Equity crowdfunding: Is it really “Dumb money”? An exploratory study on the non-financial value added by equity crowdfunding investors from Swedish entrepreneurs’ perspective
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Abstract

Background:
In an equity crowdfunding campaign, the investor receives shares in the company in return for the investment, which makes equity crowdfunding similar to traditional sources of equity funding. Nevertheless, skeptics have referred to equity crowdfunding as “dumb money”, since it might not provide similar non-financial value added as realized from professional investors. The main literature used for the frame of reference were Boué (2007), Macht and Robinson (2008) and Macht and Weatherston (2014). The literature worked as a basis for deriving a table, outlining the non-financial value added received by venture capitalists and business angels, as well as showing where literature is lacking regarding non-financial value added by equity crowdfunding investors.

Purpose:
The purpose of this thesis was to explore the non-financial value added by equity crowdfunding investors to the entrepreneur. This purpose was answered by two research questions: (1) Do equity crowdfunding investors provide similar non-financial value added to the entrepreneur as traditional equity funding investors do? (2) Are there any additional non-financial value added realized from equity crowdfunding?

Method:
This thesis follows the interpretivist research paradigm and undertakes an abductive research approach in order to explore the purpose. Primary data was collected through semi-structured interviews with seven entrepreneurs who had successfully conducted an equity crowdfunding campaign in Sweden. Secondary data was collected from peer-reviewed articles containing relevant theories and models.

Conclusion:
This research suggests that there are similarities between professional investors and equity crowdfunding investors in terms of non-financial value added. The contribution from equity crowdfunding investors seems to be dependent on the effort that the entrepreneur puts into the relationship with the investors. Furthermore, equity crowdfunding also allows the entrepreneur to maintain ownership and control over the company. However, each equity crowdfunding case is different and there are no guarantees of receiving certain types of investors.

Keywords: equity funding, equity crowdfunding, non-financial value added, investors, entrepreneurial finance, Swedish entrepreneurs
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Starting a new venture is a dream for many entrepreneurs. To put a business idea into action and see it develop can be a real thrill. However, it also involves hard work and persistence. New ventures are particularly vulnerable in the start-up period and require resources for survival and progress. The most critical resources for new ventures, in order to overcome start-up costs, are the financial assets and start-up capital (Mollick, 2014). Starting a new venture usually incurs inevitable costs, and it is therefore common for start-ups to search for external funding (Baum & Silverman, 2004). There are several options for new ventures searching for capital funding, such as bank loans, venture capitalists (VCs) and business angels (BAs) (Baum & Silverman, 2004; Barringer & Ireland, 2016). Nevertheless, it is well recognized that new ventures often experience difficulties in attracting external financial funding in the start-up phase, consequently leaving them unfunded (Belleflamme, Lambert & Schwienbacher, 2014). However, during the last decade, a new way for businesses to raise external capital known as crowdfunding has emerged (Mollick, 2014).

Crowdfunding is a new and innovative way to raise capital fast. It allows the general public to invest money and contribute to the start-up and growth of a new venture (Schwienbacher & Larralde, 2010). The term “crowdfunding” has a depth in itself, and can be divided into different categories, such as donation-based, reward-based, loan-based, royalty-based and equity-based crowdfunding. All types of crowdfunding refer to fundraising, usually at an online platform, where a large crowd financially supports a specific goal (Ahlers, Cumming, Günther & Schweizer, 2015). The simplicity and low-cost model of crowdfunding seems to be what attracts businesses (Schwienbacher & Larralde, 2010) and it has been argued that crowdfunding may be a game-changer for new ventures seeking external funding (Mollick, 2014). However, despite the glorifying words and success stories, the crowdfunding phenomenon is still relatively unexplored and relevant research is limited (Belleflamme et al., 2014).

