



LEEDS
BECKETT
UNIVERSITY

Citation:

Green, E (2018) Understanding How Startups Use Rewards-Based Crowdfunding. Working Paper. Institute of Small Business and Entrepreneurship, Birmingham, UK. (Unpublished)

Link to Leeds Beckett Repository record:

<https://eprints.leedsbeckett.ac.uk/id/eprint/8048/>

Document Version:

Monograph (Accepted Version)

The aim of the Leeds Beckett Repository is to provide open access to our research, as required by funder policies and permitted by publishers and copyright law.

The Leeds Beckett repository holds a wide range of publications, each of which has been checked for copyright and the relevant embargo period has been applied by the Research Services team.

We operate on a standard take-down policy. If you are the author or publisher of an output and you would like it removed from the repository, please [contact us](#) and we will investigate on a case-by-case basis.

Each thesis in the repository has been cleared where necessary by the author for third party copyright. If you would like a thesis to be removed from the repository or believe there is an issue with copyright, please contact us on openaccess@leedsbeckett.ac.uk and we will investigate on a case-by-case basis.

ABSTRACT

ISBE CONFERENCE 2018

Paper Type: Working paper

Understanding How Startups Use Rewards-Based Crowdfunding

ABSTRACT

Topic:

The topic of this study is Rewards-Based Crowdfunding and understanding how it is being used by startups in the UK.

Applicability to the conference theme – ‘Research, policy and practice: Collaboration in a disparate world’:

This PhD study shows how drawing from the field of sociology helps to extend the understanding of the use of financial sources by startups. This interdisciplinary approach is rare within the field of finance despite the wider belief of the value that interdisciplinary research can bring for practical problem-solving (Brooks and Schopohl, 2018). As such, it is hoped this will encourage other scholars to draw from or collaborate outside the discipline of finance.

Aim:

Online Crowdfunding is a relatively new phenomenon that is said to be changing the landscape in access to finance for new entrepreneurial ventures (Belleflamme, Lambert and Schwienbacher, 2014). This PhD study focusses specifically on one model of crowdfunding termed Rewards-Based Crowdfunding (RBCF) where pledges are rewarded with a product or service and where the success of campaigns relies heavily on a high number of contacts on social media (Colombo, Franzoni and Rossi-Lamastra, 2015). This phenomenon has not yet been placed relative to other forms of entrepreneurial finance nor have businesses been asked why or how they chose to use it for starting in business. Further, in comparison to many traditional finance sources the monetary values are relatively small, and the process of access is disintermediated (Cumming and Vismara, 2017).

A growing level of academic research is being devoted to understanding the online environment of RBCF. Access to research data is facilitated by the online platforms providing the data they capture as part of their business model. This has resulted in a narrow focus on identifying how crowdfunding campaigns can become successful. So far little attention has been paid to how start-ups are actually incorporating this new phenomenon into their journeys. The study sets out to understand who is using RBCF in their start-up journey and how they make sense of it as a means to access resources. The study draws from aspects of sensemaking (Weick, Sutcliffe and Obstfeld, 2005), and combines concepts from bootstrapping (Harrison, Mason and Girling, 2004), network theory (Jack, 2010) and firm growth theory (Anderson and Ullah, 2014). A nexus was formed of preunderstandings about value-added finance, tie-formation and growth orientation. This nexus of ideas was used to explore and understand how and why RBCF is perceived as valuable to startup firms.

Methodology:

This study takes a qualitative approach which is based on an inter-subjective ontology. This approach draws from hermeneutics, relationally responsive socially-constructionism and dialogism (Cunliffe, 2011) to explore a deeper meaning of the lived experiences of those who use RBCF. Data is drawn from 6 UK start-up firms between May 2017 and May 2018, and consists of 2 in-depth interviews, plus online sources including the firms’ webpages, RBCF

ABSTRACT

webpages and social media posts. Contextual data on current issues within entrepreneurial finance and RBCF is drawn from media sources and the reflexivity of the researcher, a practitioner in finance.

Contribution:

Analysis is ongoing, but from initial findings, three insights are derived. Firstly, participants using RBCF have a range of aspirations for growth that includes bounded and boundless growth, as well as low and high growth orientations. These are not fixed, but adaptable to the on-going process of enactment, retrospection, and development of what is plausible for the nascent firm. These aspirations influence the way they conceive of their ventures. However, aspirations are not fully presented on RBCF, yet backing is acquired in spite of this. Finance theories are needed that extend beyond those firms of high growth orientation. Secondly, significant value-add was perceived from the intangible resources gained. These resources consisted of increased awareness, free promotion, and legitimation of the market and of the creator which complement the financial resources. Further RBCF resources were combined with outsourcing, functional and cashflow resources. For these participants, the finance from the RBCF only partially pays for the costs of supplying the rewards, so other sources of finance are needed. Since studies on finance rarely consider combinations of sources (Drover *et al.*, 2017), further studies may be necessary to understand how sources work in complement. This also suggests extending the notion of value-added, often used in the context of business angels and venture capital, to encompass a fuller range of intangible resources that complement the financial resources.

Finally, the process of carrying out a RBCF campaign demanded concentrated work on preparation, timing, making ties and becoming sufficiently capable. This provides an intense learning environment for becoming 'entrepreneurial'. The process of access to finance sources has not been considered in previous research. Yet, how the process influences initial engagement with, and possibly the outcome of attempts to gain financial resources, needs to be considered given the current increase in alternative sources of finance (Block *et al.*, 2018). Overall this PhD study contributes to a deeper understanding of how startups use RBCF as a complementary resource as part of their journey.

Implications for policy:

Governments need to develop programmes that increase the supply and demand for funds. RBCF is a complementary tool that can provide evidence of the existence of a market, assisting the reduction of adverse selection problems for subsequent funders. However, RBCF may only be suitable for certain types of business. Policy makers should address the need for educating entrepreneurs. Policy makers should consider how guidelines for the use, benefits and challenges of this tool may be made available for prospective startups and complementary and subsequent funders.

Implications for practice:

For entrepreneurs to incorporate RBCF in their startup journeys they should consider how to make the most of the campaign by carefully considering the timing in conjunction with other opportunities to promote the project. Significant effort is required before, and during the campaign, so preparation is essential. The legitimacy gained from a successful campaign has the potential to leverage further resources both financial and intangible. Yet momentum produced by a campaign may decline within a short period of time. Further to this RBCF should not be considered as a single source of finance but part of a portfolio of complementary resources.

Keywords: Rewards-Based Crowdfunding; Startups; Resources; Finance; Value-added

Understanding How Startups Use Rewards-Based Crowdfunding

Introduction

Nascent entrepreneurs face challenges to meet their resourcing needs, particularly financial (Stinchcombe, 1965; Fraser, Bhaumik and Wright, 2015). Access to finance is perceived as market failure by both the UK Government and entrepreneurs (Fraser, Bhaumik and Wright, 2015). Scholars suggest online Crowdfunding is said to be changing the funding environment for new ventures and Rewards-Based Crowdfunding (RBCF) extends the options (Belleflamme, Lambert and Schwienbacher, 2014; Mollick, 2014; Block *et al.*, 2018). Research on this phenomenon is increasing, yet much of the attention is directed at identifying successful online strategies, few studies have addressed the experience of the nascent entrepreneur. This study explores the experience of nascent entrepreneurs who use RBCF, through a sensemaking lens. In particular, the focus is on their perception of their future, the resources and ties they are seeking and how they enact the RBCF 'campaigns'. A hermeneutic approach inspired by Heidegger is used to undertake empirical work, analysing findings in relation to the extant literature and the authors preunderstandings from prior experience within the field. Findings are tentative as the main study is in progress and are presented for productive critique.

Whilst the concept of crowdfunding is not in itself new, the internet has allowed the rapid growth of online platforms (Mollick, 2014). RBCF has been defined as online efforts to fund ventures with relatively small contributions from a relatively large number of individuals (Mollick, 2014), and can be distinguished from crowdsourcing which involves online outsourcing of the functions of a company to individuals and is a separate research stream in itself (Ghezzi *et al.*, 2018). Scholars have found that nascent entrepreneurs face several challenges. The transition from nascent entrepreneur to fledgling firm has been conceptualised as complex and chaotic, only around half surviving to appear in public records (Aldrich and Martinez, 2001; Johnson, Parker and Wijbenga, 2006). This has been accredited to inability to overcome the 'liabilities of newness and smallness' (Stinchcombe, 1965; Anderson and Ullah, 2014). These 'liabilities' are attributed to initially possessing minimal resources (Stinchcombe, 1965) as critical resources are said to lie outside the boundaries of control of nascent entrepreneurs. This means relationship building is necessary to achieve access and the lack of operating histories create legitimacy barriers (Stinchcombe, 1965; Ciabuschi, Perna and Snehota, 2012). For instance, although some find creative ways to minimise the need for external finance (Ebben and Johnson, 2006), research suggests that those who do seek external finance, face barriers from a lack of operating history (Fraser, Bhaumik and Wright, 2015). It is suggested that the digital environment makes entrepreneurship easier to initiate, partly due to minimal requirement for finance (Hair *et al.*, 2012; Nambisan, 2017). Yet, operating in the digital environment can be harder, as aspects such as obtaining visibility and maintaining customer relationships are challenging (Hair *et al.*, 2012). Further, the resource of the entrepreneurs' personal time and knowledge may still be a limitation (Penrose, 1959; Mason, Carter and Tagg, 2011; Anderson and Ullah, 2014) and their ability to interact via social media influences the evaluation and decision making of resource holders (Bruton *et al.*, 2015; Mollick and Nanda, 2016). Therefore, utilising RBCF presents both new opportunities and new challenges for resource seeking nascent entrepreneurs.

