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The right word for the right crowd: an attempt to recognize the influence of emotions

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Abstract

Purpose – The purpose of this paper is to propose a better understanding of how entrepreneurial narrative influences resource acquisition in the fundraising context.

Design/methodology/approach – The paper combines the literature on emotion as information theory from psychology with behavioral finance findings to develop a conceptual framework with research proposals highlighting the use of narratives in the crowdfunding process.

Findings – The proposition of the paper advocates that entrepreneurial narrative may influence crowdfunders' attitude and decision to fund a project. It theorizes how emotions in narratives shape the funders' attitude toward a project and, in turn, their decision to support it. This potential influence is qualified by taking into account the funders' primary motivations. These motivations affect the degree to which funders rely on affect or cognition to form their attitude and to which they are influenced by more emotional or cognitive narratives.

Originality/value – This framework is the result of an effort to achieve the recognition of emotions in entrepreneurial funding. The paper creates a bridge between the narrative emotional content and the often neglected emotional arousal of funders (considered as traditional investors) to provide a framework for explaining crowdfunders' decision making. The paper also offers nuances by taking into account the different audiences' motivations to fund a project.

Keywords Decision making, Discourse, Crowdfunding, Emotion

Paper type Conceptual paper

Introduction

Acquiring funds is a crucial activity for entrepreneurs (Mollick, 2014), not only to take the initial steps to pursue opportunities but also in order to grow the venture afterwards (Martens *et al.*, 2007). To offer a better understanding of this vital but challenging task for entrepreneurs (Cassar, 2004), research has largely investigated the way entrepreneurs approach traditional money providers such as banks and venture capitalists (Moss *et al.*, 2015).

Recently, several financial alternatives (i.e. microfinance, crowdfunding and peer-to-peer innovations) have appeared for entrepreneurs seeking capital (Moss *et al.*, 2015). These mechanisms are not new, but they have recently gained prominence and visibility because of the development of internet and online transactions (Mollick, 2014). Despite the enthusiasm they generate (Mollick, 2014), the scholarly understanding of these emerging powerful means of accessing capital is currently limited (Allison *et al.*, 2015; Bruton *et al.*, 2015). Specifically, limited research has addressed the way projects are perceived as more or less attractive to money providers, particularly to the ones providing capital via crowdfunding platforms (Allison *et al.*, 2015). There is a considerable value in looking into the dynamics of crowdfunding; it highlights subjects of interest to both academics and policymakers (Mollick, 2014; Steigenberger, 2017). This paper focuses on the understanding of the way an entrepreneur may influence his/her ability to raise capital via crowdfunding and takes action to give this hot topic the consideration it deserves.

This paper addresses the above-mentioned question by developing a conceptual framework which attempts to describe how entrepreneurial narrative (known to influence traditional investors' decision-making) likely impacts money providers' attitude toward a

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project and consequently, their decision to support it. This represents an attempt to provide a theoretical comprehension of the way online narratives influence crowdfunding outcomes (McKenny *et al.*, 2017), a subject whose urgency of understanding has been stressed several times (Bruton *et al.*, 2015; McKenny *et al.*, 2017). Given the fact that market information on a microenterprise is very limited, the lenders' investment decision significantly relies on an entrepreneurial narrative (Moss *et al.*, 2015). Additionally, crowdfunding platforms provide a context in which funders, to a large extent, tend to rely on emotion-based evaluations when making funding decisions (Davis *et al.*, 2017). Although it is acknowledged that narratives can contain some specific emotional content (Wolfe and Shepherd, 2013) and that both narratives (Allison *et al.*, 2015) and emotions (Jennings *et al.*, 2015) play a key role in crowdfunding, so far no study seems to have dealt with the influence of the emotional aspect of narratives on funders' decision-making. Specifically, this paper defines entrepreneurial narratives in crowdfunding as the small written stories depicting at once the entrepreneurial project, the entrepreneur and the reason for funding that appear on the crowdfunding platform and are used as a key decision-making tool by funders.

This paper provides a conceptual framework trying to better understand how emotions expressed through narratives may impact the entrepreneurs' ability to raise funds from crowdfunders. The framework highlights a set of research propositions which describe the mechanism by which the emotional dimension may influence resources providers' attitude and subsequent behavior. These propositions also point out a varying influence of the emotional dimension of narrative on crowdfunders according to their primary interest.

The reason that this paper is conceptual is twofold. First, the way entrepreneurs use narrative to influence money providers has received little attention (Allison *et al.*, 2013; Cornelissen *et al.*, 2012; Lounsbury and Glynn, 2001; Lurtz and Kreutzer, 2014; Martens *et al.*, 2007; O'Connor, 2002), and even less in the context of emerging financing mechanisms (Bruton *et al.*, 2015), where the emotional dimension is particularly present (Davis *et al.*, 2017). Therefore, the foundations for this problem still need conceptual refinement before proceeding with further empirical research. Second, knowledge is currently insufficient to support a relevant and rich review or critique (the two other forms of theoretical work) (Cropanzano, 2009). Writing a conceptual paper may enrich the theoretical knowledge of the question.

