

Crowdfunding to Finance SMEs: New Model After Pandemic Disease

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Received: 11 August 2023 Accepted: 1 October 2023 Published: 5 October 2023

Abstract

The purpose of this paper is to find out the success of crowdfunding in finance SMEs (Small and Medium Enterprises) and business startups during and after the Corona Virus Pandemic (Covid19) in Indonesia and Malaysia. Methodology - This research uses a quantitative approach. The questionnaire was distributed to SMEs owners or operators who already knew about crowdfunding domiciled in Indonesia and Malaysia, each country as many as 100 respondents. To find out the influence and significance of Crowdfunding perception, Social norms, Regulation, Entrepreneurship and Technology, and Capital Market on the success of Crowdfunding by using multiple linear regression analysis. Finding – in Indonesia, of the 5 variables studied all showed positive and significant influences with levels of influence varying from weak to medium correlations, except perception variables that showed weak and insignificant influences. In Malaysia, all variables have a positive and significant influence on the level of influence from weak to moderate correlation. Limitation – this study was conducted in Indonesia and Malaysia during the pandemic period with policies on social distancing, physical distancing, and work from home. Originality – This is the first paper to report research on the impact of Corona virus on crowdfunding in Indonesia and Malaysia.

Keywords: Covid19; Crowdfunding perception; Social norms; Regulation; Entrepreneurship and Technology; Capital Market.

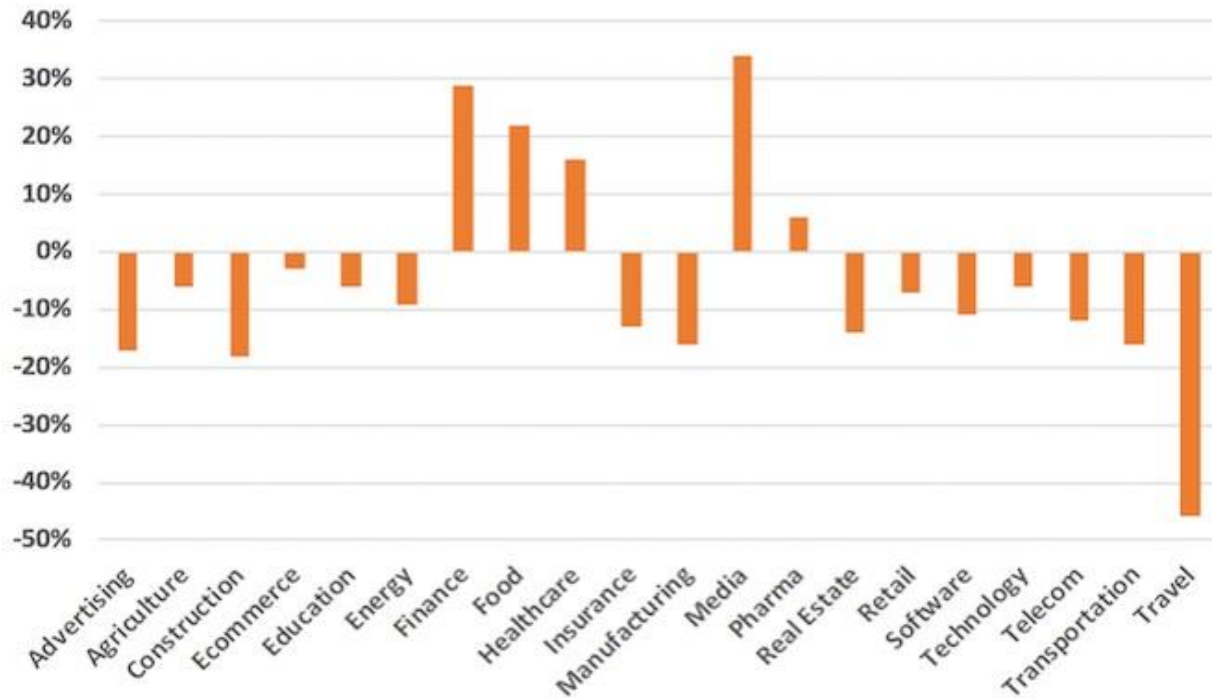
Introduction

The presence of Coronavirus 2019 (Covid-19) in Malaysia was first reported in January 2020 when tourists from China arrived through Singapore on January 25, 2020. Covid-19 was reported to have originated from Wuhan, Hubei, China in December 2019. Within a few weeks, Malaysia had recorded the largest cumulative number of confirmed Covid-19 infections in Southeast Asia exceeded the 2,000 limits inactive cases at the end of March compared to less than 30 at the beginning of March 2020. On March 16, 2020, the virus was reported in every state and federal region in Malaysia. To reduce the spread of COVID-19, the Prime Minister adopted a social distancing policy in the form of a Movement Control Order (MCO) that took place between 18-31 March 2020, also restricting people from traveling to other countries that had been declared as areas affected by a coronavirus. Considering the increasing number of COVID-19 cases, the MCO was extended until May 12, 2020. As of May 4, 2020, Malaysia reported 6,353 cases consisting of 1,764 active cases, 4,484 recoveries, and 105 deaths, with a relatively low fatality rate of 1.65%. https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Malaysia.