The tentative findings and interpretations of this study suggest the value of RBCF is as follows; Firstly, the participants have multi-dimensional aspirations, yet these are not fully shared with the crowd within the campaign, the emphasis in the campaign was on the rewards. Backers can only evaluate on what is provided, which is mostly the rewards offered rather than on the

aspirations of the participants. This contrasts with traditional finance where aspirations have to be adapted to align with the demands of resource providers. Secondly, the participants seek a combination of complementary resources from RBCF. These are marketing, commitment of backers and financial, of which commitment is highly valued. These RBCF resources are complemented with outsourcing, functional and cashflow resources. These flexible resources are sought from the external environment through both digital and face-to-face activities. Through these resourcing activities the participants obtain value from multiplexity. Thirdly, the demands of preparation, timing, making ties and becoming sufficiently capable, through such an arduous activity provides an environment for intense learning of ‘entrepreneurship’. Finally, overall the participants use RBCF to access multiplex resources mostly by a presentation emphasis on the rewards. Tie formation was accelerated when resource holders were perceived to hold relevant resources. Combining RBCF with complementary, flexible and relevant resources creates a feasible means to assist initiation of a new venture.

Next the phenomenon of RBCF is reviewed through a descriptive synthesis (Fink, 2005). Current literature on RBCF is however, limited in scope and so literature is drawn from research streams in entrepreneurial resource acquisition and tie formation to gain an understanding of RBCF from these perspectives.

Description of Rewards Based Crowdfunding

RBCF is one of several distinct models of online platform based crowdfunding (Beaulieu, Sarker and Sarker, 2015; Dushnitsky *et al.*, 2016). In the RBCF model, projects are presented with associated funding goals and a number of rewards are offered, often centred around a prototype product or envisaged service (Mollick, 2014; Dushnitsky *et al.*, 2016). A campaign ensues, often limited to a short timescale (one month), in which the project creator promotes the project using social media. The aim is to encourage backing of rewards, to achieve a fixed or flexible goal (Lagazio and Querci, 2018). In RBCF, the forms of exchange are tiered and include both tangible and intangible rewards. Rewards range from simple acknowledgement and low value merchandise to augmented symbolic experiences (meeting the founders), co-collaborative, (small role in a film or joining the development team) and pre-order of goods/services as rewards (Thürridl and Kamleitner, 2016). Rewards are most commonly priced between \$1 and \$500 (Colombo, Franzoni and Rossi-Lamastra, 2015; Thürridl and Kamleitner, 2016). The most common funding goal is \$5400 and the average amount raised is \$8,800, the average pledge being \$70 from 69 backers (Hauge and Chimahusky, 2016; Thürridl and Kamleitner, 2016). Projects creators specify delivery timetables tied to envisaged product production timeframes, typically several months post-campaign. If the RBCF is successful, the project creator is then obliged to deliver within the timetables. Project creators tend to underestimate timeframes and so 75% of deliveries are late by up to 2 months late (Mollick, 2014). RBCF literature is limited in exploring the perceptions of project creators who use RBCF in the entrepreneurial startup journey. Thus, the following review combines literature from other research streams.

Literature Review of entrepreneurship, resourcing, ties and RBCF

Seeking resources from RBCF means creating perceptions of legitimacy through an identity narrative (Cornelissen and Clarke, 2010; Navis and Glynn, 2011) and convincing a much wider audience than from traditional sources, whose evaluations may be no different (Mollick and Nanda, 2016; Short *et al.*, 2017). It is argued here, that ambitions need to be aligned between nascent entrepreneurs and resource providers for resources to flow.

It is assumed by scholars that ambitious, wealth maximisation and high-growth is the goal of entrepreneurial efforts (Rindova, Barry and Ketchen, 2009; Levie and Lichtenstein, 2010). Yet few achieve this goal, 99% UK businesses remain small (Wright *et al.*, 2015; UK Government, 2017). Rindova, Barry and Ketchen (2009) suggest some entrepreneurs eschew this rhetoric of growth, instead seeking what they refer to as “emancipation” through freedom, autonomy and creative expression. By considering ambitions as more complex than purely economic, acknowledges that opportunities are deployed to support a variety of aims, including self, family, social and community. (Pfeffer, 2008, p. 148; Rindova, Barry and Ketchen, 2009; Watson, 2013). Yet, this can create tension between entrepreneurs and resource providers. Those who harbour ambitious growth find alignment with many traditional providers of finance. Although some traditional finance providers hold non-financial incentives to invest, they ultimately seek a profitable “exit” realised through high-growth (Ibrahim and Rogers, 2008; Collewaert and Manigart, 2016). With traditional finance, ambitions that fail to align with the growth expectations of resources holders may struggle to access those resources. Navis and Glynn (2011, p. 482) argue that “who we are and what we do” serves as a touchstone for investor judgements. They suggest that entrepreneurs need to achieve investors legitimacy thresholds through creating an identity narrative that balances institutional norms and entrepreneurial norms (Navis and Glynn, 2011). Weick (1995) refers to organisations being ‘talked’ into existence, yet entrepreneurs need to also develop reflexivity to skilfully negotiate this misalignment (O’Neil and Ucbasaran, 2016). RBCF has enabled fundraising for activities including arts, humanitarian projects, and business endeavours (Mollick, 2014). Yet some research suggests that projects aligning themselves to business categories on the platforms, perform poorly in comparison to creative categories such as music and dance (Cox and Nguyen, 2018) and RBCF goals above \$9,000 tend to be less successful (Frydrych *et al.*, 2014). The relatively low RBCF goals, imply that ambitions are modest and so would not align with the expectations of traditional finance providers.

Whilst, Bhidé (2000, p. 110) suggests the business plan does not play a great role in startup businesses, it is the most common artefact associated with negotiating legitimacy with financial resource providers. Traditional investors decisions are influenced by evidence of preparedness and aligned interested, which is reflected in the quality of business plans (Chen, Yao and Kotha, 2009; Keating, Geiger and Mcloughlin, 2014). Projects on RBCF are presented through online campaign pages, videos and social media interaction. Campaign success has been measured through spelling errors, presence of a video and expressed emotions (Mollick, 2014; Kim, Buffart and Croidieu, 2016) rather than considering the connection to entrepreneurial ambitions.

Research has begun to explore the resources that may be acquired from external providers through RBCF. Early backing during the campaign appears to provide an indication of legitimacy (Colombo, Franzoni and Rossi-Lamastra, 2015) and reciprocal backing occurs with project creators supporting each-other (Colombo, Franzoni and Rossi-Lamastra, 2015). Free publicity from recommendations by backers and other connections is enacted through social media shares (Hobbs, Grigore and Molesworth, 2016). Other studies have found evidence of the provision of mentoring, product testing, feedback, access to labour and follow on investment (Hui, Greenberg and Gerber, 2014; Quero and Ventura, 2015; Roma, Messeni Petruzzelli and Perrone, 2017; Stanko and Henard, 2017). Research on RBCF from the perspective of the nascent entrepreneur is limited. One study looked at the motives of project creators who wanted to raise funds, increase project awareness, make connections, gain approval maintain control and learn (Gerber and Hui, 2013).

Taking a subjective approach to resources, Penrose emphasised that it is not the resource in itself but the service it renders and this depends on entrepreneurial imagination (Foss *et al.*,

2008). Some resources such as the process of searching for and distinguishing resources is as important as the possession of a pre-existing asset (Macpherson and Holt, 2007). Some scholars suggest that intangible resources (knowledge, expertise, relationships and decision-making) are more 'salient' for start-up businesses than tangible resources including finance (Lichtenstein and Brush, 2001). Weick (1995) observes that enactment of environments occurs through perceptions, attention and plausibility rather than objective facts. Similarly, McKelvie and Wiklund (2010) argue that action is limited by what managers see and are willing to act upon. Therefore, their perception of what is most salient or valuable is important for focusing attention. Assuming nascent entrepreneurs have personal time constraints, seeking out resource holders who can provide the widest variety of resources would make the best use of that time. Resource multiplexity (Newbert and Tornikoski, 2013) or added-value (Collewaert and Manigart, 2016) denotes resources that have multiple purposes and connections occurring across several spheres (personal or business). Research suggests that nascent entrepreneurs place value on connections that provide multiplex resources with both real and anticipated benefits (Grossman, Yli-Renko and Janakiraman, 2012).

Particular resource providers that are appreciated by entrepreneurs for their value-added resources are Business Angels. These are usually experienced and wealthy entrepreneurs who look to personally invest both money and time in new businesses (Berger and Udell, 1998). Business Angels bring professional experience, often higher education, business contacts, commercial expertise, complementary skills and mentoring approach (Aernoudt, 2005; Paul, Whittam and Wyper, 2007; Collewaert and Manigart, 2016). In popular culture, the popularity of TV shows such as 'Dragons Den', whilst somewhat distorting the everyday entrepreneurial practices, serve to raise awareness of the skills of successful entrepreneurs (Swail, Down and Kautonen, 2014), building perceptions of the added value of these skills. However, access to these added value services, is restricted to specific sectors, often technology, or to high growth firms with exit opportunities for financial return (Fraser, Bhaumik and Wright, 2015; Bellavitis *et al.*, 2017; White and Dumay, 2017). Research on RBCF shows that outlier projects combine the use of RBCF with finance from Business Angels (Lehner, Grabmann and Ennsgraber, 2015), and has not explored the practices of other RBCF projects.

