T.C.

ISTANBUL COMMERCE

UNIVERSITY

GRADUATE SCHOOL OF SOCIAL

SCIENCES

MASTER'S PROGRAM IN BUSINESS ADMINISTRATION
ENGLISH

Failed Crowdfunding Campaigns: Exploring Perceptions of Entrepreneurs

Master's Thesis

Mehtap Bayraktar

100018026

Istanbul, 2022

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ABSTRACT

Entrepreneurs need to access the necessary capital to turn their project ideas into reality. Crowdfunding is a new alternative financing method that enables entrepreneurs to reach the capital. Crowdfunding helps project owners reach the masses quickly by using internet facilities without other financing tools. In addition to the crowdfunding platforms operating in Turkey based on rewards and donations in the past, there have been significant developments regarding the Legislation of Share-Based Crowdfunding as of last year, and Share-Based Crowdfunding has been implemented in Turkey. In this study, the types of crowdfunding, crowdfunding practices in the world and Turkey, Share-Based Crowdfunding Legislation in Turkey, and the reasons for the failure of the project owners who failed to reach the desired funding amount are emphasized. As a matter of fact, increasing the learning of entrepreneurs from their failures, in the long run, will enable them to be more successful. For this purpose, interviews with ten participants with entrepreneurial experience were analyzed in a qualitative research design. According to the research results, it has been observed that entrepreneurs attribute their failures to internal or external factors and gain gains from these experiences. As a result of the interviews, it was observed that the reasons for the failure of entrepreneurship were based on external factors.

Keywords: Crowdfunding, Alternative Financing Method, Reasons for Crowdfunding Projects Failure, Attribution Theory, Content Analysis

ÖZET

Girişimcilerin proje fikirlerini gerçeğe dönüştürebilmeleri için gerekli finansmana erişim sağlamaları gerekmektedir. Finansmana erişim için gerekli alternatif finans kaynaklarından biri olan Kitle Fonlaması, girişimcilerin sermayeye ulaşmasını sağlayan yeni bir alternatif finansman yöntemidir. Kitle fonlaması; proje sahiplerinin diğer finansman araçlarını kullanmak zorunda kalmadan internet olanaklarını kullanarak hızlı bir şekilde kitlelere ulaşmasına yardımcı olmaktadır. Geçmişte yalnızca ödül ve bağış bazlı olarak faaliyet gösteren Kitle Fonlama Platformlarının yanı sıra geçtiğimiz yıl itibarıyla Paya Dayalı Kitle Fonlaması mevzuatına ilişkin önemli gelişmeler olmuş ve Paya Dayalı Kitle Fonlaması Türkiye'de hayata geçirilmiştir. Bu çalışmada kitle fonlamasının türleri, Dünya ve Türkiye'deki kitle fonlaması uygulamaları, Türkiye'deki Paya Dayalı Kitle Fonlaması Mevzuatı ve ödül bazlı kitle fonlama platformlarını kullanan ve istedikleri fon tutarına ulaşamayan proje sahiplerinin başarısızlık nedenleri üzerinde durulmuştur. Nitekim uzun vadede girişimcilerin başarısızlıklarından öğrenmelerinin artması onların daha başarılı olmalarını sağlayabilecektir. Bu maksatla girişimcilik deneyimi olan on katılımcı ile yapılan mülakatlar nitel bir araştırma deseninde incelenmiştir. Araştırma sonuçlarına göre girişimcilerin başarısızlıklarını içsel veya dışsal etmenlere atfettikleri ve bu deneyimlerinden kazanımlar sağladıkları gözlemlenmiştir. Yapılan görüşmeler sonucunda girişimciliklerin başarısızlık nedenlerinin dış faktörlere dayandırdıkları gözlemlenmiştir.

Anahtar Kelimeler: Kitle Fonlaması, Alternatif Finansman Yöntemi, Kitle Fonlaması Projelerinin Başarısızlık Nedenleri, Atıf Kuramı, İçerik Analizi

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ABBREVIATIONS

CMB: Capital Markets Board of Turkey

EBRD: European Bank for Reconstruction and Development

TCMA: Turkish Capital Markets Association

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CHAPTER 1

LITERATURE REVIEW

Entrepreneurs come across a lot of problems while converting their ideas into reality. The biggest problem in this period was that they could not provide the necessary capital to make their ideas real. At the beginning of their entrepreneurship activities, entrepreneurs may face problems such as lack of collateral and sufficient cash flows and attracting foreign capital (Cosh et al., 2009). While there are different investors for more significant amounts of capital, such as VC funds and banks, entrepreneurship initiatives that require much smaller amounts to start must rely on friends and family or their own savings (Schwienbacher & Larralde, 2010).

An alternative financing method has emerged where entrepreneurs can apply without the need for traditional funding to implement their ideas. Recently, some entrepreneurs have started to rely on the Internet to receive financial aid directly from the public ("crowd") instead of approaching financial investors such as business angels, banks, or venture capital funds (Kleemann et al., 2008; Lambert & Schwienbacher, 2010).

1.1. History and Definition of Crowdfunding

In the literature, the roots of the crowdfunding concept are based on crowdsourcing and the micro-finance approach (Ordanini et al., 2011). Jeff Howe expressed this concept with the term "crowdsourcing" in his article titled "The Rise of Crowdsourcing," published in 2006. Expressing the combination of crowd or masses and outsourcing concepts, this new concept refers to the use of crowds and their suggestions to seek ideas, feedback, and solutions in the development of corporate activities (Atsan & Erdoğan, 2015). Schweinbacher and Larralde (2010) state that “the “wisdom of the crowd” argument states that a crowd can at times be more efficient than individuals or teams in solving corporate problems.”

The crowdfunding concept was first seen in 1997 with the fans of music group Marillion providing $60,000 funding that they collected using the internet to enable the community to tour the USA, and many film and technology projects were carried out between 1999-2002. However, the crowdfunding model made a significant impact with the opening of

the ArtistShare site in 2003. And then, many crowdfunding sites started to open one after the other; IndieGoGo (2008), Kickstarter (2009), and Microventures (2010) (Ünsal, 2017). Due to the advances in mobile-based web applications, crowdfunding has gained importance in recent years. Entrepreneurs and businesses can use the crowd to get ideas, fundraising, and feedback on the product. In addition, organizations can use crowdfunding for market research, financing, and marketing purposes. The main benefit of crowdfunding is that backers are also ambassadors of the project or business they support and help market and promote it through their networks (Buysere et al., 2012).

Crowdfunding is an innovative process supported by new technology that changes the capital market area (Beaulieu et al., 2015). Before the concept of crowdfunding emerged, the impact of technology on the capital market was limited. As a result, entrepreneurs and small businesses were limited to traditional channels and personal networks in finding capital (Shane & Cable, 2002). Because of the difficulties of finding capital, a new process has emerged to obtain capital despite the ineffective capital markets (Caldbeck, 2011).

Crowdfunding is a new alternative financing method that enables entrepreneurs to reach capital (InfoDev, 2013). The Crowdfunding model helps founders reach the masses quickly by using internet facilities without other financing tools. As a result, entrepreneurs who are likely to be crowdfunding can spread their ideas to large platforms in a cost-free manner and receive returns from different types of investors.

Crowdfunding is the creation of funds by entrepreneurs or project owners by collecting small amounts of money from the masses over the Internet to the initiative or project they wish to realize. Crowdfunding enables founders to create the funds they need by using the power of the masses without being dependent on corporate finance resources (Atsan & Erdoğan, 2015).

Crowdfunding is a modern financial fundraising system and works in line with the idea that the idea holders will get the financial support they need to realize their initiatives or projects through the masses interested in the initiative/project subject to finance (İşler, 2014). While friends and family are considered important sources of initial crowdfunding capital by many researchers (Kuin, 2016:6), entrepreneurs who cannot find sufficient support from traditional sources of funding are the ones who need their creative and innovative projects to raise funds by making open calls to the masses over the Internet. The project appears more feasible when the initial investment is large, so one should interact with the social circle in the first stage (Kuin, 2016:6). Entrepreneurs publish their projects through specialized platforms/websites and communicate their open calls in

written and visual materials to the masses. On the other hand, the masses qualified as fund providers invest small amounts of money in the projects they like through relevant platforms. Entrepreneurs can use crowdfunding platforms not only to raise funds but also to test, promote and market their products and, in this way, to obtain more detailed information about consumers' preferences. In short, this system enables entrepreneurs, investors, and consumers to meet online (Atsan & Erdoğan, 2015).

Many factors are affecting the formation and rapid development of crowdfunding. However, the most important of these is due to the presence of entrepreneurs who have capital shortages in the market. Entrepreneurs who cannot borrow from the markets are trying to find the source of funding that they could not acquire in the initial stage, thanks to crowdfunding by taking advantage of the power of the masses (Çonkar & Canbaz, 2018). The main difference from the traditional borrowing methods in which crowdfunding is made by banks and other financial institutions towards the borrower is the existence of a group that provides debt. Furthermore, it differs from classical methods as a free funding method where there are no intermediaries, the lender knows which project or initiative it supports, and most importantly, it can decide who it funds (Çonkar & Canbaz, 2018).

In today's global world, governments, companies, businesses, and individuals need alternative sources of financing to provide capital for their operations and services. It is easier to access for large and medium scale businesses when we compare them with small businesses and start-ups. Entrepreneurs need alternative financing methods to provide funds for their practices to actualize their ideas. As stated by European Commission in 2017, in rule, crowdfunding is defined as raising money to finance projects as a means of gathering capital through online platforms. In other words, crowdfunding can be stated as raising funds from individuals rather than professional parties.

The idea of crowdfunding originates from the more extensive idea of public support, which includes utilizing the "cloud" to get thoughts, criticism, and answers for creating corporate exercises. Kleemann et al. (2008, p. 6) state that "crowdsourcing takes place when a profit-oriented firm outsources specific tasks essential for the making or sale of its product to the general public (the crowd) in the form of an open call over the internet, with the intention of animating individuals to make a [voluntary] contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm."

Logically, banks are positioned as intermediaries between those who need money and those who have money, and people finance their investments with their savings. In spite of that, crowdfunding happens without an intermediary: investors "tap the crowd" by collecting

the cash legitimately from people. The ordinary method of correspondence is through the Internet. Lambert and Schwienbacher (2010) broaden the definition of crowdsourcing provided by Klemann et al. (2008, p. 6), by identifying crowdfunding as “an open call, essentially through the Internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes”.

The concept of crowdfunding has become more creative and evolving day by day. Crowdfunding generally focuses on technology, capital financing, and the power of the crowd, thus helping small efforts to achieve a sizeable financial outcome. Crowdfunding takes place through the website as it has appeared in many projects in recent years. The owner of the idea submits his/her project to the potential backers (supporters) through the website. Potential backers believe in the concept by looking at the website and supporting it to implement the website's project. Although the amount given by a single supporter to the project might seem low and not contribute much to the project, the main purpose of crowdfunding is revealed here that the accumulation of single amounts leads to a sufficient project budget. Crowdfunding is a platform where large amounts of money can be collected quickly and efficiently, although many people support small amounts. In addition to providing financial benefits to the supporters, believing in that project and supporting the project by creating awareness will cause the potential supporters to invest in the project (Beaulieu et al., 2015).

Some of the definitions in the literature for crowdfunding are listed in Table 1.

Table 1. Definition of Crowdfunding

AUTHORS	YEAR	DEFINITIONS
Kleeman, Voß and Rieder	2008	"Crowdsourcing takes place when a profit-oriented firm outsources specific tasks essential for the making or sale of its product to the general public (the crowd) in the form of an open call over the internet, with the intention of animating individuals to make a contribution to the firm's production process for free or for significantly less than that contribution is worth to the firm."
Ordanini, Miceli, Pizetti and Parasuraman	2011	"Crowd-funding is an initiative undertaken to raise money for a new project proposed by someone, by collecting small to medium-size investments from several other people."
Mitra	2012	"Crowdfunding can be defined as the financing of a project or a venture by a group of individuals ("the crowd")."
Giudici, Nava, Lamastra and Verecondo	2012	"Crowdfunding consists in getting a large group of people to finance a project by using a website or other online tool to solicit funds."
Ahlers, Cumming, Günther and Schweizer	2012	"Crowdfunding is an umbrella term used to describe an increasingly widespread form of fundraising, typically via the Internet, whereby groups of people pool money, usually (very) small individual contributions, to support a particular goal."
Buysere, Gajda, Kleverlaan and Marom	2012	"Crowdfunding can be defined as a collective effort of many individuals who network and pool their resources to support efforts initiated by other people or organizations."
Ergen, Lau and Bilginoğlu	2013	"Crowdfunding is to provide the capital to the entrepreneur's project by investing in many small investors, waiting for their investment in a project of their choice, or occasionally seeking a symbolic response, pre-ordering in product development or making a donation of some kind."
Wash	2013	"Crowdfunding is the act of soliciting, via an open call, resources from a wide variety of contributors in order to realize a new idea."
Valanciene and Jegeleviciute	2013	"Crowdfunding described as a method to establish the connection between entrepreneurs, who aim to raise capital, and novel

		investors, who form an emerging source of capital and are willing to invest small amounts, through internet-based intermediaries."
Lehner	2013	"Crowdfunding means tapping a large dispersed audience, dubbed as 'the crowd', for small sums of money to fund a project or a venture."
Belleflamme, Lambert and Schwienbacher	2014	"Crowdfunding; an open call, essentially through the Internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes."
Joenssen, Michaelis and Müllerleile	2014	"Crowdfunding is a process where commercial or non-commercial projects are initiated in a public announcement by organizations or individuals to receive funding, assess the market potential, and build customer relationships."
Ünsal	2017	"Crowdfunding system is the financing of a project or initiative by a group of people via internet."

Source: Composed by the author.

1.2. Main Actors of Crowdfunding

The reason why the authors have different ideas and opinions about crowdfunding may be due to their viewpoints on the crowdfunding parties (website providers, founders, and backers). In order to understand how crowdfunding works, it is necessary to look at players in that area. The most important way to understand the system is to understand the stakeholders and their impact on the process (Beaulieu et al., 2015).

Crowdfunding relies on the close collaboration between investors, intermediaries, and entrepreneurs (Valanciene & Jegeleviciute, 2013). Crowdfunding models include different players. The party that proposes ideas or projects to be financed is expressed as a founder. They want to use crowdfunding to get financial support from the interested parties and access the market directly. Then there are people (backers) who wish to support these projects financially and want to get a profitable return against this risk they take. These backers support projects by selecting projects that they see as hopes or projects that they find interesting. The third party is the intermediary that brings together those who want to present new project ideas using crowdfunding platforms and those who wish to support these initiatives with investment efforts (Ordanini et al., 2011).

1.2.1. Website Providers

In essence, technology provides crowdfunding; therefore, website providers play an essential and central role in the phenomenon. They provide the technology backbone that allows founders to expose their projects to many potential supporters (Beaulieu et al., 2015). In addition, crowdfunding has an important place among the components of crowdfunding web providers in terms of the implementation of agreement structures and legal requirements (Gelfond & Foti, 2012).

Overall, the role of website providers is to create, control, and ensure the crowdfunding process runs smoothly for both founders and supporters. Website providers are the center of the crowdfunding ecosystem and interface with all stakeholders (Beaulieu et al., 2015). In crowdfunding, website providers are also positioned as intermediaries between founders and backers. Powers (2012) states that these websites exhibit business models and allow investors to make online contributions. The primary purpose of such websites is to connect people to entrepreneurs.

1.2.2. Founders

The term founder refers to individuals or groups who submit project ideas to crowdfunding platforms for funding. Various terms such as “creative”, “debtor”, “entrepreneur”, “firm”, “owner”, and “starter” have been used in the literature (Beaulieu et al., 2015).

The phenomenon of crowdfunding stems from the unfulfilled funding needs of the founders. The founders undertake the role of presenting ideas for a product or project in crowdfunding, announcing these ideas in a remarkable way to supporters through crowdfunding platforms (Beaulieu et al., 2015).

Entrepreneurs seeking funding through crowdfunding are often those who cannot raise capital in other ways. Therefore, crowdfunding provides capital for such businesses and is also a test for ideas. If the crowd - a large group of individuals - wants to invest, this idea is marketable (Valanciene & Jegeleviciute, 2013).

1.2.3. Backers

One of the important actors of crowdfunding is backers. The role of the backers in

crowdfunding is not only contributing to the funding but also playing a significant role in testing the possibility of holding the product and project in the market and making decisions based on that. In addition, backers can disseminate their ideas about the project to their close circle to provide more funding to the project. For the term backers, a wide variety of terms are used in the literature, such as "consumer", "contributor","crowdfunder", "funder"," investors "and "lender" (Beaulieu et al., 2015).

In crowdfunding, investors represent a large community of ordinary people who contribute small amounts to projects for promising projects/ideas. Crowdfunding offers investors the chance to invest in small amounts. In addition, crowdfunding gives ordinary people the right to decide which ideas are worth turning into businesses (Valanciene & Jegeleviciute, 2013). The relationship between founders, backers, and website providers in the crowdfunding ecosystem is shown in Figure 1.

