

Invest My Idea: A Case Study of Crowdfunding for Startups and Entrepreneurs in the Kurdistan Region of Iraq

Dilsher Hatim Ismael ¹, Rebean Al-Silefanee ^{2,3}

School of Management and Economics, University of Kurdistan Hewlêr, 30 Meter Avenue, Erbil, Kurdistan Region, Iraq ¹

Department of Economics, School of Management and Economics, University of Kurdistan Hewlêr, 30 Meter Avenue, Erbil, Kurdistan Region, Iraq ²

Department of Economics, College of Administration and Economics, University of Duhok, Duhok, Kurdistan Region, Iraq ³

Corresponding Author*: rebean.ramadhan@ukh.edu.krd

ABSTRACT

Purpose: This qualitative study explores the effectiveness of crowdfunding as a financing alternative for startups and entrepreneurs in the Kurdistan Region of Iraq (KRI), compared to traditional funding sources such as bank loans and grants. Specifically, the study examines the Invest My Idea initiative by Rwanga Foundation, which supports small businesses and startups throughout Iraq. The research aims to evaluate entrepreneurs' knowledge and experience with crowdfunding, identify barriers to promoting campaigns in KRI, and provide recommendations for future efforts.

Design/methodology/approach: Data were gathered through online interviews with four experts and ten entrepreneurs, analysed using thematic analysis.

Findings: Findings indicate that crowdfunding holds potential as an effective fundraising strategy for KRI entrepreneurs, contributing to the growth and development of the entrepreneurial ecosystem.

Research limitations/implications: However, various obstacles were identified, including lack of trust, cultural barriers, limited knowledge about crowdfunding, legislative issues, and insufficient government support for online campaigns.

Practical implications: To address these challenges, the study recommends raising awareness among stakeholders, implementing policy support, and promoting crowdfunding as a widely recognized fundraising method. This research offers valuable insights into the potential advantages and challenges of crowdfunding for KRI startups and entrepreneurs, presenting practical recommendations to enhance campaigns and foster entrepreneurial ecosystem growth.

Paper type: Research paper

Keyword: Crowdfunding, Entrepreneurs, Financing, Invest My Idea, Kurdistan Region of Iraq (KRI)

Received : March 8th

Revised : March 9th

Published : May 31th

I. INTRODUCTION

Entrepreneurs and start-ups often face difficulties in accessing funding, as conventional financing sources are often inaccessible (Lee and Brown 2017; De Prijcker et al. 2017). In response to this challenge, alternative financing options have emerged, prompting a question about their relevance for entrepreneurs (Bruton et al. 2015). To increase the number and quality of funding options available to entrepreneurs, governments have experimented with various financing sources in the past (Silver, Berggren, and Fili 2016).

Among the various alternative funding options, crowdfunding has become increasingly popular for start-ups (Hemer 2011). Crowdfunding, defined as the method of raising funds through small contributions from a

large number of individuals over the internet, bypasses traditional financiers such as venture capitalists and targets consumers, lenders, and small investors (Mollick 2014; Zhang and Chen 2019). Stemler (2013) suggests that crowdfunding offers a promising option for start-ups with innovative ideas and an attractive business model, as it does not require collateral or credit history. Additionally, crowdfunding can be used to assess marketability (Valanciene and Jegeleviciute 2013). Through crowdfunding platforms, start-ups can showcase their products or services to potential customers and receive feedback. This can provide valuable insights into the viability of the idea and inform future business decisions.

Moreover, the concept of crowdfunding in its modern understanding emerged due to the shortage of external entrepreneurial finance and the development of Web 2.0 technology, which simplified communication and collaboration and created additional value for groups with common interests (Best et al. 2013). The term "crowdfunding" is rooted in "crowdsourcing" and refers to an internet-based fundraising tool connecting people seeking financial support to fund new ventures with small contributions from funders (Schwienbacher and Larralde 2010). Mollick (Mollick 2014) defines crowdfunding as the effort to fund ventures by drawing on small monetary contributions from a large number of individuals, without using standard financial intermediaries. Crowdfunding can be categorized into different types, including donation-based, reward-based, loan-based, and equity-based crowdfunding (Ahlers et al. 2015; Belleflamme, Lambert, and Armin 2013). Despite its low cost and simplicity, research on the crowdfunding phenomenon is limited. More research is necessary to understand its potential as a game-changer for new ventures seeking external funding (Belleflamme, Lambert, and Schwienbacher 2014). However, the increasing popularity of crowdfunding as an alternative funding source highlights the importance of studying its potential benefits and limitations for start-ups.