Research on the finance practices of startups, show they use methods of cashflow management that limit the need for external finance (Winborg, 2009). There is said to be a hierarchy of preference starting with internal sources of finance followed by external, progressing through debt then equity (Paul, Whittam and Wyper, 2007). A recent report by the British Business Bank¹ shows that SME's seeking external finance use mostly overdrafts and credit cards (British Business Bank, 2017) expensive forms of debt associated with firm closure (Scott, 2009). These studies on financial choice implicitly include the assumption of ambitious growth, which, as discussed, may not hold for all nascent entrepreneurs. Against these findings about the practices of startups, RBCF has emerged which provides cashflow from external providers, although for relatively small values for the majority of users. RBCF has not been empirically reviewed in relation to other options for cashflowing a new venture. Therefore, research is needed to understand the how nascent entrepreneurs perceive and enact RBCF to access resources.

Research on resourcing has suggested that social networks help compensate for lack of resources (Anderson, Park and Jack, 2007). Research on startups using networks to access

¹ The British Business Bank is a development bank wholly owned by HM Government. It delivers most of the government's programmes aimed at supporting SME access to finance through a range of financial facilities. <http://british-business-bank.co.uk>.

resources disputes whether interacting with external networks can provide access to resources. Some studies demonstrate networks provide favourable conditions for economic success (Uzzi, 1997; Jones and Jayawarna, 2010), whereas others find limited access (Semrau and Werner, 2014) and only those who wish to grow seek external institutional resources (Johnson, Webber and Thomas, 2007). Other research finds that obtaining external resources involves extensive adaption (Ciabuschi, Perna and Snehota, 2012). The variance in the outcome of these studies may be due to being based on differing startup conditions e.g. skills, knowledge, pre-existing ties, cultural conditions and type of resource being researched, but they do show that for nascent entrepreneurs this activity is not straight forward.

Historically there has been opportunity cost for soliciting funds from a large number of people, so with the advent of the internet the scope and potential to engage with a wider audience in a way that is both time and cost effective has driven progress (Short *et al.*, 2017). The concept of accessing resources from an external crowd rather than a specific agent can be seen in the use of large mass of people by corporates to obtain feedback on products and services (Afuah & Tucci, 2012).

RBCF campaign success relies on the use of social media to create connections with a wide audience. Whilst much of the research in this area examines online data, studies have not been carried out on the experiences of nascent entrepreneurs. As discussed, the formation of ties may provide access to resources. These ties are also multiplex in that they can be weak or strong, based on frequency of contact, emotional intensity, degree of intimacy and reciprocity (Elfring and Hulsink, 2007). Weak ties refer to business connections that are non-affective, infrequent or irregular contacts (Granovetter, 1985). Despite being weak, they are argued to provide value as they increase diversity and provide access to new information and opportunities to meet new people.

Hite (2003) argues that the ties of nascent entrepreneurs are initially dominated by strong ties and are intentionally managed to incorporate weak ties. Whereas Steier & Greenwood (2000) argue that ties need to be diversified and weak ties need to be strengthened. The focus of resources of these two studies differed. Hite considered all types of resources exchanged based on relational contracts, whereas Steier and Greenwood focussed specifically on financial resources from market-based contracts. Whilst there is an exchange of finance when backing in RBCF, other resources provided, such as social media sharing, new connections and feedback are all provided free. Resources are being acquired inexpensively and conveniently from weak ties (Neves, 2013). It is not yet clear, how nascent entrepreneurs perceive the value available from the online context of RBCF. Anderson, Park and Jack (2007) suggest that close proximity facilitates communication of tacit knowledge which often has to be exchanged in a face-to-face interaction. Yet whilst much research on tie formation is conducted in an offline environment (Hite, 2005), RBCF data is typically drawn from web crawling programmes (Short *et al.*, 2017) much interaction now occurs contemporaneously in offline and online environments (Harris and Abedin, 2015). It is not clear how entrepreneurs build their ties offline and online and obtain resources using RBCF.

There are few studies that explore journey of nascent entrepreneurs. The studies in this review are based on early stage yet often on more established or technology organisations and not involved in a digital activity (Steier and Greenwood, 2000; Hite, 2003; Anderson, Park and Jack, 2007). It may not be possible to generalise research and theories that have been generated based on those contexts to nascent entrepreneurs creating firms whilst using RBCF.

Sensemaking as a lens

Sensemaking has been drawn upon in this study as a lens to view the perception and activities of the participants. Sensemaking provides insights into meaningful experience in conditions of ambiguity and uncertainty (Weick, Sutcliffe and Obstfeld, 2005) which is resonant with nascent ‘entrepreneurship’. Through sensemaking, people socially construct meaning from events and issues that are surprising, complex or confusing (Cornelissen, 2012; Maitlis and Christianson, 2014). In Weick’s (1995) conception of sensemaking there are seven aspects; identity, retrospection, enactment, social activity, ongoing, extracting cues, and plausibility. Studies of sensemaking of entrepreneurs have considered its role in learning, identity construction, communicating visions and failure (Maitlis and Christianson, 2014). Sensemaking shifts the academic attention away from personality traits to social processes and social skills (Zott and Huy, 2007) towards adoption of an “entrepreneurship” as an active and transient process (Steyaert, 2007; Watson, 2013; Lamine *et al.*, 2015). Participants in this study have emerging ventures and are in the process of personal transition, becoming entrepreneurial (Tsoukas and Chia, 2002), of practical coping (Chia and Holt, 2006) and seeking legitimacy through sensemaking (Cornelissen and Clarke, 2010).

Research Questions

Integrating the above concepts as guides and with the empirical focus on RBCF the following research questions have been formed; How and why do actors make sense of using RBCF. How and why do actors access resources whilst using RBCF. How and why do actors build relationships whilst using RBCF.

Methodology

This exploratory study follows an interpretivist tradition and regards ontology as created inter-subjectively (Berger and Luckmann, 1966; Cunliffe, 2011), Epistemologically, knowledge is subjectively created as narrative, discursive and textual data (Lindgren and Packendorff, 2009). From this perspective entrepreneurial processes are continuously emerging and changing, linking past and future events (Lindgren and Packendorff, 2009) and research is looking for insights not models or causes (Cunliffe, 2011). In addition, sociomateriality is acknowledged in that artefacts have agency, and the importance of considering the way social, and material worlds are entangled (Orlikowski and Scott, 2008). Within this perspective hermeneutics is applied as a methodology to interpret the sensemaking of actors. The hermeneutics of Heidegger is concerned with ‘Dasein’ or the being of the individual’s lived experience and incorporates pre-understanding and reflexivity as tools within a circle of analysis (Alvesson and Sköldberg, 2000; Lavery, 2003). This approach is considered to align well with the aim to understand the sensemaking of the participants. Findings are based on in-depth interviews and web-based artefacts, such as campaign descriptions, videos and social media posts. Six UK based participants were obtained from purposive sampling (Patton, 1990), found through online promotion and snowballing. They consisted of people preparing a RBCF campaign with the intention of trading directly after the campaign ends. Ventures needed to be independently owned and managed, trading for less than three years, and not restricted to one industry. Data was collected between May 2017 and May 2018, before and immediately after campaigns to help contain post-hoc reasoning. Analysis was carried out thematically and following a hermeneutic circle, iterating between the data, the literature, the preunderstanding and reflexivity (Alvesson and Sköldberg, 2000; Ryan and Bernard, 2003). Selection of codes and themes is based on either occurring on multiple occasions or evaluated as presenting a meaningful perspective in relation to the research questions (Braun and Clarke, 2006). The author acknowledges that selection and interpretation is hermeneutic, and the cases are contextually based therefore the findings are not generalizable.

Findings

From the data analysis of the interviews and campaign materials three themes emerged and these are presented, along with descriptions and supporting quotations for each theme. Table 1 provides a summary of the cases. Table 2 provides examples for each theme.