In Indonesia, the coronavirus was first confirmed on March 2, 2020, when a dance instructor and his mother were infected by a Japanese citizen. On 9 April 2020, the pandemic had spread to 34 provinces. So far Indonesia has recorded 11,587 cases with 864 deaths with a fatality rate of 7%, including one of the highest in the world. The number of deaths due to COVID-19 in Indonesia may be far higher than reported. This case is reportedly the second-highest in Southeast Asia after Singapore. https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Indonesia.

The impact of COVID-19 on the economy of the country and the world has been enormous, since it was announced by WHO (World Health Organization) on March 11, 2020, as a global pandemic. This triggered the pessimism expressed by UNCTAD (United Nations Conference on Trade and Development) that COVID-19 will make the world economy decline by +/- US \$ 1 trillion and world economic growth below 2% far below the previous prediction of 2.5% (World Bank, January 2020) In addition to disruption of supply chains to and from China, the lockdown policy of several countries also the decline in oil prices has worsened economic conditions in 2020. <https://www.who.int/indonesia/news/novel-coronavirus>.

The impact of Covid19 on the growth of several business sectors was negatively affected, including the travel sector (-45%), construction (-28%), advertising (-27%), manufacturing (-16%), insurance (-13%), and several sectors other business. But on the other hand, several business sectors were positively affected, such as the media sector experiencing positive growth (+ 34%), finance (+ 28%), food (+ 22%), healthcare (+ 16%), and pharmacy (+ 4%) <https://www.pwc.com/id/en/covid-19-potential-business-impact-for-indonesia.html>, as shown in figure 1.



Source: <https://neilpatel.com/coronavirus/>

Figure 1. The business sector affected Covid-19

The financial sector was one of the positive affected COVID-19 even though the banking and insurance sectors experienced a contraction of negative growth. The financial sectors that were positively affected by COVID-19 were Fintech and Crowdfunding. Some popular crowdfunding sites in Indonesia are 1) kolase.com which provides funding for creative industry players, musicians, event organizers, book writers, and creative planners; 2) Akseleran, giving loans to SMEs; 3) kitasa.com, a site that houses people/institutions to donate or raise funds; 4) ayopeduli.id, funding for social and religious issues; 5) GandengTangan, funding micro businesses for sustainable social interests (<https://www.idntimes.com/business/economy>). Crowdfunding players in Malaysia include 1) mystarts.com, funding creative projects, films, games, music, art, design, and technology; 2) pitchin.my, moves on equity and reward-based crowdfunding; 3) skolafund.com, funding students, and university students from low income who have high academic records; 4) fundaztic.com, funding micro-entrepreneurs, and startups; 5) crowdplus.asia, funding SMEs with an equity base in Southeast Asia with Malaysia as a hub (<http://top10malaysia.com/main/malaysian-crowdfunding-companies-top-10/>).

Since COVID-19 is predicted to circulate between the next 4 months to 2 years, therefore optimism must be voiced louder. Some countries treat economic stimulus in the form of direct cash assistance (in the USA of the US \$ 500 billion, US \$ 1,000 per taxpayer), loan guarantees for the tourism/travel/hotel sector, airlines and cargo, and a 100% guarantee for MSME sector loans with the aim of continuity employment for its employees [1]. This is the right time to conduct self-reflection related to the implementation of good business ethics and improve relations with the social environment to reduce negative impacts while maintaining and fostering positive impacts

including corrective policies in the economic and financial fields to create new business behavior after COVID-19 [2].

The European Crowdfunding Network in early April 2020 surveyed crowdfunding platforms in Europe to identify potential impacts related to Covid19. The survey was conducted in 14 European countries for all types of crowdfunding (donations / awards-25%, loans-35%, and equity-40%). It was reported that there was a high negative impact on capital flows from investors, also a high negative impact was reported on the flow of agreements with a reduced number of new projects [3]. Previously the European Commission on February 4, 2020, had issued a "Digital finance outreach 2020" which contained concerns of the European community regarding the impact of Covid19 on the financial sector including crowdfunding in Europe. There has been no scientific research report on the impact of Covid19 on Crowdfunding in developing economies, such as Indonesia and Malaysia.

The alarming complexity of COVID-19 and the threat of an economic crisis that might occur beyond the 1997-1998 financial crisis then raises the question, "Can Crowdfunding carry out its role in funding the positively affected sectors of COVID-19?" to answer this problem the study was carried out during the coronavirus pandemic in Indonesia and Malaysia, by distributing questionnaires online.

