INSTITUTIONAL BACKGROUND IN CROWDFUNDING: TRUST, SIGNALS, AND BACKERS' DECISIONS

Prabal Shrestha, Veroniek Collewaert, James Thewissen

REPRINT • 2026 / 05



UCLouvain

LFIN | LIDAM Louvain Institute of Data Analysis and Modeling in economics and statistics

LFIN

Voie du Roman Pays 34, L1.03.01 B-1348 Louvain-la-Neuve

Tel (32 10) 47 43 04

Email: lidam-library@uclouvain.be

https://uclouvain.be/en/research-institutes/lidam/lfin/publications

Institutional Background in Crowdfunding:

Trust, Signals, and Backers' Decisions

Prabal Shrestha
UCLouvain
Louvain School of Management
Voie du Roman Pays 34/L1.03.01
1348 Louvain-la-Neuve
Belgium
prabal.shrestha@uclouvain.be

Veroniek Collewaert
Vlerick Business School and KU Leuven
Vlamingenstraat 83
3000 Leuven
Belgium
veroniek.collewaert@vlerick.com

James Thewissen (corresponding author)
UCLouvain
Louvain School of Management
Voie du Roman Pays 34/L1.03.01
1348 Louvain-la-Neuve
Belgium
james.thewissen@uclouvain.be

Abstract. We propose that institutional backgrounds derived from the project location and the entrepreneur's country-of-origin act as heuristic cues that facilitate swift trust judgment, and therefore, influence international, digital exchange decisions. Using a dataset of 101,583 Kickstarter campaigns, we find that stronger institutional environments linked to the project and the entrepreneur positively affect backers' participation. Moreover, the two institutional cues can compensate for one another. We also show that stronger institutional background of the project (yet not the entrepreneur) enhances low-cost signals' credibility; and in the presence of some high-cost signals, institutional background (of the entrepreneur in particular) is less consequential.

Plain English Summary. In deciding whether to back a crowdfunding project, backers are more willing to support projects when they come from countries with stronger institutions. Using data from over 100,000 Kickstarter campaigns across 60 countries, we show that both a project's location and an entrepreneur's country-of-origin shape rapid trust judgments in international online markets. Stronger institutional backgrounds increase backer participation, especially from foreign supporters, and institutional cues can substitute for one another when one is weak. We also find that institutional background helps backers decide whether to trust project features that are easily imitated, but becomes less important when clear, hard-to-fake signs of credibility are present. Thus, the principal implication of this study for practice is that entrepreneurs from weaker institutional environments can overcome trust disadvantages by showing hard-to-fake signs of credibility when seeking funding from global audiences.

Keywords: *Crowdfunding, Transaction platforms, Institutions, Signaling, Financing*

JEL classification: *G41, F39, L26, M13*

INTRODUCTION

Trust is a fundamental component of economic transactions, particularly on international online platforms (*see* Koufaris, & Hampton-Sosa, 2004; Sarker et al., 2011; McKnight, Liu, & Pentland, 2020). In virtual environments such as crowdfunding, backers must evaluate the trustworthiness of entrepreneurs – often residing across national boundaries – by assessing their capacity to achieve stated goals (i.e., ability), their dedication to backers' interests (i.e., benevolence), and their adherence to rules of conduct (i.e., integrity) (*see* Mayer et al., 1995). Accordingly, research demonstrates that entrepreneurs' ability and information quality are important for trust formation (e.g., Moysidou, & Hausberg, 2020; Liang, Wu, & Huang, 2019). Yet, conventional signals of quality and ability are easily mimicked over the internet. This raises the question of why backers trust these signals in the first place – an issue referred to as the secondary problem of trust (Gambetta et al., 2001; Gambetta et al., 2005). Moreover, crowdfunding, in particular, involves early-stage ventures, making reputational cues generally unavailable; and the low-stakes environment prompts backers to make swift trust judgments (Lin & Pursiainen, 2021, *see* Meyerson, 1996; McKnight, Cummings, & Chervany, 1998; Shrestha, Thewissen, Arslan-Ayaydin, Parhankangas, 2023). Therefore, to understand users' participation in online platforms such as crowdfunding, it is crucial to identify which factors help form initial trust quickly, and how these factors shape backers' interpretation of other signals. These questions motivate our study.

In this study, we focus on a specific external attribute – institutional background – examining its impact on backers' participation in a global crowdfunding platform and its influence on the interpretation of other signals. Building on prior work in international business that highlights the role of country-of-origin effects, particularly the impact of formal institutions on cross-border

economic decisions (Zaheer, & Kamal, 2011; Roy, 2012, *see* Zou et al., 2023), we propose a novel perspective that treats institutional background – a salient and inimitable country-level attribute – as a heuristic cue that enables backers to make swift trust judgments, particularly in the absence of other credible trust signals. To explore this, we consider two distinct channels through which backers assess a project's institutional context: (i) the contemporaneous institutional characteristics of the country where the project is located, and (ii) the entrenched institutional context of the entrepreneur, derived from their country-of-origin. We introduce the second channel in light of an increasingly globalized world, where an entrepreneur's background and the location of their firm often differ (Liu, Wright, Filatotchev, Dai & Lu, 2010). Recent evidence demonstrating the lasting impact of institutions on individuals' attitudes, behaviors, and cultural attributes further underscores the importance of understanding how outsiders respond to individuals based on their institutional background (Alesina & Giuliano, 2015; Guiso, Sapienza & Zingales, 2016; Putnam, Leonardi & Nanetti, 1993; Tabellini, 2010; Xia, Thewissen, Huang & Yan, 2023).

Next, to understand how institutional background impacts backers' interpretation of other signals, we examine its interactions with signals of varying cost (Connelly et al., 2011). We argue that when combined with easily replicable low-cost signals, a hard-to-mimic trust-building institutional background generates additive effects. Because institutional background is difficult to imitate and can motivate trust, it enhances the credibility of low-cost signals, thereby increasing their effectiveness (Gambetta & Hamill, 2005). Conversely, the presence of high-cost signals, which are inherently credible, renders institution-based trust less significant. As country-level institutional cues serve as broad proxies for the unobserved qualities of individual projects, backers rely less on these cues when high-cost signals are present.

In testing our hypotheses, we use a comprehensive empirical dataset of over 101,583 campaigns on the reward-based crowdfunding platform Kickstarter, launched by projects based in 60 countries. We focus on the campaigns launched between Jan 2015 and Dec 2019, a period marked by significant participation from non-US projects, unlike in the preceding years. We use entrepreneur names to identify entrepreneurs' country-of-origin, using a web-based tool on Forebears.io, a genealogical online directory with a database of over 27 million surnames that allows to determine the country in which a family name is most prevalent.[1] Our findings provide general support for our hypotheses. Specifically, we find that stronger institutional backgrounds, related to both the project's location and the entrepreneur's country-of-origin, are positively associated with backer participation, with the latter's influence increasing when a project is based in a country with weaker institutions. Furthermore, the relationship between institutional background and the number of foreign backers is even greater than on overall backer participation, suggesting that institutional cues are particularly important in attracting cross-border contributions.

We also find evidence that stronger institutions, particularly in the project's location, enhance the credibility of low-cost signals, while the entrepreneur's institutional background is easily substituted when the project is supported by another high-cost signal with greater fit. Additionally, we find that the relationship with institutions in the project's location is mainly driven by country-level features representing ability, whereas the relationship with the entrepreneur's institutional background is largely influenced by characteristics reflecting integrity. Additionally, integrity plays a central mediating role in attracting foreign backers.

[1] For earlier use of Forebears.io to identify people's country-of-origin based on the geographical presence of their surname in organizational research, see Ferrucci, 2020; and Merkley, Michaely & Pacelli, 2020.

Our study provides several contributions. Firstly, the study contributes to literature on the determinants of crowdfunding backers' participation, drawing on theoretical works on initial trust formation (McKnight et al., 1998). Prior studies, in different settings, have highlighted different antecedents to trust, including truster's disposition, environmental contexts, and various trust-inducing attributes that reflect ability, integrity, and benevolence of the trustee (e.g., Koufaris, & Hampton-Sosa, 2004; Li, Hess, & Valacich, 2008; Nourallah, 2023). Our study draws on the latter stream and focuses on a consequent question of how trust derives when the trust-inducing signals themselves are unreliable, as it is in online crowdfunding environments. Our study contributes by underscoring the role of an immutable and salient attribute in initial trust formation, when faced with the issue of replicable and cheap signals.

Secondly, we provide new insights into the role of institutions as a heuristic tool in initial trust judgments online. Within the literature on trust and cross-country financing, institutions are primarily viewed as social guarantors (e.g., Hain, Johan & Wang, 2016; Meuleman, Jääskeläinen, Maula & Wright, 2017). However, in reward-based crowdfunding, the effective safeguards that institutions provide are limited, if not non-existent. Given the small size of individual contributions and the dispersed legal jurisdictions due to the geographic spread of both backers and entrepreneurs, avenues for legal recourse are slim. Despite the lack of tangible assurances from institutions, institutional background still serves as a cognitive heuristic for backers making trust judgments. In this manner, our study contributes to the literature on the role of national institutions as a trust factor in international economic transactions (*see* Zaheer, & Kamal, 2011; Roy, 2012).

In addition, to our knowledge, this study is the first to combine large-scale crowdfunding data with independently derived indicators of entrepreneur backgrounds using surname-based inference from Forebears.io. This novel identification strategy allows us to disentangle the institutional

environments of the project's location and the entrepreneur's origin, a separation rarely captured in cross-border finance research. Prior literature predominantly views institutional background as an attribute of the location, which inadvertently overlooks the more persistent and entrenched implications of institutional setups (*see* Putnam et al., 1993; Tabellini, 2010). Our study incorporates the latter view and illustrates that backers' perceptions of institutional context are not only driven by the project's location, but also by the entrepreneur's country-of-origin, contributing to the extensive finance and crowdfunding literature on entrepreneur background effects (e.g., Sauer, Thomas-Hunt & Morris, 2010; Zhang, Wong & Ho, 2016; Bapna & Ganco, 2020; Duan et al., 2020; Johnson et al., 2018; Younkin & Kuppuswamy, 2018).

Our study also contributes to signaling theory by studying the interplay between trust-inducing properties -in our case, institutional background- and signals of varying degrees of cost. While the signaling literature mainly examines signals in isolation (Connelly et al., 2011), in practice, signals rarely occur alone (Drover, Wood & Corbett, 2018; Plummer, Allison & Connelly, 2016). They are generally accompanied by the sender's background attributes that act as dormant signals (Gambetta, 2009).[2] In accordance, in environments with high information asymmetry between stakeholders, such as digital platforms, studies on platform participants' decisions should consider the interlinkages between different signals. As such, we add to our understanding of the influence of background cues (which relates to signaler credibility) on signal evaluation (e.g., Gomulya & Mishina, 2017; Sekerci, Jaballah, Essen & Kammerlander, 2021).

Practically, understanding how trust forms across institutional boundaries is increasingly vital as online platforms have become global marketplaces for early-stage ventures seeking financial

[2] In signaling theory, the intentionality of the sender is a distinguishing feature of signals, i.e., the signals are active actions intended to communicate imperceptible qualities (Connelly et al., 2011). In contrast, Gambetta (2009) describes signs as 'dormant potential signals', which may include different sender and environment attributes, including sender quality, which could alter one's belief about something or someone. As such, institutional backgrounds, derived from both project location and entrepreneur background, should be characterized as signs, since this information is generally part of the standard platform communication.

support. Identifying the mechanisms that allow strangers to cooperate across weak formal guarantees speaks directly to broader debates on digital trust, globalization, and the institutional foundations of market exchange. Moreover, the insights from this study translates to other settings, such as equity crowdfunding and initial coin offerings (ICOs), where despite stronger investor protections and regulatory oversight, information asymmetries and trust formation remain central challenges (Guenther et al., 2018; Kleinert & Vismara, 2023; Meoli & Vismara, 2021; Farè & Vismara, 2025; Thewissen, Shrestha, Torsin & Pastwa, 2022; Thewissen, Thewissen, Arslan-Ayaydin & Barrio, 2026).

CROWDFUNDING AND THE ROLE OF INSTITUTION-BASED TRUST

Crowdfunding has progressively become a compelling financing tool, viewed as a stepping stone for early-stage ventures to access other forms of funding (Belleflamme, Lambert & Schwienbacher, 2014). It allows nascent ventures to pitch their ideas to online backers across national borders for small individual contributions (Agrawal, Catalini & Goldfarb, 2014; Mollick, 2014). Crowdfunding platforms' wide geographic reach stems from a substantially reduced search cost between distant backers and entrepreneurs. Moreover, the low downside risks attenuate backers' concerns over challenges in monitoring remote entrepreneurs (Agrawal et al., 2014). While, for these reasons, distance-related frictions are fewer in crowdfunding, backers still face a substantial degree of uncertainty (Colombo, Franzoni & Rossi-Lamastra, 2015). Backers face early-stage ventures, generally without demonstrable track records, in an online setting, with limited opportunities for interaction to assuage concerns. Furthermore, as the endowments are small and generally one-off, the avenues for post-funding monitoring and accountability are virtually absent (*for detailed discussion, see* Agrawal, Catalini & Goldfarb, 2014; Belleflamme et al., 2015). Given the uncertainty and informational constraints, backers' trust in the entrepreneur

is key to secure fundraising (Belleflamme et al., 2015; Duarte, Siegel & Young, 2012; Thewissen, Thewissen, Torsin & Arslan-Ayaydin, 2023).

Prior crowdfunding studies centering around trust highlight the importance of instant trust, i.e., the trust established when parties first meet (or in crowdfunding, when the backer views the crowdfunding pitch) (McKnight et al., 1998). The alternative, relational trust-building, which is based on the knowledge of the trustee, a widely documented trust factor in organizational literature (Poppo, Zhou, & Li, 2016; Dupont, & Karpoff, 2020), is slim in reward-based crowdfunding. Accordingly, examining the factors determining initial trust in crowdlending platforms, Moysidou and Hausberg (2020) found that information quality and trust in the platform are key factors determining backers' trust assessments. Similarly, Liang et al. (2019) found that information quality, and fundraiser's ability and reputation are key determinants of backers' trust in project, independent of the backers' attributes. While these survey- and experimentation-based studies provide crucial insights, a question that remains is how backers come to confidently evaluate factors such as, information quality, entrepreneur's ability, and firm reputation in the first place, given the unreliability of signals online? Crucially, reputation cues, which studies often find to be crucial in online transaction decisions are typically absent in crowdfunding, as they specifically cater to early-stage ventures. Therefore, in this study, we instead emphasize the importance of immutable, salient attributes that the truster can use as a rough proxy for the unobserved quality of trustworthiness.

Drawing on previous research in international business that emphasizes the influence of country-of-origin effects, especially the role of formal institutions in shaping cross-border economic decisions (e.g., Zaheer, & Kamal, 2011; Roy, 2012), we suggest that institutional background, a salient and inimitable country-level attribute, acts as a heuristic that allows backers

to quickly form trust judgments, particularly when other reliable trust signals are lacking. While institutional trust generally refers to the economic framework within which relationships are embedded, the role of institutions in trust formation is also viewed from its scope to characterize a collective entity (McEvily, Perrone & Zaheer, 2003; Nooteboom, 2002). Outsiders assign collective attributes to entrepreneurs belonging to a specific institutional environment, assuming that those entrepreneurs exhibit similar behaviors due to their consistent exposure to the same institutional conditions (DiMaggio & Powell, 1983). As such, institutions are used as a heuristic in trusting unknown individuals, predicated on their membership in a social category or a collective entity (Brewer, Dull & Lui, 1981; McEvily et al., 2003). In fact, initial trust relies on such first impressions and rapid cognitive cues, while trust towards a group often acts as an antecedent to trust towards its members, even if there is no personal information about the individual to determine trustworthiness (Kramer, 2001; Luhmann, 1988). Thus, when evaluating individual entrepreneurs and their crowdfunding projects, institution-based trust is likely to also play a role.

Institutional Background derived from Project Location

Our first hypothesis concerns the relationship between the institutional quality in the project's country location and backers' participation, building on previous findings in the international business literature that link country-level institutional quality and exchange decisions. A considerable body of research shows that the institutional quality of a target firm's home country positively affects investment and exchange decisions (e.g., Bell et al., 2012; De Clercq et al., 2012; Guler et al., 2010; Leuz et al., 2008). Given the information asymmetries that often surround target investments, laws supportive of investor protection and consistent implementation of regulations help funders make reliable forecasts, lower their monitoring and transaction costs, and placate their

concerns about potential expropriation (Leuz et al., 2008; Li & Zahra, 2012; Vanacker, Collewaert & Zahra, 2015).

However, institutions not only facilitate and protect investor transactions (Cumming, Schmidt & Walz, 2010; Dai, Jo & Kassicieh, 2012), but also furnish the cues funders use to trust new partners without prior first-hand knowledge (Meuleman et al., 2017, p. 133). Trust is crucial for facilitating investments, especially in settings with heightened informational and agency concerns (Bottazzi, Da Rin & Hellmann, 2016; Stulz, 2005), and institutional background, owing to its credibility, helps establish the belief that a context is "conducive to trusting" (McKnight & Chervany, 2006). It can motivate initial trust between parties that are strangers to one another (McKnight et al., 1998; Nooteboom, 2006), as it can help parties assign collective attributes, assuming consistent exposure to institutional conditions (DiMaggio & Powell, 1983). Accordingly, we argue that the quality of institutional environment in the country where a crowdfunding project is based plays a key role in forming initial trust and is therefore positively related to backers' funding decisions. In the context of global reward-based crowdfunding, where backers face heightened unfamiliarity, backers must rely on clear and hard-to-mimic attributes, such as the project's institutional context, to make quick trust judgments. The institutional environment of the project's country-location, which encompasses the conditions faced by the project and provides a collective identity, allows backers to assess trustworthiness even when formal legal safeguards are absent. Thus,

Hypothesis 1a: The quality of institutional background based on a project's location positively influences backers' contribution decisions.

Institutional Background derived from Entrepreneur's Country-of-origin

To date, most studies examine the role of institutions as the context in which a target firm operates. However, institutional literature suggests a broader role of institutions, which includes its influence on individual attitudes and behaviors (Alesina et al., 2015; Alvarez, Lopez, & Urbano, 2025; Bowles, 1998; Guiso et al., 2016; Tabellini, 2010). Persistent imprinting of institutions on individuals suggests that institutions are not only a spatial facet – in our context, an attribute of the project considered for backing – but also a personal attribute associated with an individual, in our context, the entrepreneur.

Institutions' imprint on individuals stems from its impact on social processes, including social interactions, reward structures and sanctions, which define the setting in which individuals operate (Bowles, 1998; Gerber & Jackson, 1993). Institutions shape individuals' preferences and values, including their feelings of competence, individualism, and entrepreneurial attitude, which is a combination of self-esteem, risk aversion, opportunity recognition and innovativeness (Acs et al., 2008; Alvarez, Lopez, & Urbano, 2025; Di Tella et al., 2007; Gruber & Hungerman, 2008). Crucially, the impact of institutions on individuals is persistent, resulting from norms and habit formation, which are passed on through generations (Alesina & Fuchs-Schündeln, 2007; Guiso et al., 2016). These findings support an entrenched impact of institutions on individuals, such as entrepreneurs.

As institutions can have lasting effects, backers may also consider institutional attributes of the entrepreneur's country-of-origin as an instructive indicator in their decision to trust an entrepreneur. Backers may not only evaluate institutions as pertaining to the contemporaneous legal, regulatory, and political conditions in which the project operates, but may also distinctly focus on the institutional characteristics of the country background specific to the entrepreneur. In other words, backers may assume that institutions not only affect the venture, but also the person

behind that venture. Specifically, the stronger the entrepreneur's institutional background, the more likely backers may be to consider that entrepreneur as more trustworthy and skilled. Given that the country in which the venture is situated, and the entrepreneur's country-of-origin are not necessarily the same, backers may derive additional information from the entrepreneur-specific attribute, which they presume reflects the entrepreneur's unobserved qualities, not known from the project's location. Therefore, we hypothesize:

Hypothesis 1b: The quality of institutional background based on the entrepreneur's country-of-origin positively influences backers' contribution decisions.

Interaction between Project- and Entrepreneur-based Institutional Background

The overall level of trust is derived from the relative amount of constituting trust-inducing factors (Gefen, Karahanna & Straub, 2003; McKnight et al., 2006; Zucker, 1986). McKnight et al.'s (1998) model on initial trust formation describes that each trust factor is evaluated in relation to the other factors, compensating for the absence of or limitation in others (Levin & Cross, 2004; Pavlou, 2003). In particular, trust formation is described as involving recursive interaction between different aspects of trust, where as one factor decreases in importance over time, the other becomes more important (Dietz, 2011).

As argued in these theoretical notions, the synergy between different trust-inducing factors is substitutive in nature. Extending this to crowdfunding, this implies that as backers can evaluate institutional background based on two different grounds, each of these institutional factors can compensate for the deficiency in the other. For instance, if a project is based in a country with low institutional strength, but is launched by an entrepreneur from a country with high institutional strength, the latter can compensate for the deficit in the former, and vice versa. We therefore hypothesize that:

Hypothesis 1c: Institutional background based on project location and entrepreneurs' country-of-origin compensate for shortcomings in one another in influencing backers' contribution decisions, i.e., there is a substitution effect between the two.

INSTITUTIONAL BACKGROUND AND LOW-COST VERSUS HIGH-COST SIGNALS

Institutional Background and Low-Cost Signals

In crowdfunding, communication is limited to text, videos and images. Entrepreneurs must look to reveal their unobservable attributes, such as their trustworthiness, in order to persuade backers (Vismara, 2018; Huang et al., 2022). In the absence of spontaneous cues that are otherwise present in personal interactions, backers' decisions rely on attributes, such as expressions of leadership, tenacity and positivity in textual narratives, and even visual cues like logo complexity (Allison, Davis, Webb & Short, 2017; Anglin et al., 2018; Gafni, Marom & Sade, 2019; Mahmood, Luffarrelli & Mukesh, 2019; Moss, Neubaum & Meyskens, 2015; Parhankangas & Renko, 2017). However, in an online setting, such signals incur little cost on the entrepreneur and are easily replicable by both 'good' and 'bad' entrepreneurs (Steigenberger et al., 2018). Given the prevalence of such contaminated signals, secondary trust indicators that affirm the credibility of low-cost signals should significantly influence how backers respond to such signals (Civardi, Moro, & Winborg, 2024; Blaseg, Cumming, & Koetter, 2021).