Table 1 Summary of Participants

| Participant | Days of Campaign | Type of Campaign ^(a) | Goal £ | Raised £ | n of Backers |
|----------------|------------------|---------------------------------|--------------------------------------|-------------------------------|--------------|
| ExtremeSport | 42 | KIA | 15,000 | 9,656 | 90 |
| RuggedWear | 30 | AON | 10,000 | 10,246 | 79 |
| CardGame1 | 30 | AON | 5,000 | 5,125 | 142 |
| CardGame2 | 35 | AON | 3,500 | 4,006 | 120 |
| CycleAccessory | 35 | AON | 25,000 | Failed (7,220) ^(b) | (163) |
| SportTech | N/A | N/A | Cancelled last minute ^(c) | N/A | N/A |

(a) Type of Campaign KIA: Keep It All; AON: All Or Nothing – relates to whether goal needs to be achieved for campaign success

(b) CycleAccessory immediately messaged backers with adapted project and raised £3000

(c) SportTech ran a “countdown” to their campaign on social media then cancelled on last minute after advice that their product price was excessive for RBCF. Subsequently accessed Digital Catapult ‘Augmentor’ Accelerator programme

Theme One: Multidimensional Aspirations

This first theme encompasses the perceptions of participants personal identities, their current ambitions, beliefs about the market potential for their ideas and how they enacted these within the RBCF campaigns. They discussed the freedom to enact personal passions and creativity, turn leisure and personal interests into income streams. Their ideas for products stemmed from their prior experience either within an industry or within a user community. From that experience and their current interactions with other stakeholders there was a range from indefinite to more tangible conceptions of future products. Some had a few broad ideas and others were developing new conceptions of products that they believed had market potential. The participants beliefs about the nature and scope of the future of their ventures was shaped by past experiences which emerged in their narrative of those experiences and how they imagined enacting their ventures in the future. These visions placed boundaries around their ambitions. There was a range of enactment behaviour in the RBCF campaigns. The campaign materials centred around the current product being promoted and ranged from no description of the future, to detailed verbal description of the participants’ envisaged future. In summary aspirations arose from a combination of personal motives, product ideas. The projected future envisaged a range of market sizes and venture ambitions. Yet these ambitions were not shared by all of the participants with the crowd.

Theme Two: Seeking Complementary Resources

The second theme encompasses the resources that they were seeking and enacting from the RBCF and the resources they were combining with RBCF. From the RBCF campaign they highly valued it as a marketing tool and sought out the publicity, brand awareness, gaining new

contacts and gaining commitment from as many backers as possible, but not as a source of mentoring or other added-value. The campaigns were enacted through combining both digital and face-to-face activities. The participants were complementing the RBCF resources with temporary and expensive outsourcing which they perceived as not an inherently profitable activity yet provided the proof of concept. They complemented RBCF with relevant resources obtained from existing ties, including professional advice (e.g. patents and financial), digital support and emotional support, and from emerging ties (e.g. marketing research, training, peer motivation). The financial situation was managed by combining RBCF with a range of cashflow sources which included loans from government sources, savings, subsidy by relatives, friend investor, and income from other activities. Overall the participants sought multiple resources from the RBCF campaigns and complemented them with multiple external resources from producers, functional providers, and finance providers.

Theme Three: Practice of Entrepreneuring

The third theme encompasses the activities of experiential adapting and coping, enacting relevant digital and face-to-face ties, and business literacy. The participants had a range of commitments to preparing for the campaigns. These activities they felt were mostly within their capabilities, within the resources at hand or within their budget to access. However, the engagement with social media was challenging, as was the timing of activities. They expressed frustration and anxiety yet persisted with overcoming these. Participants wished to increase their ties based on “common” interests and relevant resources. All but one of the participants spent months prior to the campaign developing their ties, enacted this through both digital and face-to-face promotion. Backers obtained were mostly from the UK and between 15% to 36% from abroad. (see Figure 1 for example of platform derived data on backer countries). Between a handful and two thirds were unknown to the participants, although it wasn’t clear how closely backers were tied as several participants were targeting user communities which were not distinct from their friendship networks. Indeed, the language used by participants made it difficult to distinguish close personal affective ties from “friends” on social media. Participants were learning-by-doing a range of tacit and technical skills. In the situation of a time constrained campaign acquiring skills was achieved by vicarious means, finding solutions and surviving challenges.

Figure 1 Example of backer community statistics as presented by RBCF platform

| Where Backers Come From Top Countries | |
|--|------------|
| United Kingdom | 79 backers |
| United States | 22 backers |
| Australia | 2 backers |
| Germany | 2 backers |
| Singapore | 2 backers |
| Thailand | 2 backers |
| Canada | 1 backer |
| India | 1 backer |
| Japan | 1 backer |
| Malaysia | 1 backer |

Table 2 Themes and example quotes

| Theme 1 Multidimensional aspirations | |
|--|--|
| <p>Personal Motives</p> <ul style="list-style-type: none"> - Personal passions - Creativity - Leisure interests | <p>"I am enjoying doing it[..]essential part of life, is being purposeful [...] making things [...] I get a buzz out of that" [CycleAccessory]</p> <p>"I try and achieve personal goals" [CardGame2]</p> <p>"female empowerment point of view and I felt so much freedom, when I realised I didn't have to do an office job any more" [RuggedWear]</p> <p>"{product} has always been a passion of mine. [...] I have been a {sport participant} for coming up to four years now"[ExtremeSport]</p> <p>"background to the idea is that I do triathlon" [SportTech]</p> |
| <p>Perception of Potential</p> <ul style="list-style-type: none"> - Prior user knowledge - Envisaged product development | <p>"been thinking about being uncomfortable at work{decorating} ever since I started {previous business}" [RuggedWear]</p> <p>"{a prototype} was successful, he used it, his friends wanted some, other competitors wanted some" [CycleAccessory]</p> <p>"I have got other ideas and things I want to make and things I want to try" [CycleAccessory]</p> <p>"different sorts of work wear, so more PPE based, stronger fabrics {explained long list of potential products}" [RuggedWear]</p> |
| <p>Bounded Vision</p> <ul style="list-style-type: none"> - Prior experience influencing future plans | <p>"I want to be able to employ machinists to make the stuff in {city} and then have apprentice women that are maybe from difficult backgrounds {described prior experience}" [RuggedWear]</p> <p>"just end up with one small sub-system [...] {rather than this sport} where you are responsible {for} everything [...] if it can make a decent living for me and let me do something I am passionate about then that is good enough for me" [ExtremeSport]</p> <p>"crazy growth [...] some startups [...] they have got fifty people and the bubble bursts[...] redundancies [...] that is horrible [...] we believe that we will probably stop at about fifteen people" [SportTech]</p> |
| <p>Enacting the presentation</p> <ul style="list-style-type: none"> - Videos and project descriptions on RBCF platform | <p>[ExtremeSport] describes personal, professional and sports user background, the products, demonstration of use and future development described</p> <p>[RuggedWear] briefly mentions background, describes the emancipation issue, the product, demonstrations of use and future products</p> <p>[CardGame2] No explanation of background or future, extensive demonstrations of product being used</p> <p>[CycleAccessory] No explanation of background or future, extensive demonstration of product use</p> |

| Theme 2 Seeking Complementary Resources | |
|---|---|
| <p>Seeking Resources From RBCF</p> <ul style="list-style-type: none"> - Market Resources - Commitment - Functional Resources - Backer Sources | <p>"The whole point of doing it was to make me do the marketing to see if there was a viable business and to get enough interest out there to get pre-orders to pay for the first production run [..]" [RuggedWear]</p> <p>"the money is important, but the publicity is useful [..] it gets people personally invested in the brand" [ExtremeSport]</p> <p>"hand over money on a concept [.] showing faith in an unknown [..] pre-order is gold dust" [CycleAccessory]</p> <p>"[..] {an email from a peer} 'I don't have any money to back your project but here is some useful links" [CardGame2]</p> <p>" aim to get as many sales as possible [..]push [..] up in the {CFplatform} rankings" [CardGame2]</p> <p>"how the algorithms [..] work, that's how you get on to the 'projects we love list', [..] favours you being successful in the beginning" [CardGame1]</p> <p>"about a third of the people {backers} are family and friends" [RuggedWear]</p> |
| <p>Enacting Resources from RBCF</p> <ul style="list-style-type: none"> - Integrating digital and Face-to-Face | <p>"show in Coventry, so I have put on twitter that I will be there wearing, so I have got a top with the logo on" [RuggedWear]</p> <p>"if you go to a show [..] then you have loads of photos and videos and you can post that on the social media and it gives you that content" [CardGame2]</p> <p>"put a little gazebo up and made it an event and then we put that on Twitter and Facebook" [CycleAccessory]</p> |
| <p>Combining Resources With RBCF</p> <ul style="list-style-type: none"> - Combining with Outsourcing Production - Combining functional resources - Combining with Cashflow Sources | <p>"I will just outsource as much as I can, and then final assembly and packaging done by me" [CycleAccessory]</p> <p>"{RBCF} will pay for the first production run [..] factory in Portugal" [RuggedWear]</p> <p>"no profit at all but it's proof of concept" [CycleAccessory]</p> <p>"although his {the investor} knowledge is relevant, and I do listen to him, sometimes I don't think it applies to the digital age" [CardGame1]</p> <p>"I have got two loans [..] the current owner and [..] startup loan {Government backed loan}" [ExtremeSport]</p> <p>"£10k {previous business} to invest [..] now {spouse's} got a permanent job he has got money coming in so that covers us" [RuggedWear]</p> <p>"live at home with my parents [..]an investor slash friend[..] put about £10-£11 grand into my bank[..] the best sellers list on Amazon and I have sold 650 copies of the {previous} game" [CardGame1]</p> |