Literature Review

The world has changed and the more dynamic in everyday environments, including in the business environment, all to be very competitive and difficult to survive. Lots of small and medium entrepreneurs are afraid of this competitive environment, due to funding's latest innovation the more difficult to obtain and the investors are afraid of the uncertain risks. Some challenges that are often discovered by entrepreneurs are the lack of funding sources for the development of their products. Therefore, crowdfunding can be an alternative for investors to help develop businesses that have not evolved. Crowdfunding provides a new way that enables everyone can start a business from all over the place [4].

Crowdfunding is the practice of funding the project or business, basically through the Internet, providing funding in the form of a donation (without compensation) or exchange for some form of recognition and/or voting rights to support the initiative for a particular purpose [5]. Crowdfunding is a financial term to recover after the financial crisis in 2008 as an alternative funding/capital for new businesses around the world [6]. According to the World Bank [7], crowdfunding can describe as a fatherly way to use internet businesses and organizations to obtain money (capital). Ranging from the US\$ 1,000 until the US\$1 million in contributions or investments from various parties. Crowdfunding is an online-based on a finance extension that was founded by friends and family, community premises other words that raise money to fund members joined, and have a business idea.

Most entrepreneurs face the common problem of lack of funds and also difficult to obtain funding by attracting external capital or funding at the beginning of their new product development.

Investors and some banks also became prefer to avoid risks to protect their investment from the risk of financing new businesses [8]. Therefore it is, not easy for entrepreneurs to get financial support at the current time [9] (Srairi, 2019). Because of this, crowdfunding comes as an alternative tool to settle financial issues for the kick starter. Crowdfunding is still seen as an alternative/new way to obtain funding in many developing countries, including Indonesia and Malaysia, therefore it is there are still many difficulties to get a positive response from the community since most of them afraid of taking risks and uncertainty when trying to crowdfunding [10] (Wahjono and Marina, 2016).

Crowdfunding implementation is very important to improve financing capabilities for small or new ventures in developing countries [11] (Horisch, 2019). As the growth of financial capabilities is a significant change and unstable in the country's economy, the number of an entrepreneur is the factor affecting the growth [12] (Bagheri et al, 2019). Even in South East Asia, crowdfunding is still in the growing stage, and factors that influence is the technology itself and how fast the implementation will take [13] (Cumming and Zhang, 2019). Therefore, the researcher stresses the importance of identifying an entrepreneur's involvement in crowdfunding as the main proposed of this research.

According to Bender et al [14] (2019), in simple terms, crowdfunding is the financing of a project or a venture by a group of individuals instead of professional parties (like, for instance, banks, venture capitalists or business angels). In theory, individuals already finance investments indirectly through their savings, since banks act as an intermediary between those who have and those who need money. In contrast, crowdfunding occurs without any intermediary: entrepreneurs "tap the crowd" by raising the money directly from individuals [15] (Gooch et al, 2020). The typical model of communication is through the Internet [16] (Kshetri, 2018). A relatively new form of informal venture financing called "crowdfunding" allows entrepreneurs to directly appeal to the general public for financial help in getting their innovative ideas off the ground. Besides that, related to crowdsourcing, crowdfunding involves an open call (through the Internet) for the provision of financial resources either in the form of donation or in exchange for some form of reward to support initiatives for specific purposes [17](Gleasure and Feller, 2016). For nowadays, crowdfunding is one of an important platform to gather all investor and entrepreneurs in one place to reach the same goals based on an internet platform and makes easier to everyone to join to help them all [18] (Garcia-Teruel, 2019).

Crowdfunding in Indonesia and Malaysia

Ahead of the ASEAN Economic Community (AEC) countries in Southeast Asia turned out to continue to improve. Not only the country, organizations, and individuals are also continuing to innovate to encourage economic change. One of the visible in recent years is the growth of crowdfunding initiatives and crowdlending in Indonesia and Malaysia. Crowdfunding exists in four types: based on donations, based on reward, lending, and equity-based [19] (Wonglimpiyarat, 2018).

In the form of donation, the borrower does not need to return the money that he received. Based on lending (crowdlending) means the borrower has to return the money that he borrowed with pay in installments, so that is one interaction and developing partnerships between borrowers and lenders. Meanwhile, equity means the lender also obtains capital on business profits that will be obtained by the borrower [20] (Jancenelle et al, 2019).

Malaysia has a crowdfunding platform, named crowdo. This equity-based crowdfunding platform founded by Leo Shimada and Nicola Castelnovo. What makes it interesting from crowdfunding in Malaysia is the Malaysian government already has investment regulations in crowdfunding. As we can read in the crowdo website, the Malaysian government giving limits the investment for individuals to RM 50,000 in one year. As for angel investors can reach RM 500,000 in one year [21] (Wang et al, 2019). Crowdfunding development in Indonesia is greatly rapid. In the realm of donation-based crowdfunding, we have some platform like Wujudkan, KitaBisa, or AyoPeduli. In March 2015 also has emerged loan-based crowdfunding familiar with crowdlending. The name of the Crowdlending platform is GandengTangan. For five months of running, GandengTangan already has three projects funded [22] (Lee and Sohn, 2019).