The ability of banks to support the entrepreneurial ecosystem is hindered by several challenges in the banking system. These challenges are exacerbated by the financial sector's serious recession in Iraq due to the unrest and interstate war (Mahmoud, Ahmed, and Al-Sammaraie 2014). For example, Muramalla et al., (2021) stated that entrepreneurs in the KRI face limited access to capital due to frequent financial crises stemming from fluctuations in oil prices, and the lack of seed capital available for investment is compounded by the absence of a legal infrastructure to support bank credit or private investment. As a result, both foreign and domestic financial transactions have been affected, leading to the closure of most financial firms and an inability of the government to meet its budgetary obligations to its citizens (Levitt 2014).

This situation has had a significant impact on small businesses that rely heavily on the financial sector for their survival and daily operations. To improve the e-banking system in Iraq, the Central Bank of Iraq has issued and amended several legislative and action plans to support the provision of e-services such as credit cards and mobile payments (Al-Hassani 2022). To enhance the entrepreneurial ecosystem, there is a need for a sustainable banking system with reliable regulations for requesting loans to develop business ventures. According to Dosh (2020), the current banking sector in Iraq faces various crises, including a liquidity crisis, banking prosecutions, bad debts, and an outdated legal framework. To address these issues, it is necessary to restructure the government sector through measures such as privatization or promoting bank mergers, to provide more diverse, integrated, and competitive services. Moreover, expanding the ownership base of banks can make them more manageable to a wider range of shareholders, and reduce the influence of the public sector (Dosh 2020).

This paper aims to investigate the effectiveness of crowdfunding as a financing method for startups and entrepreneurs in the KRI and compare it with traditional funding sources such as bank loans and grants. The main research question addressed in this study is whether crowdfunding can provide a powerful and sustainable method for entrepreneurs to start and grow their businesses in the KRI. In order to answer this question, the study will examine the challenges and opportunities associated with crowdfunding in the KRI and identify the issues and barriers that entrepreneurs face in raising funds from the crowd. Specifically, the study seeks to explore whether crowdfunding can become a long-term and successful funding method for KRI entrepreneurs and whether it offers any advantages or disadvantages compared to traditional funding sources.

The paper is motivated by the challenges faced by start-ups and entrepreneurs in accessing funding, particularly in the context of the KRI, where traditional financing sources are limited due to several factors, including the absence of a legal infrastructure to support bank credit or private investment, frequent financial crises, and a serious recession in the financial sector. To address these challenges, the paper proposes crowdfunding as a promising option for start-ups with innovative ideas and an attractive business model. Crowdfunding can also be used to assess marketability, and it offers a new source of innovation finance for entrepreneurs, allowing them to bypass traditional financiers and target a more dispersed crowd of consumers, lenders, and small investors.

A. Case study: Invest in my Idea

Invest My Idea is a crowdfunding platform that aims to provide an innovative funding opportunity for small businesses and startups in the KRI and Iraq. The platform was launched by the Rwanda Foundation, which is a non-profit organization that aims to promote social and economic development in the region.

The Invest My Idea Crowdfunding Platform enables small business owners and entrepreneurs to submit an application to raise funds for their projects. The platform fills a crucial gap in the ecosystem of Iraqi entrepreneurship, especially for entrepreneurs who lack a good network and access to finance and funds. The platform connects them with mentors, investors, and other organizations working in the entrepreneurial landscape. This provides a supportive environment for the startups to receive the necessary funding and guidance they need to succeed.

One of the unique features of the Invest My Idea Crowdfunding Platform is that it is a donation-based platform at the moment. This means that entities supporting small businesses or projects on the platform are not expecting a return on their contributions. However, individuals or companies in the private sector who intend to invest in certain projects are welcome to come forward and initiate related discussions with the startup owners.

The Invest My Idea Crowdfunding Platform provides an online platform for individuals, businesses, and charities to raise funds. It matches up business projects in need of funding with supporters through an online platform, making it easier for small businesses and startups to access the funding they need to grow and succeed.