| Theme 3 Practice of Entrepreneuring | |
|--|---|
| <p>Experiential Coping and Adapting</p> <ul style="list-style-type: none"> - Commitment to preparation - Timing and Sequencing - Resilience | <p>“for a large part it was me [...] making my little infographics” [CardGame2]</p> <p>“I have done all the illustrations [...] instructions [...] video[...] rewards” [CardGame1]</p> <p>{creation of a ‘Youtube’ channel} [CycleAccessory]</p> <p>“constantly on different social media platforms” [CardGame1]</p> <p>“{social media} quite alien to me” [CardGame2]</p> <p>“not going to spend money on themselves just before Christmas” [RuggedWear]</p> <p>"{at an industry exhibition} I will try and go up to every {attendee} [...] I know decorating, I don't know marketing” [RuggedWear]</p> <p>“{sales} not naturally comfortable [...] biggest challenge [...] social media]" [CardGame2]</p> |
| <p>Enacting digital and face-to-face ties</p> <ul style="list-style-type: none"> - Forming relevant digital and face to face ties - Paradox of ‘friends’ | <p>“there is a lot of long threads of comments on all of those shares now, some people asking queries.” [ExtremeSport]</p> <p>“I am used to talking to electricians and decorators and now I am talking to archaeologists” [RuggedWear]</p> <p>“Facebook groups are really good, [...] one for archaeologists, somebody had seen me on #ThisNorthernGirlCan {made online recommendation}” [RuggedWear]</p> <p>“making these almost friendships with people [...] that you have got this commonality with” [RuggedWear]</p> <p>“You make new contacts all the time and you discuss your ideas [...]it doesn't come to anything” [CycleAccessory]</p> <p>“{first meeting with marketing manager of bike company} from that day on we have become friends” [CycleAccessory]</p> <p>“they {backers} are close to me [...] have met me at a show or its one relation away from someone I have met” [CardGame1]</p> <p>“Facebook friends that you have possibly not really spoken to for years [...]they are not really friends, they are just almost acquaintances or people that you add” [CardGame2]</p> |
| <p>Business Literacy</p> <ul style="list-style-type: none"> - Tacit skills selling self and product | <p>“I look at other projects that are kind of similar or other ones that are successful and try and copy what they're doing” [CardGame2]</p> <p>“grow your social media first [...] make people aware of who you are that you're a real person that's doing things in [...] whatever your chosen field" [CycleAccessory]</p> |

| | |
|--|--|
| <p>- Becoming sufficiently capable</p> | <p>“so I went from not knowing very much about how to get any sort of finance to knowing the pros and cons of all the different options[..]” [ExtremeSport]</p> <p>" [...] then work with the person that I owed money to and use a payment plan [...] financially, whilst I was saying I was not good with money, I am good with finding problems, solving problems [...]" [CardGame1]</p> <p>“it’s learning to be a business man" [CycleAccessory]</p> |
|--|--|

Discussion

The research on RBCF has been limited to mostly considering the online determinants of successful campaigns (Short *et al.*, 2017). Studies have not considered how RBCF might fit with the entrepreneurial journey and so literature is drawn from other streams to understand the findings.

Theme One: Multidimensional Aspirations

All the participants had personal passions, creativity or leisure interests as well as product ideas as motives. Research outside of the RBCF research stream has found entrepreneurship to be an expression of personal interests and passions and allows time for leisure (Cardon *et al.*, 2009; Callanan and Zimmerman, 2016; Wach, Stephan and Gorgievski, 2016). The notion of pursuing entrepreneurship from a leisure pursuit aligns with the conception of a ‘user’ entrepreneur (Shah and Tripsas, 2007). Some ‘user’ entrepreneurs are suggested to emerge from those who commercialise ideas from hobby activities.

Whilst the participants envisaged their products meeting a variety of sizes of markets, for a variety of reasons they envisaged their venture remaining within an individually envisaged bounded state. Not all the participants shared their aspirations with the crowd through their campaigns, despite this they obtained backing, although for some, this came from donations and cross-subsidy rather than product backers. Research on traditional forms of resource acquisition has shown the sharing of future plans to be an aspect of the communication of information and gaining legitimacy prior to resource provision (Navis and Glynn, 2011; O’Neil and Ucbasaran, 2016). Yet, findings show that future plans are of less concern to RBCF backers. Much research considers ambitious entrepreneurs building high-growth ventures (McKelvie and Wiklund, 2010) yet few have consider the effect of bounded aspirations on resource acquisition. However, if RBCF backers are not concerned with aspirations, then the boundedness or otherwise would not pose a challenge to resource acquisition.

Theme Two: Complementary Resources

RBCF has been considered as mainly a fundraising tool (Brown, Boon and Pitt, 2017) and some scholars discuss it as a marketing tool (Agrawal, Catalini and Goldfarb, 2014; Belleflamme, Omrani and Peitz, 2015). Empirical research on RBCF as a marketing tool is limited to two studies finding established and well-resourced businesses using it for marketing (Lehner, Grabmann and Ennsgraber, 2015; Brown, Boon and Pitt, 2017), and only one study in the field of Computer-Human Interaction, which found this motive in startup entrepreneurs (Gerber and Hui, 2013). This study shows the perception of the participants is that RBCF is a tool for many purposes including funding, marketing, and importantly gaining commitment. Resources such as mentoring were pursued from other sources. RBCF research and resources research shows the availability and value placed on resource multiplexity (Grossman, Yli-

Renko and Janakiraman, 2012; Hui, Greenberg and Gerber, 2014; Quero and Ventura, 2015; Stanko and Henard, 2017). This study identifies further aspects. Backer commitment was valued by the participants as backers were perceived as emotionally committed and would provide campaign promotion, access to future transaction value, and the potential for future digital marketing.

Participants enacted their RBCF campaigns in both digital and face-to-face environments. The participants did, however combine RBCF resources with outsourced production, and various configurations of cashflow from other sources. These activities have been found through research in other fields (Bhidé, 2000; Amit and Zott, 2001; Barnes *et al.*, 2012) but not as yet considered by RBCF literature. Further, the use of concurrent cashflow sources is contrary to many studies on finance that show a hierarchical approach to accessing finance, generally found in established companies (Paul, Whittam and Wyper, 2007; Cosh, Cumming and Hughes, 2009). This study more closely resembles other small case study research on new ventures (Atherton, 2012). The use of cashflow management techniques is also consistent with several aspects of ‘financial bootstrapping’ (Winborg and Landström, 2001) and adds weight to the notion of interconnectedness of sources (Drover *et al.*, 2017, p. 1845). The cashflow obtained from RBCF was being directed towards outsourced production. Whilst outsourcing has been defined as a transfer of existing internal activities to an external provider and mostly researched in larger corporations (Hätönen and Eriksson, 2009), the participants were accessing external providers from the outset. The combination of flexible activities enabled them to test the market and obtain proof of concept, facilitated by the existence of e-business (Amit and Zott, 2001). The overall value obtained was in the complementarity of marketing, commitment, cashflow resources and outsourcing that together provided a flexible activity.

Theme Three: Practice of Entrepreneuring

The participants were seeking backing from existing and new ties. In particular, they were seeking to extend beyond their existing ties to gain awareness and backing (Keating, Geiger and Mcloughlin, 2014). The levels of preparedness particularly in terms of the social media activity was limited compared to practice guidance. Chen, Thomas and Kohli (2016) note that precampaign social media marketing has not been researched but observes that recommendations from practice include a social media marketing campaign prior to the launch of 9-12 months, with curated content and 8 hourly posts, participants enactment was far less extensive. The existing ties included family and friends but also involved user communities (Shah and Tripsas, 2007; Chandra and Coviello, 2010). New ties were sought and enacted both digitally and face-to-face and became backers and resource providers, suggesting their interests aligned to the RBCF product or other relevant resource, rather than the affective connection to the participant. Research into creating ties assumes frequency of interaction to be a factor (Witt, 2004), yet the findings suggests that backers and other ties may be obtained from few interactions.

Further the discussions with participants around “friends” raises a conundrum. The participants talked of backers being “close” and discussed “friends” in relation to having a fleeting face-to-face interaction and then connecting with them online. The common aspect is the interest around the product or within a user community. Research into online entrepreneurial behaviour has pointed out the fleeting nature of social media communications (Fischer and Rebecca Reuber, 2014) but does not consider the ability to connect through social media practices from a fleeting interaction. From a sociomateriality perspective reviews of the research suggests that common interests unite agents (Harris and Abedin, 2015). The findings here suggest that common interests influence speed of involvement and social media practices blur the boundaries and nature of ties. Macht (2011) argues that where a tie has resources that add

value they are termed relevant. Following the same argument, fleeting interactions with ties could develop into strong ties if they hold relevant resources.

Business literacy skills of the participants were lacking but were compensated for by various practices of vicarious learning, learning-on-the-job and drawing information from resources on hand (Baker and Nelson, 2005). Vicarious learning included engaging in online forums, drawing from social media users and learning from peers at face-to-face and online events and seminars. Participants referred to “*stumbling around in the dark*” [CycleAccessory] and “*making it up as I go along*” [RuggedWear]. They discussed the trade-off between spending money on skilled providers e.g. marketing or website agents or learning sufficient skills themselves. Penrose (1959) observed that it is the managers skills that are a constraint to the venture. Research suggests that managers skills take time to acquire (Macpherson and Holt, 2007). For these participants learning-by-doing, particularly in the situation of interaction with backers in a highly time constrained activity provides an intense learning environment.

Conclusion

The findings cannot be generalised due to the limited number of cases, however for these participants RBCF provided a combination of marketing, awareness, and finance. They gained access to resources in spite of their bounded aspirations. They combined RBCF with complementary resources that together provided flexibility. For these participants RBCF was an intense learning environment where users can learn resilience.