This paper offers some potential theoretical contributions to the entrepreneurship literature. The leading attempt is to deepen the understanding of the relationship between the entrepreneur and the "crowd" (Bruton *et al.*, 2015). Using the narrative, considered as a strategic tool that generates emotions used according to funders' objectives and expertise, helps to inform the understanding of this relationship. Through this, we take an interest in the "role of entrepreneurial activity in generating emotions," as urged by Shepherd (2015). The paper suggests several propositions about the way emotions are generated and affect "subsequent cognitions, emotions and activities" (Shepherd, 2015). These propositions are in line with Cardon *et al.*'s (2012) advice to take an interest in the deliberate management of others' emotions. Specifically, an understanding of the factors contributing to the influence of entrepreneurial emotions on stakeholders, such as money providers is lacking (Jennings *et al.*, 2015). This work focuses on crowdfunders as distinct money providers and embarks on a journey to respond to the call for future research on how resource allocation decisions vary as a function of audience contexts (Überbacher, 2014). The paper describes how the content of narratives may be more or less influential according to "the different objectives and expertise of the finance providers through different types of crowdfunding platforms" as proposed by Bruton *et al.* (2015) in a special issue of *Entrepreneurship, Theory and Practice*.

The paper is structured as follows. It begins with a review of the conceptual foundations of narratives, crowdfunding and emotions, followed by a presentation of the framework and development of research propositions. It then makes additional clarifications and discusses future directions for research before drawing conclusions.

Conceptual foundations

The strategic and effective role of entrepreneurial narrative in influencing financial resources providers has been demonstrated many times (Martens *et al.*, 2007). Allison *et al.* (2015) stress the central role of entrepreneurial narratives for crowdfunding solicitation, in particular. The funding decision significantly relies on the narrative displayed on crowdfunding platforms since it is one of the few available pieces of information (Moss *et al.*, 2015). However, while different authors agree that narrative is a critical element of entrepreneurial success in resource acquisition, they focus on its influence on economic and rational variables (Martens *et al.*, 2007). Little is known about the ability of narrative to trigger an emotional reaction amongst the members of an audience (Jennings *et al.*, 2015). It is quite surprising since entrepreneurs increasingly manage (part of) their fundraising through crowdfunding, a place where the emotional dimension is argued to be particularly important (Fisher *et al.*, 2017).

Narratives are used as strategic devices by entrepreneurs because they influence the way people understand things (Dalpiaz *et al.*, 2014). Specifically, they are effective mechanisms for seeking resources (Allison *et al.*, 2013; Jennings *et al.*, 2015; Lounsbury and Glynn, 2001; Lurtz and Kreutzer, 2014; Martens *et al.*, 2007). They shape investors' decision-making (Allison *et al.*, 2013; Fischer and Reuber, 2014; Herzenstein *et al.*, 2011; Martens *et al.*, 2007; Pollack *et al.*, 2012). This emphasizes the need for entrepreneurs to carefully construct narratives to improve their chances of funding (Allison *et al.*, 2013).

Traditionally, research related to narratives in resource acquisition has been conducted mainly on the assumption that the investor was a rational economic agent. Like a bank, this actor was considered to use calculative devices based on cash flows and risk to assess the firm (van Klyton and Rutabayiro-Ngoga, 2017). This body of research has been particularly valuable to highlight the ability of narratives to reduce uncertainty and return perceptions (Allison *et al.*, 2013; Herzenstein *et al.*, 2011; Martens *et al.*, 2007) and to act on information asymmetry and risk perceptions (Pollack *et al.*, 2012). These elements hence appeared to form the main decision variables and predictors of the venture's potential for funders (Davis *et al.*, 2017). However, in addition to such cognitive components, individuals' attitude formation also includes affective elements (emotions) (van den Berg *et al.*, 2006).

Only very recently have scholars started to argue that, by triggering an emotional reaction amongst funders, the entrepreneur may influence acquisition of financial resources (Jennings *et al.*, 2015). While progress has been made in recognizing the emotional dimension in funders' decision-making, some gray areas remain. Little is known about the role of entrepreneurial narratives in generating emotions, e.g. the potential influence of the emotional dimension of the narrative on the crowdfunding audience and, finally, if the potential influence of the emotional dimension of narrative affects all crowdfunders.

Psychology literature provides some insight to address these research gaps. The EASI model describes how emotions are used as information to form attitude and behavior (Van Kleef *et al.*, 2009, 2011, 2015). The paper combines the EASI model from psychology with research conducted in financial entrepreneurship on the influence of narratives on stakeholders and on crowdfunding to provide a conceptual framework.

Narrative

Narratives represent "accounts of events;" they form 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." 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" (Smith and Anderson, 2004). Narrative connects *a priori* independent elements and brings distant things closer. It makes the obscure clear and simplifies the complex (Smith and Anderson, 2004).

Narratives are composed of a narrative subject looking for something, an object or a goal and finally a set of forces that will enable or, at the contrary, prevent the subject from reaching his/her targeted goal. These components are organized through a temporal sequence that provides a sense of plot (Barry and Elmes, 1997; Lounsbury and Glynn, 2001; Martens *et al.*, 2007). However, if narratives organize events, they do not necessarily display factual information in a chronological order (Martens *et al.*, 2007).

As organizational symbols, narratives can be both verbal and written (Barry and Elmes, 1997) and vary widely in terms of length and content (Wolfe and Shepherd, 2013). Examples of oral language are the "extemporaneous stories" communicated in day-to-day conversations or the "scripted narratives" told during more formal interactions (Barry and Elmes, 1997; Martens *et al.*, 2007). "Minimal narratives," the small stories appearing on firms' websites or brochures and "fuller narratives" such as annual reports are examples of written narratives (Martens *et al.*, 2007).