Trust derived from institution background may lend such a level of credibility to low-cost signals. Institutional background, as linked to both the project and entrepreneur, is distinct from other signals. While most signals are consciously constructed by the entrepreneur, location and entrepreneur details that reveal their background (e.g., names) are standard information. Entrepreneurs may even be unaware that any signaling is going on through this information, and

they are generally obliged to truthfully disclose such information.[3] As it is difficult to characterize such project and founder details as deliberate communication intended to convey positive information, they would technically not even qualify as signals (Connelly et al., 2011).

We propose that the veracity and trust-inducing character of institutional background will not only change backers' evaluation of the project but will also alter how they evaluate other signals from the entrepreneur. Indeed, institutional cues as derived from both project location and entrepreneur's country-of-origin are a way to address the 'secondary problem of trust' (Gambetta et al., 2001; Gambetta et al., 2005), i.e., to help backers decide on whether they can trust low-cost and easy-to-replicate signals of trust. When signals are unreliable, Gambetta and colleagues have argued that individuals will continue to look for easily observable, hard-to-mimic cues, as would be the case for institutional background. When institutional background is weak, the resulting diminished trust may lead backers to view the entrepreneur's signals with skepticism, particularly those concerning information which is easy to manipulate and potentially misleading. Such weakened effectiveness of low-cost signals in response to actions or background attributes that reduce signal credibility are observed in various financial settings (e.g., Gomulya et al., 2017; Zhang et al., 2009). Conversely, given that backers consider institutional information to be truthful and that these institutional cues motivate initial trust, favorable institutional background should provide credibility to low-cost signals, thereby enhancing their efficacy.

Hypothesis 2a: Institutional background complements the impact of low-cost signals on backers' contribution decisions.

Institutional Background and High-Cost Signals

[3] In Kickstarter, prior to the launch of each campaign, the platform undertakes a mandatory ID verification process to ensure the identification details are provided truthfully. *See* https://help.kickstarter.com/hc/en-us/articles/115005139713-What-is-the-identity-verification-process-and-why-is-it-required. For detailed insights on platform due diligence, see Cumming, Johan & Zhang (2019).

While institutional cues instigate trust and affirm low-cost signals' credibility, their interaction with high-cost signals is likely to be different. High-cost signals are credible because they are too costly for a mimic entrepreneur to fake, but are affordable for genuine entrepreneurs. Some of the costly signals that prior studies document as influential to backers' decisions are: having substantial crowdfunding experience and receiving third-party endorsements (Calic & Mosakowski, 2016; Courtney et al., 2017; E. Li & Martin, 2019). For instance, it is very difficult for a founder without prior successful projects on the platform to mislead backers by demonstrating non-existent experiences. Even if one were to launch several small projects on the platform in the hopes of eventually duping backers with a considerably bigger project, it would require substantial effort, time, and cost to make such a scheme worthwhile. In contrast, experienced founders with an authentic track record on the platform can easily communicate this information without incurring unreasonable costs. As such, these signals are credible standalone by virtue of their high replication costs.

Yet, while both high-cost signals and institutional background are credible bases for trust because they are difficult to mimic, the degree to which they accurately reflect unobservable attributes of quality and trustworthiness may substantially differ. In particular, relying on country-level group attributes for making individual trust judgments is a weak rule of thumb that crudely discriminates between trustworthy and untrustworthy projects, and thus, may lead to inaccurate assessments (McCrae et al., 2013). Initial trust judgments based on such heuristics may lead backers to compromise accuracy, and make premature associations and assessments of causality (Gargiulo & Ertug, 2006). In the absence of other credible signals, such a decision-making strategy may be considered reasonable. However, when more reliable high-cost signals are present, i.e. signals with greater fit, backers are likely to rely less on weaker cues such as background-related

ones (Gambetta et al., 2005). Therefore, we hypothesize:

Hypothesis 2b: High-cost signals with greater fit diminish the impact of institutional background on backers' contribution decisions.

METHOD

Data

We use archival data from the largest reward-based crowdfunding platform Kickstarter, which since its launch in April 2009 has helped almost 200,000 campaigns raise more than $5.6 billion. Moreover, it has been prominently used in prior literature (e.g., Buttice, Colombo & Wright, 2017; Courtney et al., 2017; Gafni et al., 2019; Mollick, 2014). While founded in the US, Kickstarter now caters to projects and backers around the world. Reflecting the growth in the platform's internationalization, in Figure 1a and 1b, the difference in the number of US- and non-US-based projects has markedly shrunk, particularly since 2015. The figure also indicates the various time points at which each new Kickstarter office was inaugurated further showcasing the platform's foreign expansion.

Insert Figure 1 about here

We started from Li's (2019) Kickstarter Structured Relational Database, which included 408,637 campaigns launched between April 2009 and January 2019, representing 95% of the projects launched during that period. Since our research centers on funding dynamics in a cross-border setting, we only included projects launched in 2015 or thereafter. Starting from 214,252 observations, we then removed projects designated as 'canceled', 'suspended', 'purged', or 'live', and those without main model information, resulting in 187,352 observations. Moreover, since an entrepreneur's country-of-origin is based on their names (see below), we also dropped projects launched with group names or pseudonyms. To mitigate potential extraneous effects, we also

removed observations with multiple founders, incomplete names, and names with post-nominal titles, such as 'Dr.' and 'Rev.'[4] As such, our final sample consisted of 101,583 crowdfunding campaigns.

Measures

Dependent variables. To capture backers' contribution decision, we consider two dependent variables. First, the *Number of backers* represents the number of pledges made by distinct backers, which illustrates the campaigns' success in terms of the number of people it was able to convince. The second variable, the *Number of Foreign Backers* represents the total count of backers based in countries other the project's location country, which indicates the extent of international attention the campaign was able to attract. It allows us to rule out the confounding explanation of home bias. The information on backers' country-of-origin is derived from the 'Community' section in the campaign's page. Since the information is not available for all projects, related regression analyses are limited to 24,084 observations. Due to the high degree of skewness, we take the natural logarithms of both variables.

Independent variables. In accordance with our hypothesis, we derive institutional background from the project's country location (*Location Institution*) and the entrepreneur's country (*Entrepreneur Institution*). While we use web scraping to directly acquire project country information, we use entrepreneur names to identify entrepreneurs' country-of-origin, using a recently developed web-based tool on Forebears.io. This is a genealogical online directory based in the United Kingdom with a database of over 27 million surnames which allows to determine the country in which a surname is most prevalent. It has recently been successfully used in numerous settings such as political elections, crime, security analysts and inventors to identify people's

[4] We consider names in all the scripts recognized by UTF-8 character encoding, which includes non-Latin texts. UTF-8 is the dominant encoding for the World Wide Web, accounting for 93.8% of all pages as of July 2019.

country-of-origin based on the geographical presence of their surname (e.g., Ferrucci, 2020; Kubrin, Kim & Hipp, 2019; Merkley, Michaely & Pacelli, 2020; Van Trappen, Vandeleene & Wauters, 2021).

After attributing a country to the project's location and the entrepreneur, we assign institutional quality scores to each. We rely on the World Bank's Worldwide Governance Indicators (WGI), which includes six prominent aspects of institutional development, namely Control of Corruption, Rule of Law, Government Effectiveness, Regulatory Quality, Political Stability, and Voice and Accountability (Kaufmann, Kraay & Mastnuzzi, 2010).[5] WGI is widely used in the literature to capture country-level institutional strength, owing to its wide coverage (>200 countries) and its reliance on a multitude of data sources (recent applications include Fredström et al., 2021; Hearn & Filatotchev, 2019; Miroshnychenko et al., 2021). Moreover, the measures strongly correlate between the different dimensions, and demonstrate robust correlations with other commonly used measures of formal institutions, such as the protection of property rights, Heritage Foundation's Economic Freedom Index, and World Economic Forum's Global Competitiveness Report (Easterly & Levine, 2003; Kostova et al., 2020).

To capture the aggregate institutional environment of a country for a given year, we follow prior research (*e.g.*, Hearn & Filatotchev, 2019; Y. Li & Zahra, 2012; Miroshnychenko et al., 2021) and use a composite index of the year-specific scores of the six indicators based on principal

[5] Voice and Accountability captures perceptions of country's citizens' ability to participate in selecting their government, and their right to freedom to expression, association, and free media. Political Stability captures likelihood of political instability, politically motivated violence, and terrorism. Government Effectiveness represents perceptions of the quality of public services and policies, and the degree of its independence from political pressures. Regulatory Quality indicates perceptions of the government's ability to formulate and implement sound policies and regulations supporting private sector development. Rule of Law captures confidence in the rules of society, particularly the quality of contract enforcement, property rights, the police, and the courts. Control of Corruption represents perceptions of abuse of public power for private gains.

components analysis. The institution variable is operationalized by taking the first principal component, which accounts for 83.67% of the total variance and is calculated as:[6]

$$Rule\ of\ law \cdot 0.4357 + Government\ effectiveness \cdot 0.4247 + Control\ of\ corruption \cdot 0.4264 + Regulatory\ quality \cdot 0.4141 + Political\ stability \cdot 0.3598 + Voice\ and\ Accountability \cdot 0.3835.$$

Moderator variables. To capture low-cost signals, we rely on three binary indicators: i) whether the campaign included a social media link (*Social Media*), ii) whether it provided a dedicated project website (*Project Website*) and iii) whether it featured a video (*Video*).[7] While having a dedicated website, social media page, or video of the project all require some effort and resource investment (Datta, Sahaym & Brooks, 2019; Kaminski & Hopp, 2020), these activities generally involve relatively low financial and time investments compared to other forms of signaling. Indeed, given the widespread availability of smartphones and online resources, having a social media page or a basic website has become commonplace. Similarly, having a video in a crowdfunding pitch is more the norm than exception (65% of the campaigns have at least one video). Moreover, our indicator variables only capture the presence of these elements, not their quality (Davis, Hmieleski, Webb & Coombs, 2017; Skirnevskiy, Bendig & Brettel, 2017). Hence, they all represent accessible, low-cost means through which entrepreneurs try to convey legitimacy to potential backers, and therefore we classify all three variables as low-cost signals.

[6] We do not include projects launched in locations without WGI scores (Aland Islands, Antarctica, Faroe Islands, French Polynesia, Gibraltar, Guadeloupe, Monaco, New Caledonia, Pitcairn, Svalbard and Jan Mayen, and Vatican City). For the years where scores are not available for a given country, we replace the missing value using linear interpolation if values for a preceding year and a following year are available.

[7] We identify social-media pages as links associated with the four most prominent domain names in our main dataset: Facebook, Twitter, Instagram, and LinkedIn. While we do find few other domain names, like Vimeo, Artsy, and Soundcloud, prevalent in our data, we consider these as more specific web pages as they are commonly associated with a specific industry or skillset of the account holder.

To measure high-cost signals, we consider i) the entrepreneur's experience on the platform (*Entrepreneur Experience*), ii) the rate of success in the entrepreneur's past campaign(s) (*Entrepreneur Success Rate*), and iii) whether the project received Kickstarter endorsement (*Platform Endorsement*). On Kickstarter, the number of campaigns previously created by an entrepreneur is clearly displayed on the campaign page, allowing us to compute the proportion of past campaigns that were successful. Similarly, the platform occasionally awards quality labels such as 'staff picks' or 'projects we love.'[8] We classified these variables as high-cost signals because they cannot be imitated without sustained effort and demonstrated track record. Building a successful campaign history or obtaining a third-party endorsement requires considerable time and credibility, making them especially difficult to replicate for low-quality or opportunistic projects. Moreover, the positive influence of these attributes on backers' perception is unambiguous, i.e., backers favor entrepreneurs with longer demonstrated track records and projects with third-party endorsements (Cumming, Johan & Zhang, 2019; Skirnevskiy et al., 2017).

Control Variables.

To mitigate the possibility that the institution quality variables are capturing other country-specific characteristics' effects, we control for a variety of prominent, but theoretically distinct, country-level variables. Firstly, to distinguish the hypothesized formal institutions' associations, we include culture-related variables that instead capture informal constrains deriving from customary beliefs and values (*see* Guiso et al., 2006). Specifically, we include the Hofstede's cultural dimensions, the widely used framework for evaluation of culture in empirical studies, namely, power distance, masculinity, uncertainty avoidance, long-term orientation, and indulgence

[8] While there are no specific criteria defining how these campaigns are selected, these tags are meant to highlight projects with well-crafted artworks and clear planning. *See* https://www.kickstarter.com/blog/introducing-projects-we-love-badges.

(Hofstede, 2001; *for the recent review on its application, see* Beugelsdijk et al., 2017). We also include variables representing *Language* and *Religion*, representing more stable cultural heritage, which are, from international online backers' perspective, more apparent attributes (*see* L. S. Davis & Abdurazokzoda, 2016; Guiso et al., 2003). Secondly, given the interconnectedness between economic environment and institutions (Acemoglu et al., 2008; North, 1989), and the former's potential impact on backers' decisions, we control for the country's economic performance (*GDP growth*) and size (*Nominal GDP*). We also include *Exchange Rate* to account for a key factor influencing international transaction decisions (Fredström et al., 2021). The controls also include region dummies to accommodate for stable regional factors, such as geographical proximity.[9] Note, we omit variables concerning financial and social conditions, such as infrastructure, human capital, and economic development, including GDP per capita, which is a central proxy for economic environment, because they correlate substantially with the aggregate institution measure. In view that these attributes are rather manifestations derived from the institutional environment, we examine the impact of these relevant channels in the Additional Analyses section (*see* Acemoglu et al., 2014; Estrin et al., 2013).[10]

Apart from the country variables, we include campaign-specific variables. We control for the campaign's *Campaign Goal* set by the entrepreneur, given its influence on crowdfunding outcomes (Schwienbacher, 2018). We also control for *Campaign Duration*, i.e., the number of days for which a project accepts pledges. Given the centrality of rewards in reward-based crowdfunding (Mollick, 2014), we also included the *Number of Reward* options, and the projected *Delivery Duration*, i.e., the number of days until the estimated reward delivery date from the campaign

[9] Each country is assigned to a regional classification in accordance with the World Bank classification.

[10] For all time-varying country-level variables, if a score for a year is not available for a given country, we replace the missing value using linear interpolation if values for a preceding year and a following year are available. If a preceding or a following year is not available, we take the closest value up to 2022 or dating back to 2010.

launch date. We further control for various components of the entrepreneurs' communication (Tafesse, 2021), namely the campaign *Pitch Length* (the number of sentences in the 'About this project' section), the *Pitch Readability* (measured with Flesch Reading Ease Score),[11] and the inclusion of a non-social media specific *Website* in the entrepreneur's description. To control for market and platform conditions that could influence funding outcomes (Thies, Wessel & Benlian, 2018), we include the variable *Google Trend*, which represents monthly Google searches of the word 'Kickstarter' to proxy for the platform's popularity. We also include *Year* dummies indicating the project's launch year. Furthermore, as Kickstarter classifies each project into 15 categories, we include *Category* dummies.[12]

Sample Description

Table 1 presents the descriptive statistics of the main model variables. The final sample comprises 101,583 campaigns from 60 countries launched by 87,365 distinct entrepreneurs from the same number of countries.[13] Among these, 39,289 (38.68%) of the projects were successfully funded, a rate comparable to those reported in prior studies (e.g., Buttice *et al.*, 2017; Shrestha et al., 2023). Campaigns also display a substantial variation in their funding targets: approximately half set a goal of USD 5,000 or lower, whereas some seek amounts exceeding USD 10 million. A typical

[11] The readability score is derived from a linear combination of average words per sentence and average syllables per word and quantifies the difficulty in reading a document, where a higher score represents greater ease in understanding (Kincaid et al., 1975).

[12] 'game', 'design', 'technology', 'film & video', 'music', 'publishing', 'fashion', 'food', 'art', 'comics', 'theater', 'photography', 'crafts', 'dance' and 'journalism'

[13] The number of sample countries was mainly determined by the number of countries with available data from Hofstede's (2001) culture indices. On excluding the culture variable, our sample extends to 109,266 campaigns based in 164 countries by entrepreneurs from 184 countries. We report the results with this larger sample in the analyses excluding the culture variables, as reported in Model 2, 3, 7, and 8 of Table 4. Our results remain significant and consistent.

campaign offers around seven reward options and runs for slightly over one month. Furthermore, 64.58% of the campaigns included a video pitch, and 67.13% provided a project website.

Insert Table 1 about here

Among the country-level control variables, the average nominal GDP of project countries is USD 13.866 trillion, indicating that a substantial number of campaigns are based in large economies. The average nominal GDP of entrepreneurs' country-of-origin is slightly lower, at USD 12.141 trillion. With respect to the cultural dimensions, we observe that there is notable variability across all of Hofstede's indices, with values ranging from near-minimum to maximum levels. Regarding a country's predominant religions, both projects and entrepreneurs are primarily associated with Catholic or Protestant-majority countries.

Insert Table 2 about here

Table 2 illustrates the institutional composition of the sample. Part A presents examples of countries with high, medium and low institutional scores, highlighting the within- and between-country variation in institution scores. We observe that project locations are predominantly in high-institution countries, whereas entrepreneurs' countries-of-origin are more evenly distributed across the institutional spectrum. In Part B, we report that for nearly half of the sample (45.06%), *Project Institution* differs from *Entrepreneur Institution*; among these cases, the institutional score of the project country is higher in most instances (74.79%). Finally, Part C shows that 22,525 campaigns were launched by 8,307 serial entrepreneurs, defined as entrepreneurs with more than one campaign on the platform. Among these, 249 campaigns involved a change in project location relative to the preceding campaign, of which 115 were moves to higher-institution countries and 134 to lower-institution countries.

Econometric Approach

Due to the criteria we implement to estimate the entrepreneur's country-of-origin, our sample is restricted to campaigns launched by a single founder with full names. As these projects may be systematically different, we correct for possible selection effects by employing the two-stage Heckman procedure (Heckman, 1979). In the first stage, we take the unrestricted sample of 185,670 observations, which includes projects with entrepreneurs with pseudonyms and multiple entrepreneurs. We then estimate a Probit model to determine the likelihood of a project having a *solo entrepreneur*. The selection model includes the available campaign and project location characteristics as independent variables. As an exclusion criterion in the first stage, we consider an industry-level, in our case a category-level measure, which is exogenous to an individual project's idiosyncratic attributes (e.g., Courtney et al., 2017; Nahata, 2008). Specifically, we include the *category's propensity for a solo entrepreneur*, which is defined as the proportion of projects with solo entrepreneurs in the respective project category. Similar to Hsu (2004), we argue that the category-level characteristic is a good instrument because it is unlikely that it influences the funding outcome as the category dummies in the second stage would absorb any effect. We then derived the Inverse Mills Ratio (IMR), which we include in the second-stage regression to account for the selection.

In addition, as our dependent variables are *Backers* and *Foreign Backers*, we naturally only observe non-negative values, and therefore, there is a significant proportion of observations at zero, projects that did not receive any backer contribution. To address this, for the second stage, we implement a Tobit model, censored at zero. Note, for all models, we report robust standard errors clustered at the project- and entrepreneur-country pairs to account for the asymmetry in the number of crowdfunding campaigns by projection location and entrepreneur's country-of-origin.

RESULTS

Main Results

In Table 3, we show the correlation matrix. We observe modest negative correlation between the two independent variables, *Project Institution* and *Entrepreneur Institution* (-0.177). Moreover, all moderating variables, namely *Social Media*, *Website*, *Video*, *Entrepreneur Experience*, *Entrepreneur Success Rate* and *Platform Endorsement*, exhibit low correlations with the independent variables.

In Table 4, we provide the results concerning Hypothesis 1a, 1b, and 1c, where Panel A concerns models explaining the total number of backers and Panel B concerns models on the number of foreign backers. We first report the results from the first stage of the two-stage selection model. We then report second stage results in the following order: i) without country-level controls, ii) with country-level controls apart from culture variables, given high correlations and missing data, iii) with all country-level controls, and iv) with an interaction term between *Project Institution* and *Entrepreneur Institution*.

Insert Table 3 and 4 about here

In Model 1, the first-stage Probit regression results show that the category-specific propensity for having an individual founder $PropIndividualFounder$ is significant in explaining the sampling process. In the second-stage models, IMR is generally significant, supporting our use of the Heckman procedure. As data on *Foreign Backers* is limited to a notably smaller sample size, we repeat the first-stage regression to re-estimate the sampling process and recalculate the IMR. The concerning regression estimates are shown in Model 6.

For Hypothesis 1a and 1b (Model 2, 3, and 4), we find that the institutional environment of the project's location and entrepreneur's country-of-origin are significant in explaining the total number of backers, with the entrepreneur-level measure losing significance in Model 4 once culture variables are introduced. In support of Hypothesis 1c, the interaction term between *Project Institution* and *Entrepreneur Institution* in Model 5 is negative and highly significant (Model 5: β_1 = 0.211, p-value <0.01; β_2 = 0.069, p-value <0.01; β_{1x2} = -0.012, p-value <0.01). Similarly, in Panel B, on the *Foreign Backers*, we again find institutions in the project's country to be consistently significant and positive despite the introduction of the extended list of country-level controls and reduced sample size. In contrast, in Model 7 and 9, the institutional background of the entrepreneur does not have a statistically significant direct association with foreign backer participation. Nonetheless, in Model 10, upon introducing an interaction term between *Project Institution* and *Entrepreneur Institution*, the effect of the latter becomes significant, suggesting that the entrepreneur's institutional background gains relevance when the project's location institutions are weak (Model 10: β_1 = 0.290, p-value <0.01; β_2 = 0.083, p-value <0.05; β_{1x2} = -0.024, p-value <0.01). Thus, we find robust and consistent support for Hypothesis 1a and 1c, and a qualified support for Hypothesis 1b.