In conclusion, Invest My Idea is an innovative crowdfunding platform that connects small business owners and entrepreneurs with mentors, investors, and organizations working in the entrepreneurial landscape. It provides a supportive environment for startups to raise the necessary funds they need to succeed, filling a crucial gap in the ecosystem of Iraqi entrepreneurship.

In June 2022, a crowdfunding campaign took place in Erbil, Kurdistan Region-Iraq, to raise funds for sixteen entrepreneurs. These entrepreneurs pitched their business models on stage and raised funds both offline and online, with the help of people 'crowd' on the Invest My Idea platform. Only five start-ups were successful in receiving funding, and they will use the money to develop their business ventures. The project's goal was to have entrepreneurs pitch their ideas and compete to raise the requested amount of money through crowdfunding, with the provision that if the requested amount was not raised, the money would go back to the funders.

II. METHODS

Data Collection: The research methodology employed for this study was qualitative, and data was collected through online interviews. With the participant's verbal approval, the meeting was recorded for later transcription and analysis. See Appendix Table 2 for the interview questions used in the study.

Data Analysis: Thematic analysis was used as the method for analysing the qualitative data collected. This approach helped identify and interpret the data, which was then categorized into codes and themes. The research design followed the grounded theory approach, as it aims to develop a perspective through inductive analysis of qualitative data systematically, and to set systematic inductive methods for theory development. The collected data was transcribed, coded, and analysed to address the research questions.

Participants: The study interviewed a total of 14 participants, including ten entrepreneurs/start-up owners and four experts. The selection of the entrepreneurs was made by the Rwanda Foundation, and the participants were required to present their business model and budget as part of the selection criteria. The ten start-ups selected for the study were actively operating in the market and were at the stage of conducting their crowdfunding campaign.

The four experts interviewed for the study included three individuals who were knowledgeable and skilled in incubation and accelerator programs to support and develop the entrepreneurial landscape in the Kurdistan Region of Iraq. These experts had extensive knowledge of the current status of the entrepreneurial ecosystem and fundraising campaigns in the region. Additionally, one expert from a private bank was interviewed, as banks can become stakeholders in any crowdfunding campaign. The selected bank is one of the biggest banks in the region. Table 1 in the Appendix provides a socio-demographic description of the study participants, with the majority of the participants were male (64%).

In the current study, ethical considerations were carefully followed to ensure the protection and well-being of the participants and the wider community. Informed consent was obtained from all participants, and their privacy and confidentiality were maintained throughout the study. The study aimed to avoid causing any harm or distress and considered the potential impact on the wider community. The research was conducted with integrity, transparency, and honesty, and every effort was made to ensure that the study was respectful, fair, and trustworthy. These ethical considerations were essential in ensuring that the study was conducted ethically and responsibly.

III. RESULTS AND DISCUSSION

The study analysed four main themes related to crowdfunding in the KRI. The first theme was crowdfunding campaigns, which encompassed the concepts of crowdfunding, campaigns, and fundraising. The second theme focused on crowdfunding characteristics, particularly long-term and the advantages of crowdfunding for entrepreneurs and start-ups. The third theme was campaign success, which addressed the obstacles to successful crowdfunding campaigns, including the need for greater crowd awareness. The fourth and final theme was post-interview, which examined the fundraising process and the impact of funding on start-up businesses. Overall, these themes shed light on the challenges and opportunities associated with crowdfunding in the KRI, and provide insights for entrepreneurs, investors, and policymakers seeking to promote start-up growth in the region.

A. Crowdfunding Campaigns

The analysis of the interviews revealed that the concept of crowdfunding was perceived as new and unfamiliar among the KRI entrepreneurs. The entrepreneurs relied on the information and guidance provided by the Rwanda Foundation to understand crowdfunding.

Entrepreneurs 1, 3, 4, 7, and 9 defined crowdfunding as a new mechanism and practice that involves people, friends, and family members in supporting entrepreneurs. It was viewed as a bridge between the funders and the entrepreneurs through online platforms. Crowdfunding helps entrepreneurs by supporting their ideas and funding their business or entrepreneurial idea without requiring a return from the entrepreneur. In contrast, Experts 1, 2, and 3 defined crowdfunding as a new method of raising funds from people and investors to support entrepreneurs in different stages, such as the micro-idea stage and post-stages. They viewed crowdfunding as a great initiative, especially for the youth, as the online business is growing in KRI.

