

# The Impact of Social Networks on Individuals' Intention to Participate in Crowdfunding in India

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## Abstract

This study examines the influence of social factors on individuals' intention to participate in crowdfunding in the Indian context. Data was collected from 120 respondents who had previously participated in crowdfunding campaigns either as contributors or fundraisers. Social influence was measured using four dimensions: family influence, peer influence, social network influence, and external reference group influence. Data analysis was performed using reliability analysis, factor analysis, correlation, and regression techniques. The results indicate that family influence, peer influence, and social network influence significantly impact individuals' intention to participate in crowdfunding, highlighting the importance of close social relationships and shared experiences. However, external reference group influence, including supervisors, teachers, neighbors, and other distant social contacts, does not significantly affect crowdfunding participation intention. This study contributes to a better understanding of social influences on crowdfunding behavior and provides useful implications for crowdfunding platforms and policymakers.

Keywords: Crowdfunding, social influence, intention, peer experience

## Introduction

Crowdfunding has emerged as a significant alternative financing mechanism, allowing individuals and entrepreneurs to raise funds through online platforms by soliciting contributions from a large number of participants (Belleflamme, Lambert, & Schwienbacher, 2014). In the Indian context, crowdfunding is gaining traction due to rapid digitalisation, increased internet penetration, and the widespread adoption of online payment methods. Recent studies highlight the expanding role of crowdfunding platforms in facilitating digital fundraising and enhancing social engagement among participants (Chandra et al., 2025). Furthermore, crowdfunding has evolved beyond a mere financial instrument for supporting social causes, creative endeavours, and early-stage entrepreneurial ventures, particularly in emerging economies where access to traditional sources of finance is often limited (India Crowdfunding Market Forecast, 2026). Given its collaborative and participatory nature, crowdfunding is contingent on social and behavioral factors, making it essential to explore the determinants that influence individuals' participation decisions.

Participation in crowdfunding is not driven solely by economic or financial considerations; social and behavioral factors play a crucial role in influencing individual decision-making. The collective nature of crowdfunding creates an environment in which individuals often rely on social cues, opinions, and shared experiences when deciding whether to participate. Prior research in behavioral finance and social psychology suggests that individuals are strongly influenced by the expectations and approval of people who are important to them, especially in situations involving uncertainty (Ajzen, 1991; Fishbein & Ajzen, 2010). In crowdfunding contexts, family members and friends often serve as trusted reference groups whose opinions can enhance confidence and reduce perceived risk. Additionally, observing the prior experiences of peers who have successfully participated in crowdfunding campaigns can positively shape intention by providing reassurance and social validation. At the same time, the influence of more distant or peripheral reference groups may be less pronounced, as these groups often lack close emotional or social ties.

Despite the growing relevance of crowdfunding in India, empirical research examining the specific role of social influences on participation intention remains limited. Existing studies have largely focused on platform characteristics, project quality, trust, and financial motivations, with relatively less attention given to the influence of social relationships and reference groups (Mollick, 2014). In particular, there is limited empirical evidence on how family influence, friends influence, peer experience influence, and peripheral reference influence jointly shape individuals' intention to participate

in crowdfunding. Addressing this gap, the present study seeks to examine the effect of these social factors on crowdfunding participation intention using data collected from 120 respondents. By focusing on distinct dimensions of social influence, the study aims to contribute to the existing literature on crowdfunding behavior and provide insights that are relevant for crowdfunding platforms, practitioners, and policymakers.