In Table 5, we explore the interaction effects between our institutional background variables and low- (Part A) versus high-cost (Part B) signals. In Part A, the results provide partial support for Hypothesis 2a. Although not all interaction terms are significant, the majority of coefficients are positive, consistent with our expectation that institutional background complements low-cost signals. Specifically, the institutional environment in the project's country significantly amplifies the effect of including a video in the pitch on the number of backers (Model 3: $\beta_{1xVideo}$ = 0.053, p-value <0.01), and the impact of social media on the number of foreign backers (Model 7:

$\beta_{1xSocialMedia}$ = 0.048, p-value <0.05). In contrast, the interactions with the entrepreneur's institutional background are generally not statistically significant, suggesting a limited ability to enhance the credibility of low-cost signals. Moreover, we find that the positive interaction effects emerge more consistently for *Social Media* than for *Project Website,* suggesting thatas low-cost signals become more salient, the complementarity of institutional background diminishes.

Insert Table 5 about here

In Part B, while we find some supporting evidence for Hypothesis 2b, we highlight contradictions. Firstly, in relation to the entrepreneurs' institutional background, as hypothesized, we find that, when there are high-cost signals, particularly having entrepreneurs with more experience or successful past campaigns, the positive influence of institutional background is diminished (Model 4: $\beta_{2xEntrepreneurExperience}$ = -0.037, p-value <0.01; Model 5: $\beta_{2xEntrepreneurSuccessRate}$ = -0.085, p-value <0.01 Model 10: $\beta_{2xEntrepreneurExperience}$ = -0.041, p-value <0.01; Model 11: $\beta_{2xEntrepreneurSuccessRate}$ = -0.089, p-value <0.01). However, in relation to the project location's institutional background, we find that the effects of platform endorsement are instead additive, i.e., the positive association between location institution and backer participation remain present when platform endorsement is introduced. While the latter result is in contradiction with our hypothesis, it demonstrates backers' differentiated interpretations of *Project Institution* and *Entrepreneur Institution*. Moreover, the supporting evidence specific to substitutability of *Entrepreneur Institution,* and not for *Project Institutions,* is in accordance with Hypothesis 2b that argues signals with weaker fit are more readily substituted.

ADDITIONAL ANALYSES

Mediating Effects

Given institutions' high collinearity with prominent country-level attributes, including economic and social characteristics, we are faced with a choice between including variables with high partial correlation (thereby ignoring the issue of collinearity) or to risk omitted variable bias, the possibility that the institution variable is capturing the effects of other country-specific characteristics (*see* Lindner et al., 2020). Accordingly, in our main models, we include theoretically relevant salient country controls, particularly accounting for alternative explanations of the dependent variable via culture and economic condition with distinct theoretical rationales. In this section, we investigate how formal institutions influence campaigns' ability to attract crowdfunding backers through observable, highly correlated socio-economic attributes such as social capital and economic development, in view that these attributes are interpreted as manifestations of the broader institutional environment (*e.g.*, Acemoglu et al., 2014; Estrin et al., 2013).

The mediation analysis is informed by the trust literature that highlights three key antecedents of perception of trustworthiness – ability, benevolence, and integrity (Mayer et al., 1995). In accordance, we examine which of these channels, if any, describe backers' institution-based trust in a project, observed in their participation decisions. To test these mediations, we construct two reduced-form consistent Partial Least Squares-Structural Equation Model (cPLS-SEM; using SmartPLS 4; Ringle et al., 2022) with *Project Institution* and *Entrepreneur Institution* as the exogenous variables, country-level *Ability, Benevolence,* and *Integrity* as mediators. *Backers* and *Foreign Backers* are the explained variables in the respective models.[14] We model the mediators

[14]PLS is a nonparametric estimation procedure that allows an iterative combination of principal components analysis connecting observed measures to constructs and a path analysis illustrating the structural relationship between constructs. PLS is particularly suited for our purpose, as unlike covariance-based SEM, PLS focuses on maximizing the variance of the dependent variables as opposed to reproducing the covariance matrix. Additionally, PLS does not require multivariate normality, and is well-suited when explanatory variables are highly correlated (Cassel et al., 1999; Dijkstra, 2009)

as latent variables using multiple country-level for greater precision and reduced measurement errors. We construct *Ability* as the broader entrepreneurial and production competences, using *GDP per capita, Broadband Infrastructure, Logistic Infrastructure,* and Human Development Index (*HDI*), representing the economic development, infrastructure and human capital in a country (*see* Acemoglu et al., 2005, 2014; Chang, 2011). *Benevolence* represents the desire to do good and is constructed with the data on population's experience in donations and volunteering, and the prevailing indicators of social capital (*see* Estrin et al., 2013; Sahasranamam & Nandakumar, 2020). *Integrity* is defined as the adherence to rules and is constructed as a composite of absence of *Homocide, Organized Crime,* and *Police Reliability* (*see* Lederman et al., 2002). The variables are detailed in Table A1, A2, and A3 of the appendix.

Insert Table A1, A2, and A3 about here

From these specifications, we provide in Figure 2 (a) and (b) a graphical representation of the estimates of the structural and the measurement parameters. The significance of the estimates are based on 5,000 bootstrap samples, and the R^2 values for each endogenous variable is shown in the circles. Figure (a) illustrates the relationships with *Backers* and Figure (b) concerns *Foreign Backers*. We evaluate the constructs' reliability and validity of the measurement models, which defines the mediators, using the well-established criteria for AVE (average variance extracted) and composite reliability. We find that the AVE values for the latent variables are substantially above the recommended cut-off level of 0.50, and the composite reliability measures are above 0.70 representing good internal consistency (Fornell & Larcker, 1981; Hair et al., 2011). Concerning the discriminant validity of the constructs, we find that the square root of AVE for each latent construct is higher than the highest correlation with any other latent construct, supporting the

discriminant validity of the constructs (Hair et al., 2011). The detailed results on measurement model evaluation are presented in Table A4 of the appendix.

Insert Figure 2 and Table A4 about here

In Table 6, we present the path coefficients and p-values of the structural model estimations. In Panel A, for the model describing *Backers,* we find statistically significant relationships between institutions and the mediators, for both *Project Institution* (*Ability*: R^2 = 0.819; *Integrity:* R^2 = 0.802; *Benevolence:* R^2 = 0.528) and *Entrepreneur Institution* (*Ability*: R^2 = 0.730; *Integrity:* R^2 = 0.685; *Benevolence:* R^2 = 0.730). Despite the substantially smaller sample size, this is consistent in Panel B for *Foreign Backers*. On the mediators' relationship with backer participation, as shown in Panel A, for *Project Institutions, Ability* exhibits a statistically significant positive relationship ($\beta = 0.073$, p-value<0.01), whereas for *Entrepreneur Institutions, Integrity* exhibits a statistically significant positive relationship ($\beta = 0.085$). Moreover, in Panel B for *Foreign Backers*, *Integrity* is the only mediator that exhibits a statistically significant positive association with the outcome variable (*Project Institutions:* $\beta = 0.096$, p-value<0.01; *Entrepreneur Institutions:* $\beta = 0.067$, p-value<0.01).

Insert Table 6 about here

These findings highlight the distinct factors that drive backers' interpretation of project location's institutional quality and the entrepreneur's institutional background. Backers' inclination towards projects in countries with better institutions derives from the link between institutions and indicators of competence, mainly captured by the availability of resources. However, in describing the number of foreign backers, only integrity, which captures the level of crime and the rule of law, mediates the positive relationship, which is telling that the competence channel is rather reflecting the resource availability of the local backers. Overall, the country-level

integrity attributes, as opposed to institutions-related ability or benevolence, play a positive role in influencing foreign backers' participation. Note that, despite the intuition that projects and entrepreneurs in countries with more charitable population would attract more backers, the estimates concerning *Benevolence* are consistently negative, suggesting a disconnect between the populations' altruistic practices and reward-based crowdfunding participation. Also, the three mediating constructs do not explain all institutional effects, which may be alluding to additional channels, possibly through financial development and government policy that affect entrepreneurship and entrepreneurial quality, which our mediators do not capture (*see* Chowdhury et al., 2019). Overall, the reduced form model, comprising of the institution variables and the mediating constructs explain 0.8% of the variability in the number of backers (in natural logarithm) and 10.8% of the variability in the number of foreign backers (in natural logarithm).

Alternative Institutional Background Effects

We also examined alternative explanations for our main results. On Kickstarter, while entrepreneurs can select any project location, there are important constraints: the founder must either reside in, or the project must be hosted by a registered entity in one of the 25 countries where Kickstarter maintains an office.[15] Given this restriction, we assessed to what extent our findings could be driven by entrepreneurs' strategic relocation to higher-institution countries.

First, we re-estimated our main model considering serial entrepreneurs (those with more than one campaign) who changed their project location to a higher institution country. We included a control variable indicating whether a project was launched in a higher-institution location than the entrepreneur's previous campaign. As shown in Table 7, Panel A, results remain robust, with the

[15] If campaign's stated project's location is not in one of the 25 eligible countries, it is because the entrepreneur holds a relevant country's residency but is living or launching a project abroad or the project is in collaboration between international members. *See https://help.kickstarter.com/hc/en-us/articles/115005128594-Who-can-use-Kickstarter.*

additional variable significant only for *Foreign Backers*, suggesting that such moves generally help attract more international supporters, but not local ones.

Insert Table 7 about here

Second, in Panel B, we re-estimated the models using a sub-sample that excluded all U.S.-based projects, where Kickstarter's headquarters is located. External services such as Stripe Atlas, the business registration service provided by Kickstarter's payment processor, enables non-U.S. entrepreneurs to establish entities in the U.S. and thereby launch projects in the U.S., even though they may not reside there. Excluding U.S. projects therefore allows us to largely rule out this selection strategy.[16] Despite the reduced sample (*Backers* model: 30,705, *Foreign Backers* model: 7,013), the results remain consistent with our baseline findings. This indicates that even after excluding U.S.-based projects, which rules out entrepreneurs' selection into U.S. incorporation, the positive effect of *Project Institution* and *Entrepreneur Institution* persists. Nonetheless, we observe that the estimated association between *Project Institution* and backer participation is smaller in the subsample, suggesting that such a strategy could account for part of the observed main effect. Also, an alternative explanation related to strong home bias among U.S. backers cannot be ruled out.

Third, in Panel C, we accounted for the role of the institutional quality of the host Kickstarter office country, which may differ from the project's location country. We introduced a control variable, *Kickstarter Office Institution*, and find that the main results remain consistent. However, the *Entrepreneur Institution* becomes insignificant in the *Foreign Backers* model, suggesting that host-country institutional conditions also play a role in attracting international supporters.

[16] See https://help.kickstarter.com/hc/en-us/articles/4415123219995-I-m-looking-to-create-a-business-in-the-US-so-that-I-can-launch-a-project-how-do-I-do-this.

Taken together, these analyses add extra nuance to our main findings. While entrepreneurs' institutional backgrounds are largely immutable, strategic relocation to, or hosting through, high-institution countries, particularly the U.S., appears to serve as an additional credible signal that enhances backer participation.

Robustness Tests

In Table A5, A6, and A7 of the appendix, we provide further robustness checks. In Table A5, we first re-estimated the models with alternative dependent variables and an added sample constraint. In Panel A, we tested two additional funding-related dependent variables: (i) a binary indicator of campaign success (*Funded*), and (ii) the total amount pledged in natural logarithmic values (*Amount Pledged*). These models were estimated using logit and Tobit regressions, respectively, and with inverse Mills ratio from the first-stage selection process (as described in the 'Econometric Approach' section). In Panel B, we tested our results with the model specifications from our main analysis, but with a restricted sample excluding campaigns with goals greater than USD 10 million. All results remained consistent with our main findings.

Insert Table A5 about here

In Table A6, Panel A, we include robustness tests to account for entrepreneur-level attributes. First, in Model 1, 2, 3, and 4, we introduce the entrepreneur's race and gender, respectively (Johnson et al., 2018; Younkin et al., 2018). *Race* and *Gender* are estimated using the project founder's name using the 'wru' and 'gender' package in R, respectively (Blevins & Mullen, 2015; Imai & Khanna, 2016). We find qualitatively similar results, as the institution variables, especially *Project Institution* and the interaction term, remain significant with consistent signs and similar qualitative patterns.

Insert Table A6 about here

In Panel B of Table A6, to disentangle the effects of institutional background from the entrepreneur's overall unobserved qualities, we undertake two analyses. First, we implement a matching approach, where we generate a matched sample, in which for each high institution "treated" project [*Project Institution* > 75th percentile (*Project Institution*)], we match a "control" project that is as similar as possible in project attributes. To build the matched control group, we select the nearest neighbor based on nine key project attributes, namely *Campaign Goal*, *Number of Reward, Delivery Duration, Project Website, Social Media, Video, Entrepreneur Experience, Entrepreneur Success Rate,* and *Platform Endorsement*. In Table A7 of the appendix, we report descriptive statistics for the matching characteristics (Panel A) and the institution variables (Panel B) to illustrate the similarity and differences between the treatment and control groups. The results from the matched sample, as presented in Model 5 and 6, corroborate with our main results. Second, we conduct a subsample analysis with observations restricted to entrepreneurs with multiple projects launched in different countries. Estimating a model with entrepreneur fixed-effects, *Project Institution* remains positive and significant in explaining the number of backers, despite a limited sample of 1,731 observations, as shown in Model 7. Note that, given the small sample size and high collinearity between the country-level variables, other country controls are not included here.

Insert Table A7 about here

Next, in Table A8, we checked our results with alternative methods to estimate entrepreneurs' institutional background. As Forebears.io informs us of a name's prominence in different countries, to account for the possibility that a surname is popular across multiple countries, we took the weighted average of the institutional scores of the top three countries where the name was most prevalent. The weights were defined as the relative popularity of the name in the three

countries. Second, we adjusted the country's weights by incorporating a relative population factor for the three countries, reducing the influence of countries with larger population.[17] As shown in Model 1, 2, 4 and 5, all our variables of interest are significant and consistent. Lastly, we used an alternative tool, *Name-prism*, to estimate entrepreneurs' country-of-origin. Name-prism is another name-based nationality classifier, which characterizes names into one of 39 nationality groups based on homophily in communication (language) patterns (Ye et al., 2017; examples of prior applications: Downar, Ernstberger & Koch, 2020; Honigsberg & Jacob, 2021)).[18] Taking the year-specific average institution score among the countries in the nationality groups, the results concerning entrepreneurs' institution remain similar, as shown in Model 3 and 6.

Insert Table A8 about here

DISCUSSION AND CONCLUSION

The role of institutions in cross-border transactions has received considerable attention, mainly centered on its role as a social guarantor (e.g., Bell et al., 2012; De Clercq et al., 2012; Guler et al., 2010; Leuz et al., 2008; Meyer et al., 2009). Consistent with prior results, we find that institutional quality associated with the project's country benefits funding outcomes. As such, we extend prior evidence to a digital setting where the practical capacity of institutions to safeguard backers' interests is substantially lower, if not non-existent. Importantly, we find that funding outcomes are also impacted by the entrepreneur's institutional background. This would be in line

[17] This factor is defined as the ratio of the inverse of each country's population to the sum of the inverse populations of the three countries. Specifically, if a name is equally prevalent in two countries, and the population of the first country is x while the second country is y, the relative population factor for the first country is:

$$(1/x)/[(1/x) + (1/y)]$$

[18] The classification algorithm is trained with 57 million contact lists, and is able to classify 74 million labeled names from 118 different countries. As the names are classified into 39 nationality groups, we take the average institution score among the constituting countries in each group.

with our view that the institutional background is used as a heuristic in trust judgments, as the entrepreneur's background is unrelated to institutions' direct capacity to protect backers' interests. Additionally, consistent with McKnight et al.'s (1998) model on initial trust formation, we find a negative interaction between the two institution variables implying a substitutive relationship where one compensates for the deficit in the other.

We further study the impact of institution background-based trust on how the backers evaluate other signals with different degrees of cost while making their contribution decisions. In line with findings of studies that focus on signaler credibility (e.g., Gomulya et al., 2017; Sekerci et al., 2021), we find that stronger institutional background's positive influence on funding outcomes improves the efficacy of low-cost signals, such as including a video or social media link in a crowdfunding campaign. Furthermore, as institutional cues are imprecise estimates of underlying quality attributes that backers are interested in, we find that institutional backgrounds are less relevant when high-cost signals with greater fit are present, as demonstrated in prior literature (e.g., Busenitz et al., 2005; Zhang et al., 2009). However, concerning positive interaction effects, the institutional strength associated with the project location is especially important, while for the negative interaction effects, entrepreneurs' institutional background is more readily substituted in the presence of reliable high-cost signals. These findings resonate with studies, such as Chreim, Williams and Hinings (2007), and Kang and Bodenhausen (2015), that highlight the complexities in how individuals perceive multiple identities. Our results generally corroborate our hypotheses and help illustrate the broader decision dynamics in backers' contributions.

Additionally, we examine mediation channels guided by prior literature on the antecedents of trust, connecting institutions and backers' decisions via attributes of ability, integrity, and competence. We incorporate cPLS-SEM models to estimate the paths and the latent constructs.

We identify that especially integrity plays a key role in attracting backers, both local and foreign. Despite the lack of avenues for legal protection in the international reward-based crowdfunding setting, we find that the absence of crime and the enforcement of rule of law, still influence backers' participation.

Theoretical Integration

In her historical studies on the US-American socio-economic system of the 19th and early 20th centuries, Zucker (1986) describes the disruption of social trust during the country's pivotal period marking the emergence of a differentiated industrial business environment. She highlighted the role of formal national institutions in rebuilding trust that supported the economic activities in the new economy. The current emergence of global digital platforms similarly poses new trust concerns, especially in cross-border settings that are beyond the purview of a single national authority (Lehdonvirta, Kässi, Hjorth, Barnard & Graham, 2019). Our study examines the role of institutions in this setting, however, not as a social guarantor, but as a background cue that aids heuristic-based trust judgment influencing platform participants' decisions. Relying on an extensive dataset from an online reward-based crowdfunding platform, we illustrate the role of institutional background, a salient and inimitable country-level attribute, as a heuristic cue that permits swift trust judgments in a digital platform with specific characteristics, such as unavailability of avenues for relational trust-building, the infeasibility of legal protection, and urgency in decision making.

Associating institutions with both project location and entrepreneur background, our study also extends prior evidence on institutions' persisting influence on individuals to an empirical examination of institutional background in cross-border financing decisions (e.g., Alesina et al., 2015; Guiso et al., 2016; Putnam et al., 1993; Tabellini, 2010). Given the ever-greater international

mobility and its consequences on entrepreneurial activity (Liu et al., 2010), this wider view of institutions' role in financing decisions offers new and relevant insights concerning international entrepreneurial opportunities. Furthermore, these findings contribute to the extensive finance literature on entrepreneur background effects (e.g., Sauer et al., 2010; J. Zhang et al., 2016) and other studies focusing on the role of identity attributes, such as gender and race, in digital platforms (e.g., Johnson et al., 2018; Younkin et al., 2018).

Furthermore, by examining the interlinkages between institutional cues and other signals exchanged in crowdfunding, our study provides new insights on decision making in a setting with multiple signals (Drover et al., 2018; Plummer et al., 2016). Specifically, showing the additive role of institution cues on the influence of low-cost signals by way of signaler credibility (e.g., Gomulya et al., 2017; Sekerci et al., 2021), and illustrating a substitutive relationship between institutional background and high-cost signals given differences in signal fit (e.g., Busenitz et al., 2005; Zhang et al., 2009), our study contributes to two understudied areas in signaling (Connelly et al., 2011).

Future Research Directions and Limitations

Our results suggest several useful directions for future research. First, in examining the influence of country-level attributes in exchange decisions, our findings suggest that researchers should also consider the characteristics of the focal individual's country-of-origin. Such individual background attributes may be particularly relevant in digital settings with an inordinate level of information asymmetry and reduced legal safeguards (Lehdonvirta et al., 2019). Second, our study relies on various concepts within signaling theory to demonstrate backers' response to signals with different qualities in relation to institutional background cues. These findings open a new research avenue to examine backers' (or other investors') decisions in response to signals of various characteristics in multi-signal settings. For instance, research reveals that a variety of low-cost

signals are consequential in crowdfunding settings—a finding that is at odds with signaling theory (Steigenberger et al., 2018). It would be of utmost interest to examine whether accounting for other trust-inducing properties can help reconcile these findings.

A limitation of our study provides a crucial avenue for future research. While our analyses focus on backers' participation decisions, our data capture aggregate campaign outcomes and do not allow us to observe the timing of individual contributions within a campaign. As a result, we are unable to isolate early-stage backing behavior associated with the signaling phase, as distinct from later herding dynamics (Rodríguez-Garnica, Gutiérrez-Urtiaga, & Tribo, 2025). Future research using time-stamped contribution data could provide a more fine-grained examination of how institutional background cues shape backer behavior across different phases of a campaign.

More broadly, as digital platforms are multi-sided platforms that rely on network effects from participation in both sides of the transaction (Belleflamme et al., 2015), future studies should consider the other side of the exchange. Although the counterparties' decisions are inter-related, the literature would benefit greatly from the understanding of the institutional environment's link with entrepreneurs' platform participation decisions and project quality (for instance, in terms of delivery of the promised rewards on time). Similarly, platforms' strategic choices in response to local and international institutional constraints are also potential research avenues (e.g., Dushnitsky, Piva & Rossi-Lamastra, 2020; Logue & Grimes, 2019). These would allow a more thorough understanding of the various channels through which institutional context influences outcomes in digital platforms.