Further, the entrepreneurs interviewed in this study provided various definitions and analyses of crowdfunding campaigns. Entr. 1 suggested that online campaigns in the KRI should be announced by a trustworthy organization due to the lack of a reliable banking system. Entr. 4 believed that the government and big organizations should participate in fundraising for offline campaigns, as it is more suitable for the KRI culture. Entr. 6, however, expressed that online campaigns are unsuitable for their community, which is unfamiliar with the concept of funding start-ups through crowdfunding. Entr. 7 believed that online campaigns are an excellent way for start-ups to start and sustain their businesses. Entr. 8 agreed, stating that the involvement of investors in funding through online campaigns on crowdfunding platforms is very beneficial. Entr. 10 emphasized the need to promote crowdfunding campaigns widely to encourage business and start-up development.

“...the crowdfunding initiative must be extensively promoted and introduced to the public. This will have a positive impact on fundraising and incentivize the growth of both businesses and startups.” (Entr. 1)

The experts, on the other hand, noted that online crowdfunding campaigns are a new way of fundraising and can be implemented step-by-step as more people become involved in internet-based activities and online business becomes more acceptable among people. Exp 1 suggested increasing financial literacy among start-up owners, investors, and key players in the entrepreneurial ecosystem as a step towards implementing online campaigns in the KRI. Exp 2 highlighted the advantages of using online platforms, as the new generation is more familiar with technology. Finally, Exp 3 believed that campaigns through social media could make online campaigns more accessible to people and help entrepreneurs grow. Overall, the results showed that opinions on crowdfunding campaigns varied among entrepreneurs and experts, with some favouring offline campaigns due to cultural preferences and others favouring online campaigns for their potential benefits in fundraising and promoting business growth.

“...in KRI, the gradual execution of online campaigns can be achieved through enhancing financial literacy among individuals, particularly those who are involved in start-ups, investors, and influential figures in the entrepreneurial ecosystem, who possess the potential to drive transformation.” (Exp 1)

Finally, we analysed the stakeholders involved in crowdfunding campaigns, the types of crowdfunding utilized, and the fundraising process. In regard to fundraising, the interviewees, including entrepreneurs 1, 2, 5, and 10, explained that crowdfunding is a practice of financing projects or ventures by involving a large number of people to fund a specific project. The fundraised amount of money can play a crucial part in any business, and crowdfunding can lead to the development and growth of the entrepreneurial ecosystem. For start-ups in a good position in the market, equity-based crowdfunding can be an option as more funds can lead to more investment and growth. However, fundraising for regional start-ups faces different obstacles such as government legislation, lack of trust, and funder resources. The Exp. 1, 3, and 4 explained that fundraising through crowdfunding platforms has its advantages as it can support entrepreneurs at different stages of their business operations. Additionally, the banks can help entrepreneurs through banking sources and the Central Bank of Iraq, which provides loans and financial support for SMEs as long-term loans.

The literature shows that crowdfunding campaigns are essential for businesses to raise funds through online platforms and gain visibility in the public eye. According to Khan et al. (2017), entrepreneurs can customize their funding campaigns better on crowdfunding platforms than on standardized ones, offering various rewards to incentivize public involvement. Additionally, Debbabi and Kaplan (2022) note that active public participation throughout the campaign by asking questions, commenting on the project, and engaging in project development improves the business's credibility and reliability. Crowdfunding campaigns are an excellent way to introduce business initiatives to potential customers and funders, providing a free and easy way to reach numerous channels. Husin and Haron (2020) emphasize that an active crowdfunding campaign is ideal for introducing a venture's overall mission and vision to the market, they also stated that the lack of funding availability can adversely affect SMEs' financial sustainability initiatives, and innovative fundraising techniques such as crowdfunding can help address these challenges. Crowdfunding can overcome geographical limitations, as noted by Islam and Khan (2020), by involving a large number of people worldwide. Moreover, crowdfunding can be faster than traditional fundraising methods through banks or financial institutions, according to Đekić and Ravić (2021).

Crowdfunding is a new concept in KRI for entrepreneurs to attract funders from the crowd to develop and grow their businesses. However, the lack of knowledge and information among the crowd in KRI creates obstacles for entrepreneurs to convince people to financially support them. Offline campaigns through events and exhibitions can be used to promote awareness and involve the crowd in their activities. Payment methods are also a challenge as cash payments are the norm in KRI, making it difficult for external funders to contribute through online campaigns. Improvements can be made through new legislation and policies, and financial support from investors and private companies can also benefit entrepreneurs. Crowdfunding has the potential to be an alternative to traditional funding methods, but more awareness and education is needed for stakeholders.

