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***Going along with equity crowdfunding: an analysis on the determinants of crowdinvestors' decisions.***

**State of the art/Literature review** – In recent years many difficulties have emerged in accessing funding sources to raise funds to support activities and cover in both public and private sector, in order to answer to the customer and community needs, as well as to create value. This lack of resources mostly affected the entrepreneurial environment and it is defined as the “equity gap”. Basically, in regard of enterprises life cycle, this problems focus upon start up stage, especially affecting the proof of concept, and interest the difficulties to tear financial barriers down. Usually, in that stage businesses are out of the visual field of venture capitalists. Landström (2003) argues that the equity gap challenge represents the highest barrier to overcome for every start-up companies. The difficulties, in fact, increase when the financial sub-pillar, in a specific regional system, isn't effective. This leads to the need of researching alternative financial tools that could be considered as a complement or a substitute of traditional and formal investment mechanism (Wright et al., 2006).

The work that follows will focus precisely on the understanding of these difficulties and the identification of new financing mechanisms to support innovative enterprises. Specifically, the author investigates Crowdfunding, especially equity crowdfunding, an innovative financing mechanism that raises from the "bottom" and it is helpful for any type of entrepreneurial projects that follows a long tail model, thought to be the new emerging model to access to financial resources which started a revolution in the fundraising processes. In fact, in the last years, crowdfunding is arising as a widespread financing and fundraising tool. Crowdfunding represents a novel mechanism of fundraising embedded in the current financial innovation (Moenninghoff & Wieandt, 2013), which operates in order to produce convergent innovation (Dubé et al., 2014). It means innovation that produces both economic and social (human) outcomes. This is a funding

vehicle that embraces different contexts as well as the civic ones (Giannola & Riotta, 2013; Davies, 2014).

According to some authors (Schwienbacher & Larralde, 2010; Ordanini et al., 2011; Belleflamme et al., 2014), crowdfunding allows to turn a large audience of customers into investors. Moreover, the same authors agree on the idea that crowdfunding lies on different elements that could be macro-categorized in: web, social (relational) capital (Bourdieu, 1985) and, indeed, crowdsourcing (Howe, 2006). The need to feed a strong wide community highlights the social network structure of crowdfunding, because it literally connects entrepreneurs with potential funders, individuals who can supply financial capital (Wheat et al., 2013; Marlett, 2015). This is possible thanks to intermediation internet based platforms, which act as market place where is possible to collect and canalize the scattered unlocked private capitals to sustain business ideas from research, decreasing the weight of geographical proximity in the innovation process (Agrawal et al., 2011).

Studies are mainly aimed to understand which factors led a crowdfunding campaign towards the success, taking the steps from the work on fundraising in venture capital context (MacMillian 1986, Baum & Silverman, 2004, Dushnitsky, 2009). Some authors (Mollick, 2014; Agrawal *et al.*, 2010) noticed a relevant impact of quality signals, social network ties, appropriate goals and careful planning on the success of a campaign, but the impact of patent rights were not considered instead of the research about formal investors financing decision such as Venture Capitalist (Lemley, 2000; Mann and Sager, 2007; Heeley *et al.*, 2007; Hsu and Ziedonis, 2013; Conti et al., 2013; Hussler *et al.*, 2014; Munari & Toschi, 2014).

**Purpose/thesis** – Following the evidence of the literature review, authors have noticed a gap in the study about the success of a crowdfunding campaign. From the analysis of the current literature, what emerges is the lack of the attention about the success determinants of a crowdfunding

campaign from the side of consumer who want to turn into investors, especially looking at the role of patents.

For this reason, in this explorative study the authors focalize their attention on the relation between crowdfunding and the patents as a success determinant. In particular, authors studied the equity crowdfunding investment, relying on the behaviour of many European countries which are tending to regulate equity crowdfunding, in order to supply equity to Small and Medium Enterprises (SMEs). In fact, after the Italian experience about equity crowdfunding regulation (Decree Law “Crescita 2.0”, converted in law in 2012), other European countries are, similarly, designing specific regulation.

The aim is to understand how the patent owned by a start-up could influence the success of a crowdfunding campaign led on an equity based platform.

**Methodology** – Following the assumption explained in the research purpose description, authors intend to investigate which signals that have emerged from a crowdfunding campaign (funding target, funding level, number of investors, pledge/investors, market scope, number of patents), were relevant on the investment decision. In particular, the research aim to understand the role of patents on the investment decision of investors (Lemley, 2000; Mann and Sager, 2007; Heeley *et al.*, 2007; Hsu and Ziedonis, 2013; Conti *et al.*, 2013; Hussler *et al.*, 2014; Munari & Toschi, 2014; Hussler *et al.*, 2014; Mollick, 2014; Munari & Toschi, 2014). The sample will be collected within the population of crowd-investors which applied their pledge on the main Italian equity platform, gathered from the database of the Italian security exchange commission (CONSOB). The causal relationship between the proposed model will be evaluated by using Structural Equation Modeling (SEM). Usually, Structural Equation Modeling (SEM) is widely applied in social studies and in particular, in marketing and management studies to predict endogenous latent variables and to validate research hypotheses underpinning latent constructs (causal analysis or path analysis). In particular, SEM enables to measure and specify simultaneously multiple causal relationships

between a set of (latent) non-observed variables (commonly defined constructs) and specific observed indicators (commonly defined items). SEM can be used to perform a holistic explanation for causal relationship of latent variables in a specific domain problem.

**Findings and Practical implications** – This approach is expected to capture the complexity of the phenomenon.

Summarizing, the authors try to understand if crowdfunding could be helpful both to raise up financial-based resources for Innovative Companies and produce positive outcomes to the benefit of the research and technology transfer. The results even affects the value of patents and innovation as part of the intangible assets of a firm.

Moreover, this research could help both entrepreneurs (especially innovative companies) and crowdfunding platform owner, to set up an effective and succeeding crowdfunding Industry.

**Further Research** - Authors initially intend to enlarge the sample, including all innovative start-ups. This would be useful to conduct a quantitative research, in order to better understand the role of crowdfunding, the importance of a patent as a quality sign in crowdfunding and the evolution of this fundraising mechanis. The described future research agenda will mainly lead the author to comperere the differente perception of the wight patents in a crowdfunding campaign within entrepreneursh and backers/investors. Secondly, the authors intend to build a dataset with the crowdfunding campaigns from the main european equity platform, to analyze the new fundraising toll from the platform side. Then, the authors suggest to map the crowdfunding phenomenon across the Europe, in the way to start a case study within different countries, in order to understand how cultural aspects and regulations affect the evolution of crowdfunding in a specific country.

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