OPTIMISM AND CROWDFUNDING SUCCESS: THE MODERATING EFFECT OF PITCH CHANGES ON FUNDING SUCCESS AFTER INITIAL FAILURES

by

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Abstract

JAMES L. CARROTHERS. Optimism and Crowdfunding Success: The Moderating Effect of Pitch Changes on Funding Success After Initial Failures.
(Under the direction of DR. JUSTIN W. WEBB)

Entrepreneurs fail. Statistics on new venture failure rates show that 65% of new ventures fail during the first 10 years. Entrepreneurs are optimists as well. Little research has addressed the interaction between optimism and entrepreneurial failure. To fill this gap, my dissertation examines optimism and how founders use rhetoric to seek new opportunities after failure. Using rhetorical theory along with signaling theory and research on both optimism and change, I examined 330 failed Kickstarter campaigns using computer-aided text analysis of both the original pitch that resulted in failure and the subsequent pitch. Examining the changes in the second pitch along with selected moderators, I proposed that founders' optimism as presented in their -second pitch would increase funding performance after initial failure in the crowdfunding campaign. Results suggest that there are several factors that affect funding performance. This dissertation makes contributions in the area of entrepreneurs' expressed optimism in response to failure and how changes in optimistic language improve funding performance after initial failure.

KEYWORDS: Optimism, Founders, Crowdfunding, Failure.

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Dedication

To Valerie, Jasmine and JaNey for your love, support, and inspiration. And to my parents James and Elizabeth Carrothers.

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LIST OF ABBREVIATIONS

AON	All Or Nothing
KIA	Keep It All
T1	At Time One
T2	At Time Two

CHAPTER 1: RESEARCH OVERVIEW

1.1 Introduction

Entrepreneurs fail. Statistics on new venture failure rates show that approximately 20% of new businesses fail during the first two years, 45% during the first five years, and 65% during the first 10 years (Knaup 2005, Simon & Shrader, 2012). Only 21% of new businesses remain open for 20 years or more (Bureau of Labor Statistics, 2016). Failure within the entrepreneurship context concerns not only the ultimate failure of new ventures but also the myriad setbacks and negative unforeseen events endured by entrepreneurs in the process; for example, new product failures (Bruno, Leidecker et al. 1987, Corner, Singh et al. 2007, Cardon, Stevens et al. 2011, Baron, Hmieleski et al. 2012, Shrader & Simon, 2012), losses of key customers (Shepherd 1999, Sapienza, YliRenko et al. 2001, Shepherd & Zacharakis 2003, BerbegalMirabent & Trimi, 2012), inability to anticipate changes in the broader context (Bruno, Leidecker et al. 1987, Landier, 2005), and inability to plan for the future (Lussier 1996, Freeman & Renko, 2017). The failures that entrepreneurs experience can cause emotional pain similar to the loss of a loved one (Shepherd 2003, Corner, Singh et al. 2007), culminating in a loss of self-esteem and feelings of regret and stigmatization (Jenkins, Wiklund et al. 2014). Despite the pain incurred, failures can also present entrepreneurs with opportunities to learn from their mistakes (McGrath 1999, Cope & Watts 2000, Politis, 2005). New venture success is tied to one's ability to learn from mistakes, make adjustments, and try again (Cope & Watts, 2000, Shepherd 2004, Politis, 2005).

Of particular concern in this dissertation is how, after failing in initial pitches to funders, founders present themselves and their ventures in subsequent pitches to secure funding. Many ventures fail to launch due to the inability to convince funders to support the initial entrepreneurial idea where funding is a key factor to success (Cassar, 2004). This failure is due,

in part, to the large number of businesses started each year by entrepreneurs seeking such funding (Mollick & Robb, 2016). Entrepreneurs often have to pitch to many prospective funders in order to secure capital, given that they either failed to obtain funding from previous pitches or to obtain funding at desirable terms (Mollick & Robb 2016, Buttice, Colombo et al. 2017, Chan & Parhankangas, 2017).

Significant research has examined entrepreneurs' responses to failure. For example, scholars have noted regret (Baron 1998, Baron, 2000), grief (Shepherd 2004, Covin, Shepherd et al. 2009), and stigmatization (Landier 2005, Haynie & Shepherd, 2011) experienced by entrepreneurs after setbacks and failures. Scholars have also examined how entrepreneurs learn from setbacks and failures, prompting them to make adjustments and pivot to other opportunities (Grimes, 2018). Yet, one key gap in research that remains concerns how entrepreneurs, following failure, present themselves to their various stakeholders, such as prospective funders, and how such presentations can then influence future success/performance.

I attempt to address this gap by integrating research on optimism, change, and crowdfunding and analyzing how founders expressed optimism in their proposal to funders. Optimism is a cognitive construct (Carver & Scheier, 2014) referring to individuals' expectations that good things will happen in the future (Carver, Scheier et al., 2010). Previous studies have established that entrepreneurs are high on dispositional optimism and maintain a positive outlook in the face of failure (Baron & Hmieleski, 2009), particularly new entrepreneurs, since their reference for success is limited (Meza & Southey 1996, Baron & Hmieleski, 2009). Initial failure serves as a catalyst for future success since research suggests that entrepreneurs' second and third initiatives to fund startups are more successful (Politis 2005).

It has been observed that entrepreneurial optimism leads to negative results given that optimists, in layman's term, "don't know when to let go." This finding is borne out by research indicating that high dispositional optimism leads, on average, to a negative relationship to entrepreneurial performance. Cooper et al. (1988) noted that while extreme optimism was a detriment to entrepreneurs' business pursuits, from a positive standpoint it dissuaded entrepreneurs from discontinuing their business too early. In the funding context, optimistic language about potential success enhances the entrepreneur's ability to garner investors' trust in participating (Bretschneider, Knaub et al., 2014). As optimism conveys confidence, confidence conveys enthusiasm, which translates to a sign for investors to participate. Although this confidence is positive initially, overconfidence can cause a distorted view of potential prospects and lead to a negative outcome (Simon and Shrader, 2012). Questions remain in terms of whether entrepreneurs should remain optimistic post failure. By doing so, entrepreneurs might be able to continue engendering excitement among potential funders; however, funders might perceive entrepreneurs to be unrealistic given the initial failure.

Moving beyond this direct relationship between optimism and funding success in subsequent pitches, I expected a number of factors to moderate the extent to which founders present themselves optimistically in subsequent pitches to obtain funding. More specifically, the success of optimism in subsequent pitches likely depends on how entrepreneurs interpret and/or respond to their initial failures. For example, how entrepreneurs attribute initial failure (i.e., due either to their own mistakes or to factors outside of their own control) might influence whether funders perceive entrepreneurs as taking ownership of failure or whether funders deserve to be optimistic. Lant and Mezias (1992) recognized that change is associated with poor performance and failure and that behavior associated with that failure, including aspiration/optimism about the

venture, is likely not to be repeated. The association of success with high ability and failure with low ability is asymmetric, given perceived failure factors outside of the entrepreneur's control, thus allowing the entrepreneur to rationalize continuing the pursuit (Reich, Wichman et al., 2006). But should they remain optimistic in pitching to funders? Similarly, to the extent that entrepreneurs have undertaken serious efforts to respond to change (e.g., altering their products or improving the quality of their pitches), then being more optimistic might provide a consistent message to prospective funders that the entrepreneur remains committed to providing something of value to customers.

1.2 Research Objectives

Overall, this dissertation sought to examine the following research questions: How do changes in entrepreneurs' use of optimistic language in their (crowdfunding) pitches to funders influence their funding performance after an initial failure? How do pitch changes (i.e., in products, reward structures, and media graphics) moderate the relationship between changes in entrepreneurs' use of optimistic language and funding performance after an initial failure? How do failure acknowledgement and rationalization tactics moderate the relationship between changes in entrepreneurs' use of optimistic language and funding performance after an initial failure?

To develop hypotheses based on these questions, I drew upon a sample of Kickstarter pitches in which entrepreneurs experienced an initial failure and then undertook a second pitch. Using Kickstarter, a global platform for crowdfunding that enables entrepreneurs and small startups to raise funds from the public via the internet through entrepreneurial pitches (Voelker & McGlashan, 2013), I collected and coded data from over 1000 Kickstarter projects. I then randomly extracted a subsample of 336 projects. The population and subsequent sample size

were manually coded for both the initial failure and follow-up pitch for relevant variables, such as funding goal, number of backers, pledged amount, number of projects created and backed, gender, and race. In addition to these variables, text files for each initial and follow-up pitch were created that captured the written story of the project and the rhetoric contained within each pitch. Using a Computer Aided Text Analysis (CATA) program, the text files were analyzed to capture optimistic language in founders' pitches from the first to the second pitch to determine if a change in language led to subsequent funding success. The use of CATA and manual coding is in in line with the analysis of big data in the scientific investigation of human interaction (Kumar & Neuendorf, 2015).

I identified five moderators (product change, reward change, failure acknowledgement, stage of development, and media) and proposed that they would positively moderate the relationship between optimism and funding performance. I analyzed the initial and follow-on campaigns to determine their effect on the primary variables. Product change and reward change were examined together to show that after initial failure, a change in the product and a change in the reward offered for funding support would increase the likelihood for success in funding the follow-on project. The moderator, failure acknowledgement, indicates the admission of failure during the initial proposal and the willingness to accept responsibility and correct any shortcomings to produce a better outcome in the future. The expectation was that this acknowledgement would positively moderate the main variables, resulting in increased funding performance. Stage of product development would positively moderate the relationship between the main variables by indicating a willingness to bring a complete product to market and would signal a commitment to funders that the entrepreneur is fully vested in seeing the project through to completion. The moderator, media, which built upon the acknowledgment that the most

successful Kickstarter campaigns utilize pictures and videos, examined if increased pictures and videos indicated a positive relationship between the main variables, leading to increased funding performance.

1.3 Contributions

Several scholars Baron and Markman (2000), Clark (2008), and Cunningham (2010) examined entrepreneurial pitches performed orally to individuals, small groups of investors, venture capitalists, and angel networks after refining the pitch to meet the audience. Allison, Davis et al., (2017) examined persuasion by drawing on the elaboration likelihood model to define how crowdfunding founders motivate funders to change their attitude through persuasion through a focus on the issue or less invested circumstantial decision In its relatively short existence, crowdfunding research has primarily examined how entrepreneurs communicate through crowdfunding platforms to garner funding (Fisk, Patrício et al. 2011, McGlashan & Voelker, 2013, Belleflamme & Lambert 2014, Mollick 2014, Belleflamme, Omrani et al. 2015, Davis, Hmieleski et al. 2017, Ketchen Jr, Short, et al. 2017, Bernardino & Santos, 2020). This communication, predominately conducted through the internet (Agrawal, Catalini et al. 2015, Mason, Parhankangas et al., 2019), consists of a pitch that tells the entrepreneur's story and their need for support.

Described as an entrepreneurial narrative (Allison, Davis et al., 2015), the story, given entrepreneurs' high levels of dispositional optimism (Baron & Hmieleski, 2009), can elicit negative outcomes given the negative relationship between optimism and new ventures. Most new entrepreneurs, in general, and new crowdfunding initiatives, in particular, experience failure (Shepherd 2003, Cope 2011, Shepherd, Ucbasaran et al., 2013). This dissertation contributes to crowdfunding research by examining how crowdfunding entrepreneurs communicate a second

time, after an initial failure, and the changes they make in the second pitch to achieve a successful outcome. Inclusive of the entrepreneur's new communication or change in pitch is an examination of the change in the venture as well, which includes a reexamination of the product, reward structure, media coverage, and rationalization of venture success.

The present dissertation makes contributions to the study of optimism. Optimism is the expectation that good things will happen in the future (Carver, Scheier et al. 1994, Peterson 2000, Carver, Scheier et al. 2010, Neill, Pathak et al. 2018). Bandura (2010) associated self-efficacy with optimism; combined, they influence an individual's self-assessment. The association of optimism with self-efficacy is believed to produce high levels of capability, which translates, for entrepreneurs, into self-assuredness of achieving new venture success. High levels of optimism/assuredness have the potential to create overconfidence, which, for entrepreneurship, translates into too many people starting new businesses (Bernoster, Rietveld et al. 2018). Perceived optimism is rooted in self-realization or assessment of one's optimism about an outcome (Darvill & Johnson 1991, Reich, Wichman et al. 2006). As such, perceived optimism produces self-actuation, resulting in a more rational approach to entrepreneurial activities and realistic outcomes (Reich, Wichman et al. 2006).

Perceived optimism includes understanding the fulcrum at which optimism acts as the catalyst for new venture creation; perceived optimism acts a moderator for overexuberance of potential outcomes. As it relates to crowdfunding, I contribute to the understanding of perceived optimism in the context of allowing for a truer assessment of project potential by providing more defined rhetoric in describing the project and its elements at venture creation and, if failure occurs, a higher level of self-actualization and rationalization to pivot. As crowdfunding continues to grow as a means of capitalization of new ventures, understanding the elements that

create an environment for success after initial failure contributes to overall knowledge of crowdfunding.

I also contribute to the study of persuasion as it relates to crowdfunding and to how persuasive rhetoric is developed based on the motivation and ability of funders. By including founder optimism as part of the crowdfunding story funders receive that includes persuasive language, I examine how, after initial failure, optimistic rhetoric, when reoriented, influences a positive project funding reaction (Hampel, Tracey et al. 2020). I seek to contribute to understanding the interaction between logos (logic) and pathos (emotion) in funders' decisions and the outcome on funding performance. Through the internet, crowdfunding has both a financial appeal (i.e., product offering) and an emotional appeal (i.e., social and community connectiveness). Therefore, I examine the question of funding as from the "head" or from the "heart."

I sought to determine the changes from the first pitch (resulting in an unsuccessful campaign) to the second pitch that resulted in successful funding. This has relevance in the language used by entrepreneurs that demonstrates the desired linguistic cues needed for successful pitches (Davis, Scheaf et al. 2018). Contributing to the study of optimistic language, a study of the rationalization and reassessment of the pitch is relevant for entrepreneurs seeking funding and success in their business venture pivot (Kirtley & O'Mahony, 2020). Given the immense number of entrepreneurs with business dreams and a smaller number of those receiving support for capital resources, the business presentation (pitch) is critical when entrepreneurs have limited time and space to present their case (Cunningham, 2010). The pitch, generally, is the selling of a business or sales idea to potential investors on a onetime basis (Clark, 2008). What was the re-pitch after the first idea was not funded? What changed in the pitch that was made

after the initial failure, specifically, the second pitch? These are the important question this research sought to answer.

The present research looked at how optimism is managed when reengaged after an initial negative outcome. Funding success is not solely contingent on the language used. Elements of signaling that provide evidence of how the campaign is presented, including the effort to create a positive linguistic profile (as found in Kickstarter), is a benefit along with a good product offering and realistic funding goals (Allison, McKenny et al. 2013). In crowdfunding, the pitch tells the story of the goals of the campaign. Often, there is no second act in business once the initial capital is gone. Through this research, I hoped to capture the changes in the second pitch that resulted in successful funding, which has implications for business and management theory on how to regroup, rework, and restate the case for a business enterprise's second act.

1.4 Organization

The remainder of the dissertation is organized as follows. Chapter 2 begins with an overview of rhetoric theory, followed by a comprehensive review of research on optimism. After providing a definition of crowdfunding, I review the literature of its early association with crowdsourcing, political policy changes that affected its growth, crowdfunding growth via the World Wide Web, its close relationship to microlending and microfinancing, early adopters of crowdfunding usage, the types of crowdfunding platforms, why crowdfunding, the elements that make up crowdfunding, and crowdfunding types. Chapter 3 discusses the methodology; that is, the quantitative correlational design approach (inclusive of crowdfunding data) that was captured globally from failed Kickstarter projects that were subsequently resubmitted after a year or more. Constructing the data set required a combination of approaches, including content analysis (for optimism) and manual coding (for other variables). The hypotheses were tested using SPSS.

Chapter 4 reports the analysis and results to address the hypotheses derived from the research questions, with detailed information provided in the Appendix and a summary of the research findings. Chapter 5 concludes with a discussion of the results, the importance of the study's findings and its contributions to the literature, and its implications for current and future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Rhetoric Theory

Rhetoric theory encompasses the body of knowledge [around the thought of use of human symbol practice – meaning unclear] (Foss & Littlejohn, 2009). Browning and Hartelius (2008) noted several definitions of rhetoric, predating Socrates (a sham practice) to the present (a persuasive use of language). In the application of rhetoric as a determinant of judgment in decision making, specifically, conveying positive attributes in deciding entrepreneurial funding opportunities, scholars have suggested that communication is critical in determining legitimacy (Green Jr, Li et al. 2009, Cornelissen, Durand et al. 2015, Green Jr. & Hoefer, 2016). Based on the work of Toulmin (1958), Cornelissen, Durand, et al. (2015), proposed that rhetoric can be observed in two forms, either as conveyance of the articulated message or to elicit argument to bring about a change in the perspective being presented. Cornelissen, Durand, et al. (2015) also noted that the structure and attributes of language provided a means to elicit change in institutions through rhetoric as well. According to Bitektine and Haack (2015), strategies involving rhetoric were designed to persuade the receiver or influence them to alter their judgment, prompting a course of action in line with the presenter's point of view.

Based on Aristotle's identification of the rhetorical method as consisting of logos, ethos, and pathos (Holt & Macpherson, 2010), opportunity as communicated in the pitch has an organizational framework shaped by rhetoric. This framework does not convey the singular nature of the enterprise unless bounded by the ability to rationalize the effort expended on a going concern. This rationalization of disparate reality as conveyed through rhetoric and, thus, a pitch, was theorized as sensemaking according to Sutcliffe, Weick, et al. (2005). Sensemaking narratives provide meaning to events (Sheppard & Wolfe, 2015). In theorizing on their claim,

Sheppard Wolfe(2015) further developed the work of Weick et al. (2005) to include the effect of past events on the narrative of future activities. In doing so, the authors looked at the repatch and its formulation based on sensemaking emanating from rhetorical theory.

Using sports as the method for observing failure, Sheppard and Wolfe (2015) analyzed the narratives after a loss by examining both positive and negative emotions and how they informed the subsequent narrative. Their findings showed that extremely high and extremely low negative emotions elicited the strongest response for bouncing back and that highly positive emotions after failure had an adverse effect and were associated with diminished performance. This adverse effect elicited an inverted U-shaped relationship (Anglin, Wolfe et al. 2018). The authors found that narcissist rhetoric at high levels may invoke uncertainty and unreliability which is a negative attribute of successful entrepreneurs. As it pertains to crowdfunding, Anglin, Wolfe, et al. (2018) found narcissist rhetoric to be a positive characteristic of successful entrepreneurs. Anglin Aaron, Allison Thomas, et al. (2014) also looked at charismatic rhetoric and its associated elements of collective history, continuity between the past and present, collective identity of the group, and the leader's identification as a member of the group. Daly and Davy (2016) identified rhetorical strategies as enablers in producing credible pitches by entrepreneurs that conveyed emotions to their audience.

In crowdfunding projects, the narrative (story) details the entrepreneur's proposal and conveys the persuasive argument for the solicitation of funders to participate in the project. Rhetoric within this argument of emotional appeal includes optimism about the project's merits, the founder's assessment of the reasonableness of the project, and the founder's prospects of success. When carefully crafted, rhetoric increases this appeal and, thus, funders' participation (Allison, 2013).

Rhetoric is discussion based on discipline to probe what is believed to be true rather than to state what is true (McCloskey, 1983). This viewpoint of probative discussion is more in line with Aristotle's and Cicero's definition and not its current acceptance as a form of insincere communication. Jackson and Krebs (2007) argued that, for some, rhetoric is argument through language as opposed to persuasion through ideas. In the context of entrepreneurship and organizations, Erkama and Vaara (2010) took the approach of new rhetoric; that is, rhetoric conveys strategy and takes into account logos (rational), pathos (emotional, moral), and ethos (authority based) arguments.

In the context of optimism, positive emotions (pathos) broaden a cognitive perspective that elicits elation, gratitude, and pride (Fredrickson, 2003). Rhetoric influenced by this positive emotion conveys an attitude of problem solving and the ability to take on challenges that nascent entrepreneurs encounter (Fredrickson, 2003). Incorporating attitude as well, these elements convey a persuasive argument built on reason to create knowledge and produce change in the audience/recipient using written, spoken, and visual language. By organizing and constructing meaning through language, rhetoric creates a mental common ground where ideas can be mutually agreed upon and actions taken by both author and audience to implement those ideas. As seen in crowdfunding, the result creates entrepreneurial rhetoric that conveys extrinsic and intrinsic cues to funders to foster support for the project (Allison, Davis et al. 2015). In other instances, rhetoric goes beyond demonstrating an external need and an internal desire to foster an emotional connection, defined as "warm glow" (Allison, McKenny et al. 2013).

2.2 Optimism

People want and seek happiness in their lives (Chang, 2009). For some, happiness comes more easily due to their own predisposition (Carver, 2010). People with this trait are called

optimists (Darvill & Johnson, 1991, Aspinwall & Richter 1999, Chang 2001, Carver, Scheier et al. 2010, Carver and Scheier, 2014). Carver, Scheier, et al. (2010) described optimists as having an individualized trait that allows them to expect positive outcomes for future events; specifically, the expectation of positive outcomes in specific events (Carver & Scheier1988, Aspinwall, Sechrist et al. 2005). Optimists believe that the world, in general, is all that it is meant to be (Gillham, Shatté et al. 2001). Optimism has been associated with a positive, healthier lifestyle (Carver & Scheier 1982, Carver, Scheier et al. 2010, Bernoster, Rietveld et al. 2018).

As a positive trait, optimism manifests as an ability for people to cope with and adjust to life events more readily than pessimists (Aspinwall and Taylor 1992, Aspinwall, Sechrist et al., 2005). Peterson (2000), in researching the work of anthropologist Lionel Taylor, defined optimism as the individual's desire for an outcome that is pleasurable to the beholder. Peterson noted the non-singularity of optimism to a specific situation and attributed the emotion to the individual's status. To this point, Peterson observed that optimism should be general, given the various situations that individuals face. Optimism is the belief that things will be better now and in the future; it moderates how individuals conduct their daily lives and expectations (Bandura 1986, Armor & Taylor, 1998), including their reactions to adversity and problems and the resources they call upon in dealing with them (Carver, Scheier et al., 2010). In cases where a lack of positive outlook and non-coping skills are present, actions can lead to a maladaptive state which can ultimately cause various degrees of depression (Dember, Martin et al. 1989, Abramson, Alloy et al., 2006). This negative outlook runs counter to the attribute of optimism and infers a hopelessness that is more associated with pessimism. Carver and Scheier (2014) denoted optimism as a construct that informs an individual's motivation to succeed through

engagement, while pessimism leads to lack of effort in similar circumstances. Carver, Scheier, et al. (2010) viewed optimists as expecting better life outcomes while pessimists expect the worst.

Research has indicated that, regardless of the measurement instrument, optimism is associated with positive characteristics, such as achievement orientation, perseverance, and happiness (Peterson, 2000). Evidence also indicates that dispositional optimism has quality of life benefits, including better health and mental welfare, which provide better coping skills in daily living (Carver, Scheier et al., 1994). This effect allows disruptions to be more readily accepted and handled. Positive health effects in individuals have been associated with optimists and negative health effects with pessimists, including more susceptibility to disease and death (Peterson & Seligman 1987, Carver & Scheier 1992, Shepherd, Sparks et al., 1995). This effect is also seen in gender differences for men and women. For example, optimistic women who undergo fertility treatment display a higher resiliency to unsuccessful treatment, as they are more apt to continue treatment than those who are more pessimistic. Men also show higher resiliency when identified as optimistic during health events. They recover more quickly from heart procedures and have a higher quality of life, post-surgery, than those who identify as pessimistic (Carver, Scheier et al., 1994).

Optimism is seen as stable over time; optimists generally expect positive outcomes in their day-to-day lives. This positive outlook is not affected by situations but becomes a state of mind, regardless of environment. Although some circumstances provide challenges, the general nature of an optimist does not change. [Pessimism does the same but in the opposite way – meaning unclear] (Carver & Scheier, 1985).

Optimism is generally seen as a positive trait in comparison to pessimism. Although there are instances when pessimism is warranted, an overall optimistic outlook is seen as more

beneficial. “Wishful thinking” implies thinking positively about pending circumstances. Optimism is wishful thinking internalized and generalized. With this oversimplification, there can be a tendency to marginalize a negative outcome, thus leading to unrealistic optimism.

Scheier and Carver (1985), in looking at the causality effect of optimism, developed a scale to measure dispositional optimism for generalized expectancy outcomes. This generally positive outlook on life occurred naturally and existed prior to associated activities that could trigger a positive or negative response. As such, (Scheier, 1985) assessed optimism as a natural disposition. Based on the results of a longitudinal study, Scheier (1985) observed optimism as being bidimensional rather than unidimensional, with a favorable view of the future. Although subsequent research included present-day activities (Dember, Martin et al. 1989), overly or unrealistic optimism (Klein & Weinstein 1996), and other variations of optimism and pessimism, Peterson and Seligman (1987) and Norem and Cantor (1986), among others, cited the early findings of Carver Scheier (1985); that is, although closely related, optimism and pessimism are independently observable, thus, are bidimensional. This acknowledgement further validates that optimism and pessimism can be measured independently and provides a distinction in observability at an individual level.

2.3 Neighboring Concepts of Optimism

Optimism has related constructs including hope, self-efficacy, and attributional style (Carver, 2010). Optimism differs in that it looks only to the potential positive outlook of the endeavor (Shane, 2003) and is not dependent on the situation to convey the same intent, unlike hope, which can be lost or found depending on the circumstance. As optimism is seen as a personality trait with roots in cognition, it influences many behavioral aspects of life (Carver & Scheier 2014). The debate of unidimensional versus multidimensional considers optimism and

pessimism as being connected to personality and emotions. Whereas optimism embodies the expectation of positive outcomes, including extraversion and emotional positivity, pessimism is the expectation of negative events, which is linked to neuroticism, a negative emotional state. Both aspects of these emotions have a basis in the brain system from the perspectives of neuroticism and emotional stability and those of extraversion and introversion (Marshall, Wortman et al. 1992). These states of mind are also distinguished by the optimist's ability to visualize the future more vividly than pessimists (Carver & Scheier 2014).

Overconfidence

Optimism and overconfidence are sometimes conflated; their definition and usage can be intertwined depending on the circumstance and the application. In general, overconfidence involves overestimating and overapplying one's ability to take advantage of an opportunity. Optimism is the general belief that the opportunity will have a successful outcome (Bernoster, Rietveld et al. 2018). The comparison may be warranted, particularly for endeavors that have never been attempted. For example, an optimistic outlook of winning a car race simply because one possesses a driver's license would be displaying overconfidence.

Overestimation

Overestimation as derived from overconfidence is also governed by its relationship with optimism. Because they expect a positive outcome, optimists overestimate the probability associated with success or failure (Bernoster, 2018). This overestimation emanates from a specific occurrence; however, the driver to take advantage of the opportunity has its basis in optimism. A pessimist looking at the same circumstance would decline the opportunity or temper their expected outcome (Bernoster, Rietveld et al. 2018).

Unrealistic Optimism

With an oversimplification of thought, there can be a tendency to marginalize a negative outcome, thus leading to unrealistic optimism. When self-assessed, people generally feel their status is more agreeable than most. This belief generally does not affect a person's life and, depending on the circumstance, may be beneficial. At other times, however, this may generate an unrealistic optimism that is detrimental. Weinstein (1980) examined the phenomenon of unrealistic optimism to define its meaning and assess its impact. As optimism is the expectation that positive outcomes will occur, unrealistic optimism is the expectation that a negative outcome is less likely to occur. Although it can be associated with a myriad of determinants, a well-accepted outcome is the repression of negative outcomes caused by risk avoidance, esteem, and a positive outlook (Klein & Weinstein1996).

Optimism Bias

Optimism bias may be situational and can be influenced by the event (Darvill & Johnson 1991, Klein & HelwegLarsen 2002). When the negative event appears to be manageable, optimism, although not warranted, can be skewed to positively address the negative situation (Sharot 2011). The caveat, however, is having a rational understanding of the negative event. If assessment is poor, then optimism bias is more skewed. This is one of the dilemmas faced by researchers in understanding optimism bias; that is, the perception of control of the negative event (Weinstein 1980). Optimism bias is also affected by personal characteristics of the optimist; for example, how an individual rationalizes an event, taking into account such forces as self-esteem, self-recognition, and risk level (Hoorens 1993).

Perceived Optimism

Closely related to optimism bias is the concept of perceived optimism. As most people are optimistic, the distinction in perceived optimism is that perception of control over events increases optimism (Klein, 2002). This is in contrast to dispositional optimism, which is a relative state uninfluenced by events (Weinstein 1980), and [espressed – expressed?] optimism, where optimsim is made known. Forward looking in its application, perceived optimism is based on the belief that future uncertainty justifies an optimistic outlook (Chatterjee and Milani 2020). Darvill and Johnson (1991) noted that individuals tend to assess their chances as above average for positive outcomes and less than average for negative outcomes. Perceived optimism is rooted in self-realization or assessment of one's optimism about an outcome (Darvill and Johnson 1991, Reich, Wichman et al. 2006). Thus, perceived optimism provides a level of self-actuation, which leads to a more rational approach to entrepreneurial activities and realistic outcomes (Reich, Wichmanet al. 2006).

