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HOW CROWDED IS EQUITY CROWDFUNDING? THE EFFECT OF SOCIAL CAPITAL ON THE SIZE OF THE CROWD IN EQUITY CAMPAIGN

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Since equity crowdfunding is a web-based phenomenon, the role of online social capital in the project's success should be considered through a broad perspective that encompasses both the founder's and the firm's social network and campaign's sharing effects on social media. These three levels of analysis represent different stakes that mobilize different resources and frame different types of crowd. The aim of this study is to identify the relationship between social capital created online and the size of the crowd that sustained the campaign, by the detection of how really crowded the equity campaign is. On this vein, we collected data on 321 crowdfunding campaigns launched by different European platforms and successfully closed between 2014 and 2016. Results show that firm's online presence has a greater impact on the crowd than entrepreneur's online social capital. Therefore, specific social network sites as Twitter and LinkedIn are more influential on the number of investors rather than scatter connections across a wide range of social network sites. The findings are relevant for equity crowdfunding research field as they propose a new perspective on the social capital framework this important alternative instrument in filling the equity gap of startups and innovative SMEs.

Full text of the paper is accessible at

https://www.researchgate.net/publication/323932670_How_crowded_is_equity_crowdfunding_The_effect_of_social_capital_on_the_size_of_the_crowd_in_equity_campaign