The emergence of a crowdfunding platform and crowdlending in Indonesia and Malaysia is a sign that everyone now has easy access to funding. Some crowdfunding platforms and crowdlending in two countries are not achieved success yet. The key to success is the collaboration between the platform and real public participation [23] (Moss et al, 2018).

Entrepreneurship in Indonesia and Malaysia

According to GEM (Global Entrepreneurship Monitor) [24], The economic outlook of Indonesia is promising, both in terms of economic growth and business growth. In terms of its economic growth, Indonesia has been a relatively stable condition, demonstrated by a consistent growth rate of the annual GDP of Indonesia in the last fifteen years. From 2004 to 2019, Indonesia's GDP growth rate has always been above 4% (based on data from the World Bank, Indonesia's GDP growth rate is between 4.5% to 6.3%).

Stronger entrepreneurial condition is identified by the new startup's creation and the ability of existing entrepreneurs to scale up and strengthen their businesses [25] (Kuckertz et al, 2019). To be able to create a stronger entrepreneurial condition, the Indonesian GEM study shows that education level affects the nascent and new entrepreneurship rate with opportunity-motive, with a significant difference of being an opportunity motive of those who have graduated from high school and tertiary education degree. Thus, improving educational quality in entrepreneurship, especially for high school and university students or graduates is important [26] (Fellnhofer, 2019).

According to the Global Entrepreneurship Monitor, Malaysia's TEA (Totalearly-stage Entrepreneurial Activity) rate is fairly low within the efficiency-driven economies. It is the third lowest and shares this spot with Romania. However, in comparison with previous years, the TEA rate for Malaysia has increased by 0.56% to 4.96% compared to the previous year (4.4%). National Expert Survey (NES), indicates that Malaysia provides much assistance in terms of infrastructure and funding to encourage more young entrepreneurs especially for small and medium enterprises

(SMEs). Now, SMEs are becoming a common form of employment and they tend to be engines of job creation, seedbeds for innovation, and entrepreneurship [27] (Genc et al, 2019).

Malaysia is seen as having only 5% of customers outside Malaysia. We are behind by almost 20% as compared to countries that hold the highest percentage of TEA with an international orientation. But, it is not impossible if the government increases the export of the country by promoting Malaysia's tropical fruit and palm oil which has good export potential. On a positive note, the number of women entrepreneurs in Malaysia has increased due to support from many parties such as government, private organizations, and international groups [28] (Abdullah et al, 2015). For example, the National Association of Women Entrepreneurs of Malaysia (NAWEM) was an entrepreneur. There are plenty of good opportunities in Malaysia for the creation of new firms which have increased considerably in the span of the last five years [29] (Ahmad et al, 2014).

Theoretical Framework

As described in the framework, it shows how all the variables are interrelated and have their characteristics as an effective way for entrepreneurs to seek funding. Crowdfunding is a new platform that enables entrepreneurs to earn money online and directly and can be implemented as an alternative way to get funding, while other variables such as perceptions of crowdfunding, social norms, regulation, employers and technology are the variables that support crowdfunding can be implemented as a way funding alternatives based on variable codes in each ASEAN country.

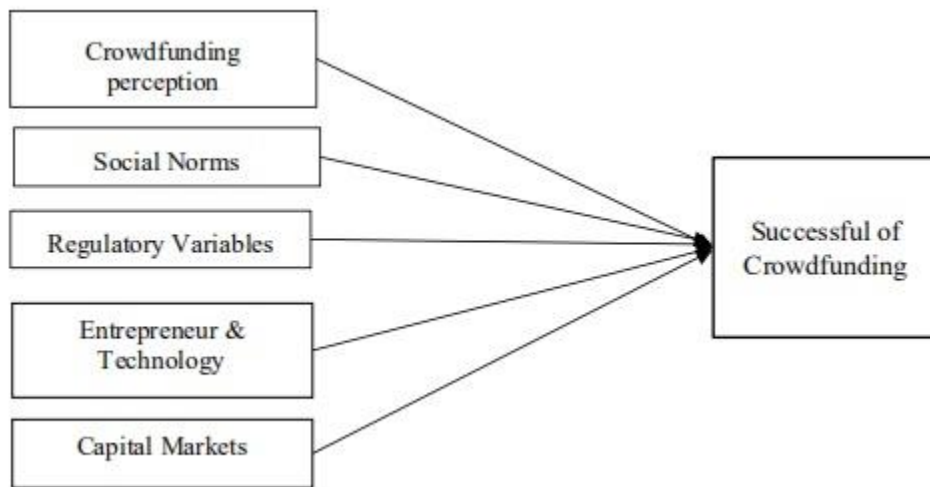


Figure 2. Theoretical framework

Hypo-Theses

This study uses a theoretical framework and hypotheses as is drawn in Figure 2.