B. Crowdfunding Characteristics

The study's results indicate that crowdfunding has the potential to be a long-term method for entrepreneurs to obtain financial support and investors for their business ventures. However, for crowdfunding to be successful in the long run, it requires increased awareness and more legislation to promote this strategic tool for funding entrepreneurs through online platforms. The interviewed entrepreneurs (Entr 2, 5, 6, 9 & 10) expressed that the involvement of big investors can lead to the success of crowdfunding campaigns, and that crowdfunding can become a long-term method for fundraising in the future compared to traditional methods. However, the experts' views differed from the entrepreneurs, as they expressed that crowdfunding campaigns are not very effective at present, but they were optimistic about the future of crowdfunding. They emphasized that it would require more time for crowdfunding to be fully integrated into the entrepreneurial ecosystem and the public's mindset.

“...While the current effectiveness of crowdfunding campaigns for entrepreneurs and the public is limited, there is optimism about the future of crowdfunding” (Exp 1)

“...I believe that it may take some time for crowdfunding to become a long-term solution for entrepreneurs. However, if larger organizations were to provide support for crowdfunding campaigns and platforms, we could slowly begin to see their impact. Currently, it's difficult to gauge the effect of crowdfunding on developing an entrepreneurial mindset in businesses. Nevertheless, I do believe that crowdfunding can be a useful tool for companies in the future, even though we may not yet see a significant difference in its effectiveness.” (Exp 2)

“...Crowdfunding has a positive impact on the development of the entrepreneurial ecosystem, contributing significantly to the community, ideas, and investment. It offers an alternative fundraising solution for entrepreneurs, but gaining widespread acceptance by the general public may take some time. While I'm optimistic about its potential, it remains to be seen whether crowdfunding will have a lasting impact and long-term success.” (Exp 3)

The bank had a different perspective on the future of crowdfunding, stating that it is an alternative way to the banking system and needs more legislation to organize relationships between people, entrepreneurs, and platforms, as well as between funders and business owners.

As for the advantages of crowdfunding, all of the interviewed entrepreneurs, except for entrepreneur 6, agreed that crowdfunding has several advantages for entrepreneurs. It not only provides funding but also creates networking opportunities, generates new ideas, showcases businesses, and promotes them. The success of crowdfunding campaigns can lead to more participation of entrepreneurs and the growth of the entrepreneurship ecosystem. Crowdfunding campaigns can also help entrepreneurs develop plans for business growth and become a source for finding ideas. Moreover, crowdfunding makes entrepreneurs more self-reliant and helps them reduce the cost of promotion and marketing campaigns. It also facilitates business-to-business interactions and creates a community of investors and stakeholders.

Exp 1 and 3 highlighted that crowdfunding is a suitable mechanism for creating a network with other start-up owners, investors, and organizations supporting start-ups. It benefits from potential investors investing in

start-ups and SMEs and contributes to the growth of domestic products, creates employment, and supports the inflation rate to stabilize. The success of crowdfunding can also impact economic development, and the participants of the campaign can create a lobby for proposing specific roles and legislation for the government to enhance and develop the entrepreneurial ecosystem within KRI. The crowdfunding campaigns can make the ecosystem grow and boost economic growth. Overall, the interviews suggest that crowdfunding has a positive impact on the entrepreneurial ecosystem, start-ups, and the community.

In line with this discussion and due to the lack of government support and bank loans, crowdfunding can be an alternative way for entrepreneurs to obtain funding, but it requires more awareness and support. Crowdfunding platforms, as highlighted by Huang et al. (2018), not only serve as intermediaries between capital seekers and investors but also provide services to facilitate project success. Wahjono et al. (2021) noted that crowdfunding can help startups overcome financial obstacles in finding sources of finance and growing their business proposals. Athief (2019) highlights that crowdfunding provides a significant advantage for SMEs by breaking the limit of the fund through its characteristic of giving equal opportunities for all people to contribute. However, Owusua and Owusu-Ansahb (2020) noted that one of the demerits of crowdfunding is the lack of access to essential services such as connection, experience, advice, and other vital resources from venture capital firms. Khan et al. (2017) also mentioned that crowdfunding provides entrepreneurs with feedback on their project ideas and suggestions for improvements.

