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Summary

We develop a framework connecting the ability of an entrepreneur to construct a narrative and his/her ability to raise funds. To do so, we extend the findings of Martens, Jennings and Jennings (2007) that point out the strategic use of narratives to influence investors’ decision making in IPO. We use their research as a starting point to develop a conceptual framework which is potentially better suited to crowdfunding, as an emerging financing alternative. This framework is the result of an effort to achieve the recognition of funders’ emotions in their decision making. Inspired by behavioral finance, we advance novel arguments about the strategic use of narratives in the crowdfunding process. Specifically, we theorize how the use of emotions in narratives shapes funders’ emotional attitude toward the firm and in turn, their decision to participate in it.

Keywords: crowdfunding, narratives, entrepreneurial finance, funders’ emotions, emotional content.

This work is part of the thesis of Amélie Wuillaume

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1. Introduction

Acquiring funds takes on a critical importance for an entrepreneur (Mollick, 2014), not only to pursue opportunities at the beginning but also in order to grow afterwards (Martens, Jennings and Jennings, 2007). However, if securing funds constitutes a vital task, it is also a very challenging stage of the entrepreneurial process (Cassar, 2004). Much research focuses on traditional money providers such as banks, venture capitals and business angels (Moss et al., 2015). However, today’s economic conditions make banks and traditional money providers averse and less and less disposed to lend money\(^1\). Fortunately, recently, diverse financial mechanisms (i.e. microfinance, crowdfunding and peer-to-peer innovations) have appeared for entrepreneurs seeking capital (Moss et al., 2015). Despite the enthusiasm they generate (Mollick, 2014), the scholarly understanding of these emerging powerful means of accessing capital (Allison et al., 2015) is currently limited. In this respect, they even were the subject of a special issue of *Entrepreneurship, Theory and Practice* in 2015 (Bruton et al., 2015). Specifically, so far limited research has analyzed the factors influencing loans to be more or less attractive to lenders, particularly to the ones providing capital via crowdfunding (Allison et al., 2015). There is considerable value in being further interested in the dynamics of crowdfunding; it highlights subjects of interest to both academics and policymakers (Mollick et al., 2014). In this respect, we focus on the understanding of the way an entrepreneur may influence his/her ability to raise capital via crowdfunding. This paper takes action to give this hot topic the consideration it deserves.

We focus on entrepreneurial narratives for their proven influence on resource acquisition (Lounsbury and Glynn, 2001; Martens, Jennings and Jennings, 2007) to propose a conceptual framework lying at the intersection of entrepreneurship and finance literature. The need to develop this framework emerges from the research conducted by Martens, Jennings and Jennings (2007) and the two main questions it raises. We leverage on their initial ideas and try to develop and advance novel arguments about the strategic use of entrepreneurial narratives. On one hand, Martens, Jennings and Jennings’ (2007) research rather focuses on rational elements guiding investors’ decision. However, if risk and return perceptions remain key variables in investors’ decision, researchers in finance point out the need to take into account the emotional side of decision makers; specifically in particular contexts. On the other hand, we are concerned, as highlighted by Martens, Jennings and Jennings (2007) themselves, that the focus on IPO brings into question the generalizability of the findings outside this context.

From finance, we know that emotions may influence investors to some extent (Kearney, Liu, 2014). Specifically, highly uncertain context and unsophisticated investors are conditions in which emotions are expected to be the most influential (Baker, Wurgler, 2007; Rubaltelli et al., 2010; Aspara, Tikkanen, 2011; Aspara, 2013). From entrepreneurship, we understand that given the fact that market information of a microenterprise is very limited, investment decision of microlenders significantly relies on entrepreneurial narrative (Moss et al., 2015). As an emerging financing alternative, the crowdfunding platform combines a highly uncertain context and quite unsophisticated investors who base their decision to provide money to an entrepreneurial project on narratives appearing on the platform (Belleflamme, Lambert, Schwienbacher, 2014; Moss et al., 2015). Therefore, connecting this stock of knowledge developed in entrepreneurship and in finance leads us to question how emotions expressed through narratives may impact entrepreneurs’ ability to raise funds from crowdfunders.

We propose here a non-empirical article, and more specifically, a conceptual paper. The reason for the development of a conceptual paper, rather than an empirical paper or a critique, is twofold. On one hand, the way narrative is used by entrepreneurs to influence money providers is a theme that has received little attention (Lounsbury and Glynn, 2001; O’Connor, 2002; Martens et al., 2007; Cornelissen et al, 2012; Allison et al., 2013; Lurtz and Kreutzer, 2014), and even less in the context of emerging financing mechanisms (Bruton et al., 2015). In addition to that, the dialogue between entrepreneurship and finance is still in its early stages (Mitter, 2011). Therefore, the foundations for this problematic still needs to be theoretically laid before going further on empirical research. On the other hand, we have moved towards a conceptual paper instead of a review or even a critique (Cropanzano, 2009) because the current knowledge about the chosen theme is insufficient to nourish a relevant and rich review or critique. However, developing a conceptual paper may enrich the theoretical knowledge about this matter.

Our leading attempt is to enhance the understanding of the crowd “by the recognition of the different objectives and expertise of the providers of finance through different types of crowdfunding platforms” as proposed by Bruton et al. (2015) in a special issue of *Entrepreneurship, Theory and Practice*. In this perspective, we call on the use of narratives as a strategic tool generating emotions, to employ in accordance with funders’ objectives and expertise. Through this, we take an interest in the role of entrepreneurial activity in generating emotions amongst others, as urged by Shepherd (2015).

The paper is structured as follows. We first provide some background on the research conducted by Martens, Jennings and Jennings (2007) that has initiated our reflection about the strategic role of narratives in the context of crowdfunding specifically. We then turn to discussing the relevance of behavioral finance when it comes to helping us feed our thought about the subject. Next, we go through each building block of our framework. From the cross-fertilization of these two complementary literatures, which as of yet communicate very little, we develop a conceptual framework and make emerge some research propositions. We conclude with the potential implications for future research and practice.

2. Theoretical framework

2.1. Martens, Jennings and Jennings’ (2007) work as a starting point and the discussion it opens

Martens, Jennings and Jennings (2007) have developed and tested empirically some propositions about the way entrepreneurial narratives were used as a strategic device for resource acquisition. More specifically, these scholars have studied the influence of narratives concerning existing stock of resources on the firm’s ability to secure capital in the context of an IPO.

