

Drivers of Equity-Based Crowdfunding for the Hospitality Industry in Bangladesh: Mediating Role of Trust

Mohammad Rokibul Kabir

Tabassum Chowdhury

Dewan Mehrab Ashrafi

East Delta University, Bangladesh

Bangladesh is a country with huge tourism potentials. It has the longest sea beach in the world and a vast hilly area to attract tourists around the world. Unfortunately, the tourism industry did not meet the expected contribution in the GDP so far because of poor tourism infrastructure and insufficient investment in the hospitality industry. Recently, a new form of equity-based crowdfunding has got popularity for investment in the hospitality industry in Bangladesh. More specifically, shared ownership-based hotel and motel construction is a new form of crowdfunding investment in Bangladesh that might play an important role in the development of the tourism industry. On this background, it is essential to know the factors influencing the investors to invest in such a platform. Hence, we aimed at explaining the drivers of crowdfunding for the hospitality industry in Bangladesh combining the Trust Theory and Risk Theory. This research work employs the deductive inference method in conjunction with the positivism paradigm. Primary data were collected using a structured questionnaire, which was subsequently analyzed using Smart-PLS for SEM (Structural Equation Modeling). The survey consists of the respondents who invested in equity-based crowdfunding for the hospitality industry in shared ownership for hotels and motels. The research tested six direct and two mediating hypotheses. The exogenous constructs of the research include perceived trust (PT), fund raisers' reputation (FRR), age of crowdfunding platform (ACP), and risk-taking mentality (RTM). The indigenous construct of the study is the participation in hospitality industry crowdfunding (PHIC). The findings indicate that four out of six direct hypotheses are accepted. The mediating role of perceived trust has been evaluated and found significant to mediate the relationship between participation in hospitality industry and i) fund raisers' reputation ii) age of crowdfunding platform. Importantly, all the variables together explain around 47% variation in PHIC which is substantial. Hence, this research has a significant implication in the sense that it will help the tourism industry crowdfunding managers to understand the issues they should consider for successful fund management.

Keywords: *Bangladesh, Crowdfunding, Hospitality Industry, PLS-SEM, Shared Ownership*