In the entrepreneurial context, narratives depict the entrepreneur, his/her firm or both (Martens *et al.*, 2007) and are a strategic tool enabling entrepreneurs to handle crucial activities (Wolfe and Shepherd, 2013). In this sense, narratives are "an essential component of [the entrepreneurs'] toolkit" (Martens *et al.*, 2007). Entrepreneurs need to be storytellers (Smith, 2015). Used as strategic devices (Dalpiaz *et al.*, 2014), narratives are effective mechanisms for seeking resources (Allison *et al.*, 2013; Jennings *et al.*, 2015; Lounsbury and Glynn, 2001; Lurtz and Kreutzer, 2014; Martens *et al.*, 2007). Specifically, narratives shape investors' decision-making (Allison *et al.*, 2013; Fischer and Reuber, 2014; Herzenstein *et al.*, 2011; Martens *et al.*, 2007; Pollack *et al.*, 2012). They can reduce uncertainty, perceptions of return on investment (Allison *et al.*, 2013; Herzenstein *et al.*, 2011; Martens *et al.*, 2007), information asymmetry and risk perceptions (Pollack *et al.*, 2012).

These above-mentioned efforts (Allison *et al.*, 2013; Herzenstein *et al.*, 2011; Martens *et al.*, 2007; Pollack *et al.*, 2012) have highlighted the ability of narratives to shape audience's beliefs (See *et al.*, 2008). This fits into a cognitive theory approach (Cholakova and Clarysse, 2015). The alternative approach to tailoring a message is to appeal to the audience's emotions (See *et al.*, 2008). In this respect, Jennings *et al.* (2015) have recently pointed out the potential of narratives to express entrepreneurial emotions and trigger stakeholders' emotions.

Emotions

Some clarifications. The term "emotion" is often mistakenly used as a synonym for "affect," but it is just one of the affective states that "affect" encompasses (Cardon *et al.*, 2012; Van Kleef *et al.*, 2015). Emotions are intense, short-lived and have a specific cause and a clear cognitive content (being sad about something) (Cardon *et al.*, 2012; Forgas, 1992; Hayton and Cholakova, 2012). They are distinguishable from the two other affective states (moods and dispositional affect) in terms of degree of specificity, intensity and duration (Forgas, 1992; Victoravich, 2010).

Scholars often characterize emotions based on two dimensions: valence and arousal (Winkielman *et al.*, 2007). Valence refers to the hedonic dimension of emotions; they are either positive or negative. For example, happiness is an emotion with a positive valence while sadness is characterized by a negative valence. Arousal relates to the activation dimension of emotions, ranging from low to high (Winkielman *et al.*, 2007). For example, guiltiness is low in arousal and excitation is high in arousal.

Emotions as social information theory (EASI). The main function of emotions is to inform people about the environment (Mikolajczak *et al.*, 2014). EASI provides a framework for understanding how the emotional dimension of a message may trigger affective reactions amongst people. In addition to the intrapersonal effects of emotions (Baron, 2008; Van Kleef *et al.*, 2015), their interpersonal impact has also been demonstrated (Van Kleef *et al.*, 2015). Emotions not only influence the people experiencing them but also those who observe these emotions (Jennings *et al.*, 2015; Van Kleef *et al.*, 2015). Emotions expressed by someone provide observers with information (Van Kleef *et al.*, 2009, 2011, 2015) and facilitate action (Mikolajczak *et al.*, 2014). In combination with cognitive elements, emotions expressed are used by people (who observe them) to form their attitude and therefore guide their behavior (Van Kleef, 2009).

Attitude is an evaluative response to a particular entity "constructed based on a combination of stored representations of […] object and information that is currently at hand" (Van Kleef *et al.*, 2015) that demarcates the pleasure or displeasure (Forgas, 1992) someone feels about it. The example pointed out by Statman *et al.* (2008) is quite meaningful; individuals do not just see a house, they see a beautiful or an ugly house.

These representations and information that help form attitude can be affective or cognitive (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 instance, the negative overall attitude someone has toward cigarette may come from disgust (affectively based) and from its perceived harmfulness (cognitively based) (See *et al.*, 2008). Although affect and cognition influence each other (See *et al.*, 2008), they are two distinct attitude components (Huskinson and Haddock, 2004; van den Berg *et al.*, 2006). The salience of one component on the other leads to the formation of different attitudes (van den Berg *et al.*, 2006).

The link between narratives and emotions. Conversely to information-based narratives made of neutral terms and phrases (Pallak *et al.*, 1983), emotionally toned narratives use a language relating to emotions (Wolfe and Shepherd, 2013). For instance, the sentence "entrepreneurs lack credibility with bankers" presents a neutral informational content. In contrast, "entrepreneurs are all doomed to suffer from a lack of credibility with bankers at some point in their lives" is more emotionally charged. In terms of valence, while a positive emotional content refers to a language relating to positive emotions (such as love or sweet) (Van Kleef *et al.*, 2015), a negative emotional content refers to a language relating to negative emotions (such as hurt or nasty) (Tausczik and Pennebaker, 2010; Wolfe and Shepherd, 2013). Emotionality also relates to other key language elements. The use of pronouns, auxiliary verbs and negation (Tausczik and Pennebaker, 2010) is positively correlated with emotions. People communicate more emotionally when they use pronouns such as "I," "them" or "itself," verbs such as "am," "will" or "have" and words such as "no," "not" or "never." Key language elements such as articles, prepositions and relativity words (Tausczik and Pennebaker, 2010) are negatively correlated with emotions. Individuals expressing themselves more neutrally rather use articles and prepositions such as "a," "an," "the" and "to," "with," "above." They also use relativity words such as "area," "bend" and "go" more frequently (Tausczik and Pennebaker, 2010).