Theoretically, the authors have assumed three ways through which narratives may influence the acquisition of subsequent resources (figure 1). They have proposed that effectively constructed narratives act to (1) construct a comprehensible identity for the firm, (2) make sense of proposed means of exploiting opportunities and (3) generate interest and commitment among investors by embedding endeavors into broader contextual discourses. Empirically, Martens, Jennings and Jennings (2007) have measured the entrepreneur’s ability to acquire resources through a set of different valuation premiums of the firm. The positive influence of astutely constructed narratives on these premiums has been demonstrated. While the second and the third propositions were only partially supported, the first proposition has received full support from empirical researches. Martens, Jennings and Jennings (2007) argue that the reason that narratives are so effective to act on investors’ decision is through the construction of an identity (the first and fully supported proposition). Indeed, identity seems to influence the perceptions of asymmetry and uncertainty. The authors argue that narratives present apparently independent and disconnected elements into a more coherent and meaningful whole, conveying a more understandable and memorable identity. In this way, information about existing stock of resources conveyed through a narrative format acts to reduce the perceptions of asymmetry and uncertainty, considered by Martens, Jennings and Jennings (2007) as the two key elements that guide investors’ decision. Figure 1 presents our establishment of a model for Martens, Jennings and Jennings’ work (2007).

The research carried out by Martens, Jennings and Jennings (2007) constitutes at once a reference and a starting point for our work. It enables initiating an understanding of the influence of entrepreneurial narratives on resource acquisition and highlights their strategic potential. However, this initial research raises at least two challenging issues. On one hand, this research assumes that investors are purely rational human beings, only concerned about risk and return on investment while making a decision to invest. *Does this assumption always hold true?* On the other hand, we are concerned about the generalizability of the conclusions. *Do these conclusions remain outside the context of an IPO?* Each of these questions is further developed hereunder.
First of all, Martens, Jennings and Jennings (2007) consider the investors’ as purely rational. More specifically, their decision making is assumed to be strictly informed by “rational” considerations as risk and uncertainty. In this perspective, narrative constitutes a strategic device because of its ability to shape these rational dimensions only. In entrepreneurship literature, emotions experienced by the entrepreneur have long been recognized to influence his/her cognition and behavior (Baron, 2008). However, quite surprisingly, when it comes to investors’ behavior, the influence of emotions is often disregarded. In this perspective, Jennings et al (2015) initiate a recognition of the influence of emotions amongst the stakeholders of the entrepreneurial project. Jennings et al (2015) indicate that people involved (i.e. investors) in the entrepreneurial process may come to perceive, share and react to entrepreneurs’ emotions (Jennings et al., 2015).

Then, the second question mark is related to the generalizability of the results. Martens, Jennings and Jennings’ empirical research (2007) was conducted in the context of an IPO. However, it seems of critical importance to take an interest in the effects of narratives outside this particular environment. Particularly, we have mentioned the emergence of some financial mechanisms for nascent entrepreneurs that do not (at least at early stages) address traditional financial market (Allison et al., 2015). We know very little about investors that provide money through these emerging mechanisms. They may behave and make investing decision differently from the ones in IPO (Mollick et al., 2014).

In an attempt to address the strategic use of narratives in crowdfunding, appealing to little known investors, we here propose a conceptual framework at the intersection of entrepreneurship and financial literature.

### 2.2. The contribution of finance to the initiated discussion

We call upon financial literature because we strongly believe it presents relevant approaches to address the two discussion points highlighted here above.

First of all, if traditional economy and finance have long defended the strict rationality of economy actors, this idea has recently been challenged. Daniel Kahneman, 2002 Nobel Prize in Economy, has shaken this premise of the perfect rationality of economy operators and laid the foundation for a more nuanced field of research; “behavioral economy”. In this behavioral perspective, the economic agent is presented as animated by two cognitive processes that interact (Cohen, 2005). If they are not two distinct and independent mechanisms, these systems are presented as two dramatis personae just to simplify the understanding (Kahneman, 2016). One system, more rapid, is more intuitive and based on emotions. The other one is more rational and slower. Cooperatively, emotional response and higher cognitive process inform attitude (van den Berg et al., 2006) and guide behavior (Cohen, 2005). In fact, based on emotions, the first and rapid system sends suggestions for the second and slower one. If approved by the second system, emotions are converted into deliberated actions. In a way, emotions “nourish” reason. Sometimes, the rapid system meets some difficulties and the second one intervenes with more detailed analysis of the decision to be made. According to the context of the decision making, one system or the other governs behavior (Cohen, 2005; Kahneman, 2016).

If behavioral economy is interested in economic agents in general, behavioral finance specifically focuses on investors. Far from the traditional rational agent, the investor is now recognized to be influenced by an emotional dimension in his/her decision making (Baker, Wurgler, 2007; Aspara, Tikkanen, 2011). The added value of behavioral finance to entrepreneurship does not stop there. This field of research teaches us that emotions carry weight in two cases more specifically (Baker, Wurgler, 2007; Aspara, Tikkanen, 2011; Aspara, 2013). On one hand, the more the investor makes decision in an uncertain context, with limited available information, the more he/she is expected to rely on emotions to facilitate investment decision (Baker, Wurgler, 2007; Aspara, Tikkanen, 2011; Aspara, 2013; Kearney, Li, 2014). On the other hand, Baker and Wurgler (2007) also indicate that individual investors, described as “unsophisticated”, are more likely than the professional ones to be highly prone to emotions. They are told to be “unsophisticated” because of their lower level of knowledge and experience compared to traditional investors for whom investing is their core activity. In fact, individual investors deviate more from the rational assumptions of traditional finance than the professional ones (Victoravich, 2010; Aspara, Tikkanen, 2011). In addition to the degree of uncertainty of the situation and of knowledge of people (Baker, Wurgler, 2007; Victoravich, 2010; Aspara, Tikkanen, 2011), individuals’ own differences make one system prevails on the other. Some people are rather emotions-based while others are rather cognitive-based (Huskinson, Haddock, 2006).
2.3. Crowdfunding

We have highlighted hereinabove that emotions are particularly influential in the context of high uncertainty and for the less sophisticated investors (Wurgler, 2007; Victoravich, 2010; Aspara, Tikkanen, 2011; Aspara, 2013). Combining inherently uncertain nascent firms and an unsophisticated “crowd” (Belleflamme et al., 2013; Ahlers et al., 2015), crowdfunding platforms seem to bring all together the conditions to be particularly affected by emotions.

2.3.1. Crowdfunding as a new financing alternative

Crowdfunding constitutes one of the emerging financing alternatives that have gained currency these last few years (Bruton et al., 2015). If the principle of crowdfunding is not new, it has gained prominence and visibility recently because of the development of internet and online transactions (Mollick, 2014). Although these options have become increasingly popular, our knowledge about the factors making lending more or less attractive is still in its infancy (Allison et al., 2015; Bruton et al, 2015).