The [contribution made to perceived optimism is understanding the fulcrum at which optimism acts as the catalyst for new venture creation while also acting to moderate overexuberance of potential outcomes. As it relates to crowdfunding, understanding perceived optimism allows for a truer assessment of project potential by providing more defined rhetoric in describing the project and its elements at venture creation and, if failure occurs, a higher level of self-actualization and rationalization to pivot. Perceived optimism can be a self-fulfilling prophecy. If an individual is more optimistic about the future, the actions they pursue may bring actualization to that belief (Shephered, Sparks, et al. 1995). As perceived is associated with interpretation, the application of perceived optimism can transit from bias to unrealistic optimism. The former can be useful as a motivator or stimulus for action when there is

uncertainty while the latter can cause an error in judgment of capability to complete the task (Weinstein 1980, Weinstein and Klein 1996).

Optimism and Perception

As optimists' perceptions of their future are deemed more certain even in uncertain times, this effect on others elicits a similar certainty in the form of confidence and hope (Carver and Scheier 2002). This confidence manifests as actions undertaken by those who are motivated to attain goals they believe are valuable to them. These shared goals manifest in investors as trust, which is a key determinant in funders' participation in entrepreneurial activities.

The extrinsic value of a venture can be seen by all; what is not seen is the intrinsic quality of the founder. Optimists are known to possess confidence in achieving their pursuits (Baron &Hmieleski 2009). This confidence born of optimism provides funders a reason to believe even in the face of uncertainty. The expectation of positive outcome becomes a beacon that illuminates doubts in venture financers. Optimists believe they are winners who attract others who want to win. People want to be around winners even if the game has not yet begun. . Thus, optimists exert effort when the game is played (Carver & Scheier 2014), which motivates others to want to be a part of that endeavor. Optimism tends to evoke better physical health, more persistence, and more engagement, and generates higher friendship formation (Carver & Scheier 2014). These attributes as they relate to founders' potential performance can provide enough motivation for funders to participate.

Two theories provide ways of looking at how optimists are perceived by others. Signaling theory looks at qualities of the individual and how those qualities project confidence to funders (Drover, Wood et al. 2018). Optimists exude a can-do attitude that in new venture creation acts

as an indicator of positive outcomes, which induces funders to participate. In social exchange theory, reward and value are the key drivers (Emerson 1976). In the founder-funder relationship, the exchange goes beyond the promise of a return on funding to the intrinsic value of wanting to be in the optimist's light. In this perspective, funders want to be part of the founders' vision, thus embodying the fervor that they lack. Overconfidence can have a negative impact on entrepreneurial decision making. As optimism can serve as a surrogate for overconfidence, there can be a tendency to overestimate the potential performance of entrepreneurial outcomes (Bernoster, Rietveld et al. 2018). Although both theories proffer a positive relationship to funding, the historical record on high levels of business failure indicates that many startups are driven by entrepreneurial overexuberance. This in itself does not constitute irrationality in the entrepreneur but can reflect a nonobjective view of the potential for venture success.

2.4 Historical Perspective of Optimism

Optimism has been viewed through different lenses through the ages. It has been described as a naturally occurring facet of man. Both Nietzsche and Sophocles expounded on optimism as prolonging human suffering by creating the illusion of better times. Freud called optimism illusory but required in society, mostly in the form of religion, to provide hope of better times if not on earth then in the afterlife (Freud, 2019). Optimism manifests as the link between real-world conflicts and man's natural instincts for socialization. Freud surmised that knowledgeable, educated people were not in need of optimism; it was a crutch for those less informed who needed structure for resolving uncertainty in the form of a higher order. Scholars of the era saw God as being that anchor for the masses who were unable to reason in an inexplicable world.

This train of thought regarding reality, perception, and mental acceptance of the world held for several more decades. Described as psychodynamics, it was the acceptance of illusion as optimism, in the form of religion, to provide constancy and hope for the future (Peterson 2000). The 1960s and 1970s brought about a refinement of thought, especially in the area of cognitive awareness. Through their research, (Matlin, Stang et al. 1979) found that people used more positive language in describing the world around them. This natural tendency opened up further psychological research on positivity bias that indicated a proclivity for expecting positive outcomes even in adversity (Peterson 2000).

Greenwald (1980) brought another facet to how optimism was seen by psychologists, that of totalitarian ego, where one engaged in positive reinvention of one's personal history. He reasoned that, similar to totalitarian governments that controlled resources and the truth, humans remember only the positive aspects of their history, resulting in a positive slant in recreating their worlds. As with optimists, a totalitarian ego looks towards the positive and discounts the negative.

Taylor and Brown (1988), who expanded the work on optimism by reviewing the literature on positive illusions, showed that people naturally gravitate towards the positive with the exception of those who were depressed and anxious. In subsequent work, Taylor (1989 equated optimism with illusions (a positive reframe of reality) and pessimism with delusions (an unhealthy view of the world). This natural tendency to imagine a positive future was further explored by Tiger (1979), who proposed that optimism was an inherent trait that lent itself to the positive and continuous propensity of man to move forward, believing it to be an evolutionary ingredient (Peterson 2000).

Further research looked at optimism not as a naturally occurring phenomenon but as an individual characteristic identifier, with life experiences driving the level of optimism and pessimism. These two viewpoints of the natural and the learned approach coexist freely. The first reflects the desire to naturally seek a positive future while the second is based on experience and environment. Of note, the stimuli and response mode of learning as characterized by Maier and Seligman‘s (1976) experiments on helplessness were rethought with the introduction of cognitive behavior. The concept of learning based on a close relationship to a stimulus was later replaced by a cognitive approach where a close association was not required for learning (Peterson 2000). This cognitive approach led to further research work in optimism in two areas, dispositional optimism, and explanatory style.

Among others, Scheier and Carver (1985) looked at dispositional optimism and developed a tool to identify and assess the characteristics of those with a predisposition for optimism. Prior to this, research was conducted on how decisions were made based on the self-regulation of behavior. In this process of goal selection and attainment, [the following figure ?] was used to describe the process for self-assessment in determining a course of action when impediments are discovered along the way. This cycle of assessing outcome expectancy looks at favorable efforts, the subsequent decisions determined by unfavorable expectancies, and the degree that the discrepancy affects continued engagement or disengagement. In essence, depending on the task at hand, some activities are worth the time and effort expended on them. This determination of commitment is an individual characteristic influenced by optimism.

In another distinguishing look at optimism emanating from the learned helplessness theory, the explanatory style construct was developed to examine how individuals explained the occurrence of bad events (Peterson and Seligman 1987). Applying learned helplessness theory to

humans resulted in multiple responses to the actions taken by the participants. Responses were not specific and, depending on the individual and the task, resulted in inconsistent outcomes. The specific event was the driver of the response and not the individual's characteristic of being overwhelmed or defeated. As a result, the explanatory theory construct was developed to account for individual differences in the interpretation of bad events.

As suggested, explanatory theory uses a self-report questionnaire consisting of hypothetical activities where responders provide answers to "what if" scenarios. Referred to as the Attributional Style Questionnaire (ASQ), respondents' ratings are based on the dimensions of stability, globality, and internality. Good and bad explanatory responses are separated by the overall ratings and then combined. Another method used for measuring the results is through the Content Analysis of Verbatim Explanations (CAVE), which examines written or spoken language for sentiment content. These responses are then rated by researchers based on a scale similar to the ASQ (Peterson 2000).

2.5 Optimism Outcomes

In general, optimists possess high levels of self-esteem, which leads to a belief in success in all ventures undertaken. Optimists have greater coping skills and are more able and suited to garner social support than pessimists (Carver & Scheier 2014), Research has also shown, however, that high levels of optimism are counterproductive, causing entrepreneurs to overestimate their ability and venture outlook. This dichotomy was acknowledged by Marshall, Wortman, et al. (1992), who showed that the Life Orientation Test (Carver & Scheier 1985) positively correlated optimism with neuroticism and negative affectivity. Evidence also suggests that this close connection between negative affect and neuroticism can infer a connection to narcissistic behavior; the result is a heightened self-awareness and an overly exaggerated personae, which is detrimental

to new ventures (Anglin, Wolfe et al. 2018). Since change is a recognition of redirection, static optimism has the effect of causing discord in areas needing a reflective eye. Not having the capacity to reinvent or recreate one's position is an indicator of continued failure if one cannot see their true nature. For founders, this can be a hard lesson not to learn and, in the case of a re-pitch for a failed crowdfunding project, may lead to continued failure.

2.6 Pessimism

Although optimism is more readily discussed, there is the countervailing construct of pessimism, leading some to question if optimism and pessimism are bipolar dimensions or two separate dimensions (Carver and Scheier 2014). Although optimism can be seen as a complex construct, its measure in entrepreneurial ventures is closely associated with unidimensional thinking. At the moment of new venture creation, entrepreneurs have consciously and unconsciously assessed a level of acceptable outcome. While a positive outcome is a more desired state, a potential negative outcome is acknowledged as well. As it relates to dimensions, this assessment is based on a projected positive outcome with the potential of failure. This acceptance of a negative outcome is different from a pessimistic grounding. Pessimism is seeing low expectations for success, in general; that is, expecting negative outcomes (Lamm, Trommsdorff et al. 1970, Cantor and Norem 1986, Kim, RobinsonWhelen et al. 1997, Chang 2001, Carver, Scheier et al. 2001).

Although optimism and pessimism are commonly linked, pessimism is sometimes seen as a defensive strategy of setting low expectations to minimize negative outcomes and to focus on performance (Cantor & Norem 1986). Although optimism is shown as a singular trait, it is generally associated with pessimism when defining its meaning. As it speaks to optimism, the literature has acknowledged that other side of the spectrum. Researchers propose two views of

the relationship between optimism and pessimism based on dimensional structure (Chang, Chang et al. 2009), either unidimensional or bidimensional.

2.7 Optimism in Entrepreneurs

Because entrepreneurs tend to be high in dispositional optimism (Baron and Hmieleski 2009, Ucbasaran, Westhead et al. 2010, Frese and Gielnik 2014), in spite of the odds, they pursue new venture opportunities irrespective of the high failure rate (Baron and Hmieleski 2009). Although research estimates that half of new businesses fail within the first four years, optimism is a driver for economic growth and benefits society as a whole (Hmieleski 2007). Cooper, Woo, et al. (1988) and Simon and Shrader (2012) noted that 33% of entrepreneurs were unquestionably certain that their startups would be successful. Although this certainty is not realistic, optimism and the belief in success is needed to start new ventures given the high level of business failure (Frese and Gielnik 2014).

On the other hand, pessimists are rarely the creators of new ventures (Carver & Scheier 2014), as they are more likely to ignore positive information and separate from engagement (Åstebro, Jeffrey et al. 2007, Carver & Scheier 2014). Pessimism does have benefits, however, in that it provides a moderating effect on the overexuberance that optimism can produce that leads to knowing when to stop pursuing opportunities. According to Peterson (2000), unceasing optimism has its limits and pessimism is warranted to bring things into perspective, which can reduce overexuberance of expectation and alleviate overestimation of success (Frese & Gielnik 2014). Entrepreneurs who exhibit high levels of optimism learn less from experience than those who acknowledge some pessimistic forethought (Baron & Hmieleski 2009).

Entrepreneurial optimism is an inherent attribute of entrepreneurial pursuits and business startup activities. Entrepreneurs score high on dispositional optimism measurement scales, which reflects a general outlook of positive outcomes in future endeavors (Carver and Scheier 2014). Notwithstanding this high disposition of optimism, overconfidence is also ascribed as a motivator for business entry, especially as it relates to an excess of business startups (Bernoster, Rietveld et al. 2018). Attributed as vision, motivation, or action-oriented, optimism plays a critical role in the development of new products and services. Locke, Shane, et al. (2003) included human motivation, inclusive of optimism and self-efficacy, along with opportunity recognition, market environment and political stability, as catalysts for entrepreneurship. They also acknowledged that individual differences in the form of optimism/self-efficacy provided motivation and an acceptance of risk, which is an attribute of optimists. Bernoster, Rietveld, et al. (2018) found that although optimism encouraged entrepreneurial behavior, it did not provide the tools required for entrepreneurial orientation: a) autonomy, (b) competitive aggressiveness, (c) innovativeness, (d) proactiveness, and (e) risk taking. Bernoster, Rietveld, et al. also made a distinction between overconfidence and optimism, the difference being that overconfident entrepreneurs had a tendency to leave the pursuit while optimists continued with the endeavor.

Although entrepreneurial optimism has been shown to be a benefit for new venture creation and a driver for economic success (Hmieleski, 2009), the high rate of failure cannot be ignored. The existence of the individual optimism characteristics of high expectations and high self-esteem can become detrimental to entrepreneurial endeavors (Åstebro, Jeffrey et al. 2007). Arabsheibani, De Meza, et al. (2000) determined that entrepreneurs are unrealistic optimists who overestimate the probability of success. Unlike individuals whose optimism bias affects only themselves, an entrepreneur's optimism affects those around them, including funders and

employees. Entrepreneurs not cognizant of this bias are prone to focus on the positive and ignore the negative while experiencing bad outcomes (Weinstein 1980). Thus, learning and experience become important factors in understanding entrepreneurial optimism by maximizing its impact (Aspinwall and Richter 1999), although this has been negated given the nonpecuniary motivation of some entrepreneurs (Astebro, Herz et al. 2014).

As it relates to new venture creation, optimism is a key driver for entrepreneurs seeking new opportunity. As a catalyst for business creation, optimism is essential in bringing about actions to create those opportunities. Many industries and achievements have been built on having the drive associated with optimism. Nonetheless, this drive to success is negated by entrepreneurs' inability to properly assess their current landscape and, where applicable, to change course and rethink their ideas.

2.8 Change

Strategic Change

Webster's Dictionary defines change as "to alter, to make different; to cause to pass from one state to another; as to change the positions, character, appearance of a thing; to change countenance" (G. & C. Merriam, 1913). Agarwal (2009) related strategic change to strategic renewal where firms seek to refresh positive attributes. Rajagopalan and Spreitzer (1997) defined strategic change as altering the alignment of the organization to fit with the external competitive environment. They claimed that strategic change can be examined through three perspectives: rational, learning, and cognitive. Rational is represented by planned changes based on firm objectives; learning is represented by iterative analysis through observing activities, making small corrections where appropriate; and cognitive is represented by managers reacting

proactively to the environment and determining the proper course of action. The purpose of a new strategy is to position organizations to perform more efficiently, manage costs more effectively, and reclaim their former position after poor performance.

Change can occur for many reasons, but strategic change emanates from top leadership and involves the analysis of key issues impacting the organization (Duncan & Dutton 1987). In strategic management, change is more closely aligned with ongoing entities seeking to impact the organization through business acuity or new business opportunities; it may be forced through competition, natural or geopolitical events, or economic disruption. Thus, organizations seek realignment with external environments (Rajagopalan and Spreitzer 1997, Fiss and Zajac 2006),. including changes in competitive advantages, scope of business, and resource utilization (Rajagopalan and Spreitzer 1997). Strategic changes that affect multiple areas within a firm are more effective than changes that affect one aspect of a firm (Kraatz, Zajac, et al. 2000). Poor performance is an indicator of a need for strategic change (Boeker 1997). Of importance is that strategic change is accepted by stakeholders as the organization charts a new course (Gioia, Thomas et al. 1994).

Aldrich and Yang (2012), in framing the work of (Stinchcombe 1965), examined "liability of newness" as a primary issue of newly formed ventures, which includes managing new relationships, acquiring resources, and functioning in the competitive environment of emergent firms. This perspective is in contrast to established firms and the process by which they evaluate strategic change. For entrepreneurs with nascent ventures, strategic change is more in line with a cognitive change strategy as opposed to a strategic change strategy (Leatherbee and Katila 2017). The difference is contingent upon the maturity of the organization. An established

firm's strategic change strategy occurs over months or years, while nascent firms may change strategies over the course of a few days or weeks (Leatherbee and Katila 2017).

Although there are several causes for a new venture's outright failure or need for change, one concept worth mentioning is that of bounded rationality. Based on the need to acquire and interpret critical information, bounded rationality proposes that new ventures do not possess the ability to see all possible opportunities that would prepare them to meet the challenge of new venture creation (Chen & Posen 2013, Katila & Leatherbee 2017, Cohen, Bingham et al. 2019). As a result, lack of knowledge based on the founder's newness or lack of knowledge of the environment provides an impetus towards failure and, thus, a subsequent need for change. Bounded reality can provoke an overconfidence originating from optimism that fosters a change. As it relates to optimism, change is required in entrepreneurial endeavors especially in times of failure. Although change can be temporal to redress a specific issue, a change due to failure must also have a cognitive resonance with the ego to allow for self-awareness and a lasting self-impression (Greenwald 1980). A truly reflective tone allows for a genuine assessment of the reason for change and a more thoughtful evaluation of next steps in the entrepreneurial venture (Van de Ven, 1995).

Change and optimism have a complex relationship (Aspinwall, Sechrist et al. 2005). Encumbered change, such as when an optimistic outlook is rigidly held, brings about both primary and secondary coping stressors. In the case of primary control, changes are directed to the issue; in the case of failure, they are corrective actions. Secondary coping is more nuanced; it involves an internal assessment of oneself, leading to a subsequent change in oneself (Aspinwall, Sechrist et al. 2005). [The change in primary control is direct and observable; secondary coping change can be difficult, especially when considering a construct such as optimism, which varies

both by external activities and internal forces (Carver and Scheier 2014). In either case, change can be prescribed and measured, whereas a pivot is more likely to secure survival for the business.

Pivot

The concept of pivot has been credited to the Lean Startup movement associated with entrepreneurs recognizing startups' need for change (Kirtley & O'Mahony 2020). In simple terms, pivot is to change an idea (Grimes 2018). In the entrepreneurial sense, pivot is a creative revision of an idea through interaction of the founder and external stakeholders (Grimes 2018, Kirtley & O'Mahony 2020), although this assessment gives more credence to feedback than [some what?]. Framed in another way, Hampel, Tracey, et al. (2020) describe a pivot as a radical transformation that might disrupt key stakeholders and customers who have adopted the venture. Nonetheless, a pivot seeks to reimagine the organization to create a sustainable enterprise and represents a seismic change in new ventures (Hampel, Tracey et al. 2020).

As entrepreneurs are optimistic about their new ventures, a pivot can create tension given the desire to remain connected to original ideas (Grimes 2018). Thus, failure remains high for nascent entrepreneurs as they fail to pivot or adopt new strategies, beginning with an objective reassessment of their ideas. Unlike existing firms that pivot based on strategic change requirements, an entrepreneurial pivot involves a psychological assessment of a personal connection to the venture. This renders the pivot much harder because it involves self-awareness and a conscious admission of failure. As a result, Katilia and Leatherbee (2017) found that most firms failed to pivot either by leaving the business or making a change to an existing strategy. Whereas established firms can be hampered by stakeholders' connections and reluctance to

pivot, nascent firms have not established binding ties that would cause disruption (Kirtley & O'Mahony 2020).

Within the startup community, pivoting is a widely accepted concept (Hampel, Tracey et al. 2020). As such, a pivot is generally seen as a result of multiple decision points accessed over time (Kirtley & O'Mahony 2020), although some see it as a reaction to a gap or blind spot within the organization (Kirtley and O'Mahony 2020). This acknowledgement prompts the venture to change the core tenets of the business, leading to changes in strategy and previously established goals (Hampel, Tracey et al. 2020).

Whereas in crowdfunding initiatives where relationships are established through rhetoric via the internet, the impact of a pivot is nonetheless strong. As with new technology in the early stages of lifecycle development, new crowdfunding initiatives are at a stage where a pivot is less disruptive and more readily applied (Poole & Van de Ven1995, Blank 2013).

As it applies to crowdfunding, a pivot strategy has two concurrent dimensions that position its use given the nature of founders and the structure of the crowdfunding platform itself. First, because founders, as entrepreneurs, are optimistic, the propensity to overstate the value of the product/service is common, leading to failure of the proposed project. The remedy in a more traditional entrepreneurial pursuit would involve a thorough examination of the analysis and a reallocation of assets. With crowdfunding, the reassessment would involve a reframing of the project goals and an update of project variables. A pivot remains the action for reorienting the strategy of the firm (Kirtley & O'Mahony 2020), while the immediacy of the crowdfunding interaction can provide an immediate response to the pivot actions.

2.9 Crowdfunding

Crowdfunding Definition

According to Mollick (2014); Bayus and Kuppuswamy (2018); and Mason, Parhankangas, et al. (2019), crowdfunding is an effort to raise small amounts of funds from individuals via an online platform for nonprofit and for-profit entrepreneurs and new venture groups representing various cultural and social entities. Mollick and Nanda (2016) recognized, as a result of technology, the ability to communicate directly with potential stakeholders representing the crowd for the purpose of raising capital. In today's world of crowdfunding, the definition has evolved from a general meaning for any activity involving the raising of funds through technology to a more specific raising of funds through the internet for small to medium-sized ventures that are project-based. As an example, Ordanini (2009) cited the upstart SellaBand.com as a crowdfunding venture that allowed new unsigned bands to promote and sell their music over the internet.

In a relatively recent review, Ketchen Jr., Short, et al. (2017) noted crowdfunding as the gathering of small sums of capital from a larger pool of potential funders. Belleflamme, Omrani, et al. (2015) recognized crowdfunding as an invitation or open call to solicit financial resources over the internet that links fundraisers to funders in a one-to-many relationship. Larralde and Schwienbacher (2010), initially recognizing crowdfunding as a new area of research, described it as a method to finance ventures or new projects by seeking funds from a group of individuals rather than from financial institutions. Their work was influenced by Kleemann, Voß, et al. (2008), who observed the potential of the Web 2.0 and its effect on crowdsourcing, which was a forerunner to crowdfunding. Recognizing the work of Kleemann, Voß, et al. (2008),

Belleflamme, Lambert, et al. (2014) defined crowdfunding as internet-based open solicitation for the gathering of financial resources in exchange for new product releases or a reward-based incentive for a particular project. Lehner (2013) described the potential audience as the crowd when describing crowdfunding as a system of gathering small amounts of money through social networks by reaching a large audience over the internet. Into this light, Lehner (2013) injected social entrepreneurship where the for-profit aspect of financing was of less importance.

In shaping a working definition of crowdfunding, Lin, Prabhala, et al. (2013) were recognized for their work related to peer-to-peer lending over the internet. Ordanini (2009) described crowdfunding as where customers (as investors) invested a minimal amount and then promoted the product on the internet. Ordanini (2009); Fisk, Patrício, et al. (2011); and McGlashan and Voelker (2013) used similar language to describe crowdfunding as consumers interacting through the internet to support individuals or an organization in funding and promoting an initiative through their financial contributions. Anglin, Short, et al. (2018), with reference to Mollick and Nanda (2016), envisioned crowdfunding as revolutionizing entrepreneurial freedom by democratizing the pursuit of funding for idea generators, entrepreneurs, and inventors. Others have noted that crowdfunding is a method of financing new business startups, new ventures, and entrepreneurs by securing small amounts of funds from a large number of individuals over the internet (McGlashan & Voelker 2013, Mollick 2014, Barbi & Bigelli 2017, Bernardino & Santos 2020). MohedanoSuanes, ReyMartí, et al. (2019), relative to crowdfunding and social entrepreneurship, described crowdfunding as social networks serving as intermediaries for project founders and funders to raise funding over the internet, with some type of recognition for funders' support. In the world of politics, Kappel (2008) noted the ability of Barack Obama's campaign to raise almost threequarters of a billion dollars in small amounts

over the internet from crowdfunding. Busenitz, Drover, et al. (2017) noted that in equity crowdfunding investors contributed funding online for micro-portions of ownership of the new venture, which is a major difference in the new crowdfunding world.

Crowdfunding Origin

Crowdfunding origin is rooted in crowdsourcing (Mollick 2014, Mason, Parhankangas et al. 2019). Mollick (2014) defined crowdfunding as an effort to raise funds, independent of formal institutions, for nonprofit and for-profit ventures via small contributions over the internet. At first, crowdfunding was donor-oriented, with the creation of Donors Choose, in 2000. Originating as a vehicle for raising funds for specific projects, platforms such as Artist Share, SellaBand, and, later, Kickstarter set specific goals to raise funds in small donations with a slant towards arts and music (Kappel 2008, Agrawal, Catalini et al. 2015).

Howe (2008), who is credited with coining "crowdsourcing," defined it as taking a task and making it available for outsourcing to the "crowd" through an open call. In the early 2000s, crowdsourcing, with the aid of Web 2.0, ushered in messaging to the masses to work collectively through the internet (Kleemann, Voß et al. 2008, Belleflamme, Lambert et al. 2010, Larralde & Schwienbacher 2010, Fisk, Patrício et al. 2011, Lehner 2013, Tomboc 2013, Belleflamme, Lambert et al. 2014, Bretschneider, Knaub et al. 2014, Kuppuswamy & Mollick 2014, Mason, Parhankangas et al. 2019).

Kickstarter, which has grown to dominate the crowdfunding space with an international appeal and user-friendly platform experience, is a reward-based platform consisting of the elements of founder and funder. Kickstarter plays the role of intermediary, taking a percentage fee of the projects posted and funded on the site (Belleflamme, Omrani et al. 2015). It is an all or

nothing platform; that is, funds are awarded only if the goal amount is achieved. Kickstarter is structured based on a template that captures the project story, funds requested and pledged amount, reward level, and project creator background. Kickstarter is geared towards the creative arts with 13 categories ranging from art to theater.

Entrepreneurs' Crowdfunding Communication

Entrepreneurs are generally optimists (Baron & Hmieleski 2009) who communicate their optimism about their new ventures through a narrative that includes rhetoric and proposed actions. Crowdfunding is specifically designed to present both through the internet. Who you are as an entrepreneur and what you do in your venture are all encapsulated within this narrative. Entrepreneurs seek to communicate reliability and reduce uncertainty about their product and to distinguish themselves from their competitors (Fischer & Reuber 2014). Crowdfunding use of the internet provides the means for this communication between founders and funders of that narrative/story (Allison, Davis et al. 2017).

As with investor communication, which is designed to reduce information asymmetries, the crowd performs the role of the funder (Block, Moritz et al. 2015). Crowdfunding communication creates a pseudo-personal relationship that conveys sympathy and trustworthiness that may not be present in traditional entrepreneur and investor relationships (Block, Moritz et al. 2015). Through this bond, establishing an impression that conveys quality, integrity, and success becomes subjective based on the tenor of the communication (Parhankangas and Ehrlich 2014). A traditional venture pitch, accompanied by mockups and designs in the form of a presentation, now becomes part of the founder's pitch in the crowdfunding story. Research has found that expressiveness and persuasion are important factors in the communication of acceptance (Parhankangas, 2017). Another factor which is conveyed through communication is the

counterintuitive supplication process. As entrepreneurs communicate optimistic rhetoric in the hope of securing funds, persuasion is theorized to be enhanced if, through supplication, entrepreneurs show a need for support (Bolino 1999). Excess supplication has an adverse effect, however, because it can reveal overdependence and decrease perceived confidence (Ehrlich and Parhankangas 2014).

Crowdfunding, with its origin in crowdsourcing, uses a story to solicit the interest of potential funders (Walker 2017). In microlending, which is crowdfunding geared toward funders providing small loans, the entrepreneurial narrative plays a central role in imparting entrepreneurs' needs and desires for capital funding by supporters (Allison, McKenny et al. 2013, Allison, Davis et al. 2015). This narrative, which is inclusive of rhetoric or persuasive appeal, is part of the entrepreneur's profile, which in a limited space, tries to tell a convincing story that conveys both a financial and an emotional appeal (Walker 2017) (Allison, McKenny et al. 2013, Bock, Frydrych, et al. 2014).

The crowdfunding narrative is part of the crowdfunding pitch (Bock, Frydrych et al. 2014, Dean, Josefy et al. 2017, Mason, Parhankangas et al. 2019). The pitch provides entry into the entrepreneur's identity and communicates a level of certainty of the entrepreneur's value and project integrity (Bock, Frydrych et al. 2014, Davis, Hmieleski et al. 2017). In crowdfunding platforms, the pitch format is standardized, which provides entrepreneurs a comparative template to communicate with potential funders (Agrawal, Catalini et al. 2011). Whereas [funders – founders?] in their project proposals can offer various products and services, the pitch format allows potential investors to focus on the content of the pitch rather than the means of communication.

As optimists, entrepreneurs are confident in their project objectives (Carver & Scheier 2014). Communicating that optimism in crowdfunding initiatives, however, is where elements of the story can be detrimental to project support due to founders' inability to communicate their vision properly. This story, which can include a description of the topic, founders' qualifications, project deliverables, and funding requirements (Burtch, Ghose et al. 2013), can communicate the quality and richness of the project by displaying the founder's creativity, commitment, capabilities, and confidence (Davis, Hmieleski et al. 2017). Conversely, an ill-conceived story can communicate inexperience, lack of preparedness, and frivolous intent. Therefore, crowdfunding platforms are specifically designed to allow entrepreneurs to communicate their pitch in standardized formats. Although projects may be dissimilar, the manner in which they are presented is the same. Research has shown that projects containing videos as part of their story are more likely to be supported (Mollick 2014, Barbi & Bigelli 2017, Bayus & Kuppuswamy 2018) (Guan & Shi 2016, Josefy, Dean et al. 2017, Walker 2017). This communicates a level of commitment and seriousness, while the length of the story conveys quality, time, and effort (Barbi &Bigelli 2017). As a story that is too long can become counterproductive, intensive communication between founders and founders has been shown to increase success (Kraus, Richter et al. 2016). Bayus Kuppuswamy (2018) also showed that communicating updates had a positive influence on project success.

Signaling

In addition to communicating physical attributes of the project, there are other forms of communication that funders receive, consciously and unconsciously. Intrinsic elements are communicated by signaling, which conveys trust, quality, and commitment, and reputation through education, media, and research inclusive of human and psychological capital (Anglin, Short et al.