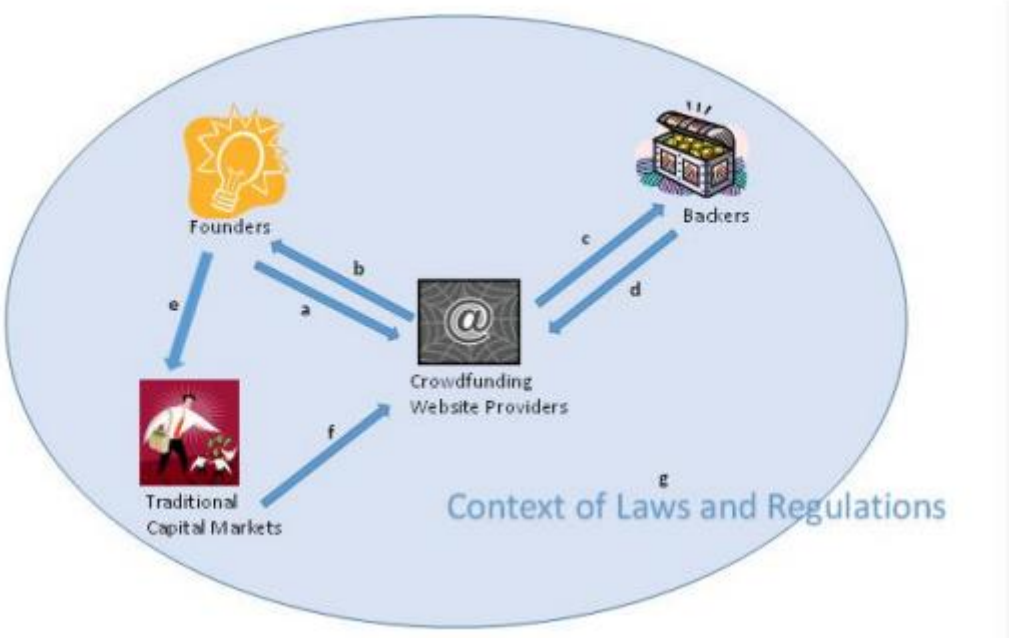


Figure 1. Crowdfunding Ecosystem

Source: Beaulieu et al.,(2015).

Figure 1 represents (Beaulieu et al., 2015):

a: A founder publishes their ideas/projects on a crowdfunding website.

b: The website provider provides space to define the project and features such as video publishing, contacting backers, traffic analysis tools to the project page, and integration with third-party payment processing systems to distribute money to the founders.

c: Backers use the crowdfunding website to explore projects and decide whether to contribute or not.

d: The website providers allow communication between backers and founders and provide a secure payment processing system to raise money from backers.

e: The founders will continue to use traditional capital markets for some projects.

f: Traditional capital markets will, in some cases, be directed to crowdfunding websites.

g: All crowdfunding activities take place in the context of laws, regulations, and ethics.

1.3. Types of Crowdfunding

The investor receives a social benefit (knowledge and sense of contribution to the realization of a project), financial (company share, profit share, or investment interest), or material (access to a hard-to-reach product) in exchange for the financial support provided to the initiative/project (Silver et al., 2013; Belleflamme et al., 2014).

Crowdfunding applications consist of four basic funding models widely used in the world. These funding models are grouped under two headings as non-financial and financial funding. Non-financial funding; fundraising applications based on donations, reward and pre-order; financial funding; equity and debt-based funding applications (İşler, 2014).

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Figure 2 represents the four main types of crowdfunding.

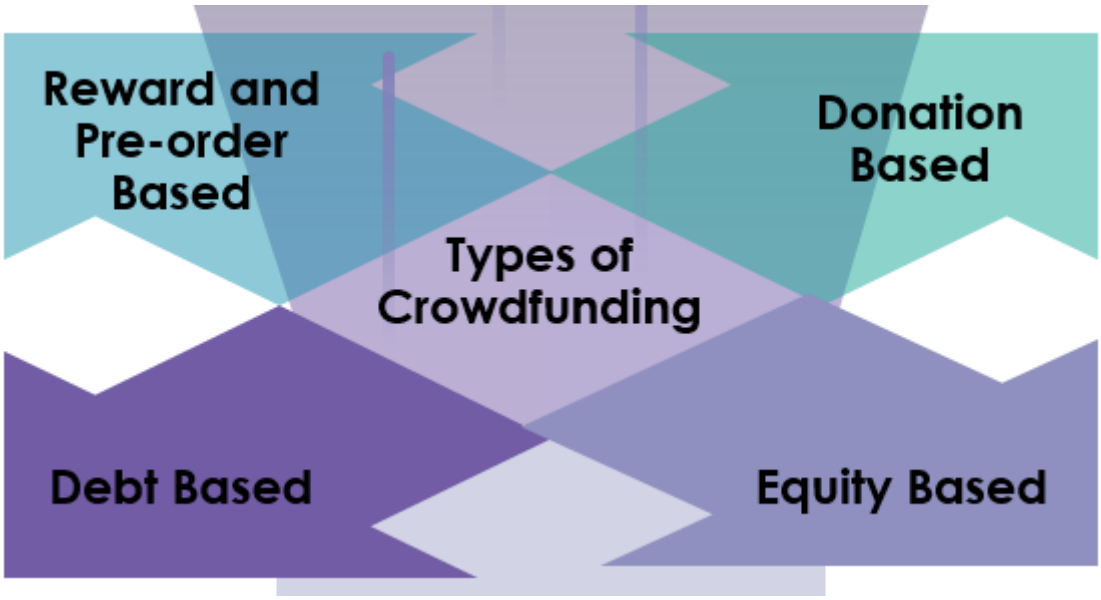


Figure 2. Types of Crowdfunding

1.3.1. Reward and Pre-order Based Crowdfunding

It is a crowdfunding model where individuals support venture projects in exchange for products or awards without monetary value (Çonkar & Canbaz, 2018).

Reward and pre-order-based fundings are the most common forms of crowdfunding and are often used together. In the reward-based funding model, an entrepreneur who wants support for their project presents an award with no financial value in return for the support provided (Atsan & Erdoğan, 2015). In the reward model, funders are promised some product or benefit in return for their monetary contributions to the project. The reward model encourages participants to donate to a certain level in exchange for a product or related interest (Meyskens & Bird, 2015).

In pre-order based models, participants participating in crowdfunding are given the right to pre-order the product to be placed on the market by the entrepreneur free of charge or with lower fees (Atsan & Erdoğan, 2015).

1.3.2. Donation-Based Crowdfunding

Donation-based crowdfunding is the type of crowdfunding in which investors who provide funds to crowdfunding platforms prefer to do specific charitable works without expecting financial interest. Instead, small donations are made to reach the required capital for the

project. In this model, philanthropy, solidarity, and social support motivation come to the forefront (Cumming & Zhang, 2016).

Donation-based crowdfunding includes social motivation to support others without expecting returns, simply contributing to the Project. It is a funding model based on philanthropy and altruism. Funders in this model are non-profit, charitable supporters (Griffin, 2012; Gulati, 2014).

The crowdfunding donation model positions its supporters as philanthropists due to their lack of expectation of direct return (Mollick, 2014). Many social enterprises receive most of their financing from donations. In addition, crowdfunding provides a new mechanism for further interaction with supporters who want to make recommendations about their activities or products (Schwienbacher & Larralde 2010).

Such donors tend to be more loyal in the long term if the project owner keeps them updated about the project's progress, and they will continue to donate to the project. In donation-based crowdfunding, the main motivation for funders is social. This is intrinsic motivation, which is generally a good foundation for a long-term donor relationship (Buysere et al., 2012).

1.3.3. Debt Based Crowdfunding

Debt-based crowdfunding is a method of borrowing in which the lender finances the project, and the borrower pays interest expenses. Funders both gain financial benefit and contribute to developing a new idea by supporting an initiative where they expect a fixed interest rate return (Çonkar & Canbaz, 2018). In debt-based crowdfunding, entrepreneurs collect the debt from the masses and assume the obligation to repay the debt with interest at the end of the specified period (Atsan & Erdoğan, 2015).

In the debt model, individuals lend money to another individual or group in anticipation of their reimbursement. This crowdfunding model is used to fill institutional gaps where traditional financial institutions do not operate and offer alternative and financial assistance as a direct way to increase capital (Allison et al., 2013; Moss et al., 2015).

1.3.4. Equity-Based Crowdfunding

Equity-based funding means that if the project is implemented in the face of the investments made by the investors, they will become partners in the project as shares. Funders will purchase shares issued by the company if they support the project. This model should be seen as equity capital. The model is mentioned as producing the most comprehensive positive output in economic terms (Çonkar & Canbaz, 2018).

In equity-based crowdfunding, investors provide financial support in exchange for stock or dividend payments. Accordingly, entrepreneurs seeking support for start-up capital give investors the right to vote or to hold operating shares in exchange for the support provided (Atsan & Erdoğan, 2015).

Table 2 compares the types of crowdfunding based on the contribution types of the investors, the return of the project funded, and the investors' motivation.

Table 2. Comparison of the Types of Crowdfunding

Types of Crowdfunding	Form of Contribution	Form of Return	Motivation of Funder
Donation-based Crowdfunding	Donation	Intangible benefits	Intrinsic and social motivation.
Reward and Pre-order Based Crowdfunding	Donation / Pre-order	Rewards but also intangible benefits.	Combination of intrinsic and social motivation and desire for reward.
Debt-based Crowdfunding	Loan	Repayment of the loan with interest. Some socially motivated lending is interest-free.	Combination of intrinsic, social, and financial motivation.
Equity-based Crowdfunding	Investment	Return on investment in time if the business does well. Rewards are also offered sometimes. Intangible benefits are another factor for many investors.	Combination of intrinsic, social, and financial motivation.

Source: Collins & Pierrakis, 2012.

1.4. Advantages and Disadvantages of Crowdfunding

The advantages of crowdfunding derived from the current literature are summarized below:

- The first and foremost advantage of crowdfunding is that it allows young ventures to reach large masses by removing their dependence on their families, friends, and personal resources for establishment and growth capital (Gelfond & Foti, 2012; Griffin 2012; Macht & Weatherston, 2014).
- Crowdfunding eliminates the geographical boundaries of capital formation (Gelfond & Foti, 2012). In traditional financing theories, it is stated that as the distance between the entrepreneur and the investor increases, the investor's probability of investing in the project decreases due to lack of interaction between the two parties, decreased control ability, and difficulty in gathering information and providing input (Agrawal et al., 2011; Lehner, 2013). Conversely, crowdfunding investors show a broad geographical distribution. In other words, project owners have the chance to find investors from all over the world (Agrawal et al., 2011).
- Crowdfunding is the most effective way to reach large numbers of potential investors and facilitates the time-consuming process of investor search, relationship building and persuasion (Macht & Weatherston, 2014).
- With crowdfunding, entrepreneurs have the opportunity to test the market potential of their products or services and raise awareness among consumers before launching them (Belleflamme et al., 2014; Macht & Weatherston, 2014; Burtch et al., 2013). Once the product or service is put on the market, funders can turn into real consumers and if they become a shareholder of the enterprise, they can assume the function of disseminating information, which is what companies aim for with expensive advertising campaigns (Schwienbacher & Larralde, 2010).
- On the other hand, seeing the initiative's approval by the masses through crowdfunding can be a factor that increases the attractiveness of the venture for angel investors and venture capital companies. Angel investors and risk capitalists can see this as proof of themselves in the market and, consequently a reduction in risk (Valanciene & Jegeleviciute, 2013). In this respect, crowdfunding can be seen as a mechanism that can facilitate future funding opportunities (Macht & Weatherston, 2014).
- Valanciene and Jegeleviciute state that in the case of venture capital and business angels, investors gain significant control over the company’s decisions. Crowdfunding is different – entrepreneurs do not need to give away such rights. So, when a company’s capital is

raised through crowdfunding, entrepreneurs do not lose the right to make the company's decisions themselves.

- Through crowdfunding platforms, founders have the opportunity not only to reach the funding they need but also to test whether the idea is marketable. Ramsey (2012) emphasizes that "they can gauge the potential for a successful start-up of the business based on the public's response to the request for support". In other words, if so many individuals believe in an idea or a business model and it is crowdfunded, this probably expresses the "wisdom of the crowd" – the idea or business model is likely to succeed (Valanciene & Jegeleviciute, 2013).
- Crowdfunding provides benefits for communities through both local and global means. Kitchens and Torrence (2012) state that crowdfunding is going to be a tool for people to invest in their own communities, and this will help to create sustainable economic health. Ramsey (2012) supports the idea by stating that crowdfunding creates "opportunities to talented people with limited resources and to investors who want to keep that talent in the community".

The advantages of crowdfunding derived from the current literature are summarized below:

- The entrepreneurship process usually requires changing plans in the light of new information, but initiatives funded by crowdfunding lack this ability because they seek funding for their projects using the budget they set at the beginning of the entrepreneurial process. However, it is challenging to predict the exact amount of funds required for the establishment and growth of the enterprise. This suggests that crowdfunding projects carry a risk of delay or even failure (Mollick, 2014).
- After crowdfunding, the number of real shareholders could potentially be thousands. Moreover, most of them are inexperienced and unprofessional investors. It is time-consuming and distressing to manage such a large number of people (Collins & Pierrakis, 2012; Kitchens & Torrence, 2012; Agrawal et al., 2013). This means thousands of unknown investors and thousands of different expectations and attitudes that may develop against the firm if these expectations are not met. (Schwienbacher & Larralde, 2010; Gelfond & Foti, 2012)
- In crowdfunding, investors' funding of the project is based on the information that the entrepreneur will provide on the crowdfunding platform related to the business and the product/service he/she wants to offer to the market. How rich is the information presented, especially in share-based crowdfunding; the better it describes the business idea, the

innovative aspect of the product/service, the income model, the more attractive it becomes in the eyes of the investor. This disclosure, however, can create problems with the protection of intellectual property rights and may cause entrepreneurs to worry that competitors can access information on business ideas published on platforms (Schwienbacher & Larralde, 2010; Agrawal et al., 2013; Gulati, 2014).

- On the other hand, the use of crowdfunding may deprive entrepreneurs of the valuable mentoring process seen in angel investment or venture capital. In addition to capital, angel investors and venture capital create additional values such as mentoring, industry knowledge, status, and access to social networks, which are vital to the growth of a young firm (Agrawal et al., 2013).
- From the point of view of the funders, the risk that entrepreneurs or promoters will not be able to successfully carry out their initiatives/projects or delays; Although the platforms use various filter mechanisms in the application process to avoid fraudulent situations, the risk of depositing money into fraudulent initiatives/projects to deceive the public is a disadvantage (Agrawal et al., 2013; Gulati, 2014; Valanciene & Jegeleviciute, 2013)
- Sullivan and Ma (2012), Bechter et al. (2011), and Galwin (2012) state that entrepreneurs seeking to crowdfund their businesses face the risk of their idea being stolen by better-funded investors or large corporations. Entrepreneurs may not have the information to protect their ideas and business plans, and also, if an idea or business plan is stolen, most entrepreneurs lack the resources to fight it in court (Valanciene & Jegeleviciute, 2013).

Table 3 shows the SWOT analysis of crowdfunding.

Table 3. Strengths, Weaknesses, Opportunities, and Threats of Crowdfunding

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the crowdfunding)	**STRENGTHS**	**WEAKNESSES**
	Entrepreneurs keep the right to make company's decisions themselves.	Administrative and accounting challenges.
	Accessibility of capital.	Only internet-based, lack of advise
	A chance to test the marketability.	Ideas and business models presented public can easily be stolen.
	Benefits for communities through both local and global means.	Weaker investor protection and potential for fraud.
External origin (attributes of the environment)	**OPPORTUNITIES**	**THREATS**
	The existence of information society (social networks for promotion, possibility to couple with crowdsourcing)	Current legal restrictions are not suitable for equity crowdfunding.
	Positive effects crowdfunding is expected to have on economy	The risky nature of small businesses
	A niche investment opportunity / way to raise capital	

Source: Valanciene & Jegeleviciute, 2013.

1.5. Crowdfunding Financing Model Applications in the World

It is seen that in recent years, entrepreneurs have started to use crowdfunding as a new innovative type of financing that provides them with the necessary funds to realize their ideas. With the donation, reward, equity, and debt models, crowdfunding is an alternative finance model consisting of innovative financial instruments and channels whose fund volume has increased since 2006 and exceeded 238 million US dollars at the beginning of 2017. The most prosperous countries in crowdfunding are the USA, England, Canada, Germany, France, Australia, Italy, Netherlands, Spain, and Japan (Ünsal, 2017).