This alternative is a way for founders of for-profit, artistic, cultural and social ventures to raise funds from a large audience (crowdfunders) through a platform, without standard financial intermediaries (Belleflamme et al., 2013; Mollick, 2014). This platform is mostly online and constitutes a virtual meeting place for entrepreneurs seeking resources and resource providers (Belleflamme et al., 2013). It constitutes an opportunity for entrepreneurial projects to obtain small contributions from a large number of individuals instead of soliciting a small group of sophisticated investors offering larger amounts (Belleflamme et al., 2013; Mollick, 2014). These individuals constitute the “crowd” which is made of unsophisticated and small investors (Ahlers et al., 2015). Crowdfunders are told to be small and unsophisticated because they invest relatively small amounts of money and lack financial sophistication and experience to correctly assess investment alternatives (Ahlers et al., 2015). In this sense, they have to be distinguished from professional investors for whom making investment is their business activity (Belleflamme et al., 2013); they make informed decision based on a mindset and valued tools from years of experience (Victoravich, 2010).

2.3.2. Both sides’ diverse interests

Mollick (2014) highlights the need to take into account both the goal of the crowdfunding effort and the goal of the resource providers. Crowdfunding projects can range from small artistic projects to entrepreneurs seeking substantial amounts of capital as an alternative to traditional venture capital investment (Mollick, 2014). Moreover, if many entrepreneurs engaging in crowdfunding seek money (Schwienbacher, Larralde, 2010), a large number of other objectives may be pursued (Mollick, 2014). As an example, crowdfunding may be used to reach a marketing purpose (promoting the product, creating interest around the project) or to demonstrate demand for a product before going on more traditional financing alternatives (Mollick, 2014).

In addition to encompassing diverse founding goals for entrepreneurs (founders) (Mollick, 2014), crowdfunding platforms also allow funders themselves to achieve different goals. These goals are met through diverse “mechanisms” in which individuals fund projects (Belleflamme et al., 2013; Mollick, 2014). Financing mechanism may take four main forms; donation based, reward-based, lending-based and equity-based platforms (Cholakova and Clarysse, 2015).

First of all, in the donation-based model, the crowdfunding is in the position of a “philanthropist” (Mollick, 2014), a “donor”, who gives money and expects no return for the donation he makes. This is often observed for art or humanitarian projects (Mollick, 2014). Ahlers et al. (2015) argue that in donation-based mechanism, factors other than potential monetary returns principally come into play for the funder. He attaches less importance to rational considerations and funds a firm for motives such as supporting a cause considered as important or personally supporting the founders themselves (Mollick, 2014). In general, factors leading people to give are sympathy, empathy, guilt, happiness and identity (Gerber et al., 2013).

Then, in the reward-based model, the money provider, called “backer”, receives non-financial (tangible or intangible) rewards in exchange for backing a project (Belleflamme et al., 2013). Example of a tangible reward is the opportunity to receive the product in advance. A more intangible reward includes being involved in the development of the product (Mollick, 2015). In this perspective, the backer seems to fund a venture because he “likes” or “enjoys” it (Schwienbacher, Larralde, 2010). Despite Mollick’s analysis (2014) and in a quite
contradictory way, Cholakova and Clarysse (2015) demonstrate that non-financial motives play no primary role in reward-based mechanism compared to financial considerations.

Furthermore, in the lending-based model, the lender is expecting a repayment with interest while lending money (a credit contract without intermediaries) (Belleflamme et al., 2013). The money provider seems to be motivated by a hybrid combination of two kinds of factors (Galak et al., 2011). The decision making incorporates both extrinsic determinants (such as the potential future rewards) and intrinsic elements (such as the need to help other people) (Galak et al., 2011). However, in the context of micro lending without interest, Allison et al. (2014) rather demonstrate the predominance of intrinsic motivations. The lender responds more positively to a project presented as an opportunity to help others, and less positively when it is framed as a business opportunity (Allison et al., 2014).

Finally, the equity-based model provides the funder with a shareholding contract (Belleflamme et al., 2013; Cholakova and Clarysse, 2015). In this model, the funder is treated as a traditional investor; he/she receives equity shares or similar forms in return for the funding (Mollick, 2014). Cholakova and Clarysse (2015) demonstrate that non-financial motives play no significant role in the investor’s decision to invest for equity. The investor in equity is primarily motivated by the expectations of high returns. Similar to venture capital investors, they seem to be concerned with information asymmetries in their decision process (Ahlers et al., 2015).

From now on, to distinguish capital providers in crowdfunding from “traditional investors”, we use the general term funders (regardless of the platform on which they are) to refer to the formers.

2.4. Emotional dimension: emotions and attitude

Enlightened by the knowledge generated in behavioral finance about investors’ behavior (Baker, Wurgler, 2007; Aspara, Tikkanen, 2011; Aspara, 2013; Kearney, Liu, 2014), we are now aware of the influence of the emotional dimension in decision making (Cohen, 2005; Victoravich, 2010), specifically for businesses in particularly uncertain context and for unsophisticated investors (Ahlers et al., 2015).

2.4.1. Emotions: a need for some clarifications

The term emotion is often but mistakenly used as a synonym of affect. Affect is an overarching term that encompasses different affective states (Van Kleef et al., 2015). Emotion is one of them, just like moods and dispositional affect are (Cardon et al., 2012). Emotions are intense, short lived and present a specific cause or stimuli and a clear cognitive content (being sad about something) (Forgas, 1992; Hayton, Cholakova, 2012; Cardon et al., 2012). Emotions have to be distinguished from moods and dispositional affect in the sense that these differ in their degree of specificity, intensity and duration (Forgas, 1992; Victoravich, 2010). Moods are low in intensity, diffuse, enduring and do not have a specific cause (being in a bad mood without specific reason) (Forgas, 1992; Hayton, Cholakova, 2012). Dispositional affect is a stable underlying affective personality.

Emotions are often characterized by two dimensions; valence and arousal (Winkielman et al., 2007). Valence refers to the hedonic dimension of emotions and may be positive or negative. Arousal relates to the activation dimension of emotions, ranging from low to high (Winkielman et al., 2007).

2.4.2. Effects of emotions on attitude formation

Past research has largely demonstrated the intrapersonal effects of emotions (on one’s cognition and decision making among other things) (Baron, 2008; Van Kleef et al., 2015). However, emotions have also been shown to have interpersonal influence (Van Kleef et al., 2015). In other words, emotions not only influence the people experiencing them but also the ones who observe them (Van Kleef et al., 2015; Jennings et al., 2015). The emotions as social information theory (EASI) (Van Kleef et al., 2009; 2011; 2015) teaches us that emotions expressed by someone provide observing people with information. Among other elements, emotions expressed are used by observers to form their attitude and therefore guide their behavior (Van Kleef, 2009).