Previous literature suggests that traditional equity funding provide entrepreneurs with non-financial value added (Boué, 2007; Macht, 2011), and Timmons, Spinelli and Zacharakis (2005) state that non-financial value added is the most critical aspect to consider when choosing external investors. Although it has been argued by crowdfunding platforms such as FundedByMe (2016) that equity crowdfunding (hereby referred to as ECF) provides similar benefits, no theoretical evidence exists. Therefore, crowdfunding has been referred to as “dumb money” in relation to traditional sources of equity funding (Freedman & Nutting, 2015). In an ECF campaign, the investor receives shares in the company in return for the investment, making him/her a shareholder of the company.
(Ahlers et al., 2015). Therefore, ECF can be compared to traditional sources of equity funding, such as BAs and VCs. Some examples of non-financial value added that may be realized by traditional sources of equity funding are valuable networks, contribution of valuable experience, and reputation. To follow the argument of “dumb money”, previous research has been debating whether ECF investors fail to provide the non-financial value added realized from traditional funding, since small investors are likely to have insufficient expertise within the field (Ahlers, et al. 2015). Belleflamme et al. (2014) found that crowdfunding in general could be acknowledged as a good marketing tool for startups as it provides public exposure of the business and its products and/or services. However, many acknowledged benefits do not specifically relate to ECF, they merely portray the fundamental benefits of crowdfunding as a phenomenon. This thesis will therefore explore the non-financial value added when using ECF as an alternative to traditional equity funding. Is it really “dumb money”?

1.1 Background

1.1.1 Equity Funding

There are several options for entrepreneurs seeking equity funding, and to decide who should invest in the company is more of a process, rather than a decision (Timmons et al., 2005). There are both public and private markets, as well as formal and informal investors. Different types of investors contribute with slightly different non-financial value added and Timmons et al. (2005) state the most important criterion to consider when selecting investors is their contribution to the company beyond the capital. Companies seeking capital through ECF are usually private limited companies (FundedByMe, 2016) and therefore have a large selection of alternative funding sources to consider. The most common sources of equity funding for private limited companies are BAs and VCs. There are also other options, such as small business investment companies and mezzanine capital (debt capital); however, these are not as commonly used (Timmons et al., 2005). Initial public stock offering (IPO) is the alternative source of equity funding for public companies (Timmons et al., 2005), however, since most companies that use (or consider using) crowdfunding are private limited companies (FundedByMe, 2016), no further investigation regarding IPOs will be carried out in this thesis. Henceforth, focus will remain on the non-financial value added from BAs and VCs, since these are the most common sources of private equity funding for private limited companies.

1.1.2 What is crowdfunding?

The crowdfunding phenomenon have been linked to concepts such as micro-finance – small amount loans for start-ups, given on soft terms (Morduch, 1999), and crowdsourcing – using the crowd to obtain ideas, feedback and solutions (Belleflamme et al., 2014). However, crowdfunding is to be seen as an independent method of raising financial capital, encouraged by the increasing number of Internet sites devoted to the phenomenon (Mollick, 2014). According to Belleflamme et al. (2014), the market for crowdfunding is still rather young. It started in 2006 and roughly 60% takes place in
Anglo-Saxon countries. Massolution (2015) provides a report on the global market of the crowdfunding industry, where it is shown that crowdfunding has grown by 167% in 2014, from $6.1 billion invested in 2013 to $16.2 billion in 2014. In 2015, the community was forecasted to double again, closing in on $34.4 billion invested.

Crowdfunding projects significantly differ in size, scale and scope, ranging from entrepreneurs seeking vast amounts of start-up capital for their new ventures, to local charity programs or small creative projects. Entrepreneurs may use crowdfunding as an alternative to traditional equity funding, allowing them to seek capital from sources other than professional investors (Schwienbacher & Larralde, 2010). Furthermore, the relationship between entrepreneurs and investors in crowdfunded projects varies depending on the context and nature of the campaign (Belleflamme et al., 2014).