2018) (Allison, McKenny et al. 2013, Ahlers, Cumming et al. 2015, Ketchen Jr , Short et al. 2017, Davis, Scheaf et al. 2018). This signaling can takes the form of stage of development, which indicates that entrepreneurs are advancing their product, thus exhibiting legitimacy in their pursuits (Fremeth, Islam et al. 2018). Nonexecutive directors also provide signaling as it represents a testament that senior-level authority has recognized the potential of the entrepreneur (Ahlers, Cumming et al. 2015). Education also signals commitment and financial investment in oneself (Moss, Neubaum et al. 2015). Although patents may intuitively be seen initially as a positive signal, the presence of too many patents or patents issued too early indicates failure, since the patent did not elicit funding from other investors (Ahlers, Cumming et al. 2015).

Integrating Optimism, Change, and Crowdfunding

Crowdfunding on Kickstarter has provided a medium for entrepreneurs to be the "captains of their own ship" with the ability to reach a broad audience over the internet. Entrepreneurs are high in optimism (Baron & Hmieleski 2009) and will convey their optimism through rhetoric as it pertains to the telling of their story to potential funders. Through Kickstarter, entrepreneurs can pursue their ideas and present their vision to a broad audience. As with all business ventures, success is based on capturing the appeal of the market. As history has shown, failure is a common outcome. Kickstarter's success rate is approximately 36% (Cumming, Leboeuf et al. 2020). For the 64% who fail, what comes next? As entrepreneurs are optimistic, do they continue their original optimistic mindset in the face of failure, or do they change their approach to securing funding by reducing optimistic rhetoric when telling their story? With Kickstarter, founders can re-pitch their project story with the knowledge that their story will be received as new.

Crowdfunding Initiatives

In more recent history in the development of crowdfunding, the Jumpstart Our Business Startups Act of 2012, also known as the JOBS Act, included a provision specifically geared towards small businesses and entrepreneurs. A section of the bill, Capital Raising Online While Deterring Fraud and Unethical Non-Disclosure Act of 2012 (also known as Crowdfund Act of 2012), allowed these entities to sell limited amounts of equity in their startups to investors by way of social networks and the internet.

Prior to 2012 and the JOBS Act, small firms and entrepreneurs were not allowed to sell equity through crowdfunding. Equity interests in companies were classified as securities and deemed covered by the Securities Act of 1933. This legislation was a result of the Great Depression, where, prior to the collapse, millions had no protection from market malfeasance (Stemler 2013). Equity crowdfunding is one of four main crowdfunding types.

Crowdsourcing and Microfinancing

Prior to crowdfunding, activities related to this functionality were performed in formal and nonformal processes. The “passing of the hat” (or basket) to raise funds informally was a precursor to crowdfunding’s adoption of the internet. Aspects of crowdfunding can be found in both crowdsourcing and microfinancing, both of which capitalize on value creation and capture (Parhankangas, 2019.

Crowdsourcing, as previously defined, is a general term for outsourcing activities to a large group (Kleemann, Voß et al. 2008). Crowdsourcing encompasses “the crowd” participating in product development, product design, work offers for competitive opportunities, open calls, community reporting, product rating, and customer-to-customer support (Kleemann, Voß et al.

2008). Crowdsourcing of product development involves communicating the need for participants to engage in product design for a new offering (Howe, 2008), thus providing a decentralized brain trust for spurring innovation from the masses. Two well-known examples of soliciting product development ideas are Fiat Automobiles and Dell Computer Company. Fiat asked for design ideas for the Fiat 500, which generated over 10 million responses and 170,000 design ideas. Similarly, Dell invited the public to comment on its entire product line, known as the" Idea Storm" (Kleemann, Voß et al. 2008).

Crowdsourcing product design goes beyond the suggestion for assistance in product development to outsourcing the entire process, from idea creation, design, and manufacturing of the generated product, based on internet users' input (Howe, 2008). Primarily related to creative pursuits, this arrangement allows creators to become customers; for instance, the fashion and apparel industries, with clothing and footwear being prime examples. In some cases, successful submitters are not compensated with any benefit other than the submitter knowing that their idea was accepted (Kleemann, Voß et al. 2008). Crowdfunding also does not rely on compensation but rather seeks to reward funders with rewards such as access to products, new product offerings, and founder acknowledgement (Mollick, 2014).

Task work is another aspect of crowdsourcing. In this arrangement, internet users are requested to bid on specific problems or tasks. The submitters of selected bids are financially compensated once the problem is resolved. Proctor & Gamble utilized this method to acquire knowledge from the masses related to its product offerings. In another example, unsolved problems were presented to users via the internet; only those providing the correct answers were compensated (Kleemann, 2008). All others, even though they provided time and effort, did not receive compensation (Kleemann, Voß et al. 2008).

Crowdsourcing open calls provide a method for a continual open relationship between the internet crowd source and the receiving entity. In this arrangement, a predetermined line of communication is established where the participants, when information is available, interact with the sponsor. Examples of this arrangement are local weather stations and news outlets requesting viewers to submit stories pertaining to events in their area. CNN is known for accepting stories from nonprofessional observers, with no compensation to the provider (Kleemann, Voß et al. 2008).

Crowdsourcing community reporting is similar to internet influencers (e.g., the Kardashians), in that communication is through the internet. Where it differs is that the community serves as the influencer by organizing as a group to convey new trends and products to those outside the group. For the companies that they represent, they serve as ears to the ground to spot new trends and market activities that companies can exploit. It is a form of market research conducted from the outside in; the "researchers" belong to the same groups they are observing (Howe, 2008). As with other types of crowdsourcing, the incentives are not monetary; rewards are gained through notoriety or are small gifts of value earned through points (Kleemann, Voß et al. 2008).

Product rating groups is another community format of crowdsourcing. In this scenario, product users are asked to rate their experience with the product or service they have used. Amazon has been a prime example of this since its inception. These reviews, at times unsolicited, provide feedback and market research at no cost to the firm, while being a good marketing tool for other consumers. Over the years, this internet crowdsourcing has been applied to many firms and markets and has become an industry unto itself, commoditized and monetized as consumer data (Kleemann, Voß et al. 2008).

Customer to customer support is another format where crowdsourcing is used to engage customers in dialog among themselves through the internet. Self-help, advocacy, and victim groups are just some of the groups that can be facilitated through crowdsourcing. Groups can either be sponsored by businesses looking for company tie-ins (commercial) or self-sufficient and responding only to the member group (noncommercial). Shared experience drives group communication, with members seeking to benefit from their group association (Kleemann, Voß et al. 2008).

Microlending

Microlending, another antecedent to crowdfunding, is an alternative method for borrowers to acquire funding, which involves the lending of small unsecured amounts in impoverished areas (Allison, McKenny et al. 2013, Galak, Small et al. 2011). Similarities between crowdfunding and microlending include the use of the internet, the use of crowdfunding platforms as intermediaries, and the extrinsic and intrinsic motivations of donors. There are two forms of crowdfunding, donation-based and equity-based. With microlending, the motivation is relieving poverty through business ownership and the method is crowdfunding. Allison, McKenny, et al. (2013), who examined crowd-funded based microlending, found that psychological gains by funders (i.e., intrinsic factors) were stronger in comparison to financial gains (i.e., extrinsic factors). This is noted given the similarity to crowdfunding, which is both donation-based as well as equity-based, with the latter being less important.

Similar to intrinsic motivation being a driver of microlending in the context of prosocial development (Allison, McKenny et al. 2013), crowdfunding also has a social entrepreneurial leaning, albeit more granular than microlending. The creative and artistic traditional focus of crowdfunding provides a commonality with microlending as compared to a traditional borrower-

lender dynamic. Although the JOBS Act of 2012 allowed crowdfunding to secure an equity stake in the enterprise, the purpose of crowdfunding in terms of current internet adoption still tends to provide an avenue of support for investors looking for more than simply a return on their investment.

Early adoption

Crowdfunding was initially donor-oriented, with the creation of Donors Choose, in 2000 by Charles Best, a New York [City?] teacher. The site was created to allow fellow teachers access over the internet to solicit individual donors for resources and materials for their classrooms by making their project visible through the website. Two other prominent crowdfunding sites founded at that time were music-based. Unlike Donors Choose, which was geared towards donations, ArtistShare (founded in 2003) and SellaBand (founded in 2006), allowed fans and followers to contribute to their selected artist, with the product directed by and delivered to those who provided support.

ArtistShare helped crowdfunding gain popularity, given the product it was offering along with the artistic freedom it gave both founders and funders. Brian Camelio, a computer programmer and musician from Boston, created the website linking musicians to donor fans who were interested in receiving music from their favorite groups (Freedman and Nutting 2015). This also coincided with the decentralization of music production, the establishment of several digitally based music production software companies (e.g., Cakewalk and Pro Tools), and the distribution of music in digital format spurred by the creation of MP3s and Napster.

In a show of the format's potential power, ArtistShare's first project launched on the crowdfunding site in 2004 was a jazz album by Maria Schneider, "Concert in the Garden." The

arrangement allowed early backers, for a contribution of $9.95, to receive the first chance to download the album. Using a tiered contribution structure, supporters contributing $250 or higher were offered a production credit in the album booklet and recognized for making the album creation possible. Supporters contributing $10,000 or more were given an executive producer credit (Freedman and Nutting 2015). The ArtistShare method type did not provide profit sharing or equity in the project; it was reward based only. As a result, Maria Schneider raised $130,000, which allowed her time to write the music, secure a professional studio, pay accomplished musicians, and manufacture and market her album. Sold only on the ArtistShare website, the album went on to win the 2005 Grammy Award for best large jazz ensemble album (Freedman & Nutting 2015).

SellaBand, based in Amsterdam, was another crowdfunding site created for music artists. Founded in 2006, SellaBand allowed unsigned artists to register on its site and set up a page containing three songs. Fans and listeners would donate $10 or more if they liked what they heard and wanted more. Once the band reached $50,000 in donations, SellaBand would then use the money to help the band produce their album, keeping 10% as an administrative fee. After subtracting album production costs, all proceeds were split 5050 among fan investors and the artist (Ordanini 2009). Other sites originating during this period included Slicethepie (Reading, England), also in the music production area, and the fashion industry's Dublin-based CatwalkGenious.com in June 2007 (Ordanini 2009).

Although SellaBand has been thought of as the grandfather of crowdfunding (Kappel 2008, Agrawal, Catalini et al. 2015), Kickstarter, founded in April 2009, has become one of the dominant platforms. Unlike the older crowdfunding platforms of ArtistShare and Sellaband

(Agrawal, Catalini et al. 2014), Kickstarter has expanded beyond music to include various creative centric project categories (McGlashan & Voelker 2013):

- Art
- Comics
- Dance
- Design
- Fashion
- Film and Video
- Food
- Games
- Music
- Photography
- Publishing
- Technology
- Theater

The recession of 2008 provided a suitable opportunity for those affected by the downturn to seek new opportunities either through finding new careers or launching new entrepreneurial enterprises. Crowdfunding on Kickstarter provided an alternative opportunity for those seeking financial support, product validation, or possible new customers all through the pitching of their product or service over the internet. After the launch of Kickstarter in 2009, interest in the crowdfunding platform grew substantially. Analysis of Google searches between 2010 and 2012

saw Kickstarter's online awareness surpass business loan searches, entrepreneur searches, and venture capital searches (McGlashan & Voelker 2013).

Although GoFundMe is the largest crowdfunding platform, with over $9 billion raised to date, the for-profit business model allows anyone to create their own webpage to raise money for personal causes and life events and not specifically for creative and entrepreneurial activities (Wikipedia 2020). As a public benefit corporation whose mission statement is to "help bring creative projects to life," Kickstarter has raised $4.6 billion in pledges for a range of creative arts projects (Wikipedia 2020).

Individual versus Platform Crowdfunding

Sites such as Kickstarter, GoFundMe, Indiegogo, CrowdRise, and Patreon make up the more than 2,000 crowdfunding platforms available around the world. Although these sites acting as intermediaries between entrepreneurs and funders is the norm, the literature includes individual crowdfunding initiatives as well. Both individual and platform-based, crowdfunding initiatives operate based on the same principle of collecting funding in small amounts from social networks over the internet, allowing entrepreneurs to mold their fundraising projects to fit their own needs. This includes offering financial compensation in the form of profit sharing and equity as well as the more traditional final product or project recognition (Belleflamme, Lambert et al. 2013).

Belleflamme (2014) observed that over 84 % of entrepreneurs? had used some type of individual crowdfunding to start their enterprise, with actual crowdfunding campaigns beginning one and a half years after the start of the business. The study group consisted of participants from the United States (30%) and from Europe (55%) (Belleflamme, Lambert et al. 2013). Of the

businesses using crowdfunding, 10% were organized as nonprofit and 36% as a company; the remaining were project-oriented or freelance businesses. The study indicated that, on average, crowd-funders received 62% of their targeted amount and that preorders of the service or products represented 36%, with one-third taking an active role in shaping the business venture. This characteristic was attributable to the inherent flexibility of individual crowdfunding initiatives by providing direct contact with founders not seen in structured crowdfunding platforms (Belleflamme, Lambert et al. 2013).

Additional study outcomes showed that individual crowdfunding projects were managed by a single founder 63% of the time, by two founders 15.8% of the time, and by three founders 21.1% of the time. Media usage saw a concentration in the use of social media by 78% of entrepreneurs and, on average, 1,700 contributors per crowdfunding project. The breakdown of type of crowdfunding was 9% donation-based, 30% equity-based, and 61% -. These results were consistent with those of other crowdfunding studies (Belleflamme, Lambert et al. 2013).

Financial funding of the project was the main motivation for those pursuing individual crowdfunding. As an offshoot, 85% noted that having public awareness was a driver and 60% sought feedback on their service or product being offered. Individual founders relied on their own funds as well as friends and family to supplement crowdfunding contributions. Crowdfunder's received a reward 76.5% of the time, mostly as receipt of the product; 33% were offered shares in the enterprise. Where a reward was promised, 22% expected a direct cash payment (Belleflamme, Lambert et al. 2013).

Individual crowdfunding initiatives established as a company appear to foster more participation from funders. This arrangement provides for a more direct interaction as well as company direction and input. On the other hand, nonprofit organized crowdfunding initiatives

have less direct involvement due to the nature of nonprofits and the good will they project in terms of project purposes, creating less need for funders to participate based on the project's purposes and the perception of more trust. Other observations are that reward-based models are more appealing to funders than equity-based models and that company-organized individual crowdfunding groups raise more funds (Belleflamme, Lambert et al. 2013).

Why Crowdfunding?

Crowdfunding literature includes determining the appeal for using crowdfunding. Belleflamme, Lambert, et al. (2013) distributed a qualitative survey to Crowdfunder participants and found the main reason for using crowdfunding was to raise money; a second factor was obtaining feedback on services or products. Gerber, Hui, et al. (2012) also found raising funds to be a main motivator as well as establishing relationships to funders, receiving validation for their abilities from others online, following in the footsteps of others who were successful with their project initiatives, and expanding awareness through an online social presence.

González and Ramos (2016) described crowdfunding as an alternative method of financing, where a market is created for investors and donors to meet. Lehner (2013) saw crowdfunding as a differentiator that enabled people's opinions and values to be part of the financial calculation. According to Bernardino and Santos (2020), entrepreneurs launch crowdfunding sites because of the difficulty of obtaining funding beyond their own savings and those of family and friends. From a historical viewpoint, Kleemann, Voß, et al. (2008) described using the crowd for cost reduction, increased time to market, and market acceptance. Agrawal, Catalini, et al. (2014) noted that crowdfunding may allow initiatives to secure capital at a cost lower than traditional financing and that the concept of the product can be communicated before the product has been developed. Ramos and González (2016) recognized that crowdfunding

provided alternative means of financing new and emerging opportunities. A common model for crowdfunding structure can be defined as the crowdfunding firm (founder), crowdfunding participants (funders), and the service firm, platform, or intermediary (Fisk, Patrício et al. 2011).

Founders

Founders or creators participate in crowdfunding to raise capital for their projects. Entrepreneurial in nature, founders primarily use crowdfunding to seek capital and investments (Mollick, 2014). Funding is derived through matching interested willing participants who are motivated by the possibility of receiving the product early and, in the case of equity financing, better terms on repayment (Agrawal, Catalini et al. 2014). Additionally, founders have the flexibility to bundle their capital and rewards into packages proportional to the requirements of funders, thus allowing for lower cost of capital by offering returns of a noncapital nature (Agrawal, Catalini et al. 2014).

Founders prosper when a crowdfunding platform has a large number of funders. This increases the opportunity for funders and founders to connect given the volume of observations (Bernardino, 2020) and provides a greater opportunity to showcase products across a larger group of potential investors (Belleflamme, Omrani et al. 2015). Founders also use crowdfunding to procure information and interest from potential customers as well as receive feedback on product ideas and features that shape both the product's attractiveness and potential customers' desires, thus attracting more capital and sales (Agrawal, Catalini et al. 2014).

On average, founders raise $7,000 per successful campaign with an average donation of $88. Campaigns take approximately 11 days to prepare and are active 9 weeks after conception. Campaigns with project lengths of 20 to 40 days are the most successful; those that raise 30% of

the project goal in the first week are generally funded. On average, 42% of the funding goal is raised in the first and last three days of the project campaign; initiatives with two or more founders raise 38% more than sole owner campaign projects. When developing campaign information, projects that use videos raise 105% more than projects without videos. Funders who provide updates on their projects receive 126% more in funding than those who don't provide feedback. Successful project descriptions contain word counts between 300 and 500 words (The Startup Team 2018).

Mollick and Kuppuswamy (2014) found that 95% of project founders have some form of college education. Average age of founders was 35; 46% had income less than $50,000 a year. Fulltime employees represented 42%, with 50% declaring some form of self-employment. In terms of demographics, women have traditionally fared worse in raising capital than men. In the case of crowdfunding, research has shown that women outperform men in crowdfunding relative to funding goals (Greenberg 2019). Marom, Robb, et al. (2014) observed that although men raised more money, women outperformed men in campaign success. Upon looking at project type, which determined the funding goal, they found that women outperformed men in project support.

Funders

Funder motivation is a key to project success. Ryu and Kim (2016) examined two characteristics of motivation, project and sponsor, in relationship to individual characteristics. McCrae and John (1992) identified five personality factors (extraversion, agreeableness, conscientiousness, neuroticism, and openness to experience), which were applied in the investigation of sponsor personality. Ryu and Kim postulated that funding behavior may be influenced by sponsor motivation and be affected by the amount pledged, the timing of the

pledge, and the perception of project success. Concerning timing of pledges, those motivated by rewards tended to pledge later while those motivated by philanthropy pledged early. Kleemann, Voß, et al. (2008), in examining extrinsic and intrinsic motivators, found that intrinsic motivators (Funk, [year]) appeared to be stronger.

Agrawal, Catalini, et al. (2014) identified a minimum of five[six?] singular motivators for funders' participation: access to investments, equity type crowdfunding only, access to innovative new products, the sense of belonging to a community of likeminded peers, showing support for the idea or product creator, and formalizing the financial relationship between funders and creators. Although funders expect a financial return on their investment, capital providers also look for social and intrinsic value for their participation (Allison, McKenny et al. 2013). This manifests as proactively working with social networks where information is shared, thus reducing information friction and leading to a clearer understanding of the campaign's motives (Moritz &Block 2016). According to Bretschneider, Knaub, et al. (2014), as others pursue an opportunity, especially if seen in relationship to social networks, the movement of the crowd (i.e., "herding") encourages participation.

Participants in crowdfunding are mostly men (64%), while women make up 36%. Millennials make up the largest group, which influences the high level of support for technology related projects. Those between 25 and 34 years of age represent 35% of funders and those between 18 and 24 years of age represent 26%. As millennials are still early in their career, the average annual income for Crowdfunder's is $53,000. Most backers of crowdfunding projects are college educated: 40% have a degree, 26% have some college, and 18% attended graduate school. At the time of publication, most Crowdfunder's used desktop computers, with 60% accessing crowdfunding sites from home (Morejon, 2016).

Funders, on average, prefer platforms with a large portfolio of campaigns that increases their opportunity to fund a project. Reward-based and donation-based crowdfunding platforms tend to generate the most interest from funders; with an ample number of projects to choose from, a well-run crowdfunding platform can facilitate a match between funder and founder (Belleflamme, Omrani et al. 2015). According to Meyskens and Bird (2015), funders are generally not sophisticated financial investors and are guided by the project's intrinsic value.

An aspect of funders' engagement that is generally not considered is venture legitimacy and its effect on different entrepreneurial audiences (Fisher, Kuratko et al. 2017). The premise relates to the fact that venture funders are unique in their perception of opportunity. Prior literature has tended to group funders' assessments into a narrow "organizational environment" (Fisher, Kuratko et al. 2017). As crowdfunding is the antithesis of normative investing, consideration of this theory is important in determining the audience for crowdfunding investors.

Crowdfunding Platforms

Crowdfunding platforms are created as for-profit businesses and typically receive a transaction fee between 4% and 5% of the total funding amount raised. Driven by profit, crowdfunding platforms seek to maximize exposure to their sites by attracting winning projects that garner publicity while creating a large community of creators and funders that brings capital together (Agrawal, Catalini et al. 2014). Unlike traditional financial institutions, crowdfunding platforms do not perform banking operations; they match founders and funders by providing information relevant to the projects being offered (Gierczak, Bretschneider et al. 2016). Early crowdfunding platforms were donation-based. That soon was surpassed by reward-based platforms (40%), followed by donation-based and lending-based (20% each) in 2014. Although reward-based platforms are the majority, lending-based platforms are the largest generators of

funds ($11 billion), with reward-based at $3.3 billion and equity based at $1.1 billion in 2014 (Belleflamme, Omrani et al. 2015)

Crowdfunding is expected to garner $940 million worldwide by the year 2020, not including equity-based crowdfunding. Total campaigns are projected to reach 179,000 in 2020 (Statistica 2020). [Additional statistics are as follows: see Transactional value Growth, number of campaigns, average funding per campaign, Global Comparison Transaction Value – rest of sentence?]

2.10 Hypotheses Development

As depicted in Figure 1, this study looks at entrepreneurs' optimism as reflected in the proposal after initial failure and how changes in optimistic language influence funders' performance after that failure. Among others, Hmieleski, (2007) and Baron and Hmieleski (2009 found that entrepreneurs have high levels of dispositional optimism. This optimism, while providing the initiative to pursue new entrepreneurial opportunities, also has negative effects on strategic decisions (Baron & Hmieleski 2009, Bernoster, Rietveld et al. 2018). In crowdfunding, the creation of the pitch and the rhetoric used is one such decision. When this decision results in failure, entrepreneurs must determine the next course of action.

Failure is an important factor in entrepreneurship (Cardon, 2011). Although reasons for failure may be attributed to bad luck or ill preparedness, understanding the cause is important (Cardon, 2011) to inform future entrepreneurial actions, shape future orientation, and allocate resources. McGrath (1999) examined failure at both the enterprise and individual levels. As optimism about the endeavor may be determined by the viability of the opportunity, especially after failure, optimism of the entrepreneur is a personality trait that continues beyond a specific

failure (Carver, 2014). This individual optimistic outlook is demonstrated through initial pitches; upon failure, optimistic rhetoric is increased given the knowledge generated from failure and entrepreneurs' general expectation of positive outcomes for future endeavors (Åstebro, 2007). The optimism examined is that which is contained within the rhetoric, not the entrepreneurs' sentiment. This is important to note, given that the measurement of optimism is based on computer-aided analysis of text contained in the Kickstarter story.

Rhetoric is used to persuade through narrative (Allison, 2017). In Kickstarter, upon failure after the initial pitch, the use of narrative is required for the follow-up pitch. As entrepreneurs express their optimism within the story prior to failure, there is a need to be even more optimistic, driven by both realistic and unrealistic expectations, once failure occurs (Weinstein, 1980). Entrepreneurs who fail initially in Kickstarter will continue to maintain an optimistic viewpoint that is amplified on subsequent Kickstarter pitches.

I analyzed the optimistic language in the pitch utilizing a CATA program to determine the degree of optimistic language contained within the rhetoric of Kickstarter campaigns. Using crowdfunding, the process by which founders solicit investors over the internet to fund projects by contributing small amounts of money (Mollick 2014), I evaluated changes from the first to the second pitch. Kickstarter allows entrepreneurs to pitch in a standardized format which allows for an objective analysis of this content.

Rhetoric is the use of persuasion, along with logic and grammar, to communicate through disciplined conversation (McCloskey 1983). In short, individuals differ in the types of language used to communicate, which influence others in shaping desired outcomes. I drew on this theory to frame rhetoric and how rhetoric captures the language to persuade. Optimistic language is communicated in varying degrees by entrepreneurs in their search for funding. I examined

crowdfunding campaigns hosted on Kickstarter where the first pitch failed initially to see if changes in optimistic rhetoric at the second pitch resulted in successful funding. Changes in optimism, as moderated by pitch changes, were examined to see if funding performance changed after failure.

Pivot, as represented by change, represents a course correction from a once designated destination (Grimes 2018). In the entrepreneurial landscape, pivot facilitates a reexamination of purpose and process and represents a radical transformation due to failure (Hampel, Tracey et al. 2020). Pivoting, as a structured change of course, is common among nascent entrepreneurial ventures. Utilizing crowdfunding provides an opportunity to examine entrepreneurs' optimism expressed through rhetoric while examining the result of the pivot on funding performance.

This study seeks to determine the relationship between entrepreneur optimism and change as it relates to rhetoric in crowdfunding pitches. My theoretical model identifies optimism (IV) at time 1 (T1) and time 2 (T2), which represent an initial pitch followed by a subsequent pitch after failure. Funding performance (DV), which is directly affected by the relationship with optimism, represents success or failure at T2.

Kickstarter provides a standard crowdfunding template with inputs for which all founders are directed to provide information. In the relationship between optimism at T1T2 and funding performance at T2, these inputs act as moderators of the relationship in my model. Product changes, which represent the initial product design at T1, describes change to either a prototype or actual product. Changes to the product at T1T2, as captured in the rhetoric, are examined to determine the impact on funding performance at T2. Stage of development, which represents project stage within the life cycle, is examined to determine if the progress of the project affects funding performance at T2. Rewards, which represent a nonmonetary offering,

provide an incentive for supporting the project. I examined the reward structure at T1T2 to ascertain if changes in reward levels affected performance at T2. Design and visual cues are important for attracting attention and projecting competence. Therefore, media/graphics have an impact on determining success. I examined the use of media and changes at T1T2 to see if changes affected performance at T2. In explaining entrepreneurs' vision for success, rhetoric captures this optimism, which can be highly biased. I examined if, after failure at T1, a self-corrective posture was established that recognized failure and rationalized the effort. This self-acknowledgement was captured in the rhetoric after failure at T2; I captured the effects on performance at T2.

Entrepreneurs' optimism is the catalyst for new venture creation (Baron & Hmieleski 2009, Barbosa, Fayolle et al. 2019). Crowdfunding provides a user-friendly environment to allow nascent entrepreneurs the opportunity to act on their vision (Gerber, Hui et al. 2012, Bock, Frydrych et al. 2014, Mason, Parhankangas et al. 2019). Whereas the traditional means of pursuing funding for business startups required some expertise and experience, the advent of crowdfunding has ushered in a new era where founders solicit the crowd to secure funding based on establishing a rapport with funders through their story and product offering (Mason, Parhankangas et al. 2019). Optimism captured within the rhetoric of the story can be overexuberant in describing project potential and projected success, leading to failure at the original posting. Entrepreneurs who recognize the importance of rhetoric in the telling of their story will use optimistic language to convey an appropriate level of confidence in the venture's potential. Those who do so initially will have a greater chance of finding success. Those who are unsuccessful can reassess their opportunity and revise their pitch by taking note of the failed project elements in totality, thus providing the entrepreneur a second opportunity for success. I

expected that maintained or increased optimism from T1 to T2 to positively influenced subsequent funding performance. Increased levels of optimism can enable entrepreneurs to engender enthusiasm and excitement in prospective funders.

Displaying the ability to learn from hardship, optimists regard failure as a learning experience. This learned experience can provide a renewed awareness of venture prospects and the steps needed to be successful after initial failure. Research has shown that when individuals communicate in optimistic ways, in light of failure, they can engender optimism and other positive affective responses in their audience (Scheier and Carver 1985). Optimists' ability to deal with crisis, handle stressful situations, and project mental images of future positive outcomes provide funders the confidence to support entrepreneurial endeavors (Carver and Scheier 2014). Motivation that derives from optimism and ancillary factors, such as aspiration and perseverance, are contagious and provide funders the reasons to support entrepreneurial endeavors (Chemers, Watson et al. 2000). Moreover, funders who have a positive affective reaction to pitches have been shown to provide more funding (Baron 2008, Baron, Hmieleski et al. 2012, Davis, Hmieleski et al. 2017). Based on this, I hypothesize:

H1: After failure at T1, increasing optimistic rhetoric will increase funding performance at T2.

Entrepreneurs, both established and new, strongly believe that their products will find a market and be accepted by consumers (Simon and Shrader 2012). This high level of optimism is very important to economies that depend on innovation to create new products and industries. Nonetheless, most entrepreneurs realize that their vision did not meet reality. In cases of failure in traditional startups, closing the business is generally associated with budget shortfalls and lack of continued financial support. In crowdfunding, failure means that outside funding was not obtained.

Unless the founder spent their own startup capital, there is still an opportunity to pursue project support and investments by modifying the project to meet the funding request range.

Change as precipitated from failure is a good teacher. In crowdfunding, being a storyteller engages potential funders with the goals and challenges of the entrepreneur's vision. Communicating the changes learned from initial failure provides a humanistic aspect for funders to support by conveying the founder's passion and commitment. Exhibiting a willingness to change to continue the commitment heightens this appeal, given the community aspect of crowdfunding and the nature of the relationship between the founder and the funder.

