

Determinants of Investment in Equity Crowdfunding for Micro, Small and Medium Enterprises (UMKM)

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ABSTRACT

This study explores the key factors influencing investor interest in micro, small, and medium enterprises (MSMEs) through equity crowdfunding (ECF) on the Santara platform. It examines the impact of stock price, number of outstanding shares, investment yield, dividend policy, and social media exposure. Using purposive sampling, data were collected from 36 fully funded MSMEs listed as of October 1, 2020, and analyzed using multiple linear regression. The results show that stock price, number of outstanding shares, dividend policy, and social media presence positively affect investor interest, while investment yield has no significant impact. These findings offer insights for MSMEs to better strategize their funding approaches in digital investment platforms.

Keywords: Determinants, Equity Crowd Funding, UMKM, Investor Interest

1. INTRODUCTION

Indonesia is a country rich in natural resources with strong potential for sustainable economic growth. One of the most effective ways to harness this potential is through the empowerment of Micro, Small, and Medium Enterprises (MSMEs), which serve as the backbone of the national economy. MSMEs contribute to approximately 97% of employment and represent 99.99% of all businesses in Indonesia (Ministry of Cooperatives and MSMEs, 2017).

Despite their vital role, many MSMEs continue to face significant obstacles in accessing capital. Limited funding restricts their ability to scale, innovate, or compete in an increasingly dynamic market (Ariani & Suresmiathi, 2013; Purwanti, 2012). While government programs such as the National Economic Recovery (PEN) initiative have attempted to address this gap, challenges remain—particularly for MSMEs that lack access to formal financing channels.

The rise of digital platforms has introduced new financing models, notably Equity Crowdfunding (ECF). As regulated by the Financial Services Authority (OJK, 2019), ECF enables MSMEs to raise capital by offering equity shares to a wide pool of investors, including retail participants. One notable example is the Santara platform, which has attracted over 236,000 investors and demonstrated rapid stock absorption, with certain offerings selling out within minutes (Santara, 2020). These developments signal growing investor enthusiasm—but the drivers behind this interest remain underexplored.

Emerging literature suggests that various factors, such as stock price, number of outstanding shares, expected returns, dividend policy, and social media presence, can shape investor decisions in ECF (Hornuf & Schwienbacher, 2015; Vismara, 2015; Signori & Vismara, 2016). However, empirical studies focusing on the Indonesian context—especially involving MSMEs—are still limited.

This study seeks to address that gap by identifying the determinants of investor interest in MSMEs listed on the Santara ECF platform. Theoretically, this research contributes to the evolving literature on digital investment behavior, while practically offering guidance for MSMEs and platform providers to craft more effective communication and engagement strategies with potential investors..

2. LITERATURE REVIEW

Theoretical Foundation

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM), introduced by Davis et al. (1989), explains that technology adoption is influenced by two core perceptions: perceived usefulness and perceived ease of use. In the context of equity crowdfunding (ECF), these factors shape how investors interact with digital platforms. According to Ahmad and Pambudi (2014), ease of use includes not just functional simplicity but also ease of learning, which builds user confidence. Abdullah (2019) further asserts that perceived ease leads to trust and willingness to transact in digital systems. Hence, TAM provides a valuable lens to understand how technological perceptions influence investor behavior in ECF platforms.

Signaling Theory

Signaling theory posits that companies send informative cues (or signals) to reduce asymmetry between themselves and potential investors. In ECF, where direct due diligence is limited, signals such as stock price, number of shares, dividend policies, and financial disclosures play a vital role in shaping investor perceptions (Gumanti, 2009; Brigham & Houston, 2001). Clear and credible signals increase investor trust and reduce perceived risk, making signaling theory especially relevant in digital funding contexts.

Conceptual Context

Investment

Investment is defined as the allocation of resources today for expected future returns (Salim & Sutrisno, 2008; Tandelilin, 2012). In ECF, investors in MSMEs are often driven by both financial motives and social impact. Compared to traditional markets, ECF offers democratized access, though it comes with risks like limited liquidity (Soemitra, 2014; Herlianto, 2013).

