Since hypothesis one indicates that reward based, loan based and equity based crowdfunding account for 12% variation in small and medium enterprises growth, and likewise hypothesis two which also show that reward based, loan based and equity based crowdfunding account for 6% variation in small and medium enterprises sales growth, this is an indication that awareness and understanding of crowdfunding concept is low in Ogun state, Nigeria.

Though, crowdfunding has been seen in other places most especially developed countries contributing to the development of entrepreneurship. However, crowdfunding is yet to develop fully in Nigeria but still running at a snail pace.

Crowdfunding offers a powerful alternative to traditional financing methods, particularly in developing nations where access to capital is often limited. While awareness of crowdfunding is growing in Nigeria, there is need for more education and understanding of the concept and its application, especially among small and medium enterprises and business owners. The study recommends that:

1. Government and campaigners should launch national programs to educate the public about how crowdfunding works, how to assess campaigns, and how to use digital tools.
2. Since crowdfunding depends heavily on digital platforms, and wider access enables more participation, government should as a responsibility expand internet access and mobile connectivity.
3. Government should support the development of home grown crowdfunding platforms.
4. Government to establish systems to track the performance and social impact of crowdfunded projects.
5. Lastly, government should establish clear and supportive policies to regulate crowdfunding platforms while protecting investors and entrepreneurs.

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