From a set of experiments and on the basis of EASI, Van Kleef *et al.* (2015) show that individuals use other people's emotional expressions to build their own attitude toward the object about which emotions are expressed (Van Kleef *et al.*, 2009, 2011, 2015). Van Kleef *et al.* (2015) used a newspaper article about the withdrawal of bobsledding from Olympic competition (a negatively framed scenario) and manipulated the emotions expressed in the source document regarding this plan (sadness/happiness). Participants were asked to read one of the two versions and then assess their attitude about bobsledding. Results showed that participants who had read the article in which the source expressed sadness about the plan to withdraw bobsledding reported a more positive attitude toward this sport than those who received the article in which the source formulated happiness about the withdrawal. These experiments show that interpersonal effects of emotions on attitudes are influenced by the informational value of emotions in combination with cognitive elements (Van Kleef *et al.*, 2015), and not by emotional contagion (Jennings *et al.*, 2015).

Based on the understanding that the way information is presented influences affective reactions (Davis *et al.*, 2017) and their subsequent evaluation (Pallak *et al.*, 1983), some scholars in finance demonstrate the influence of the emotional content of some narratives (corporate disclosures, conference calls, etc.) on the market response (i.e. stock returns, trading volume) (Davis *et al.*, 2012; Kearney and Liu, 2014; Price *et al.*, 2012; Tetlock, 2007; Tetlock *et al.*, 2008). 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 a downward pressure on market prices and a high trading volume. In addition, Tetlock *et al.* (2008) further investigate the impact of negative words in financial newspapers dealing with Standard & Poor's firms. Results show that negative words forecast low firm earnings.

Crowdfunding. As one of the emerging financing alternatives that have gained currency over the last few years (Bruton *et al.*, 2015), crowdfunding is a way for founders of for-profit, artistic, cultural and social ventures to raise funds from a large audience (crowdfunders) through an online platform – without financial intermediaries (Belleflamme *et al.*, 2014; Mollick, 2014). This platform is a meeting place for entrepreneurs seeking resources and resources providers (Belleflamme *et al.*, 2014). Instead of raising large amounts of money from a small group of sophisticated investors, the crowdfunding platform allows the entrepreneur to obtain small contributions from a large number of individuals (Belleflamme *et al.*, 2014; Mollick, 2014) who make up the "crowd." Funders from the "crowd" are said to be small and unsophisticated since they invest relatively small amounts of money and lack the financial sophistication and experience to "correctly" assess investment alternatives (Ahlers *et al.*, 2015; Davis *et al.*, 2017). In this sense, they can be distinguished from professional investors (Belleflamme *et al.*, 2014) who make informed decisions based on a mindset and valuated tools over long years of experience (van Klyton and Rutabayiro-Ngoga, 2017; Victoravich, 2010).

In addition to allowing entrepreneurs to pursue several objectives (Mollick, 2014), crowdfunding platforms also enable funders to target diverse goals. Funders meet these goals through four different "mechanisms" (Belleflamme *et al.*, 2014; Mollick, 2014): donation-based, reward-based, lending-based and equity-based platforms (Cholakova and Clarysse, 2015). While pure donation is a simple donation without compensation, reward-based donation leads to recompense. The lending-based mechanism is an interest-bearing loan, and the equity-based mechanism implies the acquisition of shares (Belleflamme *et al.*, 2014; Cholakova and Clarysse, 2015).

A framework for the influence of entrepreneurial narrative on crowdfunders

This section describes a conceptual framework for the influence of entrepreneurial narrative which emphasizes the emotional dimension of narratives in understanding crowdfunders' attitude and decision-making. It also presents five research proposals which connect literature on narration (Martens *et al.*, 2007), emotions (Van Kleef *et al.*, 2015) and crowdfunding (Ahlers *et al.*, 2015; Belleflamme *et al.*, 2014; Davis *et al.*, 2017; Mollick, 2014).

By describing emotional influence of narratives and classifying crowdfunders according to their primary interests, the framework begins to address calls for recognizing the role of entrepreneurial activity in generating emotions (Shepherd, 2015) and the different objectives of money providers in crowdfunding (Bruton *et al.*, 2015). Figure 1 illustrates the general framework.

Inspired by Martens *et al.* (2007), the paper proposes that narratives act on the entrepreneur's success in fundraising. It suggests that entrepreneurial emotions expressed through narratives participate (in combination with cognitive elements) in the formation of funders' attitude toward the entrepreneurial project (Jennings *et al.*, 2015; Van Kleef *et al.*, 2015) and, in turn, influence their willingness to support it (Aspara and Tikkanen, 2010). This work further indicates that the potential influence of entrepreneurial emotions varies according to the structure of the crowdfunders' attitude.