This study contributes to academic literature in several areas. It contributes to entrepreneurial literature by revealing a connection between leisure interests and entrepreneurship. The second contribution is to literature on obtaining resources from ties. Findings show a connection between relevance of resources and speed of tie creation. The third contribution is to literature on finance, where contrary to hierarchical seeking of finance, sources are sought concurrently. This is more reminiscent of financial bootstrapping. This study reveals a new perspective of entrepreneuring, the ways it is orientated towards the future and enacted through both digital and face-to-face means that extant literature has not yet fully embraced. This study takes a small step in this direction.

References

- Aernoudt, R. (2005) ‘Business Angels: The Smartest Money for Starters? Plea for A Renewed Policy Focus on Business Angels’, *International Journal of Business*, 10(3), pp. 271–284.
- Agrawal, A., Catalini, C. and Goldfarb, A. (2014) *Some Simple Economics of Crowdfunding, Innovation Policy and the Economy*. doi: 10.1086/674021.
- Aldrich, H. E. and Martinez, M. A. (2001) ‘Many are called, but few are chosen: An evolutionary perspective for the study of entrepreneurship’, *Entrepreneurship Theory and Practice*, 25(4), pp. 41–56. doi: 10.1007/978-3-540-48543-8_14.
- Alvesson, M. and Sköldböck, K. (2000) *Reflexive Methodology: New Vistas for Qualitative Research*. 2nd edn. London: SAGE.
- Amit, R. and Zott, C. (2001) ‘Value Creation in E-Business’, *Strategic Management Journal*, 22((Supp)), pp. 493–520. doi: 10.1002/smj.187.
- Anderson, A., Park, J. and Jack, S. (2007) ‘Entrepreneurial social capital: Conceptualizing social capital in new high-tech firms’, *International Small Business Journal*, 25(3), pp. 245–272. doi:

10.1177/0266242607076526.

Anderson, A. R. and Ullah, F. (2014) 'The condition of smallness: How what it means to be small deters firms from getting bigger', *Management Decision*, 52(2), pp. 326–349. doi: 10.1108/MD-10-2012-0734.

Atherton, A. (2012) 'Cases of start-up financing: An analysis of new venture capitalisation structures and patterns', *International Journal of Entrepreneurial Behaviour and Research*, 18(1), pp. 28–47. doi: 10.1108/13552551211201367.

Baker, T. and Nelson, R. E. (2005) 'Creating something from Nothing : Resource construction through entrepreneurial bricolage', *Administrative Science Quarterly*, 50(3), pp. 329–366.

Barnes, D. *et al.* (2012) 'Web 2.0 and micro-businesses: An exploratory investigation', *Journal of Small Business and Enterprise Development*, 19(4), pp. 687–711. doi: 10.1108/14626001211277479.

Beaulieu, T., Sarker, S. and Sarker, S. (2015) 'A Conceptual Framework for Understanding Crowdfunding.', *Communications of the Association for Information Systems*, 37(1), pp. 1–31.

Bellavitis, C. *et al.* (2017) 'Entrepreneurial finance: new frontiers of research and practice: Editorial for the special issue Embracing entrepreneurial funding innovations', *Venture Capital*. Routledge, 19(1–2), pp. 1–16. doi: 10.1080/13691066.2016.1259733.

Belleflamme, P., Lambert, T. and Schwienbacher, A. (2014) 'Crowdfunding: Tapping the right crowd', *Journal of Business Venturing*, 29(5), pp. 585–609. doi: 10.1016/j.jbusvent.2013.07.003.

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

Berger, A. N. and Udell, G. F. (1998) 'The economics of small business Finance: The roles of private equity and debt markets in the Financial growth cycle', *Journal of Banking and Finance*, 22(6–8), pp. 613–673.

Berger, P. and Luckmann, T. (1966) *The Social Construction of Reality: A Treatise in the Sociology of Knowledge*. London: Penguin.

Bhidé, A. (2000) *The Origin and Evolution of New Businesses*. New York: Oxford University Press.

Block, J. H. *et al.* (2018) 'New players in entrepreneurial finance and why they are there', *Small Business Economics*. Small Business Economics, 50(2), pp. 239–250. doi: 10.1007/s11187-016-9826-6.

Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology', 3(2), pp. 77–101. doi: 10.1191/1478088706qp063oa.

British Business Bank (2017) *Small Business Finance Markets 2016/17*. Sheffield: British Business Bank. Available at: <https://www.british-business-bank.co.uk/small-business-finance-markets-report-201617/>.

Brooks, C. and Schopohl, L. (2018) 'Topics and trends in finance research: What is published, who publishes it and what gets cited?', *British Accounting Review*, 2000(February). doi: 10.1016/j.bar.2018.02.001.

- Brown, T. E., Boon, E. and Pitt, L. F. (2017) 'Seeking funding in order to sell: Crowdfunding as a marketing tool', *Business Horizons*. 'Kelley School of Business, Indiana University', 60(2), pp. 189–195. doi: 10.1016/j.bushor.2016.11.004.
- Bruton, G. *et al.* (2015) 'New financial alternatives in seeding entrepreneurship: Microfinance, crowdfunding, and peer-to-peer innovations', *Entrepreneurship Theory and Practice*, 39(1), pp. 9–26. doi: 10.1111/etap.12143.
- Callanan, G. A. and Zimmerman, M. (2016) 'To Be or Not To Be an Entrepreneur: Applying a Normative Model to Career Decisions', *Journal of Career Development*, 43(5), pp. 447–461. doi: 10.1177/0894845316633525.
- Cardon, M. S. *et al.* (2009) 'the Nature and Experience of Entrepreneurial Passion', *Academy of Management Review*, 34(3), pp. 511–532. doi: 10.5465/amr.2009.40633190.
- Chandra, Y. and Coviello, N. (2010) 'Broadening the concept of international entrepreneurship: "Consumers as International Entrepreneurs"', *Journal of World Business*. Elsevier Inc., 45(3), pp. 228–236. doi: 10.1016/j.jwb.2009.09.006.
- Chen, S., Thomas, S. and Kohli, C. (2016) 'What really makes a promotional campaign succeed on a crowdfunding platform? Guilt, utilitarian products, emotional messaging, and fewer but meaningful rewards drive donations', *Journal of Advertising Research*, 56(1), pp. 81–94. doi: 10.2501/JAR-2016-002.
- Chen, X. P., Yao, X. and Kotha, S. (2009) 'Entrepreneur passion and preparedness in business plan presentations: A persuasion analysis of venture capitalists' funding decisions', *Academy of Management Journal*, 52(1), pp. 199–214. doi: 10.5465/AMJ.2009.36462018.
- Chia, R. and Holt, R. (2006) 'Strategy as practical coping: A heideggerian perspective', *Organization Studies*, 27(5), pp. 635–655. doi: 10.1177/0170840606064102.
- Ciabuschi, F., Perna, A. and Snehota, I. (2012) 'Assembling resources when forming a new business', *Journal of Business Research*. Elsevier Inc., 65(2), pp. 220–229. doi: 10.1016/j.jbusres.2010.11.029.
- Collewaert, V. and Manigart, S. (2016) 'Valuation of Angel-Backed Companies: The Role of Investor Human Capital', *Journal of Small Business Management*, 54(1), pp. 356–372. doi: 10.1111/jsbm.12150.
- Colombo, M. G., Franzoni, C. and Rossi-Lamastra, C. (2015) 'Internal social capital and the attraction of early contributions in crowdfunding', *Entrepreneurship Theory and Practice*, 39(1), pp. 75–100. doi: 10.1111/etap.12118.
- Cornelissen, J. P. (2012) 'Sensemaking Under Pressure: The Influence of Professional Roles and Social Accountability on the Creation of Sense', *Organization Science*, 23(1), pp. 118–137. doi: 10.1287/orsc.1100.0640.
- Cornelissen, J. P. and Clarke, J. S. (2010) 'Imagining and Rationalizing Opportunities : Inductive Reasoning and the Creation and Justification of New Ventures', *Academy of Management Review*, 35(4), pp. 539–557.
- Cosh, A., Cumming, D. and Hughes, A. (2009) 'Outside Entrepreneurial Capital', *Economic Journal*, 119(1), pp. 494–533. doi: 10.1111/j.1468-0297.2009.02270.x.
- Cox, J. and Nguyen, T. (2018) 'Does the crowd mean business? An analysis of rewards-based