## 2. Literature Review

The crowdfunding increasingly recognized the importance of social and behavioral factors in influencing individuals' participation in crowdfunding. Zribi (2022) highlighted that social dynamics and the perceived participation of others significantly influence individuals' willingness to contribute to crowdfunding campaigns, especially in contexts characterized by uncertainty. This finding underscores the role of collective behavior and social signals in shaping participation decisions. Supporting this view, a systematic literature review on reward-based crowdfunding published in 2025 identified social capital, entrepreneurial networks, and online engagement as important determinants of crowdfunding outcomes. The review emphasized that strong social connections enhance trust and credibility, thereby increasing the likelihood of participation, and called for more research on ethical social influences as antecedents of crowdfunding work. Extending the discussion to cultural and social contexts, a study published in *Sustainability* (2025) examined the influence of individual cultural values on participation in charitable crowdfunding, and found that social orientation and perceived social approval significantly shaped participation behavior. The study demonstrated that crowdfunding decisions are not purely individual, but rather embedded within broader social and cultural structures. Empirical research focusing on specific demographic groups further reinforces this view; a 2024 study on young people's attitudes toward crowdfunding showed that subjective norms and social cues, particularly from friends and peers, strongly influence intention to participate. These findings highlight the importance of close personal relationships in shaping decision-making regarding crowdfunding. Additionally, a recent systematic review of behavioral intention in investment-based crowdfunding (2025) identified social influence, trust, motivation, and perceived value as key predictors of participation, concluding that psychological and social determinants often outweigh purely financial considerations. Despite this growing body of evidence, the literature reveals a significant gap in distinguishing the differential influence of specific reference groups. In particular, limited empirical research has examined how family influence, friend influence, peer experience influence, and external reference influence uniquely affect individuals' intention to participate in crowdfunding, especially in the Indian context. This gap provides a strong rationale for the current study, which seeks to provide a nuanced understanding of social influences on crowdfunding participation.

## Analysis and Interpretation

The simple random sampling technique was employed to collect data from individuals who had previously participated in crowdfunding campaigns, either as fundraisers or as contributors. A 5-point Likert scale was used to gather data from 120 respondents, where 1 = strongly disagree, 2 = disagree, and 5 = strongly agree

**Table 1: Socio-demographic profile of the respondents**

Variable	Category	Frequency	Percentage (%)
<b>Age</b>	18–22 years	2	1.7
	23–30 years	50	41.7
	31–40 years	60	50.0
	41–50 years	8	6.6
<b>Marital status</b>	Single	76	63.3
	Married	44	36.7
<b>Gender</b>	Male	97	80.8
	Female	23	19.2
<b>Educational Background</b>	Diploma	4	3.3
	Undergraduate	59	49.2
	Graduate	55	45.8
	Doctorate Degree	2	1.7
<b>Family Structure (Family Influence)</b>	Nuclear family	56	46.7
	Joint family	45	37.5
	Living alone	19	15.8
<b>Number of Close Friends (Friends Influence)</b>	2 friends	18	15.0
	3 friends	41	34.2
	4 friends	36	30.0
	5 friends	22	18.3
	More than 5	3	2.5
<b>Other Groups Followed (Peripheral Reference Influence)</b>	Teachers	56	46.7
	Boss/Supervisor	7	5.8
	Advisor	7	5.8
	Neighbor	7	5.8
	Religious/Social group	19	15.8
	Social networking friends	19	15.8
	None	5	4.3
<b>Primary Referent Group (Rank 1)</b>	Family	55	45.8
	Friends	43	35.8
	Others	22	18.4

The majority of respondents were aged 31–40 years (50.0%), followed by those aged 23–30 years (41.7%). Most respondents were unmarried (63.3%) and male (80.8%), indicating a higher participation rate among unmarried men. Regarding educational qualifications, most respondents possessed higher educational qualifications; 49.2% were bachelor's degree holders and 45.8% were master's degree holders. This reflects a higher awareness of and engagement with crowdfunding platforms. In terms of social and family characteristics, 46.7% of respondents belonged to nuclear families, while 37.5% belonged to joint families, indicating the relevance of family influence. Most respondents reported having three (34.2%) or four (30.0%) close friends, highlighting a strong social network. Among external reference groups, teachers (46.7%) were the most commonly followed, while religious or social groups and social media friends

each accounted for 15.8%. The ranking of primary reference groups shows that family (45.8%) exerts the strongest influence, followed by friends (35.8%). This confirms that close social connections play a significant role in shaping participation in crowdfunding activities.