About the research background in the previous discussion, the hypotheses are formulated as the following:

H1: Crowdfunding perception has a positive and significant relationship toward the Successful of implementation crowdfunding as an alternative way.

This hypothesis base on Wehnert et al [30] (2019). In this variable we know the respondents' answers about Crowdfunding is about selling products and services through social media and networks, Crowdfunding exists based on funds only from a charity, there is no major difference between crowdfunding and another funding sourcing, Crowdfunding occupy intermediate positions between business and non-profit organization

H2: Social Norms have a positive and significant relationship with the Implementation of crowdfunding as an alternative way.

This hypothesis base on Zheng et al [31] (2014). In this factor we know the respondents' answers about As a career path, people view crowdfunding in your country in a favorable way, building a trusting relationship between individuals takes a great deal of time and experience, Incubators/accelerators in my country are actively teaching crowdfunding, people are very comfortable using online rating systems (the like button, feedback, star ratings, and so on) on websites.

H3: Regulatory has a positive and significant relationship toward the Implementation of crowdfunding as an alternative way.

This hypothesis base on Walthoff-Borm et al [32] (2018). In this part we know the respondents' answers about The level of regulation/process complexity involved in starting a business today is very easy, High engagement of the population towards social media including LinkedIn, Facebook, Twitter, other local social networks, Crowdfunding in my country is fostered by the NGO's, Government is focused primarily on investor protection, Government is focused primarily on access to capital for businesses.

H4: Entrepreneurship and Technology have a positive and significant relationship toward the Implementation of crowdfunding as an alternative way.

This hypothesis base on Chen et al [33] (2018). In this section we know the respondents' answers about The level of Internet and/or mobile smartphone penetration in your country is good enough, High engagement of the population towards social media including LinkedIn, Facebook, Twitter, other local social networks, The banking system uses and supports electronic funds transfers, or are other Internet or mobile money transaction enabled services are available, Business skills (accounting, marketing, and so on) are already learned.

H5: Capital Market has a positive and significant relationship toward the Implementation of crowdfunding as an alternative way.

This hypothesis base on Bender et al [34] (2019). In this variable we know the respondents' answers about Financing for a start-up is provided by governments/banks, Financing for a

start-up is provided by friends and family, Banks are active in lending to small businesses and start-ups, Angel investors are actively making investments in early-stage businesses.

Methods

This paper is a policy study that aims to explore information related to the role of crowdfunding in funding SMEs in Indonesia and Malaysia. This study uses a quantitative approach. The questionnaire was designed based on previous research using a Likert Scale with 5 closed answer choices. Very bad answers or poor on a scale of 1 and very good answers on a scale of 5 was distributed to the owner or operator of SMEs who had known about the existence of crowdfunding which is domiciled in Indonesia and Malaysia as many as 100 respondents in each country. The questionnaire answers returned were 62 SMEs operating in Indonesia and 48 SME's operating in Malaysia. The response rate on average is 55%, distributed through internet-based (google form). Data analysis uses multiple linear regression. Hypothesis testing using SPSS v 26.0. The findings of this study provide recommendations for policymakers in designing or redesigning crowdfunding in times of crisis (COVID-19) or when anticipating special conditions (natural disasters, financial crises, recessions, or other special conditions).

Results & Discussion

Demographic Analysis

Descriptive statistics are used to describe the basic features of the research participants. Data analysis shows the basic demographic of data collected from 110 respondents in Malaysia, Indonesia, also the results from questionnaires regarding the perceptions, social norms, regulatory, entrepreneur and technology, and also capital market to influence the crowdfunding as an alternative way to solving entrepreneur financing problem in ASEAN country. In the questionnaire, the demographic of respondents are covered gender, age group, educational level, occupation, nationality, and entrepreneurship engagement.

Table 1 Demographic Respondent

		Amount	%
Gender	Male	70	63.6
	Female	40	36.4
Age	21-30 years old	60	54.5
	31-40 years old	33	30.0
	41-60 years old	17	15.5
Educational level	Master / S2	20	18.2
	Baccalaureate / S1	80	72.7
	Diploma	06	5.5
	Secondary/High School	04	3.6
Occupation level	Self Employee	15	13.6

	Employee	40	36.4
	Student	54	49.1
	Housewife	1	0.9
Nationality	Indonesia	50	45.5
	Malaysia	44	40.0
	Thailand	09	08.2
	Philippines	07	06.4
Entrepreneurship engagement	<5 years	57	51.8
	6-10 years	33	30.0
	11-15 years	11	10.0
	>16 years	09	8.2

Respondents are mostly men (63.6%) and young between 21-30 years old. The education level of most respondents is Baccalaureate (72.7%), while the occupation level of the most respondent is a student (49.1%). The nationality of most respondents in Indonesia (45.5%) and Malaysia (40.0%). There are respondents with Thai (8.2%) and Filipino (6.4%) nationalities because they are studying in Indonesia or Malaysia and are also conducting business activities. Most respondents were initial business people (<5 years) of 51.8%.