- crowdfunding as a source of finance for start-ups and small businesses', *Journal of Small Business and Enterprise Development*, 25(1), pp. 147–162. doi: 10.1108/JSBED-05-2017-0165.
- Cumming, D. J. and Vismara, S. (2017) 'De-segmenting research in entrepreneurial finance', *Venture Capital*. Routledge, 19(1–2), pp. 17–27. doi: 10.1080/13691066.2016.1225910.
- Cunliffe, A. L. (2011) 'Crafting qualitative research: Morgan and smircich 30 years on', *Organizational Research Methods*, 14(4), pp. 647–673. doi: 10.1177/10944281110373658.
- Drover, W. *et al.* (2017) 'A Review and Road Map of Entrepreneurial Equity Financing Research: Venture Capital, Corporate Venture Capital, Angel Investment, Crowdfunding, and Accelerators', *Journal of Management*, 43(6), pp. 1820–1853. doi: 10.1177/0149206317690584.
- Dushnitsky, G. *et al.* (2016) 'Crowdfunding in Europe: Determinants of Platform Creation across Countries', *California Management Review*, 58(2), pp. 44–71. doi: 10.1525/cmr.2016.58.2.44.
- Ebben, J. and Johnson, A. (2006) 'Bootstrapping in small firms: An empirical analysis of change over time', *Journal of Business Venturing*, 21(6), pp. 851–865. doi: 10.1016/j.jbusvent.2005.06.007.
- Elfring, T. and Hulsink, W. (2007) 'Networking by entrepreneurs: Patterns of tie-formation in emerging organizations', *Organization Studies*, 28(12), pp. 1849–1872. doi: 10.1177/0170840607078719.
- Fink, A. (2005) *Conducting research literature reviews: From the internet to paper*. 2nd edn. Thousand Oaks, California: SAGE.
- Fischer, E. and Rebecca Reuber, A. (2014) 'Online entrepreneurial communication: Mitigating uncertainty and increasing differentiation via Twitter', *Journal of Business Venturing*. Elsevier Inc., 29(4), pp. 565–583. doi: 10.1016/j.jbusvent.2014.02.004.
- Foss, N. J. *et al.* (2008) 'Entrepreneurship, Subjectivism, And The Resource-Based View: Toward A New Synthesis', *Strategic Entrepreneurship Journal*, 2, pp. 73–94.
- Fraser, S., Bhaumik, S. K. and Wright, M. (2015) 'What do we know about entrepreneurial finance and its relationship with growth?', *International Small Business Journal: Researching Entrepreneurship*, 33(1), pp. 70–88. doi: 10.1177/0266242614547827.
- Frydrych, D. *et al.* (2014) 'Exploring entrepreneurial legitimacy in reward-based crowdfunding', *Venture Capital*, 16(3), pp. 247–269. doi: 10.1080/13691066.2014.916512.
- Gerber, E. M. and Hui, J. (2013) 'Crowdfunding: Motivations and Deterrents for Participation', *ACM Transactions on Computer-Human Interaction*, 20(6), p. 32. doi: <http://dx.doi.org/10.1145/2530540>.
- Ghezzi, A. *et al.* (2018) 'Crowdsourcing: A Review and Suggestions for Future Research', *International Journal of Management Reviews*, 20(2), pp. 343–363. doi: 10.1111/ijmr.12135.
- Granovetter, M. (1985) 'Economic Action and Social Structure: The Problem of Embeddedness', *American journal of sociology*, 91(3), pp. 481–510.
- Grossman, E. B., Yli-Renko, H. and Janakiraman, R. (2012) 'Resource Search, Interpersonal Similarity, and Network Tie Valuation in Nascent Entrepreneurs' Emerging Networks', *Journal of Management*, 38(6), pp. 1760–1787. doi: 10.1177/0149206310383693.

- Hair, N. *et al.* (2012) 'Market Orientation in Digital Entrepreneurship: Advantages and Challenges in a Web 2.0 Networked World', *International Journal of Innovation and Technology Management*, 09(06), p. 1250045. doi: 10.1142/S0219877012500459.
- Harris, G. and Abedin, B. (2015) 'Participating or Not Participating? A Sociomaterial Perspective of the Embeddedness of Online Communities in Everyday Life', *Australasian Conference on Information Systems*. Available at: <https://arxiv.org/ftp/arxiv/papers/1605/1605.04714.pdf>.
- Harrison, R. T., Mason, C. M. and Girling, P. (2004) 'Financial bootstrapping and venture development the software industry', *Entrepreneurship and Regional Development*, 16(4), pp. 307–333. doi: 10.1080/0898562042000263276.
- Hätönen, J. and Eriksson, T. (2009) '30+ years of research and practice of outsourcing - Exploring the past and anticipating the future', *Journal of International Management*. Elsevier Inc., 15(2), pp. 142–155. doi: 10.1016/j.intman.2008.07.002.
- Hauge, J. A. and Chimahusky, S. (2016) 'Are promises meaningless in an uncertain crowdfunding environment?', *Economic Inquiry*, 54(3), pp. 1621–1630. doi: 10.1111/ecin.12319.
- Hite, J. (2003) 'Patterns of multidimensionality among embedded network ties: a typology of relational embeddedness in emerging entrepreneurial firms', *Strategic Organization*, 1(1), pp. 9–49. doi: 0803973233.
- Hite, J. (2005) 'Evolutionary Processes and Path of Embedded Network Ties in Emerging Entrepreneurial Firms', *Entrepreneurship Theory and Practice*, 29(1), pp. 113–144. doi: 10.1111/j.1540-6520.2005.00072.x.
- Hobbs, J., Grigore, G. and Molesworth, M. (2016) 'Success in the management of crowdfunding projects in the creative industries', *Internet Research*, 26(1), pp. 146–166. doi: 10.1108/IntR-08-2014-0202.
- Hui, J., Greenberg, M. D. and Gerber, E. M. (2014) 'Understanding the role of community in crowdfunding work', in *Proceedings of the 17th ACM conference on Computer supported cooperative work & social computing - CSCW '14*, pp. 62–74. doi: 10.1145/2531602.2531715.
- Ibrahim, D. M. and Rogers, J. E. (2008) 'The (Not So) Puzzling Behavior of Angel Investors', *Vanderbilt Law Review*, 61(5), pp. 1405–1093.
- Jack, S. L. (2010) 'Approaches to studying networks: Implications and outcomes', *Journal of Business Venturing*. Elsevier Inc., 25(1), pp. 120–137. doi: 10.1016/j.jbusvent.2008.10.010.
- Johnson, P. S., Parker, S. C. and Wijbenga, F. (2006) 'Nascent entrepreneurship research: Achievements and opportunities', *Small Business Economics*, 27(1), pp. 1–4. doi: 10.1007/s11187-006-9004-3.
- Johnson, S., Webber, D. J. and Thomas, W. (2007) 'Which SMEs use external business advice? A multivariate subregional study', *Environment and Planning A*, 39(8), pp. 1981–1997. doi: 10.1068/a38327.
- Jones, O. and Jayawarna, D. (2010) 'Resourcing new businesses: Social networks, bootstrapping and firm performance', *Venture Capital*, 12(2), pp. 127–152. doi: 10.1080/13691061003658886.

- Keating, A., Geiger, S. and Mcloughlin, D. (2014) 'Riding the practice waves: Social resourcing practices during new venture development', *Entrepreneurship Theory and Practice*, 38(5), pp. 1027–1235. doi: 10.1111/etap.12038.
- Kim, P. H., Buffart, M. and Croidieu, G. (2016) 'TMI: Signaling Credible Claims in Crowdfunding Campaign Narratives', *Group and Organization Management*, 41(6), pp. 717–750. doi: 10.1177/1059601116651181.
- Lagazio, C. and Querci, F. (2018) 'Exploring the multi-sided nature of crowdfunding campaign success', *Journal of Business Research*. Elsevier, 90(May), pp. 318–324. doi: 10.1016/j.jbusres.2018.05.031.
- Lamine, W. *et al.* (2015) 'One step beyond? Towards a process view of social networks in entrepreneurship', *Entrepreneurship & Regional Development*, 27(7–8), pp. 413–429. doi: 10.1080/08985626.2015.1070535.
- Laverty, S. M. (2003) 'Hermeneutic Phenomenology and Phenomenology: A Comparison of Historical and Methodological Considerations', *International Journal of Qualitative Methods*, 2(3), pp. 21–35. doi: 10.1177/160940690300200303.
- Lehner, O. M., Grabmann, E. and Ennsgraber, C. (2015) 'Entrepreneurial implications of crowdfunding as alternative funding source for innovations', *Venture Capital*, 17(1–2), pp. 171–189. doi: 10.1080/13691066.2015.1037132.
- Levie, J. and Lichtenstein, B. B. (2010) 'A Terminal Assessment of Stages Theory: Introducing a Dynamic States Approach to Entrepreneurship', *Entrepreneurship Theory and Practice*, 34(2), pp. 317–350.
- Lichtenstein, B. M. B. and Brush, C. G. (2001) 'How Do "Resource Bundles" Develop and Change in New Ventures? A Dynamic Model and Longitudinal Exploration.', *Entrepreneurship Theory and Practice*, 25(3), pp. 17–36. doi: 10.1017/CBO9781107415324.004.
- Lindgren, M. and Packendorff, J. (2009) 'Social constructionism and entrepreneurship: Basic assumptions and consequences for theory and research', *International Journal of Entrepreneurial Behaviour and Research*, 15(1), pp. 25–47. doi: 10.1108/13552550910934440.
- Macht, S. A. (2011) 'Inexpert business angels: how even investors with "nothing to add" can add value', *Strategic Change*, 20(7–8), pp. 269–278. doi: 10.1002/jsc.900.
- Macpherson, A. and Holt, R. (2007) 'Knowledge, learning and small firm growth: A systematic review of the evidence', *Research Policy*, 36(2), pp. 172–192. doi: 10.1016/j.respol.2006.10.001.
- Maitlis, S. and Christianson, M. (2014) 'Sensemaking in Organizations: Taking Stock and Moving Forward', *Academy of Management Annals*, 8(1), pp. 57–125. doi: 10.1080/19416520.2014.873177.
- Mason, C. M., Carter, S. and Tagg, S. (2011) 'Invisible Businesses: The Characteristics of Home-based Businesses in the United Kingdom', *Regional Studies*, 45(5), pp. 625–639. doi: 10.1080/00343401003614241.
- McKelvie, A. and Wiklund, J. (2010) 'Advancing firm growth research: A focus on growth mode instead of growth rate', *Entrepreneurship Theory and Practice*, 34(2), pp. 261–288. doi: 10.1111/j.1540-6520.2010.00375.x.