**Table 2: Reliability statistics**

Dimension	Number of Items	Cronbach's Alpha
Family Influence	5	0.902
Friends Influence	4	0.948
Peripheral Reference Influence	4	0.915
Intention to Participate in Crowdfunding	5	0.918
Overall Scale	18	0.919

The reliability analysis indicates that all constructs exhibit strong internal consistency, with Cronbach's alpha values exceeding the acceptable threshold of 0.70. The individual dimensions demonstrate high reliability, confirming that the items consistently measure their respective constructs. The overall scale reliability further validates the instrument's suitability for analysing crowdfunding participation among the respondents.

**Table 3: Descriptive statistics**

Variable	N	Mean	Std. Deviation
Family Influence	120	3.95	0.51
Friends Influence	120	3.68	0.78
Peripheral Reference Influence	120	3.62	0.56
Intention to Participate in Crowdfunding	120	4.02	0.72

The mean scores suggest that respondents perceive a relatively high level of social influence on their crowdfunding decisions. Family influence records a higher mean compared to friends and peripheral reference groups, indicating its stronger role in shaping participation behavior. The high mean value for intention reflects a generally positive attitude among respondents toward participating in crowdfunding activities.

**Table 4: Collinearity statistics**

Variables	Tolerance	VIF
Family Influence	0.905	1.105
Friends Influence	0.781	1.280
Peripheral Reference Influence	0.972	1.029

The collinearity diagnostics show tolerance values ranging from 0.781 to 0.972 and VIF values between 1.029 and 1.280. Family influence (Tolerance = 0.905, VIF = 1.105), friends influence (Tolerance = 0.781, VIF = 1.280), and peripheral reference influence (Tolerance = 0.972, VIF = 1.029) all fall within acceptable limits. These results indicate the absence of multicollinearity and confirm the suitability of the independent variables for regression analysis.

**Table - 5 : KMO and Bartlett's Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		<b>0.862</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	2148.376
	df	153
	Sig.	0.000

The KMO value of **0.862** indicates that the sample is adequate for conducting factor analysis. The Bartlett's Test of Sphericity is statistically significant ( $\chi^2 = 2148.376$ ,  $df = 153$ ,  $p < 0.001$ ), showing that the variables are sufficiently correlated. These results confirm the suitability of the data for factor analysis and support the validity of the underlying factor structure.

**Table 6: Factor analysis**

Items	Family Influence	Friends Influence	Peripheral Reference	Intention to Participate
FAM1	0.867			
FAM2	0.868			
FAM3	0.816			
FAM4	0.830			
FAM5	0.820			
FRI1		0.928		
FRI2		0.925		
FRI3		0.903		
FRI4		0.869		
PPR1			0.874	
PPR2			0.932	
PPR3			0.892	
PPR4			0.895	
INT1				0.655
INT 2				0.767
INT3				0.642
INT4				0.651
INT5				0.836

The exploratory factor analysis revealed a clear four-factor structure corresponding to family influence, friends influence, peripheral reference influence, and intention to participate in crowdfunding. Factor loadings ranged from 0.629 to 0.918, exceeding the recommended threshold of 0.50, confirming convergent validity. The KMO measure of sampling adequacy was 0.862, and Bartlett's Test of Sphericity was significant ( $\chi^2 = 2148.376$ ,  $df = 153$ ,  $p < 0.001$ ), justifying the use of factor analysis.

**Table 7: Correlation analysis**

Variables	TP	TF	FAM	ID
	1			
FRI	0.312	1		
PPR	0.047	0.102	1	
INT	0.442	0.735	0.038	1

The correlation analysis shows that **family influence** ( $r = 0.442$ ,  $p < 0.01$ ) and **friends influence** ( $r = 0.735$ ,  $p < 0.01$ ) are positively and significantly associated with respondents' intention to participate in crowdfunding. In contrast, **peripheral reference influence** ( $r = 0.038$ ,  $p > 0.05$ ) does not show a significant relationship with intention. These results suggest that close social ties, particularly family and friends, play a major role in shaping crowdfunding participation, while more distant or peripheral groups have little impact.