Emotional content and emotional arousal of narratives

In addition to the influence of narratives on cognitive considerations, the paper proposes that they may act on funders' attitude toward the entrepreneurial project through the emotions expressed by the entrepreneur (Jennings *et al.*, 2015; van den Berg *et al.*, 2006). As suggested by the EASI model, emotions displayed by others are used by observers to inform their own attitude (Van Kleef *et al.*, 2015). Based on the research by Van Kleef *et al.* (2015), this manuscript suggests that entrepreneurial emotions nourish funders' attitude toward the project and guide their subsequent decision-making via the informational value of emotions (Van Kleef, 2009; Kahneman, 2016). Because they are less experienced individuals (compared to traditional investors), crowdfunders heavily rely on their emotions (Davis *et al.*, 2017). The first proposition, therefore, is:

P1. Emotions expressed in entrepreneurial narratives inform funders' attitude toward the project and relate to their decision to support it.

Based on the EASI theory (Van Kleef *et al.*, 2015), Figure 2 connects emotional arousal triggered by narratives with the funders' decision to support a project. This figure further illustrates how the funders' attitude toward the project, based (in part) on narratives, may guide their subsequent decision to support it.

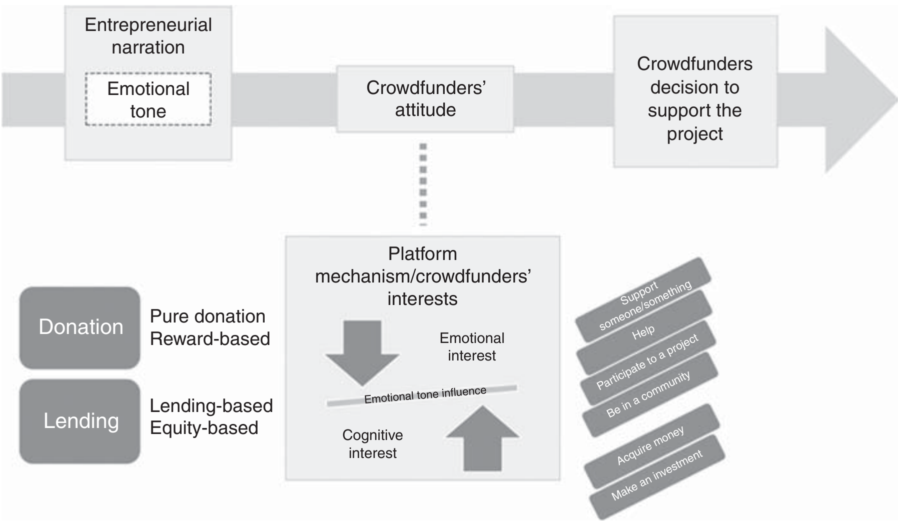

Figure 1.
The influence of narratives' emotional content on funders' decision

Jennings *et al.* (2015) point out that entrepreneurs displaying a high degree of positive emotions generate positive reactions amongst stakeholders (i.e. investors), enhancing resources acquisition (Baron, 2008). In the same way, Davis *et al.* (2017) suggest that entrepreneurs' funding pitches are designed to evoke positive emotional reactions amongst potential funders. Research in behavioral finance also shows that the emotions expressed (in a text) trigger an emotional reaction (from the market) of the same valence (Davis *et al.*, 2012; Tetlock, 2007; Tetlock *et al.*, 2008).

However, this paper argues that this rule does not necessarily apply as such in the crowdfunding context. This approach contrasts with the general assumption that emotions expressed by individuals lead observers to feel emotions of the same valence, by way of contagion, as an automatic imitation of the emotions observed (Baron, 2008; Jennings *et al.*, 2015). This research shares Van Kleef *et al.*'s (2009) vision of the influence of emotions on other people as information: a source's emotional expressions influence the observers' attitude through their informational value (EASI). Accordingly, this paper is based on the idea that, in crowdfunding, both positive and negative emotional narratives may trigger a favorable attitude toward the firm and impact the funding decision accordingly. It follows the work of Watson and Tellegem (1985) and suggests that only emotions that are high (vs low) on the arousal dimension trigger involvement. Positive and high in arousal, emotions such as happiness and empathy may lead people to have a supportive behavior (Van Kleef *et al.*, 2010; Liu, 2011; Gerber *et al.*, 2012). Negative and high in arousal, guilt (Liu, 2011) and sadness may trigger a supportive treatment (Van Kleef *et al.*, 2010; Gerber *et al.*, 2012). The propositions therefore are:

P1a. Positive emotional narratives (displaying emotions of happiness, empathy) enhance funders' attitude toward the firm and relate to their decision to support it, compared to neutral narratives.

P1b. Negative emotional narratives (displaying emotions of guilt, sadness) enhance funders' attitude toward the firm and relate to their decision to support it, compared to neutral narratives.

