

FGF Studies in Small Business and Entrepreneurship

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Crowdfunding in Europe

State of the Art in Theory and Practice

 Springer

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Multifaceted and Interdisciplinary Perspectives on Small Business and Entrepreneurship Research: Introducing the FGF Studies in Small Business and Entrepreneurship

Understanding entrepreneurship and entrepreneurial phenomena in new ventures, small businesses, and established corporations is of crucial importance for entrepreneurs, corporate managers, and policymakers alike. The Förderkreis Gründungsforschung e.V. (FGF) has from its inception in 1987 strongly supported the development of research on these important topics and is today the largest and leading association of entrepreneurship and innovation scholars in Germany, Austria, Switzerland, and Liechtenstein. Today, FGF provides an established platform for the exchange of ideas and results of entrepreneurship research and related phenomena such as innovation, small and medium-sized enterprises (SMEs), and family businesses. In doing so, FGF pursues a number of important goals and its members strive to provide evidence-based answers to questions such as the following:

- How can we effectively support start-ups in order to strengthen employment and innovation in the economy?
- Where do administrative and regulatory barriers to entrepreneurship and innovation exist and how can they be successfully reduced?
- What needs to be done to effectively organise knowledge and technology transfer out of universities, research institutes, and other types of higher education institutions?
- What can be done to improve educational programmes in schools and institutions of higher education that want to foster entrepreneurship and innovation?
- How do we strengthen values and beliefs that are the foundation of an entrepreneurial culture and what can be done to improve individual entrepreneurial spirit?
- What measures need to be taken to advance the collaboration of entrepreneurial small businesses and institutions of higher education?
- How can SMEs and family businesses survive in the modern, globalised economy?
- How can large, established firms benefit from corporate entrepreneurship and corporate venturing?

To support those researchers, teachers, practitioners, and policymakers who work on finding rigorous answers to these questions, FGF developed and continues to develop a plethora of measures. By organising national and international conferences on entrepreneurship, innovation, and small and medium-sized enterprises, it provides scholars from various disciplines such as management, economics, psychology, sociology, or economic geography with numerous opportunities to network and collaborate with each other. Various work groups and networks within the FGF address topics such as the development of entrepreneurship research, entrepreneurial finance, cultural entrepreneurship, sustainable entrepreneurship and innovation, corporate entrepreneurship, or entrepreneurship education. Based on this, recommendations for policy- and decision-makers are developed and disseminated widely.

The latest endeavour in this regard are the FGF Studies in Small Business and Entrepreneurship, a book series devoted to those phenomena that are at the heart of FGF's activities and which we are happy to start with the present edited volume on crowdfunding. The aim of the FGF Studies in Small Business and Entrepreneurship is to showcase exceptional scholarly work in small business and entrepreneurship research. The book series will have an interdisciplinary focus and will include works from management, finance, innovation, marketing, economics, sociology, psychology, and related areas reflecting the breadth of different approaches to small business, innovation, and entrepreneurship research. We will publish research monographs, edited volumes, and handbooks or reference books, depending on what particular format suits the topic under investigation best. Equally, the FGF Studies in Small Business and Entrepreneurship acknowledge that small business and entrepreneurship phenomena occur at various levels of analysis and hence the series is concerned with a plethora of levels including the analysis of individuals, organisations, networks, economies, and societies.

Through this, we are confident that the book series will serve as an important vehicle to help academics, professionals, researchers, and policymakers, working in the fields of small business, innovation, and entrepreneurship, to disseminate and obtain high-quality knowledge, thereby adding to achieving FGF's overall goal of fostering an entrepreneurial and innovative culture and making entrepreneurs more successful in their endeavours.

We are happy to be able to start the series with an edited volume that achieves all of the goals that we have in mind with the series in an exceptional way. How we think about entrepreneurial finance has changed dramatically since the first platforms to finance new ventures with the help of a crowd of small and widely dispersed investors emerged on the Internet. Given its recent timeliness, the phenomenon is not understood very well yet from an academic perspective—and the large number of players entering and leaving the market indicates that we are still in a phase of experimentation from a practical viewpoint. Knowledge on for instance how best to arrange such platforms or what makes a particular crowdinvesting campaign successful is desperately needed from a practical perspective. The first volume is thus highly relevant from both a practical and academic perspective. We are therefore very thankful to the editors of this particular volume for accepting the

challenge of collecting what is state-of-the-art knowledge on crowdfunding. Readers will find a useful combination of rigorous, evidenced-based academic perspectives and seasoned professionals' views on crowdfunding. This unique combination of timeliness and perspectives makes the volume really stand out in the emerging stream of literature on crowdfunding—which is why we are convinced that it will develop to become a standard reference for everyone interested in this exciting phenomenon.

Hohenheim, Germany
Trier, Germany

Andreas Kuckertz
Joern H. Block

Preface

While the world economy was brought to its knees in 2008 by the financial structures created in search of profit maximisation, approved by the world's leading economists and policymakers, the brunt of the crisis was borne by the common citizen, the tax payer. In some countries, the impact was more visible than in others, but the result has been a deep distrust of financial institutions and economic theory across the board by many citizens. This created a welcome breeding ground for the idea of crowdfunding: a collaborative, Internet-based solution of allocating money and resources, across geographies, directly to the projects of interest, circumnavigating the incumbent financial services firms.