While we find that institutional background cues are consequential in digital reward-based crowdfunding platforms, digital platforms are an eclectic bag and warrant further investigations into other settings. For example, although our focus on individual founders enables a precise

examination of entrepreneurs' attributes, future research could extend this analysis to team-founded campaigns. Such studies could illuminate additional dynamics related to team composition and institutional diversity, thereby enriching our understanding of how founder backgrounds influence backer decisions. Moreover, although backers in reward-based crowdfunding share several similarities with general consumers, they are known to display altruistic motivations (Mollick, 2014). The differences in motivations and choice criteria of participants in other settings, such as e-commerce or online gig platforms, can result in different responses to institutional background cues. As other transaction platforms, like e-commerce and labor platforms, are prominent sectors (Kretschmer, Leiponen, Schilling & Vasudeva, 2020; Lehdonvirta et al., 2019), they are potential replication settings.

Conclusion

Institutions' role in facilitating economic activity, including cross-border transactions, has been widely studied and recognized. However, the narrative of institutions' influence on economic decisions is mainly derived from its role as a social guarantor. Using the digital platform of reward-based crowdfunding that permits few legal safeguards, we tested whether institutional background also acts as a heuristic cue. We find support for our key propositions, evidencing the influence of institutional environments of both the project and the entrepreneur on funding outcomes, and their interactions with signals of different degrees of costs. Our results show the importance of incorporating the institutional environments in future studies examining participation decisions in international digital platforms.

REFERENCES

Acemoglu, D., Gallego, F. A., & Robinson, J. A. (2014). Institutions, human capital, and development. *Annu. Rev. Econ.*, *6*(1), 875–912. https://doi.org/10.1146/annurev-economics-080213-041119

Acemoglu, D., Johnson, S., & Robinson, J. A. (2005). Institutions as a fundamental cause of

long-run growth. *Handbook of Economic Growth*, *1*, 385–472. https://doi.org/10.1016/S1574-0684(05)01006-3

Acemoglu, D., Robinson, J., & others. (2008). *The role of institutions in growth and development* (Vol. 10). World Bank Washington, DC.

Acs, Z. J., Desai, S., & Hessels, J. (2008). Entrepreneurship, economic development and institutions. *Small Business Economics*, *31*(3), 219–234. https://doi.org/10.1007/s11187-008-9135-9

Agrawal, A., Catalini, C., & Goldfarb, A. (2014). Some simple economics of crowdfunding. *Innovation Policy and the Economy*, *14*(1), 63–97. https://doi.org/10.1086/674021

Alesina, A., & Fuchs-Schündeln, N. (2007). Goodbye Lenin (or not?): The effect of communism on people's preferences. *American Economic Review*, *97*(4), 1507–1528. https://doi.org/10.1257/aer.97.4.1507

Alesina, A., & Giuliano, P. (2015). Culture and institutions. *Journal of Economic Literature*, *53*(4), 898–944. https://doi.org/10.1257/jel.53.4.898

Allison, T. H., Davis, B. C., Webb, J. W., & Short, J. C. (2017). Persuasion in crowdfunding: An elaboration likelihood model of crowdfunding performance. *Journal of Business Venturing*, *32*(6), 707–725. https://doi.org/10.1016/j.jbusvent.2017.09.002

Alvarez, C., Lopez, T., & Urbano, D. (2025). Do institutional dimensions matter at different stages of the entrepreneurial process? A multi-country study. *Small Business Economics*, *64*(2), 353-381. https://doi.org/10.1007/s11187-024-00920-4

Anglin, A. H., Short, J. C., Drover, W., Stevenson, R. M., McKenny, A. F., & Allison, T. H. (2018). The power of positivity? The influence of positive psychological capital language on crowdfunding performance. *Journal of Business Venturing*, *33*(4), 470–492. https://doi.org/10.1016/j.jbusvent.2018.03.003

Bachmann, R., & Inkpen, A. C. (2011). Understanding institutional-based trust building processes in inter-organizational relationships. *Organization Studies*, *32*(2), 281–301. https://doi.org/10.1177/0170840610397477

Bapna, S., & Ganco, M. (2020). Gender gaps in equity crowdfunding: Evidence from a randomized field experiment. *Management Science*, *Forthcomin*. https://doi.org/10.1287/mnsc.2020.3644

Bell, R. G., Moore, C. B., & Filatotchev, I. (2012). Strategic and institutional effects on foreign IPO performance: Examining the impact of country of origin, corporate governance, and host country effects. *Journal of Business Venturing*, *27*(2), 197–216. https://doi.org/10.1016/j.jbusvent.2010.11.001

Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). Crowdfunding: Tapping the right crowd. *Journal of Business Venturing*, *29*(5), 585–609. https://doi.org/10.1016/j.jbusvent.2013.07.003

Belleflamme, P., Omrani, N., & Peitz, M. (2015). The economics of crowdfunding platforms. *Information Economics and Policy*, *33*, 11–28. https://doi.org/10.1016/j.infoecopol.2015.08.003

Beugelsdijk, S., Kostova, T., & Roth, K. (2017). An overview of Hofstede-inspired country-level culture research in international business since 2006. *Journal of International Business Studies*, *48*, 30–47. https://doi.org/10.1057/s41267-016-0038-8

Blaseg, D., Cumming, D., & Koetter, M. (2021). Equity crowdfunding: high-quality or low-quality entrepreneurs?. *Entrepreneurship Theory and Practice*, *45*(3), 505-530. https://doi.org/10.1177/1042258719899427

Blevins, C., & Mullen, L. (2015). Jane, John... Leslie? A Historical Method for Algorithmic Gender Prediction. *DHQ: Digital Humanities Quarterly*, *9*(3).
Bottazzi, L., Da Rin, M., & Hellmann, T. (2016). The importance of trust for investment: Evidence from venture capital. *The Review of Financial Studies*, *29*(9), 2283–2318. https://doi.org/10.1093/rfs/hhw023
Bowles, S. (1998). Endogenous preferences: The cultural consequences of markets and other economic institutions. *Journal of Economic Literature*, *36*(1), 75–111.
Brewer, M. B., Dull, V., & Lui, L. (1981). Perceptions of the elderly: Stereotypes as prototypes. *Journal of Personality and Social Psychology*, *41*(4), 656. https://doi.org/10.1037/0022-3514.41.4.656
Busenitz, L. W., Fiet, J. O., & Moesel, D. D. (2005). Signaling in venture capitalist—New venture team funding decisions: Does it indicate long--term venture outcomes? *Entrepreneurship Theory and Practice*, *29*(1), 1–12. https://doi.org/10.1111/j.1540-6520.2005.00066.x
Buttice, V., Colombo, M. G., & Wright, M. (2017). Serial crowdfunding, social capital, and project success. *Entrepreneurship Theory and Practice*, *41*(2), 183–207. https://doi.org/10.1111/etap.12271
Calic, G., & Mosakowski, E. (2016). Kicking Off Social Entrepreneurship: How A Sustainability Orientation Influences Crowdfunding Success. *Journal of Management Studies*, *53*(5), 738–767. https://doi.org/10.1111/joms.12201
Cassel, C., Hackl, P., & Westlund, A. H. (1999). Robustness of partial least-squares method for estimating latent variable quality structures. *Journal of Applied Statistics*, *26*(4), 435–446. https://doi.org/10.1080/02664769922322
Chan, C. S., & Parhankangas, A. (2017). Crowdfunding innovative ideas: How incremental and radical innovativeness influence funding outcomes. *Entrepreneurship Theory and Practice*, *41*(2), 237–263. https://doi.org/10.1111/etap.12268
Chang, H.-J. (2011). Institutions and economic development: theory, policy and history. *Journal of Institutional Economics*, *7*(4), 473–498. https://doi.org/10.1017/S1744137410000378
Chowdhury, F., Audretsch, D. B., & Belitski, M. (2019). Institutions and entrepreneurship quality. *Entrepreneurship Theory and Practice*, *43*(1), 51–81. https://doi.org/10.1177/1042258718780431
Chreim, S., Williams, B. E., & Hinings, C. R. (2007). Interlevel influences on the reconstruction of professional role identity. *Academy of Management Journal*, *50*(6), 1515–1539.
Civardi, C., Moro, A., & Winborg, J. (2024). "All that glitters is not gold!": The (Unexplored) Determinants of Equity Crowdfunding. *Small Business Economics*, *63*(1), 299-324. https://doi.org/10.1007/s11187-023-00813-y
Colombo, M., Franzoni, C., & Rossi-Lamastra, C. (2015). Internal social capital and the attraction of early contributions in crowdfunding. *Entrepreneurship Theory and Practice*, *39*(1), 75–100. https://doi.org/10.1111/etap.12118
Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2011). Signaling theory: A review and assessment. *Journal of Management*, *37*(1), 39–67. https://doi.org/10.1177/0149206310388419
Courtney, C., Dutta, S., & Li, Y. (2017). Resolving information asymmetry: Signaling, endorsement, and crowdfunding success. *Entrepreneurship Theory and Practice*, *41*(2), 265–290. https://doi.org/10.1111/etap.12211
Cumming, D. J., Johan, S. A., & Zhang, Y. (2019). The role of due diligence in crowdfunding

platforms. *Journal of Banking & Finance*, *108*, 105661. https://doi.org/10.1016/j.jbankfin.2019.105661
Cumming, D., Schmidt, D., & Walz, U. (2010). Legality and venture capital governance around the world. *Journal of Business Venturing*, *25*(1), 54–72. https://doi.org/10.1016/j.jbusvent.2009.05.001 https://doi.org/10.1016/j.jbusvent.2008.07.001
Dai, N., Jo, H., & Kassicieh, S. (2012). *Journal of Business Venturing*, *27*(6), 666–684. https://doi.org/10.1016/j.jbusvent.2011.04.004
Datta, A., Sahaym, A., & Brooks, S. (2019). Unpacking the antecedents of crowdfunding campaign's success: The effects of social media and innovation orientation. *Journal of Small Business Management*, *57*, 462–488. https://doi.org/10.1111/jsbm.12498
Davis, B. C., Hmieleski, K. M., Webb, J. W., & Coombs, J. E. (2017). Funders' positive affective reactions to entrepreneurs' crowdfunding pitches: The influence of perceived product creativity and entrepreneurial passion. *Journal of Business Venturing*, *32*(1), 90–106. https://doi.org/10.1016/j.jbusvent.2016.10.006
Davis, L. S., & Abdurazokzoda, F. (2016). Language, culture and institutions: Evidence from a new linguistic dataset. *Journal of Comparative Economics*, *44*(3), 541–561.
De Clercq, D., Meuleman, M., & Wright, M. (2012). A cross-country investigation of micro-angel investment activity: The roles of new business opportunities and institutions. *International Business Review*, *21*(2), 117–129. https://doi.org/10.1016/j.ibusrev.2011.02.001
Di Tella, R., Galiant, S., & Schargrodsky, E. (2007). The formation of beliefs: evidence from the allocation of land titles to squatters. *The Quarterly Journal of Economics*, *122*(1), 209–241. https://doi.org/10.1162/qjec.122.1.209
Dietz, G. (2011). Going back to the source: Why do people trust each other? *Journal of Trust Research*, *1*(2), 215–222.
Dijkstra, T. K. (2009). Latent variables and indices: Herman Wold's basic design and partial least squares. In *Handbook of partial least squares: Concepts, methods and applications* (pp. 23–46). Springer.
DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 147–160. https://doi.org/10.2307/2095101
Downar, B., Ernstberger, J., & Koch, C. (2020). Who makes partner in Big 4 audit firms? - Evidence from Germany. *Accounting, Organizations and Society*, 101176. https://doi.org/10.1016/j.aos.2020.101176 https://doi.org/10.1111/joms.12328
Drover, W., Wood, M. S., & Corbett, A. C. (2018). Toward a cognitive view of signalling theory: individual attention and signal set interpretation. *Journal of Management Studies*, *55*(2), 209–231. https://doi.org/10.1111/joms.12282
Duan, Y., Hsieh, T.-S., Wang, R. R., & Wang, Z. (2020). Entrepreneurs' facial trustworthiness, gender, and crowdfunding success. *Journal of Corporate Finance*, *64*, 101693. https://doi.org/10.1016/j.jcorpfin.2020.101693
Duarte, J., Siegel, S., & Young, L. (2012). Trust and credit: The role of appearance in peer-to-peer lending. *The Review of Financial Studies*, *25*(8), 2455–2484. https://doi.org/10.1093/rfs/hhs071
Dushnitsky, G., Piva, E., & Rossi-Lamastra, C. (2020). Investigating the mix of strategic choices and performance of transaction platforms: Evidence from the crowdfunding setting.

Strategic Management Journal. https://doi.org/10.1002/smj.3163
Easterly, W., & Levine, R. (2003). Tropics, germs, and crops: how endowments influence economic development. *Journal of Monetary Economics*, *50*(1), 3–39.
Estrin, S., Mickiewicz, T., & Stephan, U. (2013). Entrepreneurship, social capital, and institutions: Social and commercial entrepreneurship across nations. *Entrepreneurship Theory and Practice*, *37*(3), 479–504. https://doi.org/10.1111/etap.12019
Farè, L., & Vismara, S. (2025). Internationalization of equity crowdfunding platforms. *The British Accounting Review*, 101627. https://doi.org/10.1016/j.bar.2025.101627
Ferrucci, E. (2020). Migration, innovation and technological diversion: German patenting after the collapse of the Soviet Union. *Research Policy*, *49*(9), 104057. https://doi.org/10.1016/j.respol.2020.104057
Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, *18*(1), 39–50. https://doi.org/10.1177/002224378101800104
Fredström, A., Peltonen, J., & Wincent, J. (2021). A country-level institutional perspective on entrepreneurship productivity: The effects of informal economy and regulation. *Journal of Business Venturing*, *36*(5), 106002.
Gafni, H., Marom, D., & Sade, O. (2019). Are the life and death of an early-stage venture indeed in the power of the tongue? Lessons from online crowdfunding pitches. *Strategic Entrepreneurship Journal*, *13*(1), 3–23. https://doi.org/10.1002/sej.1293
Gambetta, D. (2009). Signaling. *The Oxford Handbook of Analytical Sociology*, 168–194.
Gambetta, D., & Hamill, H. (2005). *Streetwise: How taxi drivers establish customer's trustworthiness*. Russell Sage Foundation.
Gargiulo, M., & Ertug, G. (2006). The dark side of trust. *Handbook of Trust Research*, *165*.
Gefen, D., Karahanna, E., & Straub, D. W. (2003). Trust and TAM in online shopping: An integrated model. *MIS Quarterly*, 51–90. https://doi.org/10.2307/30036519
Gerber, E. R., & Jackson, J. E. (1993). Endogenous preferences and the study of institutions. *American Political Science Review*, *87*(3), 639–656. https://doi.org/10.2307/2938741
Gomulya, D., & Mishina, Y. (2017). Signaler credibility, signal susceptibility, and relative reliance on signals: How stakeholders change their evaluative processes after violation of expectations and rehabilitative efforts. *Academy of Management Journal*, *60*(2), 554–583.
Gruber, J., & Hungerman, D. M. (2008). The church versus the mall: What happens when religion faces increased secular competition? *The Quarterly Journal of Economics*, *123*(2), 831–862. https://doi.org/10.1162/qjec.2008.123.2.831
Guenther, C., Johan, S., & Schweizer, D. (2018). Is the crowd sensitive to distance?—How investment decisions differ by investor type. *Small Business Economics*, *50*(2), 289–305. https://doi.org/10.1007/s11187-016-9834-6
Guiso, L., Sapienza, P., & Zingales, L. (2003). People's opium? Religion and economic attitudes. *Journal of Monetary Economics*, *50*(1), 225–282.
Guiso, L., Sapienza, P., & Zingales, L. (2006). Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives*, *20*(2), 23–48. http://doi.org/10.1257/jep.20.2.23
Guiso, L., Sapienza, P., & Zingales, L. (2016). Long-term persistence. *Journal of the European Economic Association*, *14*(6), 1401–1436. https://doi.org/10.1111/jeea.12177
Guler, I., & Guillén, M. F. (2010). Institutions and the internationalization of US venture capital firms. *Journal of International Business Studies*, *41*(2), 185–205.
Hain, D., Johan, S., & Wang, D. (2016). Determinants of cross-border venture capital

investments in emerging and developed economies: The effects of relational and institutional trust. *Journal of Business Ethics*, *138*(4), 743–764.

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. *Journal of Marketing Theory and Practice*, *19*(2), 139–152. https://doi.org/10.2753/MTP1069-6679190202

Hearn, B., & Filatotchev, I. (2019). Founder retention as CEO at IPO in emerging economies: The role of private equity owners and national institutions. *Journal of Business Venturing*, *34*(3), 418–438. https://doi.org/10.1016/j.jcorpfin.2025.102763

Heckman, J. J. (1979). Sample selection bias as a specification error. *Econometrica: Journal of the Econometric Society*, 153–161. https://doi.org/10.2307/1912352

Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions and organizations across nations* (Second edi). housand Oaks, Calif. And London: Sage Publications.

Honigsberg, C., & Jacob, M. (2021). Deleting misconduct: The expungement of BrokerCheck records. *Journal of Financial Economics*, *139*(3), 800–831. https://doi.org/10.1016/j.jfineco.2020.10.002

Hsu, D. H. (2004). What do entrepreneurs pay for venture capital affiliation? *The Journal of Finance*, *59*(4), 1805–1844.

Huang, S., Pickernell, D., Battisti, M., & Nguyen, T. (2022). Signalling entrepreneurs' credibility and project quality for crowdfunding success: Cases from the Kickstarter and Indiegogo environments. Small Business Economics, 58(4), 1801-1821. https://doi.org/10.1007/s11187-021-00477-6

Imai, K., & Khanna, K. (2016). Improving ecological inference by predicting individual ethnicity from voter registration records. *Political Analysis*, *24*(2), 263–272. https://doi.org/10.1093/pan/mpw001

Johnson, M. A., Stevenson, R. M., & Letwin, C. R. (2018). A woman's place is in the… startup! Crowdfunder judgments, implicit bias, and the stereotype content model. *Journal of Business Venturing*, *33*(6), 813–831. https://doi.org/10.1016/j.jbusvent.2018.04.003

Kaminski, J. C., & Hopp, C. (2020). Predicting outcomes in crowdfunding campaigns with textual, visual, and linguistic signals. *Small Business Economics*, *55*(3), 627–649. https://doi.org/10.1007/s11187-019-00218-w

Kang, S. K., & Bodenhausen, G. V. (2015). Multiple identities in social perception and interaction: Challenges and opportunities. *Annual Review of Psychology*, *66*, 547–574. https://doi.org/10.1146/annurev-psych-010814-015025

Kaufmann, D., Kraay, A., & Mastruzzi, M. (2010). The worldwide governance indicators: A summary of methodology. *Data and Analytical Issues, World Bank Policy Research Working Paper*, *5430*.

Kincaid, J. P., Fishburne Jr, R. P., Rogers, R. L., & Chissom, B. S. (1975). *Derivation of new readability formulas (automated readability index, fog count and flesch reading ease formula) for navy enlisted personnel*.

Kleinert, S., & Vismara, S. (2023). Quality signals in equity crowdfunding. In *The Palgrave Encyclopedia of Private Equity* (pp. 1–8). Springer.