Thus, we can say that crowdfunding can be an alternative source of financing for entrepreneurs in KRI, but it requires more awareness and support from stakeholders such as banks, government, investors, and the crowd. Legislation and policy are needed to organize this method and encourage people to participate in the entrepreneurial ecosystem development. While funding for charity activities is available, more awareness is needed to support business projects, start-ups, and SMEs. Equity-based crowdfunding can also be beneficial for entrepreneurs to initiate and grow their businesses. Crowdfunding campaigns can improve and sustain the status of entrepreneurs in the market and benefit KRI's entrepreneurial ecosystem by boosting economic growth through supporting start-ups and SMEs. It can also lead to the development of new ideas and growing business capabilities for entrepreneurs.

C. Campaign Success

One of the main obstacles is the payment method, as KRI lacks a banking system that can handle online transactions. This causes issues for fundraising and crowdfunding platforms since the amount is in cash, making it difficult for funders and entrepreneurs. Another major obstacle is the lack of trust among the entrepreneurs, the crowd, the platforms, and the investors. The crowdfunding method being relatively new in KRI has resulted in a lack of confidence and insufficient legislation and policies to safeguard the rights of those involved. Crowdfunding terminology is unique, and investors and people do not have enough information and knowledge about this concept and how it operates.

Cultural barriers and misinformation are other obstacles that negatively impact the success of crowdfunding campaigns in convincing the crowd to fund and support business initiatives and start-ups. For example, people do not trust tech businesses, which can be confusing for businesses. Additionally, the lack of knowledge among the entrepreneurs about the crowdfunding method is another issue that hinders campaign success when applying or participating in crowdfunding campaigns.

Moreover, Exp 1, 2, and 3 state that the entrepreneurs' misinformation about the funding process and crowdfunding concept is an obstacle. The lack of a network among entrepreneurs is another hurdle for young entrepreneurs. Furthermore, there are no steps to improve the entrepreneurial mind-set, businesses, or start-ups in KRI. There is also insufficient support from the banks, government, and other related institutions. According to Exp 4, cultural barriers are one of the issues that will prevent private banks from supporting entrepreneurs as they are looking for investments and profits.

When it comes to the awareness, the success of crowdfunding campaigns in KRI depends on the level of awareness among the people, entrepreneurs, and investors about this new funding method. To achieve success, specific tools and techniques are necessary to familiarize the stakeholders with the crowdfunding campaign. All interviewed entrepreneurs (except Entr 3) emphasized the importance of awareness among investors and the crowd for the success of fundraising campaigns. They suggested promoting the platform through TV and social media and participating in events and exhibitions to increase people's awareness and understanding of the crowdfunding campaign. Exp 2 and 3 also stressed the importance of awareness for campaign success and recommended engaging the government officials, media, and public through events such as business and pitching events to increase the platform's popularity. The support of media and TV is also vital in creating awareness about crowdfunding and engaging people in the funding process.

Entrepreneurs encounter various obstacles and barriers that affect their crowdfunding campaigns, including networking, promotion, legislation, and payment methods. These barriers can significantly impact the campaign's success. According to Lin and Phillips (2017), marketing plays a critical role in eliminating the

information asymmetry between creators and the crowd. Therefore, the promotion campaign for crowdfunding platforms should increase investors' awareness of the platform and businesses in general. In KRI, several factors, such as the lack of fundraising legislation, misinformation, cultural barriers, payment methods, banking systems, lack of trust, and networks, impact crowdfunding platform and campaign success. To become a successful fundraising method for entrepreneurs, campaigns need more promotion and awareness among entrepreneurs, crowds, and investors.

D. Post Interview

Interviewees 1, 2, 3, and 4 emphasized the newness of the fundraising process for the entrepreneurial ecosystem in Kurdistan Region and Iraq. They noted that involving people 'crowd', NGOs, INGOs, and the government in the fundraising process is essential for the success of crowdfunding campaigns. However, lack of information, knowledge, and familiarity about crowdfunding was a significant obstacle. They stressed the importance of awareness campaigns and guidance to funding to overcome this obstacle.

The crowdfunding campaign was also viewed as a marketing and promotion campaign for the start-ups, which helped increase connections and networks with other entrepreneurs and experts interested in the entrepreneurial ecosystem development and growth in KRI, generally in Iraq.