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

Interests, attitude structure and influential message. In this paper, it is also argued that *P1* – Emotions expressed in entrepreneurial narratives inform funders' attitude toward the

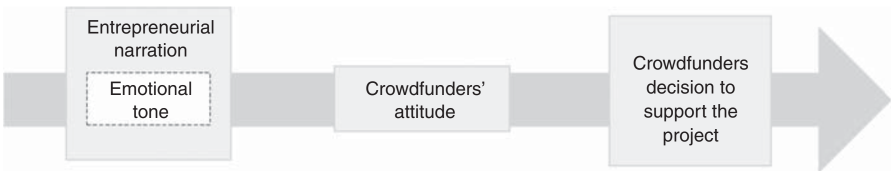

Figure 2. Emotions expressed in narratives on funders' attitude toward the project and decision to support it

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

Neutral	Emotions-based […] Positive	Negative
This project aims at addressing the testing on animals.	This project aims at addressing the testing on [**adorable**] animals	This project aims at addressing the [**inhuman**] testing on animals

project and relate to their decision to support it – and its alternatives (*P1a* and *P1b*) vary according to the platforms' mechanism and underlying funders' interests. The reason for this idea is that people's primary motivations directly influence their attitude formation and subsequently, the kind of message they are influenced by.

Some people are more motivated to approach/avoid emotions-inducing situations. They are likely to form their attitude based on affect to a greater extent. For instance, they like to watch emotional movies, and experience more emotional reactions to them (Huskinson and Haddock, 2004). On the other hand, other people prefer (to a greater extent) to engage in effortful cognitive activities, look for information and think carefully before evaluating. These differences in attitude structure have important outcomes for decision-making (Fetterman and Robinson, 2013; Huskinson and Haddock, 2004). Whether the attitude is primarily based on affect or on cognition determines the type of message which is more influential (See *et al.*, 2008). People are more influenced by the kind of message that corresponds more closely to their attitude structure (See *et al.*, 2008).

Heart-locators (people preferring emotional situations) favor emotional considerations in social decision-making to a greater extent compared to head-locators (describing themselves as more logical) who favor rational over emotional factors in decision-making (Fetterman and Robinson, 2013). Affective messages are more influential among individuals who are more prone to rely on affect, compared to individuals who favor cognition-based activities to a greater extent (Huskinson and Haddock, 2004). Conversely, cognitive information is more influential among individuals engaged in rather cognitive-based activities compared to the ones involved in more affect-based situations (Huskinson and Haddock, 2004).

From this perspective, the idea that the emotional content of narratives may affect crowdfunders differently is introduced in this paper. The proposition, therefore, is:

P2. The influence of emotional narratives on funders' attitude and subsequent decision-making depends on their primary interests.

Funders' primary interests and attitude. Some scholars' early works (Ahlers *et al.*, 2015; Cholakova and Clarysse, 2015; Galak *et al.*, 2011; Mollick, 2014; Schwienbacher and Larralde, 2010; Steigenberger, 2017) describe the different types of platform (donation-, reward-, lending- or equity-based) and document how they answer to diverse funders' interests.

In the donation-based model, crowdfunders are in the position of "philanthropists" (Mollick, 2014), giving money and expecting nothing in return. This behavior is often observed for art or humanitarian projects (Mollick, 2014). These "donors" give low priority to economic considerations (Ahlers *et al.*, 2015). They want to support a cause which is important for them or help the project's owners (Mollick, 2014). In the context of micro lending without interest (close to donation), Allison *et al.* (2015) demonstrate that lenders respond 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.*, 2015).

In the reward-based model, money providers are called "backers" and expect a non-financial reward in exchange for backing a project (Belleflamme *et al.*, 2014). It can be a tangible reward such an early version of the product/service or a more intangible return such as the possibility for the funder to be involved in the development of the product/service (Mollick, 2014) or to receive social acknowledgment (Steigenberger, 2017). Contrary to traditional funding contexts in which investors seek financial rewards, funders on reward-based platforms are not motivated by economic incentives. They are "unexperienced" and primarily look for an emotional connection with the project's founder (Davis *et al.*, 2017). These money providers fund a project because they "like" or "enjoy" it (Schwienbacher and Larralde, 2010).

In the lending-based model, lenders expect a repayment with interest (a credit contract) (Belleflamme *et al.*, 2014). They are motivated by a hybrid combination of extrinsic determinants (potential future financial rewards) and intrinsic elements (the need to help others) (Galak *et al.*, 2011). Kuppuswamy and Bayus (2017) further support the predominance of rational determinants in this context.

Finally, the equity-based model provides funders, treated as traditional investors, with a shareholding contract (Belleflamme *et al.*, 2014; Cholakova and Clarysse, 2015). They receive equity shares or similar forms in return for the "investment" (Mollick, 2014). Cholakova and Clarysse (2015) demonstrate that non-financial motives play no significant role in these investors' decision to invest for equity. Similarly to venture capital investors, they are primarily driven by potential high returns and concerned with information asymmetries in the decision process (Ahlers *et al.*, 2015).

This paper proposes a classification of platform mechanisms based on the prime interests pursued by crowdfunders. It distinguishes two broad categories which make it possible to cover a wide range of goals. Categorizing on the basis of primary interests (and not on crowdfunders as people) makes it possible to recognize that the same person may be driven by different interests at the same time. In other words, the same funder may visit different types of platform at the same time and behave differently according to the interests he/she pursues on a specific platform. We argue that when crowdfunders primarily look for potential returns (Cholakova and Clarysse, 2015; Galak *et al.*, 2011) or equity shares (Ahlers *et al.*, 2015), they visit a lending- or equity-based platform. In this paper, these motives are described as "economic or financial." Conversely, this paper advocates that when funders want to support a cause or a person (Mollick, 2014), to help or take part in a project (Allison *et al.*, 2013; Cholakova and Clarysse, 2015; Mollick, 2014), they will preferably visit a donation- or reward-based platform. This paper describes these motivations as "emotional" interests (Allison *et al.*, 2013; Mollick, 2014).