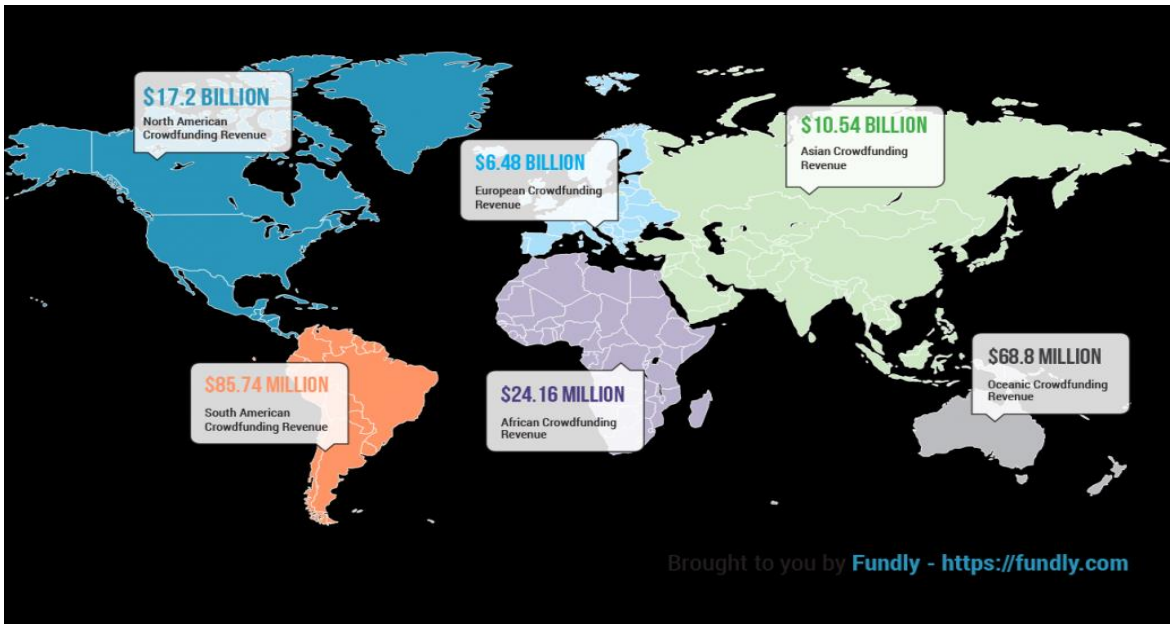


Figure 3. Funding Volumes in the World (2019)

Source: Fundly, 2019.

According to fundly.com, this figure rose to 192.5 billion US dollars in 2019, with 34.4 billion US dollars in total revenue. According to the continents, the same source gives those figures (Figure 3). More than two thousand crowdfunding platforms operate in the world. According to their crowdfunding values, the leading countries have changed as China, followed by the USA and the UK. The top 30 countries with respect to their crowdfunding volumes are presented in Table 4.

Table 4. Top 30 Crowdfunding Volume by Country

Country	Rank	Volume ($)	Market Share
China	1	358.275.377,000	85.99%
United States	2	42.773.166,000	10.27%
United Kingdom	3	7.852.345,000	1.88%
Australia	4	1.148.516,000	0.28%
South Korea	5	1.129.918,000	0.27%
Canada	6	867.578,000	0.21%
France	7	734.888,000	0.18%
Germany	8	661.596,000	0.16%
Japan	9	348.650,000	0.08%
Netherlands	10	311.047,000	0.07%
Brazil	11	269.632,000	0.06%
India	12	268.580,000	0.06%
New Zealand	13	261.622,000	0.06%
Italy	14	267.412,000	0.06%
Finland	15	218.632,000	0.05%
Sweden	16	218.210,000	0.05%
Singapore	17	190.622,000	0.05%
Georgia	18	192.542,000	0.05%
Spain	19	178.319,000	0.04%
Mexico	20	151.094,000	0.04%
Chile	21	150.695,000	0.04%
Poland	22	158.296,000	0.04%
Ireland	23	118.661,000	0.03%
Chinese Taipei	24	103.502,000	0.02%
Latvia	25	102.449,000	0.02%
Belgium	26	101.004,000	0.02%
Estonia	27	90.271,000	0.02%
Indonesia	28	80.115,000	0.02%
Switzerland	29	85.670,000	0.02%
Lithuania	30	68.125,000	0.02%
Total Market Volume (all countries)			**416.671.657.150**

Source: Schmidt, 2019.

The crowdfunding system, which has become popular with the search for alternative finance after the mortgage crisis in the US, is expected to reach a fund size of 90 billion dollars in 2025 (Sakarya & Bezirgan, 2018). In another study, based on the research of the World Bank, it is estimated that the market will grow much faster and reach 100 billion dollars in 2020. Since the legal infrastructure related to Equity-Based funding is established in the USA and the system is widely used, a significant amount of crowdfunding in the world is made through this country. Platforms are becoming more and more common in Asian countries. It is stated that the volume of platforms that have become widespread in

China and the Far East in the past five years has exceeded the fund volume of crowdfunding platforms in Europe.

The model with the highest crowdfunding volume worldwide in 2019 was debt-based crowdfunding, with $ 232 Billion. The list is as follows (Vural, 2019):

1. Debt-Based crowdfunding with $ 232 Billion (best-known examples are Kiva, Opportunity, Lendingclub, Prosper, GrowVC, etc.),
2. Reward-Based crowdfunding with $ 3 Billion (best-known examples are Kickstarter, Indiegogo, Rockethub, Fundable, etc.),
3. Equity-Based crowdfunding with $ 2 Billion (best-known examples are CircleUp, EquityNet, Sellaband, SellanApp, Appsfunder, etc.),
4. Donation-Based crowdfunding with $ 1 Billion (best-known examples are Experiment, Donorschoose, Gofundme, YouCaring, Patreon, etc.).

As of 2016, there were more than 2000 crowdfunding platforms worldwide (Ünsal, 2017). The two largest crowdfunding platforms in the world are known as Kickstarter and Indiegogo. According to the latest statistical figures, $ 4.3 billion of funds have been collected through Kickstarter, and $ 3.83 billion of this fund has been successfully funded for projects. In addition, 163.398 projects have been funded through the same platform, and 355 of these projects have reached over 1 million dollars of funding. In Kickstarter, where more than 16 million people have supported projects until now, it is observed that 5.3 million people have repeated their support for different projects on the platform (Kickstarter, 2019).

It is stated that every month approximately 10 million people visit Indiegogo, and the people who visit the platform come from 235 different countries and regions. Furthermore, in the platform, where approximately 19 thousand projects are launched every month, 47% of the campaigns are managed by women. (Indiegogo, 2020).

It is observed that 5 billion dollars of funds have been collected from 2 million campaigns so far in Gofundme, the most common donation-based crowdfunding platform globally. In this platform, which is supported by 50 million donors, on average, 4 million dollars is collected daily (Smith, 2016).

The 13 projects that have collected the most significant funds in the crowdfunding platforms in the world are given in Table 5.

Table 5. Crowdfunding Projects with the Biggest Funds

Name of the Project	Fund ($)	Platform	Category of the Project
Pebble	20,338,986	Kickstarter	Design
Coolest Cooler	13,285,226	Kickstarter	Technology
Pebble 2	12,779,843	Kickstarter	Design
Kingdom Death: Monster 1.5	12,393,139	Indiegogo	PC Game
Flow Hive	12,212,833	Kickstarter	Technology
Peeble e-paper	10,266,845	Kickstarter	Design
Baubax	9,192,055	Kickstarter	Design
Exploiding Kittens	8,782,571	Kickstarter	PC Game
Ouya	8,596,474	Kickstarter	Design
The Everyday bag	6,565,782	Kickstarter	Design
Fidget Cube	6,465,690	Kickstarter	Design
Shenmue 3	6,333,295	Kickstarter	PC Game
Pono music	6,225,354	Kickstarter	Technology

Source: İstfonbul . 2019.

1.5.1. Crowdfunding Models in Europe

The UK constituted 73% of the Crowdfunding Funding volume of the European Continent, and France, Germany, and the Netherlands are at the top of the remaining 27% until 2018 (Ziegler et al., 2018). According to the same data, it is seen that the Crowdfunding volume, which was €852,708,000 ($972,087,120) in the European Continent in years, increased to €5,967,252,000 ($6,790,868,000) in 2016. The Crowdfunding volume of the European Continent was €587,000,000 in 2014 and reached €2,349,000,000 in 2017. The list of countries with the highest crowdfunding volume in the EU did not change in the following two years, but the UK accounts for 68% of the EU crowdfunding volume as of June 5, 2019 (Schmidt, 2019).

According to Table 6, 2017 data shows that the Debt-Based Crowdfunding model has the highest volume in Europe with € 1,926,000,000. Overall, there is a downward trend in Reward-Based Crowdfunding and Equity-Based Crowdfunding models and Debt-Based Crowdfunding, and Donation-Based Crowdfunding models. In terms of creating a fund resource, the Debt-Based Crowdfunding model is followed by the Equity-Based Crowdfunding, Reward-Based Crowdfunding, and Donation-Based Crowdfunding

models.

In 2019, instead of exact crowdfunding volumes, ratios of the four main crowdfunding types were given as 79.1% lending, 13.9% equity, 4.7% reward, and 1.6% donation, which was based on reports from Cambridge Center for Alternative Finance.

Table 6. Crowdfunding Volumes by Models in the European Continent

Crowdfunding Model	**2014 (Million €)**	**2015 (Million €)**	**2016 (Million €)**	**2017 (Million €)**	**2019 (%)**
Debt-Based	368	578	1,142	1,926	79.1
Reward-Based	120	139	191	159	4.7
Donation-Based	16	22	32	53	1.6
Equity-Based	83	159	219	211	13.9

Source: Schmidt, 2019.

The highest crowdfunding volume of the European Continent is seen in the UK (Zhang et al., 2017). The highest crowdfunding model in the UK is Debt-Based Crowdfunding which reached £ 4,660,000,000 in 2017. Since 2013, an increase has been observed in all models in the UK. The Debt-Based Crowdfunding model is followed by the Equity-Based Crowdfunding, Reward-Based Crowdfunding, and Donation-Based Crowdfunding models, respectively. A prominent example project that has achieved success in crowdfunding platforms is Trampoline Systems. This UK-based software company aimed to raise £1 million through crowdfunding. The first stage was successful at the end of 2009, and the remaining amount was completed in 3 subsequent time periods in 2010. According to Schwienbacher and Larralde, this was the largest amount collected in a single campaign so far through crowdfunding (Schwienbacher & Larralde, 2010). Furthermore, the world's first Equity-Based Crowdfunding platform, Crowdcube (https://www.crowdcube.com) and Abundance Generation Investment (https://www.abundanceinvestment.com), was established in the UK in 2011 (Langley & Leyshon, 2017). Crowdcube, Zopa, and Justgiving, which collected 689,234,678 funds as of July 2019, are the best-known crowdfunding platforms in the UK (Schmidt, 2019).

France was the second-largest shareholder in the Crowdfunding market in the European Continent with a volume of €484.600.000 in 2017, and in 2018 with a 20% increase in volume, it continued to grow (Ziegler et al., 2018). This growth is due to further strengthening traceability, transparency, and accessibility principles. In 2017, the Debt-based crowdfunding model was considered the highest volume, with € 380.7 million. The

Debt-Based crowdfunding model is followed by Equity-Based, Reward-Based, and Donation-Based crowdfunding models, respectively. One of the leading French crowdfunding platforms is the Particeep site which has different income sources and is an Equity-based platform created in 2013. Another popular crowdfunding platform originating from France is Ulule, a reward-based platform with 43,892 music and other art projects and raised €145,598,440 as of July 2019 (Belleflamme et al., 2014). Apart from these, KissKissBankBank (www.kisskissbankbank.com) supports the start of micro and small businesses, which is also Equity-based; Donation-Based Dartagnans (http://dartagnans.fr), Equity_Based Wiseed (www.wiseed.com/fr and Anaxago (www.anaxago.com); Debt-Based Lendix (http://lendix.com), Unilend (www.unilend.fr) and Younitedcredit (www.younited-credit.com) are the most known of Crowdfunding platforms.

Germany has the 3rd largest Crowdfunding Market in the European Continent, with a volume of €461.300.000 in 2017 (Ziegler et al., 2018). The Debt-Based Crowdfunding model, increasing over the years, had the largest volume in 2017 with € 396.7 million. In 2017, there was a decrease in Reward and Equity-Based Crowdfunding models compared to 2016. As of July 2019, Germany's three best-known crowdfunding platforms are Auxmoney, which successfully funded 7,400 projects; Companista Germany, which can fund € 64,481.06; and Startnext, with 97,980 supporters. According to the models, the most known Crowdfunding platforms are Visionbakery (https://www.visionbakery.com) Reward-Based; Companisto (https://www.companisto.com), Seedmatch (https://www.seedmatch.de) and Innovestment (https: //www.innovestment .de) Equity-Based; Startnext (https://www.startnext.com) Donation and Reward-Based; Auxmoney (https://www.auxmoney.com) Debt Based.

The total crowdfunding volume of Scandinavian countries, including Denmark, Finland, Iceland, Norway, and Sweden, is seen as €325.1 million, according to data for 2017. It is observed that the debt-based crowdfunding model reached the highest crowdfunding volume in Scandinavian countries with €219.9 million. In 2016, the Reward-Based Crowdfunding model increased compared to the previous year, but in 2017 followed a downward trend again. Monner, SponsorMe, StartsKudd, and Perx have known crowdfunding platforms in Scandinavian countries.

The Benelux countries, including Belgium, the Netherlands, and Luxembourg, had a crowdfunding volume of €140,970,000 in 2017. In 2017, the Debt-Based Crowdfunding Model had the highest crowdfunding volume, with €107,740,000 among the other

crowdfunding models. Equity, Reward, and Donation-Based crowdfunding were followed. Italy is the 6th largest crowdfunding market in the European Continent, with a crowdfunding volume of €102,100,000 (Ziegler et al., 2018). In 2017, the Debt-Based Crowdfunding model had the largest volume, with €84.3 million. Reward, Equity, and Donation-Based Crowdfunding models followed the Debt-Based Crowdfunding model. Operating in Italy; DeRev (www.derev.com), Bookabook (bookabook.it) and Eppela (www.eppela.com) Reward-Based Crowdfunding; Assitecacrowd (www.assitecacrowd.com), Cofyp (cofyp.com) and Eropacrowd (www.europacrowd.it) Equity-Based Crowdfunding; Eticarim (www.eticarim.it), 1caffe (www.1caffe.org) and Shineynote (www.shinynote.com) Donation-Based Crowdfunding and Borsadelcredito (www. borsadelcredito.it), Motusquo (www.motusquo.it) and Prestiamoci (www.prestiamoci.it) are the most well-known of Debt-Based Crowdfunding platforms.

It is observed that crowdfunding volume in Spain reached a total of €129,500,000 in 2017. The debt-based crowdfunding model had the highest crowdfunding volume in Spain, with € 92.7 million. In 2016, Reward-Based and Donation-Based Crowdfunding models increased compared to the previous year, but in 2017 followed a downward trend again. In Spain Lanzanos, Apontoque, and Mi Grano De Arena are known crowdfunding platforms. There has been a continuous increase in crowdfunding volume between 2014 and 2017 in Central and Eastern European countries, including Austria, Switzerland, Liechtenstein, Czech Republic, Poland, Slovakia, and Hungary. In 2017, Central and Eastern European countries reached a total crowdfunding volume of €266.842.000. The debt-based crowdfunding model reached the largest volume in Central and Eastern European countries in 2017, with a total of €225,630,000. Reward-Based, Equity-Based, and Donation-Based crowdfunding models followed the Debt-Based Crowdfunding model, respectively.

In Southeast European countries, including Bulgaria, Romania, Slovenia, and Greece, the total crowdfunding volume increased between 2014 and 2017 and reached a total of €23,080,000 in 2017. According to the data of 2017, it is seen that the Debt-based Crowdfunding model reached the highest volume with €15.400.000, and the Reward-Based Crowdfunding model took second place.

In Baltic countries, including Estonia, Latvia, and Lithuania, the crowdfunding volume was on the rise between 2015 and 2017 and reached a volume of €207,930,000 in 2017. Debt Based Crowdfunding is the largest volume model in 2017 with € 205,450,000. Although the Reward-Based Crowdfunding model experienced a downward trend in 2016 compared to the previous year, it increased in 2017 and reached € 1.830 million and became the

second-largest volume model.

1.5.2. Crowdfunding Models in the USA

An important step was taken in 2012 to spread the crowdfunding system in the USA. Barrack Obama enacted the "JOBS-Jumpstart Our Business Startups" law on April 5, 2012. The capital market and stock market board of the related state was established in line with the "Jumpstart Our Business Startups (JOBS) Act" in April 2013 (Ergen et al., 2013). Before the JOBS law came into force, entrepreneurs could not seek financial support from non-accredited investors. However, with the law, entrepreneurs started to request funds from all investors, accredited or not, for their projects (Gelfond & Foti, 2012).

Founded in the United States in the early 2000s, ArtistShare is considered the first crowdfunding platform (Giudici et al., 2012). The Kickstarter platform (Kickstarter, 2020), established in 2009, is the best crowdfunding platform known in the world. It has been offering Reward-Based Crowdfunding services and has sought funds for 480,168 projects since its establishment in 2009 and has provided $4,843,979,948 from more than 16 million people for 179,087 successful projects as of March 2020. Many entrepreneurial projects are collecting funds through Kickstarter, and the funds collected in 2011 are $99 million in size. The video game Double Fine Adventure, designed by Tim Schafter has raised $ 1.4 million in just one day. Scott Wilson raised over $ 900,000 for his kit, converting the iPod Nano product to a wristwatch. Eric Migicovsky collected more than $ 10 million from 69,000 supporters after submitting the Pebble watch project to the site (Giudici et al., 2012) from the foundation of the Kickstarter platform (kickstarter.com). According to the reviews on the Kickstarter platform, it was observed that the projects were supported in the U model. The projects receive the highest support in the first and last times of their history (Kuppuswamy & Bayus 2017; Çubukçu, 2017).

It is observed that the total crowdfunding volume has increased in the American continent from 2014 to 2016. The total crowdfunding volume, which reached a total of $25,190,000,000 in 2016, decreased by 2017 and reached $18,304,000,000 (Ziegler et al., 2018).