Interest

Interest refers to internal motivation or positive affect toward an activity (Winkel, 2009). In the investment context, interest emerges from expectations of return, risk evaluation, and trust. On ECF platforms, where personal interaction is minimal, interest is shaped by transparency, signal clarity, and ease of access (Arikunto, 2012).

Equity Crowdfunding (ECF)

ECF allows public investors to fund businesses via equity-based mechanisms, regulated in Indonesia by POJK No. 37/POJK.04/2018. Compared to conventional capital markets, ECF provides a more inclusive avenue for MSMEs to obtain financing while offering investors diversified exposure (Mollick, 2014).

Micro, Small, and Medium Enterprises (MSMEs)

MSMEs dominate the Indonesian economy, contributing significantly to employment and GDP (Law No. 20/2008; BPS, 2015). However, access to formal financing remains a persistent constraint. ECF emerges as a promising solution, enabling capital access without traditional collateral requirements and under OJK oversight.

Empirical Literature and Key Determinants

Based on prior research, several variables have been identified as potential determinants of investor interest in ECF platforms:

- a. Stock Price: Signals firm quality and profitability (Brigham & Houston, 2011).
- b. Number of Outstanding Shares: Reflects potential liquidity and transaction flexibility (Sudana & Nurul, 2008).
- c. Dividend Policy: Indicates financial stability and future cash flow (Chasanah, 2008; Agus, 2014).
- d. Investment Yield: High returns attract speculative and growth-oriented investors (Linda, 2005).
- e. Social Media Presence: Enhances credibility, visibility, and trust-building (Alam, 2009; Morrison, 2007).

These variables serve as the theoretical basis for this study's proposed framework.

3. RESEARCH METHOD

This study uses a quantitative approach with a causal-comparative (ex post facto) research design. The goal is to test hypotheses regarding the influence of several independent variables—such as stock price, number of outstanding shares, dividend policy, investment yield, and social media presence—on investor interest in MSMEs listed on the Santara equity crowdfunding platform. This design is appropriate because the research examines the causal relationships using data that has already been published and cannot be manipulated.

Data Sources and Data Collection

The study relies on secondary data, obtained from public prospectus documents of MSMEs that conducted equity crowdfunding on Santara up to October 1, 2020. These prospectuses contain standardized disclosures about stock offerings, financial indicators, dividend projections, and company profiles, which are essential for extracting quantitative variables.

The sample was selected using purposive sampling with the following criteria:

- a. MSMEs listed on the Santara ECF platform;
- b. Shares marked as "fully funded";
- c. Complete prospectus data available for all observed variables.

A total of 36 MSMEs met these criteria and were included in the analysis.

Variable Measurement and Validity

Each research variable was operationalized based on quantifiable indicators sourced from the prospectus. To ensure data validity, cross-checking was performed

between Santara's main platform and the archived versions of each company's offering documents. Additionally, internal consistency and accuracy of the data were reviewed through manual verification to confirm alignment between declared and processed figures.

Data Analysis Techniques

The collected data were analyzed using multiple linear regression, supported by the SPSS software. Before conducting the regression, classical assumption tests were performed to ensure the reliability of the model:

- a. Normality Test (Kolmogorov-Smirnov)
- b. Multicollinearity Test (Variance Inflation Factor / VIF)
- c. Heteroscedasticity Test (Glejser or Scatterplot)
- d. Linearity Test (ANOVA)

The regression analysis was used to determine the statistical significance and strength of the relationships between the independent variables and the dependent variable (investor interest). The results were interpreted both statistically and contextually by referencing previous theories and studies.