Given that early works (Ahlers *et al.*, 2015; Cholakova and Clarysse, 2015; Galak *et al.*, 2011; Mollick, 2014; Schwienbacher and Larralde, 2010; Steigenberger, 2017) mention a large number of motivations to support crowdfunding projects, it is important to draw distinctions between these motivations. Table II provides such a distinction and describes the kinds of interests that might fall within the scope of each category.

This paper suggests that funders who are primarily driven by economic considerations support projects on lending- and equity-based platforms. They also engage more actively in analyzing economic information before investing because people who are guided by cognition look more thoroughly for cognitive information (See *et al.*, 2008). The present paper suggests that they favor rational considerations over emotional ones (Fetterman and Robinson, 2013), and behave more cognitively (Huskinson and Haddock, 2004). Based on Huskinson and Haddock's (2004) work on attitude structure and subsequent influence of a message, the emotional message is expected to be less salient among them compared to funders who are driven by affect. Through the paper, it is also suggested that when funders visit donation- and reward-based platforms, they look for emotions-inducing situations primarily. It is argued that they are willing to fund a project first and foremost for the

Table II. Classification of platforms mechanisms and funders according to their prime interests

Crowdfunding mechanism	Prime interest	Category
Donation-based reward-based	Support (someone/something) Experience	Emotional dimension
Lending-based equity based	Financial returns Equity shares	Economic/financial dimension

emotional experience it provides (Huskinson and Haddock, 2004). In this paper, it is assumed that funders pay a lot of attention to emotions and use experiential thinking (based on emotions) to a greater degree (Fetterman and Robinson, 2013). When people are primarily driven by affect, they look for affective information to form their attitude (See *et al.*, 2008). It is thus expected here that the influence of emotional narratives is greater amongst them. It is thus suggested that:

P3. Emotional narratives (compared to more neutral ones) are more influential amongst funders principally driven by emotions (compared to funders principally driven by economic/financial dimensions).

Figure 3 draws a parallel between the type of platform and the kind of interests pursued by funders. It connects the categories of motivations developed in this paper with people's preferences for more emotional or rational considerations (Fetterman and Robinson, 2013). Based on the varying influence of the emotional content of a narrative according to people's attitude structure (Huskinson and Haddock, 2004), Figure 3 further describes the influence of narratives on funders depending on their main motivations to support a project.

It is important to highlight that affect and cognition are not opposed as two independent and disconnected decision processes. The affective and cognitive processing systems are interdependent, complementary, and they work hand in hand (Olsen, 2008; Kahneman, 2016), but are related to the arousal of diverse parts of the brain (Cohen, 2005). Attitudes are formed on the basis of a combination of affective (emotions) and cognitive (reasoning) information (Huskinson and Haddock, 2004; van den Berg *et al.*, 2006).

Then, the intention of the framework is not to label people (Fetterman and Robinson, 2013). However, since it is crucial for an entrepreneur to know his/her audience better to be able to address them appropriately, the intention of the paper is to categorize an audience according to the underlying motivations driving its members' attitude. It enables the entrepreneur to frame his/her narrative in a way that is the most influential for the specific targeted audience.

In addition, it is not claimed that an entrepreneur with no sound and tangible plan will acquire funds from the crowd just because the narrative offers astutely constructed emotional content. The paper follows the perspective of Herzenstein *et al.* (2011), and considers that narratives supplement more objective facts for an investor when considering an investment. "Rational" elements and concrete facts are necessary (Mcmillan *et al.*, 1985) but not sufficient to engage someone in a crowdfunding adventure. A narrative that generates emotions complements more "rational" considerations. Entrepreneurial narratives are viewed as constructed throughout a continuum, from quite neutral to more emotional content, according to the audience's attitude structure and to circumstances.

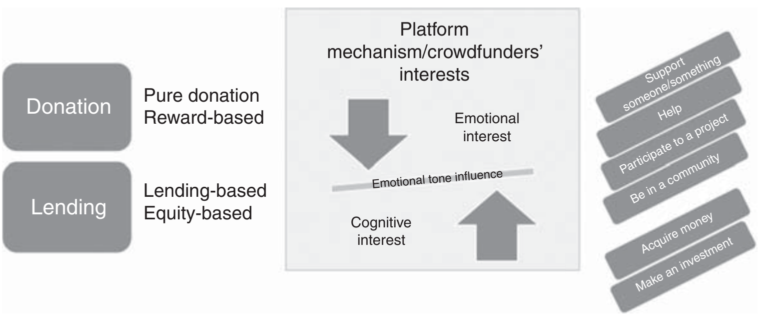

Figure 3.
The degree of narratives' emotional content influence according to the platform mechanism

Discussion

Crowdfunding is one of the most popular options for entrepreneurs seeking resources (as an alternative or addition to traditional financing resources). In this perspective, research lacks an understanding of how projects are perceived as more or less attractive to money providers (Allison *et al.*, 2015). This paper undertakes this task through the development of a conceptual framework.