An attitude is an evaluative response to a particular entity (Van Kleef and al., 2015), that demarcates the pleasure or displeasure (Forgas, 1992) someone feels about a particular object. In this perspective, the example pointed out by Statman et al. (2008) is quite meaningful; individuals do not just see a house, they rather see a beautiful or an ugly house. The definition of attitude has been the subject of much debate. We adopt the definition provided by
Van Kleef et al. (2015) and describe attitudes as “the temporary evaluations that are constructed based on a combination of stored representations of (…) object and information that is currently at hand”.

Attitudes are formed based on affective (emotions) and cognitive (reasoning) information (Huskinson, Haddock, 2004; van den Berg et al., 2006). While affective information relates to emotions associated with the “attitude object”, cognitive information relates to beliefs or thoughts about it. In other words, the affective dimension relates to the positive/negative emotions associated with the attitude object and the cognitive aspect relates to the positive/negative beliefs people hold about it (See et al., 2008). For example, the negative global attitude someone has toward cigarette may come from the disgust (affectively based) or the perceived harmfulness (cognitively based attitude) (See et al., 2008). If attitudes incorporate both affective and cognitive components, these are separate notions. And, the salience of one component on the other leads to the formation of different attitudes (van den Berg et al., 2006). Individuals differ in the extent to which they rely on emotions (Fetterman, Robinson, 2013).

In addition to the cognitive dimension, financial literature has started to investigate the emotional dimension of investors’ attitude. Financial scholars call “investors’ sentiment”, the “belief about future cash flows and investment risks that is not justified by the facts at hand” (Baker, Wurgler, 2007). “Investors’ sentiment” highlights that investors’ attitude is not only informed by facts, but by subjective emotions (Baker, Wurgler, 2007). This captures the subjective judgments and behavioral response of investors (Kanheman, 2016).

2.5. Narratives

Now that we have discussed the influence of emotions on investors’ attitude (Baker, Wurgler, 2007; Kanheman, 2016), the remaining question is how emotions are communicated by entrepreneurs. Narratives constitute a preferred way used by entrepreneurs to make sense (Martens, Jennings and Jennings, 2007). In this regard, Jennings et al. (2015) highlight narratatives as symbolic devices used by entrepreneurs to display their emotions.

Narratives represent “accounts of events”; they constitute a set of stories (Dalpiaz et al., 2014). O’Connor (2002) considers narratives as “constitutive of human understanding and [as] integral to meaning-making, identity building and purposeful acting”. According to Smith and Anderson (2004), the reason that narrative is so unique lies in its capacity of “linking individual human actions and events with interrelated aspects to gain an understanding of outcomes”. Narrative connects a priori independent elements and brings distant things closer, makes the obscure clear and simplifies the complex (Smith, Anderson, 2004).

Narratives are composed of three components: a narrative subject looking for something, an object or a goal and, finally, a set of forces that will enable or, at the contrary, refrain the subject to reach his/her targeted goal. These elements are organized through a temporal sequence that provides a sense of plot (Barry, Elmes, 1997; Lounsbury and Glynn, 2001; Martens, Jennings and Jennings, 2007). However, if narratives organize events, they do not only and necessarily display factual information in a chronological order. Indeed, to give sense, it is now widely recognized that the storyteller represents reality with some degree of freedom (Martens, Jennings and Jennings, 2007).

Narratives constitute important organizational symbols that might be both verbal and written (Barry, Elmes, 1997), and may vary widely in terms of length and content (Wolfe, Shepherd, 2015). On one hand, examples of oral language are the “extemporaneous stories” which are communicated in the entrepreneur’s day-to-day conversation or the “scripted narratives” told during more formal interactions (with stakeholders such as bankers, investors or media actors) (Barry, Elmes, 1997; Martens, Jennings and Jennings, 2007). On the other hand, “minimal narratives”, the small stories appearing on firms’ websites or brochures, and “fuller narratives” such as annual reports, constitute examples of the written entrepreneurial narratives (Martens, Jennings and Jennings, 2007). In whatsoever form, narratives can take the shape of “personal and social histories, myths, fairy tales, novels or everyday stories” (Smith, Anderson, 2004).

2.5.1. Narrative as a strategic tool in entrepreneurship

In the entrepreneurial context, narratives depict the entrepreneur, his/her firm or both (Martens, Jennings and Jennings, 2007) and constitute a strategic tool enabling entrepreneurs to accomplish crucial activities (Wolfe, Shepherd, 2015). One of these critical operations is the need for entrepreneurs to shape interpretations of the nature and potential of their new venture (Lounsbury and Glynn, 2001). In this regard, narratives are often employed by entrepreneurs in order to create and convey meaning (Smith and Anderson, 2004). Indeed, it even seems that stories
are the “fundamental, preferred and (…) effective means” for authors (Martens, Jennings and Jennings, 2007) to communicate, make and give sense (Boje, 1991). In this perspective, the storytelling forms “an essential component of an entrepreneur’s toolkit” (Martens, Jennings, Jennings, 2007).

Obviously, narratives act as strategic devices for entrepreneurs, used to influence the way people understand things (Dalpiaz et al., 2006). Specifically, scholars have started considering narratives as a mechanism for seeking resources (Lounsbury and Glynn, 2001; Martens, Jennings, Jennings, 2007; Allison et al., 2013; Lurtz and Kreutzer, 2014; Jennings et al., 2015). This growing body of research demonstrates the strategic use of narratives to shape investors’ decision making (Martens, Jennings and Jennings, 2007; Herzenstein et al., 2011; Pollack et al., 2012; Allison et al., 2013; Fischer and Reuber, 2014) and emphasizes the need to carefully construct narratives in order to improve chances of funding (Allison et al., 2013). In addition to their ability to reduce uncertainty and return perceptions (Martens, Jennings and Jennings, 2007; Herzenstein et al., 2011; Allison et al., 2013), narratives have also been shown to act on information opacity and risk perceptions (Pollack et al., 2012). Moreover, effective narratives may also act to differentiate the firm from its rivals (Fischer and Reuber, 2014).

These efforts have largely highlighted the ability of narratives to shape uncertainty, risk, information opacity, differentiation and returns. These kinds of narrative shape audience’s beliefs (See et al., 2008). The other way to tailor a message is to appeal to the audience’s emotions (See et al., 2008). Jennings et al. (2015) have recently highlighted the strategic use of narratives to express entrepreneurial emotions and consequently trigger stakeholders’ emotions. Specifically, in microlending, Allison et al. (2013) point out the need for effective narratives to shape emotions, rather than rational considerations (returns, risk…). In this context at the intersection of traditional investment and charitable giving individual, lenders are not interested by financial considerations. They rather try to maximize their warmglo, a positive affective state felt while helping others (Allison et al., 2013).