The funding impact was also noted as positive by Entr 1, 2, 3, and 4, as it will help in the growth and development of the start-ups, adding new services and departments for the start-up, and enabling them to revive and survive in the market. The involvement of people 'crowd' in the start-up funding process has made it much easier to obtain funds and access potential funders.

IV. CONCLUSION

A. Conclusions

Securing funding is a major challenge for entrepreneurs looking to finance their business ideas or scale up their startups. While various methods such as banking loans, grants, and family support exist, crowdfunding presents a novel option for entrepreneurs to raise funds online through participation from the public "crowd". Although crowdfunding has gained popularity as a valuable fundraising approach in developed countries, it remains a new and underutilized method in Iraq, particularly in the Kurdistan Region (KRI).

Given the solid entrepreneurial landscape and support system in KRI, with many NGOs, INGOs, and consulates offering seed funding and grants to entrepreneurs, crowdfunding could become a powerful method for entrepreneurs to initiate, develop, and grow their businesses. However, achieving success with crowdfunding requires long-term awareness campaigns and legislative support to overcome traditional loan obstacles and challenges such as bank interest rates and cultural barriers.

Furthermore, crowdfunding is a new concept for many stakeholders in the entrepreneurial ecosystem within KRI, and implementing it faces several challenges. These include lack of trust and risk between the people "crowd", entrepreneurs, and investors; cultural barriers that affect support for the crowdfunding campaign; lack of information and knowledge about crowdfunding campaigns; legislation and government support for organizing online campaigns; and payment issues related to the weak banking system.

Despite these challenges, crowdfunding can become an alternative and effective method for entrepreneurs to raise funds from the crowd. However, it requires more contribution from all stakeholders and awareness campaigns among entrepreneurs, experts, and the crowd. Further research is necessary to evaluate the output and outcome of crowdfunding campaigns in KRI and how it can become a long-term and successful fundraising method for the entrepreneurial ecosystem. Involving the public 'crowd' in the financing process and exchanging ideas can also contribute to the development of existing businesses in the market.

This study looked at the case study on crowdfunding for startups and entrepreneurs in the Kurdistan Region of Iraq. It is clear that funding is a significant issue for entrepreneurs to finance their ideas and grow their businesses. To fully realize the potential of crowdfunding as a fundraising solution for entrepreneurs in the region, several obstacles must be overcome. These include the lack of trust and risk between stakeholders, cultural barriers, lack of information and knowledge, legislative issues, and payment issues. To address these challenges, we propose the following recommendations: First, we recommend analysing the obstacles, barriers, challenges, and opportunities of crowdfunding through the involvement of all stakeholders and establishing a guideline procedure. This will help to create a more streamlined and effective crowdfunding process for entrepreneurs. Second, stakeholder awareness campaigns are needed for the entrepreneurial ecosystem through seminars, panel discussions, workshops, pitching competitions, incubations programs, and acceleration programs. These will help to increase understanding and support for crowdfunding among entrepreneurs, investors, and the wider public. Third, the government should be involved in the crowdfunding process by

amending new laws and legislation to organize the campaigns through online platforms. This will create a more regulated and secure crowdfunding environment for all stakeholders. Fourth, we recommend creating a central investment fund board for supporting and fundraising for the entrepreneurs and the government, as well as supporting entrepreneurs through Ignite Bootcamp, incubation, and acceleration programs. This will help to increase the range of financing options available to entrepreneurs. Fifth, finding plans for the payment issues through issuing new legislation and involving private sector banks and telecommunication companies will help to address the payment issues currently facing crowdfunding campaigns in the region. Sixth, we suggest making the crowdfunding method one of the main events annually for fundraising and supporting entrepreneurs. This will help to create more visibility and excitement around crowdfunding as a fundraising solution. Seventh, we recommend involving the government as a sponsor for monitoring and evaluating the implementation of the crowdfunding campaigns through online platforms. This will help to ensure that the crowdfunding process is fair and effective for all stakeholders. Finally, we suggest involving entrepreneurship studies in academic education with a focus on crowdfunding campaigns. This will help to ensure that future entrepreneurs have the knowledge and skills necessary to utilize crowdfunding effectively.