Hypothesis Testing

The rules of acceptance hypothesis testing are accepted if have a positive coefficient and higher significance than 0.05. In table 2 shows that H1 rejected but H2, H3, H4, and H5 are accepted. For SME entrepreneurs who live in Indonesia, the success of crowdfunding implementation is determined by social norms, regulatory, entrepreneurship & technology, and capital markets. But it is not influenced by the perception of crowdfunding.

Table 2 Hypothesis testing for Indonesia

	Coefficient Range	Strength of Association	Significance	Acceptance of Hypothesis
H1: Perception of Crowdfunding	0.231	Weak correlation	0.070	Reject
H2: Social Norms	0.348	Weak correlation	0.006	Accept
H3: Regulatory	0.500	Medium correlation	0.000	Accept
H4: Entrepreneurship & Technology	0.424	Weak correlation	0.001	Accept
H5: Capital Markets	0.629	Medium correlation	0.000	Accept

In table 3 shows that all of the hypothesis is accepted. For SME entrepreneurs who live in Malaysia, the success of crowdfunding implementation is determined by the perception of

crowdfunding, social norms, regulatory, entrepreneurship & technology, and capital markets. But it is not influenced by the perception of crowdfunding.

Table 3 Hypothesis testing for Malaysia

	Coefficient Range	Strength of Association	Significance	Acceptance of Hypothesis
H1: Perception of Crowdfunding	0.647	Medium correlation	0.000	Accept
H2: Social Norms	0.609	Medium correlation	0.000	Accept
H3: Regulatory	0.682	Medium correlation	0.000	Accept
H4: Entrepreneurship & Technology	0.434	Weak correlation	0.004	Accept
H5: Capital Markets	0.642	Medium correlation	0.000	Accept

Crowdfunding Design in the Covid-19 period

Research on the success of crowdfunding during the coronavirus pandemic (Covid-19) in Indonesia and Malaysia found evidence that crowdfunding success is determined by 5 factors namely the Perception of crowdfunding, Social norms, Regulatory, Entrepreneurship & Technology, and Capital Market.

Perception of crowdfunding

Public perception of crowdfunding is: a) Crowdfunding is about selling products and services through social media and networks, b) Crowdfunding is only based on funds from charities, c) There is no big difference between crowdfunding and other funding sources, d) Crowdfunding occupies intermediary positions between businesses and non-profit organizations.

The findings of this study are less favorable for crowdfunding success, especially in Indonesia, besides its weak influence is also not significant. It is different in Malaysia which finds evidence that the influence of perceptions about crowdfunding in the community on the success of crowdfunding is medium and significant. The conduciveness of perception of crowdfunding can be balanced with the influence of other variables, for example by increasing the influence of social norms, regulations, and technology. Such as medical research by Aleksima et al [35] (2019) which found evidence that the lack of success of crowdfunding campaigns can be closed by establishing and maintaining professional contact through social media such as tweeters and the use of other applications based on internet technology.

This study found evidence that weak and insignificant perceptions of crowdfunding, as in Indonesia, show that crowdfunding cannot be accepted as one of the business media. The

community considers that crowdfunding is only a fundraising medium for social rather than business purposes. The trust factor, especially from potential lenders or potential investors, is an important key to the success of crowdfunding.

This finding is in line with Strohmaier et al [36] (2019) which states that distrust is the main deterrent for someone who becomes a funder. The findings of this study are also in line with Gerber et al [37] (2012) and Wehnert et al [38] (2019) that a potential customer is interested in campaigning for funding on a crowdfunding platform because he believes that the platform can meet his needs, and a potential lender or investor is motivated to funding a project or business is because it believes that the money will be useful, used as campaigned and believes that the money will return.

