PROCEEDINGS OF THE

3RD ENTREPRENEURIAL FINANCE CONFERENCE

Milan, June 26th-27th, 2018

POLITECNICO MILANO 1863 SCHOOL OF MANAGEMENT

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The results indicate that modest levels of collectivism are associated with greater probability of success, whilst high levels of collectivism, are associated with fewer probability of success. Collectivism has also a negative effect on the likelihood of success when collectivistic cues are displayed in a prominent position, i.e. in title and blurb. Finally, we find that the amount of information on the CFP positively moderates the negative effect of collectivism on success, so that for increasing amounts of information the frame of reference loose it relevance. and having or not a collectivistic fame makes no difference on the likelihood of success.

Parallel session E1 "RESEARCH ISSUES ON CROWDFUNDING (2)"

Chair: **Armin Schwienbacher**

1. *The impact of narrative style and entrepreneur's experience in crowdfunding campaigns* (**Riccardo Maiolini**, Francesco Cappa, Maria Isabella Leone, Michele Pinelli)

Discussant: **Truls Erikson**

Abstract. *As the caption of the entrepreneurial project is the main source of information for funders in crowdfunding campaigns, appropriate narrative styles may rouse interest in the crowd and ultimately affect the amount of funding obtained by entrepreneurs. In this study, we empirically assess the effect of two opposite narrative styles on the success of these campaigns. Based on a sample of about 6,000 projects, we show that the use of the narrative emphasizing the achievement of "results" achieved positively affects the fundraising outcome, more than communicating the "journey" the project is going to undertake. Interestingly, this effect is reversed in case of serial entrepreneurs, indicating that experience may leverage the latter narrative emphasizing the potential traits of the vision of the project to attract backer's funding rather than the former conveying updates on certain milestones achieved, as the experience itself represents a signal of trustworthiness in the project realization.*

2. *The role of trust in crowdfunding* (**Truls Erikson**, Raissa Pershina)

Discussant: **Silvio Vismara**

Abstract. *Crowdfunding has become a viable alternative way of fundraising for new ventures. In this study, we investigate the role of "generalized" and "personalized" trust by empirically testing 13,055 technology projects at Kickstarter. Our initial analysis supports the conjecture that "generalized" trust between the project backers and creators relates positively to performance of the fundraising process, and that "personalized" trust (the trustworthiness of the creator) matters. In our paper, personalized trust is understood as confidence and honesty. Project proposals demonstrating confidence have a high likelihood of receiving funding, whereas those that are too disclosing are penalized for that. Implications for theory and practice are discussed.*

3. *Does equity crowdfunding democratize entrepreneurial finance?* (Douglas Cumming, Michele Meoli, **Silvio Vismara**)

Discussant: **Ed Saiedi**

Abstract. *Policy-makers expect equity crowdfunding to democratize entrepreneurial finance, by providing access to funding to underrepresented groups of potential entrepreneurs. This paper investigates whether gender, age, ethnicity and geography affect the choice of equity crowdfunding offerings vs initial public offerings on traditional stock markets and whether these characteristics increase the likelihood of a successful offering. Using 167 equity offerings in Crowdcube and 99 equity offerings on London's Alternative Investment Market raising between 300,000 £ and 5 £m,*