According to Mollick (2014) there are four predominant ways of raising capital within the crowdfunding community: donation-, reward-, loan-, and equity-based crowdfunding. Massolution (2013) contributes further by adding a fifth emerging model: Royalty-based, where investors support creators in order to get a share of future revenues. However, these different types of crowdfunding sometimes overlap as campaigns and projects may seek more than one kind of investor. Donation-based crowdfunding is purely charitable – the investor, or the “backer” (as it is called in crowdfunding terms) (FundedByMe, 2016), does not receive anything in exchange for the money donated. In reward-based crowdfunding campaigns the “backer” receives a reward in exchange for the funding. The reward could for example be discounted prices or a thank-you note from the company after the campaign is closed. In loan-based campaigns the investor lends money to the entrepreneur in exchange for a fixed annual interest-rate and a possible exit bonus. Equity-based campaigns offer the investors shares in the new venture in exchange for financial capital (e.g. FundedByMe, 2016; Mollick, 2014; Belleflamme et al., 2014).

1.1.3 Equity Crowdfunding

Barringer and Ireland (2016) suggest that ECF can be used as an alternative, creative source for raising capital. By tapping individuals online for financial capital in exchange for equity in the company, entrepreneurs can raise capital in a cost-efficient way. Previous research has not provided a specific definition of the term ECF, however, several authors have given explanations of the phenomenon during the last few years (Ahlers et al., 2015). Bradford (2012) simply describes it as a model in which funders receive equity in ventures they invest in. Belleflamme et al. (2014) argue that the main difference between ECF and traditional capital raising is the funding process itself where an ECF campaign is launched at an online platform where potential investors have the opportunity to read about the business idea and decide whether to invest or not. Ahlers et al. (2015) build upon this notion and explains the concept as a type of capital funding where entrepreneurs make an open call to a large group of investors through the Internet, hoping to attract them by offering a specific amount of equity or shares in their company.
According to Massolution (2015), the global equity-based crowdfunding industry grew by 182% to $1.1 billion in 2014. However, the legislative environment of its home country considerably affects the ECF market. Since the sale of equity involves the sale of securities, various regulations have to be taken into account (Bradford, 2012) and ECF has until recently been restricted in many countries, including the United States (Ahlers et al., 2015). Crowdfunding emerged in Sweden in 2011 and the online platform FundedByMe was the first Swedish website who offered equity crowdfunding services (FundedByMe, 2016). The Swedish market for crowdfunding has followed the global trend and has increased in value each year (Ingram & Teigland, 2013). However, since it is a relatively new phenomenon on both the global and the Swedish market, little theoretical knowledge has been established, especially regarding non-financial value added from ECF investors.

1.2 Purpose and Research Questions

1.2.1 Purpose
The purpose of this thesis is to explore the non-financial value added by ECF investors to the entrepreneur.

1.2.2 Research Questions
Research question 1: Do equity crowdfunding investors provide similar non-financial value added to the entrepreneur as traditional equity funding investors do?

Research question 2: Are there any additional non-financial value added realized from equity crowdfunding?

1.2.3 Perspective
This paper is written from the entrepreneur’s point of view and interviews have been conducted with Swedish entrepreneurs who have successfully closed ECF campaigns on the website www.FundedByMe.se. The aim is to discover whether ECF provides similar and/or additional non-financial value added as traditional equity funding investors. This study may be of benefit for entrepreneurs or companies who consider using ECF as a source for external funding.

1.3 Delimitations
The empirical part of this thesis will focus on Swedish entrepreneurs, due to accessibility and the timeframe for this thesis. Hence, the result will be most relevant to entrepreneurs in Sweden. Additionally, limited work has been conducted on Swedish entrepreneurs using crowdfunding, which must be taken into consideration since general (mostly American) research has been used for the frame of reference. Furthermore, this thesis is limited to ECF since the focus is on the investors’ non-financial value added as shareholders, thus this is not applicable to other types of crowdfunding.
1.4 Definitions

**Crowdfunding** - “An open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives of specific purposes” (Schwienbacher & Larralde, 2010, p.4).

**Equity crowdfunding (ECF)** - “Equity crowdfunding is a form of financing in which entrepreneurs make an open call to sell a specified amount of equity or bond-like shares in a company on the Internet, hoping to attract a large group of investors” (Ahlers et al., 2015, p.955).