This article maintains that the entrepreneurial narrative influences crowdfunders' attitude and decision. Previous research indicates that narratives are particularly influential in the crowdfunding context for being one of the few pieces of information available about the (early stage) projects (Allison *et al.*, 2015). In addition to influencing cognitive judgment, narratives may impact affective reactions (Davis *et al.*, 2017). Fueled by the psychology-based EASI theory (Van Kleef, 2009), the present model explores how the emotional dimension of entrepreneurial narrative likely impacts crowdfunders' attitude and behavior.

The paper further emphasizes the fact that the narrative has to match the audience's primary interests, which means that this framework has implications for entrepreneurial education. It suggests that entrepreneurs should develop their narrative according to the type of platform that corresponds to specific crowdfunders' interests, because the dominant funders' motivations when backing a project determine the degree to which they rely on cognition or affect in building their attitude and making their decision (Huskinson and Haddock, 2004; Fetterman and Robinson, 2013). This framework asserts that individuals who are mainly motivated by rational considerations tend to visit lending- and equity-based platforms. They look more thoroughly for economic information before investing are more influenced by cognitive elements, and behave more cognitively. In addition, the paper suggests that when funders visit a donation- and reward-based platform, they look preferably for emotions-inducing situations and are more influenced by an emotional narrative. In this regard, this paper can help entrepreneurs to frame their narratives according to the type of platform and underlying funders' motivations.

This paper will hopefully contribute to enriching entrepreneurship knowledge in different ways. First, it offers some avenues to answer McKenny *et al.*'s (2017) call for deepening the understanding of crowdfunding by resorting to theory from other literatures and taking an interest in the role of narrative to communicate and make sense. In this paper, the EASI theory (Van Kleef *et al.*, 2009, 2010) is borrowed from psychology as a way to understand the influence of emotions in text. It is further suggested that narratives act on resource allocation decisions via an emotional route (Baron, 2008), in addition to a more "cognitive route," already recognized (Martens *et al.*, 2007). The paper endeavors to highlight the "role of entrepreneurial activity in generating emotions," as urged by Shepherd (2015). The framework reinforces the idea that emotions are a "hot topic" and have the power to be impact the entrepreneurial context, in particular (Shepherd, 2015).

Finally, the paper addresses one of the calls highlighted in a recent special issue of *Entrepreneurship, Theory and Practice* (Bruton *et al.*, 2015) indicating that research would benefit from the recognition of the different objectives and expertise that characterize money providers who are active on different types of crowdfunding platforms. By addressing the use of narratives in crowdfunding in accordance with funders' motivations, the paper intends to develop knowledge that fosters this emerging field of research. By describing the varying influence of narratives according to funders' motivations (and choice of platforms), the paper goes beyond the simplistic assumption of a single venture audience of individuals who all make their decisions in the same way (Fisher *et al.*, 2017; Überbacher, 2014).

Future research directions

To enrich research on narratives for crowdfunding, three directions for future research are recommended. First, this framework does not rely on empirical research. If the establishment of a model is necessary to lay the foundation for this underexplored topic, it does not rely on empirical research. In addition, this framework does not provide any in-depth description of how narratives should be constructed. These elements are the main limitations. Future research should evaluate this framework empirically through both a qualitative and a quantitative research design. Solesvik (2016) indicates that qualitative studies could provide richer and deeper insights into crowdfunding. 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. Content analysis may be preferred for its capacity for deep understanding. From a quantitative perspective, research should be carried out to test the impact of different emotional contents on the funds an entrepreneur is able to acquire. In this respect, an experimental design could be used to compare the influence of diverse emotional contents as a function of crowdfunders' motivations.

Second, Van Kleef *et al.* (2015) question the appropriateness of the emotions expressed and warn against potentially differential effects of feigned emotional expressions, compared to sincere ones. For manipulative purposes, the expression of emotions may be suspected to be insincere. Research shows that feigned expression of anger backfires when considered as inauthentic (Van Kleef *et al.*, 2015). Therefore, the use of some exaggeratedly feigned emotions may be counterproductive. This is a very important issue for both scholars and practitioners. These framework and propositions should be empirically tested by controlling the perceived authenticity of expressed emotions (Tausczik and Pennebaker, 2010).

Finally, the emotional valence of narratives needs to be discussed. Traditionally, financial literature considers that the emotional content of a text positively influences the investors' motivation to buy into the company' stock (Kearney and Liu, 2014; Price *et al.*, 2012; Tetlock, 2007). Conversely, in social lending, Allison *et al.* (2013) demonstrate that a narrative with more negative content (the project presented as unable to develop without help) leads to more rapid funding than one with more positive emotional content (the project presented as a successful business opportunity). Further research should address these mixed findings on a large sample of funding campaigns and controlling for funders' motivations and project categories.

Conclusion

The importance of resource acquisition for entrepreneurs is undeniable, but remains a critical step in the entrepreneurial effort. It is even more complex for entrepreneurs seeking capital via crowdfunding platforms for which knowledge is very limited. This is the reason why this paper explores the way this emergent alternative works.

In this context, narratives are discursive devices that can help those seeking financial resources to influence money providers' decision-making. The paper suggests that the influence of the emotional content of funders' emotional arousal is conditioned by their primary interests to fund a firm (corresponding to the crowdfunding mechanism they choose).

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