By implementing these recommendations, we believe that crowdfunding can become a powerful and successful fundraising method for entrepreneurs to initiate, develop, and grow their businesses in the Kurdistan Region of Iraq. However, this will require a long-term commitment from all stakeholders to build awareness and trust in crowdfunding as a viable fundraising solution. Further research is also necessary to analyse the outputs and outcomes of crowdfunding campaigns and assess its potential as a long-term and successful fundraising method for the entrepreneurial ecosystem.

In conclusion, this study has identified the potential benefits of crowdfunding as a fundraising solution for entrepreneurs in the Kurdistan Region of Iraq. However, several obstacles must be addressed to fully realize its potential. Our recommendations include involving all stakeholders, creating awareness campaigns, involving the government, establishing a central investment fund board, addressing payment issues, making crowdfunding an annual event, involving the government as a sponsor for monitoring and evaluating campaigns, and involving entrepreneurship studies in academic education.

1. Appendix

Table 1. Socio-Demographic description of participants

| <i>Code</i> | <i>Profile</i> | <i>Gender</i> | <i>Location</i> |
|-----------------|----------------------|---------------|---------------------|
| <i>Entr. 1</i> | <i>Entrepreneurs</i> | <i>Male</i> | <i>Sulaymaniyah</i> |
| <i>Entr. 2</i> | <i>Entrepreneurs</i> | <i>Female</i> | <i>Sulaymaniyah</i> |
| <i>Entr. 3</i> | <i>Entrepreneurs</i> | <i>Female</i> | <i>Erbil</i> |
| <i>Entr. 4</i> | <i>Entrepreneurs</i> | <i>Male</i> | <i>Sulaymaniyah</i> |
| <i>Entr. 5</i> | <i>Entrepreneurs</i> | <i>Female</i> | <i>Erbil</i> |
| <i>Entr. 6</i> | <i>Entrepreneurs</i> | <i>Male</i> | <i>Erbil</i> |
| <i>Entr. 7</i> | <i>Entrepreneurs</i> | <i>Female</i> | <i>Erbil</i> |
| <i>Entr. 8</i> | <i>Entrepreneurs</i> | <i>Female</i> | <i>Erbil</i> |
| <i>Entr. 9</i> | <i>Entrepreneurs</i> | <i>Male</i> | <i>Erbil</i> |
| <i>Entr. 10</i> | <i>Entrepreneurs</i> | <i>Male</i> | <i>Halabja</i> |

| | | | |
|--------|---|------|--------------|
| Exp. 1 | IMI Project Consultant (Rwanga Foundation) & Lecturer at Erbil Polytechnic Uni. | Male | Erbil |
| Exp. 2 | Startup Support Manager (Five One Lab) | Male | Erbil |
| Exp. 3 | Program Manager (American University in Iraq-Sulaimani) | Male | Sulaymaniyah |
| Exp. 4 | Vice Chairman (RT Bank) | Male | Erbil |

Table 2. Interview questions

| # | Expert's questions |
|---------------------------------|--|
| 1 | How do you evaluate crowdfunding campaigns through online platforms to support entrepreneurs? |
| 2 | In your opinion, how can crowdfunding campaigns support entrepreneurship ecosystem development in the KRI? |
| 3 | How can crowdfunding campaigns through online platforms contribute to and enhance the growth of business ventures? |
| 4 | How can crowdfunding campaigns embrace new solutions to overcome obstacles that face an entrepreneur's business venture growth and development? |
| 5 | In your opinion, crowdfunding campaigns can become a long-term and successful method compared to the traditional financial way for entrepreneurs, such as grants, bank loans, and family support. |
| 6 | According to your experience, how can crowdfunding campaigns encourage emerging funders from the public to support entrepreneurs in KRI? |
| <i>Entrepreneur's questions</i> | |
| 1 | What do you know about crowdfunding campaigns through online platforms to support entrepreneurs? |
| 2 | In your opinion, how can crowdfunding campaigns support entrepreneurship ecosystem development in the KRI? |
| 3 | How can crowdfunding campaigns contribute to the growth of your business venture now? |
| 4 | How can crowdfunding campaigns face obstacles and barriers that face an entrepreneur's business venture growth and development? |
| 5 | In your opinion, crowdfunding campaigns can become a long-term and successful method compared to the traditional financial way for entrepreneurs, such as grants, bank loans, family support, etc. |
| 6 | According to your experience, how can crowdfunding campaigns encourage emerging funders from the public to support entrepreneurs in KRI? |

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