Signaling theory, as a means of reducing asymmetry between founder and funder (Certo, Connelly et al. 2011), is twofold. First is the preparation of the crowdfunding elements exhibited in the story. Crowdfunding sites provide founders the ability to signal to funders what their goals are through the process of establishing their campaigns. The structure of the platform forces a minimum level of signaling; those who exceed the standard signal more. The second is the acknowledgement of a need for change. This signal can communicate the self-awareness that failure has been noted and a corrective process has been established, which builds credibility and recognizes effort for needed improvement.

Entrepreneurs are highly motivated and are guided by an internal belief in succeeding. Entrepreneurs learn from failure and become more adept at change (Shepherd 2003). The degree of change is based on their determination and optimistic outlook. Social cognitive theory advocates that individual behavior is affected by interactions with one's activities and environment (Bandura 1999, Baron & Hmieleski 2009). Optimists, shaped by innate beliefs and environment, will have varying capacity for change. Those who recognize unreality or bias in their thoughts find change acceptable and seek to moderate their position based on the feedback provided from failure. This

change, as reflected in pitch, product, or reward structure, is an acknowledgement that the original pitch was enhanced and that there is a need to accept and convey the signal from the crowd to make a change. Optimists who view failure as the crowd's inability to see the potential of the endeavor will see no reason to change. It was not lessons learned by the founder; the change required was from the funder's perspective. Therefore, the founder's optimism will remain constant, or increase based on the belief that the vision projected was not received by the crowd. In theory, both sides can find equilibrium. Every failure does not require a change in vision. Some ideas are ahead of their time and require the crowd to evolve in their thinking; in other cases, the crowd is right and there is a need for moderation in optimism and approach.

Product change and reward change are two variables that influence funders [that can be within the equilibrium. – meaning unclear] Product change is a change in the product from initial failure to the follow-on proposal. Based on feedback from funders, this can be a change in styling or functionality (e.g., a chronograph to a digital watch). Reward change can be the offering of greater rewards for participation or consolidating the number of rewards. Both product creativity and rewards are positive drivers of crowdfunding support (Davis, 2017). In capturing funders' attention, the product is a key element in garnering visibility. As reward-based crowdfunding is not dependent on a return on investment (Voelker, 2013), funder support is driven by the product and, to a lesser extent, the rewards provided by the entrepreneur. Upon failure, changes to the product signal commitment to improving the relationship to the funding community as well as creating a more desirable reward structure for potential funders.

Pitch changes to the product and reward structure might reflect the entrepreneur listening to the crowd, with the crowd responding more favorably to subsequent pitches. Optimism in subsequent pitches, then, might be more consistent with funder expectations given product and

reward changes. Conversely, not undertaking pitch changes but remaining optimistic might indicate that entrepreneurs did or did not learn from the initial failure, leading them to be perceived as irrational and undermining the potential for subsequent funding. Based on this, I hypothesize:

H2: After failure at T1, a product change and a reward change at T2 will positively moderate the relationship between optimism and funding performance, increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change.

Stage of product, which determines product readiness for usage, is an important consideration for investors. Kickstarter mandates that campaigns must have, at minimum, a working prototype; it prohibits drawing and concept products. Although entrepreneurs possess vision, the stage at which they present their product is often not readily acceptable for investors. Funders who possess forethought and recognize the vision in traditional funding roles reap the benefits of their early actions. History abounds with those who got on (or missed) the bus and the repercussions they enjoyed (or missed). Kickstarter allows founders to present their products at various stages while compensating those providing support with presale or early rewards. For those early funders, being first is important given the reward structure or the prospect of being the first to secure the product. For others, a more complete product is preferable.

Product is a major consideration for crowdfunding participation. The stage of that product signals both commitment and certainty to potential funders (Scheaf, 2018). It shows an effort to complete the physical makeup of the product and signals the entrepreneur's ability to operate a successful business. Both are desirable signals in the format that crowdfunding provides, given the limited amount of direct contact with the entrepreneur (Barbi, 2017). As it concerns failure at T1, an effort to update the stage of development at T2 is another signal of commitment that can garner financial support from funders. A change in stage of product development as an evolving element

of the initial product provides a variable that can be examined that increases the likelihood of receiving funding.

Stage of development can range from concept to completion and provide a vehicle for connectiveness in both cases. Although crowdfunding failure can be impacted by the stage of product at campaign launch, theory suggests that [it's not the death nail, meaning unclear] I hypothesize that an advanced stage of product development will positively moderate the direct relationship between optimism at T2 and funding performance at T2, which indicates that entrepreneurs have passed another hurdle and made progress in potentially being able to deliver rewards to funders. Conversely, entrepreneurs who have not progressed to later stages of development might be viewed by funders as unmotivated or unable to make the venture a reality, leading to concerns about the potential to gain rewards and, thus, less funding. Based on this, I hypothesize:

H3: After failure at T1, a change in the product stage of development will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimistic language will be more positive with than without a change in the stage of development.

The appearance of the crowdfunding project is important in securing funding from investors. Given the numerous projects vying for attention, the proclivity for imagery on the internet, and the short attention span of viewers, media is important in attracting founders' attention on crowdfunding platforms. Mollick (2014); Walker (2017); and Davis, Scheaf, et al. (2018) recognized that videos are important in conveying professionalism and project quality. Higher quality media might lead funders to view entrepreneurs as putting in more effort, paying attention to detail, and caring more about their pitches. As an important driver of crowdfunding success, video and video quality are important variables (Scheaf, 2018), as represented by the

effort of creating the video and the actual messaging contained therein. As the Kickstarter crowdfunding platform provides a static template that all entrepreneurs follow, a video provides the capability for more social messaging which can positively affect funding performance (Moritz, 2015).

Funders are likely to appreciate these entrepreneurs' investments in their pitches to where the entrepreneur's optimism then matches the funders' expectations. Similarly, the number of images has a positive moderating effect on funding performance and is a differentiator of the All-or-nothing (AON) and the Keep-It-All (KIA) crowdfunding models (Cumming, 2020). Not providing such images or poor presentation quality might lead to funder concerns that entrepreneurs are not forthcoming and/or not conscientious enough to present their ventures in a professional way. This can lead to concerns that conflict with the optimistic pitch of the entrepreneur, further reducing subsequent funding. Based on this, I hypothesize:

H4: After failure at T1, an increase in the number of pictures, videos, and video duration at T2 will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimistic language will be more positive with than without a change in media.

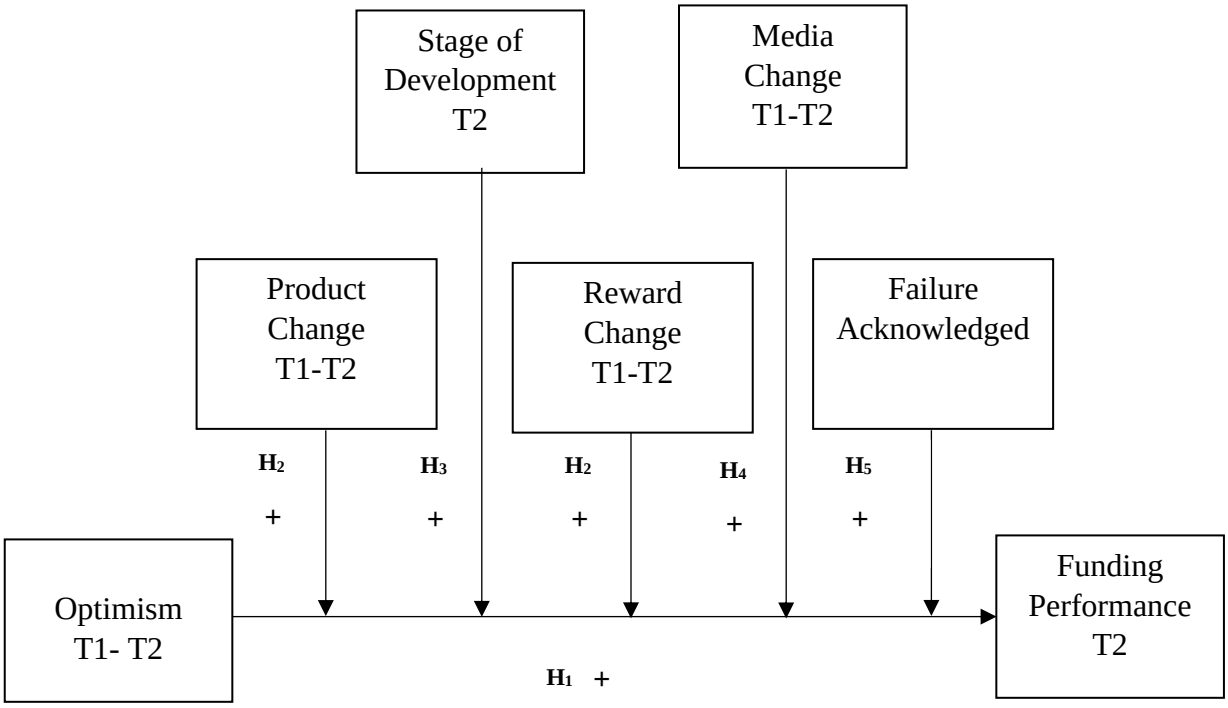
Entrepreneurs are highly confident about their project success, which distinguishes them from non-entrepreneurs (Frese and Gielnik 2014). This confidence drives innovation and enhances a focus on future events (Baron, Hmieleski et al. 2012). When failure occurs, the ability to self-assess can also be deemed a show of confidence and strength. Cope (2011) observed that entrepreneurs possessing self-awareness created transformative leaning that enabled them to reorient and reassess their skills and abilities. When applied in failed crowdfunding campaigns, this quality can provide an objective analysis of the initial failed

project pitch and allow for clarity in subsequent pitch proposals. The ability to acknowledge failure is an admirable dimension of entrepreneurship that leads to constructive learning, which has a direct bearing on entrepreneurial success (McGrath, 1999).

Alternatively, overconfidence can lead to an inability to recognize clear failure and lapses in judgment leading to disappointment (Sharon & Simon2012). Pitches that remain optimistic yet acknowledge initial failure might be viewed as more realistic than an artificial attempt at inflating expectations. Funders are likely to value entrepreneurs who acknowledge past failures and may be more likely to provide funding for more optimistic, yet realistic, subsequent pitches. Based on this, I hypothesize:

H5: After failure at T1, failure acknowledgement of the initial project will provide confidence to funders that the founder is proactive in correcting issues and will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimistic language will be more positive with than without failure acknowledgment.

FIGURE 1
Research Model



CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Overview

This study utilized a quantitative research approach. The selection of this method was based upon the data used and variables provided in the dataset. Quantitative research allows for the measurable assignment of data and the variables defined in the study (Johnson & Vanderstoep2008, Creswell & Creswell 2017). The data collection method is classified as secondary as it represents data accumulated from the activities of entrepreneurs seeking funding from a crowdfunding platform.

3.2 Nature of the Data

I focused on examining optimism and optimistic rhetoric used by entrepreneurs seeking funding from the crowdfunding site, Kickstarter. Kickstarter is a public benefit corporation founded in the United States in April 2009 (Freedman & Nutting 2015). The subject of other studies, Kickstarter data have been used in research on affective events theory (Davis, Hmieleski et al. 2017), professional investor performance (Petruzzelli, Roma et al. 2017), and inequality in crowdfunding (Greenberg 2019). Recognized as one of the leading reward-based crowdfunding sites, Kickstarter is known as a leader in providing funding to nascent entrepreneurs in the areas of technology and the creative arts. Specifically, Kickstarter projects are divided into 13 observable categories: Art, Comics, Crafts, Dance, Design, Fashion, Film and Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theater (Marom, Robb et al. 2014). Entrepreneurs can specify their own category as well. To date, Kickstarter has successfully funded over 185,700 projects, with $5.1 billion pledged (Kickstarter 2020). For a detailed listing of the categories funded and the number of projects, please see Table 3.1.

Table 3.1 Successfully Funded Projects (November 2020)

Category	Successfully Funded Projects	Less than $1,000 Raised	$1,000 to $9,999 Raised	$10,000 to $19,999 Raised	$20,000 to $99,999 Raised	$100 K to $999,999 Raised	$1 M Raised
All	**191,951**	**25,013**	**103,303**	**27,568**	**28,303**	**7,265**	**499**
Music	31,686	3,162	22,173	4,344	1,903	102	2
Film & Video	28,459	3,365	15,947	4,462	4,229	448	8
Games	23,459	1,945	9,639	4,089	5,578	2,017	191
Art	18,648	5,133	10,795	1,577	1,029	109	5
Publishing	17,546	2,499	10,826	2,390	1,688	142	1
Design	16,725	1,158	5,465	2,864	5,090	2,013	135
Comics	10,407	1,383	6,555	1,193	1,116	158	2
Fashion	9,471	1,735	4,323	1,545	1,573	289	6
Technology	9,257	533	2,474	1,340	2,988	1,784	138
Food	7,766	759	3,172	1,833	1,881	110	11
Theater	7,394	1,057	5,360	650	308	19	0
Photography	4,130	762	2,236	621	469	42	0
Crafts	3,021	1,029	1,576	230	172	14	0
Dance	2,643	242	2,062	255	83	1	0
Journalism	1,339	251	700	175	196	17	0

Successfully Funded Projects. (2020, November). Retrieved December 2020, from https://www.kickstarter.com/

Based on the AON model, as opposed to the KIA model, entrepreneurs' desired capital funding goal has to be met completely before the pledged capital is provided to the entrepreneur (Cumming, Leboeuf et al. 2020). The AON model is successful in 34% of crowdfunding cases (Cumming, Leboeuf et al. 2020).

3.3 Data

This study's focus is on entrepreneurs who sought funding on Kickstarter.com after their original funding request goal was not met. In Kickstarter's AON model (Cumming, Leboeuf et al. 2020), these projects failed because they did not reach their original funding goal. After the first failure, these entrepreneurs then resubmitted their Kickstarter campaigns. I examined the results after examining the relationship between the independent and dependent variables along with the research moderators.

3.4 Coding

From the initial 9,056 failed and resubmitted Kickstarter campaigns between 2016 and 2019 and the subsequent follow-on campaigns, I selected 330 campaigns for coding; eight campaigns were then removed upon discontinuing after initial failure. The data sample analysis process involved reviewing each original failed campaign and subsequent resubmitted campaign. Coding was performed on the independent, dependent, moderating, and control variables.

3.5 Independent Variable: Optimistic Language

Entrepreneurs tend to be high in optimism (Baron & Hmieleski 2009), which is a catalyst for nascent entrepreneurs. While optimism encourages new venture exploration, high levels of optimism negatively affect judgment and decision making (Aspinwall, Sechrist et al. 2005). Excessive optimism can lead to high levels of business failure (Baron & Hmieleski 2009).

The Kickstarter story, along with the funding goal, reward levels, and media presentation, signal optimism and capture the entrepreneur's cognitive perspective both negatively and positively. Determining optimistic rhetoric using CATA provides an observable independent variable which affects the outcome of funding performance. Analysis of the story utilizing

Diction CATA software included a count of optimistic words. The percentage of optimistic word usage based on the total word count of the story was then calculated and compared to the initial and follow-on story passages against funding performance outcome. Content analysis focused on optimism included the words based on research by McKenny, Short, et al. (2013). McKenny et al. (2013) created a custom dictionary based on organizational behavior research literature which is more aligned with the attributional/explanatory-style of optimism investigated in this research. Use of this dictionary by McKenny et al. was predicated on the issues surrounding the use of Dictions' internal dictionary that looks at optimism from a psychological perspective.

Independent Variable. The independent variable, optimism, was assessed by counting the total number of optimistic words found in each Kickstarter campaign story using a CATA program. There was no effort to assess sentiment, only the number of words used. The total number of optimistic words was then divided by the total word count in the passage. These calculated percentages were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the calculated optimistic word percentage of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis as a continuous variable.

The independent variable was also coded as a dichotomous variable. If the Kickstarter optimistic word count did not increase from T1 to T2, it was coded as 0 (0=No). If the word count increased from T1 to T2, it was coded as 1 (1=Yes). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis as a dichotomous independent variable.

Dependent Variable. The dependent variable, funding performance, was calculated based on the number of successful resubmitted campaigns following initial failure and was calculated as both a continuous and dichotomous variable. The continuous variable was calculated based on the Kickstarter pledged amount received divided by the Kickstarter requested amount. The resulting percentages greater than or equal to 100% indicated funding success; percentages less than 100% indicated funding failure. These percentages were then added and divided by the number of campaigns to derive the mean. Subtracting the mean provided centering of the variable, which was used in the data analysis as a continuous variable. The dichotomous variable was based on the pledged to requested amount. If the Kickstarter pledged amount was less than 100% from T1 to T2, it was coded as 0 (0=No). If the pledged amount was greater than or equal to 100% from T1 to T2, it was coded as 1 (1=Yes). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis as a dichotomous dependent variable.

Because Kickstarter is an AON reward-based crowdfunding platform (Cumming, Leboeuf et al. 2020), funding performance observed as "Pledged Amount" is representative of the outcome. Funding performance that is equal to or exceeds the "Funding Goal" indicates a positive outcome; funding performance less than "Funding Goal" indicates a negative outcome based on the AON model. Funding, as a dependent variable, was directly affected by optimism, the independent variable. Funding was analyzed as no funding received (0) and funding received (1). Funding performance indicated changes in funding as represented by the amount of funding gained or lost in analyzing the initial and follow-on proposal. A continuous funding performance

measure was employed. Additionally, to see if an increase in optimistic language affected funding performance, a ratio of funding requested, and funding provided was analyzed at T1 and T2.

Moderators. The moderators included five variables consisting of seven elements: product change, reward change, failure acknowledgement, stage of development, and media, which consisted of picture change, video change, and video duration change.

Product change was coded based on the Kickstarter product category. If there was no product category change from T1 to T2, it was coded as 0 (0=No). If there was a change from T1 to T2, it was coded as 1 (1=Yes). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis.

Reward change was coded based on the Kickstarter reward level. If there was no increase in the number of reward levels from T1 to T2, it was coded as 0 (0=No change). If there was an increase from T1 to T2, it was coded as 1 (1=Change). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis.

Failure acknowledgement was coded based on the acknowledgement of failure in the Kickstarter story at T2. This was a recognition by the founder that errors or mistakes were made in the initial campaign and documented in the follow-on campaign story. If there was no acknowledgement of failure at (T2), it was coded as 0 (0=No). If there was acknowledgement of

failure at T2, it was coded as 1 f (1=Yes). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis.

Stage of development was coded based on the stage of the product in the Kickstarter campaign at T2. Each campaign was reviewed to determine if the product was an initial idea (1=idea), a prototype was developed (2=prototype), or the product was complete (3=finished product). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable. which was used in the data analysis.

Media was coded based on three individual variables: picture count, video count, and video duration. Picture count was calculated based on the change in the number of pictures from T1 to T2 for each campaign. The difference in picture count was then noted as an increase or decrease (0=No change and 1=Change). The results were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the picture count coded for each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis. Video count was calculated based on the change in the number of videos from T1 to T2 for each campaign. The difference in video count was then noted as an increase or decrease (0=Decrease and 1=Increase). The results were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the video count coded for each campaign. Subtracting the mean from the video count provided centering of the variable, which was used in the data analysis. Video duration was calculated based on the change in video duration in seconds from T1 to T2 for each campaign. The difference in video duration was then

noted as an increase or decrease (0=No change and 1=Change). The results were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the video duration coded for each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis.

The control variables gender, team, projects backed, race, project category, region, word usage, and campaign days were coded as follows: gender (0=male, 1=female); team (which denotes if the campaign was conducted by an individual or team; 0=Individual, 1=Team); projects backed (which is the number of other Kickstarter projects supported; coded as 1=0<10, 2=10<20, 3=20<30, 4=30<40, 5=40<50, and 6=>50); race (1=white, 0=other, 1=black, 1=other, and 1=notwhiteblack, 0=other); product category (1=art, 0=other, 1=tech, 0=other, 1=media, 0=other, 1=games, 0=other and 1=other, 0=ATMG; representing art, tech, media, and games); region (1=US, 0?=other, 1=EU, 0=other, and 1=other, 0=noUSEU); word count (number of words used in the Kickstarter story;0=<300,1=0<10301<600, 2=10<20601<900, 3= 901<1200, 4=>1201); campaign days (the change in the number of funding days; T1T2) 1=0<10, 2=10<20, 3=20<30, and 4=>30) and months between campaigns (total number of months between initial and follow-up campaigns. Interactive variables were calculated based on the independent variable and moderating variables. These included optimisms (centered) x product change (centered), optimism (centered) x reward change (centered), optimism (centered) x failure acknowledgement (centered), optimism (centered) x stage of development (centered), optimism (centered) x picture change (centered), optimism (centered) x video change (centered), and optimism (centered) x video duration change (centered).

Table 3.2 Summary of Variables, Measures and Data Sources

Variable	Measure	Data Source
Independent Variable		
Optimistic language which was captured at 1st failure (T1) and subsequent project (T2). Percentage of optimistic words used was calculated with the results centered.	Examined language captured by CATA utilizing optimism data dictionary to capture inferences of optimism from the Kickstarter story narratives (Short, Broberg et al. 2010). A range was calculated based on optimistic word usage 0=3.28%>.01%. 1=.0%>.03%, 2=.31%>.97%, and 3=>1.0%	Kickstarter.com story which provides an introductory paragraph of the project.
Dependent Variable		
Funding Performance at T2. Calculated as the pledged amount versus the requested amount percentage. Both a continuous and dichotomous variable were analyzed.	Pledged amount in dollars at T2 in meeting funding goal in dollars at T2 both as a continuous variable based on funding pledged and received and dichotomous coded as 0=No funding, 1=Funding.	Kickstarter.com pledged amount in dollars field.
Moderators		
Product Change at T1 to T2.	Examined if product at T1 was the same or different at T2 for subsequent project submission. Coded as 0=No Change,	Kickstarter.com product category field
Stage of Development at T2. Examined in three stages: ideation, prototype, and finished product.	Development stage of product as provided in Kickstarter story at T2. The stage of the product was coded is 1=ideation (idea), 2=prototype (working model), 3= finished product.	Kickstarter.com story which provides a paragraph on the project development
Reward Change at T1 to T2.	Captured Reward tier level changes or updates from T1 to T2. Coded 0=No Change, 1=Change.	Kickstarter.com project T1T2.
Media at T1 to T2. Number of pictures, videos, and video duration in seconds	Count of media submitted including pictures, videos, and video duration. Coded as 0=increase, 1 = decrease for pictures and videos and video duration in seconds coded as 1=change, 0= no	Kickstarter.com project
Failure acknowledgement and rationalization T2	Rhetorical sentiment expressed in story section displaying regret or revaluation of project at T2. Coded 0=no, 1=yes.	Kickstarter.com project
Controls		

Gender	Designation of Gender: male=0, female=1 in coding document.	Kickstarter.com project
Team	Designation of Team: individual=0, team of creators =1.	Kickstarter.com project
Projects Backed	Count of numbers of backed projects.	Kickstarter.com project
Race	Designation of Race: White, Black, and Other.	Kickstarter.com project
Project Category	The category within which the entrepreneur is seeking funding grouped as art, tech, media, games, and other.	Kickstarter.com project
Region	The region within which the entrepreneur is located based on continent grouped as US, EU, and other.	Kickstarter.com project
Total Words	Total word count used in telling the Kickstarter story section.	Kickstarter.com project
Days Change in Request T1 to	Duration of campaign days change from T1 to T2.	Kickstarter.com project
Months between campaigns	Months between initial and follow-on campaigns from T1 to T2.	Kickstarter.com project

Table 3.3 Computer-Aided Text Analysis Word List

Organizational Optimism	Aspire aspirer aspires aspiring aspiringly assurance assured assuredly assuredness assuring auspicious auspiciously auspiciousness bank on beamish believe believe believes believing bullish bullishly bullishness confidence confident confidently encourage encouraged encourages encouraging encouragingly ensuring expectancy expectant expectation expectations expected expecting faith good omen hearten heartened heartener heartening hearteningly heartens hope hoped hopeful hopefully hopefulness hoper hopes hoping idealidealist idealistic idealistically ideally looking up looks up optimism optimist optimistic optimistical optimistically outlook positive positively positiveness positivity promising propitious propitiously propitiousness reassure reassured reassures reassuring roseate rosy sanguine sanguinely sanguineness sanguinity sunniness sunny sunniness sunny

Adopted from (Anglin, Aguinis, McKenny & Short, 2018)

Through analysis of the rhetoric contained within the story at initial Kickstarter campaign creation at T1 and analysis of the story resubmission at T2, changes in optimistic language were observed and the effect on funding outcome was determined. Through utilization of the words contained within Table 3, a total word count was generated. Comparing the total optimistic words at T1 and T2 provided the empirical data for comparison.

3.5.3 Moderators: Product Change, Stage of Development, Reward Change, Media, Failure Acknowledgement

Product change is a change in the product design in form, function, or offering (Shane, 2004). It is represented by the product category in the Kickstarter template and contained within the rhetoric in the story that describes the project's overall goal (Gafni, 2019). Product change was coded based on the Kickstarter product category. If there was no product category change from T1 to T2, it was coded as 0 (0=No). If there was a change from T1 to T2, it was coded as 1 (1=Yes). The resulting responses were then added and divided by the number of campaigns to derive the mean, which was then subtracted from the coded response of each campaign. Subtracting the mean provided centering of the variable, which was used in the data analysis.

Stage of development represents the stage of the product and its preparation for final use (Kuppuswamy, 2017). Kickstarter allows for concepts, demonstration, prototypes, and final product assemblage. It is analogous to the new product development life cycle of idea generation, idea screening, concept, testing, market testing, and commercialization. Kickstarter's only requirement is that projects be "honest and clearly presented." Founders can present their product at any time on this life cycle as long as it meets the honesty test. The stage of development at T2 indicates efforts by the founder to gain acceptance of their product offering and was observed for its effect on the dependent variable, funding outcome. Development stage was coded as 0/1 (no change vs. change).

Kickstarter is a reward-based crowdfunding platform where funders are rewarded using nonmonetary methods. Reward change represents a change in the type or levels of rewards the funder receives for contributing to the project. The value of the reward is commensurate to the level of participation and represents acknowledgement of the funder's contribution. Rewards

vary from early access to the product to recognition of the funder's participation. Reward changes at T1 and T2 indicate efforts by the founder to improve the incentive for participation in the campaign and were observed for the effect on the dependent variable, funding outcome. Reward change was indicated as 0/1 (no change vs. change).

The presence of video and high-quality media is a determinant of success in Kickstarter projects (Mollick 2014, Barbi and Bigelli 2017). Media, especially video, is a major element of funding success. [Kickstarter campaigns are estimated to have an 85% less chance of finding funding success when videos are included. In addition to describing the product, it also indicates an investment of the founder's time to the campaign effort; that is, human capital, which signals value. Media changes at T1 and T2 indicate efforts by the founder to improve the quality and value of the campaign and were observed for the effect on the dependent variable, funding outcome. Media changes represented by both pictures and videos were indicated by 0/1 (no pictures vs. pictures) and 0/1 (no videos vs. videos).

Failure acknowledgement, "to thine own self be true" (William Shakespeare), connotes honesty about oneself. The Kickstarter story provides a vehicle for the founder to explain who they are, what their plans are, and why this is important (Kuppuswamy, 2017). Although it is common for people to possess unrealistic optimism, this bias is detrimental to entrepreneurial pursuits and to business success when unrestrained. Entrepreneurs are high in optimism (Carver, Scheier et al. 2010), which provides the motivation to pursue new ventures even without knowledge or experience. Possessing the ability to self-actualize enables founders to reassess their campaigns and to re-pitch failed project ideas. Changes in rhetoric in the story at T2indicate efforts by the founder to convey a realistic understanding of the project and project value to funders. This reassessment was observed for the effect on the dependent variable,

funding outcome. Self-acknowledgement was coded as 0/1 (no self-acknowledgement vs, self-acknowledgement).

3.5.4 Control Variables

Several control variables represent observable factors that are present in the data. Although Brannick and Spector (2011) noted an overuse and unwarranted application of control variables, Aguinis and Bernerth (2016) observed their usefulness in enhancing weaknesses in the data gathering process. Control variables that may be of consequence include gender, team, race, and country.

Women are estimated to make up 44% of investors on Kickstarter. Although taking a lesser role, women entrepreneurs garner funding at a higher rate than men (Marom, Robb et al. 2014). Controlling for women would allow for an analysis of the difference in optimism between men and women and the degree of change because of failure. Women are better at providing higher quality signaling and controlling than men (Ullah and Zhou 2020). Gender was coded 0 (male) or (1 – female). Team is also a control variable that may provide insight. Ullah and Zhou (2020) found that the number of project initiators increased the chance of funding success. Controlling for team in understanding optimism collectively rather than individually would be of interest. Team was coded 0 (individual creator male) and 1 (team of creators).

Race is a major factor in some elements of society. Race and gender have demonstratively been shown to play a factor in the level of angel and venture capital fundraising in comparison to business ownership (Greenberg 2019). In terms of race, African Americans are less likely to be successful in raising funds on Kickstarter (Greenberg 2019). Controlling for race

would allow for an analysis of the difference in optimism between White and nonWhite. Race was coded as 1=White, 0=Other; 1=Black, 0=Other; 1=not Black or White and 0=Other.

There are cultural differences in terms of optimism and failure. In entrepreneurship, these two elements are tightly aligned. Controlling for country differences would show geographical differences in optimism and responses to failure through rhetoric and pitch changes. Country was coded as 1= US, 0=other; 1=EU, 0=other; and 1=other, 0=not US or EU.

3.6 Analytical Approach

Based on the data procured, multiple analytical approaches were warranted. First, linear regression analysis was used given the continuous dependent variable (Lee, Peng et al. 2002). The two dependent variables, funding and no funding outcome, were analyzed in their relationship to optimism. The second approach employed logistic regression which is suitable for analysis of dichotomous dependent variables (Lee, Peng et al. 2002). I utilized IBM SPSS Statistics software to perform the analysis.