2.5.2. Emotional dimension as one of the strategic use of narratives

We have discussed above the particular relevance of considering the emotional dimension in funders’ behavior and pointed out the ability of narratives to communicate entrepreneurs’ emotions (Van Kleef et al., 2009; Jennings et al., 2015).

Conversely to information-based rational narratives composed of neutral terms and phrases (Pallak et al., 1983), emotionally-toned narratives employ a language relating to emotions (Wolfe, Shepherd, 2015). For instance, “entrepreneurs lack credibility with bankers” is an example of a neutral phrase and “entrepreneurs are all doomed to suffer from a lack of credibility with bankers at some point in their lives” is an emotionally toned-sentence. Moreover, concerning emotions-based narratives, while a positive emotional content refers to language relating to positive emotions (i.e. happiness) (Van Kleef et al., 2015), a negative emotional content refers to language relating to negative emotions (i.e. sadness) (Wolfe, Shepherd, 2015). Emotions displayed through narratives trigger emotional arousal among investors (Jennings et al., 2015).

From a set of experiments and based on emotion as information theory (EASI), Van Kleef et al. (2015) show that individuals use others’ emotional expressions (transmitted through narratives) to build their own attitude towards the object about which emotions are expressed (Van Kleef et al., 2009; 2011; 2015). Van Kleef et al. (2015) use a newspaper article about the abandon of bobsleighing from Olympics (a negatively framed scenario) and manipulate the source’s expressed emotions regarding this plan (sadness/happiness). Participants were asked to read one version or the other. Having read the newspaper article, participants were asked to indicate their attitude about bobsleighing. Results show that participants who read an article in which the source expressed sadness about the plan to drop bobsleighing from Olympics reported more positive attitude towards this sport than those who received an article in which the source formulated happiness about this abandon. Given the fact that the scenario was negatively framed (banning bobsleighing), these experiments show that the interpersonal effects of emotional expressions on attitudes are conducted by the informational value of emotions (Van Kleef et al., 2015), and not by emotional contagion, as proposed by Jennings et al. (2015). Van Kleef et al. (2015) indicate that if attitudes were framed by contagion, attitudes about bobsleighing should have been more favorable after reading happy rather than sad expressions. Finally, it should be noted that the effects of the message on individuals’ response depend on their attitude structure (affective and cognitive) (Huskinson, Haddock, 2004).
2.5.3. Emotional strategic use of narratives in finance

Based on the understanding that presenting information emotionally vs. rationally influences evaluation (Pallak et al., 1983), some scholars in finance demonstrated the influence of the emotional content of some narratives on market response (stock returns or trading volume) (Tetlock, 2007; Tetlock et al., 2008; Davis et al., 2012; Price et al., 2012, Kearney, Li, 2014). Public corporate disclosures, conference calls, earning press release (corporate-expressed sentiment), news articles (media-expressed sentiment) and internet messages (internet-expressed sentiment) were investigated (Tetlock, 2007; Tetlock et al., 2008; Davis et al., 2012; Price et al., 2012). On the “positive” emotional side, Davis et al. (2012) show that levels of net optimistic language in earnings press releases are predictive of firm performance to the market. On the “negative” emotional side, Tetlock (2007) shows that a high level of media pessimism predicts downward pressure on market prices and high market trading volume. Moreover, Tetlock et al. (2008) further investigate the impact of negative words in important newspapers dealing with S&P firms. Results show that negative words in the financial press forecast low firm earning.

We recall that we focus on the influence of entrepreneurial narratives on crowdfunders. Therefore, we define narratives as small written stories depicting at once the entrepreneurial project, the entrepreneur and the reason of the funding that appear on the crowdfunding platform and are used as a key decision-making tool by funders.

3. Entrepreneurial narrative influence framework

Martens, Jennings and Jennings’ work (2007) provides an essential basis for advancing a novel understanding of the strategic role of narratives in the ability of an entrepreneur to acquire funds from investors. However, in their research, they consider investors as financial actors guided by economic considerations in their decision making.

In the light of financial literature, in addition to cognitive process, we emphasize the need to recognize the presence of an “emotional dimension” in funders’ decision making (Kahneman, 2016). Specifically, we focus on crowdfunding, for which we expect the emotional dimension to be especially salient; for its unsophisticated funders and high degree of uncertainty (Baker, Wurgler, 2007; Victoravich, 2010; Aspara, Tikkanen, 2011; Aspara, 2013). Therefore, in this section, we develop a conceptual framework of the influence of entrepreneurial narratives which emphasizes the entrepreneurial emotions communicated for the understanding of crowdfunders’ attitude and subsequent decision making. Figure 2 depicts our general framework.

Inspired by Martens, Jennings and Jennings (2007), we argue that narratives act on the entrepreneur’s success in fundraising. Indeed, we suggest that the entrepreneurial emotions expressed through narratives participate in the
formation of funders’ attitude towards the entrepreneurial firm (Jennings et al., 2015, Van Kleef et al., 2015) and, in turn, influence their willingness to support it (Aspara and Tikkanen, 2008). We further propose that the potential influence of the entrepreneurial emotions expressed through narratives on the funders’ attitude and behavior varies according to the crowdfunders’ attitude structure. Individuals’ attitude structure relates to the situation in which they decide to become involved. We have seen that crowdfunders play on different platforms mechanism according to the diverse interests they have in mind (Belleflamme et al., 2013; Mollick, 2014). Some people look for emotions inducing situations while others prefer more cognitive activities (Huskinson, Haddock, 2006).

3.1. Narratives emotional content and emotional arousal

Allison et al. (2015) point out the central role of entrepreneurial narratives for crowdfunding solicitation in particular. Given that market information of a microenterprise is very limited, the funding decision significantly relies on narratives appearing on crowdfunding platforms, being one of the few available pieces of information (Moss et al., 2015). The strategic use of narratives for its influence on rational elements (Martens, Jennings and Jennings, 2007; Allison et al., 2013) has been largely demonstrated. However, we know that, in addition to these cognitive components; attitude formation also incorporates affective elements (emotions) (van den Berg, 2006). Therefore, we specifically take an interest in the influence of narrative on the emotional dimension.