4. RESULTS AND ANALYSIS

Multiple Linear Regression Analysis

Table 3
Multiple Linear Regression Test Results
Coefficients^a

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-15.869	2.502		-6.343	.000
	HS	1.003	.103	1.938	9.775	.000
	JSB	1.002	.101	2.015	9.908	.000
	YI	3.150	3.235	.116	.974	.338
	DPR	1.496	.673	.228	2.223	.034
	JSM	.070	.026	.252	2.721	.011

a. Dependent Variable: MI

Source: SPSS 22 Data

From the linear regression equation produced above, it can be seen that the constant value is -15.869, meaning that if Investment Yield (YI), Dividend Policy (DPR), Number of Social Media (JSM), Stock Price (HS), and Number of Shares Outstanding (JSB) are equal to zero (0), then investor interest will decrease.

F Test

Table 4
Test Results F Statistics
ANOVA^a

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9.579	5	1.916	24.824	.000 ^b
	Residual	2.315	30	.077		
	Total	11.894	35			

a. Dependent Variable: MI

b. Predictors: (Constant), HS, JSB, YI, DPR, JSM

Source: SPSS 22 Data

Based on Table 4, the results of the statistical F test above show an F value of 24.824 with a significance level of 0.000, meaning $0.000 < 0.05$, so it can be concluded that the calculated F test model is accepted and it can also be concluded that the regression model of investment yield, dividend policy, number of social media, stock prices, and number of shares in circulation simultaneously affect investor interest.

T Test

Table 5
Hypothesis Testing Results (t-Statistic Test)
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	-15.869	2.502		-6.343	.000
HS	1.003	.103	1.938	9.775	.000
JSB	1.002	.101	2.015	9.908	.000
YI	3.150	3.235	.116	.974	.338
DPR	1.496	.673	.228	2.223	.034
JSM	.070	.026	.252	2.721	.011

a. Dependent Variable: MI

Source: SPSS 22 Data

Based on Table 5 above, the partial influence of the independent variable on the dependent variable can be explained as follows:

1. First Hypothesis
Stock Price (HS) has a significant effect on investor interest ($t = 9.775$; $\text{sig} = 0.000 < 0.05$).
2. Second Hypothesis
Outstanding Shares (JSB) have a significant effect on investor interest ($t = 9.908$; $\text{sig} = 0.000 < 0.05$).
3. Third Hypothesis
Investment Yield (YI) has no significant effect on investor interest ($t = 0.974$; $\text{sig} = 0.338 > 0.05$).

4. Fourth Hypothesis
Dividend Policy (DPR) has a significant effect on investor interest ($t = 2.223$; $\text{sig} = 0.034 < 0.05$).
5. Fifth Hypothesis
Number of Social Media Platforms (JSM) has a significant effect on investor interest ($t = 2.721$; $\text{sig} = 0.011 < 0.05$).

Test Coefficient of Determination (R^2)

Table 6
Test Results Coefficient of Determination (R^2)
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.897 ^a	.805	.773	.27780	1.632

a. Predictors: (Constant), HS, JSB, YI, DPR, JSM

b. Dependent Variable: MI

Source: SPSS 22 Data

Based on Table 6, the results of the determination test using Adjusted R-Square indicate that the influence of investment yield, dividend policy, number of social media platforms, stock price, and number of outstanding shares on investor interest is considerable.

This is shown by an R^2 value of 0.805, or 80.5%, meaning that investor interest is explained by the independent variables mentioned. The remaining 19.5% is influenced by other factors not included in this study.

An Adjusted R-Square value above 50% suggests a strong relationship between the dependent and independent variables in this research.

DISCUSSION

Effect of Stock Price on Investor Interest

The results show that stock price significantly affects investor interest ($t = 9.775$; $\text{sig} = 0.000$). This finding supports the first hypothesis and confirms that higher stock prices act as positive signals for investors, aligning with signaling theory. In the context of ECF, where investors rely heavily on publicly available data, price serves as a proxy for perceived value and firm quality.

This result corroborates previous research by Kasmir (2012) and Manoppo (2015), who found stock prices to influence investor perception of profitability and future performance. The result also reflects the digital environment where investors often lack direct engagement with MSMEs and rely on price as a primary signal of legitimacy.

Effect of Outstanding Shares on Investor Interest

The number of outstanding shares also significantly and positively affects investor interest ($\text{sig} = 0.000$). This suggests that larger share offerings increase perceived liquidity and accessibility, two important dimensions for small-scale investors commonly active on ECF platforms.