**Non-financial value added** - Beyond the actual capital benefit of seeking external funding, investors typically offer additional value apart from the capital. This includes for example, advice, governance, and prestige (Ferrary and Granovetter, 2009; Gompers and Lerner, 2004; Gorman and Sahlman, 1989).

**Entrepreneur** - “A person who sets up a business or businesses, taking on financial risks in the hope of profit” (Oxford Dictionaries, 2016).

**Business Angels (BAs)** - “Business angels are individuals who offer risk capital to unlisted firms in which they have no family-related connections” (Politis, 2008, p.127).

**Venture capitalists (VCs)** - “Professional investors of institutional money” (Van Osnabrugge, 2000, p.92).

**Dumb Money** - A crowd of non-accredited investors, referred to as “dumb money” in comparison to institutional, private equity- and venture capital investors (Freedman & Nutting, 2015).

**Traditional equity funding** - In this thesis, this refers to business angels and venture capitalists.
2 Frame of reference

This chapter presents the central theories and models associated with the topic. The theories and models in the frame of reference act as a foundation for the framework created for the empirical data collection and as a guide for the analysis.

2.1 Traditional Sources of Private Equity Funding

Traditionally, entrepreneurs tend to rely on two primary sources of equity funding: VCs and BAs (Denis, 2004). Both forms of funding offer the entrepreneur more qualities than just financial capital, and in return the investor receives equity in the company to balance the risk of investment. Since the companies they invest in usually remain private during the first years, their investment is highly illiquid. This means that both VCs and BAs share the success (and failure) of the company they invest in (Denis, 2004).

2.2 Venture Capitalists

Venture capital is money invested by VCs in prospective high-growth new ventures. Venture capital firms are limited partnerships where the managers raise money on behalf of their limited partners. These funds can come from high net-worth individuals, pension plans, foreign investors and other similar sources (Barringer and Ireland, 2016; Denis, 2004). Since the VC is responsible for their partners’ funds, VCs play an active part in the companies they invest in due to the high level of risk involved. The process for VCs to seek a project to invest in can be costly due to fixed costs involved such as search costs, monitoring costs, and due diligence (the process of checking the validity of the possible investment) (Holmes, Hutchinson, Forsaith, Gibson & McMahon, 2003). The typical VC is very knowledgeable and skilled due to the frequency of investments in new venture firms, and some VCs are specialized in certain industries (Denis, 2004; Barringer & Ireland, 2016).

Timmons and Bygrave (1986) argue that the capital is the least important contribution in a VC investment and that the managerial aspects are of higher importance for new ventures. Boué (2007) identified eight different factors of value added activities, or vehicles, from a VC. These factors are divided into two groups describing whether they add value to the new venture “actively” or “passively”. The active vehicles are added into the new venture by some activity or an active choice by the VC. Passive value adding vehicles are value added by the VC, almost by association (Boué, 2007).
### Active value adding vehicles
- Monitoring / Controlling
- Advice
- Information
- Networking / Contacts
- Coaching / Motivation / Sparring

### Passive value adding vehicles
- Risk reduction
- Planning certainty
- Branding / Provision of positive image

| Figure 2.1 Value Adding Vehicles (Boué, 2007) |

#### 2.2.1 Involvement
After the investment, VCs tend to supervise and monitor the company they have invested in (Boué, 2007). Early work by Gorman and Sahlman (1989) suggests that VCs are active monitors who visit their investees on average 19 times a year. As much as this can be beneficial for the entrepreneur, it also incurs a cost of monitoring and thus geographic proximity is of importance if a VC is on the board (Denis, 2004). Because of the concern from the fund providers, VCs must demonstrate competent behavior from the very start of the investment process. This can increase their involvement in the new venture and the desire to have the new venture succeed (Van Osnabrugge, 2000; Denis, 2004; Sahlman, 1990).