Therefore, we posit that, in addition to their influence on cognitive considerations, narratives may act on investors’ attitude towards the entrepreneurial project through the emotions expressed by the entrepreneur (van den Berg et al., 2006: Jennings et al., 2015). As Van Kleef et al. (2015) in a general context, we argue that these entrepreneurial emotions nourish funders’ attitude towards the entrepreneurial project and guide their subsequent decision making (Van Kleef, 2009; Kahneman, 2016). Indeed, the most important driver of individuals’ giving is one’s emotions (Liu, 2011). Therefore, we propose that:

Proposition 1: Emotions expressed in entrepreneurial narratives inform funders’ attitude towards the firm and relate to their decision to invest in it.

Figures 3 depicts our proposition concerning the influence of expressed emotions on funders’ attitude and decision to support.

Figure 3- Emotions expressed in narratives on funders’ attitude towards the project and decision to support.

Jennings et al. (2015) propose that entrepreneurs displaying a high degree of positive (negatives) emotions are argued to generate similar positive (negative) reactions amongst stakeholders (i.e. investors), enhancing (deteriorating) resource acquisition (Baron, 2008). Some research in behavioral finance also show that a positive emotional content may trigger a positive response from the investment market (Davis et al., 2012) while a negative one may rather lead to a negative investors’ behavior against the firm (Tetlock, 2007; Tetlock et al., 2008).

However, we believe that this rule does not necessarily apply as such to crowdfunding. Our unusual approach contrasts with the general assumption that positive emotions conduct positive emotions and negatives emotions lead to negatives ones, by way of contagion (Baron, 2008; Jennings et al., 2015). We rather share Van Kleef et al. (2009) vision of the influence emotions on others; a source’s emotional expressions influence observers’ attitude through their informational value. We posit that, in crowdfunding, both positive and negative emotional narratives may trigger a favorable attitude toward the firm and impact investment decision accordingly. As a case in point, Allison et al. (2013) show that in microlending context, narratives with a rather negative emotional content conduct to a more rapid funding than a quite positive emotional content (Allison et al., 2013). Moreover, following Watson and Tellegen (1985), we also suggest that only emotions high on the arousal dimension trigger involvement. Emotions rather low on the arousal dimension lead to a relative absence of affective involvement (Watson, Tellegen, 1985). On the positive side, emotions such as happiness, sympathy and empathy may lead people to have a supportive behavior (Van Kleef et al., 2010; Liu, 2011; Gerber et al., 2013). On the negative side, guilt (Liu,
and sadness may trigger a supportive treatment (Van Kleef et al., 2010; Gerber et al., 2013). Therefore, we propose that:

Proposition 1a: Positive emotional narratives (Happiness, sympathy, empathy) enhance funders’ attitude towards the firm and relate to their decision to support it, compared to neutral narratives.

Proposition 1b: Negative emotional narratives (Guilt, sadness) enhance funders’ attitude towards the firm and relate to their decision to support it, compared to neutral narratives.

Table 1 provides an example of a neutral sentence transformed into a positive and a negative emotions-based form.

<table>
<thead>
<tr>
<th>Neutral</th>
<th>Emotions-based […]</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>This project aims at addressing the testing on animals.</td>
<td>This project aims at addressing the [inhuman] testing on [adorable] animals.</td>
<td>This project aims at addressing the [inhuman] testing on [adorable] animals.</td>
<td>This project aims at addressing the [inhuman] testing on [adorable] animals.</td>
</tr>
</tbody>
</table>

Table 1 - Neutral sentence transformation into a positive and negative emotions-based form.

However, we argue that proposition 1 - Emotions expressed in entrepreneurial narratives inform funders’ attitude towards the firm and relate to their decision to invest in it - and its declinations (1a and 1b) vary according to the targeted funders/platforms’ mechanism (animated by diverse interest).

3.2. Funders’ primary interests and attitude

From the early work of some scholars (Schwienbacher, Larralde, 2010; Galak et al., 2011; Mollick, 2014; Cholakova and Clarysse, 2015; Ahlers et al., 2015), we know that diverse interests are observed within the crowd funders’ community. Crowd funders visit the type(s) of platform mechanism that best meet(s) these interests. There are four main contexts in which individuals fund projects (Schwienbacher, Larralde, 2010); according to their own interests, funders move towards donation, reward, lending or equity-based platform (Mollick, 2014). However, these contexts may overlap as projects may allow funders to reach different goals at the same time (Galak et al., 2011; Mollick, 2014).

We propose to classify platforms mechanisms and funders according to their primary interests in two broad categories which allow covering a wide range of goals. On one hand, some crowd funders look for potential returns (Galak et al., 2011; Cholakova et Clarysse, 2015) or interesting equity shares (Ahlers et al., 2015), that we call “rational dimensions”: they are rather present on lending- or equity-based platform. On the other hand, others want to support a cause or a person (Mollick, 2014), to help or take part to a project (Allison et al., 2013; Cholakova and Clarysse, 2015; Mollick, 2014). We capture these considerations under the term “emotional” dimensions (Allison et al., 2013; Mollick, 2014): these funders rather visit donation- or reward based platforms.

From this perspective, we initiate the idea that the expression of entrepreneurial emotions through narratives may not trigger the same attitude among all types of crowd funders. Therefore, we propose that:

Proposition 2: The influence of emotional narratives on funders’ attitude and subsequent decision making depends on their primary interests.

3.3. Funders’ primary interests, emotional narratives and attitude

We have earlier shed light on the strategic use of narratives to influence resources providers (Martens, Jennings and Jennings, 2007). We have suggested they constitute strategic devices as their emotional content provides information that funders use to form their attitude towards the firm (proposition 1).

However, we have further developed the idea that the emotional dimension of narrative influence varies according to funders. The reason for this idea is that individuals differ in their attitude formation and are motivated by different things. On one hand, some people are more likely to form their attitude on affect and are motivated to approach/avoid emotions-inducing situations. For example, these people may like to watch emotional movies and experience more emotional reactions towards the death of Princess Diana (Huskinson, Haddock, 2006). On the other hand, other people prefer to engage in effortful cognitive activities, look for information and think carefully.
before making evaluation. These differences in attitude structure have important outcomes for decision making (Huskinson, Haddock, 2006; Fetterman, Robinson, 2013). Indeed, whether the attitude is primarily based on affect or cognition determines what type of message is more influential (See et al., 2008). People are influenced by the kind of message that correspond to their attitude’s structure (See et al., 2008).

It has been shown that heart-locators (people describing themselves as more emotional) favor emotional considerations in social decision making to a greater extent that head-locators (people describing themselves as more logical) (Fetterman, Robinson, 2013). Head-locating individuals rational over emotional factors in decision making (Fetterman, Robinson, 2013). While the former individuals are more influenced by affective message, the latter are more influenced by cognitive message (neutral information content) (Huskinson, Haddock, 2006). In other words, affective messages are more influential among individuals that are more prone to rely on affect (compared individuals with a greater propensity for cognition-based activities) (Huskinson, Haddock, 2006). Conversely, cognitive information is more influential among cognitive-based individuals compared to affect-based people (Huskinson, Haddock, 2006).