Data for 2017 depict that Debt-Based Crowdfunding has the highest volume of $ 17,710 million. The Debt-Based Model is followed by the Donation-Based Model, the Equity-Based Model, and the Reward-Based Model, respectively. However, looking at the overall

picture, volumes for all crowdfunding models in 2017 decreased compared to 2016.

Table 7. Volumes by Crowdfunding Models in the American Continent

Crowdfunding Model	**2014 ($)**	**2015 ($)**	**2016 ($)**	**2017 ($)**
Debt-Based	8.790.000.000	21.400.000.000	23.680.000.000	17.710.000.000
Reward-Based	510.000.000	66.000.000	600.000.000	44.000.000
Donation-Based	180.000.000	220.000.000	340.000.000	290.000.000
Equity-Based	270.000.000	600.000.000	570.000.000	260.000.000

Source: Ziegler et al., 2018.

According to Table 8, the model with the highest volume in the USA in 2017 was the Debt-Based Crowdfunding Model, with $ 17,330,000,000. This model is followed by the Reward-Based Crowdfunding Model, the Equity-Based Crowdfunding Model, and the Donation-Based Crowdfunding Model.

Table 8. Volumes by Crowdfunding Models in the USA

Crowdfunding Model	**2014 ($)**	**2015 ($)**	**2016 ($)**	**2017 ($)**
Debt-Based	8.750.000.000	21.280.000.000	23.420.000.000	17.330.000.000
Reward-Based	460.000.000	600.000.000	550.000.000	410.000.000
Donation-Based	150.000.000	140.000.000	220.000.000	180.000.000
Equity-Based	270.000.000	590.000.000	550.000.000	240.000.000

Source: Ziegler et al., 2018.

As of March 2020, more than $50 billion of funds have been collected since 2011 for those seeking funds through the Lending Club (https://www.lendingclub.com), another Debt Based Crowdfunding platform.

As of March 2020, Prosper, a Debt-Based crowdfunding platform in the USA, has collected more than $17 billion in loans to more than 1,000,000 people since 2006 (Prosper, 2020).

Indiegogo (https://www.indiegogo.com), the Donation, Reward, and Equity-Based Crowdfunding Platform established in 2008, has created a $ 1.5 million fund for its users since its establishment.

Donation and Reward-Based Crowdfunding practices in the USA are not subject to the

provisions of the U.S. Securities Law and are carried out in accordance with relevant laws such as current trade and tax (Manbeck & Franson, 2018). However, in the pre-order purchase Reward-Based model, “Risk Capital Test” may be requested in order to avoid making a payment more than the value of the product that is pre-sold in some states of the USA (Bowman, 2015).

Debt-Based Crowdfunding practices are subject to the provisions of the U.S. Chattels Law, as they are considered an investment and considered chattels, but Federal State laws are also considered (Bowman, 2015). In Debt-Based Crowdfunding practices in the USA, the platforms are required to be registered by the Securities and Exchange Commission (SEC) and their implementation is subject to the regulations introduced in the 3rd Chapter of the Crowdfunding Law, enacted on May 18, 2016 (Manbeck & Franson, 2018).

The first legal arrangements of the Equity-Based Crowdfunding financing model in the world were implemented in the USA (Atsan & Erdoğan, 2015). The obligation to register securities offered to the public to protect the investors and the inability rule of entrepreneurs to request funds from non-accredited investors in accordance with the Securities Act of 1933 prevented the implementation of the Equity-Based Crowdfunding model (Stemler, 2013). With the JOBS (Jumpstart Our Business Startups) Law of 2012, crowdfunding arrangements were started to be made (Bowman, 2015).

First, Chapter 2, “Access to Capital for Business Creators”, was approved by the Capital Markets Regulatory Authority (SEC) on 23 September 2013. Following the adoption of the decree, Part 1 titled “Reopening American Capital Markets to Emerging Growth Companies” and Part 5 titled “Flexibility and Growth of Private Companies” came into force. Due to the detailing studies, Chapter 3 titled “Crowdfunding” and Chapter 4 titled “Small Company Capital Formation” came into force only as of 16 May 2016 (Ünsal, 2017). The most important part of the law is Chapter 3, which enables entrepreneurs to sell a limited number of shares to a large number of investors via internet platforms (Stemler, 2013).

The regulations brought by Chapter 3 titled Crowdfunding of the JOBS Law, which is valid in Borrowing-Based and Equity-Based Crowdfunding practices, are as follows:

- A Crowdfunding Firm which exports "Securities (shares or debt stock)" can collect $1,070,000 at most in 12 months through the funding platform.
- Re-sale of “Securities”, purchased through Crowdfunding, to a family member, an export company or an accredited investor is prohibited for 1 year.

- Platforms that will mediate Crowdfunding must be registered with the Securities and Exchange Commission (SEC) Authority and the Financial Industry Regulatory Authority, Inc. (FINRA).
- The maximum investment of "Securities" permitted are as follows:
    - If the investor's annual income or net worth is less than $107,000, the maximum amount he can invest is $2,200,
    - If the investor's annual income or net wealth is $107,000 or more, she/he can invest 10% of her/his annual income, but this amount is not allowed to exceed $ 107,000.
- In Crowdfunding, it is mandatory for the exporter companies to inform the investor about;
    - Company employees and shareholders with more than 20% share;
    - The work done and usage information of earned income;
    - The price of the "Securities" to be issued, how this price is determined, the amount to be collected and the target time for the collection;
    - The financial status of the company;
    - The financial statements and tax returns of the exporter from an independent auditor depending on the amount submitted and sold for a period of 12 months.

With the JOBS Law, a safe investment environment has been established not only for entrepreneurs but also for investors by introducing rules for auditing and regulation on Crowdfunding platforms (İşler, 2014). In addition, with the Law, entrepreneurs had the opportunity to sell to Accredited Investors and Non-Accredited Investors (Ünsal, 2017).

1.5.3. Crowdfunding Models in China

China is the leader of the Asian Continent and the world in crowdfunding practices. China's crowdfunding volume, which has been in continuous increase between 2014-2017, reached $328.02 Billion in 2017. In 2019 this volume reached $358.28 Billion, which is the largest crowdfunding volume in the world (Schmidt, 2019).

Many crowdfunding companies have been seen as frauds since late 2015, and due to liquidity problems, several other platforms have been requested to close down. Thus, some platforms are pivoting away from Debt-Based crowdfunding and some other crowdfunding

platforms to work on more traditional markets. A stricter regulation regarding crowdfunding platforms was directed by Chinese authorities, which might affect the market negatively. More important for this study, the statistics presented here about China have some insecurities due to fraud suspicions (Schmidt, 2019).

Debt Based Crowdfunding, which has been on the rise for years, has the largest volume model with $327.8 million. Although Reward-Based Crowdfunding has followed an increase before 2017, it had no implementation in 2017. Donation-Based Crowdfunding, used for the first time in 2015, decreased in 2016 and was not preferred in 2017. The Equity-Based model, which reached its highest volume in 2015, declined to $220,000,000 by 2017 and is still considered the second-largest volume model in the country.

Table 9. Crowdfunding Volumes by Models in China

Crowdfunding Model	**2014 ($)**	**2015 ($)**	**2016 ($)**	**2017 ($)**
Debt-Based	24,180,000,000	97,580,000,000	201,310,000,000	327,800,000,000
Reward-Based	300,000,000	830,000,000	2,020,000,000	5,037,740
Donation-Based	0	140,000,000	110,000,000	0
Equity-Based	30,000,000	1,450,000,000	460,000,000	220,000,000

Source: Ziegler et al., 2018.

The most known Crowdfunding platforms in China are Jingdong (z.jd.com), Demohour (www.demohour.co), Dreammore (www.dreamore.com), Taobao (izhongchou.taobao.com) and Musikid (www.musikid.com) Reward-Based Crowdfunding, Zhongchou (www.zhongchou.com) Reward and Donation-Based Crowdfunding, 51give (www.51give.org) Donation Based Crowdfunding, Kaishiba (www.kaishiba.com) and Renretou (www.renrentou.com) Equity-Based Crowdfunding, Creditease (www.creditease.cn), PPmoney (www.ppmoney.com) and Ppdai (www.ppdai.com) are Debt-Based Crowdfunding platforms.

Since charity activities and mentality are relatively rare in China, Donation-Based Crowdfunding is partially recently developing, while Reward-Based Crowdfunding is more popular. Debt-Based Crowdfunding, which invests in fixed interest and maturity products, is the most used model in financial life as they are seen as an alternative to the banks in China. Despite the measures taken, the investments made through the Equity-Based Crowdfunding model continue to be illegal, which seriously restricts the

development of the Equity-Based models (Garvey et al., 2017).

Since 2007, Crowdfunding platforms in China have been allowed to work without a legal, regulatory framework. In spite of the importance given by the Chinese government, due to the fact that no clear regulation has been made for Crowdfunding, the articles in the General Principles of the Civil Code and the Contract Law of China, the regulations and rules specific to the financial services sector has been practiced (Garvey et al. 2017). Thus, Crowdfunding firms comply with the relevant regulations issued for financial institutions or web finance platforms, although current Crowdfunding issues are not considered. In practice, financial Crowdfunding activities are adjusted to the scope of banking regulations, and Crowdfunding securities transactions are regulated by securities regulations (Garvey et al., 2017). Donation-Based or Reward-Based Crowdfunding models are accepted as financial services. However, there are doubts about Debt-Based and Equity-Based Crowdfunding in terms of legislation.

1.6. Crowdfunding Financing Model Applications in Turkey

1.6.1. Crowdfunding platforms in Turkey

The first crowdfunding platform established in Turkey in 2010 by Elif Unal and Cem Unal was ProjemeFON (Yegen, 2015). However, this platform changed its name to "Crowdfon" in 2013 and continues its activities with this name. In 2011, BiAyda; in 2013, Fonlabeni and Fongogo; in 2016, Invention and Arıkovanı; in 2017 İdeanest and Fonbulucu platforms were launched (Ünsal, 2017). With the slogan "On behalf of the Power of the Masses", the B'ayda platform closed in 2015 as it did not become sufficiently widespread due to the lack of legislation on Crowdfunding (Ünsal, 2017). One of the first successful projects using the crowdfunding model was the Zumbara project, which collected 10,000 TL of funds and achieved its goal with this fund (Karaarslan & Altuntaş, 2015). Since 2010, interest in the crowdfunding model has increased over time. Many projects in technology, film/ video /documentary, photography, music, book/ magazine, design, environment, social responsibility, enterprise, game, and health have been funded.

In Turkey, due to legal regulations, only reward-based and donation-based crowdfunding practices were applied (Atsan & Erdogan, 2015). A draft law was submitted to the Turkish Grand National Assembly in January 2017 to make legal arrangements regarding the

crowdfunding model by filling the gap in the legislation (Çubukçu, 2017). In the same period, the Crowdfunding Association was founded on November 11, 2016, to advertise the Crowdfunding model and contribute to legal studies (Ünsal, 2017). With the amendment in the Capital Market Law No. 6362 published in the Official Gazette on December 5, 2017, Crowdfunding has reached its legal legislation within the scope of the capital market in Turkey (Vural & Doğan, 2019).

The following can be said about Crowdfunding Platforms operating in Turkey (Ünsal, 2017):

- There are social projects that provide social benefit with creative projects,
- Project owners must be over 18 years old,
- The projects must comply with the principles of the platforms they apply for,
- A contract is signed with project owners to publish their projects,
- There is no fund guarantee for people who request funds,
- There are selective commissions that decide to publish projects,
- The intellectual property rights of the projects belong to the project owners,
- The duration of publication of each project is determined by the contract,
- If the targeted fund amount is collected, the project is considered successful, and it is entitled to receive the fund,
- Some platforms can transfer the fund to the project owner even in unsuccessful social projects,
- Expenses are stated in the contract, and a commission between 0 and 13% is taken by the platforms,
- The responsibility of delivering the award promised by the project, which is successful in Reward-Based models, belongs to the project owner.

Some statistics regarding the number of campaigns carried out by crowdfunding platforms in Turkey, the target fund volume, the number of funds collected, and the number of campaign supporters are given in Table 10 from 2011 to 2017. As can be seen, the amount of funds collected through crowdfunding is relatively low in Turkey with respect to other countries.

Table 10. Crowdfunding Statistics in Turkey

Year	Fund Targeted	Number of Campaigns	Number of Supporters	Fund Provided
2011	631,400,000	51	464	56,120
2012	4,143,011,000	289	604	79,530
2013	1,896,923,000	91	370	39,575
2014	2,178,346,000	122	605	72,385
2015	2,446,632,000	105	297	47,740
2016	7,091,953,000	172	275	104,000
2017	1,761,100,000	37	20	3,000
Total	20,149,365,000	867	2,635	402,350

Although the concept is very new, there are 7 crowdfunding platforms in Turkey. These platforms are listed in Table 11 as; CrowdFon, FonlaBeni, FonGoGo, Invention, ArıKovanı, FonFinder, and Ideanest.

Table 11. Crowdfunding Platforms in Turkey

Platform Name	Establishment Year	Commision	Projects Published	Projects Realized	Fund Targeted	Fund Provided
CrowdFon	2011	2,5%	381	16	80,250	84,221
FonlaBeni	2013	9%	68	43	148,415	162,670
FonGoGo	2013	7%	511	179	2,691,862	2,943,379
Buluşum	2016	-	14	14	460,790	460,790
ArıKovanı	2016	-	51	31	1,783,200	4,812,151
FonBulucu	2017	12,5%	146	11	90,800	177,436
Ideanest	2017	-	10	9	332,100	335,154

Source: Yüksel Akbaş, 2019.

1.6.1.1. CrowdFON

CrowdFON Platform was put into operation in 2013 by Savaş Unsal, who inherited Projemefon which was the first crowdfunding platform. CrowdFON is a Reward-Based Crowdfunding Platform that provides financial resources to creative ideas (Ünsal, 2017).

If the project is successful, the platform takes 2.5% commission. It hosts many projects in the categories of environment, art, film, technology and food. If the projects fail, the platform, adopting the 'All or Nothing' model, returns the fund collected to the investors and did not pay the entrepreneur.

The projects are uploaded to the platform website (https://www.crowdfon.com/) if the site managers review and approve them (Figure 4).



Figure 4. CrowdFon Website

Table 12. CrowdFon Statistics

Category	Total Projects	Projects Pending	Projects Realized	Fund Targeted (₺)	Fund Collected (₺)	Supporters
Technology	99	11	2	2050	2129	21
Movie/ Video/ Theater	51	2	6	39,000	41,236	364
Environment	43	7	1	2500	2526	26
Literature	28	1	3	19,500	19,575	133
Design	24	-	1	1000	1150	23
Music	16	1	1	6000	6625	53
Mobile	21	1	-	-	-	-
Art	18	2	-	-	-	-
Photography	7	-	1	2200	2350	17
Misc	70	9	1	8000	8600	22
TOTAL	377	34	16	80,250	84,221	659

Source: Yüksel Akbaş, 2019.

Since its establishment, CrowdFon has provided financial support to 16 projects and collected a fund of ₺84,221. Movie/ video /theater category has mostly attracted supporters and provided a fund of ₺41,236.

The platform allows the projects to collect more funds than the target. The platform does not take any responsibility for the transaction fees of the service providers used for payment.

While the platform transfers its funds to successful projects that can collect the target amount within 30 to 90 days, it returns the amount collected for unsuccessful projects to the funders. The total cost of the award to be awarded to fund providers by the project owner is limited by the platform between 1 TL and 10,000 TL. The responsibility of the award to be given to funders belongs to the project owner.

According to Çağlar (2019), a total of 360 projects have been offered to the investor as of May 2019. The most important project is the movie project 'Ekümenopolis', which has collected approximately 20 thousand TL.

1.6.1.2. Fongogo

Fongogo Crowdfunding platform is a Reward-Based Crowdfunding platform that was founded by Ali Çebi and Ali Tirkeş in 2013 and united the masses in order to provide the funds needed for the realization of projects (Ünsal, 2017).

The platform with a web address (www.fongogo.com) is a profit-making entity. While the platform transfers its funds to successful projects that can collect the targeted amount, it charges a pre-determined% of the collected amount. The platform allows projects to raise more funds than targeted. The responsibility of the award to be given to funders is the responsibility of the project owner. The platform makes agreements with all project owners, and the promised award is secured by making a distant sales agreement between project owners and funders.

The Fongogo Crowdfunding platform, which has been working on a Reward-based basis until today, has established the FongogoPro Crowdfunding Platform to operate in the field of Share-Based Crowdfunding, which was entered into our legislation with the change of law on December 5, 2017. The web address of the platform (http://www.fongogopro.com),

which has the Web Site view in Figure 5, will be activated after the regulations to be issued by the CMB are published.