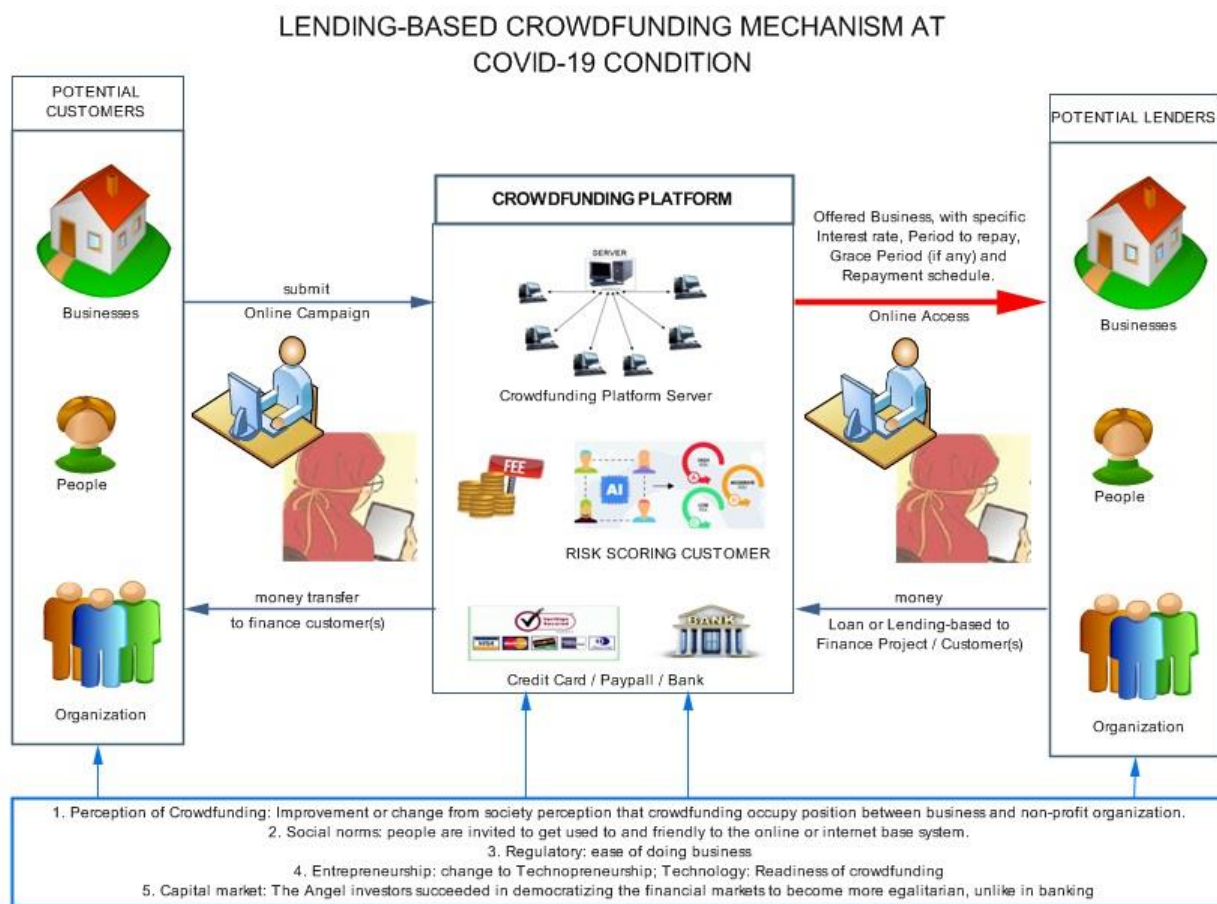


Figure 3. Redesign of Crowdfunding Mechanism in the Covid-19 period

Social norms

The findings of this study found evidence that there are social norms that view crowdfunding: a) as an unfavorable career path, b) require a lot of time and experience in building trusting

relationships between individuals, c) Business incubators have not supported crowdfunding, d) the community has not to feel comfortable using an online ranking system (like button, feedback, star rating, etc.) on a website or the internet. This finding confirms that the influence of social norms on the success of crowdfunding in Indonesia is weak (0.348) although significant, but the influence of social norms in Malaysia is medium (0.609). Increasing the magnitude of the influence of social norms can be achieved by increasing the content of business campaigns that involve the participation of the general public such as testimonials to the benefits of crowdfunding for businesses that are developing in the community. Government or financial authority (Central Bank and Financial Services Authority) is expected to increase efforts to promote financial inclusion online. Besides, the use of RSC (Risk Scoring Customer) application assistance to recognize characters and various information about potential customers quickly with the help of big-data servers owned by RSC providers who collaborate with crowdfunding platforms will facilitate the formation of a fair social norm when the crowdfunding platform decides to pass or not a project or business campaign.

This finding is in line with research by Robiady et al [39] (2020) who found storytelling techniques to increase customer involvement and the achievement of successful donations. This research is also in line with Sahaym et al [40] (2019) which states that the success of a crowdfunding campaign is mediated by social media contributions.

Regulatory

here are 5 components in the regulatory indicators in this study, namely: 1) ease of doing business, 2) government involvement in business, 3) NGO's involvement in business, and 4) government siding with investors or the public, 5) government involvement in developing business capital. In terms of ease of doing business, in 2019 Malaysia was ranked 12th in the world which previously (2018) was ranked 15. While Indonesia was ranked 73 which has not changed compared to 2018. (World Bank Group, 2020). This statistical ranking of ease of doing business is in line with respondents' answers where respondents from Malaysia are generally satisfied and very satisfied with the questionnaire questions. In contrast respondents from Indonesia generally felt dissatisfied and or very dissatisfied about the ease of doing business. This finding indicates that the easier it is for people to do business, the more new business models to develop, including crowdfunding. So the probability of crowdfunding to succeed in Malaysia is higher than Indonesia because of the ease of doing business. This finding is in line with Ruiz et al [41] (2018) as well as Ashraf et al [42] (2016).