Kostova, T., Beugelsdijk, S., Scott, W. R., Kunst, V. E., Chua, C. H., & van Essen, M. (2020). The construct of institutional distance through the lens of different institutional perspectives: Review, analysis, and recommendations. *Journal of International Business Studies*, *51*, 467–497. https://doi.org/10.1057/s41267-019-00294-w

Kramer, R. M. (2001). Identity and trust in organizations. *Social Identity Processes in Organizational Contexts*, 167–179.
Kretschmer, T., Leiponen, A., Schilling, M., & Vasudeva, G. (2020). Platform ecosystems as meta-organizations: Implications for platform strategies. *Strategic Management Journal*. https://doi.org/10.1002/smj.3250
Kubrin, C. E., Kim, Y.-A., & Hipp, J. R. (2019). Institutional completeness and crime rates in immigrant neighborhoods. *Journal of Research in Crime and Delinquency*, *56*(2), 175–212. https://doi.org/10.1177/0022427818799125
Lederman, D., Loayza, N., & Menendez, A. M. (2002). Violent crime: does social capital matter? *Economic Development and Cultural Change*, *50*(3), 509–539. https://doi.org/10.1086/342422
Lehdonvirta, V., Kässi, O., Hjorth, I., Barnard, H., & Graham, M. (2019). The global platform economy: A new offshoring institution enabling emerging-economy microproviders. *Journal of Management*, *45*(2), 567–599. https://doi.org/10.1177/0149206318786781
Leuz, C., Lins, K. V, & Warnock, F. E. (2008). Do foreigners invest less in poorly governed firms? *The Review of Financial Studies*, *22*(8), 3245–3285. https://doi.org/10.1093/rfs/hhn089.ra
Levin, D. Z., & Cross, R. (2004). The strength of weak ties you can trust: The mediating role of trust in effective knowledge transfer. *Management Science*, *50*(11), 1477–1490. https://doi.org/10.1287/mnsc.1030.0136
Li, E., & Martin, J. S. (2019). Capital formation and financial intermediation: The role of entrepreneur reputation formation. *Journal of Corporate Finance*, *59*, 185–201. https://doi.org/10.1016/j.jcorpfin.2016.04.002
Li, G.-C. (2019). *Kickstarter Structured Relational Database*. Harvard Dataverse. https://doi.org/10.7910/DVN/EOYBXM
Li, Y., & Zahra, S. A. (2012). Formal institutions, culture, and venture capital activity: A cross-country analysis. *Journal of Business Venturing*, *27*(1), 95–111. https://doi.org/10.1016/j.jbusvent.2010.06.003
Lin, T.-C., & Pursiainen, V. (2021). The round number heuristic and entrepreneur crowdfunding performance. *Journal of Corporate Finance*, *68*, 101894. https://doi.org/10.1016/j.jcorpfin.2021.101894
Lindner, T., Puck, J., & Verbeke, A. (2020). Misconceptions about multicollinearity in international business research: Identification, consequences, and remedies. *Journal of International Business Studies*, *51*(3), 283–298. https://doi.org/10.1057/s41267-019-00257-1
Liu, X., Wright, M., Filatotchev, I., Dai, O., & Lu, J. (2010). Human mobility and international knowledge spillovers: evidence from high-tech small and medium enterprises in an emerging market. *Strategic Entrepreneurship Journal*, *4*(4), 340–355. https://doi.org/10.1002/sej.100
Logue, D., & Grimes, M. (2019). Platforms for the people: Enabling civic crowdfunding through the cultivation of institutional infrastructure. *Strategic Management Journal*, 1–31. https://doi.org/10.1002/smj.3110
Luhmann, N. (1988). Familiarity, confidence, trust: Problems and alternatives. In D. Gambetta (Ed.), *Trust: Making and Breaking of Cooperative Relations* (pp. 94–107). New York: Basil Blackwell.
Mahmood, A., Luffarelli, J., & Mukesh, M. (2019). What's in a logo? The impact of complex

visual cues in equity crowdfunding. *Journal of Business Venturing*, *34*(1), 41–62. https://doi.org/10.1016/j.jbusvent.2018.09.006
Mayer, R. C., Davis, J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, *20*(3), 709–734. https://doi.org/10.2307/258792
McCrae, R. R., Chan, W., Jussim, L., De Fruyt, F., Löckenhoff, C. E., De Bolle, M., Costa Jr, P. T., Hřebíčková, M., Graf, S., Realo, A., & Others. (2013). The inaccuracy of national character stereotypes. *Journal of Research in Personality*, *47*(6), 831–842. https://doi.org/10.1016/j.jrp.2013.08.006
McEvily, B., Perrone, V., & Zaheer, A. (2003). Trust as an organizing principle. *Organization Science*, *14*(1), 91–103. https://doi.org/10.1287/orsc.14.1.91.12814
McKnight, D. H., & Chervany, N. L. (2006). Reflections on an initial trust-building model. *Handbook of Trust Research*, *29*.
McKnight, D. H., Cummings, L. L., & Chervany, N. L. (1998). Initial trust formation in new organizational relationships. *Academy of Management Review*, *23*(3), 473–490. https://doi.org/10.2307/259290
Meoli, M., & Vismara, S. (2021). Information manipulation in equity crowdfunding markets. *Journal of Corporate Finance*, *67*, 101866. https://doi.org/10.1016/j.jcorpfin.2020.101866
Merkley, K., Michaely, R., & Pacelli, J. (2020). Cultural diversity on Wall Street: Evidence from consensus earnings forecasts. *Journal of Accounting and Economics*, *70*(1), 101330. https://doi.org/10.1016/j.jacceco.2020.101330
Meuleman, M., Jääskeläinen, M., Maula, M. V. J., & Wright, M. (2017). Venturing into the unknown with strangers: Substitutes of relational embeddedness in cross-border partner selection in venture capital syndicates. *Journal of Business Venturing*, *32*(2), 131–144. https://doi.org/10.1016/j.jbusvent.2017.01.001
Meyer, K. E., Estrin, S., Bhaumik, S. K., & Peng, M. W. (2009). Institutions, resources, and entry strategies in emerging economies. *Strategic Management Journal*, *30*(1), 61–80. https://doi.org/10.1002/smj.720
Miroshnychenko, I., De Massis, A., Miller, D., & Barontini, R. (2021). Family business growth around the world. *Entrepreneurship Theory and Practice*, *45*(4), 682–708. https://doi.org/10.1177/1042258720913028
Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, *29*(1), 1–16. https://doi.org/10.1016/j.jbusvent.2013.06.005
Moss, T. W., Neubaum, D. O., & Meyskens, M. (2015). The effect of virtuous and entrepreneurial orientations on microfinance lending and repayment: A signaling theory perspective. *Entrepreneurship Theory and Practice*, *39*(1), 27–52. https://doi.org/10.1111/etap.12110
Nahata, R. (2008). Venture capital reputation and investment performance. *Journal of Financial Economics*, *90*(2), 127–151. https://doi.org/10.1016/j.jfineco.2007.11.008
Nooteboom, B. (2002). *Trust: Forms, foundations, functions, failures and figures*. Edward Elgar Publishing.
Nooteboom, B. (2006). 14 Forms, sources and processes of trust. *Handbook of Trust Research*, 247.
North, D. C. (1989). Institutions and economic growth: An historical introduction. *World Development*, *17*(9), 1319–1332. https://doi.org/10.1016/0305-750X(89)90075-2
Parhankangas, A., & Renko, M. (2017). Linguistic style and crowdfunding success among social and commercial entrepreneurs. *Journal of Business Venturing*, *32*(2), 215–236.

https://doi.org/10.1016/j.jbusvent.2016.11.001
Pavlou, P. A. (2003). Consumer acceptance of electronic commerce: Integrating trust and risk with the technology acceptance model. *International Journal of Electronic Commerce*, *7*(3), 101–134. https://doi.org/10.1080/10864415.2003.11044275
Plummer, L. A., Allison, T. H., & Connelly, B. L. (2016). Better together? Signaling interactions in new venture pursuit of initial external capital. *Academy of Management Journal*, *59*(5), 1585–1604. https://doi.org/10.5465/amj.2013.0100
Putnam, R. D., Leonardi, R., & Nanetti, R. Y. (1994). *Making democracy work: Civic traditions in modern Italy*. Princeton university press.
Ringle, C. M., Wende, S., & Becker, J.-M. (2022). *SmartPLS 4. Oststeinbek: SmartPLS GmbH*.
Rodríguez-Garnica, G., Gutiérrez-Urtiaga, M., & Tribo, J. A. (2025). Signaling and herding in reward-based crowdfunding. *Small Business Economics*, *64*(3), 889-916. https://doi.org/10.1007/s11187-024-00933-z
Sahasranamam, S., & Nandakumar, M. K. (2020). Individual capital and social entrepreneurship: Role of formal institutions. *Journal of Business Research*, *107*, 104–117. https://doi.org/10.1016/j.jbusres.2018.09.005
Sauer, S. J., Thomas-Hunt, M. C., & Morris, P. A. (2010). Too good to be true? The unintended signaling effects of educational prestige on external expectations of team performance. *Organization Science*, *21*(5), 1108–1120. https://doi.org/10.1287/orsc.1090.0523
Schwienbacher, A. (2018). Entrepreneurial risk-taking in crowdfunding campaigns. *Small Business Economics*, *51*(4), 843–859. https://doi.org/10.1007/s11187-017-9965-4
Sekerci, N., Jaballah, J., Essen, M. van, & Kammerlander, N. (2021). Investors' Reactions to CSR News in Family vs. Nonfamily Firms: A Study on Signal (In) Credibility. *Entrepreneurship Theory and Practice*. https://doi.org/10.1177/10422587211010498
Shrestha, P., Thewissen, J., Arslan-Ayaydin, Ö., & Parhankangas, A. (2023). A sense of risk: Responses to crowdfunding risk disclosures. *Strategic Entrepreneurship Journal*, 17(4), 925–970. https://doi.org/10.1002/sej.1480
Skirnevskiy, V., Bendig, D., & Brettel, M. (2017). The influence of internal social capital on serial creators' success in crowdfunding. *Entrepreneurship Theory and Practice*, *41*(2), 209–236. https://doi.org/10.1111/etap.12272
Steigenberger, N., & Wilhelm, H. (2018). Extending signaling theory to rhetorical signals: Evidence from crowdfunding. *Organization Science*, *29*(3), 529–546. https://doi.org/10.1287/orsc.2017.1195
Stulz, R. M. (2005). The limits of financial globalization. *The Journal of Finance*, *60*(4), 1595–1638. https://doi.org/10.1111/j.1540-6261.2005.00775.x
Stylianou, I., Anaxagorou, C., Avloniti, A., Anagnostopoulos, C., & Wieczorek-Kosmala, M. (2026). Crowdfunding for entrepreneurship and digital technologies in the emerging markets: The role of informal and formal institutions. *Technovation*, *149*, 103353. https://doi.org/10.1016/j.technovation.2025.103353
Tabellini, G. (2010). Culture and institutions: economic development in the regions of Europe. *Journal of the European Economic Association*, *8*(4), 677–716. https://doi.org/10.1111/j.1542-4774.2010.tb00537.x
Tafesse, W. (2021). Communicating crowdfunding campaigns: How message strategy, vivid media use and product type influence campaign success. *Journal of Business Research*, *127*, 252–263. https://doi.org/10.1016/j.jbusres.2021.01.043
Thewissen, J., Shrestha, P., Torsin, W., & Pastwa, A. (2022). Unpacking the black box of ICO

white papers: A topic modeling approach. *Journal of Corporate Finance*, 75, 102225, https://doi.org/10.1016/j.jcorpfin.2022.102225

Thewissen, J., Thewissen, J., Arslan-Ayaydin, Ö., & Herrezuelo, D. (2026), Hitting the Right Note: The Impact of Lexical Complexity on Initial Coin Offering Success. *Financial Review*, 61, 135-173. https://doi.org/10.1111/fire.70011

Thewissen, J., Thewissen, J., Torsin, W., & Arslan-Ayaydin, Ö. (2023). Linguistic errors and investment decisions: The case of ICO white papers. *The European Journal of Finance*, *29*(7), 826–868. https://doi.org/10.1080/1351847X.2022.2075780

Thies, F., Wessel, M., & Benlian, A. (2018). Network effects on crowdfunding platforms: Exploring the implications of relaxing input control. *Information Systems Journal*, *28*(6), 1239–1262. https://doi.org/10.1111/isj.12194

Van Trappen, S., Vandeleene, A., & Wauters, B. (2021). One for me and one for you? The spillover effect of heads of lists on the presence and success of candidates of immigrant origin. *Electoral Studies*, *71*, 102308. https://doi.org/10.1016/j.electstud.2021.102308

Vanacker, Tom and Collewaert, Veroniek and Zahra, S. A. (2017). Slack resources, firm performance, and the institutional context: Evidence from privately held European firms. *Strategic Management Journal*, *38*(6), 1305–1326. https://doi.org/10.1002/smj.2583

Vismara, S. (2018). Signaling to overcome inefficiencies in crowdfunding markets. In *The economics of crowdfunding* (pp. 29–56). Springer. https://doi.org/10.1007/978-3-319-66119-3_3

Xia, F., Thewissen, J., Barrio, D., Arslan-Ayaydin, Ö., & Yan, S. (2024). Picturing success: The informational role of visual cues in initial coin offerings, The British Accounting Review, 101503, https://doi.org/10.1016/j.bar.2024.101503.

Xia, F., Thewissen, J., Huang, W., & Yan, S. (2023). Founder-CEO Extraversion and Sustainability Orientation in Initial Coin Offerings. *Entrepreneurship Theory and Practice*, *48*(4), 941-980. https://doi.org/10.1177/10422587231211012

Ye, J., Han, S., Hu, Y., Coskun, B., Liu, M., Qin, H., & Skiena, S. (2017). Nationality classification using name embeddings. *Proceedings of the 2017 ACM on Conference on Information and Knowledge Management*, 1897–1906. https://doi.org/10.1145/3132847.3133008

Younkin, P., & Kuppuswamy, V. (2018). The colorblind crowd? Founder race and performance in crowdfunding. *Management Science*, *64*(7), 3269–3287. https://doi.org/10.1287/mnsc.2017.2774

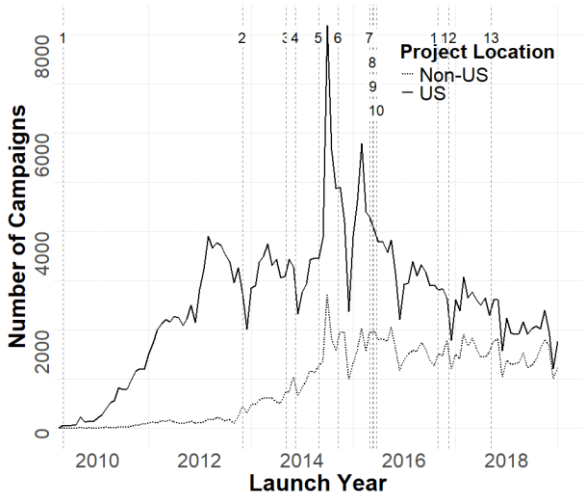
Zhang, J., Wong, P. K., & Ho, Y. P. (2016). Ethnic enclave and entrepreneurial financing: Asian venture capitalists in Silicon Valley. *Strategic Entrepreneurship Journal*, *10*(3), 318–335. https://doi.org/10.1002/sej.1230

Zhang, Y., & Wiersema, M. F. (2009). Stock market reaction to CEO certification: The signaling role of CEO background. *Strategic Management Journal*, *30*(7), 693–710. https://doi.org/10.1002/smj.772

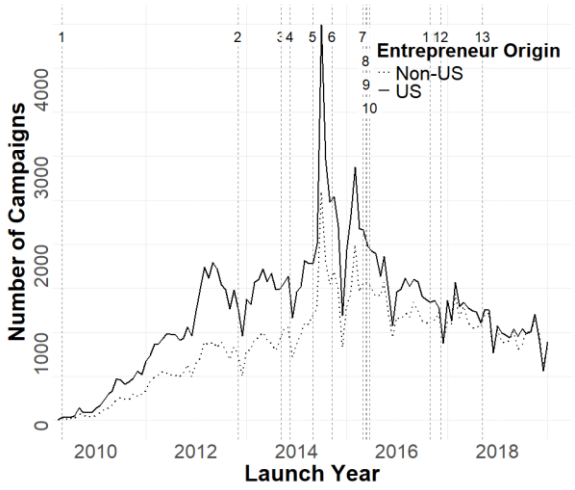
Zucker, L. G. (1986). Production of trust: Institutional sources of economic structure, 1840-1920. *Research in Organizational Behavior*, *8*, 53–111.

Figures and Tables

Figure 1: Campaigns on Kickstarter by Project Location and Entrepreneur Origin



(a)



(b)

Kickstarter Office Launch Dates

1 2009-04-28 United States

2 2012-10-31 United Kingdom

3 2013-09-09 Canada

4 2013-11-13 Australia, New Zealand

5 2014-04-28 Netherlands

6 2014-09-15 Denmark, Ireland, Norway, Sweden

7 2015-04-28 Germany

8 2015-05-19 Spain

9 2015-05-27 France

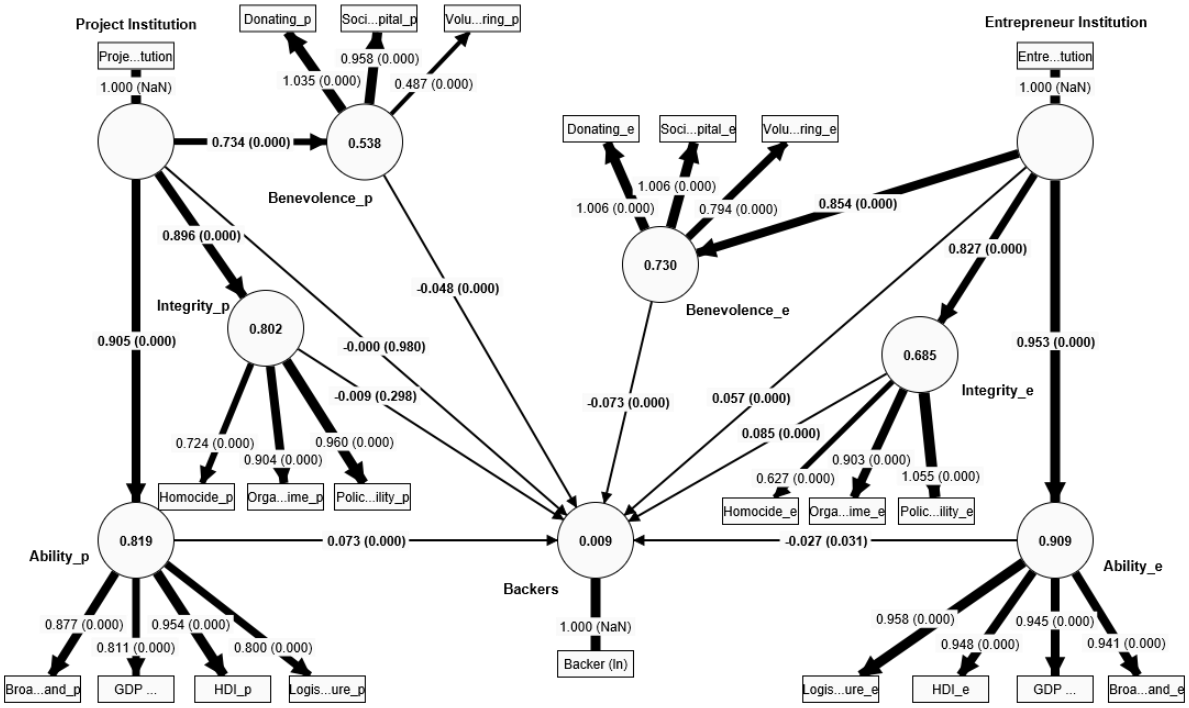
10 2015-06-16 Austria, Belgium, Italy, Luxembourg, Switzerland

11 2016-08-30 Hong Kong, Singapore

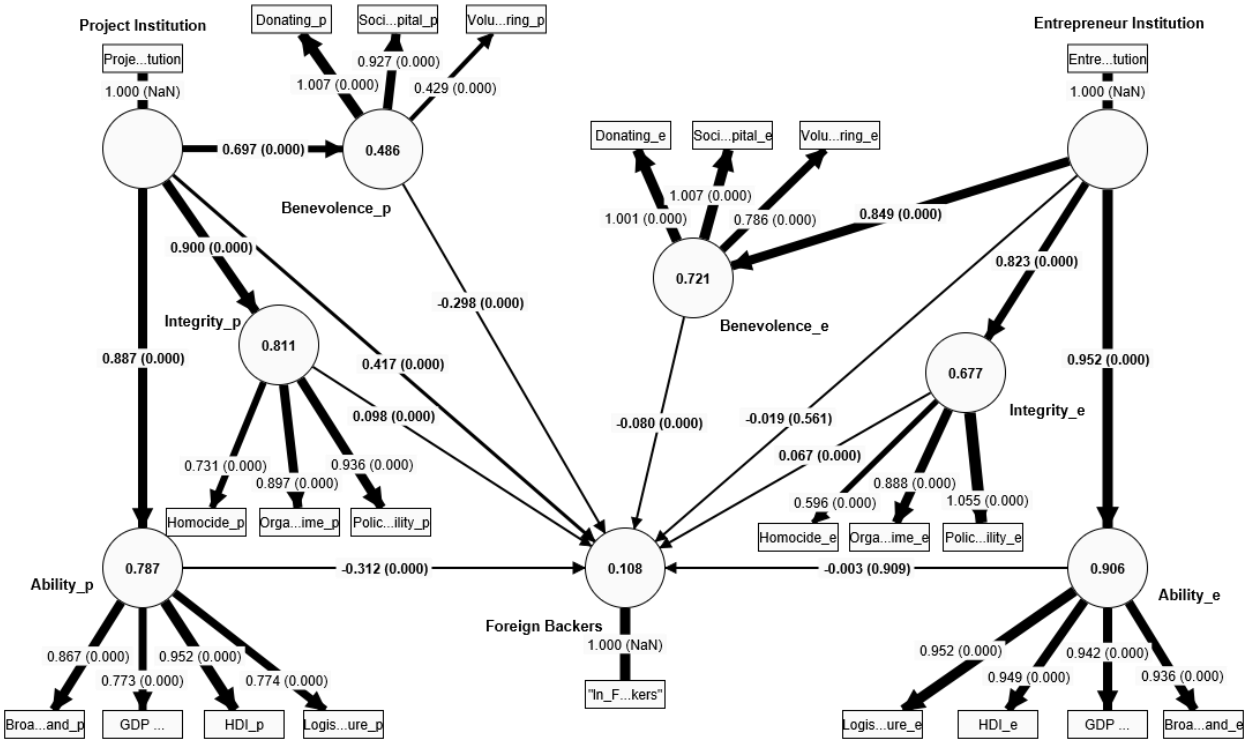
12 2016-11-15 Mexico

13 2017-09-12 Japan

Figure 2: Institutions' effect through Ability, Benevolence, and Integrity



(a)



(b)

Table 1: Variable Description

	Description	Source	Mean	SD	Median	Min	Max
Dependent Variables							
Backers*	Total number of backers making a pledge to the project's campaign.		97.763	938.634	11	0	219382
Foreign Backers*	Total number of backers from countries other than the project's location country.		57.381	515.924	8	0	62610
Independent Variables							
Project Institution	The aggregate institution quality in the project's location country.	WGI	3.166	0.711	3.137	-2.431	4.585
Entrepreneur Institution	The aggregate institution quality in the entrepreneur's country-of-origin, which is estimated using a genealogical online directory Forebears.io.	WGI	2.528	1.519	3.107	-2.737	4.585
Moderators							
Social Media	Takes the value of one if the pitch contains a social media link.		0.325	0.468	0	0	1
Website	Takes the value of one if the pitch contains a Website.		0.671	0.47	1	0	1
Video	Takes the value of one if the pitch contains a Video, and zero otherwise.		0.646	0.478	1	0	1
Entrepreneur Experience*	Number of Kickstarter prior campaigns launched by the entrepreneur.		0.588	2.491	0	0	76
Entrepreneur Success Rate	Proportion of entrepreneur's past campaigns that were successful.		0.064	0.222	0	0	1
Platform Endorsement	Indicates if the campaign was listed as staff pick on the crowdfunding platform.		0.083	0.276	0	0	1
Project Controls							
Campaign Goal*	The size of the goal in US dollar.		51274.82	1246233.243	5000	1	114.612 mil.
Campaign Duration	Number of days for which the project accepted contributions.		32.62	11.523	30	1	60
Number Of Reward*	Number of reward options on the campaign outcome.		7.431	6.016	6	1	146
Delivery Duration*	Number of days to the claimed reward delivery date from the campaign's launch date.		188.93	181.966	137.019	5.086	3632.995
Pitch Length*	Number of sentences in the pitch under 'About this project'.		23.319	24.108	15	1	508
Pitch Readability	Flesch Reading Ease Readability score of the overall project pitch.		55.041	23.829	58.417	-1019.924	120.205
Google Trend	Measure of popularity of Kickstarter based on monthly Google searches.		44.69	14.504	40	21	82
IMR			0.637	0.136	0.619	0.283	2.334
Country Controls							
Nominal GDP_p*	GDP in current USD.	WB	13.866 tril.	7.877 tril.	18.206 tril.	11.091 bil.	21.381 tril.
Nominal GDP_e			12.141 tril.	8.457 tril.	18.206 tril.	11.091 bil.	21.381 tril.
GDP Growth_p	Annual GDP growth rate.	WB	2.344	1.02	2.242	-7.527	24.475
GDP Growth_e			2.512	1.546	2.242	-7.527	24.475
Exchange Rate_p*	Official exchange rate (local currency unit per USD in annual average).	WB	1.11	1.96	0.00	0.65	30914.85
Exchange Rate_e*			1.93	5.76	0.00	0.65	42000.00