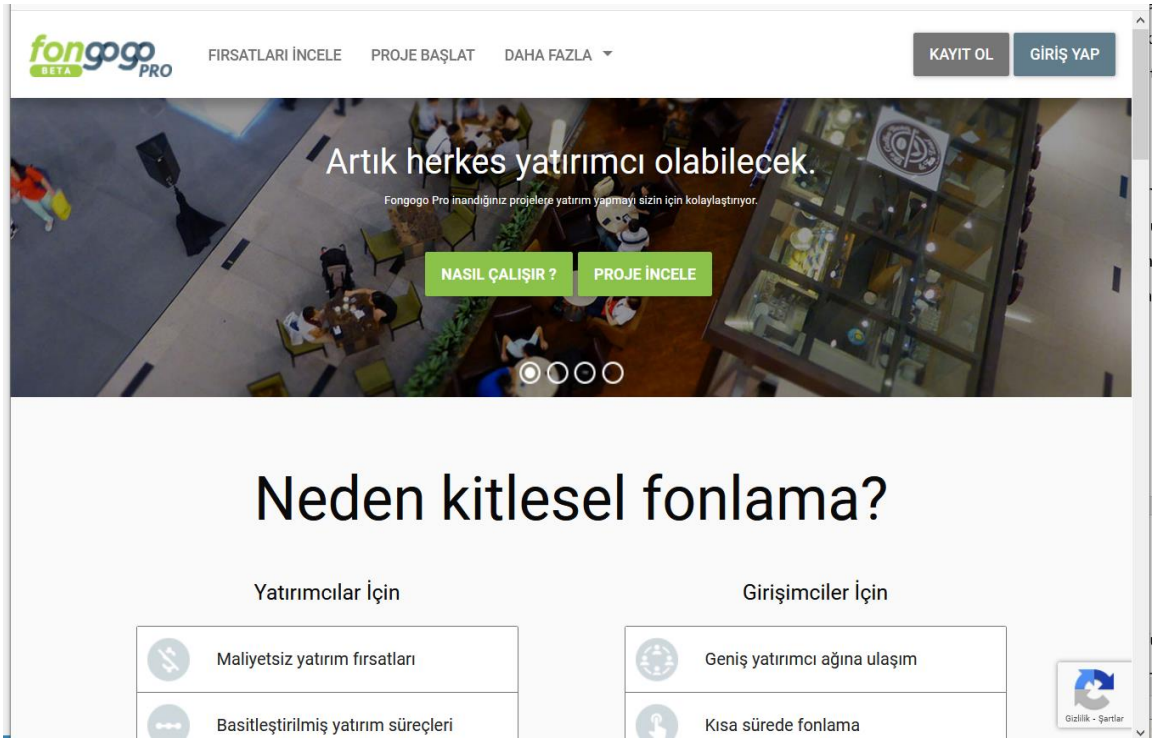


Figure 5. Fongogo Website View

Fongogo is one of the most successful crowdfunding platforms in Turkey. It supports many projects such as environment, film, education, design, and technology. The most supported category on the platform is the movie category. A fund of 1.496.815 TL was collected from 6.431 supporters for the projects in the movie category (See Table 13).

According to Çağlar (2019) "Fongogo" has offered a total of 422 projects to the public since its establishment in 2013. One hundred thirty of these projects have reached the targeted amount of funds, and a total of 2.4 million TL has been collected through this platform. If we look at the projects opened for funding through this platform categorically; 1 million 350 thousand TL in total for 168 projects in the movie/documentary category with the highest funding, 281 thousand TL in total for 52 projects in the education category, 181 thousand TL in total for 46 projects, 59 thousand TL for 44 projects in the field of technology. Approximately 81 thousand TL of funs were collected for 18 projects offered to the public for their activities (Çağlar, 2019).

Table 13. Data on Projects in the FonGoGo Crowdfunding Platform

Category	Total Number of Projects	Number of Ongoing Projects	Number of Projects Realized	Target Fund Amount (TL)	Fund Collected (TL)	Number of Supporters
Environment	21	2	8	76.300	79.030	518
Dance	1	-	-	-	-	-
Education	67	8	35	449.212	473.312	1.758
Movie	159	17	86	1.335.050	1.496.815	6.431
Food	8	-	2	10,300	13,810	136
Art	70	5	16	193.900	201.915	780
Music	24	5	4	86.000	87.694	313
Health	15	2	6	181.000	193.765	829
Sports	14	1	3	19.650	20.905	121
Design / Architecture	8	1	1	10.000	10.730	73
Technology	61	6	2	34.000	34.203	98
Tourism	3	-	2	28.000	29.740	94
Other	60	4	14	268.450	301.460	1.314
Total	511	51	179	2.691.862	2.943.379	12.465

Source: Yüksel Akbaş, 2019.

1.6.1.3. Arıkovanı

Arıkovanı Crowdfunding platform is a Reward-Based Crowdfunding platform that was established in 2016 as a Turkcell initiative, aiming to raise funds from society for creative, technology-enhancing, and innovative prototypes (Çubukçu, 2017).

The platform, which has the Web Site view in Figure 6 and has a Web address (www.arikovani.com), aims to increase production by supporting domestic technology. It is a non-profit organization and does not receive a fee for its service. However, the transaction fees paid to the service providers used for payment are deducted from the collected funds. The uploaded projects are evaluated by the platform team and take place on the platform. The responsibility of the award to be given to the funders belongs to the project owner. While the platform transfers its funds to successful projects that can collect the target amount within 60 days, it returns the collected amount to the funders for unsuccessful projects.



Figure 6. Website view of Arıkovanı

The platform allows the projects to collect more funds than the target. The platform also gives fund seekers the opportunity to introduce their ideas under the name of the preparation section before the funding phase, enables the members of the platform to see their criticism and suggestions, and aims to make a preliminary study to determine whether the idea will be liked or not.

Table 14. Data on the Projects in ArıKovanı Crowdfunding Platform

Category	Total Number of Projects	Number of Ongoing Projects	Number of Projects Realized	Target Fund Amount (TL)	Fund Collected (TL)	Number of Supporters
Book	1	-	1	-	54.025	438
Games	7	-	6	340.000	959.740	1.582
Technology	43	1	24	1.443.200	3.798.386	7.332
TOTAL	51	1	31	1.783.200	4.812.151	9.352

Source: Yüksel Akbaş, 2019.

In ArıKovanı crowdfunding platform, it is seen that 7,332 supporters have provided financial support of 3,798,386 TL to the projects in the technology category, which has the biggest share of all projects supported (See Table 14).

A total of over 6,000 project applications were received for the crowdfunding campaign on the award-based platform named 'Arıkovanı'; 69 of them were presented to the public, and 35 of them reached the target amount. A total of more than 4.8 million TL has been collected from Arıkovanı so far. The leading one among these projects was the Ape X project, which entered the "World's Most Innovative 20 Drone" list (Çağlar, 2019).

The ArıKovanı crowdfunding platform has created the "Genç ArıKovanı (Young Beehive)" platform for young entrepreneurs who are high school students for the 19 May Commemoration of Atatürk and Youth Sports Day. Young entrepreneurs seeking support for their projects have called for support through the platform for one month as of 19.05.2018. The "Genç ArıKovanı" platform is not currently active, and the young entrepreneur projects on the platform are not included in the table above.

1.6.1.4. İdeanest

Funding platform İdeanest was founded by Türkiye Teknoloji Geliştirme Vakfı (Technology Development Foundation of Turkey- TTGV) in 2017 for the realization of technology projects. It is a Donation-Based Crowdfunding platform that brings together entrepreneurs and supporters (Ünsal, 2017).

The team assigned by TTGV evaluates and selects the projects that will take place on the

platform with the Web Site view and Web address (www.ideanest.org) in Figure 7. The platform includes ecosystem activities and research, product and service projects that will develop technology, including innovation, and support scientific research in accordance with its main goals. The platform does not aim to make a profit, and project owners who are successful in reaching their target budget within the specified time are not charged any fees. It allows the projects to collect more funds than targeted on the platform. Since there is no transfer of funds to unsuccessful projects, the targeted budget must be planned very well. The publication period of the project on the platform is 60 days at most. The platform decides how long the projects will be published for each project separately.



Figure 7. Website view of Ideanest

The funds collected for unsuccessful projects are not returned to the donors, but used by the platform to support other projects. A pre-payment agreement is signed with successful projects and technical, managerial, financial and legal issues are determined with this agreement.

Ideanest Crowdfunding platform does not take any responsibility for transaction fees paid to service providers used for payment. For the donation, TTGV issues a donation receipt. Ideanest Crowdfunding platform aims to provide funding for projects, as well as help projects reach their needs such as information, consultancy and networking.

Table 15. Data on the Projects in the Ideanest Crowdfunding Platform

Category	**Total Number of Projects**	**Number of Ongoing Projects**	**Number of Projects Realized**	**Target Fund Amount (TL)**	**Fund Collected (TL)**	**Number of Supporters**
Health	5	-	5	229.100	230.346 167	167
Social Responsibility	1	-	-	--		-
Technology	4	-	4	103.000	104.808	146
TOTAL	51	1	**9**	332.100	335.154	313

Source: Yüksel Akbaş, 2019.

According to Table 15, the health category on the Ideanest crowdfunding platform collected 230,346 TL with 167 supporters and became the most popular category.

According to Çağlar (2019) only 10 projects from the donation-based platform called 'Ideanest' were presented to the public as of May 2019; 9 of them succeeded, only 1 could not reach the target amount. The entire amount collected for donation projects from this platform is approximately 335 thousand TL.

1.6.1.5. Fonbulucu

Fonbulucu Crowdfunding platform has started accepting Reward-Based Crowdfunding projects at the end of 2017 (Ünsal, 2017). However, now it also works for the Equity-Based Crowdfunding projects.

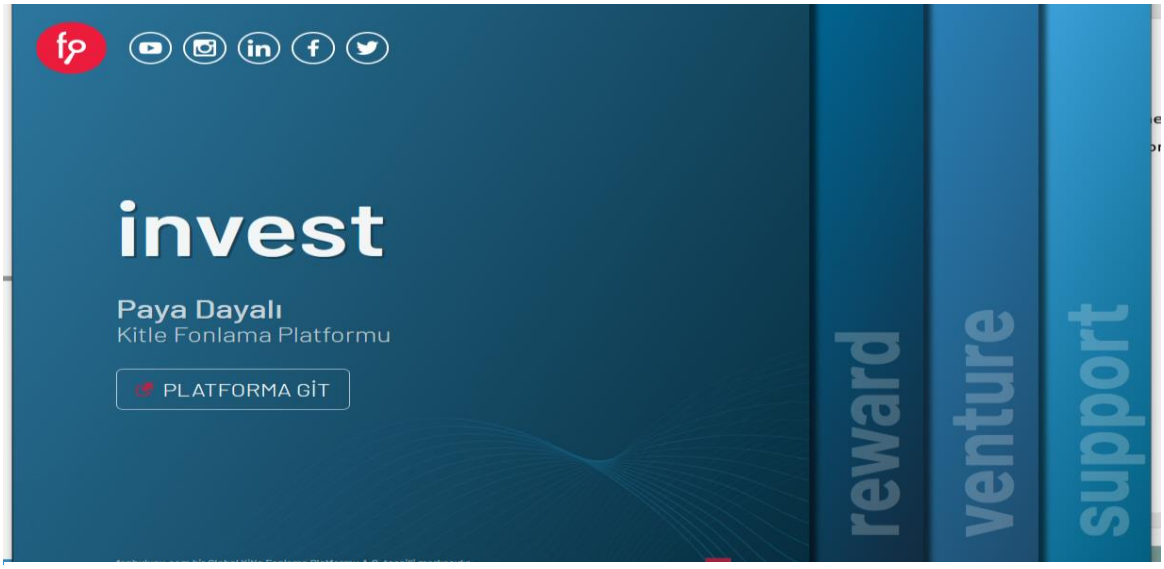


Figure 8. Website view of Fonbulucu

Fonbulucu is a for-profit organization that works in cooperation with Platform Ankara Teknopark Development Zone Manager AŞ and Nar Incubation Center, which has a Web site view in Figure 8 and has a Web address (www.fonbulucu.com).

Fonbulucu receives a fee of 12.5% of the amount collected. In addition, documented expenses, taxes, and VAT are deducted from this amount. Platform contracts with all project owners. The platform itself provides the first funding support for projects with a certain amount. It is seen that the platform adopts an all-or-nothing system. While the platform transfers its funds to successful projects that can collect the targeted amount within the funding period, it returns the amount collected for unsuccessful projects to the funders. The responsibility of the award to be given to funders belongs to the project owner.

Table 16. Data on the Projects in the FonBulucu Crowdfunding Platform

Category	Total Number of Projects	Number of Ongoing Projects	Number of Projects Realized	Target Fund Amount (TL)	Fund Collected (TL)	Number of Supporters
Energy	12	1	-	-	-	-
Animals	6	-	-	-	-	-
Science/Technology	27	10	-	-	-	-
Design	18	2	1	22.000	58.310	20
Education	22	5	3	20.500	22.040	70
Environment	6	1	1	10.000	10.775	55
Health	4	1	1	3.000	3.250	9
Woman	3	-	1	10.000	10.130	42
Sports	1	-	-	-	-	-
Culture & Art	13	3	1	200	320	13
Movie	2	1	-	-	-	-
Music	8	-	-	-	-	-
Literature	1	-	-	-	-	-
Social Responsibility	6	1	1	100	620	8
Other	17	-	2	25.000	71.991	66
Total	146	25	11	90.800	177.436	283

Source: Yüksel Akbaş, (2019).

The category with the highest number of supporters on FonBulucu crowdfunding platform is the education category. However, the highest amount of funds is seen in the "other" category, which includes cleaning products, paid military service, online cleaning services, and mobile application projects on food. A total of 71,991 TL funds were collected for the projects in the "other" category (See Table 16).

According to Çağlar (2019) the FonBulucu submitted 125 projects in total for funding, 11 of them have collected the funds they targeted as of May 2019, and 23 of them are very close to the target amount. While a total of 292 thousand TL has been collected so far, 167 thousand TL of this was paid to entrepreneurs, and the rest was returned to investors as the targeted amount could not be reached.

1.7. Crowdfunding Legislation in Turkey

The official recognition of crowdfunding as a modern method of financing and the need for legal arrangements in Turkey have been realized very soon. Crowdfunding was first included in the scope of the Capital Markets Board's (CMB-SPK) 2014-2016 Strategic Plan (SPK, 2014) under the goal of "Increasing Financial Product Diversity" No.1 in 2014 as follows:

“In order to meet the financing needs of companies, new alternatives will be brought to the market by evaluating the benefits and applicability of different financing methods in addition to going public. In this context, if certain criteria are met, modern financing methods such as the "crowdfunding" method, which allows companies to offer their shares to the public without being subject to the regulations regarding the public offering, are analyzed, and those deemed beneficial for the development of the market are envisaged to be implemented.”

In the same period, TCMA (Türkiye Sermaye Piyasaları Birliği) started to deal with the issue. The processes of crowdfunding, the risks and opportunities it offers, the legal infrastructure established in various countries, and the need for regulation in Turkey (İşler, 2014) were discussed in the "Indicator Fall 2014 (Gösterge Güz 2014)" and "Indicator Spring 2015 (Gösterge Bahar 2015)" booklets published by TCMA.

Today, money is collected from the participants for a new venture or a new project with the promise of partnership shares in the future in proportion to their participation which was not allowed in Turkey until a short time ago. Since such activities are within the jurisdiction of SPK in Turkey, although crowdfunding seems to be able to be carried out in theory within the framework of strict capital market legislation and obtaining permits, it was not possible to do it in practice. For these reasons, on the public side, studies have been initiated by the authorized institutions to remove legal obstacles in the field of crowdfunding and to encourage crowdfunding activities by placing them on a legal basis. In this context, 6362 numbered Capital Market Law (CML) was studied, and changes in the Draft Law on December 26, 2016, including the date changes, were presented to the Presidency of the Grand National Assembly of Turkey. The amendments entered into force with the publication of Law No. 7061 on Amendments to Some Tax Laws and Other Laws (Law No. 7061) in the Official Gazette No. 30261 dated 05 December 2017. Thus, crowdfunding activity was defined in the CMB numbered 6362, and the legal basis for the sub-regulation to be made was established. Following the amendments in the law, the CMB

has initiated studies on the preparation of the necessary sub-regulations within the framework of the new provisions of the CMB.

The issue of crowdfunding continued to be discussed by various parties in this process. On March 7, 2017, in Istanbul, a discussion panel by TCMA under the name of "New Financing Model in Capital Markets: Crowdfunding" was arranged before the changes in the law. Various legislations and practices of other nations were examined in this panel with the participation of public authorities, entrepreneurs with crowdfunding experience, and co-founders of various crowdfunding platforms in Turkey (Fongogo, CrowdFon, Keiretsu Forum, Arıkovanı), and other interested parties (Koç, 2017). Later, following the changes in Law, the 1st crowdfunding forum was held in Istanbul on May 8, 2018.

The CMB has carried out the preparatory work on sub-regulations together with other relevant institutions and organizations. In this regard, a project called “Support to Secondary Legislation Regarding Crowdfunding in Turkey" has been started by CMB and EBRD, and in this context, a financial support agreement has been signed. Later, the work on the sub-regulation draft was completed, and the CMB's press release dated 03.01.2019 (Capital Markets Board (b)) and the “Share-Based Crowd Funding Communiqué Draft No III-35 / A.1” (the Draft Communiqué) has been shared and opened to the opinions and suggestions of other persons and organizations. This process continued until 04.02.2019. Within the framework of the thoughts and suggestions received, the CMB has entered the process of finalizing the Draft Communiqué.

During this period, the "Crowdfunding as an Alternative Financing Methods in Turkey" event was held on May 17, 2019, to create awareness about crowdfunding by CMB and PwC in the context of the activities funded by EBRD (PwC). In this event, the legal framework in Turkey for Crowdfunding and the best practices of the various regulatory authorities have been discussed.