Entrepreneurship and Technology

This Covid-19 momentum can be used as a strong fulcrum to change the paradigm of traditional entrepreneurship into technopreneurship. At a time when many regions are implementing WFH (work from home) to avoid the spread of the coronavirus, which is transmitted through human contact, the use of information and communication technology in business to create revenue and

streamline costs is a must. The findings of this study are in line with Venkataraman (2004) also in line with Kusharsanto and Pradita [43] (2016) although the transformation of technopreneurship into technopreneurship in Malaysia has taken place several years ago in Indonesia this change began to be felt afterward.

The finding that Technopreneurship is feasible to be implemented in SMEs that have relatively cheaper advantages in the cost of resource use and competitive pressure in terms of poor networks to catch up with large-scale capital-intensive businesses that are accustomed to using technology to support their business in line with Sin et al [44] (2016). Likewise, the findings of this research on the use of social media via the internet, email, Facebook, Instagram, tweeters will be very effective in creating sales across traditional areas limited by distance and geography in line with research by Ganagambegai and Shanmugam [45] (2012) and Purnomo et al [46] (2015) which states that the agricultural sector also requires technopreneurship, this is following SMEs in Indonesia where the agricultural sector is still dominant in the economy, especially in rural areas.

Another finding of this research is that the success of crowdfunding in funding SMEs both in Malaysia and in Indonesia depends on the readiness of the community and the government in the provision of infrastructure and technology absorption. The influence of technology on the success of crowdfunding in Indonesia is lower than in Malaysia, one of which is caused by the perception of Indonesian people about crowdfunding that is less conducive. This finding is in line with the research results of Wahjono et al [47] (2018) as well as Kim et al [48] (2020). Also in line with the findings of the study Arena et al [49] (2018) which states that the use of alternative financial models such as crowdfunding can unlock funding for business startups is an opportunity for economic growth that is suitable for implementation under special conditions such as when the world is being hit by the Covid-19 pandemic.

Capital market

Respondents' answers prove that funding sources or crowdfunding capital are: a) conducted by the non-government private sector not a bank not a capital market securities company, b) this is a substitute for sources of funds from friends and family, c) this is because the banking / and or the capital market does not actively provide loans or funding to SMEs and startup businesses, d) this is because Angel investors are not yet well connected with SMEs and startup businesses. This finding confirms that the influence of capital markets on crowdfunding success is significant and in medium level, Indonesia (0.629) is Malaysia (0.642). This means that the ability and strength of the capital market in a broad sense influences the success of crowdfunding. This finding is in line with Wang et al [50] (2019) which states that the rapid growth of crowdfunding equity platforms is caused by the presence of Angel Investors who usually move and enliven the capital market. The Angel investors succeeded in democratizing the financial markets to become more egalitarian, unlike in banking which is friendly to big businessmen and complicated in funding SMEs and business startups, even if it is gradual or evolutionary.

Conclusion

In connection with several problems faced by Crowdfunding in funding SMEs during and after COVID19, steps are needed so that crowdfunding can be implemented successfully, one of which is to redesign the crowdfunding mechanism by involving more customers and lenders/investors. The involvement is in terms of improving perceptions about crowdfunding so that it can be more accepted and friendly as an institution that can provide funding for SMEs and business startups that are more democratic and egalitarian than banking. The government or financial authority (Central Bank and Financial Services Authority) is expected to increase efforts to promote financial inclusion online to support the improvement of social norms about crowdfunding. From the regulatory side, the government and the business community are expected to be able to improve the ranking of the ease of doing business in the country to attract international business interest to participate in projects or businesses that are campaigned in a country. Hard efforts are needed to change the paradigm from entrepreneurship to technopreneurship and encourage the readiness of the community in mastering technology to facilitate the mastery of crowdfunding operations. In terms of capital markets, efforts should be encouraged to lure angel investors/lenders to join the crowdfunding platform and share their money involved in projects or businesses that are being carried out by SMEs and business startups. Storytelling techniques such as testimonials, feedbacks, and asterisks ranking can be used.

Recommendations

The results of this study recommend that the crowdfunding platform is conducted during the COVID19 period by providing convenience to customers with a lending scheme with a waiver of installment fines and interest payments and if necessary exemption of interest costs during the COVID19 period, on the other hand, crowdfunding operators also need to ask investors for willingness or lenders not to ask for interest.

Also, serious efforts from crowdfunding platform operators together with the Financial Services Authority are needed to improve perceptions and social norms so that the business community can more easily accept crowdfunding as an inclusive funding institution for SMEs and more democratic and egalitarian business startups.

Conflicts of Interest

Declare conflicts of interest or state “The authors declare no conflict of interest.”

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