- Mollick, E. (2014) 'The dynamics of crowdfunding: An exploratory study', *Journal of Business Venturing*. The Author, 29(1), pp. 1–16. doi: 10.1016/j.jbusvent.2013.06.005.
- Mollick, E. and Nanda, R. (2016) 'Wisdom or Madness? Comparing Crowds with Expert Evaluation in Funding the Arts', *Management Science*, 62(6), pp. 1533–1553. doi: 10.1287/mnsc.2015.2207.
- Nambisan, S. (2017) 'Digital Entrepreneurship: Toward a Digital Technology Perspective of Entrepreneurship', *Entrepreneurship Theory and Practice*, 41(6), pp. 1029–1055. doi: 10.1111/etap.12254.
- Navis, C. and Glynn, M. (2011) 'Legitimate distinctiveness and the entrepreneurial identity: Influence on investor judgments of new venture plausibility', *Academy of Management Review*, 36(3), pp. 479–499. doi: 10.5465/AMR.2011.61031809.
- Neves, B. B. (2013) 'Social capital and Internet use: The good, the bad, and the irrelevant', *Sociology Compass*, 7(8), pp. 599–611. doi: 10.1111/soc4.12059.
- Newbert, S. L. and Tornikoski, E. T. (2013) 'Resource acquisition in the emergence phase: Considering the effects of embeddedness and resource dependence', *Entrepreneurship Theory and Practice*, 37(2), pp. 249–280. doi: 10.1111/j.1540-6520.2011.00461.x.
- O'Neil, I. and Ucbasaran, D. (2016) 'Balancing "what matters to me" with "what matters to them": Exploring the legitimation process of environmental entrepreneurs', *Journal of Business Venturing*. Elsevier Inc., 31(2), pp. 133–152. doi: 10.1016/j.jbusvent.2015.12.001.
- Orlikowski, W. J. and Scott, S. V. (2008) 'Sociomateriality: Challenging the Separation of Technology, Work and Organization', *The Academy of Management Annals*, 2(1), pp. 433–474. doi: 10.1080/19416520802211644.
- Patton, M. Q. (1990) *Qualitative Evaluation and Research Methods*. London: SAGE.
- Paul, S., Whittam, G. and Wyper, J. (2007) 'The pecking order hypothesis: Does it apply to start-up firms?', *Journal of Small Business and Enterprise Development*, 14(1), pp. 8–21. doi: 10.1108/14626000710727854.
- Penrose, E. T. (1959) *The Theory of the Growth of the Firm*. Oxford: Oxford University Press.
- Pfeffer, J. (2008) 'Organisation Studies is (and should be) Different from Economics', in Barry, D. and Hansen, H. (eds) *SAGE Handbook of New Approaches in Management and Organisation*. London: SAGE, pp. 148–149.
- Quero, M. J. and Ventura, R. (2015) 'The role of balanced centrality in the Spanish creative industries adopting a crowd-funding organisational model', *Journal of Service Theory and Practice*, 25(2), pp. 122–139. doi: 10.1108/JSTP-09-2013-0182.
- Rindova, V., Barry, D. and Ketchen, D. J. (2009) 'Entrepreneurship as Emancipation', *Academy of Management Review*, 34(3), pp. 477–491. doi: 10.5465/AMR.2009.40632647.
- Roma, P., Messeni Petruzzelli, A. and Perrone, G. (2017) 'From the crowd to the market: The role of reward-based crowdfunding performance in attracting professional investors', *Research Policy*. Elsevier, 46(9), pp. 1606–1628. doi: 10.1016/j.respol.2017.07.012.
- Ryan, G. W. and Bernard, H. R. (2003) 'Techniques to Identify Themes', *Field Methods*, 15(1), pp. 85–109. doi: 10.1177/1525822X02239569.
- Scott, R. H. (2009) 'The Use of Credit Card Debt by New Firms'. Missouri: Ewing Marion

Kauffman Foundation. Available at: <https://www.kauffman.org/what-we-do/research/kauffman-firm-survey-series/the-use-of-credit-card-debt-by-new-firms>.

Semrau, T. and Werner, A. (2014) 'How exactly do network relationships pay off? The effects of network size and relationship quality on access to start-up resources', *Entrepreneurship Theory and Practice*, 38(3), pp. 501–525. doi: 10.1111/etap.12011.

Shah, S. K. and Tripsas, M. (2007) 'Accidental Entrepreneur', *Strategic Entrepreneurship Journal*, 1, pp. 123–140. doi: 10.1002/sej.15.

Short, J. C. et al. (2017) 'Research on Crowdfunding: Reviewing the (Very Recent) Past and Celebrating the Present', *Entrepreneurship Theory and Practice*, 41(2), pp. 149–160. doi: 10.1111/etap.12270.

Stanko, M. A. and Henard, D. H. (2017) 'Toward a better understanding of crowdfunding, openness and the consequences for innovation', *Research Policy*. Elsevier B.V., 46(4), pp. 784–798. doi: 10.1016/j.respol.2017.02.003.

Steier, L. and Greenwood, R. (2000) 'Entrepreneurship and the Evolution of Angel Financial Networks', *Organization Studies*, 21(1), pp. 163–192. doi: <https://doi.org/10.1177/0170840600211002>.

Steyaert, C. (2007) "'Entrepreneurship" as a conceptual attractor? A review of process theories in 20 years of entrepreneurship studies', *Entrepreneurship and Regional Development*, 19(6), pp. 453–477. doi: 10.1080/08985620701671759.

Stinchcombe, A. . (1965) 'Social structure and organisations', in March, J. . (ed.) *Handbook of Organisations*. March, J.G (Ed.). Chicago: Rand McNally, pp. 142–193.

Swail, J., Down, S. and Kautonen, T. (2014) 'Examining the effect of "entre-tainment" as a cultural influence on entrepreneurial intentions', *International Small Business Journal: Researching Entrepreneurship*, 32(8), pp. 859–875. doi: 10.1177/0266242613480193.

Thürridl, C. and Kamleitner, B. (2016) 'What Goes around Comes Around? Rewards as Strategic Assets in Crowdfunding', *California Management Review*, 58(2), pp. 88–110. doi: 10.1525/cmr.2016.58.2.88.

Tsoukas, H. and Chia, R. (2002) 'On Organizational Becoming: Rethinking Organizational Change', *Organization Science*, 13(5), pp. 567–582. doi: 10.1287/orsc.13.5.567.7810.

UK Government (2017) *Business Population Estimates for the UK and Regions*. London. Available at: <https://www.gov.uk/governm> (Accessed: 10 August 2018).

Uzzi, B. (1997) 'Social Structure and Competition in Interfirm Networks : The Paradox of Embeddedness', *Administrative Science Quarterly*, 42(1), pp. 35–67. doi: DOI: 10.2307/2393808.

Wach, D., Stephan, U. and Gorgievski, M. (2016) 'More than money: Developing an integrative multi-factorial measure of entrepreneurial success', *International Small Business Journal: Researching Entrepreneurship*, 34(8), pp. 1098–1121. doi: 10.1177/0266242615608469.

Watson, T. J. (2013) 'Entrepreneurship in action: Bringing together the individual, organizational and institutional dimensions of entrepreneurial action', *Entrepreneurship and Regional Development*, 25(5–6), pp. 404–422. doi: 10.1080/08985626.2012.754645.

Weick, K. E. (1995) *Sensemaking In Organizations*. Thousand Oaks, California: SAGE.

- Weick, K. E., Sutcliffe, K. M. and Obstfeld, D. (2005) 'Organizing and the Process of Sensemaking', *Organization Science*. doi: 10.1287/orsc.1050.0133.
- White, B. A. and Dumay, J. (2017) 'Business angels: a research review and new agenda', *Venture Capital*. Routledge, 19(3), pp. 183–216. doi: 10.1080/13691066.2017.1290889.
- Winborg, J. (2009) 'Use of financial bootstrapping in new businesses: A question of last resort?', *Venture Capital*, 11(1), pp. 71–83. doi: 10.1080/13691060802351248.
- Winborg, J. and Landström, H. (2001) 'Financial bootstrapping in small businesses: Examining small business managers' resource acquisition behaviors', *Journal of Business Venturing*, 16(3), pp. 235–254. doi: 10.1016/S0883-9026(99)00055-5.
- Witt, P. (2004) 'Entrepreneurs' networks and the success of start-ups', *Entrepreneurship and Regional Development*, 16(5), pp. 391–412. doi: 10.1080/0898562042000188423.
- Wright, M. *et al.* (2015) 'Joining the dots: Building the evidence base for SME growth policy', *International Small Business Journal: Researching Entrepreneurship*, 33(1), pp. 3–11. doi: 10.1177/0266242614558316.
- Zott, C. and Huy, Q. N. (2007) 'How Entrepreneurs Use Symbolic Management to Acquire Resources', *Administrative Science Quarterly*, 52(1), pp. 70–105.