CHAPTER 4: RESULTS

. An initial 330 Kickstarter campaigns were included; eight campaigns were removed for failing to continue pursuing funding after initial failure. A final total of 322 Kickstarter individual campaigns were examined in the follow-on funding analysis.

Utilizing SPSS, a descriptive crosstabs analysis was performed initially to display the relationship of the dependent dichotomous variable, funding performance, to the independent variable, optimistic word usage; to the moderators product change, reward change, failure acknowledgement, stage of development, picture count, video count, and video duration; and to the control variables gender, team performance, projects backed, race, project category, geographical region, funding period day change, and word count. Variables were centered prior to model testing, as appropriate.

Table 4.1 displays the crosstabs analysis results for the independent variable, optimistic word count, and the dependent variable, funding pledged to funding requested.

Table 4.1 Crosstabs Analysis

Follow-on Pledged Funding Requested to Optimistic Word Usage

Independent Variable Optimism Word Usage (T2) to (T1)					
Kickstarter Campaigns Count					
		No Increase	No Result	Increase	Total
Dependent Variable Funding Pledged to Funding Requested	**`No Funding**	117	1	99	217
		53.9%	.5%	45.6%	100%
		36.3%	.3%	30.7%	67.4%
	Funding	50	0	52	105
		50.5%	0.0%	49.2%	100%
		16.5%	0.0%	16.1%	32.6%
Total		170	1	151	322
		52.8%	.3%	46.9%	100%

Results show that 217 of 322 (67.4%) follow-on campaigns failed during a second attempt to obtain funding while 105 of 322 (32.6%) follow-on campaigns successfully received funding. Of the failed campaigns, 117 of 217 (53.9%) had no increase in optimistic word usage while 99 of 217 (45.6%) had an increase in optimistic word usage. Of the successful campaigns, 50 of 105 (50.5%) had no increase in optimistic word usage while 52 of 105 (49.2%) had an increase in optimistic word usage. Of the unsuccessful campaigns, 117 of 322 (36.3%) received no funding and there was no optimistic word usage increase; 99 of 322 (30.7%) received no

funding and there was an increase in optimistic word usage. Of the successful campaigns, 50 of 322 (16.5%) received funding and there was no optimistic word usage increase; 52 of 322 (16.1%) received funding and there was an increase in optimistic word usage. The final totals show that 170 of 322 (52.8%) had no increase in optimistic word usage and 151 of 322 (46.9%) had an increase in optimistic word usage.

Table 4.2 displays the descriptive statistics and correlations analysis for the independent variable, optimistic word count; the dependent variable, funding pledged to funding requested (continuous and dichotomous); the moderators product change, reward change, failure acknowledgement, stage of development, picture count, video count, and video duration; and the control variables gender, team performance, projects backed, race, project category, geographical region, funding period day change, and word count.

Table 4.2 Descriptive Statistics and Correlations

	Mean	Std. Deviation	Optimism	Pledged to Funding (%)	Pledged to Funding (Binary)	Product Change	Reward Change	Failure Acknowledgement	Stage of Development	Picture Change	Video Change	Video Duration Change	Gender	Team	Projects Backed	White	Black	Other	Art	Tech	Media	Games	Other	US	EU	Region Other	Total Word Range	Days Change Range	Months Between Campaigns
1 Optimism	0.0000	0.0114																											
2 Pledged to Funding (%)	0.0000	7.1895	-0.0086																										
3 Pledged to Funding (Binary)	0.0030	0.4683	0.0063	.285**																									
4 Product Change	0.0034	0.4986	-0.0602	-0.043	-0.029																								
5 Reward Change	0.0033	0.4194	-0.0306	0.017	0.073	.121*																							
6 Failure Acknowledgement	0.0004	0.1971	0.0055	-0.032	-0.040	0.067	-0.002																						
7 Stage of Development	-0.0007	0.9255	0.0325	.117*	.266**	-0.056	0.102	0.015																					
8 Picture Change	-0.0020	0.4866	-.129*	-0.041	-0.045	0.023	-0.059	0.031	-.165**																				
9 Video Change	0.0012	0.3997	0.0687	-0.021	-0.039	-0.015	-0.028	0.023	-.138*	0.105																			
10 Video Duration Change	0.0012	0.4539	0.0880	-0.043	0.001	0.044	-0.034	-0.043	-0.083	.134*	.627**																		
11 Gender	-0.0047	0.4310	-0.0042	0.033	0.054	0.032	-0.019	0.030	0.002	-0.057	.121*	0.109																	
12 Team	-0.0036	0.4479	-0.1002	0.087	0.093	-0.061	0.069	.120*	.234**	-0.072	.197**	.158**	-.126*																
13 Projects Backed	-0.0019	0.9786	0.0268	0.006	.229**	-0.069	.122*	-0.015	.183**	-0.086	.185**	.185**	-0.051	.122*															
14 White	-0.5981	0.4966	0.0562	0.065	0.092	0.052	-0.058	0.027	0.071	-0.009	-0.006	0.045	-.134*	.146**	0.057														
15 Black	-0.0020	0.2822	-0.0147	-0.054	-0.095	0.007	-0.043	-0.007	-0.075	-0.030	-0.012	-0.047	.183**	-.117*	-0.084	-.802**													
16 Other	0.0011	0.3268	-0.0572	-0.034	-0.032	-0.070	.110*	-0.028	-0.024	0.037	0.018	-0.015	0.010	-0.080	0.002	-.724**	-.115*												
17 Art	-0.0016	0.4228	-0.0191	-0.092	-0.105	0.039	.118*	0.065	-0.060	.141*	0.088	0.033	.173**	.146**	-0.090	-.112*	0.078	0.073											
18 Tech	-0.0002	0.4214	0.0504	0.072	0.033	-0.038	0.067	0.000	.154**	.133*	.172**	-0.027	-0.020	0.075	-0.069	0.007	-0.090	0.069	.314**										
19 Media	0.0019	0.4020	0.0299	-0.057	-0.033	0.086	-0.042	-0.103	.164**	.125*	.115*	0.099	0.001	.138*	-0.092	-0.066	0.082	0.003	.288**	.275**									
20 Games	0.0015	0.3686	-0.0242	0.081	.112*	.162**	0.056	0.039	.160**	.176**	.120*	.149**	.152**	.257**	.384**	0.079	-0.105	-0.008	.252**	.240**	.221**								
21 Other	-0.0016	0.3657	-0.0439	0.007	0.010	0.066	0.052	-0.003	-0.087	0.026	0.088	0.032	-0.030	-0.021	-0.100	.118*	0.017	.161**	.249**	.237**	.218**	.190**							
22 US	0.0056	0.4895	0.0193	0.009	-0.013	-0.044	-0.012	.157**	0.098	-0.046	0.060	0.019	0.017	-0.013	0.087	0.025	.181**	.187**	-0.036	-0.103	0.089	-0.026	0.089						
23 EU	-0.0012	0.3997	0.0016	-0.013	0.039	0.078	-0.046	0.096	-0.056	-0.009	-0.064	0.008	-0.067	-0.029	-0.067	.198**	-0.098	.161**	0.020	0.079	-.134*	-0.007	0.040	.617**					
24 Region Other	-0.0043	0.3973	-0.0254	0.001	-0.023	-0.025	0.061	0.088	-0.064	0.065	-0.009	-0.031	0.046	0.045	-0.040	.229**	.124*	.393**	0.024	0.047	0.025	0.039	.150**	.611**	.246**				
25 Total Words	0.0035	1.3957	0.0700	0.101	.275**	-0.007	0.103	.127*	.276**	-.276**	.118*	.128*	-0.026	.268**	.253**	0.107	-0.031	-0.106	-0.006	0.072	.146**	.156**	-0.074	0.003	0.035	-0.039			
26 Days Change	0.0035	1.0814	0.0113	-0.032	-0.098	0.047	-0.038	0.050	-0.100	-0.055	0.022	-0.004	-0.045	-0.040	-0.023	0.036	-0.034	-0.016	-0.058	.141*	0.057	-0.097	-0.058	0.082	0.036	.138*	0.010		
27 Months Between Campaigns	4.9658	6.9440	0.0074	0.004	0.026	-0.006	.114*	-0.004	0.059	-0.018	-0.098	.125*	-0.031	0.022	.179**	-0.028	-0.011	0.045	-0.033	-0.024	-0.051	.138*	-0.016	0.030	-0.013	-0.024	0.042	0.017	

n=322 Listwise

*. Correlation is significant at the 0.05 level (2-

**. Correlation is significant at the 0.01 level (2-

An initial analysis of the variables did not indicate any issues with multicollinearity based on the [Variance Inflation Factor (VIF) – spell out] values. To determine if those observations were accurate, I analyzed the descriptive statistics and correlation. The control variables (gender, team, projects backed, race, project category, region, total words, and days change), projects backed, project category (games), and total words were significantly correlated with the dichotomous dependent variable, pledged to funding. The independent variable, optimism, was significantly correlated with the moderator (picture change). The dependent variables, pledged to funding (continuous and binary), were significantly correlated to the moderator's stage of development, projects backed, project category (games), and total words. In analyzing the moderator variables (product change, reward change, stage of development, picture change, video change, and video duration change), I observed significant correlation with the control variables gender, team, product categories (art, tech, games), region US, and total words.

For all models, all analyses controlled for gender, team performance, projects backed, race, project category, geographical region, word count, and funding period day change. All moderators inclusive of product change, reward change, failure acknowledgement, stage of development, picture count, video count, and video duration and the dependent variable, pledged to funding (dichotomous), were centered prior to model testing. Multiple linear regression results are included in Table 4.3.

4.1 Linear Regression Results

Model 1

As seen in Table 4.3, Model 1 included gender, team performance, projects backed, race, project category, geographical region, word count, and funding period day change and the dependent variable, funding performance (continuous). Results show that gender was positively associated with funding performance (β=.134, p<.05) and was statistically significant. Model 1 was not statistically significant (p=.268) with an R square of .049.

Table 4.3 Multiple Regression Model Results

	Model 1- Controls	Model 2 Controls Optimism	Model 3 Controls Optimism Product Reward Interaction	Model 4 Controls Optimism Stage Interaction	Model 5 Controls Optimism Media Interaction	Model 6 Controls Optimism Failure Interaction	Model 7 Controls Optimism All Moderators All Interactions
	β	β	β	β	β	β	β
(Constant)							
Control Variables							
FollowOnGender Gender	.134*	.134*	0.097†	.117*	.139*	0.003	0.030†
FollowOnTeam Team	0.040	0.037	0.048	-0.019	0.044	0.004	-0.008
ProjectsBacked1 ProjectsBacked	-0.058	-0.059	-0.039	-0.011	-0.063	0.009	0.012
RaceWhite RWhite	0.029	0.030	0.051	0.008	0.026	0.000	0.016
RaceBlack RBlack	-0.046	-0.045	-0.019	-0.042	-0.051	-0.025	-0.012
Art Art	-0.089	-0.088	-.135†	-0.067†	-0.111	0.003	-0.014
Tech Tech	0.045	0.047	-0.031	-0.007	0.020	0.006	-0.012
Media Media	-0.038	-0.037	-0.074	-0.017	-0.053	0.000	0.001
Games Games	0.070	0.072	-0.008	0.052	0.041	-0.023	-0.013
RegionUS US	0.025	0.026	-0.082	0.005	-0.005	0.042	0.006
RegionEU EU	-0.010	-0.010	-0.083	0.057	-0.022	0.056*	0.045*
TotalWordRange Word Range	0.089	0.089	.107†	0.035	0.097	0.009	0.001
DaysChangeRangeT1toT2 Campaign Days T1 to T2	-0.031	-0.031	-0.041	-0.002	-0.034	-0.027	-0.010
Months Difference	-0.001	0.000	-0.014	-0.012	-0.013	-0.023	-0.027
Main Effect							
C-OptimismT2toT1 Optimism (T2) to (T1)		-0.013	-0.011	0.008	-0.005	0.003	0.008
Moderators							
CProductChange C-Product Change			-0.036				-0.019
CRewardChange C-Reward Change			-0.099†				0.005
CStageofDevelopment CStageofDevelopment				-0.081*			0.002
CPictureChange C-Picture Change					0.028		0.006
CVideoChange C-Video Change					-0.044		0.013
CVideoDurationChange C-Video Duration Change					-0.048		0.022
CFailureAcknowledgeT2 C-Failure Acknowledge (T2)						0.238*	0.15*
Interactive Effects							
C-Optimism% x Optimism		0.007					0.027
C-Optimism% x ProductChange			-0.020				0.007
C-Optimism% x RewardChange			0.392*				0.141*
C-Optimism% x Stage of Development				.875*			0.366*
C-Optimism% x Picture Change					-0.079		-0.024
C-Optimism% x Video Change					.251*		-0.143*
C-Optimism% x Video Duration Change					-0.001		-0.005
C-Optimism% x Failure Acknowledged						-.976*	-0.646*
R^2	0.049	0.049	0.195*	0.771*	.097†	0.886*	0.928*
ΔR^2	0.000	0.000	0.146	0.576	-0.674	0.789	0.042

Multiple regression coefficients shown

*-Correlation is statistically significant at p<0.05

†-Correlation is statistically significant at p<0.10

Model 2

Model 2 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; and the independent variable, optimism, expressed as the use of optimistic language between T2 and T1. Results show that optimism was not statistically significant to increased funding performance] (β=0.013, p= 0.822). Model 2 was not statistically significant (p=.477) with an R square of .049. There was no R square change from Model 1 to Model 2.

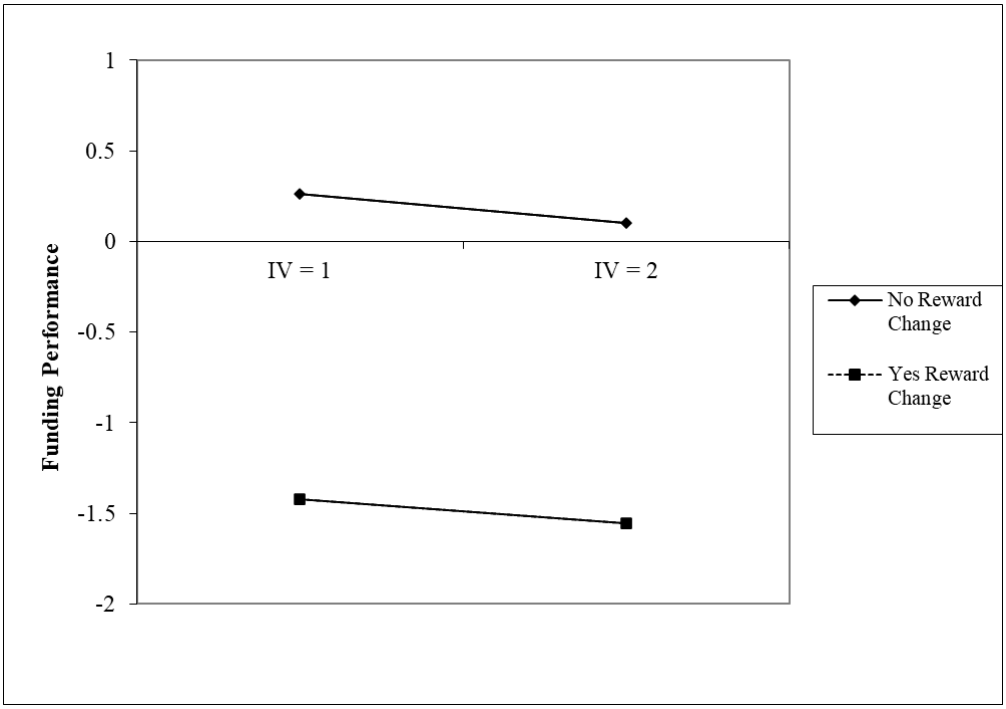
Hypothesis 1 proposed that an in increase in optimistic language at T2 would increase funding performance. The results of Model 2 did not support H1.

Model 3

Model 3 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderators product change and reward change. Results show that gender (β=0.097, p= 0.077), art (β=.135, p=.072), word range (β=.106, p= 0.060), and reward change (β=0.097, p= 0.086) were statistically significant, (p<.10). Model 3 was statistically significant (p<.05) with an R square of .195. The delta R squared from Model 2 to Model 3 was 0.146. The interaction effects for optimism and reward are displayed in Figure 2. The optimism and reward change interaction effect were statistically significant (β=.404, p<.05).

Figure 2

Reward Change and Optimism Interaction Effect



Hypothesis 2 proposed that after failure at T1, a product change and reward change at T2 will positively moderate the relationship [of what to what?] increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 3 did support H2.

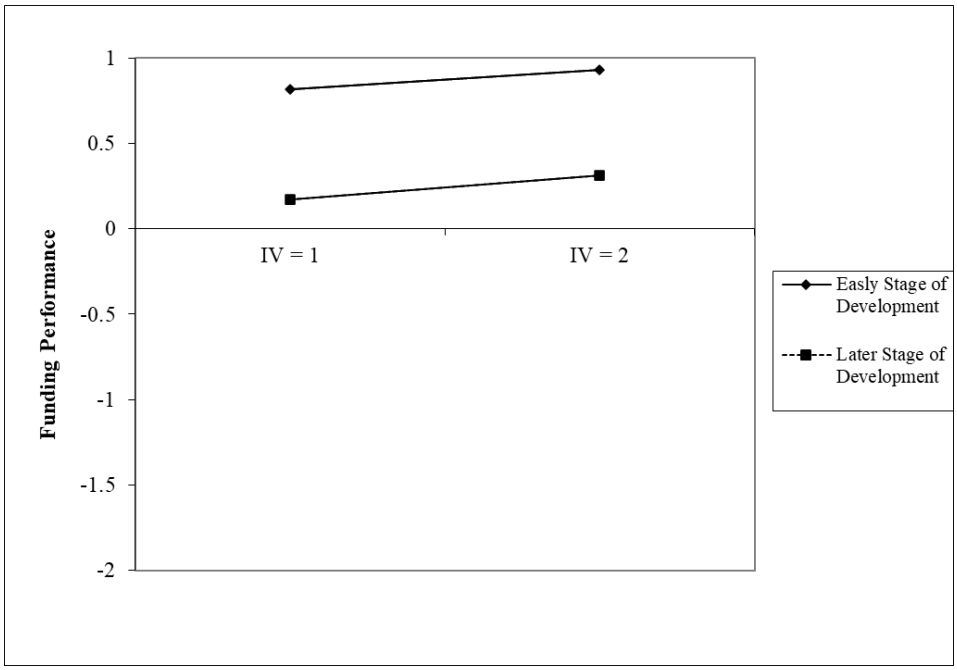
Model 4

Model 4 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderator stage of development. Results show that gender was (β=.117, $p< .05$), art (β=0.068, p=.087), and stage of development (β=0.081, $p<.05$) were statistically significant, ($p<.05$) and ($P<.10$). Model 4 was statistically

significant (p<.05) with an R square of 771. The delta R squared from Model 3 to Model 4 was 0.576. The interaction effects for optimism and stage of development are displayed in Figure 3. The optimism and stage of development interaction effect was statistically significant (β=.875, p<.05). The interaction is significant and there is an interaction effect.

Figure 3

Stage of Development and Optimism Interaction Effect



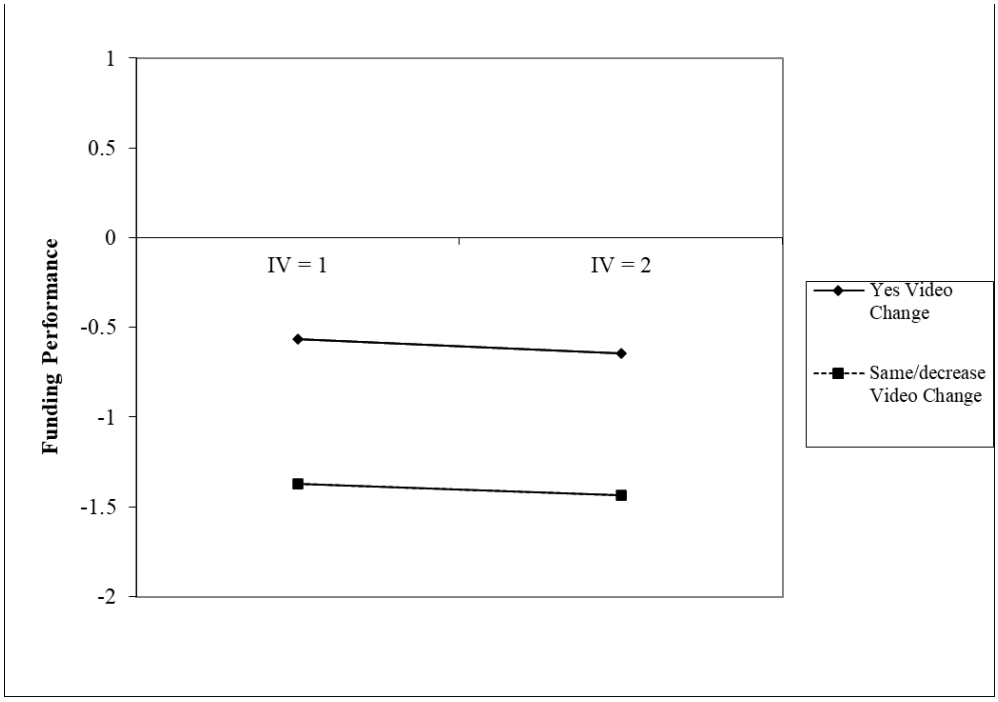
Hypothesis 3 proposed that after failure at T1, a change in the product stage of development will positively moderate the relationship between optimism at T2 and funding performance, increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 4 did support H3.

Model 5

Model 5 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and media (picture change, video change, and video duration change). Results show that gender (β=.139, p< .05) was statistically significant. Model 5 was statistically significant (p<.10) with an R square of .097. The delta R squared from Model 4 to Model 5 was 0.674. The interaction effect for optimism and video change is displayed in Figure 4. The optimism and video change interaction effect were statistically significant (β=.253, p<.05), lending some support to H4.

Figure 4

Video Change and Optimism Interaction Effect



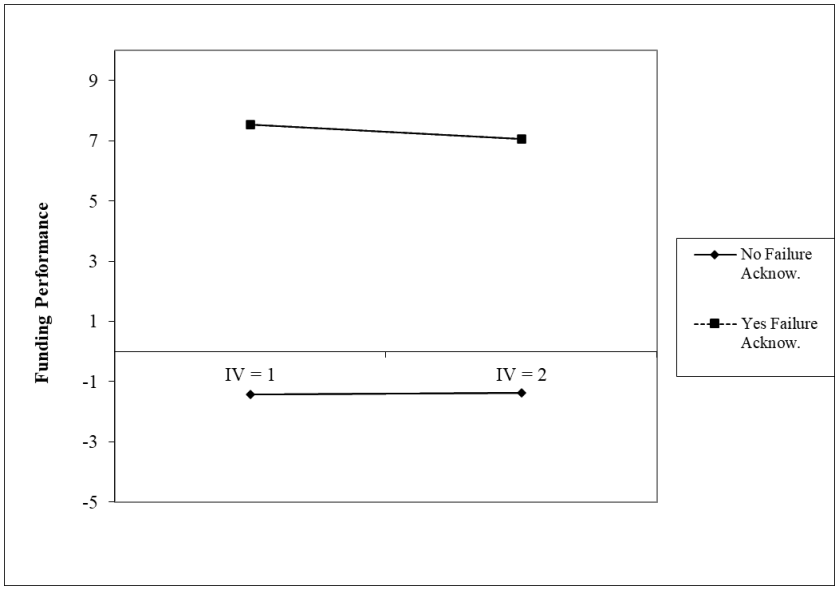
Hypothesis 4 proposed that after failure at T1, a change in media (picture change, video change, and video duration) will positively moderate the relationship between optimism at T2 and funding performance, increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 5 partially support H4.

Model 6

Model 6 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and failure acknowledgement. Results show that region EU (β=.056, $p < .05$) and failure acknowledgement (β=.238, $p < .05$) were statistically significant. Model 6 was statistically significant ($p<.05$) with an R square of .886. The delta R squared from Model 5 to Model 6 was 0.789. The interaction effect for optimism and failure acknowledgement is displayed in Figure 5. The optimism and failure acknowledgement interaction effect were statistically significant (β= .979, $p<05$). Optimism and failure acknowledgement display some main interaction effect.

Figure 5

Failure Acknowledgement and Optimism Interaction Effect



Hypothesis 5 proposed that after failure at T1, failure acknowledgement in the initial project will provide confidence to funders that the founder is proactive in correcting issues and will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimistic language will be more positive with than without failure acknowledgment. The results of Model 6 support H5.

Model 7

Model 7 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderator variables product change, reward change, stage of development, plus media (picture change, video change, and video duration change), and failure acknowledgement. Results show that gender (β=.030, $p<$ .10), region EU (β=.045, $p<$ .05) and failure acknowledgement (β=.150, $p<$ .05) were statistically

significant. . Model 7 was statistically significant ($p<.05$) with an R square of 928. The delta R squared from Model 6 to Model 7 was 0.042. The interaction effect showed that optimism and reward change ($\beta= .137$, $p<05$), optimism and stage of development, ($\beta=.377$, $p<05$), optimism and video change ($\beta= .139$, $p<05$) and optimism and failure acknowledgement ($\beta= .637$, $p<05$) were all statistically significant.

4.2 .2 Binary Logistic Regression Results

Binomial regression examines linear regression as a category with a binary response Weisberg (2005). As an intermediate check, SPSS Chi Square analysis was performed with the binary dependent variable, funding success (funding pledged greater than 100% of requested), and the predictor variable as defined in multiple logistic regression. The binary logistic outcomes were consistent with the previous finding. Models 8 through 14 were performed with the binary dependent variable, funding success. Binary logistics provide no direct relationship to beta (β), as beta provides a distribution of values; hence, beta was not provided in the results.

Table 4.4 Binary Logistic Results

	Model 8-Controls	Model 9-Controls Optimism	Model 10 Controls Optimism Product Reward Interaction	Model 11 Controls Optimism Stage Interaction	Model 12 Controls Optimism Media Interaction	Model 13 Controls Optimism Failure Interaction	Model 14 Controls Optimism All Moderators All Interactions
	B	B	B	B	B	B	B
Control Variables							
FollowOnGender Gender	0.583†	0.580†	0.617*	0.542†	0.609†	0.371	0.372
FollowOnTeam Team	0.055	0.038	-0.001	-0.106	0.105	0.109	-0.008
Projects Backed	0.348*	0.345*	0.357*	0.333*	0.383*	0.357	0.389*
RaceWhite RWhite	-0.054	-0.041	0.005	0.004	-0.086	-0.006	0.100
RaceBlack RBlack	-0.927	-0.923	-0.849	-0.763	-0.875	-0.706	-0.441
Art Art	-0.632	-0.628	-0.604	-0.644	-0.645	-0.403	-0.476
Tech Tech	-0.013	-0.003	-0.025	-0.228	0.022	-0.052	-0.301
Media Media	0.024	0.032	0.037	0.065	0.002	0.067	0.053
Games Games	-0.129	-0.104	-0.107	-0.270	-0.101	-0.318	-0.514
RegionUS US	0.197	0.205	0.156	0.030	0.217	0.244	0.024
RegionEU EU	0.442	0.442	0.458	0.462	0.455	0.534	0.596
Word Range	0.410*	0.409*	0.425*	0.344*	0.436*	0.356	0.328*
Campaign Days T1-T2	-0.249†	-0.251†	-0.244†	-0.189	-0.240†	-0.236	-0.160
Months Difference	-0.004	-0.004	-0.007	-0.004	-0.004	-0.004	-0.005
Main Effect							
C-OptimismT2toT1 Optimism (T2) to (T1)		-3.083	-25.972	-3.573	-8.628	-2.252	-24.935
Moderators							
CProductChange C-Product Change			-0.072				2.916
CRewardChange C-Reward Change			0.175				-0.100
CStageofDevelopment CStageofDevelopment				0.440*			0.263
CPictureChange C-Picture Change					0.265		0.442
CVideoChange C-Video Change					-0.129		0.350
CVideoDurationChange C-Video Duration Change					0.420		0.109
CFailureAcknowledgeT2 C-Failure Acknowledge (T2)						0.661	1.002
Interactive Effects							
C-Optimism% x Optimism		0.0004	3.612	0.0004	0.0004	0.001	2.916
C-Optimism% x ProductChange			21.272				31.552
C-Optimism% x RewardChange			0.012				-0.105
C-Optimism% x Stage of Development				0.04			0.168
C-Optimism% x Picture Change					-0.034		-0.152
C-Optimism% x Video Change					0.003		-0.003
C-Optimism% x Video Duration Change					27.849		18.253
C-Optimism% x Failure Acknowledged						-6.423*	-6.310*
NagelKerke R^2	0.185	0.187	0.195	0.235	0.198	0.264	0.324
ΔR^2	0.000	0.002	0.008	0.040	-0.037	0.066	-0.588

B indicates the effect of the predictor on the predicted variable.
*-Correlation is statistically significant at p<0.05
†-Correlation is statistically significant at p<0.10

Model 8

In Table 4.4**,** Model 1 included the control variables gender, team performance, projects backed, race, project category, geographical region, word count, and funding period day change and the dependent variable, funding performance (dichotomous). Results show that gender (B=0.583, p<.10), projects backed (B=0.348, p<.05), and word range (B=0.410, p<.05) were positively associated with funding performance and were statistically significant. Campaign days (B=0.249, p<.10) was negatively associated with funding performance and was statistically

significant. The Hosmer and Lemeshow model indicated (p=.810). Model 8 classification table indicates a 72.7% of the observed and predicted were correctly categorized based on the model with an R square of 185. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance.