Theoretically, this supports signaling theory, where the volume of shares offered signals confidence and readiness of the firm to engage public participation. Empirical support comes from Mulyaningsih (2013) and Sudana & Nurul (2008), who argue that greater share availability tends to lower entry barriers for investors, enhancing marketability.

In the ECF context, this is particularly relevant: the more units offered, the more diversified the investor base becomes—mirroring retail investor behavior seen in traditional IPOs but with a more inclusive access point.

Effect of Investment Yield on Investor Interest

The study finds no significant relationship between investment yield and investor interest ($\text{sig} = 0.338$). This contradicts traditional investment logic, where expected return is a major motivator. However, the lack of audited financials—most issuers using SAK-ETAP standards—could explain this anomaly. Investors may perceive yield projections as speculative or inflated, thus discounting their influence.

This aligns with Alkhatib & Marji (2012) and IAI (2018), who stress that credibility of information is a precondition for yield-based decision-making. The result also resonates with Rahmayanti et al. (2021), who found that perceived risk often overrides expected return in alternative financing decisions.

This discrepancy with studies like Signori & Vismara (2016)—who reported yield as a major driver—suggests a contextual gap: Indonesian ECF investors may still operate with a trust-deficit, prioritizing transparency over profitability.

Effect of Dividend Policy on Investor Interest

Dividend policy significantly influences investor interest ($\text{sig} = 0.034$), suggesting that clear and attractive dividend strategies can serve as strong trust signals. In ECF settings, where many investors are inexperienced or risk-averse, guaranteed or structured returns provide psychological safety.

This confirms Signaling Theory, where dividend commitments signal stability and forward-looking profitability (Megginson, 1996). Previous research by Vivian (2013) and Wawan et al. (2016) also demonstrates that dividend-paying firms are perceived as more disciplined and investor-friendly.

This is especially crucial in ECF contexts where exit strategies are unclear and dividends may be the only visible return mechanism.

Effect of Social Media Presence on Investor Interest

The number of social media accounts significantly affects investor interest ($\text{sig} = 0.011$). This underscores the importance of visibility and perceived transparency. In ECF, where physical due diligence is limited, digital presence fills the gap—acting as both marketing and trust-building tools.

This finding is in line with the Technology Acceptance Model (TAM), particularly the aspect of perceived usefulness and ease of access. Social media enables continuous communication and allows investors to feel closer to the company.

Empirical studies such as Morrison (2007) and Alam (2009) support this, showing how social media influences brand equity and investor behavior. The novelty in this finding lies in showing that not just the content, but the multi-platform presence itself influences investor psychology—signaling adaptability and openness.

5.CONCLUSION

the following conclusions are drawn:

- 1) Stock Price
High stock prices significantly increase investor interest. This is because higher prices often indicate better potential returns, making such companies more attractive to investors.
- 2) Outstanding Shares
A greater number of outstanding shares improves the accessibility of shares for potential investors. This availability increases investment interest as more investors can participate.
- 3) Investment Yield
Investment yield does not significantly affect investor interest. This may be due to the fact that yield estimates are based on unaudited financial reports (SAK-ETAP), reducing trust in the accuracy of the figures presented in the prospectus.
- 4) Dividend Policy
Dividend policy is positively associated with investor interest. A higher dividend payout signals stronger returns, encouraging investors to invest in the company.
- 5) Social Media Presence
The number of social media accounts owned by the MSME positively influences investor interest. Greater visibility increases public familiarity and trust, making investors more inclined to invest.

Recommendation

Based on the findings and limitations of this research, the following recommendations are proposed:

For Future Researchers

- a. Consider using a qualitative research method for deeper exploration of investor behavior.
- b. Explore and compare other ECF platforms beyond Santara for broader generalization.

For Companies

UMKM acting as issuers should be encouraged to provide audited financial statements based on SAK-ETAP. Although this may involve additional costs, it will enhance investor confidence and improve decision-making based on reliable financial data.

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