Finally, the Communiqué on Share-Based Crowdfunding No. III - 35 / A.1 was published in Official Gazette No. 30907 and entered into force on October 3, 2019, and updated on October 27, 2021 as No. III - 35 / A.2 and published in Official Gazette No. 31641. In the press release published by the CMB on this issue (Capital Markets Board (c)), it has been announced that "Crowdfunding provides entrepreneurs with cheap financing, small savings opportunities to invest", that “innovative and technology-oriented enterprises that pass the pre-selection of the investment committee to be established within the platforms can make money in this way”, that “the investors can collect up to 50 thousand liras (up to 200 thousand liras depending on the income level) in a year in a year through this channel”.

Another critical issue in the announcement of the CMB is that investor grievances can be prevented with the regulations and audits to be made.

1.7.1. New crowdfunding arrangements

The legal framework created by amending various articles of the CMB numbered 6362 with the Law numbered 7061, and the Share-Based Crowdfunding Communiqué numbered III - 35 / A.2 are examined in detail in the following sections of this study.

1.7.2. Legal framework established by Law No. 7061

The following amendments have been made in Articles 107, 108, 109, 110 and 111 of the Law No. 7061, and Articles 3, 4, 16 and 99 of the CMB numbered 6362 and Article 35 / A has been added to the CMB. The subject has been included in the scope of the capital market legislation by granting various flexibility.

Thus, the necessary legal framework has been established for Crowdfunding to be made outside the CMB's definitions of public partnership and issuer, in accordance with the sub-regulations to be made by the CMB and through platforms authorized by the CMB and without being subject to the provisions regarding the obligation to prepare prospectus or issuance document.

With Article 107; Paragraphs (e) and (h) of paragraph 1 of Article 3 of the CMB numbered 6362 have been amended as follows and sub-paragraph (z) has been added to the paragraph. With these changes, it has been stipulated that those who collect money with the Crowdfunding method are excluded from the definitions of public partnerships and issuers in the CMB, and Crowdfunding has been defined for the first time in the CMB.

e) **Publicly held partnership:** Joint-stock companies whose shares are offered to the public or deemed to have been offered to the public, except for those who collect money through crowdfunding platforms,

h) **Exporter**: Legal entities that issue capital market instruments, apply to the Board for issuance, or whose capital market instruments are offered to the public, and investment funds subject to this Law, except for those who collect money through crowdfunding platforms,

z) **Crowdfunding**: Collecting money from the public through crowdfunding platforms without being subject to the provisions of this Law regarding investor compensation within

the principles determined by the Board in order to provide the fund needed by a project or venture company

With the 108th article, the following sentence has been added to the 1st paragraph of the 4th article of the CMB numbered 6362. In this context, the necessary legal basis has been established for the Crowdfunding to be made through platforms authorized by the CMB and without being subject to the provisions of the obligation to prepare a prospectus or issue a document.

Without prejudice to the provisions of other laws regarding aid and donation collection, collecting money from the public through crowdfunding is carried out through crowdfunding platforms authorized by the Board and is not subject to the provisions of this Law regarding the obligation to prepare a prospectus or issue document.

With the 109th article, the 1st sentence of the 1st paragraph of the 16th article of the CMB numbered 6362 has been put as follows, and it has been stipulated that the partnerships collecting funds with Crowdfunding will be excluded from the scope of the partnerships deemed to have been offered to the public due to the number of partners in accordance with the CMB.

Except for corporations whose shares are traded on the stock exchange and corporations that raise money from the public through crowdfunding, the shares of joint-stock companies with more than five hundred shareholders are deemed to have been offered to the public.

With Article 110, the measures to be applied for unlawful activities and transactions are also stipulated, while the authority to regulate their establishment and activities is given to the CMB. The definition of crowdfunding platforms has also been made by adding the following article 35 / A titled "Crowdfunding Platforms" to the CMB numbered 6362;

ARTICLE 35/A- Crowdfunding platforms

(1) Crowdfunding platforms are organizations that mediate crowdfunding and serve electronically.

(2) Permission must be obtained from the Board in order to establish crowdfunding platforms and start their operations. The organizations of these platforms, their partners, share transfers, employees, the maximum limit of the money that can be invested by each fund provider or collected by the project owners and venture companies, and other principles they must comply with during their activities and the control and supervision of the funds collected in accordance with the announced purpose are determined by the Board.

(3) The provisions of Article 96 of this Law are applied by analogy for the measures to be

applied in illegal activities and transactions of crowdfunding platforms.

(4) Crowdfunding and related transactions and crowdfunding platforms are not considered within the scope of Articles 37 and 38 of this Law. These activities are not subject to the provisions of this Law regarding stock exchanges, market operators, and other organized marketplaces.

(5) Relationships between people who collect money from the public through crowdfunding platforms and crowdfunding and those who fund them are subject to general provisions.

With Article 111; Clause 4 of Article 99 of the CMB numbered 6362 has been changed as follows, and the case of unauthorized money collection through crowdfunding has been included in the scope of issues that may be banned from accessing the relevant website by the CMB.

(4) Information Technology and The Communication Authority (Bilgi Teknolojileri ve İletişim Kurumu) blocks access to the relevant website on the Board's application and upon obtaining information evidencing that without the approval of the Board audiences through funding platform for public money collected or leveraged abroad via the internet for residents in Turkey process and leveraged transactions with built-in derivatives transactions that are determined to be subject to the same provisions.

1.7.3. Sub-arrangement work

After the amendments of the law came into force, it is observed the scope of the sub-regulatory studies allowed the equity-based model from the financial return models after the examination of the "Communiqué on Share-Based Crowdfunding No III-35 / A.2" prepared by the CMB and entered into force on 3 October 2019 within the framework of the new provisions of the CMB. It is also seen that debt-based crowdfunding, which is one of the models with financial return, is not included in the regulations at this stage.

The communique consists of 6 chapters. Table 17 gives what these sections are and what matters are regulated in which items and the article contents are summarized. With these sub-regulations, it will be possible for equity-based crowdfunding to be implemented and developed in Turkey. In Table 17, some important definitions given in various clauses of article 4 of the Communiqué are given.

Table 17. Equity-Based Crowdfunding Communiqué Regulations No. III-35 / A.2

Part I: Purpose, Scope, Basis, Definitions, and Abbreviations (Articles 1-4)	
1) Purpose 2) Scope 3) Basis 4) Definitions and abbreviations	The purpose of the Communiqué is determined to regulate the procedures and principles regarding equity-based and debt-based crowdfunding. It is decided that the scope of the Communiqué is to regulate the procedures and principles regarding equity-based and debt-based crowdfunding, the inclusion of the crowdfunding platforms in the Board list and their activities, the collection of money from the public through equity-based crowdfunding, and the control and supervision of the funds collected in accordance with their declared purpose. It has been declared that fundraising activities in return for rewards or donations through crowdfunding platforms are not subject to the provisions of the Communiqué. The articles of the CMB numbered 6362 on which the Communiqué is based have been given. The definitions and abbreviations in the Communiqué are listed.
II. Section: Principles Regarding Platforms (Articles 5-10)	
5) Getting listed 6) Conditions to be sought from platform partners and board members 7) Outsourcing of services and its scope 8) Changes in the platform's partnership structure 9) Investment committee 10) Unsubscribe	It has been stipulated those crowdfunding platforms must be listed by the Board in order to operate within the framework of the Communiqué. The application documents for being included in the list and the conditions for partners and board members for being listed are explained. It has been stipulated that the platforms can outsource services exclusively for duties and obligations other than those belonging to the board of directors and the management of the platform, but the responsibilities arising from the capital market legislation will remain on the platform. Outsourcing is carried out within the scope of a contract to be concluded between the platform and the service provider in accordance with the nature of the business. The procedures to be followed in the partnership structure changes are explained. It is regulated that an investment committee with at least three members should be formed by the board of directors of the platform.

	The principles regarding the members and activities of this committee have been determined. In what circumstances platforms can be removed from the Board list has been explained.
III. Section: Principles Regarding the Activities of the Platforms (Articles 11-13)	
11) General principles 12) Activities that platforms cannot perform 13) Activities of platforms located abroad	It has been regulated that the platforms can exclusively carry out crowdfunding activities, but they can provide consultancy services to the venture company or entrepreneur within this scope. It is stipulated that they must make a crowdfunding contract with the customer. The tasks in the cases such as establishing the necessary infrastructure of the platforms, creating a campaign page, providing various information, creating funds and shares collected from investors, etc. are arranged. It has been determined that the platforms cannot; - mediate loan or lending transactions, - carry out crowdfunding activities other than the equity-based model, - conduct real estate-related campaigns, - collect money for foreign venture companies, - provide investment advice and such activities. Matters related to activities and customers in Turkey of the platforms built abroad are clarified.
IV. Section: Principles Regarding Platform Membership and Campaign Process (Articles 14-19)	
14) Platform membership procedures 15) Investment limits 16) Principles regarding fundraising 17) Equity-Based Campaign process 18) Investment limits in debt crowdfunding 19) Fundamentals of fundraising through debt crowdfunding	In order to be able to perform crowdfunding transactions, investors are obliged to become a member of the relevant platform electronically, and other related issues have been regulated. Regulations regarding investment transactions and investment limits of real persons who are not qualified investors are included. According to these regulations, these persons will be able to invest a maximum of 50,000 Turkish Liras through crowdfunding based on equity within a calendar year, but this limit can be applied as 10% of the annual net income declared by the investor to the platform, provided that this limit does not exceed 200,000 Turkish Liras. The procedures to be carried out before the funds collected are transferred to the venture company are explained. Regarding the equity-based campaign process, some matters have been arranged, such as within a maximum 60-day campaign period, funding

	requests must be submitted to the platform; forwarded from the platform to the Central Registry Agency (Merkezi Kayıt Kuruluşu-MKK) and the custodian; the funds collected must be blocked by the custodian; the investors' right to withdraw; situations the campaign is terminated and the investors are returned, etc. Real persons who are not qualified investors can invest a maximum of 50,000 Turkish Liras in a calendar year through debt-based crowdfunding. However, this limit can be applied as 10% of the annual net income declared by the investor to the platform, provided that it does not exceed 200,000 Turkish Liras. Other than the sale of debt instruments, crowdfunding activities based on debt cannot be carried out by means of a debt or loan agreement or any other contract that creates a debt relationship, or in return for any capital market instrument other than a debt instrument. All funds collected from investors in exchange for the debt instrument must be paid in cash.
Part V: Principles Regarding Fund Usage Sites and Venture Companies (Articles 21-25)	
21) Equity-Based Fund Usage Places 22) Debt-Based Fund usage places 23) Qualifications of venture companies 24) Debt-Based Funding Risk Evaluation 25) General assemblies of funded companies	Issues are arranged regarding the acknowledgment of investors before the campaign about the usage purposes of the funds collected and where they have been used after the campaign, in addition to the independent audit report showing that the funds are used for the purpose. It is obligatory for the entrepreneur or venture company to prepare a report on the purposes for which the funds to be collected will be used, and this report must be published on the campaign page as of the start date of the campaign period. Venture companies that will raise funds through equity-based or debt-based crowdfunding are obliged to execute technology activities and/or production activities, , and to have a registered Internet site that is regularly monitored and controlled. It has also been stipulated that companies cannot collect funds through equity-based crowdfunding. Platforms that carry out debt-based crowdfunding activities are required to establish an effective and transparent credit rating system and policy in order to assess the risk status of the project. This policy

	is decided by the board of directors of the platform and announced to the public on the website of the platform. Funded companies, whose shares are dematerialized, are obliged to call the general assembly meeting, as indicated in the articles of association, by an announcement published on the company's website, in the Turkish Trade Registry Gazette and on the campaign page until the end of the fifth year following the calendar year in which the campaign took place.
VI. Section: Miscellaneous and Final Provisions (Articles 29-35)	
29) Responsibility 30) Informing the Board 31) Precautions 32) Revaluation 34) Effectiveness 35) Execution	It is stipulated that the members of the board of directors of the platform are responsible for the fulfillment of the obligations of the platform under the Communiqué; the members of the investment committee and the members of the board of directors of the platform are responsible for the fulfillment of the obligations stipulated for the investment committee, and the members of the board of directors of the venture company are responsible for the fulfillment of the obligations stipulated for the venture company. It has been stipulated that the CMB can request all kinds of information and documents from the platform, platform founders, entrepreneurs, and venture companies. Also, the measures to be taken in cases contrary to the law and regulations and the matters regarding the enforcement and execution of the Communiqué are regulated.

Source: T.C. Resmi Gazete. Paya Dayalı Kitle Fonlaması Tebliği. 27.10.2021. Sayı:31641, Başbakanlık Basımevi, Ankara.

CHAPTER 2

ATTRIBUTION THEORY

In this part of the research, the conceptual framework for attribution theory and some studies in the literature were included. First, a general explanation of the theory was given. Then, two main titles of attribution theory, namely internal and external attribution, were given. Finally, under the title of Crowdfunding Failure Experience, there was a title on how entrepreneurs perceive the failures they have experienced.

2.1. Attribution Theory

People make various inferences to understand the incidents around them. To obtain these inferences, they attribute meanings to some reasons. Nonliving objects, such as a table, machine, or building, don't have beliefs, motivations, or intentions, but humans do, and when they observe people, they attempt to explain why they behave in certain ways (Robbins & Judge, 2013). Attribution theory is described as individuals' efforts to understand their behavior and the reasons underlying this behavior (Baron & Brayne, 2003). The theory attempts to explain an event (in this case, business failure) that has already occurred (Pardo & Alfonso, 2017). An important question is how to determine which of the many existing objects and events is the cause and which is the effect (Kayaoğlu, 2019). The concept of causal attribution explains the process of understanding the reasons for the individual's own or other people's behavior, success, or failure, and how individuals attribute in cases of having success and having failure (Kızgın & Dalgın, 2012). The origin of attribution thinking in psychology depends on Fritz Heider (1958) in his seminal book "The Psychology of Interpersonal Relationships" (as cited Weiner, 2010). With causal attribution, people gain meaning by perceiving the behavior of individuals and making inferences about it, making attributions for their own and others' behaviors, and determining the causes of behavior and events (Piri & Kabakci, 2007).

Attribution theory describes how we criticize people differently, depending on the meaning we attribute to a given behavior. It suggests that when we observe an individual’s behavior, we attempt to determine whether it was internally or externally caused (Robbins & Judge, 2013). While individuals make comments about behaviors, they start to think deeply about reasons, and by analyzing their behavior, they attribute the reasons why they occurred (Can

et al., 2006). Some objects and events combine much more easily to form a causal unit than others. This is especially true when the cause is the actor (human), and the effect or the result is the social behavior (Kayaoğlu, 2019). With the causal attribution process, the individual has an important place in understanding and interpreting the reasons for her behavior, the causes of other people's behavior, and the events she perceives. In explaining everyday action, people typically call forth current reasons, which are associated with incentives (cost and benefits) and volitional choice. Still, attribution theory focuses on causes (Malle, 2004 as cited Weiner, 2010). Three principles are important in Heider's theory (as cited Kayaoğlu, 2019): i) In our intuitive causal system, if two events are close, they are more likely to be causally related; ii) When people make causal attributions to behaviors, they tend to install a single cause rather than multiple causes; iii) The most crucial principle or dimension in causal attribution is the causality focus. People attribute the cause of a particular action to either internal states or external factors.

Assuming the other individual is high in power (in the present circumstance, high in status), the reason for the consistency will be believed to be "internal". Yet, if the other individual is low in power, it will be viewed as situated "external" (Kelly & Michela, 1980). Internal attribution means placing the focus of the cause on the person in action being explained, and these may be personality traits, mood, attitude, abilities, or effort of the person acting (Kayaoğlu, 2019). That's why internal attribution is also called person attribution. External attribution means placing the causal focus on factors outside the person in action being explained. These may be the actions of others, factors about that specific situation, or luck (Kayaoğlu, 2019). Individual-based components consist of motivation factors determined by the intention and effort of the individual in behavior and the characteristics of the individual, such as skills, abilities, and morals. Environmental components include the difficulty of a task and luck (Taslak & Dalgın, 2015). In addition, the main concern of attribution theories is not to determine the exact cause of events but to explain how people perceive the causes of events (Kayaoğlu, 2019). While individuals refer to social interaction, they try to predict whether the behavior they observe arises for a reason related to the person (such as beliefs, attitudes, personality traits) or for a reason related to the person's situation. Attributions made to the characteristics associated with the person responsible for the behavior can be described as "internal attribution", and references to features related to the current situation (such as social norms, threats, money) can be described as "external attribution" (Atkinson et al., 2010).

2.1.1. Internal Attribution

Individuals evaluate the outcomes of their past behaviors and create strategies to increase the probability of future success and reduce the risks of failure (Cort et al., 2007). Weiner (1985) states that individual will shape their future behaviors based on their evaluations of success and failure. He argued that failure in critical issues would have a more significant shaping effect. At this point, it is important that individuals base their outputs on what reasons. According to Weiner, an individual attributes the reasons for his success or failure to some factors (Chen et al., 2009). Weiner's attribution theory focuses on how the individual perceives the reasons for his success and the direct and indirect effects of these perceptions on specific behavior. People often do not act consciously while attributing causality. Reasons for perceived behavior reflect some experience. These can be classified as; (1) the amount of the perceiver's knowledge of the other person and situation and how the perceiver organizes this information; (2) beliefs of the perceiver, and (3) motivation of the perceiver (Can et al., 2006). Factors such as learning, personality, and motivation that affect perception also affect the causality in the attribution process. These factors emerge because individuals attribute the same success and failure to different reasons. In addition, causality attributions of individuals regarding their success or failure in a particular issue may change over time. As individual acquires new information about themselves and their environment, they attribute both their success or failure and the success or failure of other people to different reasons (Gronhaug & Falkenberg, 1994).