Model 9

Model 9 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; and the independent variable, optimism, expressed as the use of optimistic language between T2 and T1. Results show that gender (B=0.580, p<.10), projects backed (B=0.345, p<.05), and word range (B=0.409, p<.05) were positively associated with funding performance and were statistically significant. Campaign days (B=0.250, p<.10) was negatively associated with funding performance and was statistically significant. The Hosmer and Lemeshow model indicated (p=.880). [Model 9 was classification table indicates a 72.1% of the observed and predicted were correctly categorized – meaning unclear] based on the model with an R square of .186. The delta R squared from Model 8 to Model 9 was .002. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance.

Hypothesis 1 proposed that an increase in optimistic language at T2 would increase funding performance. The results of Model 9 did support H1.

Model 10

Model 10 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderators product change and

reward change. Results show that gender (B=0.586, p<.10), projects backed (B=0.349, p<.05), and word range (B=0.413, p<.05) were positively associated with funding performance and were statistically significant. Campaign days (B=0.244, p<.10) was negatively associated with funding performance and was statistically significant. The Hosmer and Lemeshow model indicated (p=.420). Model 10 classification table indicates that 71.50% of the observed outcome was correctly predicted based on the model with an R square of .208. The delta R squared from Model 9 to Model 10 was.008. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance.

Hypothesis 2 proposed that after failure at T1, a product change and reward change at T2 will positively moderate the relationship between optimism and funding performance. increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 10 did support H2.

Model 11

Model 11 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderator stage of development. Results show that gender (B=0.544, p<.10), projects backed (B=0.332, p<.05), word range (B=0.347, p<.05), and stage of development (B=.444, p<.05) were positively associated with funding performance and were statistically significant. The Hosmer and Lemeshow model indicated (p=.536). Model 11 was classification table indicates a 73.7% of the observed outcome was correctly predicted based on the model with an R square of .235. The delta R squared from Model 10 to Model 11 was .040.

Hypothesis 3 proposed that after failure at T1, a change in the product stage of development will positively moderate the relationship between optimism at T2 and funding performance, increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 11 did support H3.

Model 12

Model 12 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and media (picture change, video change, and video duration change). Results show that gender (B=0.609, p<.10), projects backed (B=0.383, p<.05), and word range (B=0.436, p<.05) were positively associated with funding performance and were statistically significant. Campaign days (B=.240, p<.10) was negatively associated with funding performance and was statistically significant. The Hosmer and Lemeshow model indicated (p=.308). Model 12 was classification table indicates a 73.0% of the observed outcome was correctly predicted based on the model with an R square of .198. The delta R squared from Model 11 to Model 12 was 0.037. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance.

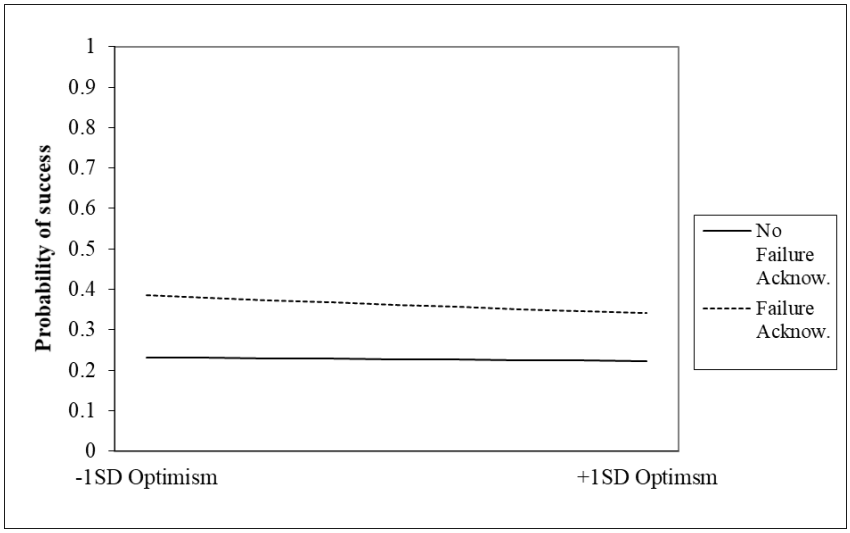
Hypothesis 4 proposed that after failure at T1, a change in media (picture change, video change, and video duration) will positively moderate the relationship between optimism at T2 and funding performance, increasing funding performance at T2 such that the effect on optimistic language will be more positive with than without change. The results of Model 12 did support H4.

Model 13

Model 13 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and failure acknowledgement. Results show that projects backed (B=0.357, p<.05) and word range (B=0.356, p<.05) were positively associated with funding performance and were statistically significant. Campaign days (B=.236, p<.10) was negatively associated with funding performance and was statistically significant. The Hosmer and Lemeshow model indicated (p=.115). [Model 13 was classification table indicates a 78.7% of the observed outcome was correctly predicted based on the model with an R square of .264. The delta R squared from Model 12 to Model 13 was 0.066. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance. The interaction effect shows that optimism and failure acknowledgement (β= 6.423, p<05) were positively associated and were statistically significant. The interaction effects are displayed in Figure 12.

Figure 6

Failure Acknowledgement and Optimism Interaction Effect



Hypothesis 5 proposed that after failure at T1, failure acknowledgement in the initial project will provide confidence to funders that the founder is proactive in correcting issues and will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimistic language will be more positive with than without failure acknowledgment. The results of Model 13 did support H5.

Model 14

Model 14 included the dependent variable, pledged to requested; the control variables gender, team, projects backed, race, project category, region, total words, and funding days change; the independent variable, optimistic language; and the moderator variables product change, reward change, stage of development, and media (picture change, video change, and video duration change), and failure acknowledgement. Results show that projects backed ($B=0.389$, $p<.05$), word range ($B=0.328$, $p<.05$), and stage of development ($B=.442$, $p<.05$) were positively associated with funding performance and were statistically significant. The Hosmer

and Lemeshow model indicated (p=.209). Model 14 was classification table indicates a 79.0% of the observed outcome was correctly predicted based on the model with an R square of .324. The delta R squared from Model 13 to Model 14 was .588. The Omnibus Test of Model Coefficients indicated (p<.05) indicating an improvement over the null hypothesis indicating significance.

CHAPTER 5: DISCUSSION AND CONCLUSION

The purpose of this study was to examine optimistic language when failure occurs in securing funding and how changes in language influence the ability to secure funding during a second request, post-failure. Entrepreneurs fail but entrepreneurs are optimists as well (Carver, 2010). This general positive disposition was explored in the context of rhetoric contained within initial and post-failure funding pitches. Entrepreneurship is a driver for new business creation and innovation; however, failure remains a common occurrence. Understanding how language and rhetoric convey optimism in seeking funding is important. Entrepreneurs who understand how the use of rhetoric and positive action can influence the likelihood of funding support are more likely to be successful in securing that funding. Discovering the keys to successful funding pitches would potentially save entrepreneurs' limited resources by focusing on proven processes that secure initial venture funding at a higher success rate.

Utilizing crowdfunding, which raises funds for nonprofit and for-profit enterprises over the internet (Mollick, 2014), the Kickstarter pitch (story) explains the purpose for requesting support and is the key driver for attracting interest to fund the campaign. Examining the content of the rhetoric used and the optimism expressed by entrepreneurs was explored as key contributors to garner funder support.

With a narrow window to attract attention and a finite funding pool, entrepreneurs are challenged in seeking support. The manner in which they explain their initiative in this climate is important in determining funding success. Rhetoric is used to convey the articulated message or to elicit argument that results in a change in the perspective being presented (Cornelissen, 2015). Its use is important for both mom-and-pop startups to major venture seekers in convincing funders to provide support. Determining rhetoric's effectiveness and the key determinants that

drive this effectiveness are important to discern and may serve as a roadmap to further areas of discovery in entrepreneurship beyond the initial funding barrier question.

Examining optimism, change, and rhetoric constructs and how entrepreneurs respond to failure through external transformation in product offering, return on investment, and product development as well as internal transformation of self-assessment, failure acknowledgement, and rhetorical expression are relevant in how entrepreneurs rebrand their efforts, now and in the future, after initial failure. More specifically, optimism and the elements it brings to entrepreneurship are important to understand given the time, effort, and financial resources consumed in failed business ventures. Providing knowledge and awareness to both founders and funders of entrepreneurial endeavors eliminates concerns of wasted effort, both financially and emotionally.

I examined optimism, perceived optimism, and persuasion while exploring gaps in the research on failure and its impact on entrepreneurs in these areas. Specifically, using Kickstarter, a global platform for crowdfunding that enables entrepreneurs and small startups to raise funds from the public via the internet through entrepreneurial pitches (Voelker, 2013), failed campaigns were examined from the initial submission and the second submission for changes in optimism, perceived optimism, and persuasion, with a focus on rhetoric and moderators as keys to follow-on campaign success. Exploring entrepreneurial optimism and failure in this method is an area that has lacked full examination in the literature (as far as I am aware). The purpose of this dissertation was twofold: a) to explore failure and how entrepreneurial optimism was affected by this failure and b) the use of moderators to counteract failure through reassessment of product and self-acknowledgement of failure. Overall, the findings were consistent with the initial assumption that the addition of moderators to optimistic language would be positive. The

hope is that this study adds to the literature and provides a catalyst for exploring entrepreneurial optimism and failure response.

Hypothesis 1 proposed that an increase in optimistic language at T2 would increase funding performance. This hypothesis was not supported based on the data analyzed. During initial hypothesis development, both positive and negative optimistic language was proffered, with positive language having been chosen. Results indicate that neither positive nor negative language would have received support, based on the nonsignificant results. Therefore, optimistic language had little effect on funding outcome.

In determining the actual question as derived in H1, noting the distinction between entrepreneurial optimism and optimistic rhetoric was necessary as well. Optimists and pessimists communicate in an affirmative manner when the opportunity requires. In a funding pitch, rhetoric projects a positive attitude, although the founder can have a predisposition for a positive outcome as well as a pessimistic air of caution. In either case, the rhetoric expounded, although not reflective of the founder's belief, nonetheless, did not indicate success. Given that optimism is a characteristic of entrepreneurs, in the context of rhetoric as a vehicle for securing funding, optimism does not translate into funding success. A closer examination of the results of H1 indicates that substance matters. Rhetoric's origin, based in persuasion (Hartelius, 2008), cannot be applied abstractly in transactional relationships; a fair exchange must occur between both parties. The results of H1 indicate that the story alone was not the selling point; the product and other factors were determinants. As such, the additional hypotheses did provide a means to explore optimistic language in conjunction with tangible resources to further observe optimism interaction with moderators on performance. While the direct effect of optimistic language was not statistically significant, results related to the interaction effects suggest that optimistic

language becomes more important when considering the types of changes that entrepreneurs make to their pitches.

The remaining hypotheses all theorized a moderating effect of Kickstarter attributes on the independent variable, optimism. (H2) proposed that after failure at T1, a product change and reward change at T2 will positively moderate the relationship increasing funding performance at T2 such that the effect on optimism language will be more positive with than without change. Hypothesis 3 (H3) proposed that after failure at T1, a change in the product stage of development will positively moderate the relationship between optimism at T2 and funding performance at increasing funding performance at T2 such that the effect on optimism language will be more positive with than without change. Hypothesis 4 (H4) proposed that after failure at T1, an increase in media as represented by the number of pictures, videos, and video duration at T2 will positively moderate the relationship between optimism at T2 and increase funding performance at T2 such that the effect on optimism language will be more positive with than without change. Hypothesis 5 (H5) proposed that after failure at T1 failure acknowledgement in the initial project will provide confidence to funders that the founder is proactive in correcting issues and will positively moderate the relationship between optimism at T2 and funding performance at T2 such that the effect on optimism language will be more positive with than without failure acknowledgement.] The results of the analyses show that the moderating variables supported the hypothesis in the SPSS data results. After the optimistic word usage outcome of no impact on funding results were observed for H1, the expectation that the moderators would provide significant results was still promising. Hypothesis 2 included moderators inclusive of product change and reward change. As previously stated, optimistic rhetoric alone does not always provide a catalyst for funders participation. The addition of a product change after failure along

with an enhanced reward or value for participation, was significant in garnering support from funders in conjunction was the campaign "story". Hypothesis 3 proposed that stage of development would positively moderate optimistic language increasing funding. Stage of development proved significant with causation attributable in part to founders displaying due diligence in seeking to improve their product offering. To funders, this display of human capital in founders seeking improvement is a motivator for funder participation. Hypothesis 4 proposed that media would positively moderate optimistic language. Media proved significant in part to the investment of time and resources in preparing pictures and video inclusion in the Kickstarter campaign indicating commitment and thoroughness of effort. Additionally, a visual representation of the activities associated with the campaign also elicits positive response as funders can visualize the product. Hypothesis 5 proposed that failure acknowledgement would positively moderate optimistic language. Although failure was not widely acknowledged by campaigns, it did show significance in the data results. Funder's assurance that their investment in founders is sound is enhanced by founder's acknowledgement of failure. Self-actualization provides a means for discerning awareness in the founder and a catalyst for funding support. Overall, there was low correlation in the moderators and the independent and dependent variables and no issue with collinearity. In essence, what was thought to be a contributing effect to funding success can be traced back to the adage of "build a better mousetrap and the world will beat a path to your door" (attributed to Ralph Waldo Emerson).

Although further analysis could parse out underlying specific contributing factors, a generalization of results appears to show that product category determines funding success. Funders support projects that interest them, no matter how enticing the description of the process. There must a general belief in the product. Unlike other crowdfunding campaigns that

appeal to prosocial causes (Allison, 2015) or altruistic endeavors, Kickstarter campaigns are geared to selling products for customer consumption. As a result, optimistic rhetoric has some bearing on decisions; ultimately, however, the product is what matters.

As of this writing, no post hoc analysis was performed. The data examined were robust and provided the quantity and quality necessary to make an objective analysis in answering the research questions and proposing the subsequent hypotheses. The hypotheses were generally answered in the affirmative, the data provide reasonable explanations. The product is what matters. Occasionally, although a fad (e.g., pet rocks) may take hold, Kickstarter's funder/customers want value and utility in the campaigns that they support. Optimism is still important because it serves as the impetus to initiate entrepreneurial language. Although optimism and rhetoric in combination can be a force for change, the entrepreneurial game is won or lost on the field of play. Again, the product matters.

As the central finding were aligned with the proffered hypotheses, there were interesting findings concerning the moderators and control variables. Only 4% of failed campaigns acknowledged failure in subsequent funding proposals. The lack of attrition was surprising. The expectation that a self-assessment would be communicated was assumed, especially when seeking financial support from funders in a competitive environment. Although this was expected, there was no impact since only 23% of founders expressing failure acknowledgement received funding while 33% received follow-on funding, indicating that other factors influenced successful funding. While more men than women start crowdfunding campaigns, a higher percentage of women are more successful in receiving funding. In terms of race, a higher percentage of Asians are successful while Blacks and Hispanics enjoy less success. Although a

generalization, this finding is common across multiple areas of research when looking at society as a whole and represents an important area for future investigation.

Overall, the exploration of optimism, change, and rhetoric contribute to the body of knowledge on entrepreneurial drivers for seeking funding support. Using crowdfunding as a proxy for the broader economy showed that entrepreneurs' optimism is an important driver for business growth and innovation. Examining rhetoric in the face of failure provides an opportunity to assess pre-business activities that contribute to actions that cause failure, thus contributing to the research on factors the contribute to entrepreneurial funding success.

5.1 Implications

Entrepreneurs fail. Understanding the root causes of this failure and corrective measures to reverse failure provides both an economic return and a non-measurable return on human psychology. The former can be measured as lost investment, resources, and time. The latter is immeasurable but important in that it may defer or deter dreams and potential worthy ideas due to early-stage failure. In terms of investment, resources, and time, statistics on new venture failure rates show that approximately 20% of new businesses fail during the first two years, 45% during the first five years, and 65% during the first 10 years (Knaup 2005, Simon and Shrader 2012). Only 21% of new businesses remain open for 20 years or more (Bureau of Labor Statistics, 2016). Understanding and improving on these statistics would be beneficial in the conservation of investment, resources, and time spent creating and funding new ventures. From the humanistic standpoint, wealth creation and economic prosperity are drivers for change on both the micro and macro levels. Local and rural economies are built on opportunities that arise from successful enterprises. When endeavors are envisioned and successful, not only the entrepreneur benefits but also families, partners, and customers. In providing guidance that minimizes failure, the likelihood of success and the benefits that stem from success are more likely to generate opportunities that lead to future positive outcomes.

Although the results are based on data from Kickstarter, which appeals to those more educated and technically nimble, the results are still reflective of structural societal economic discrepancies in access and mobility. Thus, going forward, researchers should strive to look at optimism more broadly to encompass a more comparative approach. Although optimism as observed is unidirectional, the cultural dimension of demographics, societal conditions, and opportunity may impact the degree of optimism. Research on optimism could be more focused to

assess if optimism is more like gravity in that it affects everyone the same way. Exploring the relationship between optimism and culture, optimism and social status, and optimism and education may prove valuable, as could research on failure. The findings show that very few campaigns admitted failure, leading to a cycle of idea, build, and fail. This lack of introspection has impacts beyond business failure. A society incapable of reflection after failure in areas such as education, science, criminal justice, and politics is doomed to repeat past mistakes, thus being unable to pivot and move forward positively.

A generational look at failure would also be of interest. In the past, failure meant the difference between life and death. For early agricultural economies that depended on the yield from the land, mistakes that lead to a bad season were not repeated the next season. Today, failure is minimally acknowledged. If something goes wrong, a new item is offered, or a new customer is sought. With the decline of failure acknowledgement, language and its use may prove an area of opportunity. The forming of thoughts and the conveyance of ideas through language is impacted by the means and method of communication. Today, the immediacy and brevity of modes of communication do not allow for a full forming of ideas that language can provide. Written language and the ideas that it conveys are now usurped by Twitters' 280character limit, abbreviated text messages, and a lack of critical thinking that language can force users to adhere to. An unappreciated use of language portends a cycle of not communicating critical information needed to make informed decisions, or worse still, not understanding what is being communicated. Research in this area that shows positive outcomes for a deeper use of language could be beneficial, especially in an everchanging society.

For scholars, optimism and failure can provide more expansive opportunities for research other than the more commonly researched areas of dispositional optimism (Carver, 2014) and

entrepreneurial dispositional optimism (Hmieleski, 2007). This study's results show that there are various environmental aspects that can be explored; for example, why Asians seemed to be more successful overall in overcoming failure, why women are more successful fundraisers than men, why White men are more active in pursuing funding, and why Blacks and Hispanics are less successful. Further research in those areas could lead to findings that benefit society as a whole.

With the coming shifts in technology, demographics, and minority/majority population, there are practical benefits in understanding entrepreneurial optimism, funding opportunities, and failure response. As entrepreneurship is a driver for business creation (Hmieleski, 2009), how society provides access and knowledge for those seeking opportunity is beneficial in both a micro and a macro sense. Crowdfunding, as represented by Kickstarter, is based on funding from the crowd (Parhankangas, 2019). In a historical since this has been occurring throughout the ages: the village pooling resources to purchase an ox for farming, town parishioners donating to build a church for the community, or immigrants to a new country pooling resources to pay passage for other newcomers, with the ultimate outcome of prosperity and economic benefit for all. The optimism that inspired the motivation to pursue opportunities such as these is represented in the nature of Kickstarter and the ultimate outcome of its purpose. When failure occurs, what is the course of action taken to realize a successful endeavor? Scholars who examine this area should be cognizant that the research implications are not wholly represented by statistical results, but what the results mean for society.

Although entrepreneurs and entrepreneurship are well-researched, there remains an area for discovery. Individuals today with only an idea and a laptop can become entrepreneurs, based on the general definition of an entrepreneur as someone who starts a business. This commonly

accepted idea, although not wrong, does not explore the vast depth of entrepreneurship as a construct and the dynamism of the subject. From Miller's (1983) three dimensions to the five-dimensional model of Lumpkin and Dess (1996) (autonomy, innovativeness, risk-taking, proactiveness, and competitive aggressiveness), the spectrum of entrepreneurial definition is wide with every point contained within as potentially correct. Success can be found with an idea and a laptop as well as by exploring the five dimensions as a checklist leading to an opportunity.

Wherever one falls on the spectrum, optimism about success of the venture is ever-present, with that being the starting point of any venture. The entrepreneur must believe in their own potential for success. The idea and optimism must be rooted in the concrete and not the abstract. Every idea is not an opportunity, and the belief of a positive outcome (optimism) is not the forerunner of success. Successful entrepreneurs are idealists and rational to a large degree. Although some are just lucky, it is still luck based on principle. Entrepreneurs should approach an opportunity with the belief that the endeavor is viable, they have the skills to succeed, and they have the ability to attract both customers and supporters to their cause. Kickstarter serves as a perfect test vehicle to explore entrepreneurial traits as well as a proxy for the competitive nature of business represented by pursuing both customers and investors.

Businesses fail. This failure is multifaceted but ultimately comes down to the inability to maintain revenue greater than the cost of doing business at a reasonable return. Kickstarter is unique in that it provides a platform to bring together founder and funder into an entrepreneurial coalescence. This is distinct from the more typical willing buyer, seller, and product but the principle is ultimately the same. Notwithstanding Kickstarter's campaign appeal directed at a likeminded community, only 36.6% of entrepreneurs? meet their funding goal and create a startup entity. While successful entrepreneurs must remain true to their ideation and optimistic

outlook, they must be realistic about the viability and success of their product or service offering. Entrepreneurs should define their ideas in a manner that enables them to communicate both their vision and the benefit of the offering. In Kickstarter, it is the reward and the product; in general commerce, it is the utility or benefit of the product or service.

Entrepreneurs should also be focused on the present unless they have customers who also want to be involved in the process. In essence, the product is ready from day one. Unless the entrepreneur has informed investors of the course of action and they are willing to take part, the product and service is available from the start. Success is always the goal; when failure occurs, the entrepreneur should take ownership of the issue. This is positive in two ways. First, by being cognizant of their own shortcomings and failings, entrepreneurs can improve for the future. Second, investors can take comfort in that the entrepreneur takes ownership of failure and, through this recognition, takes corrective measures now and in the future. Entrepreneurs should provide visual representation of the product being offered. Very few things are sold sight unseen. A physical representation of the product provides a visual cue of the entrepreneurial effort, a sign of fulfillment of the idea, and competence in adhering to the stated purpose and goal.

To sell the entrepreneurial idea, language is essential in providing the story and conveying the message necessary to build and garner support. In Kickstarter, the total words used showed significance in funding performance success. Language provides the ability to communicate ideas and feelings and, in the case of Kickstarter campaigns, information around the purpose and benefit of the product. For funders, it also provides a window into the thoughts of the entrepreneur about the endeavor beyond the product as well as the potential benefits of the product. Rhetoric in the general vernacular is seen as puffery in some quarters. Because we are surrounded by a constant bombardment of puffery, entrepreneurs must be cognizant of that fact

in how they express their thoughts and ideas in language. Research on optimism has several subsets: unrealistic optimism, overconfidence, positive illusions, and perceived control, all focusing on a detrimental view of optimism. Entrepreneurs should be cognizant of this potential to formulate ideas and convey them to others using language in a thoughtful and grounded way.

Optimistic language has benefits in providing founders with the views and objectives of the campaign; only the moderators stage of development (product ready for market) and failure acknowledgement were significant. Of the five moderators (product change, reward change, failure acknowledgement, stage of development, and media [picture, video, and video duration]), [the what of product related and the who of the founder sentiment were significant. – meaning unclear] The coding of media to reflect the use of more animation rather than actual people may be of interest. With Kickstarter slant towards arts related campaigns, the format of the campaign (i.e., artistic renditions vs. common photographs) would be of interest. Coding to include product characteristics and gender, in combination, should be explored as well.

Although Kickstarter was the primary focus in this research, the research contribution was geared towards application beyond Kickstarter. Results show that entrepreneurs must be prepared in both product completeness and the ability to explain their concept and vision for success. This has application for other funding contexts; for example, nonprofit organizations, NGOs working between the profit and nonprofit world to benefit a subset of a population not served by their government, and research ventures established to eradicate disease or fight global warming. Government could also benefit from a similar model but given special interests, conflicting rhetoric, undefined purposes, and inconsistent goals, application of the model is problematic.

5.2 Limitations

This study is not without limitations. The study consisted of approximately 9,000 Kickstarter campaigns between 2016 and 2019 that initially failed. From approximately 1,000 coded campaigns, 322 were randomly selected. Successful campaigns were not used on a comparative basis to elicit any common differences that could have provided cues or examples for success. Also, the random sample may not have been exacting in representing the failed population. In structuring the model, the questions posed were adequate in seeking a level of response but may not have reached a level allowing more intrusive examination. As to gender, race, and region specificity, those areas could have broadened the results, but time was a consideration.

From an empirical standpoint, the research outcome as a representation of the general population may be a concern. The population as reflected in the data skews heavily White, as well as towards men, and, given the need for some computer skills, towards the relatively young and educated. It potentially could render any outcome as not a total representation of a more generalized society. Attributes such as age, education, and marital status may have been more illuminating, but that information is not built within the Kickstarter platform's core requirements. Although not feasible in the context of the available data, Kickstarter could benefit from a preregistration survey of the goals and expectations of funders to provide helpful recommendations in setting accomplishable goals and expectations for campaigners.

Although the model design was robust in capturing the independent and dependent variables, there may have been limits in what CATA could find based on the analysis of optimistic word usage. McKenny's (2013) optimism dictionary and methodology were useful in examining the campaign passages, which ranged from extensive explanations to no word usage

at all. Therefore, capturing raw optimistic words may not have reflected the campaign's optimism intent. The analysis was not designed to assess funders' sentiment, which would have required a totally different application of CATA.

Finally, campaigns were not designated as created by the founder or by outside entities. There are several professional organizations whose sole purpose is to create Kickstarter campaigns. Determining if campaigns created professionally are less prone to failure based on a more focused campaign appeal or if Kickstarter projects with limited potential based on funding project category [on funding economics are not represented – meaning unclear] would be beneficial in the overall analysis.

5.3 Prospects for Future Research

This dissertation provides several recommendations for future research. Optimism is the belief that good things will happen in the future (Carver, 2014). As it relates to entrepreneurship, research could examine if optimism stems from inherent inclination, is gained from experience, or relates to a specific idea or opportunity. In respect to control variables, examining gender, race, region, and ethnicity could determine if failure creates similar responses in initial and follow-on actions. Researchers could also examine generational aspects to failure and setback. Given its evolution (from the fields to the factory, to the present service economy), does the nature of work change entrepreneurial intent and the optimism that stems from it? Future research may inform the course of educational requirements and guideposts that prepare entrepreneurs to focus on attainable goals while considering age, race, gender, nationality, and geographic location.

5.4 Conclusion

This study centered on optimism and the rhetoric used in the face of failure in obtaining funding for entrepreneurial pursuits. Entrepreneurs fail; their response to this failure is informative in determining the actions needed to ultimately succeed. A vast amount of research has been directed towards entrepreneurial orientation and opportunity recognition, but what is the aftermath once an entrepreneurial pursuit has been established and failed? The extent to which entrepreneurs respond is important given the resources and time invested and the resulting benefits derived from successful enterprises. Although the hypotheses developed in this research were not substantially validated, the questions they raise are remain valid. Further exploration would be beneficial for future research and for society as a whole.

