

Investors Behavior in High-Risk Early Ventures Equity Crowdfunding

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The research aims to investigate the criteria influencing investment decision making in equity crowdfunding of high-risk early-stage technological ventures. Revealing whether and in what way they differ from other entrepreneurial finance mechanisms. And whether and to what extent they influence ventures finance strategies.

This dissertation is aiming to contribute to all relevant stakeholders within the entrepreneurial ecosystem which may lead to a better-informed fund-raising activity, aimed at enhancing innovation and economic growth.

Financing Entrepreneurship - A Systematic Literature Review of Investor Criteria, Decision Making and Dynamics

Research question:

1. What are the investment criteria that arise from current literature?
2. What decision-making process and dynamics were researched thus far?
3. To what extent investment criteria and dynamics have changed throughout the years?

Method

Evidence based systematic literature review (Tranfield et al., 2003)

Based on 243 papers published on ABS ranking journals between 1975 and mid 2019.

High-risk early stage technological ventures - equity crowdfunding investment criteria

What are the criteria considered by equity crowdfunding investors of high-risk early ventures? And how important is each?

Expected method

Using survey data that will be gathered from equity crowdfunding platforms in Israel

Literature to build up on

- Tyebjee, T. T., & Bruno, A. V. (1984). A model of venture capitalist investment activity. *Management science*, 30(9), 1051-1066.
- Fried, V. H., & Hisrich, R. D. (1994). Toward a model of venture capital investment decision making. *Financial management*, 28-37.
- MacMillan, I. C., Siegel, R., & Narasimha, P. S. (1985). Criteria used by venture capitalists to evaluate new venture proposals. *Journal of Business venturing*, 1(1), 119-128.
- Sudek, R. (2006). Angel investment criteria. *Journal of Small Business Strategy*, 17(2), 89-104
- Hornuf, L., & Schwienbacher, A. (2018). Market mechanisms and funding dynamics in equity crowdfunding. *Journal of Corporate Finance*, 50, 556-574.

Considered Theories

- Social judgement theory (Doherty and Kurz, 1996)
- Self determination theory of motivation (Ryan and Deci, 2000)

Investors decision making criteria in equity crowdfunding – cross cultural comparison

Does national culture effect decision making criteria utilize by equity crowdfunding investors of high-risk early ventures?

Expected method

Using survey data that will be gathered from equity crowdfunding platforms from both Norway and Israel.

Literature to build on

- Bass, B. M., & Franke, R. H. (1972). Societal influences on student perceptions of how to succeed in organization: A cross-national analysis. *Journal of Applied Psychology*, 56(4), 312.
- Hofstede, G. (2011). Dimensionalizing cultures: The Hofstede model in context. Online readings in psychology and culture, 2(1), 8.

Considered Theories

- Social judgement theory (Doherty and Kurz, 1996)
- Self determination theory of motivation (Ryan and Deci, 2000)

Equity Crowdfunding Investors Networks - relationships and patterns

What are the relationship and dynamics between and within ECF investors and how does it effect decision making and behavior?

Expected method

Analyzing data supplied by Israeli equity crowdfunding platform

Literature to build on

- Sorenson, O., & Stuart, T. E. (2001). Syndication networks and the spatial distribution of venture capital investments. *American journal of sociology*, 106(6), 1546-1588.
- Monaghan, S., Lavelle, J., & Gunnigle, P. (2017). Mapping networks: Exploring the utility of social network analysis in management research and practice. *Journal of Business Research*, 76, 136-144.
- Manigart, S., Lockett, A., Meuleman, M., Wright, M., Landström, H., Bruining, H., ... & Hommel, U. (2006). Venture capitalists' decision to syndicate. *Entrepreneurship Theory and Practice*, 30(2), 131-153.

Considered Theories

- Emerson, R. M. (1976). Social exchange theory. *Annual review of sociology*, 2(1), 335-362.
- Lin, N. (2017). Building a network theory of social capital. In *Social capital* (pp. 3-28). Routledge.
- Bruni, A., & Teli, M. (2007). Reassembling the social—An introduction to actor network theory. *Management Learning*, 38(1), 121-125.

**Thank you for the attention and...
Happy to get your feedback**

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