While ability and difficulty or ease of work are considered personal factors of causality, it is concerned with whether the cause is due to internal or external to the person making the attribution (McAuley et al., 1992). According to this dimension, it is stated that internal attributions are related to the person himself (Yapıcı & Koçyiğit, 2012). It is emphasized that internal causes (such as effort) are controllable (Weiner, 2010). Weiner et al. stated that the most common causal factors that lead to the success and failure of the individual are ability, the difficulty of the task, effort, and luck (Weiner & Kukla, 1970). Two are expressed as internal reasons (ability and effort) (Weiner, 2010). Individuals with internal control often attribute their success and failure to their skills and efforts.

2.1.2. External Attribution

According to attribution theory, individuals systematically evaluate the cause of behavior to generalize how various outcomes are achieved (Heider, 1958). The literature on attribution theory asserts that individuals tend to see their behavior and decisions as a cause of situational factors while attributing the actions of others to their attitudes and behavior (Riar et al.,2021). In this case, people tend to attribute the events to external factors. Therefore, external attributions protect entrepreneurs' self-esteem because external factors are not directly associated with an entrepreneur's persona (Ljung, 2020). Another important concept related to attribution is the locus of control. Locus of control is the individual's way of evaluating the source of his control over events that affect him. Individuals with an internal locus of control believe that their behavior and actions impact many occasions in their lives. Therefore, individuals who see the source of behavior in internal control constantly attribute the causes of their behavior to factors related to them. On the other hand, individuals with an external locus of control believe that what will happen to them is determined by chance and other people (Mansourian & Ford, 2007). Therefore, people who believe in external control base their behavior on luck, fate, and fortune (Can et al., 2006). Individuals will shape their future behaviors according to the judgments they reach based on their evaluation of success and failure. These evaluations are more likely to shape future behavior (Weiner, 1985). At this point, it is important that individuals base their outputs on which reasons. If the individual attributes the reason for his failure to external causes, they will not make much effort to prevent their failure in the future, while if they see the reason for failure as their lack of effort, they will show more effort to achieve success. The external attribution tendency refers to the participant's attributing success/failure results to people other than themself. Entrepreneurs who think that their actions are the causes of failure have more tendency to lose self-esteem, which results in the fact that entrepreneurs failing because of external attributions seem to learn more than entrepreneurs with internal attributions (Ljung, 2020).

2.2. Crowdfunding Failure Experience

Entrepreneurship can be seen as a development of a business idea in the form of sustainable trade, and the realization of this happens by evaluating opportunities and risks together

(Pardo & Alfonso, 2017). But, in entrepreneurship, failure is a common occurrence (McGrath, 1999; McGrath & Cardon, 1997; Shane & Venkataraman, 2001). Several studies have investigated the elements that lead to new venture failure or success (Shane & Venkataraman, 2001). Still, few have examined the broader culture in which those failures occur and the ramifications for future entrepreneurship (Cardon & McGrath, 1999).

Analyzing the causative factors might help present, and potential entrepreneurs learn from their mistakes (Singh et al., 2007) and avoid failure. Examples of some significant consequences of venture failure might include the following: social capital and financial loss, loss of required skills in entrepreneurs, including resilience and self-efficacy, stigmatization, and devaluation of key actors in failed concerns (Wood & Bandura, 1989), and loss of the productive potential of economies (Weisenfeld et al., 2008). While failure is frequently considered something to be avoided, when it does occur, it may provide a significant learning opportunity for both those who experience it (Shepherd, 2003) and those who observe it from the outside (McGrath, 1999). Learning can pave the way for success. The abilities and skills such as planning, management, assertive communication, relationship management, problem-solving and leadership are more profound characteristics of successful entrepreneurs (Pardo & Alfonso, 2017).

Pardo and Alfonso's study (2017) shows that failure has multiple attributions that can be internal or external and that personality traits play an important role in business failure. Entrepreneurs may point out the external causes as the main reason for failure. External factors might be reasons such as the competition driving the businesspeople out of the trade, disastrous legislative activities, or imperative providers going out of commerce. These were considered a misfortune by entrepreneurs, while actions such as choosing the wrong team, investors, business, or model, were regarded as misfortune wrongdoing instead of actual personal mistakes. The stakeholders in a venture such as employers, hired executives, and entrepreneurs might use different types of narratives to describe their failures and deal with its following implications because the description and explanation of the failure are dependent on the actors'social role. (Mantere et al., 2013). The abilities of entrepreneurs are questioned by themselves only on occasions. Entrepreneurs regret making mistakes when choosing the wrong setup (e.g., business model and team, etc.). However, they may take this mistake as a learning experience and do not question their complete ability to find a successful venture (Riar et al.,2021).

Kuin (2016) indicates a framework of common mistakes in crowdfunding, as shown in Figure 9. Initially, the most complex part of the the crowdfunding process is to set the

right goal. The goal must be clear before the crowdfunding campaign starts and could be either too high or too low. Secondly, failing to engage with social networks plays a vital role in the failure. Thirdly, the individual should demonstrate high amount of dedication to the project and be ready to take an active role during the process. Another necessity is that if there is a failure to signal out the quality, this may also mean the failure to communicate the project's quality or the campaign's purpose clearly enough to potential supporters. Finally, the compaign should be planned earlier and entirely in the process by the founder, possibly before launching. The marketing of the compaing should be prepared mainly and also there should ve a clear business plan.

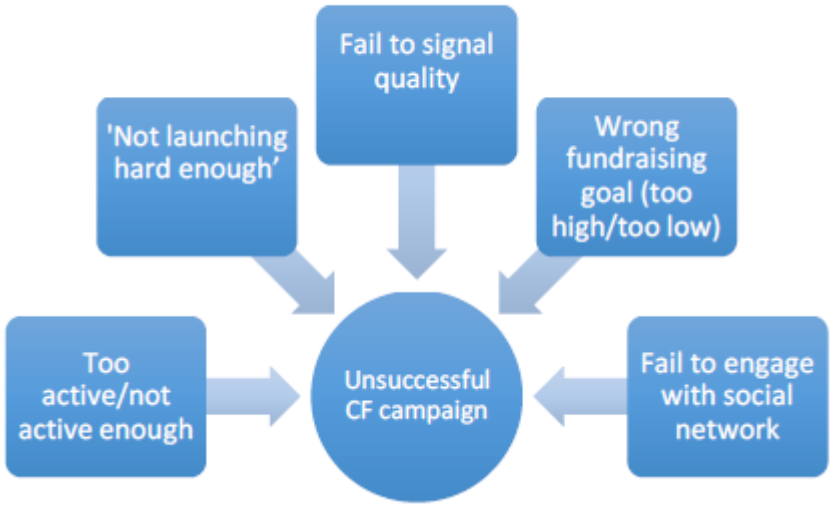


Figure 9. The framework of Common Mistakes in Crowdfunding (Kuin, 2016).

Entrepreneurial activities are helpful for the economy. Entrepreneurs create new job opportunities and social wealth by developing new processes and products (Schumpeter, 1934). For those who are bold sufficient to begin their business set-up, there's continuously the risk of encountering disappointment, other than the plausibility of enormous success. Failure can be regarded as a beneficial and positive experience if learning happens despite the negative attitude in public (Corbett et al., 2007; Klyver & Bager, 2012).

Failure can be beneficial because it allows the entrepreneur to learn and enhance their entrepreneurial skills (McGrath & Cardon, 1997). A necessary component of entrepreneurship, such as resiliency and a sense of self-efficacy (Wood & Bandura, 1989), results from failure leading to personal experience facing obstacles (Gartner, 1990). Moreover, failure may give a clear flag of cause-effect connections helping the entrepreneur discover and interpret vague results (Sitkin, 1992). In expansion, negative

criticism from failure is regularly more persuading than positive. It highlights the inconsistency between what we want for ourselves and what we have finished and persuades us towards activity to realize our goals (Staw & Barsade, 1993). Ucbasaran et al. (2006) found that entrepreneurs who experienced significant failure did not lack confidence and showed the same or higher amounts of overconfidence or curiosity when compared with their successful counterparties. These entrepreneurs saw the failure "as an entrance fee for entrepreneurship" (Ucbasaran et al., 2006). Hence, whereas numerous researchers endeavor to get it and, in this manner, help firms maintain a strategic distance from failure (Kets de Vries, 1985; Romanelli, 1989), others contend that disappointment gives a vital learning opportunity (McGrath & Cardon, 1997) and acts as a catalyst for assist financial and trade improvement (McGrath, 1999).

Riar et al. (2021) shows that the learning from the failure is effected from the on-time recognition of the entrepreneurial failure attribute. The direction of failure attribution which can be regarded as misfortunate (due to attribution towards external causes) or entrepreneurs' own mistake (due to attribution towards internal causes) may have different impact on learning. Thus, if there is a possibility to support entrepreneurs to increase the learning level and have more success in the longer time period, this will both benefit the venture itself as well as the society via the creation of new and sustainable ventures as well as future technological leaps (Yamakawa & Cardon, 2015).

CHAPTER 3

RESEARCH METHODOLOGY

The research part of the study was carried out within the framework of a qualitative research design. Within the framework of the literature examined for this purpose, interviews were conducted with the determined sample group. By examining the texts obtained as a result of the interviews, various inferences were made, and the findings were included. In this study, type of phenomenological research was selected within the framework of a qualitative pattern. Phenomenology is used to reveal the meanings of facts and to reveal a person's perception of a situation, and it is done for the purpose of a thorough understanding and examination of a subject that we have an opinion about but do not have an in-depth and detailed understanding of it (Sığrı, 2018). Within the scope of the research, initially, interview texts obtained from the participants were analyzed descriptively. Then, the content analysis phase was initiated, aiming to reach the concepts and relationships that could explain the data collected, and the data summarized and interpreted at the previous stage were subjected to a deeper process at this stage. Key steps in the content analysis include i) encoding data, ii) finding themes, iii) organizing codes and themes, iv) examining data, codes, and themes in the light, v) revealing and interpreting findings (Sığrı, 2018).
Content analysis is a commonly used qualitative research technique (Hsiesh & Shannon, 2005), while researchers can usually analyze sections in a journal, textbook or interviews using such techniques (Krippendorff, 2006). There are different methods of content analysis. Generally, accepted approaches are traditional, guided and summarizer (Sığrı, 2018). In traditional content analysis, encoding categories are derived directly from the text data. Summarizer content analysis usually involves counting, comparing the keywords or content, and then interpreting the underlying content. In this study, the summarizer content analysis method was used.

3.1. Data Collection

This study aims to reveal the reasons for the failure of the project owners who are unsuccessful in fundraising on crowdfunding platforms. Increasing the learning of

entrepreneurs from their failures, in the long run, will enable them to be more successful. Semi-structured interviews were conducted with the project owners, and the answers given to identify the reasons for failure in the fundraising phase were analyzed. Table 18 and Table 19 provide general information about the project owners who failed in the crowdfunding process.

Table 18. Demographic Characteristics of Entrepreneurs

Participant	**Education**	**Gender**	**Age**	**Target Fund Amount**
Participant 1	University	Male	42	100.000,00
Participant 2	University	Male	39	150.000,00
Participant 3	University	Male	44	180.000,00
Participant 4	University	Male	24	6.000,00
Participant 5	University	Male	24	10.000,00
Participant 6	University	Male	42	20.000,00
Participant 7	University Student	Male	26	150.000,00
Participant 8	University	Male	24	24.000,00
Participant 9	University	Male	43	100.000,00
Participant 10	University	Male	37	30.000,00

Source: Composed by the author.

Table 19. Project Features

Participant	**Venture Description**	**After Venture Failure**
Participant 1	This is a project where people can list and buy the products they are looking for by specifying the features they want and creating a demand according to the product they are looking for. At the same time, it aims to be a website where people can add their existing products and put them up for sale.	The project was put on hold due to a lack of funds.
Participant 2	The project emerged to cover the education and clothing expenses of children in need in villages outside the city.	Aid is delivered to the relevant villages on a small scale through associations.
Participant 3	The project is a system that can be mounted on off-road vehicles and brings 30 extra advantages. The macrobat tool saves 20% fuel, can turn from narrow distances, increases traction by at least 40%, and prevents it from flipping, slipping, and overturning on ramps. It provides better braking.	The prototype of the tool has been completed using different sources. An investor is sought for mass production.

Participant 4	The project aims to publish only the news that can interest students on a single site. The project aims to establish a blog for students, which includes news and information that will add value.	A website has been established with the means of the project owner, and efforts are being made to increase site traffic.
Participant 5	The project aims to identify certain walls in the streets upon agreement and paint on these walls.	The project was put on hold due to a lack of funds.
Participant 6	A project has been produced to develop a prototype for the defense industry of the unmanned aerial vehicle that can find plastic mines.	The project was put on hold due to a lack of funds.
Participant 7	The purpose of the Acoustic Zone was to allow amateur musicians to introduce themselves and thus facilitate their appearance in entertainment venues.	The project was put on hold due to a lack of funds.
Participant 8	The project aimed to provide information about cryptocurrencies to help investors and prevent them from getting scammed in this area.	There was no progress after the stage of not being able to collect funds in the application and the project continued with personal means and social media (telegram).
Participant 9	It was desired to proceed through two different projects. While the first was a helmet project for diving with less and light underwater equipment, the second was a fuel-free heat and energy generator with its internal cycle, which was planned to be less maintenance, almost zero emulsion, and can work for long periods.	Some equipment is still being developed, parts that will not be different in the long term are tested, and source research continues.
Participant 10	A project has been presented for the composers to sing their works together with the deaf people and spread the sign language.	The project was put on hold due to a lack of funds.

Source: Composed by the author.

3.2. Findings

Interview questions deal with three main topics: the reasons for the failure of the projects, the effect of the project owners on the belief of the project owners after the unsuccessful funding process, and the paths followed by the project owners after the unsuccessful funding process. According to the answers given to the interview questions, it has been observed that participants have different feelings and thoughts in expressing the reasons for failure. At some points, the interviewed individuals gave similar answers to the questions; but their experiences of those are different.

3.2.1. Causes of Failure

The reasons for the failure of the project owners who participated in the interview were generally examined under four main headings based on the answers given. These are access to finance, lack of qualified team members, lack of promotion/marketing, and lack of knowledge about crowdfunding platform operation.

3.2.1.1. Access to Finance

The development and continuation of the projects will be provided through financing. There are studies in the literature stating that the biggest failure of projects is not being able to raise funds. In the interview, the individuals said that they could not continue the project due to the problems they experienced in collecting funds as the reason for their failure confirms this situation. In addition, finding organizations to support entrepreneurs' projects is important for the success of the project and the continuation of the project. In cases where there was a capital problem, the projects were left half-finished or could not reach the desired level if they continued. However, it is not possible to say that only fundraising is the criterion of success. In addition, to fundraising, factors such as providing the necessary workforce and strong infrastructure of the project can be shown among the things that should be included in the project for the success of the project. Below are the answers given in the interview for the problems experienced by the unsuccessful project owners in raising funds.

Participant 2 stated that the biggest problem in the project was during the fundraising phase. The participant indicated that the project funding structure with rewards is quite problematic. He put Soma's famous halvah and honey from Bitlis as a reward because he was from Bitlis and conveyed that he had problems raising funds because the rewards were too small. He stated that the project would be more remarkable if he placed a bigger reward.

Participant 3 stated that he had problems during the fundraising phase, and he applied to state institutions such as KOSGEB. Nevertheless, he mentioned that the support received from such institutions could not provide any benefit in this sense since they are in minimal amounts. Finally, participant 3 stated that the product is in prototype condition, and they are looking for investors to start mass production.

Participant 5 said that the biggest problem is still not being able to raise funds. He stated

that he had difficulties explaining the project to the investors, and while presenting the project to the platform, they received revised requests, and the process was prolonged in this way, so they lost a lot of time. When he was unsuccessful in raising funds, he held meetings with the crowdfunding platforms staff and negotiated about adding different awards to the project, but there was no progress. Participant 7 stated that they applied to many places, contacted angel investors, and even tried to reach other crowdfunding platforms (foreign-based crowdfunding platforms). Participant 8 said they could not attract the investor's attention since crypto money was new and not widespread in Turkey during the project period. Participant 9 stated that he met with some foreign fund advisors. Some investors wanted to create personal resources but ended the negotiations because they could not provide sufficient confidence. Participant 10 stated that he could not find the fund he wanted from the platform and was stuck because he did not have a different environment where he could find investors.

3.2.1.2. Lack of Promotion/Marketing

As a result of the interviews, another reason for the failure of the project owners who failed in entrepreneurship is the inability to promote and market the project well. In the literature, studies are showing that small and medium-sized projects fail due to a lack of promotion and marketing. Furthermore, these studies have determined that situations such as applying wrong techniques rather than complying with traditional marketing techniques and promoting the projects are among the reasons for failure. Therefore, the absence of the marketing department can be shown as a significant shortcoming in the failure of the projects.

