

39760 Bachelorseminar: International Management and Social Entrepreneurship

Chair of International Management and Social Entrepreneurship

1. Topic and Aim

Raising funding is a critical stage for sustainable entrepreneurs in the early stages of their businesses, as it provides a sound foundation for venture growth and success. However, sustainable entrepreneurs experience more institutional constraints related to equity financing than conventional entrepreneurs (Hoogendoorn, van der Zwan, & Thurik, 2017). As an upcoming mode of fundraising, crowdfunding bears the promise to close this funding gap. This is partly due to the democratic selection process that empowers the entrepreneur by replacing a few large external investors with a large number of smaller investors (Drover et al., 2017; Lehner & Nicholls, 2014), and partly due to the altruistic motives of the investors that influence the financing decision (Feola et al., 2021; Wehnert & Beckmann, 2021). Equity crowdfunding refers to a form of financing in which entrepreneurs ask a large group of investors for funding in exchange for company shares via the Internet (Ahlers et al., 2015). However, equity crowdfunding projects comprise mostly early-stage investments that entail a high degree of information asymmetry due to their missing track record of previous business successes. In order to minimize information asymmetries, crowdinvestors prefer projects that have either published financial projections or a risk disclaimer (Ahlers et al., 2015). Furthermore, Koch and Cheng (2016) found evidence that the risk detail level has a positive, whereas the communication of risk delay, i.e. potential delay of reward delivery, has a negative impact on funding success in reward-based crowdfunding.

The aim of the seminar is to consolidate the existing literature in the area of transparency and risk in (equity) crowdfunding. The seminar equips students with the necessary methodological knowledge to conduct a systematic literature review to provide a structured overview of this topic. Moreover, students get to know the basic concepts related to crowdfunding and transparency.

2. Examination

Depending on the number of participants, the examination is likely to be conducted in groups.

- Mid-term presentation (10%)
- Seminar paper (systematic literature review) (60%)
- Final presentations (30%)

3. Dates (tbc)

Kick-Off: 24.04.2023, 2:00 pm – 6:00 pm

Mid-Term Presentation: 22.05.2023, 2:00 pm – 6:00 pm

Final Presentations: 10.07.2023, 2:00 pm – 6:00 pm

+ Individual Coaching Sessions

4. Contact

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5. Literature

Ahlers, G. K., Cumming, D., Günther, C. & Schweizer, D. (2015). Signaling in Equity Crowdfunding. *Entrepreneurship Theory and Practice*, 39(4), 955–980. <https://doi.org/10.1111/etap.12157>

Drover, W., Busenitz, L., Matusik, S., Townsend, D., Anglin, A. & Dushnitsky, G. (2017). A Review and Road Map of Entrepreneurial Equity Financing Research: Venture Capital, Corporate Venture Capital, Angel Investment, Crowdfunding, and Accelerators. *Journal of Management*, 43(6), 1820–1853. <https://doi.org/10.1177/0149206317690584>

Feola, R., Vesci, M., Marinato, E. & Parente, R. (2021). Segmenting 'digital investors': Evidence from the Italian equity crowdfunding market. *Small and Business Economics*, 56, 1235–1250.

Hoogendoorn, B., van der Zwan, P. & Thurik, R. (2017). Sustainable Entrepreneurship: The Role of Perceived Barriers and Risk. *Journal of Business Ethics*, 157(4), 1133–1154. <https://doi.org/10.1007/s10551-017-3646-8>

Koch, Jascha-Alexander and Cheng, Qian, The Role of Qualitative Success Factors in the Analysis of Crowdfunding Success: Evidence from Kickstarter (May 29, 2016). *Proceedings of the 20th Pacific Asia Conference on Information Systems (PACIS 2016)*; Chiayi, Taiwan 2016, Available at SSRN: <https://ssrn.com/abstract=2808428>

Lehner, O. M. & Nicholls, A. (2014). Social finance and crowdfunding for social enterprises: a public–private case study providing legitimacy and leverage. *Venture Capital*, 16(3), 271–286. <https://doi.org/10.1080/13691066.2014.925305>

Wehnert, P. & Beckmann, M. (2021). Crowdfunding for a Sustainable Future: A Systematic Literature Review. *IEEE Transactions on Engineering Management*, 1–16. <https://doi.org/10.1109/tem.2021.3066305>