THE ROLE OF NARCISSISTIC RHETORIC IN ENTREPRENEURIAL FUNDRAISING: AN EXPLORATION USING CROWDFUNDING (INTERACTIVE PAPER)

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Principal Topic

Narratives offer rich insight into the dynamic processes of new venture development. The salience of these narratives has encouraged growing attention to how the contents of these narratives influence entrepreneurial outcomes such as attracting new venture financing. While previous studies have focused primarily on rhetoric related to positive characteristics, sparse attention has been paid to the role of rhetoric from potentially ‘negative’ characteristics. To build knowledge concerning the role of potentially negative characteristics, we draw from source credibility theory and examine how the use of narcissistic rhetoric in entrepreneurial funding appeals influences the ability to raise financial capital. In line with source credibility theory we argue that narcissistic rhetoric will lead to increased crowdfunding performance.

Method

We test our hypotheses in the crowdfunding context. Crowdfunding provides the ideal context in which to examine the influence of narcissistic rhetoric on fundraising outcomes because the primary form of communication in crowdfunding is through the narrative content on campaign funding sites. Using a random sample of 562 crowdfunding campaign narratives from Kickstarter, a leading crowdfunding platform, we develop a novel measure of narcissistic rhetoric using linguistic indicators for each of the components in the narcissistic personality inventory. We employ computer-aided content analysis to test the relationship between narcissistic rhetoric and funding performance.

Results and Implications

Our results indicate that each of the dimensions of narcissistic rhetoric is positively related to funding performance in crowdfunding. The results suggest that narcissistic rhetoric may invoke a positive response from investors when raising funds. This is consistent with the predictions of source credibility theory suggesting that narcissistic rhetoric can convey competence and creates positive first impressions. Our research also has implications for the growing literature examining the antecedents of crowdfunding performance, providing evidence that the language associated with negative characteristics can also facilitate crowdfunding performance.

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