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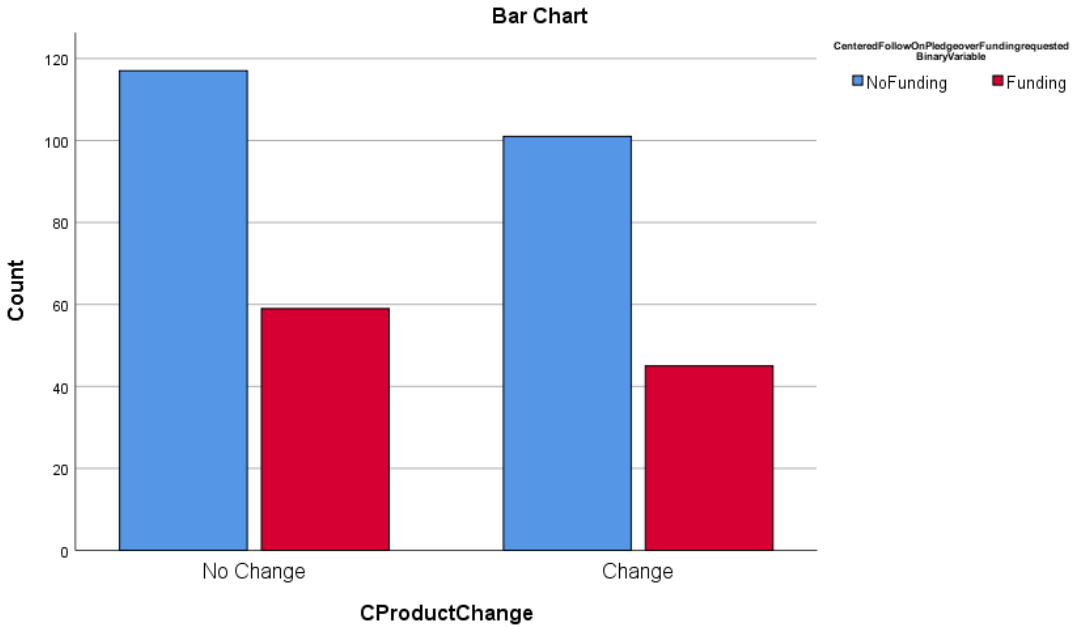
APPENDIX 1: Chi Square Cross Tab

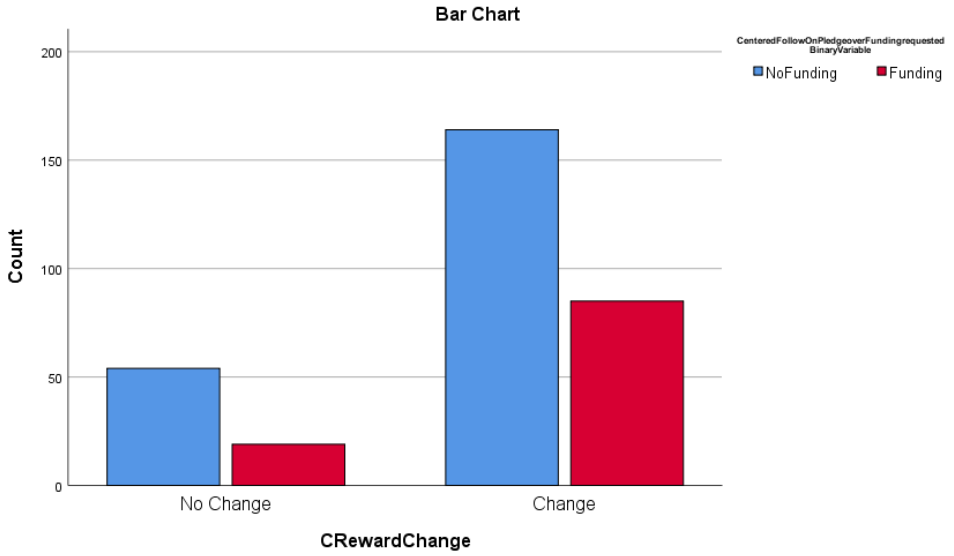
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CProductChange	-.45 No Change	Count	117	59	176
		Expected Count	119.2	56.8	176.0
		Standardized Residual	-.2	.3	
	.55 Change	Count	101	45	146
		Expected Count	98.8	47.2	146.0
		Standardized Residual	.2	-.3	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



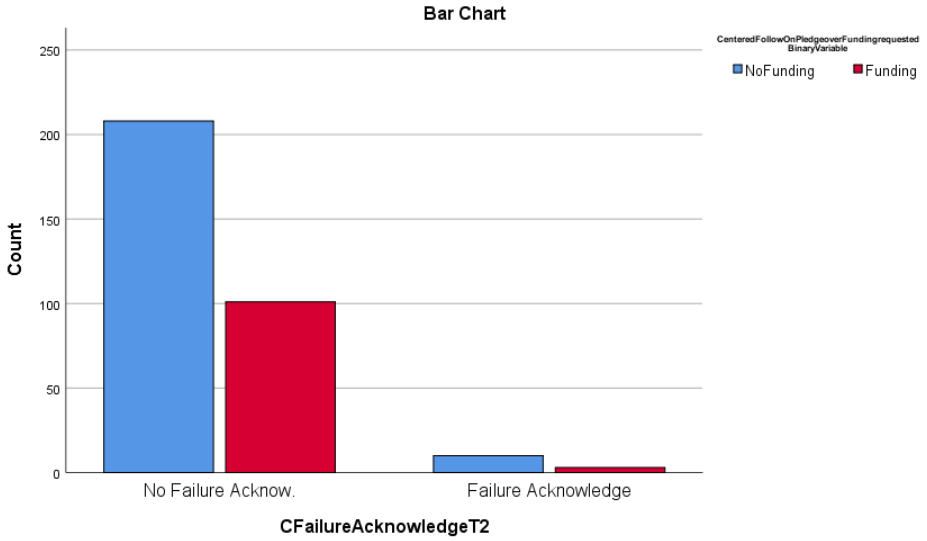
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CRewardChange	-.77 No Change	Count	54	19	73
		Expected Count	49.4	23.6	73.0
		Standardized Residual	.7	-.9	
	.23 Change	Count	164	85	249
		Expected Count	168.6	80.4	249.0
		Standardized Residual	-.4	.5	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



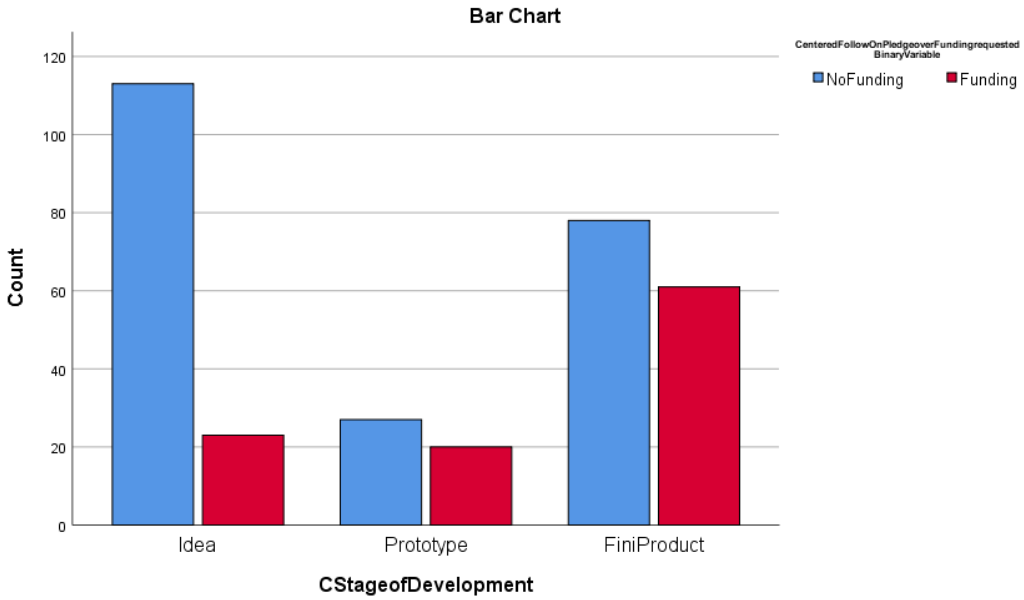
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CFailureAcknowledgeT2	-.04 No Failure Acknow.	Count	208	101	309
		Expected Count	209.2	99.8	309.0
		Standardized Residual	-.1	.1	
	.96 Failure Acknowledge	Count	10	3	13
		Expected Count	8.8	4.2	13.0
		Standardized Residual	.4	-.6	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



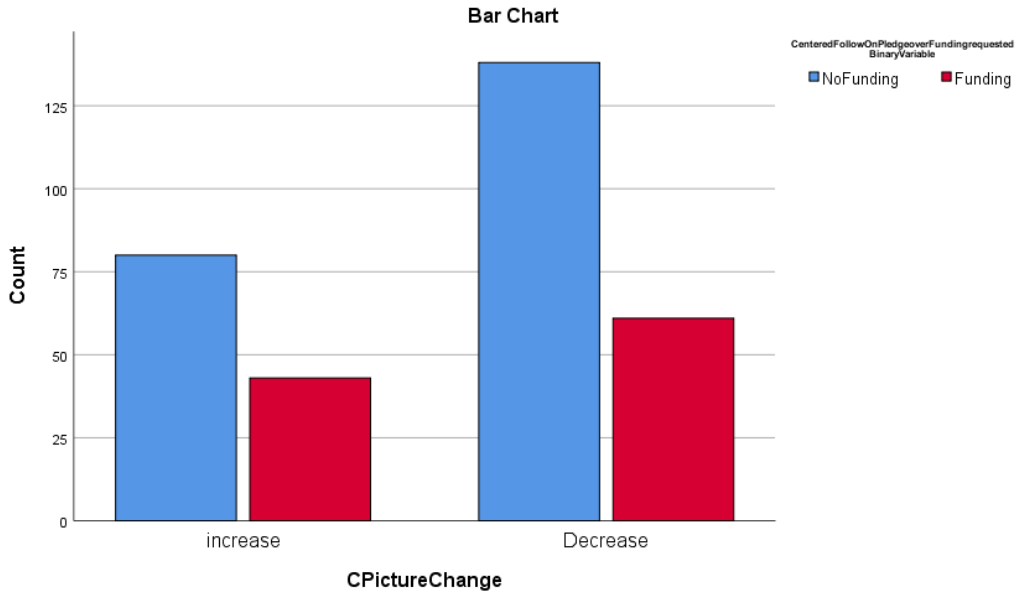
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CStageofDevelopment	-1.01 Idea	Count	113	23	136
		Expected Count	92.1	43.9	136.0
		Standardized Residual	2.2	-3.2	
	-.01 Prototype	Count	27	20	47
		Expected Count	31.8	15.2	47.0
		Standardized Residual	-.9	1.2	
	.99 FiniProduct	Count	78	61	139
		Expected Count	94.1	44.9	139.0
		Standardized Residual	-1.7	2.4	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



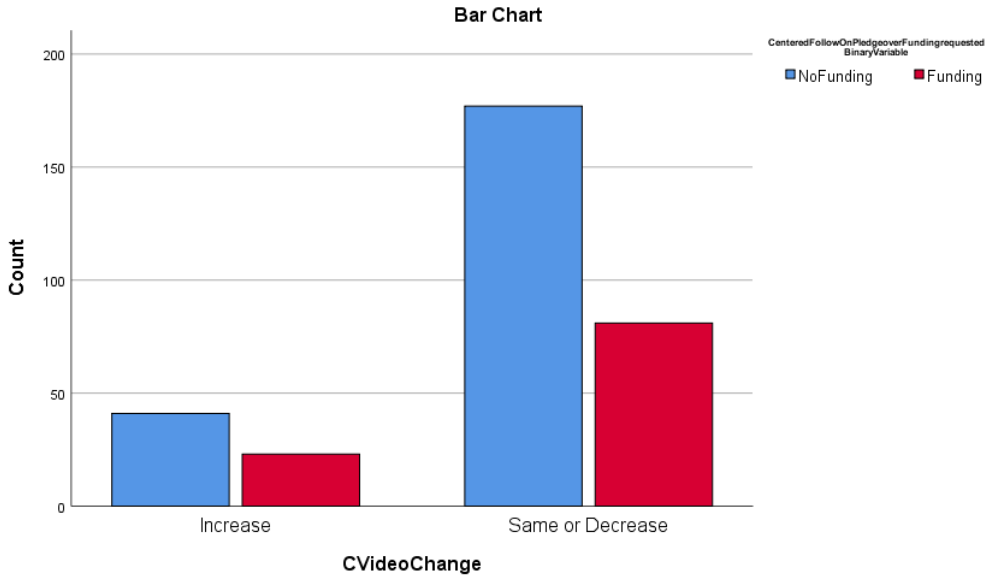
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CPictureChange	-.62 increase	Count	80	43	123
		Expected Count	83.3	39.7	123.0
		Standardized Residual	-.4	.5	
	.38 Decrease	Count	138	61	199
		Expected Count	134.7	64.3	199.0
		Standardized Residual	.3	-.4	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



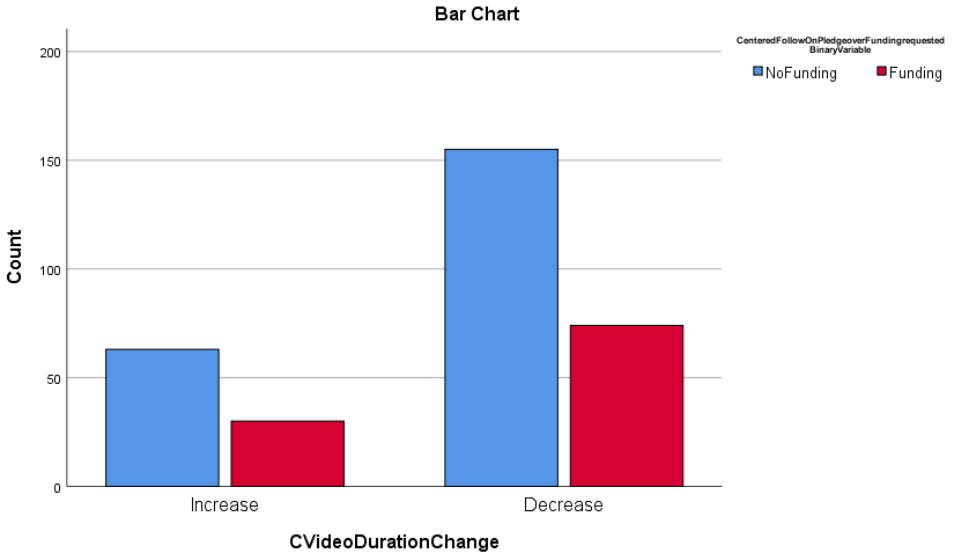
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CVideoChange	-.8 Increase	Count	41	23	64
		Expected Count	43.3	20.7	64.0
		Standardized Residual	-.4	.5	
	.2 Same or Decrease	Count	177	81	258
		Expected Count	174.7	83.3	258.0
		Standardized Residual	.2	-.3	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



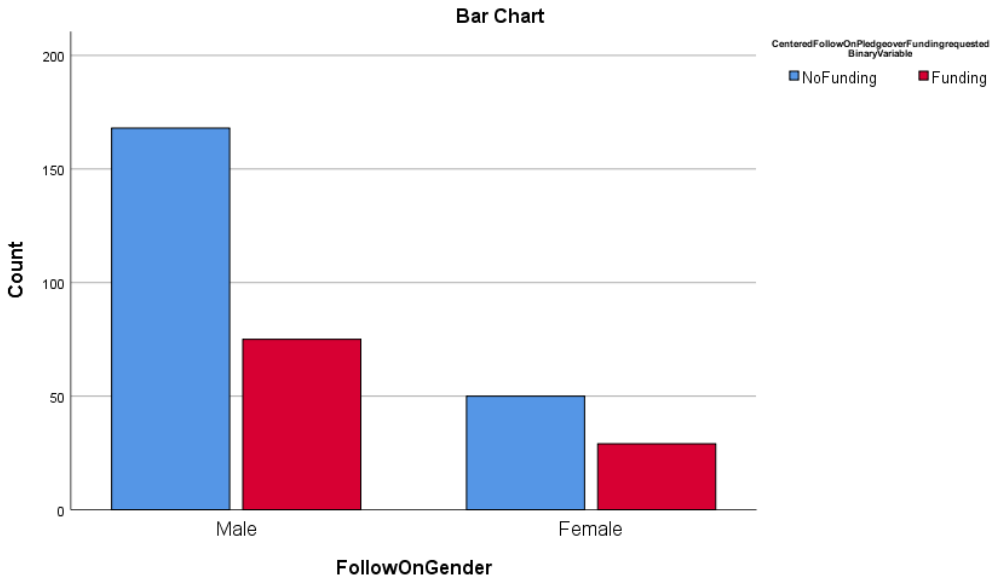
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
CVideoDurationChange	-.71 Increase	Count	63	30	93
		Expected Count	63.0	30.0	93.0
		Standardized Residual	.0	.0	
	.29 Decrease	Count	155	74	229
		Expected Count	155.0	74.0	229.0
		Standardized Residual	.0	.0	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



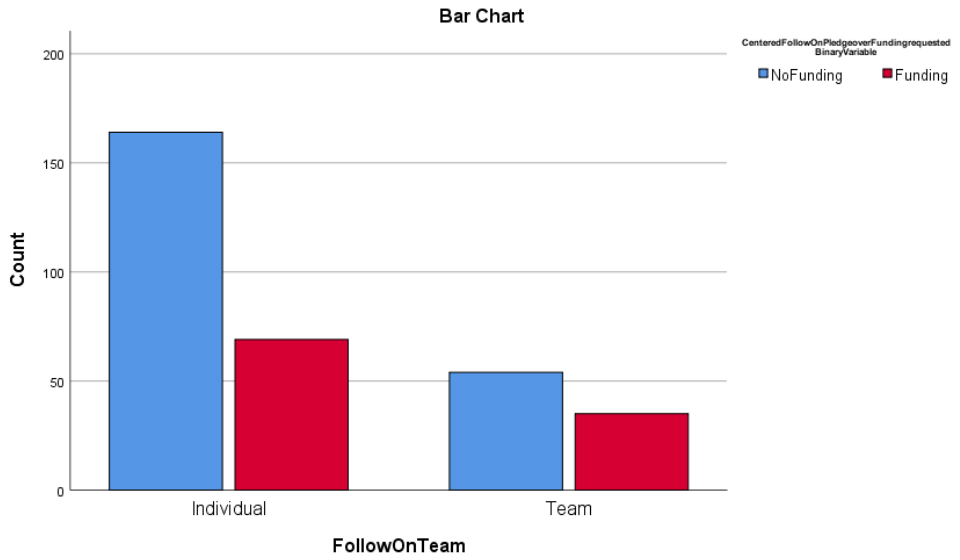
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
FollowOnGender	0 Male	Count	168	75	243
		Expected Count	164.5	78.5	243.0
		Standardized Residual	.3	-.4	
	1 Female	Count	50	29	79
		Expected Count	53.5	25.5	79.0
		Standardized Residual	-.5	.7	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



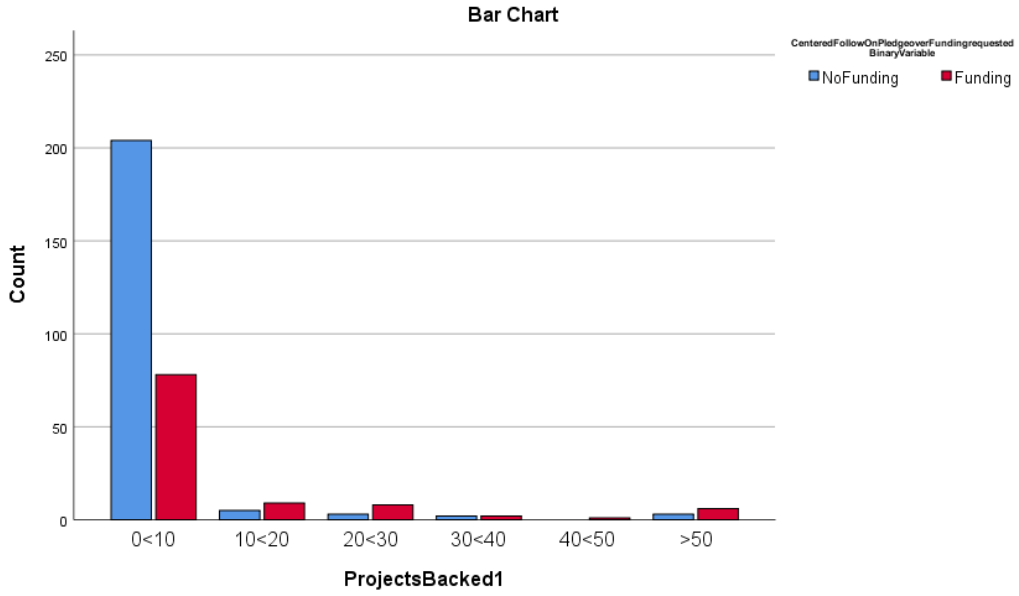
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
FollowOnTeam	0 Individual	Count	164	69	233
		Expected Count	157.7	75.3	233.0
		Standardized Residual	.5	-.7	
	1 Team	Count	54	35	89
		Expected Count	60.3	28.7	89.0
		Standardized Residual	-.8	1.2	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



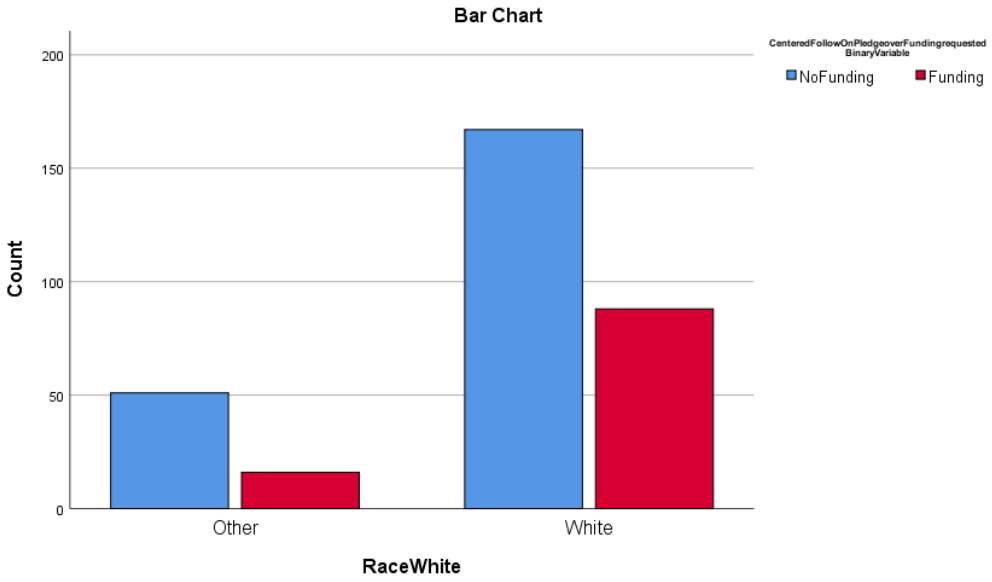
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
ProjectsBacked1	1 0<10	Count	204	78	282
		Expected Count	190.6	91.4	282.0
		Standardized Residual	1.0	-1.4	
	2 10<20	Count	5	9	14
		Expected Count	9.5	4.5	14.0
		Standardized Residual	-1.5	2.1	
	3 20<30	Count	3	8	11
		Expected Count	7.4	3.6	11.0
		Standardized Residual	-1.6	2.3	
	4 30<40	Count	2	2	4
		Expected Count	2.7	1.3	4.0
		Standardized Residual	-.4	.6	
	5 40<50	Count	0	1	1
		Expected Count	.7	.3	1.0
		Standardized Residual	-.8	1.2	
	6 >50	Count	3	6	9
		Expected Count	6.1	2.9	9.0
		Standardized Residual	-1.3	1.8	
Total		Count	217	104	321
		Expected Count	217.0	104.0	321.0



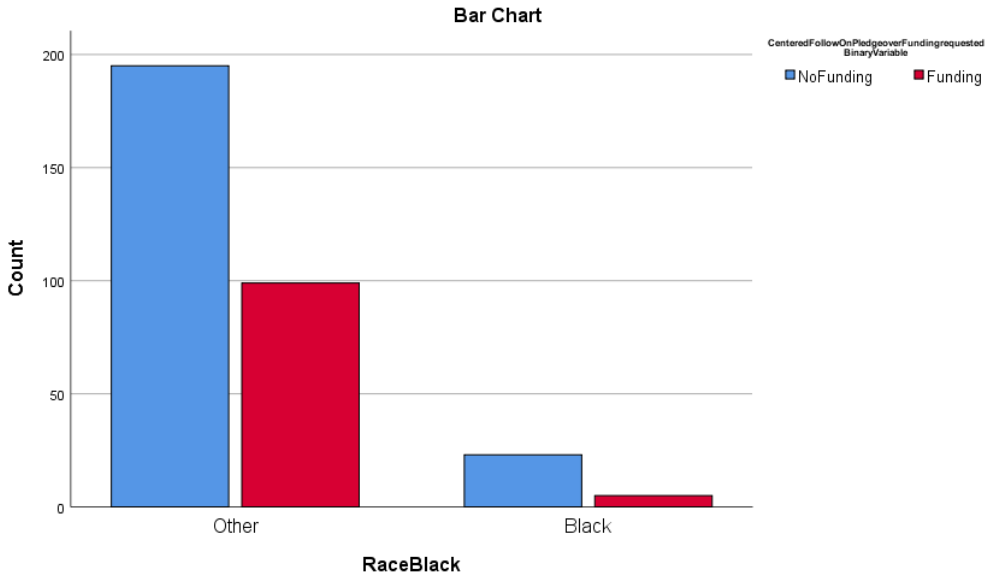
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RaceWhite	0 Other	Count	51	16	67
		Expected Count	45.4	21.6	67.0
		Standardized Residual	.8	-1.2	
	1 White	Count	167	88	255
		Expected Count	172.6	82.4	255.0
		Standardized Residual	-.4	.6	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



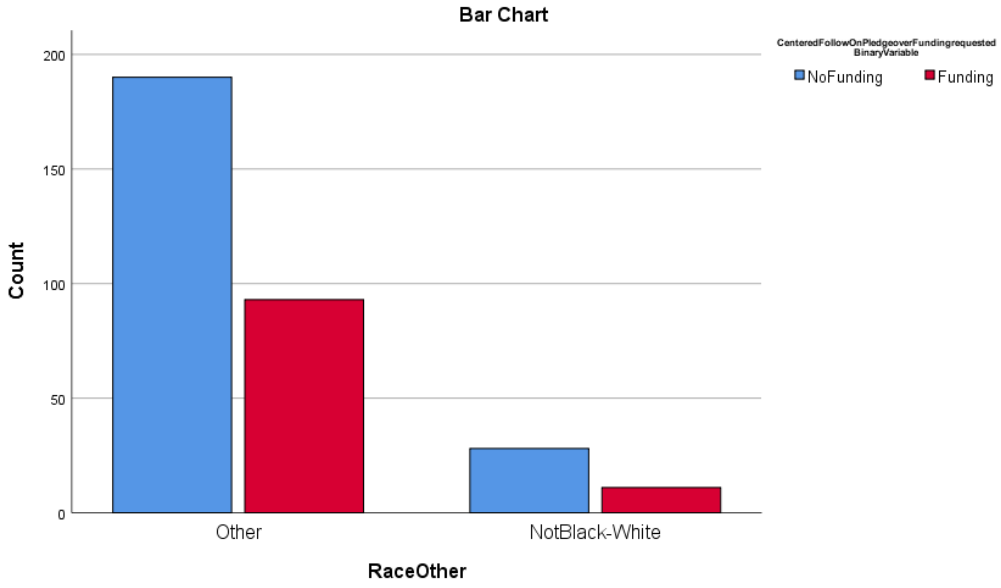
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RaceBlack	0 Other	Count	195	99	294
		Expected Count	199.0	95.0	294.0
		Standardized Residual	-.3	.4	
	1 Black	Count	23	5	28
		Expected Count	19.0	9.0	28.0
		Standardized Residual	.9	-1.3	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



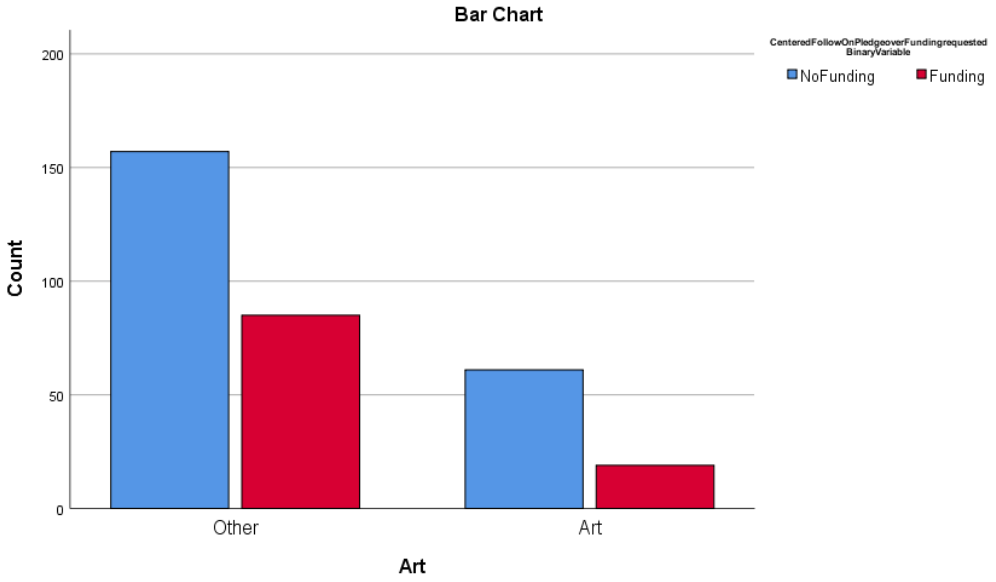
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RaceOther	0 Other	Count	190	93	283
		Expected Count	191.6	91.4	283.0
		Standardized Residual	-.1	.2	
	1 NotBlack-White	Count	28	11	39
		Expected Count	26.4	12.6	39.0
		Standardized Residual	.3	-.4	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



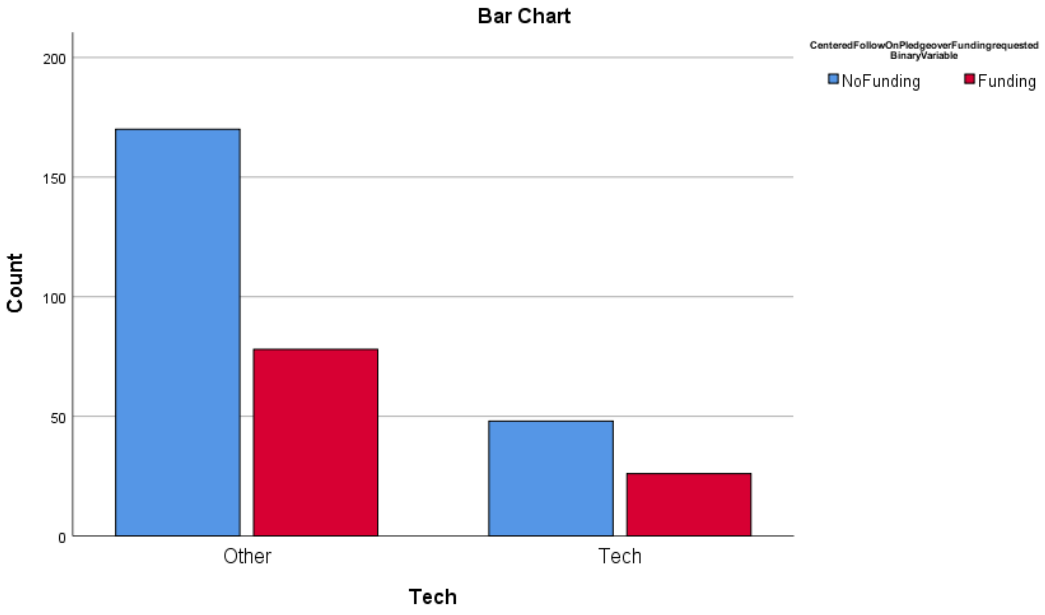
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
Art	0 Other	Count	157	85	242
		Expected Count	163.8	78.2	242.0
		Standardized Residual	-.5	.8	
	1 Art	Count	61	19	80
		Expected Count	54.2	25.8	80.0
		Standardized Residual	.9	-1.3	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