Culture:							
PowerDistanc_p	The extent of less powerful members' acceptance of unequal power distribution.	Hofstede	40.844	7.993	40	11	104
PowerDistanc_e			46.752	15.319	40	11	104
Individualism_p	The extent to which people feel independent, as opposed a member of larger wholes.	Hofstede	86.193	12.377	91	13	91
Individualism_e			76.989	22.469	91	13	91
Masculinity_p	The extent to which use of force is endorsed socially.	Hofstede	60.376	9.437	62	5	110
Masculinity_e			59.819	10.651	62	5	110
UncertaintyAvoidance_p	Captures society's attitude toward uncertainty and ambiguity.	Hofstede	47.569	10.711	46	8	112
UncertaintyAvoidance			52.851	15.499	46	8	112
LongtermOrientation_p	Captures society's attitude towards change and tradition.	Hofstede	32.723	13.729	26	13	100
LongtermOrientation_e			36.867	18.542	26	13	100
Indulgence_p	Captures society's attitude towards human needs and desires.	Hofstede	66.432	9.041	68	0	97
Indulgence_e			61.072	17.227	68	0	97
Religion:							
Catholic_p	Catholic population in percentage in the year 1980.	LLSV	0.318	0.164	0.3	0	0.97
Catholic_e			0.359	0.243	0.3	0	0.97
Muslim_p	Muslim population in percentage in the year 1980.	LLSV	0.011	0.029	0.01	0	0.99
Muslim_e			0.034	0.137	0.01	0	0.99
Protestant_p	Protestant population in percentage in the year 1980.	LLSV	0.374	0.147	0.44	0	0.98
Protestant_e			0.326	0.197	0.44	0	0.98
Language	Categorical variable indicating if the official language or lingua franca of the country includes English, Arabic, French, German, Mandarin, Spanish, or Others.	CIA	Language_p: English = 90,041; Arabic = 13; French = 1,231; German = 2,577; Mandarin = 108; Spanish = 2,353; Other = 5,260. Language_e: English = 67,643; Arabic = 139; French = 2,341; German = 6,252; Mandarin = 1,274; Spanish = 5,916; Other = 18,018.				

Note: N = 101,583; Number of project countries = 60 (*Foreign Backers :* N = 24084). * indicates the natural logarithm of the variable is used. '_p' indicates Project Country variable, '_e' indicates Entrepreneur Country variable. Sources: WGI = World Governance Indicator (Kaufmann et al. , 2010); WB = World Bank Open Data; UNDP = United National Development Programme; Hofstede = Hofstede's cultural dimensions (available at http://www.geert-hofstede.com); LLSV = La Porta et al. (1999); CIA = CIA World Factbook.

Table 2: Institution Variables' Description

Part A: Sample Country Institutions

	Country$_t$	2015	2016	2017	2018	2019	N(Project in Country$_t$)	N(Entrepreneur from Country$_t$)
High	New Zealand	4.581	4.585	4.575	4.461	4.377	547	32
	Norway	4.352	4.389	4.495	4.367	4.359	302	338
	Switzerland	4.405	4.397	4.389	4.41	4.258	323	231
	Finland	4.363	4.306	4.386	4.362	4.319	21	107
	Sweden	4.304	4.299	4.237	4.231	4.244	810	562
Mid	Uruguay	2.071	2.089	2.086	2.085	2.166	7	8
	South Korea	1.758	1.92	2.026	2.278	2.339	44	213
	Spain	1.967	2.088	1.976	2.018	2.095	911	667
	Latvia	1.945	1.973	1.969	1.937	2.114	22	78
	Poland	2.104	1.793	1.64	1.566	1.585	49	909
Low	Turkey	-0.59	-1.031	-1.062	-1.065	-1.028	36	216
	Russia	-1.828	-1.727	-1.604	-1.564	-1.402	49	729
	Bangladesh	-1.985	-1.951	-1.981	-1.961	-2.006	1	435
	Iran	-2.209	-2	-2.06	-2.453	-2.737	1	576
	Pakistan	-2.396	-2.431	-2.282	-2.285	-2.341	15	596

Part B: Different Project Country and Entrepreneur Country

N(Project Institution ≠ Entrepreneur Institution): 45,771 (45.058%)			
N (Project Institution > Entrepreneur Institution)	34,232 (74.790%)	N (Entrepreneur Institution > Project Institution)	11,539 (25.210%)
mean(Project Institution - Entrepreneur Institution)	*2.192*	*mean(Entrepreneur Institution - Project Institution)*	*0.881*

Part C: Serial Entrepreneurs

N(Serial Entrepreneurs)	8,307	
N(Projects by Serial Entrepreneurs)	22,525	
N(Serial Entrepreneurs that Changed Location)	216	
N(Project Location Change)	249	
N(Location Change to a Lower Institution Country)		115
N(Location Change to a Lower Institution Country)		134

Note: N = 101,583

Table 3: Correlation Matrix

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
(1) Backers*																					
(2) Foreign Backers*	0.819																				
(3) Project Institution	-0.036	-0.018																			
(4) Entrepreneur Institution	-0.038	-0.049	0.177																		
(5) Social Media	0.156	0.057	0.005	0.002																	
(6) Website	0.263	0.134	0.028	0.025	0.488																
(7) Video	-0.385	-0.137	-0.032	-0.016	-0.107	-0.206															
(8) Entrepreneur Experience*	0.271	0.156	0.024	-0.035	0.095	0.180	-0.024														
(9) Entrepreneur Success Rate	0.272	0.144	0.021	-0.020	0.091	0.144	-0.016	0.592													
(10) Platform Endorsement	0.408	0.352	-0.018	0.007	0.066	0.125	-0.181	0.079	0.070												
(11) Campaign Goal*	-0.068	-0.317	0.016	0.031	0.033	0.014	0.180	-0.167	-0.154	0.116											
(12) Campaign Duration	-0.101	-0.078	0.044	0.044	-0.029	0.046	-0.009	-0.148	-0.134	-0.040	0.219										
(13) Number Of Reward*	0.552	0.291	-0.010	-0.016	0.161	0.236	-0.362	-0.126	-0.121	0.238	-0.113	-0.042									
(14) Delivery Duration*	-0.101	-0.157	0.019	-0.020	0.014	0.003	-0.083	-0.046	-0.062	-0.104	-0.349	-0.231	-0.176								
(15) Pitch Length*	0.455	0.256	-0.015	-0.016	0.103	0.167	-0.307	-0.142	-0.132	0.208	-0.160	-0.041	-0.442	-0.133							
(16) Pitch Readability	-0.035	-0.038	0.127	0.084	0.009	-0.014	0.018	-0.056	-0.043	-0.023	0.074	-0.051	-0.022	-0.021	-0.174						
(17) Google Trend	-0.142	-0.099	0.056	0.031	0.010	-0.131	0.077	-0.116	-0.198	0.000	-0.046	-0.034	-0.064	-0.060	-0.124	-0.016					
(18) Nominal GDP_p*	-0.005	-0.290	0.106	0.075	0.002	-0.024	-0.011	-0.073	-0.002	-0.003	-0.012	-0.022	-0.003	-0.011	-0.031	-0.115	-0.054				
(19) Nominal GDP_e	-0.004	-0.115	0.076	0.662	0.003	-0.002	-0.027	-0.035	-0.014	-0.008	-0.035	-0.039	-0.009	-0.002	-0.017	-0.082	-0.017	-0.228			
(20) GDP Growth_p	-0.015	-0.034	-0.030	-0.006	-0.001	-0.037	-0.002	-0.005	-0.010	-0.004	-0.044	-0.008	-0.001	-0.002	-0.003	-0.022	-0.052	-0.053	-0.017		
(21) GDP Growth_e	-0.022	-0.031	-0.009	-0.234	-0.001	-0.021	-0.013	-0.004	-0.020	-0.009	-0.002	-0.006	-0.008	-0.018	-0.025	-0.000	-0.015	-0.026	-0.155	-0.128	
(22) Exchange Rate_p*	-0.001	-0.144	-0.517	-0.100	-0.002	-0.023	-0.037	-0.037	-0.015	-0.021	-0.006	-0.028	-0.006	-0.019	-0.020	-0.099	-0.057	-0.416	-0.131	-0.109	-0.027
(23) Exchange Rate_e*	-0.012	-0.065	-0.089	-0.775	-0.000	-0.018	-0.021	-0.034	-0.013	-0.001	-0.026	-0.035	-0.004	-0.015	-0.003	-0.063	-0.035	-0.098	-0.648	-0.006	-0.308
(24) PowerDistanc_p	-0.013	-0.100	-0.671	-0.187	-0.004	-0.033	-0.038	-0.039	-0.012	-0.014	-0.009	-0.053	-0.003	-0.010	-0.012	-0.138	-0.082	-0.234	-0.124	-0.024	-0.023
(25) PowerDistanc_e	-0.023	-0.061	-0.186	-0.841	-0.000	-0.021	-0.021	-0.031	-0.013	-0.001	-0.019	-0.039	-0.003	-0.016	-0.002	-0.091	-0.038	-0.090	-0.531	-0.010	-0.316
(26) Individualism_p	-0.002	-0.247	-0.455	-0.160	-0.008	-0.041	-0.044	-0.063	-0.009	-0.014	-0.010	-0.047	-0.009	-0.009	-0.038	-0.157	-0.111	-0.683	-0.218	-0.088	-0.044
(27) Individualism_e	-0.007	-0.100	-0.163	-0.807	-0.002	-0.020	-0.030	-0.039	-0.010	-0.011	-0.025	-0.044	-0.009	-0.013	-0.021	-0.107	-0.050	-0.165	-0.770	-0.006	-0.298
(28) Masculinity_p	-0.007	-0.108	-0.203	-0.007	-0.013	-0.004	-0.004	-0.038	-0.002	-0.005	-0.011	-0.012	-0.011	-0.013	-0.019	-0.005	-0.000	-0.427	-0.155	-0.026	-0.014
(29) Masculinity_e	-0.022	-0.063	-0.081	-0.014	-0.000	-0.006	-0.017	-0.020	-0.004	-0.006	-0.011	-0.004	-0.010	-0.006	-0.030	-0.002	-0.009	-0.178	-0.398	-0.012	-0.055
(30) UncertaintyAvoidance_p	-0.034	-0.110	-0.505	-0.143	-0.014	-0.024	-0.030	-0.048	-0.027	-0.014	-0.046	-0.062	-0.002	-0.037	-0.017	-0.147	-0.056	-0.269	-0.154	-0.163	-0.047

(31) UncertaintyAvoidance	-0.033	0.039	-0.192	-0.441	0.005	0.011	0.020	-0.038	-0.029	0.004	0.034	0.038	0.000	0.007	0.003	-0.099	-0.024	-0.083	-0.542	-0.051	-0.246	
(32) LongtermOrientation_p	0.020	0.257	0.053	-0.034	0.008	0.013	0.014	-0.042	0.017	0.009	0.014	0.017	0.033	0.008	0.059	-0.087	-0.074	-0.609	-0.172	-0.111	-0.011	
(33) LongtermOrientation_e	0.053	0.115	-0.005	-0.037	0.005	0.011	0.033	-0.009	0.012	0.025	0.017	0.015	0.043	0.001	0.060	-0.048	-0.038	-0.178	-0.378	-0.035	-0.026	
(34) Indulgence_p	-0.016	0.179	-0.163	-0.050	0.025	0.012	0.024	-0.020	0.008	0.008	0.061	0.032	0.023	0.021	0.051	-0.030	-0.044	-0.297	-0.105	-0.016	-0.006	
(35) Indulgence_e	-0.043	0.086	-0.004	-0.299	0.011	0.008	0.034	-0.016	0.009	0.019	0.032	0.021	0.033	0.001	0.054	-0.024	-0.024	-0.112	-0.413	-0.017	-0.297	
(36) Catholic_p	-0.056	0.046	-0.421	-0.145	0.012	0.030	0.019	-0.054	0.032	0.001	0.032	0.062	0.010	0.021	0.014	-0.132	-0.056	-0.219	-0.126	-0.014	-0.032	
(37) Catholic_e	-0.050	0.025	-0.174	-0.108	0.002	0.014	0.002	-0.024	0.028	0.011	0.011	0.029	0.021	0.008	0.029	-0.063	-0.005	-0.000	-0.136	-0.032	-0.225	
(38) Muslim_p	-0.001	0.046	-0.261	-0.046	0.008	0.009	0.000	-0.011	0.007	0.001	0.011	0.006	0.004	0.008	0.003	-0.011	-0.006	-0.158	-0.041	-0.113	-0.029	
(39) Muslim_e	0.001	0.050	-0.009	-0.547	0.003	0.007	0.012	-0.026	0.010	0.004	0.030	0.017	0.011	0.009	0.005	-0.027	-0.012	-0.066	-0.421	-0.006	-0.198	
(40) Protestant_p	-0.005	0.204	-0.396	-0.134	0.010	0.024	0.011	-0.042	0.010	0.001	0.019	0.022	0.022	0.002	0.020	-0.143	-0.084	-0.580	-0.126	-0.008	-0.019	
(41) Protestant_e	-0.008	0.102	-0.181	-0.739	0.003	0.016	0.026	-0.028	0.012	0.004	0.029	0.043	0.010	0.011	0.011	-0.105	-0.046	-0.151	-0.647	-0.028	-0.195	
(42) IMR	-0.374	0.417	-0.020	-0.067	0.121	0.107	0.285	-0.014	0.219	0.233	0.183	0.077	0.355	-0.028	0.312	-0.201	-0.141	-0.362	-0.144	-0.017	-0.040	

	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
(23) Exchange Rate_e*	0.136																				
(24) PowerDistanc_p	0.451	0.123																			
(25) PowerDistanc_e	0.117	0.617	0.272																		
(26) Individualism_p	-0.647	-0.152	-0.687	-0.220																	
(27) Individualism_e	-0.171	-0.743	-0.234	-0.804	0.301																
(28) Masculinity_p	-0.219	-0.071	-0.095	-0.022	0.269	0.098															
(29) Masculinity_e	-0.102	-0.221	-0.004	-0.091	0.105	0.205	0.383														
(30) UncertaintyAvoidance_p	0.257	0.078	0.582	0.186	-0.496	-0.203	-0.081	0.002													
(31) UncertaintyAvoidance	0.078	0.215	0.205	0.482	-0.186	-0.540	-0.001	0.046	0.312												
(32) LongtermOrientation_p	0.097	0.047	0.169	0.050	-0.515	-0.120	-0.169	-0.108	0.271	0.100											
(33) LongtermOrientation_e	0.059	0.056	0.070	0.200	-0.186	-0.444	-0.105	0.154	0.147	0.356	0.266										
(34) Indulgence_p	-0.096	-0.027	-0.285	-0.057	0.424	0.091	0.059	0.016	-0.385	-0.121	-0.629	-0.220									
(35) Indulgence_e	-0.018	-0.258	-0.042	-0.278	0.108	0.395	0.035	0.140	0.099	-0.259	-0.190	-0.661	-0.251								
(36) Catholic_p	0.041	0.062	0.543	0.187	-0.424	-0.188	-0.058	0.027	0.797	0.267	0.068	0.085	-0.170	-0.047							
(37) Catholic_e	0.020	-0.111	0.164	0.337	-0.094	-0.236	-0.046	0.179	0.222	0.624	-0.021	-0.024	-0.016	-0.190	-0.264						
(38) Muslim_p	-0.229	-0.038	-0.236	-0.032	0.216	0.034	0.079	0.014	-0.025	-0.003	-0.055	-0.016	-0.167	-0.038	-0.125	-0.035					
(39) Muslim_e	-0.031	-0.513	-0.031	-0.265	0.058	-0.367	-0.035	-0.195	-0.018	-0.084	-0.059	-0.059	-0.037	-0.349	-0.004	-0.329	-0.074				
(40) Protestant_p	-0.160	-0.064	-0.533	-0.159	0.540	-0.127	-0.180	-0.084	-0.414	-0.137	-0.517	-0.092	-0.336	-0.075	-0.420	-0.104	-0.155	-0.044			
(41) Protestant_e	-0.077	-0.526	-0.242	-0.770	0.218	-0.741	-0.038	-0.044	-0.221	-0.590	-0.135	-0.346	-0.118	-0.404	-0.220	-0.316	-0.040	-0.350	-0.271		
(42) IMR	-0.110	-0.078	-0.264	-0.103	-0.369	-0.137	-0.169	-0.096	-0.272	-0.090	-0.453	-0.171	-0.369	-0.142	-0.167	-0.005	-0.035	-0.061	-0.375	-0.148	

Note: The table shows Pearson correlation coefficients. N = 101,583.

Table 4: The effects of institution background (Part A)

	Panel A					Panel B				
	Idv Founder	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Idv Founder**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**
	1st Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	1st Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10
	Probit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Probit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**
Project Institution	-0.055***	0.050**	0.102***	0.190***	0.211***	-0.077***	0.124*	0.198***	0.240***	0.290***
	(0.008)	(0.021)	(0.034)	(0.044)	(0.045)	(0.017)	(0.066)	(0.050)	(0.072)	(0.073)
Entrepreneur Institution		0.037***	0.044***	0.031*	0.069***		0.005	0.052**	0.008	0.083**
		(0.011)	(0.010)	(0.016)	(0.021)		(0.015)	(0.021)	(0.032)	(0.040)
Project Institution x Entrepreneur Institution					-0.012***					-0.024***
					(0.004)					(0.008)
Project Controls:										
GoalAmount	-0.005***	-0.066***	-0.058***	-0.056***	-0.056***	-0.060***	0.083***	0.239***	0.246***	0.246***
	(0.002)	(0.004)	(0.005)	(0.005)	(0.005)	(0.005)	(0.028)	(0.027)	(0.030)	(0.030)
CampaignDuration	-0.002***	-0.005***	-0.003***	-0.002**	-0.002**	-0.004***	-0.006***	0.003*	0.004**	0.004**
	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.002)
Number of Rewards	-0.076***	0.850***	0.937***	0.963***	0.963***	-0.045***	0.258***	0.376***	0.378***	0.379***
	(0.004)	(0.012)	(0.036)	(0.036)	(0.036)	(0.011)	(0.026)	(0.026)	(0.028)	(0.028)
Delivery Duration	0.043***	0.000	-0.049**	-0.065***	-0.066***	0.080***	0.182***	-0.023	-0.030	-0.031
	(0.005)	(0.020)	(0.020)	(0.022)	(0.023)	(0.011)	(0.040)	(0.035)	(0.038)	(0.038)
Pitch Length	-0.010***	0.307***	0.319***	0.322***	0.322***	0.004	0.121***	0.107***	0.108***	0.108***
	(0.003)	(0.011)	(0.013)	(0.013)	(0.013)	(0.007)	(0.013)	(0.014)	(0.015)	(0.015)
Pitch Readability	0.002***	-0.003***	-0.005***	-0.006***	-0.006***	0.002***	0.004***	-0.001	-0.002*	-0.002*
	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.001)	(0.001)	(0.001)	(0.001)
Google Trend	0.001**	-0.002**	-0.004***	-0.004***	-0.004***	0.000	-0.001	-0.002*	-0.002*	-0.002*
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Social Media	-0.052***	0.021	0.081***	0.102***	0.102***	-0.040***	-0.038*	0.071***	0.079***	0.079***
	(0.007)	(0.013)	(0.026)	(0.026)	(0.026)	(0.013)	(0.022)	(0.024)	(0.026)	(0.026)
Website	0.024***	0.313***	0.284***	0.272***	0.272***	-0.052***	0.020	0.149***	0.154***	0.154***
	(0.008)	(0.019)	(0.025)	(0.024)	(0.024)	(0.019)	(0.026)	(0.027)	(0.029)	(0.029)
Video	-0.048***	0.655***	0.711***	0.732***	0.732***	-0.037**	-0.063**	0.029	0.023	0.023
	(0.007)	(0.020)	(0.033)	(0.031)	(0.031)	(0.017)	(0.026)	(0.021)	(0.020)	(0.020)
Entrepreneur Experience	0.095***	0.185***	0.071	0.037	0.037	0.112***	0.566***	0.295***	0.283***	0.283***
	(0.007)	(0.025)	(0.044)	(0.043)	(0.043)	(0.013)	(0.050)	(0.042)	(0.043)	(0.043)
Entrepreneur Success Rate	-0.259***	0.853***	1.163***	1.258***	1.257***	-0.288***	-0.180	0.546***	0.579***	0.578***
	(0.016)	(0.045)	(0.102)	(0.101)	(0.101)	(0.029)	(0.141)	(0.134)	(0.148)	(0.148)
Platform Endorsement	-0.144***	1.742***	1.917***	1.968***	1.967***	-0.070***	1.008***	1.190***	1.196***	1.197***
	(0.011)	(0.022)	(0.071)	(0.070)	(0.070)	(0.016)	(0.035)	(0.036)	(0.037)	(0.037)
Project Country Controls:										
Nominal GDP_P	0.002		-0.033***	0.023	0.019	-0.009		-0.221***	-0.158***	-0.163***
	(0.005)		(0.010)	(0.023)	(0.022)	(0.012)		(0.023)	(0.042)	(0.042)
GDP Growth_P	-0.000		0.016**	0.012	0.011	-0.007		-0.009	0.000	-0.001
	(0.003)		(0.006)	(0.010)	(0.010)	(0.007)		(0.010)	(0.009)	(0.009)
Exchange Rate_P	0.002		0.005	0.012	0.011	-0.030**		0.129***	0.173***	0.170***
	(0.007)		(0.013)	(0.017)	(0.017)	(0.014)		(0.026)	(0.031)	(0.030)
language: Arabic_P	-0.304*		-0.569*	-0.835	-0.799	0.065		-0.472	-0.506	-0.165
	(0.165)		(0.319)	(0.828)	(0.803)	(0.364)		(0.464)	(0.480)	(0.506)
language: French_P	-0.449***		0.892***	1.189***	1.164***	-0.371***		0.306	-0.298	-0.344
	(0.031)		(0.255)	(0.309)	(0.307)	(0.069)		(0.288)	(0.386)	(0.381)
language: German_P	-0.202***		-0.071	-0.042	-0.050	-0.143**		0.435***	-0.111	-0.138