If 2008 signposted a significant increase in crowdfunding activity, leading to a market worth billions of Euros in Europe alone within only a few years, 2013 was the year crowdfunding received worldwide recognition and captured the interest of established financial services industry, economists, politicians, and corporations. Institutions like the World Bank, the European Commission, the U.S. Government, as well as some of the world's largest banks, corporations, and top universities jumped on the bandwagon. Until then, the crowdfunding sector had to a great extent been driven by entrepreneurs, many with a broader understanding of the social need for innovating financial services and power structures within our economies. Crowdfunding was a democratic tool to take back the decision power from banks and corporations over where to put our own money and what products should be created and sold within a collaborative economy.

Simultaneously, the scientific research underpinning this phenomenon has been gaining ground. Since 2010, crowdfunding has been explored from different perspectives in various disciplines, such as the social sciences, psychology, information technology, economics, and entrepreneurship research. But we are far away from an elaborated research field. In 2013, there was hardly any relevant academic discussion on this topic. The first papers had started to appear here and there, and a few conferences picked up this topic as a side issue, but the data available for relevant studies were limited and the scope of the academic discussion was negligible.

On this basis, the concept for this publication was conceived in late 2013 and we set out to convince a cross-selection of academics, who had worked on crowdfunding, to act as our editorial board, double-peer reviewing all received contributions. In the process of forming this group, many questions were raised about the proposed aim and vision of the publication, and it did not only find support. The end result, however, was the formation of an editorial board that fully subscribed to our vision. The result left us happy and unconventional.

We are proud to have the following distinguished persons involved as members of this volume's editorial board:

- Prof. Dr. Ralf Beck, Fachhochschule Dortmund, Germany
- Prof. Ali Dardour, KEDGE Business School, France
- Dr. Dan Marom, Hebrew University of Jerusalem, Israel
- Prof. Ivana Pais, Università Cattolica del Sacro Cuore, Italy
- Prof. Dr. Andreas Will, Technische Universität Ilmenau, Germany

The European Crowdfunding Network (ECN), the pan-European interest group of crowdfunding platforms, issued two open calls for papers in early 2014, one for academics and one for practitioners. Researchers from all academic institutions and fields were welcome to participate with their scientific work in this publication. We especially wanted to encourage young scholars and Ph.D. candidates to contribute to the edited volume with their research findings. If crowdfunding was disrupting established beliefs of how modern markets should work and how financial services should be designed, then we needed a disruptive view of academic research on crowdfunding, too.

Instead of inviting the big names in entrepreneurship research, who so far had not realised the value of crowdfunding to our society, we aimed to give the floor to academics who still had to prove themselves. We believe that it will be this new generation of academic researchers who will be the thought leaders of tomorrow. But in reality, today's young academic researcher is as likely to be an innovator in the real economy tomorrow, leaving his university days behind in order to add value to a business or another organisation. In order to broaden the scope and to answer related requests, we decided to set up a second open call, welcoming also practitioners to enlarge the scientific perspective by a few selected practical issues. And in the end, our open call also encouraged leading scientists in their research field to contribute to our volume, a fact of which we are very proud.

Welcome were both shorter (e.g. summaries of existing or forthcoming works) and longer contributions (e.g. new examinations). All submissions were double-blind peer reviewed by our editorial board, following certain evaluation criteria to ensure the volume's high quality. Those articles where reviewers had significantly differing opinions were then submitted to a third reviewer. Contributions with potential, but which could not convince the board completely, were returned to the authors with the request that they rework these papers. After another review by the editorial board, the accepted papers were sent to an external proofreader for general language checks. Together with the reviewer's detailed feedback, we asked

the authors to do another revision of their articles. Last but not least, we did a final check of all articles prior to the final revisions by the authors.

We very much appreciate that Prof. Dr. Joern Block and Prof. Dr. Andreas Kuckertz invited us to publish our edited volume on crowdfunding as the first edition of the *FGF Studies in Small Business and Entrepreneurship* showing its high relevance for both research and practice. This first compendium on crowdfunding theory and practice highlights relevant current and future issues. It could be used as a guideline and will advance classification in an emerging research field.

Our overall motivation and objective in 2014 was the foundation of an interdisciplinary scientific work group on crowdfunding within the European Crowdfunding Network. With this research group, we wanted to contribute to a better comprehension of crowdfunding, encourage further fundamental research, and contribute to a systematisation of this research field. But mostly we wanted to bring together scientists conducting research on crowdfunding in Europe. This volume is just the first step towards identifying the key European actors in crowdfunding research.

Since then, we have collaborated with numerous scholars, universities, and academic initiatives in order to further scientific research into crowdfunding. In October 2014, the ECN Scientific Work Group joined FGF's annual scientific conference G-Forum 2014 in Oldenburg—the largest conference on entrepreneurship research in Germany, Switzerland, and Austria with more than 300 academic participants—organising two inspiring panels on crowdsourcing and crowdfunding, as well as a panel discussion with practitioners. Further publications and activities such as conferences and meetings are planned. Thus, interested scholars are invited to join this group at any time.

We would like to thank our editorial board, the series editors, and Springer for their support and, of course, the authors who contributed to this volume for their excellent work.

Ilmenau, Germany
Brussels, Belgium
February 2015

Dennis Brüntje
Oliver Gajda

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