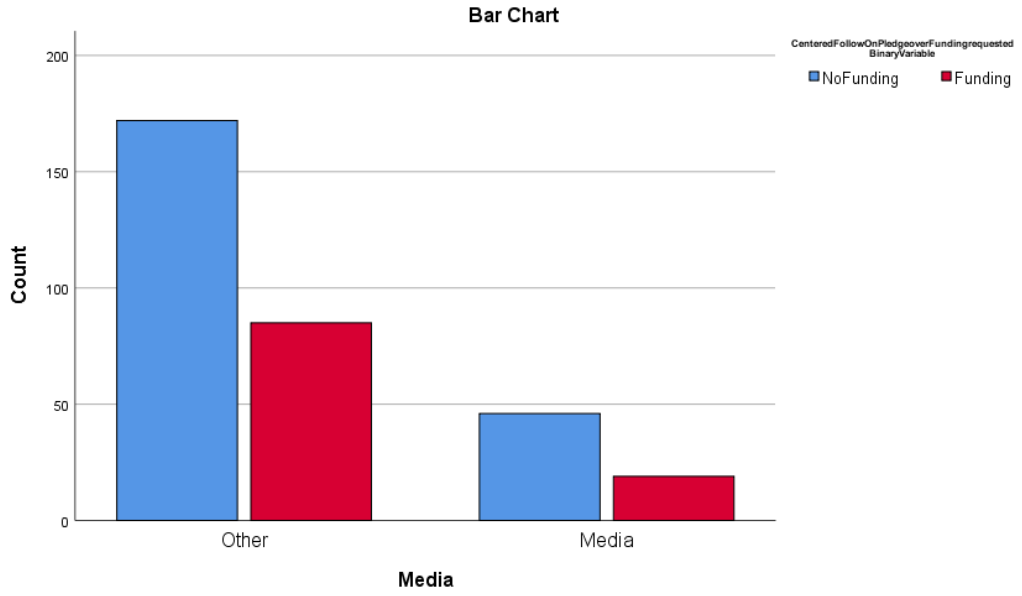
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
Tech	0 Other	Count	170	78	248
		Expected Count	167.9	80.1	248.0
		Standardized Residual	.2	-.2	
	1 Tech	Count	48	26	74
		Expected Count	50.1	23.9	74.0
		Standardized Residual	-.3	.4	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



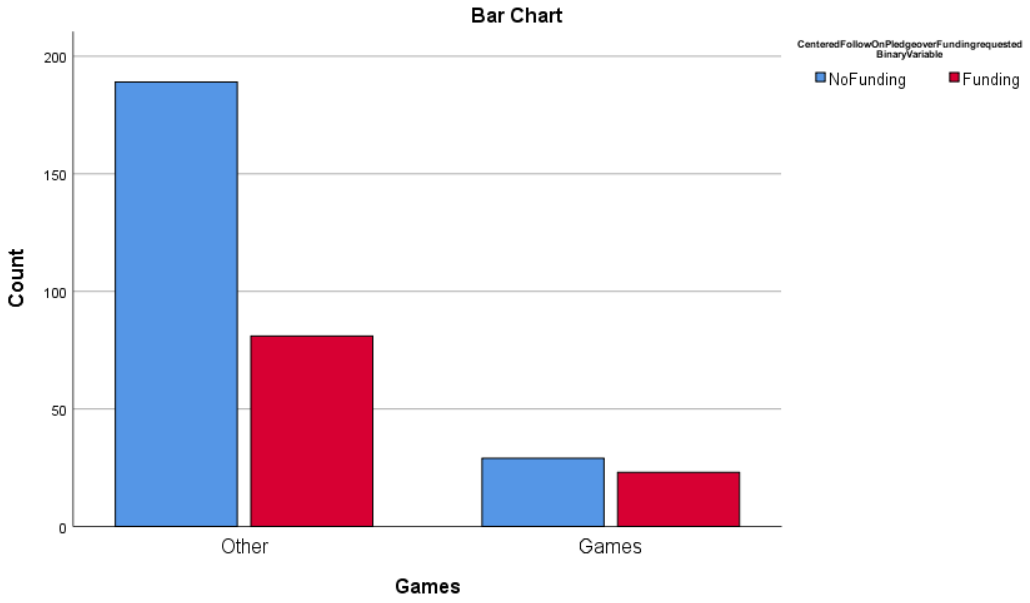
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
Media	0 Other	Count	172	85	257
		Expected Count	174.0	83.0	257.0
		Standardized Residual	-.2	.2	
	1 Media	Count	46	19	65
		Expected Count	44.0	21.0	65.0
		Standardized Residual	.3	-.4	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



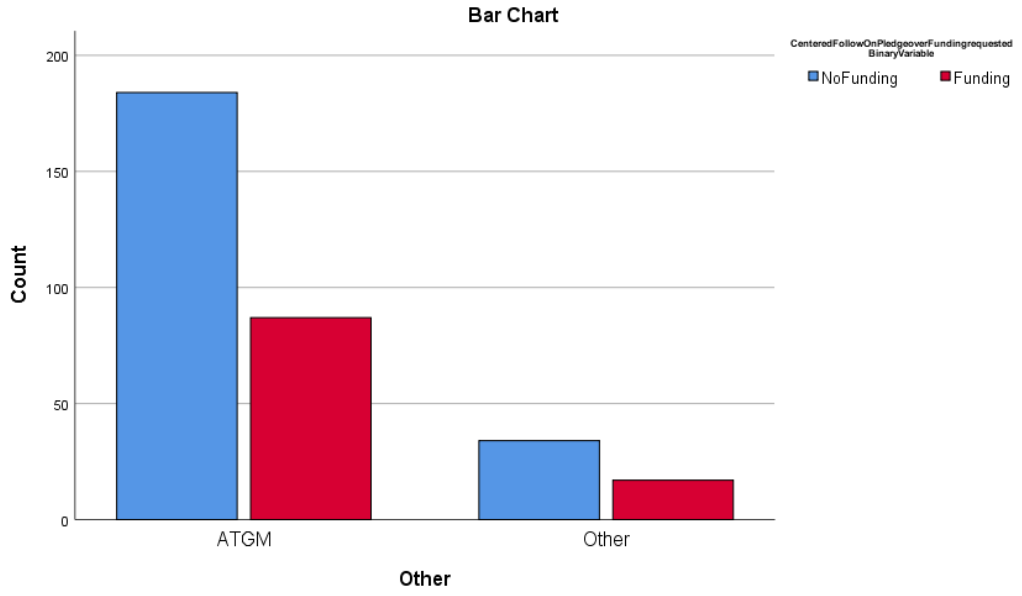
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
Games	0 Other	Count	189	81	270
		Expected Count	182.8	87.2	270.0
		Standardized Residual	.5	-.7	
	1 Games	Count	29	23	52
		Expected Count	35.2	16.8	52.0
		Standardized Residual	-1.0	1.5	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



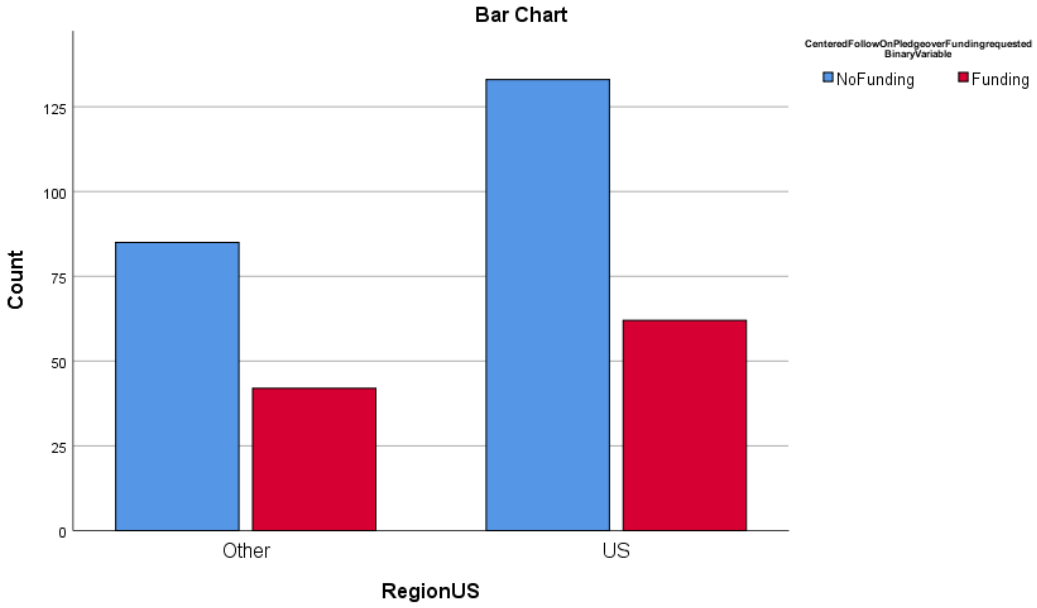
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
Other	0 ATGM	Count	184	87	271
		Expected Count	183.5	87.5	271.0
		Standardized Residual	.0	-.1	
	1 Other	Count	34	17	51
		Expected Count	34.5	16.5	51.0
		Standardized Residual	-.1	.1	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



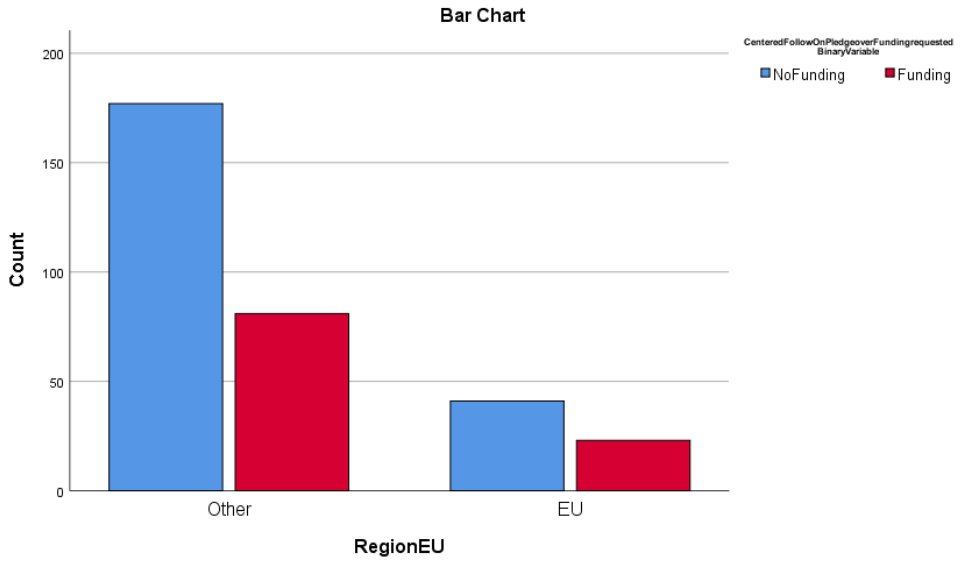
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RegionUS	0 Other	Count	85	42	127
		Expected Count	86.0	41.0	127.0
		Standardized Residual	-.1	.2	
	1 US	Count	133	62	195
		Expected Count	132.0	63.0	195.0
		Standardized Residual	.1	-.1	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



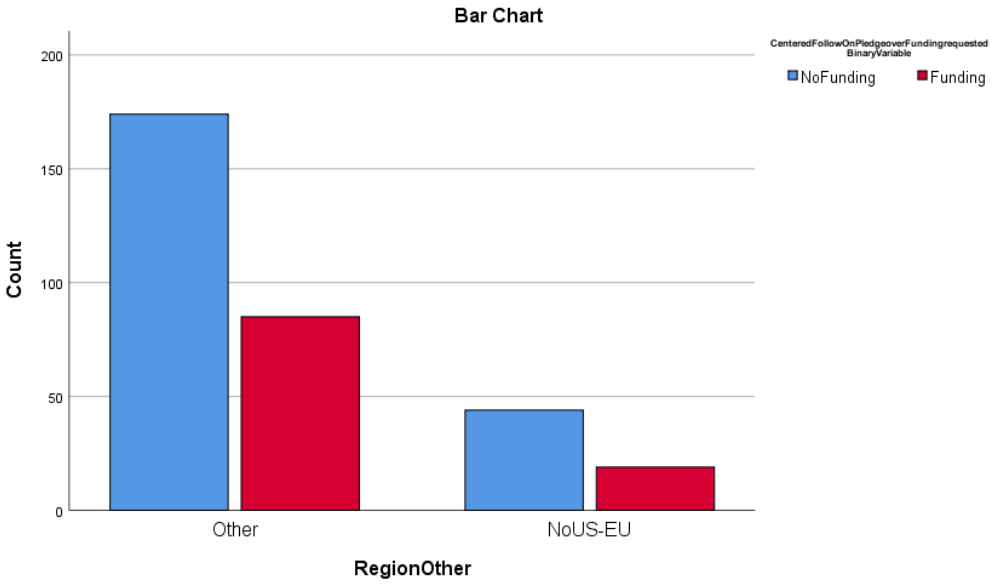
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RegionEU	0 Other	Count	177	81	258
		Expected Count	174.7	83.3	258.0
		Standardized Residual	.2	-.3	
	1 EU	Count	41	23	64
		Expected Count	43.3	20.7	64.0
		Standardized Residual	-.4	.5	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



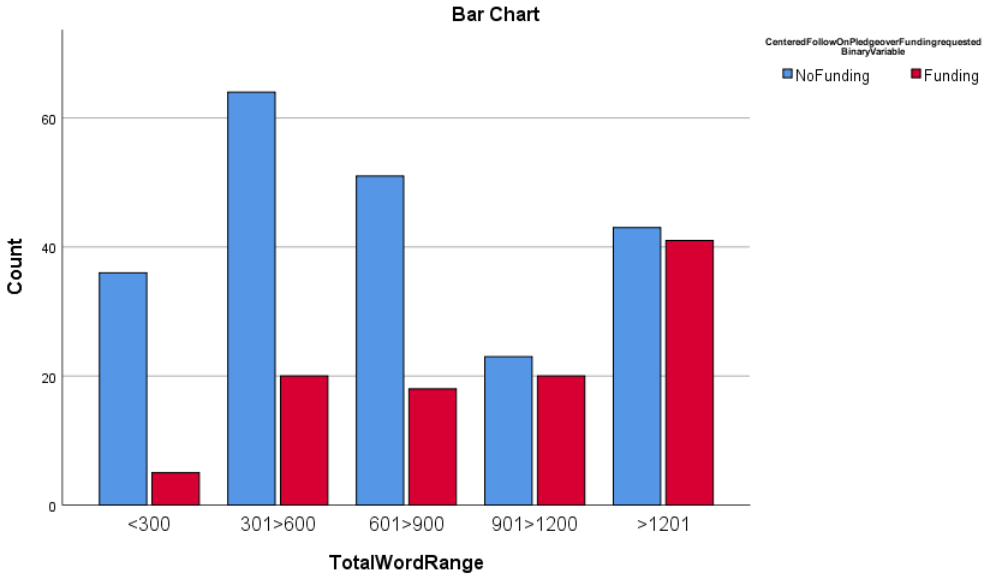
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
RegionOther	0 Other	Count	174	85	259
		Expected Count	175.3	83.7	259.0
		Standardized Residual	-.1	.1	
	1 NoUS-EU	Count	44	19	63
		Expected Count	42.7	20.3	63.0
		Standardized Residual	.2	-.3	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0



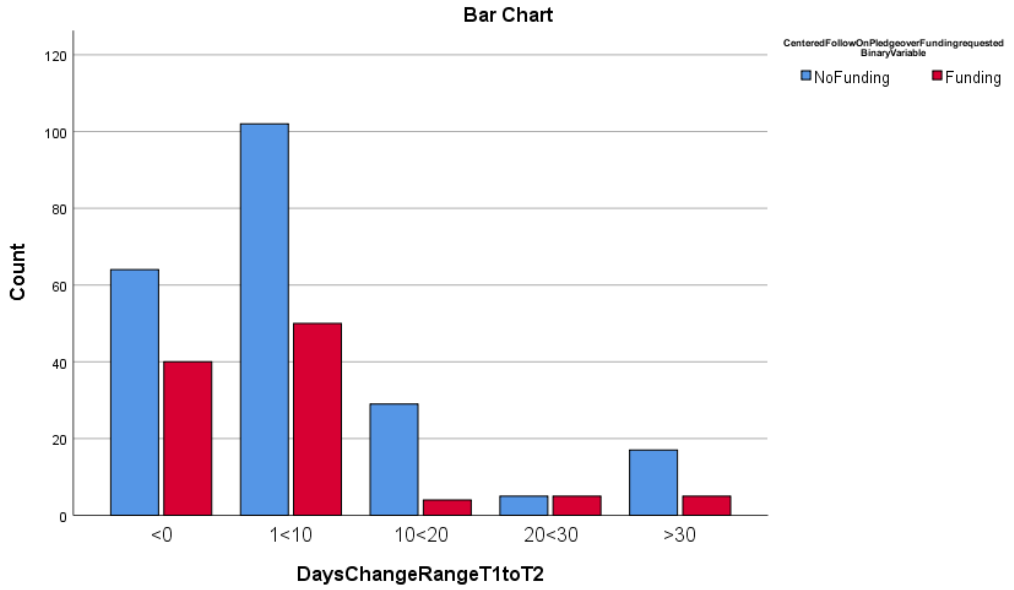
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
TotalWordRange	0 <300	Count	36	5	41
		Expected Count	27.7	13.3	41.0
		Standardized Residual	1.6	-2.3	
	1 301>600	Count	64	20	84
		Expected Count	56.8	27.2	84.0
		Standardized Residual	1.0	-1.4	
	2 601>900	Count	51	18	69
		Expected Count	46.6	22.4	69.0
		Standardized Residual	.6	-.9	
	3 901>1200	Count	23	20	43
		Expected Count	29.1	13.9	43.0
		Standardized Residual	-1.1	1.6	
	4 >1201	Count	43	41	84
		Expected Count	56.8	27.2	84.0
		Standardized Residual	-1.8	2.6	
Total		Count	217	104	321
		Expected Count	217.0	104.0	321.0



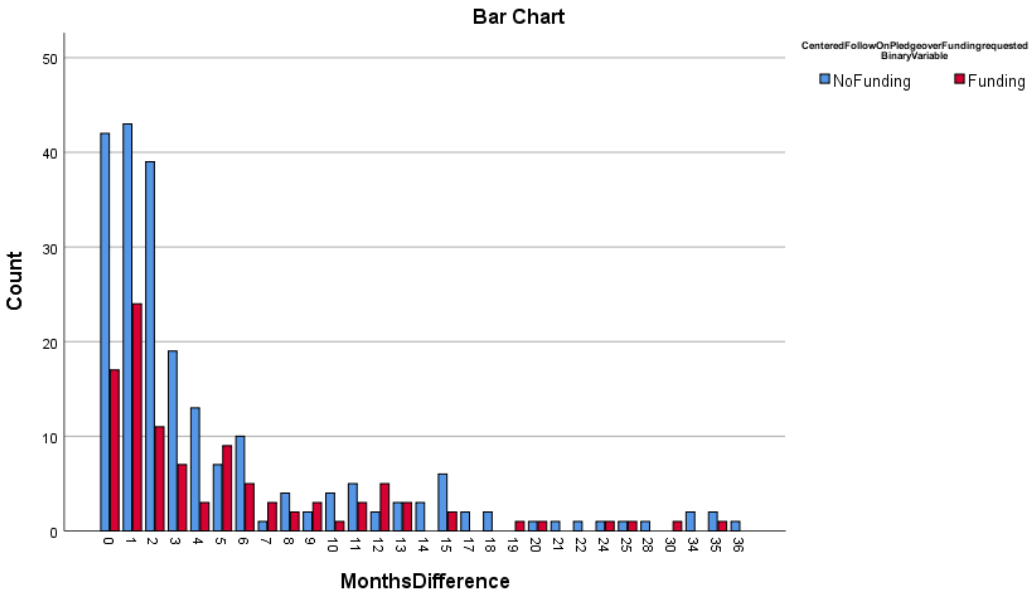
Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
DaysChangeRangeT1toT2	0 <0	Count	64	40	104
		Expected Count	70.3	33.7	104.0
		Standardized Residual	-.8	1.1	
	1 1<10	Count	102	50	152
		Expected Count	102.8	49.2	152.0
		Standardized Residual	-.1	.1	
	2 10<20	Count	29	4	33
		Expected Count	22.3	10.7	33.0
		Standardized Residual	1.4	-2.0	
	3 20<30	Count	5	5	10
		Expected Count	6.8	3.2	10.0
		Standardized Residual	-.7	1.0	
	4 >30	Count	17	5	22
		Expected Count	14.9	7.1	22.0
		Standardized Residual	.6	-.8	
Total		Count	217	104	321
		Expected Count	217.0	104.0	321.0

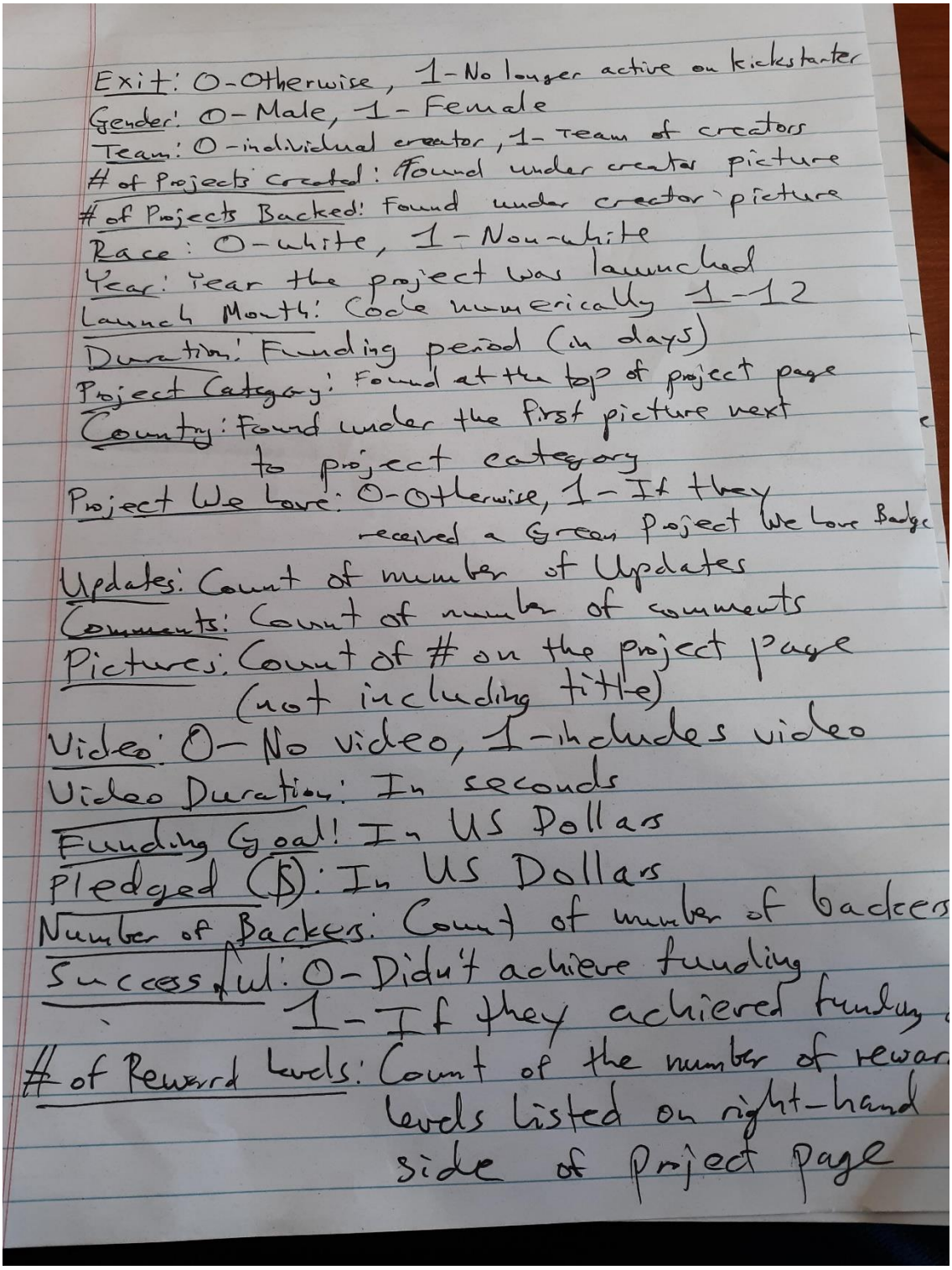


Crosstab

			CenteredFollowOnPledgeoverFundingrequestedBinaryVariable		
			-.32 NoFunding	.68 Funding	Total
MonthsDifference	0	Count	42	17	59
		Expected Count	39.9	19.1	59.0
		Standardized Residual	.3	-.5	
	1	Count	43	24	67
		Expected Count	45.4	21.6	67.0
		Standardized Residual	-.4	.5	
	2	Count	39	11	50
		Expected Count	33.9	16.1	50.0
		Standardized Residual	.9	-1.3	
	3	Count	19	7	26
		Expected Count	17.6	8.4	26.0
		Standardized Residual	.3	-.5	
	4	Count	13	3	16
		Expected Count	10.8	5.2	16.0
		Standardized Residual	.7	-1.0	
	5	Count	7	9	16
		Expected Count	10.8	5.2	16.0
		Standardized Residual	-1.2	1.7	
	6	Count	10	5	15
		Expected Count	10.2	4.8	15.0
		Standardized Residual	.0	.1	
	7	Count	1	3	4
		Expected Count	2.7	1.3	4.0
		Standardized Residual	-1.0	1.5	
	8	Count	4	2	6
		Expected Count	4.1	1.9	6.0
		Standardized Residual	.0	.0	
	9	Count	2	3	5
		Expected Count	3.4	1.6	5.0
		Standardized Residual	-.8	1.1	
	10	Count	4	1	5
		Expected Count	3.4	1.6	5.0
		Standardized Residual	.3	-.5	
	11	Count	5	3	8
		Expected Count	5.4	2.6	8.0
		Standardized Residual	-.2	.3	
	12	Count	2	5	7
		Expected Count	4.7	2.3	7.0
		Standardized Residual	-1.3	1.8	
	13	Count	3	3	6
		Expected Count	4.1	1.9	6.0
		Standardized Residual	-.5	.8	
	14	Count	3	0	3
		Expected Count	2.0	1.0	3.0
		Standardized Residual	.7	-1.0	
	15	Count	6	2	8
		Expected Count	5.4	2.6	8.0
		Standardized Residual	.3	-.4	
	17	Count	2	0	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	.6	-.8	
	18	Count	2	0	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	.6	-.8	
	19	Count	0	1	1
		Expected Count	.7	.3	1.0
		Standardized Residual	-.8	1.2	
	20	Count	1	1	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	-.3	.4	
	21	Count	1	0	1
		Expected Count	.7	.3	1.0
		Standardized Residual	.4	-.6	
	22	Count	1	0	1
		Expected Count	.7	.3	1.0
		Standardized Residual	.4	-.6	
	24	Count	1	1	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	-.3	.4	
	25	Count	1	1	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	-.3	.4	
	28	Count	1	0	1
		Expected Count	.7	.3	1.0
		Standardized Residual	.4	-.6	
	30	Count	0	1	1
		Expected Count	.7	.3	1.0
		Standardized Residual	-.8	1.2	
	34	Count	2	0	2
		Expected Count	1.4	.6	2.0
		Standardized Residual	.6	-.8	
	35	Count	2	1	3
		Expected Count	2.0	1.0	3.0
		Standardized Residual	.0	.0	
	36	Count	1	0	1
		Expected Count	.7	.3	1.0
		Standardized Residual	.4	-.6	
Total		Count	218	104	322
		Expected Count	218.0	104.0	322.0


Bar Chart
CenteredFollowOnPledgeoverFundingrequested BinaryVariable
NoFunding
Funding
Count
50
40
30
20
10
0
0
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
17
18
19
20
21
22
24
25
28
30
34
35
36
MonthsDifference

APPENDIX 2: Manual Coding Sheet 1 and 2



Exit: 0-Otherwise, 1-No longer active on kickstarter
Gender: 0-Male, 1-Female
Team: 0-individual creator, 1-Team of creators
# of Projects Created: Found under creator picture
# of Projects Backed: Found under creator picture
Race: 0-white, 1-Non-white
Year: Year the project was launched
Launch Month: Code numerically 1-12
Duration: Funding period (in days)
Project Category: Found at the top of project page
County: Found under the first picture next to project category
Project We Love: 0-Otherwise, 1-If they received a Green Project We Love Badge
Updates: Count of number of Updates
Comments: Count of number of comments
Pictures: Count of # on the project page (not including title)
Video: 0-No video, 1-includes video
Video Duration: In seconds
Funding Goal: In US Dollars
Pledged ($): In US Dollars
Number of Backers: Count of number of backers
Successful: 0-Didn't achieve funding
1-If they achieved funding
# of Reward Levels: Count of the number of reward levels listed on right-hand side of project page

Min Reward: US Dollars
Max Reward: US Dollars
Social Entrepreneur: 0- No
1- Mention some social cause (e.g. poverty, illiteracy, pollution), they are raising money for or seeking some social change or that they are a social entrepreneur or project

Other Projects: URL links to the Other Projects

Duplicate Project: 0- project is different
1- project is exactly the same as initial project