The participant thinks that he did not elaborate on the project, and the project description was too general. He believes that the project would make progress if the project were detailed in a more specific area. The participant emphasized that details should be explicitly given to the investors, such that certain walls or bridges will be worked on in the project. He stated that he had difficulties explaining the project to people.

The presence of an independent marketing department within the scope of the project to eliminate the promotional/marketing deficiencies of the project is essential both for the shortcomings in the area where the project will operate and for the success of the project. Furthermore, this will enable the project's development, the formation of a solid

infrastructure, and its reach to the broader environment, and thus help eliminate problems such as fundraising. Participant 6 stated that if a prototype could be produced within the project's scope, the probability of success would increase. Participant 7 said he had been mistaken in promoting the website and choosing a team. Participant 8 stated that the advertisements could not attract attention because they were weak. Participant 10 said that there was no software developer in their team, they had a lack of promotion, could not use images, and could not shoot sample videos.

3.2.1.3. Lack of Knowledge About the Operation of Crowdfunding Platform

Fundraising is seen as the most important source of success in the light of the studies in the literature and examples of failure. However, another issue as important as fundraising is education. It is known that entrepreneurship is not unique to people with talents. It is not innate. For this reason, people who have been trained in entrepreneurship need to make more precise decisions at the stage of project development to know which platforms to register, in short, which stages to follow. In addition, individuals who gain analytical thinking skills through education can achieve success in their projects. They will have sufficient knowledge about recognizing the field in which they will operate, seeing the deficiencies, and providing adequate infrastructure in the creation of the project and marketing. However, in this study, it was observed that participants did not have sufficient knowledge.

Participant 2 said he applied to the platform and said he never followed it, did not even remember it, and had no response. The project owner’s lack of knowledge played a significant role in the project's failure to reach the targeted funding amount for implementation.

Participant 4, on the other hand, stated that he opened the project for funding on the platform without any knowledge, for trial purposes, and that there was no progress after that stage. Participant 8 stated that they had many problems with the application providers, especially since they set up the first website and were charged extra. They also complained that things like prizes were not delivered. Finally, participant 9 stated that there is a problem in the field of funding throughout the country. Most people are not aware of the purpose of crowdfunding. They see it as useless or imaginary, depending on their education and experience, and they believe that supporting technological developments consists of a kind

of deception.

3.2.1.4. Lack of Qualified Team Members

In projects, the entrepreneur may not always have sufficient knowledge. However, the project owner should employ and manage qualified, skilled, capable, and knowledgeable people who are competent in their field. The problems that will arise during the project should be prevented, and the solution should be facilitated. However, if the entrepreneur fails to establish a team while starting the project, the project may either end or not reach the desired level.

Participant 4 mentioned the lack of a team as one of the reasons for failure during the interview. He stated that they found writers for the blog voluntarily, and because they could not pay any fees, they had difficulty finding an author, and even if they did, it was challenging to keep them on the team.

It is an issue that should be known that it is difficult to carry out the project by just establishing a team. The team to be selected must have certain characteristics. The established team must have technical competence. Making mistakes in accounting by people who do not have sufficient knowledge to carry out the work in the financial field may cause problems such as the termination of the project.

Participant 1 stated that they could not promote the project well due to the lack of software developers in the part of the work, and they could not provide a professional team somehow.

Besides the level of knowledge in the team established, the administrative process must also function properly. While developing the project, it may be beneficial for individuals to interact with other individuals, increase their belief in the project, and consult on strategic decisions. Entrepreneurs can help the project to be developed more efficiently by providing healthy business environment conditions to the employees. Participant 7 stated that he thought he made a mistake in selecting the team members due to the current conditions. Participant 10 said that there was no software developer in their team; they could not use images and could not shoot sample videos.

3.2.2. Failure's Impact on Commitment

Individuals who are not successful in entrepreneurship perceive failure as an adverse event. Especially in Turkey, many entrepreneurs consider failure as something to be ashamed of. It is possible to say that failure is as important as success stories. Because inferences can be made to detect the mistakes made in the projects and not apply the methods that will cause these situations. There are many lessons that entrepreneurs should learn from failure, the most important of which is not giving up. It can be said that learning lessons from the mistakes made and not making these mistakes in other projects is another important lesson. Finally, making mistakes is not a bad thing; on the contrary, it should be known that it is a guiding situation. This study revealed that the interviewees did not consider the failure as a bad event. On the contrary, they wanted to continue the project if sufficient funds were provided. It has also been stated that some entrepreneurs see failure as a lesson.

Participant 1 stated that something does not die unless buried in the ground and that he will take the project as far as possible. He noted that when he has the power to finance himself as a company, he will try to get the project back on its feet, and if he can't do it himself, he will leave it to his son.

Participant 2 stated that his belief in helping continues because it has a spiritual side to his project. There was no change in his commitment to the project; he continued to deliver aid to needy villages through associations.

Participant 5 said that his belief in the project did not disappear, but he could not realize the project was in its current state, and he had to focus on a certain goal. He stated that he gained experience during the project process, and he is in the growth period now; he has learned slowly and will take firmer steps from now on. Participant 6 stated that the failure was terrible for his country rather than himself and that if he went abroad, he would continue working on his project, and he was considering it. Participant 7 stated that there is no loss in the area of interest; therefore, he intends to restart the project as long as he has the opportunity. Moreover, he stated that he would like to advance more professionally and systematically if he entered entrepreneurship again. He would work with professional people instead of leaving the job to chance. Participant 8 stated that applicant providers lost their motivation, but their belief in the project did not fall in any way. Participant 9 stated that he was adversely affected by the failure, that one party's overly binding decision maker creates the risk of losing the project, and that the fund managers who want to have a stake show an oppressive and exploitative understanding in the context of the

personalization of the project. In addition, he stated that he felt that he was directed towards being a production worker rather than being the inventor or creator of the project in the future. Therefore, he was convinced that it is difficult to raise funds through crowdfunding, especially in Turkey. Participant 10 stated that failure has effects, but he still wants to realize the project because he is used to failure. He added that he did not believe there would be resistance without collapse and that he would start trying again when she recovered financially.

3.2.3. The Ways Followed After Failed Funding

People who fail to raise funds may leave their projects unfinished, give up on the project, or continue to try to develop them with their own means. Although everyone has a different answer about continuing the project, it is seen that their methods are similar. While some project owners are trying to raise funds using their close circles, others may leave their projects unfinished due to a lack of funds.

Participant 1 met with answers such as "We have met with many organizations like Chamber of Commerce, companies that provide mentoring support, web-based companies. However, unlikely these companies only support if the production is tangible."

Participant 2 only used the crowdfunding platform to raise funds. In addition, the participant, who actively uses social media, tried to collect donations as much as possible from the association pages and continued to deliver aid to certain rural neighborhoods, not to 54 villages.

Participant 3 explained the project to their acquaintances; He raised funds using his personal relationships. In that way, he found an investor and spent an 8-month maturation period for the project. He stated that the problem he is currently experiencing is not being able to establish a factory and start mass production because of the pandemic.

Participant 4 has opened its project to funding on more than one crowdfunding platform and has not used a different alternative finance source.

Participant 5 searched for investors with the help of his personal network, met many people during the fundraising process, and found investors. However, he could not spare much time for the project as his student life continued. Participant 6 stated that he sent his project to some industrial defense companies abroad but did not receive a response. Participant 7 said they contacted angel investors and even tried to reach other crowdfunding platforms.

Participant 8 stated that he tried to advance the project with his resources. Finally, participant 10 stated that he did not know about a different institution or organization where he could find investment.

3.2.2. Entrepreneurs' Attributions of Failure

Attribution theory explains the determinants of behavior with an achievement-oriented model (Cort, Griffith, & White, 2007). Weiner grouped the perceptual factors affecting an individual's performance under four headings: perceived ability, perceived effort, perceived luck, and perceived job difficulty (Specht, Fichtel, & Meyer, 2007). In this context, how the participants perceived their failures within the framework of internal or external factors was examined. The definitions and perceptions of failure from the answers given by the participants to the interview questions were evaluated, and they are shown in Table 20.

Table 20. Definitions and Failure Perceptions of Participants.

P#	Definition of Failure	Internal Factors		External Factors	
		Ability	Effort	Luck	Difficulty
1	It was stated that the project did not progress because of a lack of software developer support.				X
2	The award-based project type was chosen, and there were problems in raising funds because the awards were not very valuable.				X
3	Problems arose during the fundraising phase. State institutions were consulted, but it was stated that no benefit could be achieved because the support was minimal.				X
4	The necessary team for the success of the project could not be established. Although there were volunteer writers, it was not long-term because the fee was not paid.				X
5	It was stated that the project was not detailed enough and was formed very generally.		X		
6	It was stated that it was unsuccessful because sufficient funds could not be found, and the prototype could not be produced.				X
7	It was stated that the promotion of the project with his teammates was not done well, as time was limited, and they were in		X		

	vacation mode during the summer period.				
8	It was stated that during the project period, crypto money did not attract the investor's attention as a source, as it was not widespread in Turkey and was also weak in advertising.				X
9	It was stated that the establishment purpose of the investment platform is insufficient (the main goal is not to be recognized with projects but to attract the attention of the project owners to increase the number of members).				X
10	Lack of software developers in the project team, lack of promotion, and not allocating the necessary time for the project.	X	X		

As seen in the table, most entrepreneurs attribute their failures to external factors. Only three participants stated that they were unsuccessful due to internal factors. All the reasons for the external factors were associated with difficulties. Participants 2, 3, and 6 indicated that they had a big problem in the fundraising phase and that it was challenging to provide rewards and funding. Participants 1 and 4 highlighted the difficulty of forming a team. Participant 8 stated that they experienced extreme challenges in terms of application providers. In contrast, participant 9 stated that there was a problem across the country finding funds in the field of funding.

Failure by any participant was not attributable to luck. Internal factors, on the other hand, are more related to effort. Participant 5 had difficulties explaining the project to people. Participant 7 stated that they did not spend much time on promotion as a team, and this was because they spent less effort since it was the summer period. Participant 10 stated that he could not put forward a good visual for promotion and could not spare much time for the project. All three participant's projects were put on hold due to a lack of funds.

The findings of the study overlap with some of the common mistakes in crowdfunding, which Kuin noted in his study and shown in Figure 9. Some participants made statements about not launching hard enough. Participant 6 stated that they could not develop a prototype and participant 7 stated that they had problems in promoting the website. Participant 4 complained that her teammates were not active enough. Participant 10, on the other hand, mentioned that they could not use quality materials because there was no software developer in their team. This was a fail to signal quality.

CHAPTER 4

DISCUSSION and CONCLUSION

In this study, the reasons for the failure of the project owners who used award-based crowdfunding platforms were examined. The common view expressed by the entrepreneurs as the reason for failure is the inability to reach the necessary financing to realize their projects. Apart from the problem of access to finance, the reasons for failure can be listed as lack of qualified team members, lack of promotion/marketing, and lack of knowledge about the platform's operation.

It is understood from the answers given by the participants in the interviews that they mostly have difficulties finding funds. Some participants emphasized that they could not attract the attention of investors due to a lack of good promotion, while others for various reasons. Among these reasons, there were reasons such as not having a good team, not allocating the necessary effort and time, not having a prototype, and not being able to explain the project well. In this case, like Riar et al.'s (2021) study, we can state that investors were reluctant to provide the necessary funds for the project. Some entrepreneurs who could not find funds for their projects through the platform continued the project with their resources. But in this case, we might expect the financial costs of business failure to be a major obstacle to subsequent entrepreneurial activity (Ucbasaran et al., 2006). Especially when more than one person owns the project, the executives allocate their resources to more projects than others and state that they feel betrayed if they fail (Heinze, 2013). Although Cardon and Stevenson (2011) examined the lack of resources under the factor of misfortune in their research, no such attribution was found by the participants in our study.

Another reason for failure is the lack of an adequate level of marketing. On the other side, some argue that a crowdfunding campaign could still be considered successful because it could simultaneously be a marketing campaign as it brings attention to a new initiative (Kuin, 2016). We can also include the fact that there was not enough market research before the project. Some participants recommended that other entrepreneurs do sufficient market research before starting the project. The reasons for not being able to market were not having enough information and not having someone on the team to do that. Insufficient funds or poor marketing prevented investors from supporting the project adequately. This

result supports Riar et al.'s (2021) study. In Cardon et al.'s (2011) study, poor marketing was expressed as the management problem of the platform. In our study, a participant similarly emphasized that the platform intended to gain members rather than promotion.

Participants needed different skills while preparing or presenting their projects. For this purpose, they established a project team or received external support. Problems were experienced because the team members did not make enough effort or did not have the necessary skills, and these issues were mentioned by the participants in the project failures. Naquin and Tynan (2003) suggest that actors attribute failure to individuals rather than teams when they lack teamwork experience. However, since this subject has not been examined in detail within the scope of the current research, it may be appropriate to evaluate it in future studies. Riar et al. (2021) suggest that as a lesson learned, being aware of your skillset, then looking for a complementary team member. Takahashi (2006) indicates that working closely with and communicating with others in teams teaches about the value of resilience.

It was mentioned earlier that failure was a disturbing phenomenon. However, it was observed that the effects of failure on the participants were mostly positive. Many of them intend to continue their projects when they have the opportunity. It is thought that the increasing prevalence of entrepreneurship in the literature and general culture, and the prevalence of failure due to the nature of entrepreneurship, lead to more learning and acceptance of this phenomenon. Most of the participants (70%) attributed the failure to difficulty from external factors. This does not support the study of Ljung (2020). Manter et al.'s (2013) study reveals that, in a broader context, failure is attributed to internal or external actors. In our study, some participants attributed the failure to their teammates inside, while others described it as the platform's failure. Despite this, it has been observed that entrepreneurs learn some things from their failures. The most important of which is not giving up. Participants generally stated that they intend to continue their projects on other platforms. Some of them stated that they intend to continue their projects abroad. One of the reasons for this may be the participants' intention to eliminate their failures somehow. They may have made such a statement by showing social desirability.

To summarize the findings, it can be stated that the research results are compatible with the literature, and we can state that the failures of the entrepreneurs reveal many things about how they affect them and their projects. It is crucial to understand the causes of entrepreneurship failure and take precautions regarding these failures. Accordingly, for the entrepreneurs to meet their projects with the investors in the right way, the project owners

must receive entrepreneurship education, conduct market research for the projects they will develop, and focus on the points they deem lacking. The fact that the individuals employed in the project are sufficient in terms of knowledge, skills, and experience is an important factor in minimizing project failure. For the investors to understand the project correctly and see the value of the investment, the project's infrastructure should be solid, and the project should be detailed. Proper promotion and marketing and sufficient information to persuade the financiers may contribute to the project's success. Since the entrepreneurs cannot dominate all the subjects in the project, it is necessary to effectively manage the people employed for the project and guide them correctly in terms of project goals. The healthy functioning of the business environment, strong communication among individuals, providing the necessary infrastructure, and increasing the belief of the employed individuals in the project will be effective in the development of the project. Entrepreneurs creating healthy working environment conditions for the people can help develop the project.

As a result, before starting a project, entrepreneurs need to conduct market research, attach importance to employment, and benefit from the experience of unsuccessful people. The fact that the project is oriented to the market's needs can also be shown among the criteria for success; in the research, it has been stated that many unsuccessful people turn to the development of products for the areas that the market does not need. It also enables the entrepreneur to discover his strengths and weaknesses and to have an idea beforehand whether he will be successful or not.

The research has some limitations. Firstly, it was carried out with a qualitative research pattern and was limited to the opinions of the 10 participants. Therefore, in future studies, besides participant interviews, more in-depth research can be conducted on some of the areas mentioned in a case study. For example, in future studies, different studies can be conducted within the framework of a quantitative research design and with data to be obtained from a larger sample. In addition to the reward and donation methods examined in this research, other types of systems can be examined. Secondly, there may be bias in the comments made by the participants about the platforms.

In future studies, case studies can be done by determining the phenomenon thoroughly. Therefore, it is thought that more in-depth information will be obtained in case studies. It is hoped that the study results will benefit researchers, managers, and other interested people working in the field.

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APPENDIX 1.

Interview Questions

Before starting the interviews, the interviewees were guaranteed that their identity would be confidential and all the information from them too. They were informed that the interviews would be recorded to analyze all the information needed just for the purpose of this study, and the interview process took about an hour for each participant.

1. What is your name and how old are you?
2. Can you mention your educational background and prior work experience, if any?
3. Could you give brief information about your project?
4. What calculation method did you use for the targeted fund amount?
5. If you submit your project for funding again, will the targeted funding amount be the same?
6. What are the problems you faced during the project?
7. Have you had a different entrepreneurship experience?
8. Were you working on the project alone or as a team?
9. Which factors do you think are effective in not reaching the amount of the project you targeted?
10. At what point exactly did you fail to make progress?
11. Did you follow a different path when your project could not reach the fund amount you targeted? Another platform or alternative sources of finance etc.
12. Did not being able to reach your desired goal in crowdfunding have an impact on your motivation?
13. Did not being able to reach your desired goal in crowdfunding have an impact on your belief in the project?
14. As a result of all these stages, what is the final stage of the project?
15. What have you learned from this experience? What would you do differently if you applied again right now?
16. What are your suggestions to project owners who plan to raise funds using crowdfunding platforms?