Motivated by economic considerations (potential return, equity shares) to a greater extent, we suggest funders on lending- and equity-based platforms to engage more in economic information investigation before investing. Indeed, people that are more guided by cognition are more interest in cognitive information (See et al., 2008). We propose that they favor rational considerations over emotional ones (Fetterman, Robison, 2013) and rather behave cognitively (Huskinson, Haddock, 2006). Based on Huskinson and Haddock’s (2006) work on attitude structure and subsequent influence of a message, we expect the emotional message to be less salient among them compared to funders more driven by affect. We suggest that funders on donation and reward-based platforms look for emotions-inducing situations; they are willing to fund a project primarily for the emotional experience it provides (Huskinson, Haddock, 2006). We expect that they are part of those individuals that give attention to emotions and prefer experiential thinking (based on emotions) over rational one to a greater extent (Fetterman, Robinson, 2013).

People guided by affect in a greater extent are more interested in looking for affective information while forming an attitude (See et al., 2008). We thus expect the influence of emotional narratives to be larger amongst them. Therefore, we suggest that:

**Proposition 3**: Emotional narratives (compared to neutral content) are more influential amongst funders driven by emotions principally (compared to funders driven by rational dimensions principally).

Figures 4 depicts our suggestion about the variation in the influence of the emotional content.

![Figure 4 - The degree of narratives' emotional content influence according to the platform mechanism.](image)

### 4. Further considerations and potential contributions

In the present paper, we attempt to propose a conceptual framework that draws the relationship linking entrepreneurial narratives and the entrepreneur’s ability to raise funds through crowdfunding platforms. From this framework, we extract some research propositions. Inspired by behavioral finance, we suggest that the emotional dimension has to be restored into the decision making of resources providers. Because of the highly uncertain
context inherent to the early stage project and the funders’ low degree of sophistication, crowdfunding platforms are expected to be the place where emotions are quite influential.

Our thesis is that the narrative of an entrepreneurial firm on a crowdfunding platform may play a strategic key role in its ability to fundraise. More precisely, we theorize that the emotions expressed by entrepreneurs through narratives may influence funders’ attitude towards the firm and guide their decision to invest accordingly. Some scholars have shown that the more investors act in uncertainty, the less they are sophisticated and the more their decision making relies on emotions (Baker, Wurgler, 2007; Rubaltelli et al., 2010; Victoravich, 2010; Aspara, Tikkanen, 2011). From this, we further suggest that the influence of the emotional content of narrative differs according to funders’ prevailing interests to support a firm. Some have primarily what we call “rational” reasons to provide money while some others present predominantly “emotional” motivations. Moreover, individuals are different in the degree to which they rely on affect or cognition in building their attitude (Huskinson, Haddock, 2006) and making decision (Fetterman, Robinson, 2013). Motivated by rational considerations to a greater extent, we propose that individuals on lending-based and equity-based platform engage more in economic information investigation before investing and behave more cognitively. In addition, we suggest that funders on donation and reward-based platform, looking for emotions-inducing situations, let more their emotions guide them (Huskinson, Haddock, 2006). In this perspective, we argue that funders driven by their emotions to a greater extend are more influenced by affect-based appeal and funders preferring information investigation by cognitive appeal (Huskinson, Haddock, 2006). Accordingly, narratives with an emotional content may be expected to be particularly influential for funders primarily driven by their emotions, and less for funders seeking rational information.

It is of critical importance to highlight that we do not oppose affect and cognition as two independent and disconnected decision processes. We are aware of the interdependency of the affective and the cognitive processing system (Kahneman, 2016). They are complementary and work hand in hand (Kahneman, 2016; Olsen, 2008) but are related to the arousal of diverse parts of the brain (Cohen, 2005; Hayton, Cholakova, 2011). And, according to the circumstances and individuals’ differences, the first system (more rapid, intuitive and based on emotions) or the second one (more rational and slower) dominates the decision making. Some events give rise to more emotional responses and others, to higher cognitive processes (Cohen, 2005). In is the reason that, while affective leads cognitive processes, decisions may sometimes appear quite irrational (Hayton, Cholakova, 2011).

In the same way, we do not claim that an entrepreneur that does not have a sound and tangible plan will acquire funds from the crowd just because his/her narrative presents an emotional content astutely constructed. As Herzenstein et al. (2011), we consider that narratives constitute a supplement to more objective facts for an investor when considering an investment. “Rational” elements and concrete facts are necessary (Mcmillan et al., 1985). However, they are not sufficient. Therefore, we envisage that an effective narrative generating emotions is complementary to more “rational” considerations. We suggest that entrepreneurial narratives are constructed throughout a continuum, from a neutral to a more emotional content, according to the audience attitude structure and the circumstances.

4.1. Potential theoretical contributions

We hope this paper contributes to enrich entrepreneurship knowledge in different ways. First of all, our leading attempt is to provide potential avenues to one of the propositions highlighted in a recent special issue of *Entrepreneurship, Theory and Practice* (Bruton et al., 2015). According to Bruton et al. (2015), the understanding of the crowd “may be enhanced by recognition of the different objectives and expertise of the providers of finance through different types of crowdfunding platforms”. Most of the studies conducted in entrepreneurship as well as in finance have been carried out in the specific context of an IPO (Martens, Jennings and Jennings; Lounsbury and Glynn, 2011). Few studies have attempted to investigate the factors able to influence resource providers within the context of new financing mechanisms. By addressing the use of narratives in crowdfunding in accordance with funders’ objectives and expertise, we attempt to develop some knowledge nourishing this impoverished field of research.

Furthermore, Shepherd (2015) urges researchers to take an interest in “the role of entrepreneurial activity in generating emotions” given the fact that previous research has rather studied the outcomes of positive emotions. We here describe a framework of the influence of narrative on funders’ attitude and their subsequent decision to
invest. Therefore, through this conceptual framework, we suggest some propositions about the way emotions are generated and “how these emotions influence subsequent cognitions, emotions and activities” (Shepherd, 2015) among others. We stand for the idea that emotions have the power to be “particularly influential in entrepreneurial context” (Shepherd, 2015).