**Table 8: Regression analysis**

Independent Variables	$\beta$	t-value	p-value
Family Influence	0.342	4.562	0.000*
Friends Influence	0.512	10.215	0.000*
Peripheral Reference Influence	-0.053	-0.892	0.374

The regression results indicate that family influence ( $\beta = 0.342, p < 0.01$ ) and friends influence ( $\beta = 0.512, p < 0.01$ ) have a significant positive effect on respondents' intention to participate in crowdfunding. In contrast, peripheral reference influence ( $\beta = -0.053, p > 0.05$ ) does not have a significant effect. The model explains approximately 68.2% of the variance in intention ( $R^2 = 0.682$ ), indicating that close social relationships are the most important determinants of crowdfunding participation among the respondents.

### 3. Findings of the study

The study examined the influence of social factors—family influence, friends influence, and peripheral reference influence—on individuals' intention to participate in crowdfunding in India. The reliability analysis confirmed that all constructs are internally consistent, with Cronbach's alpha values ranging from 0.902 to 0.948. Descriptive statistics showed that respondents perceive family influence (mean = 3.95, SD = 0.51) and friends influence (mean = 3.68, SD = 0.78) as strong determinants of participation, while peripheral reference influence scored slightly lower (mean = 3.62, SD = 0.56). Factor analysis confirmed a clear four-factor structure with loadings between 0.629 and 0.918, supporting convergent validity. Correlation analysis indicated that family ( $r = 0.442, p < 0.01$ ) and friends influence ( $r = 0.735, p < 0.01$ ) are positively and significantly associated with intention, while peripheral reference influence was not significant ( $r = 0.038, p > 0.05$ ). Regression analysis further showed that family influence ( $\beta = 0.342, p < 0.01$ ) and friends influence ( $\beta = 0.512, p < 0.01$ ) significantly predict intention to participate, whereas peripheral reference influence ( $\beta = -0.053, p > 0.05$ ) does not. The overall model explains 68.2% of the variance in intention ( $R^2 = 0.682$ ), highlighting the dominant role of close social ties in influencing crowdfunding participation. These findings suggest that family and friends are key drivers of crowdfunding behavior in India, while distant or peripheral groups contribute minimally.

### 4. Recommendations

Based on the findings of this study, several practical recommendations can be made. Crowdfunding platforms should leverage close social networks, particularly family and friends, by implementing referral programs, social sharing features, and testimonials, as these groups have the strongest influence on participation. Platforms can also increase engagement by emphasizing peer involvement and endorsements, which provide social proof and motivate new contributors. Given the minimal impact of peripheral reference groups, efforts and resources should focus on closely connected social circles rather than distant or weakly connected groups. Additionally, policymakers and platform managers can promote community-driven campaigns that foster local trust and encourage collective participation, enhancing outreach and financial inclusion. For future research, studies can explore additional behavioural and cognitive factors, such as trust, risk perception, past crowdfunding experience, and online engagement, to provide a more comprehensive understanding of funder behaviour in emerging economies.

### 5. Conclusion

This study investigated the role of social factors in shaping individuals' intention to participate in crowdfunding in India, focusing on family influence, friends influence, and peripheral reference influence. The findings reveal that family and friends significantly impact participation, while peripheral reference groups have little effect, highlighting the importance of close social ties in influencing crowdfunding behavior. The results also demonstrate that the proposed model explains a substantial portion of the variance in intention ( $R^2 = 0.682$ ), confirming the relevance of social influence

in predicting crowdfunding decisions. These insights have practical implications: crowdfunding platforms can enhance participation by engaging family and friend networks through referral programs, social sharing, and testimonial features, while policymakers can promote community-driven campaigns to encourage wider adoption. Overall, the study contributes to the understanding of social determinants of crowdfunding behavior in emerging economies and provides a foundation for future research to explore additional behavioral, cognitive, and experiential factors that affect funder decisions.

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