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HAPPY, SAD, OR HAPPY AND SAD? EFFECTS OF MIXED EMOTIONS ON CROWDFUNDING INVESTMENT DECISIONS (INTERACTIVE PAPER)

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Principal Topics

Emotions play an important role in entrepreneurship. Most studies in entrepreneurship focus on examining how entrepreneurs’ emotions affect their cognitions, behaviors and performance (e.g., Baron, 2008; Cardon et al., 2012; Foo et al., 2009), and research on investors’ emotions and their funding decisions is relatively scarce. However, this is an important topic because investors could provide much needed funds and resources.

This paper focuses on the crowdfunding context, which is a popular platform for individuals to obtain funding for their projects, and examines how crowdfunding investors’ mixed emotions contribute to the success of getting funding. Though some individuals may experience only one emotion at a time, most are likely to experience more than one emotion. Indeed, studies have shown that mixed emotions predict entrepreneurial decision making (Podoynitsyna et al., 2012).

The major way for potential investors to know about the entrepreneur and the project and make a funding decision is through project descriptions. I suggest that project descriptions not only provide information about the venture (Moss et al., 2015), but that these project descriptions also affect investors’ emotions. Those who experience mixed emotions are more likely to fund the project.

In this paper I examine the role of mixed emotions in crowdfunding investment decisions. I hypothesize that when project descriptions induce positive and negative emotions in crowdfunding investors, investors are more likely to fund the project than when they experience a single emotion.

Method

I carried out experiments to test the hypotheses. In Study 1, participants were asked to indicate their funding decisions on a crowdfunding project. The project descriptions were manipulated, and participants responded to questions regarding their emotions. In Study 2, the procedure was similar but participants’ emotions were also tracked by an emotion software. Both samples were undergraduate students.

Results and Implications

Tentative result is that participants who experienced more than one emotion were more likely to fund the project. This paper contributes to the literature of emotions in entrepreneurship. It addresses how crowdfunding investors’ emotions could contribute to the success of entrepreneurs’ projects. Moreover, the role of mixed emotions is explored.

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