	(0.026)	(0.145)	(0.212)	(0.211)	(0.058)	(0.164)	(0.275)	(0.273)
language: Mandarin_P	-0.423***	0.637**	1.041***	1.079***	-0.850***	2.369***	2.144***	2.269***
	(0.085)	(0.256)	(0.320)	(0.316)	(0.166)	(0.550)	(0.654)	(0.622)
language: Spanish_P	-0.341***	0.475**	0.546**	0.547**	-0.299***	0.221	-0.549*	-0.546*
	(0.037)	(0.203)	(0.275)	(0.271)	(0.087)	(0.209)	(0.331)	(0.326)
language: Other_P	-0.285***	0.267*	0.439**	0.438**	-0.227***	0.357**	-0.142	-0.144
	(0.023)	(0.157)	(0.211)	(0.209)	(0.051)	(0.154)	(0.244)	(0.241)
religion: Catholic_P	0.180***	-0.580***	-0.632***	-0.626***	0.169**	-0.129	-0.009	0.009
	(0.037)	(0.145)	(0.171)	(0.170)	(0.085)	(0.163)	(0.236)	(0.229)
religion: Muslim_P	0.035	0.001	0.025	0.035	-0.134	0.173	0.010	-0.042
	(0.100)	(0.170)	(0.221)	(0.207)	(0.226)	(0.318)	(0.380)	(0.391)
religion: Protestant_P	0.534***	-0.680**	-1.067***	-1.030***	0.455***	-1.409***	-1.053**	-0.972**
	(0.042)	(0.292)	(0.361)	(0.361)	(0.087)	(0.290)	(0.414)	(0.412)
culture: Power Distance_P			-0.004	-0.003			0.002	0.003
			(0.003)	(0.003)			(0.004)	(0.004)
culture: Individualism_P			-0.006**	-0.006**			-0.003	-0.004
			(0.003)	(0.003)			(0.004)	(0.004)
culture: Masculinity_P			0.001	0.001			-0.004	-0.003
			(0.002)	(0.002)			(0.003)	(0.003)
culture: Uncertainty Avoidance_P			0.001	0.001			0.007**	0.008***
			(0.002)	(0.002)			(0.003)	(0.003)
culture: Long-term Orientation_P			-0.004*	-0.004*			-0.000	-0.000
			(0.002)	(0.002)			(0.003)	(0.003)
culture: Indulgence_P			0.000	0.000			-0.006*	-0.005
			(0.002)	(0.002)			(0.003)	(0.003)

Table 4: The effects of institution background (PART B)

Entpreneur Country Controls:										
NominalGDP_E			0.002	0.014	0.012			-0.018	-0.014	-0.018
			(0.008)	(0.014)	(0.014)			(0.018)	(0.031)	(0.030)
GDPGrowth_E			-0.006	-0.015***	-0.015***			-0.013**	-0.019**	-0.019**
			(0.004)	(0.005)	(0.005)			(0.006)	(0.009)	(0.009)
ExchangeRate_E			0.006	0.013	0.013			0.019*	0.000	0.001
			(0.006)	(0.009)	(0.009)			(0.010)	(0.017)	(0.016)
language: Arabic_E			-0.137	-0.192	-0.187			0.174	-0.378	-0.379
			(0.085)	(0.133)	(0.133)			(0.126)	(0.288)	(0.281)
language: French_E			-0.019	-0.093	-0.093			0.123	-0.185	-0.190
			(0.064)	(0.104)	(0.104)			(0.083)	(0.176)	(0.176)
language: German_E			0.030	0.056	0.058			0.157***	-0.280	-0.279
			(0.074)	(0.129)	(0.129)			(0.057)	(0.196)	(0.198)
language: Mandarin_E			0.179**	0.092	0.098			0.412***	-0.169	-0.160
			(0.081)	(0.134)	(0.134)			(0.145)	(0.249)	(0.250)
language: Other_E			-0.015	-0.039	-0.037			0.088*	-0.182	-0.179
			(0.053)	(0.092)	(0.092)			(0.051)	(0.132)	(0.132)
language: Spanish_E			-0.159**	-0.126	-0.123			0.088	-0.119	-0.116
			(0.071)	(0.110)	(0.110)			(0.086)	(0.165)	(0.165)
religion: Catholic_E			-0.000	0.101	0.100			-0.156**	0.103	0.105
			(0.056)	(0.081)	(0.081)			(0.079)	(0.123)	(0.124)
religion: Muslim_E			0.037	0.194*	0.194*			-0.039	-0.126	-0.126
			(0.061)	(0.100)	(0.101)			(0.112)	(0.153)	(0.156)
religion: Protestant_E			-0.076	-0.166	-0.158			-0.408***	0.056	0.070
			(0.072)	(0.146)	(0.146)			(0.136)	(0.239)	(0.240)
culture: Power Distance_E				0.001	0.001				-0.000	-0.000
				(0.001)	(0.001)				(0.002)	(0.002)
culture: Individualism_E				0.002	0.002				-0.005*	-0.005*
				(0.002)	(0.002)				(0.003)	(0.003)
culture: Masculinity_E				-0.002**	-0.002**				-0.000	-0.000
				(0.001)	(0.001)				(0.002)	(0.002)
culture: Uncertainty Avoidance_E				-0.003**	-0.003**				-0.001	-0.001
				(0.001)	(0.001)				(0.002)	(0.002)
culture: Long-term Orientation_E				0.002	0.002				0.006**	0.006**
				(0.001)	(0.001)				(0.002)	(0.002)
culture: Indulgence_E				-0.000	-0.000				0.001	0.001
				(0.001)	(0.001)				(0.002)	(0.002)
Prop Individual Founder	2.354***					2.787***				
	(0.044)					(0.098)				
IMR		-0.785***	-2.862***	-3.527***	-3.526***		3.083***	-1.449**	-1.617**	-1.614**
		(0.230)	(0.809)	(0.786)	(0.786)		(0.786)	(0.722)	(0.775)	(0.774)
Constant	-1.328***	0.340	2.843***	2.149**	2.112**	-0.794**	-3.002***	6.792***	5.361***	5.186***

	(0.176)	(0.209)	(0.670)	(0.903)	(0.897)	(0.386)	(0.587)	(0.766)	(1.389)	(1.363)
Region_P dummy	Y	Y	Y	Y	Y		Y	Y	Y	Y
Region_E dummy	N	Y	Y	Y	Y		Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y		Y	Y	Y	Y
Year dummy	Y	Y	Y	Y	Y		Y	Y	Y	Y
Clustered Standard Errors		Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair		Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair
Num. Obs.	187347	109266	109266	101583	101583	44696	25758	25758	24084	24084
Uncensored		95772	95772	89129	89129		24174	24174	22560	22560
Left-censored		13494	13494	12454	12454		1584	1584	1524	1524
Var(e)		2.111***	2.104***	2.092***	2.092***		1.435***	1.394***	1.387***	1.387***
		(0.024)	(0.021)	(0.018)	(0.018)		(0.041)	(0.030)	(0.031)	(0.031)
Pseudo R2	0.028	0.170	0.171	0.172	0.172	0.034	0.154	0.162	0.162	0.162
Log Pseudolikelihood	-123210.249	-184735.001	-184553.733	-171429.591	-171424.834	-29323.765	-40489.167	-40123.418	-37441.451	-37436.184

Note: This table presents results relating to Hypothesis 1a, 1b and 1c. Panel A reports results concerning outcome variable *Backers*, and Panel B reports results concerning outcome variable *Foreign Backers*.. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.

As a robustness check, standard errors were also clustered by project country and entrepreneur country. Also, given notable collinearity between some culture variables and institution, results were examined on a reduced model excluding Region dummies and culture: Power Distance and Uncertainty Avoidance variables, which have the highest level of individual correlations with the Institutions variables. Reduced model supports the findings of the related models.

Table 5: The interaction effects with institutional background (PART A)

Part A: Interactions between Institutions and Low-Cost Signals

	Panel A: Number of Backers						**Panel B: Number of Foreign Backers**					
	Backers (ln)	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**
	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage	2nd Stage
	Tobit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Project Institution	0.185***	0.188***	0.155***	0.190***	0.190***	0.189***	0.218***	0.201***	0.207***	0.238***	0.241***	0.239***
	(0.045)	(0.044)	(0.047)	(0.044)	(0.045)	(0.044)	(0.072)	(0.076)	(0.076)	(0.072)	(0.072)	(0.072)
Entrepreneur Institution	0.031*	0.031*	0.031*	0.029*	0.034**	0.020	0.009	0.009	0.008	-0.003	0.026	-0.013
	(0.016)	(0.016)	(0.016)	(0.017)	(0.017)	(0.018)	(0.032)	(0.032)	(0.032)	(0.033)	(0.035)	(0.033)
Project Institution x Social Media	0.018						0.048**					
	(0.012)						(0.020)					
Project Institution x Website		0.003						0.046				
		(0.013)						(0.029)				
Project Institution x Video			0.053***						0.041			
			(0.019)						(0.028)			
Entrepreneur Institution x Social Media				0.004						0.027		
				(0.008)						(0.017)		
Entrepreneur Institution x Website					-0.005						-0.021	
					(0.007)						(0.014)	
Entrepreneur Institution x Video						0.016						0.029**
						(0.010)						(0.013)
Social Media	0.046	0.102***	0.102***	0.091***	0.102***	0.101***	-0.076	0.079***	0.079***	0.007	0.079***	0.079***
	(0.048)	(0.026)	(0.025)	(0.032)	(0.026)	(0.025)	(0.068)	(0.026)	(0.025)	(0.062)	(0.025)	(0.026)
Website	0.272***	0.263***	0.271***	0.272***	0.285***	0.272***	0.156***	0.009	0.154***	0.155***	0.206***	0.153***
	(0.024)	(0.049)	(0.024)	(0.024)	(0.028)	(0.024)	(0.029)	(0.098)	(0.029)	(0.029)	(0.048)	(0.029)
Video	0.732***	0.732***	0.564***	0.732***	0.732***	0.690***	0.023	0.022	-0.110	0.022	0.024	-0.052
	(0.031)	(0.031)	(0.072)	(0.031)	(0.031)	(0.036)	(0.020)	(0.020)	(0.088)	(0.020)	(0.021)	(0.044)
IMR	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Project Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
ProjectCountry Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
EntrepreneurCountry Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Region_P dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Region_E dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Year dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Clustered Standard Errors	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair
Num. Obs.	101583	101583	101583	101583	101583	101583	24084	24084	24084	24084	24084	24084
Pseudo R2	0.172	0.172	0.172	0.172	0.172	0.172	0.162	0.162	0.162	0.162	0.162	0.162
Log Pseudolikelihood	-171428.798	-171429.570	-171423.139	-171429.388	-171429.246	-171426.477	-37439.476	-37440.323	-37440.688	-37438.015	-37440.410	-37438.906

Table 5: The interaction effects with institutional background (PART B)

Part B: Interactions between Institutions and High-Cost Signals

	Panel A						**Panel B**					
	Backers (ln)	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**
			2nd Stage	2nd Stage	2nd Stage							
	Tobit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9	Model 10	Model 11	Model 12
Project Institution	0.198***	0.191***	0.188***	0.191***	0.192***	0.190***	0.235***	0.240***	0.227***	0.243***	0.244***	0.239***
	(0.045)	(0.044)	(0.045)	(0.045)	(0.045)	(0.045)	(0.073)	(0.072)	(0.072)	(0.073)	(0.072)	(0.072)
Entrepreneur Institution	0.030*	0.031*	0.031*	0.039**	0.036**	0.031*	0.008	0.008	0.008	0.022	0.016	0.004
	(0.017)	(0.017)	(0.016)	(0.017)	(0.017)	(0.017)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)	(0.032)
Project Institution x Entrepreneur Experience	-0.061*						0.023					
	(0.036)						(0.030)					
Project Institution x Entrepreneur Success Rate		-0.037						0.005				
		(0.047)						(0.055)				
Project Institution x Platform Endorsement			0.024						0.054**			
			(0.020)						(0.027)			
Entrepreneur Institution x Entrepreneur Experience				-0.037***						-0.041***		
				(0.011)						(0.010)		
Entrepreneur Institution x Entrepreneur Success Rate					-0.085***						-0.089***	
					(0.023)						(0.026)	
Entrepreneur Institution x Platform Endorsement						-0.007						0.021
						(0.012)						(0.013)
Entrepreneur Experience	0.230*	0.037	0.036	0.133***	0.031	0.037	0.211**	0.283***	0.282***	0.392***	0.275***	0.282***
	(0.123)	(0.043)	(0.043)	(0.046)	(0.043)	(0.043)	(0.102)	(0.043)	(0.043)	(0.060)	(0.045)	(0.044)
Entrepreneur Success Rate	1.262***	1.378***	1.259***	1.264***	1.497***	1.259***	0.576***	0.561**	0.580***	0.578***	0.836***	0.578***
	(0.100)	(0.175)	(0.101)	(0.101)	(0.129)	(0.101)	(0.148)	(0.244)	(0.148)	(0.155)	(0.165)	(0.149)
Platform Endorsement	1.967***	1.967***	1.893***	1.975***	1.978***	1.986***	1.196***	1.196***	1.026***	1.199***	1.202***	1.143***
	(0.070)	(0.070)	(0.094)	(0.070)	(0.072)	(0.071)	(0.037)	(0.037)	(0.093)	(0.038)	(0.037)	(0.050)
IMR	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Project Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Project Country Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Entrepreneur Country Controls	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Region_P dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y

Region_E dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Year dummy	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y
Clustered Standard Errors	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair
Num. Obs.	101583.000	101583.000	101583.000	101583.000	101583.000	101583.000	24084.000	24084.000	24084.000	24084.000	24084.000	24084.000
Pseudo R2	0.172	0.172	0.172	0.172	0.172	0.172	0.162	0.162	0.162	0.162	0.162	0.162
Log Pseudolikelihood	-171424.559	-171429.095	-171428.940	-171410.605	-171410.900	-171429.393	-37441.173	-37441.446	-37439.687	-37430.550	-37431.945	-37440.240

Note: This table presents results relating to Hypothesis 2a and 2b. Panel A reports results concerning outcome variable *Backers*, and Panel B reports results concerning outcome variable *Foreign Backers*.. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.

Table 6: Additional Analysis - Mediating effects of *Ability, Integrity,* and *Benevolence*

Parameter estimates for the structural model

Panel A: Backers (ln)

Impact of	On	Path coefficient	t-value	Impact of	On	Path coefficient	t-value
Project Institution	Ability_p	0.905	560.286***	Entrepreneur Institution	Ability_e	0.953	2360.869***
Project Institution	Integrity_p	0.896	424.852***	Entrepreneur Institution	Integrity_e	0.827	622.597***
Project Institution	Benevolence_p	0.734	241.702***	Entrepreneur Institution	Benevolence_e	0.854	802.047***
Ability_p	Backers	0.073	8.1822***	Ability_e	Backers	-0.027	2.163**
Integrity_p	Backers	-0.009	1.041	Integrity_e	Backers	0.085	13.275***
Benevolence_p	Backers	-0.048	8.698***	Benevolence_e	Backers	-0.073	10.506***
Project Institution	Backers	0	0.025	Entrepreneur Institution	Backers	0.057	3.489***

Total Effect

Impact of	On	Path coefficient	t-value	Impact of	On	Path coefficient	t-value
Project Institution	Backers	0.023	7.567***	Entrepreneur Institution	Backers	0.038	11.907***

Panel B: Foreign Backers (ln)

Impact of	On	Path coefficient	t-value	Impact of	On	Path coefficient	t-value
Project Institution	Ability_p	0.887	223.044***	Entrepreneur Institution	Ability_e	0.952	1136.007***
Project Institution	Integrity_p	0.9	97.901***	Entrepreneur Institution	Integrity_e	0.823	292.199***
Project Institution	Benevolence_p	0.697	200.350***	Entrepreneur Institution	Benevolence_e	0.849	387.579***
Ability_p	Foreign Backers	-0.312	16.534***	Ability_e	Foreign Backers	-0.003	0.114
Integrity_p	Foreign Backers	0.098	4.887***	Integrity_e	Foreign Backers	0.067	5.389***
Benevolence_p	Foreign Backers	-0.298	23.849***	Benevolence_e	Foreign Backers	-0.08	5.683***
Project Institution	Foreign Backers	0.417	15.566***	Entrepreneur Institution	Foreign Backers	-0.019	0.581

Total Effect

Impact of	On	Path coefficient	t-value	Impact of	On	Path coefficient	t-value
Project Institution	Foreign Backers	0.021	3.018***	Entrepreneur Institution	Foreign Backers	-0.034	5.236***

Note: This table presents results relating to the Mediating Effects section of the additional analysis. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively.

Table 7: Additional Analysis - Alternative Institution Background Effects

	Panel A: Location Change High Control		Panel B: Without US Projects		Panel C: Kickstarter Office Institution Control	
	Backers (ln)	**Foreign Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**
	Tobit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Project Institution	0.211***	0.289***	0.112***	0.105**	0.169***	0.225***
	(0.045)	(0.073)	(0.022)	(0.043)	(0.046)	(0.086)
Entrepreneur Institution	0.069***	0.083**	0.055**	0.082**	0.058***	0.061
	(0.021)	(0.040)	(0.024)	(0.041)	(0.021)	(0.039)
Project Institution x Entrepreneur Institution	-0.012***	-0.023***	-0.015***	-0.034***	-0.009**	-0.017**
	(0.004)	(0.008)	(0.004)	(0.007)	(0.004)	(0.008)
Location Change High	-0.014	0.501**				
	(0.142)	(0.219)				
Kickstarter Office Institution					0.076***	0.120*
					(0.028)	(0.062)
IMR	Y	Y	N	N	Y	Y
Project Controls	Y	Y	Y	Y	Y	Y
Project Country Controls	Y	Y	Y	Y	Y	Y
Entrepreneur Country Controls	Y	Y	Y	Y	Y	Y
Region_P dummy	Y	Y	Y	Y	Y	Y
Region_E dummy	Y	Y	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y	Y
Year dummy	Y	Y	Y	Y	Y	Y
Clustered Standard Errors	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair
Num. Obs.	101583	24084	30705	7013	101583	24084
Pseudo R2/ R2	0.172	0.162	0.156	0.156	0.172	0.162
Log Pseudolikelihood	-171424.828	-37433.505	-52173.726	-10628.295	-171417.384	-37430.439

Note: This table presents results relating to the Alternative Institutional Background Effects section of the additional analysis. Panel A reports results with the *Location Change High* control variable, Panel B reports results from a sub-sample of non-U.S. campaigns, and Panel C reports the results with *Kickstarter Office Institution* control variable. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.