Then, in keeping with the above noted need take emotions into account, we embark on an exercise to understand how emotions influence “the middle” of the entrepreneurial process (i.e. securing financial support) as suggested by Cardon et al. (2012). To this end, in the light of the experience gleaned in behavioral finance (Kahneman, 2016), we incorporate emotions into the money providers’ decision making, often regarded as a pure cognitive process (Martens, Jennings and Jennings, 2007). In addition to this, Cardon et al. (2012) also advise researchers to take an interest in the deliberate management of emotions of others. It seems that an understanding of the factors contributing to the influence of entrepreneurial emotions amongst stakeholders such as investors is lacking (Jennings et al., 2015). There is an urgent need to comprehend “how the language used in entrepreneurial narratives influences the founding of new venture” (Allison et al., 2013). By studying the use of narratives as a deliberate tool for shaping emotions, this is what we work for.

Finally, if entrepreneurship has been interested in entrepreneurs’ behavior, finance has rather investigated investors’ attitude. Yet in a fundraising process, entrepreneurs and investors’ behaviors are mutually dependent. By combining diverse notions from both literatures, we attempt to respond to the call of Yazdipour (2006) and Grégoire et al. (2008) to understand the “black box” connecting entrepreneurs’ claims and investors’ perceptions.

4.2. Potential practical contribution

The remaining managerial questions concern the practical and effective manner to speak with potential funders in order to increase their willingness to support an entrepreneurial project. It constitutes a central question for entrepreneurs, for whom improving the ability to acquire funds is a key. For entrepreneurs, our propositions indicate the power of constructing a narratives’ emotional content when attempting to influence a decision maker. The emotions entrepreneurs display through narratives may influence funders’ attitude, for their information value (Van Kleef, 2015). As highlighted above, emotions expression comes from words related to positive and negative emotions (Tausczik, Pennebaker, 2010). Positive emotions seem to arise from the use of “positive” emotion words (such as love, nice or sweet). Conversely, negative ones may rather be shaped by “negative” emotions words (such as hurt, ugly or nasty). However, emotionality goes beyond the simple expression of emotions, it also relates to other key language elements. While the use of pronouns, auxiliary verbs and negation (Tausczik, Pennebaker, 2010) is correlated with emotions. Key language elements such as articles, prepositions and relativity words (ex: area, bend, go) (Tausczik, Pennebaker, 2010) are negatively correlated with emotions.

However, our framework also draws the attention to the fact that emotional content has to be handled with care according to the audience interests in fundraising. We suggest that effective narratives are the ones that best suit funders’ interests (Lounsbury and Glyn, 2001). A strong emotional content will be particularly relevant to address funders on donation and reward-based platforms (they build their decision making on emotional dimensions), compared to the ones on lending and equity-based platforms (they rather base their decision making on return expectations). We therefore advise entrepreneurs to develop a strong emotional content in their narratives for donation and reward-based platforms, and rather be less emotional and spend time on factual elements in their narrative construction for lending and equity-based platforms. We believe that developing narratives with a very rich emotional content is not a good use of time for entrepreneurs addressing lending-based or equity-based platform. Indeed, these platforms are more visited by crowdfunding rather primarily guided by economic considerations, closer to traditional investors in their decision making. It is quite obvious that these strong and weak emotional contents are not exclusive. Any combination is possible as long as the funders’ interests (on a specific platform) are met: from emotional (help others, express oneself) to more economic ones.

5. Limitations and future directions for research

The main limitation of this paper is inherent to its nature; it is a conceptual framework that needs to be empirically tested. However, it is our strong conviction that the establishment of a model lays the foundation for this insufficiently explored topic and constitutes an unavoidable step before going on empirical researches. Moreover,
while this conceptual framework suggests that narratives with a certain emotional content may influence entrepreneur’s success in fundraising from the crowd, it provides no in-depth description of how narratives have to be constructed. Future research should deepen this theoretical framework empirically through both a qualitative and a quantitative research design. On one hand, a qualitative research may offer a rich insight of the content of effective narratives and the degree of emotionality. A longitudinal analysis of emotions-based narratives should be conducted in order to provide information about the construction of narratives, the degree and the valence of emotionality etc. On the other hand, a quantitative research may test the impact of an emotional content in narratives (both positive and negative) on the funds an entrepreneur is able to acquire. An experiment may be conducted; neutral and emotions-based narratives could be submitted to crowdfunders acting on diverse platforms in order to compare the influence of the emotional content according to the type of platform mechanism (and underlying motivations to support a project).

Furthermore, related to that, a point has to be made concerning the appropriateness of emotions expressed. Indeed, Van Kleef (2015) warns against potentially differential effects of feigned emotional expressions, compared to sincere ones. In a strategic and manipulative purpose, the expression of emotions may not reflect any genuine emotions. In this regard, it seems that feigned expression of anger backfires because they are consider as inauthentic (Van Kleef, 2015). Therefore, we may anticipate that the use of some exaggeratedly feigned emotions may be counterproductive. This constitutes an issue of great importance for both scholars and practitioners. Moreover, it should be noted that the development of our framework and propositions is inspired by financial literature. This literature focused on stock market and sophisticated investors while crowdfunding relates to individual and less sophisticated investors. However, we believe that research conducted in finance constitutes a rich ground in order to assess the behavior of individual investors while considering investments. Indeed, financial scholars argue that the emotional dimension is rather observed in uncertain contexts and in situations in which unsophisticated investors are involved. Then, if we strongly believe that the expression of entrepreneurial emotions may trigger favorable crowdfunders’ attitude and therefore their decision to fund entrepreneurial firms, the emotional valence to be taken is still unclear. Traditionally, financial literature considers that a positive emotional content has a positive influence on investors’ motivation to invest into the company’s stock (Tetlock, 2007) and a negative emotion rather leads to a negative investors’ behavior against the firm (Price et al., 2012; Kearney, Li, 2014). In social lending, Allison et al. (2013) demonstrate that narratives connoting negative emotions lead to more rapid funding than narratives with a more positive emotional content. Further research should address these mixed findings to provide some responses to this vast question.

6. Conclusion

The importance of resource acquisition for entrepreneurs is undeniable but still constitutes an intricate step in the entrepreneurial journey. It is even more complex for entrepreneurs trying to obtain capital via new financing alternatives for which knowledge is very limited. Fortunately for those seeking financial resources, narratives constitute discursive devices that can be employed in order to act on investors’ decision making. Indeed, we argue that entrepreneurs seeking funding have the opportunity, via narratives, to influence investors’ decision. We further suggest that the influence of the emotional content of investors’ emotional arousal is conditioned by their primary interest to fund a firm (and thus the chosen crowdfunding mechanism).

Both from theoretical and practical perspectives, we hope this paper constitutes a rich soil for scholars, policymakers and entrepreneurs seeking answers to questions on how to behave in order to enhance the chance for entrepreneurial firms to acquire critical resources.
References