Appendix

Table A1: Variable description (Additional Analyses)

Additional Analyses Variables:	Description	Source	Mean	SD	Median	Min	Max
Dependent Variables							
Backers*	Total number of backers making a pledge to the project's campaign.		2.620	1.884	2.485	0.000	12.299
Foreign Backers*	Total number of backers from countries other than the project's location country.		2.451	1.529	2.197	0.000	11.045
Independent Variables							
Project Institution	The aggregate institution quality in the project's location country.	WGI	3.147	0.767	3.137	-3.012	4.585
Entrepreneur Institution	The aggregate institution quality in the entrepreneur's country-of-origin, which is estimated using a genealogical online directory Forebears.io.	WGI	2.455	1.606	3.107	-3.012	4.585
Additional Analyses Variables: Mediation Analysis:							
Ability							
Broadband_p	Fixed broadband subscriptions (per 100 people).	WB	33.083	4.714	32.308	0.037	46.342
Broadband_e			29.466	9.909	32.308	0.037	46.342
GDP Per Capita_p*	GDP per capita in constant 2015 USD.	WB	10.838	0.377	10.947	6.449	11.593
GDP Per Capita_e*			10.455	0.948	10.947	6.449	11.593
HDI_p	Human Development Index	UNDP	0.919	0.030	0.924	0.418	0.962
HDI_e			0.887	0.085	0.922	0.418	0.962
Logistics Infrastructure_p	Logistics performance index measuring quality of trade and transport infrastructure.	WB	4.074	0.238	4.152	1.830	4.439
Logistics Infrastructure_e			3.893	0.510	4.101	1.830	4.439
Benevolence							
Donating_p	Donated money pillar of World Giving Index.	CAF	0.599	0.101	0.630	0.020	0.780
Donating_e			0.515	0.172	0.610	0.020	0.780
Social Capital_p	Social capital pillar of the Legatum Prosperity Index (Legatum Institute).	WEF	63.779	3.895	65.452	39.665	68.952
Social Capital_e			60.726	7.189	65.452	36.000	68.952
Volunteering_p	Volunteered time pillar of World Giving Index.	CAF	0.390	0.080	0.410	0.040	0.510
Volunteering_e			0.345	0.119	0.390	0.040	0.510
Integrity							
Homocide_p**	Intentional homicides (per 100,000 people).	WB	-4.293	3.454	-4.893	-106.820	-0.155
Homocide_e**			-5.463	6.302	-4.893	-106.820	-0.155
Police Reliability_p	Reliability of police.	WEF	7.719	0.940	7.860	1.060	9.840
Police Reliability_e			7.028	1.790	7.830	1.060	9.840
Organized Crime_p	Organized crime-related cost on business.	EFI	5.072	0.471	5.000	1.500	6.805
Organized Crime_e			4.819	0.704	4.948	1.500	6.805
Robustness Tests:							
Race	Categorical variable indicating entrepreneur's race as White, Asian, Hispanic, Black or Others based on methods outlined by Imai and Khanna (2016).	wru R package	white = 87249; asian = 3,715; black = 2,415; hispanic = 6,320; others = 68				
Gender	Categorical variable indicating entrepreneur's gender as Male, Female, or Either based on methods outlined by Blevins and Mullen (2015).	gender R package	male = 36,755; female = 12,344; either = 303				
NamePrism Entrepreneur Institution	*Entrerpeneur Institution* derived with the use Name-prism nationality classifier for estimating entrepreneur's country of origin.	Ye et al. (2017)	2.892	1.741	3.748	-3.77	4.499

Note: The table describes and provides summary statistics for the variables used in the analyses detailed in the Mediating Effect section of the additional analysis. N = 101,583; Number of project countries = 60 (Foreign Backers : N = 24084). For *Race*, *Gender*, and *NamePrism Entrepreneur Institutions*: N is specified in the respective results. * indicates the natural logarithm of the variable is used. ** indicates that the negative of the variable is used. '_p' indicates Project Country variable, '_e' indicates Entrepreneur Country variable. Sources: WB = World Bank Open Data; UNDP = United National Development Programme; CAF =Charities Aid Foundation; WEF = World Economic Forum Global Competitiveness Report (2015–2019); EFI = Economic Freedom of the World, Fraser Institute (2015-2019).

Table A2: Correlation matrix (Mediating effects describing *Backers*)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1) Backers*											
(2) ProjectInstitution	0.04***										
(3) EntrepreneurInstitution	0.04***	0.21***									
(4) GDPPerCapita_p*	0.03***	0.73***	0.18***								
(5) HDI_p	0.04***	0.86***	0.18***	0.90***							
(6) Broadband_p	0.06***	0.79***	0.16***	0.56***	0.77***						
(7) LogisticsInfrastructure_p	0	0.73***	0.18***	0.81***	0.78***	0.63***					
(8) Donating_p	0.01***	0.76***	0.20***	0.66***	0.66***	0.48***	0.66***				
(9) Volunteering_p	-0.02***	0.36***	0.14***	0.63***	0.38***	0.02***	0.51***	0.59***			
(10) SocialCapital_p	0	0.70***	0.20***	0.77***	0.66***	0.34***	0.68***	0.78***	0.82***		
(11) Homocide_p	0.03***	0.65***	0.13***	0.32***	0.56***	0.66***	0.46***	0.41***	-0.06***	0.26***	
(12) PoliceReliability_p	0.02***	0.86***	0.20***	0.73***	0.79***	0.63***	0.73***	0.66***	0.46***	0.71***	0.70***
(13) OrganizedCrime_p	0.05***	0.81***	0.17***	0.42***	0.60***	0.67***	0.43***	0.59***	0.09***	0.41***	0.74***
(14) GDPPerCapita_e*	0.02***	0.14***	0.90***	0.17***	0.14***	0.09***	0.15***	0.16***	0.15***	0.18***	0.07***
(15) HDI_e	0.03***	0.13***	0.90***	0.14***	0.14***	0.10***	0.13***	0.14***	0.11***	0.15***	0.08***
(16) Broadband_e	0.05***	0.17***	0.90***	0.13***	0.15***	0.17***	0.13***	0.12***	0.06***	0.12***	0.13***
(17) LogisticsInfrastructure_e	0.03***	0.18***	0.91***	0.18***	0.16***	0.12***	0.21***	0.20***	0.17***	0.21***	0.12***
(18) Donating_e	0.02***	0.21***	0.86***	0.19***	0.17***	0.12***	0.20***	0.30***	0.22***	0.25***	0.11***
(19) Volunteering_e	-0.01***	0.15***	0.68***	0.19***	0.13***	0.05***	0.19***	0.27***	0.32***	0.28***	0.03***
(20) SocialCapital_e	0.02***	0.19***	0.86***	0.20***	0.17***	0.10***	0.20***	0.25***	0.23***	0.27***	0.09***
(21) Homocide_e	0.05***	0.18***	0.52***	0.10***	0.14***	0.15***	0.14***	0.12***	0.03***	0.10***	0.23***
(22) PoliceReliability_e	0.05***	0.24***	0.87***	0.18***	0.19***	0.17***	0.20***	0.22***	0.15***	0.22***	0.19***
(23) OrganizedCrime_e	0.07***	0.27***	0.75***	0.15***	0.20***	0.22***	0.17***	0.21***	0.08***	0.17***	0.21***

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
(13) OrganizedCrime_p	0.80***										
(14) GDPPerCapita_e*	0.14***	0.09***									
(15) HDI_e	0.13***	0.09***	0.96***								
(16) Broadband_e	0.14***	0.14***	0.89***	0.92***							
(17) LogisticsInfrastructure_e	0.19***	0.12***	0.89***	0.86***	0.87***						
(18) Donating_e	0.21***	0.17***	0.81***	0.74***	0.70***	0.81***					
(19) Volunteering_e	0.18***	0.10***	0.69***	0.57***	0.48***	0.66***	0.83***				
(20) SocialCapital_e	0.20***	0.13***	0.82***	0.75***	0.68***	0.81***	0.91***	0.89***			
(21) Homocide_e	0.19***	0.17***	0.37***	0.46***	0.53***	0.52***	0.38***	0.15***	0.31***		
(22) PoliceReliability_e	0.25***	0.21***	0.77***	0.77***	0.78***	0.83***	0.79***	0.64***	0.79***	0.70***	
(23) OrganizedCrime_e	0.25***	0.29***	0.56***	0.59***	0.67***	0.63***	0.64***	0.47***	0.62***	0.65***	0.88***

Note: The table presents the Pearson correlation coefficients between the variables used in the cPLS-SEM model to evaluate *Backers* (ln), as discussed in the Mediating Effect section of the additional analysis. The significance levels 10 percent, 5 percent, and 1 percent denoted with ∗, ∗∗ and ∗∗∗, respectively. *N = 101,583.

Table A3: Correlation matrix (Mediating effect describing *Foreign Backers*)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1) Foreign Backers*											
(2) ProjectInstitution	0.02**										
(3) EntrepreneurInstitution	-0.05***	0.18***									
(4) GDPPerCapita_p*	-0.18***	0.67***	0.14***								
(5) HDI_p	-0.06***	0.85***	0.15***	0.89***							
(6) Broadband_p	0.08***	0.78***	0.13***	0.49***	0.73***						
(7) LogisticsInfrastructure_p	-0.14***	0.68***	0.15***	0.79***	0.76***	0.60***					
(8) Donating_p	-0.10***	0.73***	0.18***	0.60***	0.62***	0.45***	0.63***				
(9) Volunteering_p	-0.27***	0.25***	0.11***	0.62***	0.34***	-0.08***	0.47***	0.51***			
(10) SocialCapital_p	-0.19***	0.64***	0.17***	0.77***	0.64***	0.26***	0.63***	0.73***	0.80***		
(11) Homocide_p	0.15***	0.65***	0.11***	0.25***	0.52***	0.67***	0.40***	0.39***	-0.18***	0.17***	
(12) PoliceReliability_p	-0.04***	0.85***	0.17***	0.72***	0.79***	0.63***	0.69***	0.62***	0.39***	0.67***	0.67***
(13) OrganizedCrime_p	0.12***	0.80***	0.14***	0.33***	0.58***	0.68***	0.37***	0.55***	-0.07***	0.30***	0.76***
(14) GDPPerCapita_e*	-0.08***	0.11***	0.90***	0.14***	0.12***	0.07***	0.12***	0.14***	0.13***	0.16***	0.05***
(15) HDI_e	-0.06***	0.12***	0.90***	0.12***	0.12***	0.08***	0.11***	0.12***	0.10***	0.14***	0.07***
(16) Broadband_e	-0.02**	0.15***	0.89***	0.10***	0.13***	0.14***	0.10***	0.10***	0.04***	0.11***	0.11***
(17) LogisticsInfrastructure_e	-0.06***	0.15***	0.91***	0.15***	0.14***	0.10***	0.18***	0.18***	0.14***	0.17***	0.10***
(18) Donating_e	-0.08***	0.18***	0.85***	0.15***	0.14***	0.09***	0.17***	0.27***	0.18***	0.21***	0.09***
(19) Volunteering_e	-0.12***	0.11***	0.66***	0.16***	0.11***	0.03***	0.16***	0.23***	0.26***	0.23***	0.02**
(20) SocialCapital_e	-0.10***	0.16***	0.86***	0.17***	0.14***	0.08***	0.16***	0.21***	0.18***	0.23***	0.07***
(21) Homocide_e	0.03***	0.15***	0.49***	0.07***	0.11***	0.12***	0.11***	0.11***	0.02*	0.08***	0.18***
(22) PoliceReliability_e	-0.03***	0.20***	0.87***	0.15***	0.16***	0.14***	0.17***	0.19***	0.11***	0.18***	0.15***
(23) OrganizedCrime_e	0.02***	0.23***	0.73***	0.12***	0.16***	0.18***	0.14***	0.18***	0.04***	0.13***	0.18***

	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
(13) OrganizedCrime_p	0.77***										
(14) GDPPerCapita_e*	0.12***	0.07***									
(15) HDI_e	0.11***	0.07***	0.96***								
(16) Broadband_e	0.13***	0.12***	0.88***	0.91***							
(17) LogisticsInfrastructure_e	0.16***	0.10***	0.88***	0.85***	0.86***						
(18) Donating_e	0.17***	0.14***	0.80***	0.74***	0.68***	0.79***					
(19) Volunteering_e	0.14***	0.06***	0.69***	0.57***	0.46***	0.63***	0.82***				
(20) SocialCapital_e	0.17***	0.10***	0.82***	0.75***	0.67***	0.80***	0.91***	0.89***			
(21) Homocide_e	0.15***	0.14***	0.35***	0.44***	0.52***	0.50***	0.34***	0.10***	0.26***		
(22) PoliceReliability_e	0.22***	0.18***	0.77***	0.77***	0.78***	0.82***	0.78***	0.63***	0.77***	0.67***	
(23) OrganizedCrime_e	0.21***	0.24***	0.54***	0.58***	0.65***	0.61***	0.61***	0.42***	0.59***	0.62***	0.86***

Note: The table presents the Pearson correlation coefficients between the variables used in the cPLS-SEM model to evaluate *Foreign Backers* (ln), as discussed in the Mediating Effect section of the additional analysis. The significance levels 10 percent, 5 percent, and 1 percent denoted with ∗, ∗∗ and ∗∗∗, respectively. *N = 24,084.

Table A4: Measurement model evaluation (Mediating effects)

Panel A: Backers (ln)

Construct reliability and validity

	Cronbach's alpha	Composite reliability (rho_c)	Average Variance Extracted (AVE)
Ability_e	0.972	0.972	0.898
Ability_p	0.92	0.921	0.744
Benevolence_e	0.956	0.958	0.885
Benevolence_p	0.891	0.888	0.742
Integrity_e	0.896	0.908	0.773
Integrity_p	0.898	0.901	0.754

Discrimnant validity - Fornell-Larcker criterion

	Ability_e	Ability_p	Benevolence_e	Benevolence_p	Integrity_e	Integrity_p
Ability_e	0.948					
Ability_p	0.177	0.863				
Benevolence_e	0.799	0.196	0.941			
Benevolence_p	0.179	0.728	0.313	0.861		
Integrity_e	0.764	0.224	0.683	0.207	0.879	
Integrity_p	0.148	0.789	0.174	0.582	0.289	0.868

Panel B: Foreign Backers (ln)

Construct reliability and validity

	Cronbach's alpha	Composite reliability (rho_c)	Average Variance Extracted (AVE)
Ability_e	0.971	0.979	0.92
Ability_p	0.907	0.936	0.785
Benevolence_e	0.953	0.97	0.914
Benevolence_p	0.864	0.912	0.776
Integrity_e	0.883	0.927	0.809
Integrity_p	0.892	0.933	0.822

Discrimnant validity - Fornell-Larcker criterion

	Ability_e	Ability_p	Benevolence_e	Benevolence_p	Integrity_e	Integrity_p
Ability_e	0.959					
Ability_p	0.14	0.886				
Benevolence_e	0.773	0.154	0.956			
Benevolence_p	0.154	0.664	0.262	0.881		
Integrity_e	0.733	0.175	0.635	0.167	0.9	
Integrity_p	0.117	0.706	0.13	0.485	0.227	0.907

Note: This table presents statistics concerning the evaluation of the constructs in the cPLS-SEM model discussed in the Mediating Effect section of the additional analysis.

Table A5: Robustness Tests - Alternative Specifications

	Panel A Alternative Dependent Variable		Panel B Goal Amount < USD 10 mil.	
	Funded	**Amount Pledged (ln)**	**Backers (ln)**	**Foreign Backers (ln)**
	Model 1	Model 2	Model 3	Model 4
	2nd Stage:	2nd Stage:	2nd Stage:	2nd Stage:
	Logit	Tobit	Tobit	Tobit
ProjectInstitution	0.479***	0.378***	0.213***	0.256***
	(0.106)	(0.097)	(0.045)	(0.081)
EntrepreneurInstitution	0.079**	0.121***	0.069***	0.083**
	(0.037)	(0.038)	(0.021)	(0.040)
ProjectInstitution x EntrepreneurInstitution	-0.020**	-0.305***	-0.012***	-0.024***
	(0.008)	(0.008)	(0.004)	(0.008)
IMR	Y	Y	Y	Y
Project Controls	Y	Y	Y	Y
ProjectCountry Controls	Y	Y	Y	Y
EntrepreneurCountry Controls	Y	Y	Y	Y
Region_E dummy	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y
Year dummy	Y	Y	Y	Y
Clustered Standard Errors	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair	Project-Entpreneur Country Pair
Num. Obs.	101583	101583	101526	24083
Uncensored	-	89129	89087	22559
Left-censored	-	12454	12439	1524
Pseudo R-sq	0.352	0.120	0.172	0.162
Log Pseudolikelihood	-43916.023	-227605.820	-171335.731	-37436.640

Note: This table presents robustness tests for results relating to Hypothesis 1a, 1b and 1c with alternative dependent variables and a restricted sample (*Goal Amount* < USD 10 mil.). *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.

Table A6: Robustness Tests - Entrepreneurs' Unobserved Attributes

	Panel A				Panel B		
	Backers (ln)	**Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**	**Backers (ln)**
	Race Control	Gender Control	2nd Stage	2nd Stage	PSM Strategy	PSM Strategy	Entrepreneur Fixed-Effects
	Tobit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**FE**
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
ProjectInstitution	0.150***	0.119***	0.212***	0.275***	0.051**	0.177**	0.044**
	(0.040)	(0.043)	(0.057)	(0.071)	(0.024)	(0.043)	(0.018)
EntrepreneurInstitution	0.074***	0.027	0.085**	0.105*	0.041*	0.063	
	(0.021)	(0.031)	(0.041)	(0.056)	(0.022)	(0.040)	
ProjectInstitution x EntrepreneurInstitution	-0.013***	-0.013**	-0.024***	-0.027**	-0.010**	-0.015	
	(0.004)	(0.007)	(0.008)	(0.012)	(0.005)	(0.010)	
race:Asian	-0.059	0.127**	0.082	0.245**			
	(0.069)	(0.058)	(0.084)	(0.098)			
race:Black	-0.246***	-0.259***	-0.116***	-0.220***			
	(0.035)	(0.019)	(0.038)	(0.069)			
race:Hispanic	-0.140***	-0.179***	0.058	0.103			
	(0.043)	(0.050)	(0.115)	(0.149)			
race:Others	-0.007	-0.582***	-0.037	-0.084			
	(0.121)	(0.213)	(0.158)	(0.361)			
gender:Female		0.235***		-0.006			
		(0.013)		(0.039)			
gender:Either		-0.017		0.003			
		(0.076)		(0.103)			
Entrepreneur Fixed-Effects							Y
IMR	Y	N	N	N	N	N	N
Project Controls	Y	Y	Y	Y	Y	Y	Y
Project Country Controls	Y	Y	Y	Y	Y	Y	N
EntrepreneurCountry Controls	Y	Y	Y	Y	Y	Y	N
Region_P dummy	Y	Y	Y	Y	Y	Y	Y
Region_E dummy	Y	Y	Y	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y	Y	Y
Year dummy	Y	Y	Y	Y	Y	Y	Y
	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	-
Clustered Standard Errors							
Num. Obs.	101583	49926	24084	12038	49506	11945	1731
Pseudo R2/ R2	0.1701	0.1714	0.1612	0.1615	0.4894	0.4682	0.199
Log Pseudolikelihood	-171797.884	-84042.629	-37470.574	-18526.149	-83652.7	-18234.58	-1722.309

Note: This table presents robustness tests for results relating to Hypothesis 1a, 1b and 1c with additional strategies to account for entrepreneurs' unobserved attributes. Panel A reports results concerning outcome variable Backers, and Panel B reports results concerning outcome variable Foreign Backers. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.

Table A7: Robustness Tests - Treated and Control group details from PSM

		Mean	Median	SD	p-value (diff. in means)	p-value (diff. in medians)
Panel A (Matching Characteristics)						
Campaign Goal	High Institution	8.447	8.438	1.74	0.613	0.177
	Matched Control	8.439	8.517	1.739		
Number Of Reward	High Institution	1.703	1.792	0.8	0.801	0.138
	Matched Control	1.705	1.792	0.836		
Delivery Duration	High Institution	4.967	4.924	0.684	0.699	0.425
	Matched Control	4.965	4.92	0.702		
Website	High Institution	0.669	1	0.471	0.954	0.954
	Matched Control	0.669	1	0.47		
Social Media	High Institution	0.335	0	0.472	0.376	0.376
	Matched Control	0.339	0	0.473		
Video	High Institution	0.636	1	0.481	0.779	0.779
	Matched Control	0.634	1	0.482		
Entrepreneur Experience	High Institution	0.212	0	0.483	0.171	0.052
	Matched Control	0.207	0	0.483		
Entrepreneur Success Rate	High Institution	0.076	0	0.246	0.025	0.071
	Matched Control	0.071	0	0.238		
Platform Endorsement	High Institution	0.083	0	0.276	0.567	0.567
	Matched Control	0.082	0	0.274		
Panel B (Other Characteristics)						
Project Institution	High Institution	3.805	3.776	0.308	0	0
	Matched Control	2.955	3.107	0.693		
Entrepreneur Institution	High Institution	2.714	3.137	1.541	0	0
	Matched Control	2.457	3.107	1.517		

This table presents descriptive statistics comparing treated and matched control campaigns concerning the PSM strategy reported in the Robustness Tests section. The variables are described in Table 1. The last two columns report the p -value of the difference-in-means and difference-in-medians test, respectively. ∗, ∗∗, and ∗∗∗ denotes significance at the 10%, 5%, and 1% level, respectively.

Table A8: Robustness Tests - Alternative Entrepreneur-Background Estimations

	Panel A			Panel B		
	Backers (ln)	**Backers (ln)**	**Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**	**Foreign Backers (ln)**
	Weighted Average	Population-Adjusted Weighted Average	NamePrism	Weighted Average	Population-Adjusted Weighted Average	NamePrism
	Tobit	**Tobit**	**Tobit**	**Tobit**	**Tobit**	**Tobit**
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
ProjectInstitution	0.217***	0.217***	0.215***	0.291***	0.295***	0.298***
	(0.043)	(0.042)	(0.042)	(0.073)	(0.075)	(0.074)
EntrepreneurInstitution	0.038*	0.044**	0.044**	0.061**	0.037	0.065**
	(0.022)	(0.018)	(0.018)	(0.024)	(0.030)	(0.029)
ProjectInstitution x EntrepreneurInstitution	-0.012**	-0.013***	-0.011**	-0.024***	-0.021**	-0.027***
	(0.005)	(0.005)	(0.005)	(0.007)	(0.009)	(0.008)
IMR	Y	Y	Y	Y	Y	Y
Project Controls	Y	Y	Y	Y	Y	Y
Project Country Controls	Y	Y	Y	Y	Y	Y
EntrepreneurCountry Controls	Y	Y	Y	Y	Y	Y
Region_P dummy	Y	Y	Y	Y	Y	Y
Region_E dummy	Y	Y	Y	Y	Y	Y
Category dummy	Y	Y	Y	Y	Y	Y
Year dummy	Y	Y	Y	Y	Y	Y
Clustered Standard Errors	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair	Project-Entrepreneur Country Pair
Num. Obs.	101,583	101,583	101,329	24,084	24,043	24,084
Pseudo R2/ R2	0.172	0.172	0.172	0.162	0.162	0.162
Log Pseudolikelihood	-171427.936	-171426.483	-170988.085	-37434.559	-37354.019	-37435.033

Note: This table presents robustness tests for results relating to Hypothesis 1a, 1b and 1c with alternative strategies to estimate entrepreneurs' country-of-origin. Panel A reports results concerning outcome variable Backers, and Panel B reports results concerning outcome variable Foreign Backers. *, **, and *** denote statistical significance at the 10 percent, 5 percent, and 1 percent levels, respectively, based on a two-sided t-test.