The typical way of adding value is to provide the new venture with advice and guidance, where both young and more experienced entrepreneurs can enjoy the benefits from experienced VCs (Boué, 2007; Denis, 2004). Gorman and Sahlman (1989) and Brüderl, Preisendörfer and Ziegler, (1992) further confirms that through the VC’s role in management and the development of a new venture, their advice and previous experience add value. This idea is also supported by Timmons and Bygrave (1986) who suggest that the VCs can help the entrepreneur shape strategy when under pressure. A study by Jensen (1993) suggests that the strategic advice VCs provide is of great value to the entrepreneur. One of the most evident non-financial value added from VCs is their ability to motivate and encourage the entrepreneurs to develop as leaders and managers (Boué, 2007). Furthermore, they may also provide mentoring and advice in both managerial and strategic aspects (Denis, 2004; Jensen, 1993).

#### 2.2.2 Networks and Contacts
The network and contacts a VC possesses could be very useful for the entrepreneur in order to move the company forward in a specific field (Boué, 2007). The entrepreneur may take advantage of the supply network as well as the VCs’ connection to potential customers. A VC may have well-established supply- and distribution networks, which the entrepreneur may use to get products to the market (Denis, 2004; Jensen, 1993; Timmons & Bygrave, 1986). Furthermore, A VC may help increase the trust of customers and enhance the brand image and the entrepreneur can use the relationship with the VC to market the company (Boué, 2007). Timmons and Bygrave (1986) further suggest that VCs may take on the role as brand ambassadors for the new venture. Also, Kleinschmidt (2007) suggests that VCs are actively involved in the recruitment process for managers,
and the possibility of realizing this benefit is viewed positively by managers (Rosenstein, Bruno, Bygrave & Taylor, 1993).

2.2.3 Risk Reduction

Boué (2007) argues that VCs share the risk of investment and reduce the personal risk for the entrepreneur when investing in a new venture. VCs invest in new ventures with the notion of exiting the company in the future with a high return. Their desire and pressure to have the new venture succeed can increase the involvement from the VC (Van Osnabrugge, 2000). Moreover, further funding is more common in companies backed by VCs, since their connection with the company provide credibility and facilitate the process of acquiring capital, often through IPO’s. Also, companies backed by VCs tend to be valued higher than non-VC backed companies (Brav & Gompers, 1997; Wang, Wang & Lu, 2003; Jain & Kini, 1995).

Boué’s (2007) study indicates that entrepreneurs find funding from VCs superior to other sources due to the certainty of involvement. That is, VCs tend to be committed to pay the agreed sum of investment. The high level of commitment also allows the entrepreneur to make long-term plans, since the VC shares the interest of the company’s success. Van Osnabrugge’s (2000) study further supports this argument as it is found that VCs carry the expectations of high returns on behalf of their investors.

2.2.4 Criticism

Even though many studies show the non-financial value added by VCs, there are research suggesting otherwise as well. Rosenstein et al. (1993) argue that new venture companies using VCs as funders might be unsatisfied with their non-financial contribution. The non-financial value added might not be present in all cases, which is why entrepreneurs need to be aware of what they can expect when choosing source of capital. Literature also reveals that there are costs associated with VCs. The regular monitoring process of a VC can induce high costs, dependent on geographical proximity, which can be a decisive factor when choosing what source of capital to use (Denis, 2004). Studies also suggest that the level of involvement can sometimes have a negative outcome. The close involvement from the VC might be time consuming for the entrepreneur and can also be associated with a noticeable reduction in the entrepreneur’s decision and control rights in the company (Denis, 2004).

2.3 Business Angels

A BA is usually a wealthy individual who has started a successful firm in the past and now wishes to invest personal capital in other small companies (Denis, 2004; Van Osnabrugge, 2000; Barringer & Ireland, 2016; Politis, 2008). The investment usually occurs in the initial stage of a new venture, when larger institutional investors and VCs typically do not step in and fund (Van Osnabrugge, 2000; Barringer & Ireland, 2016), due to fixed costs; such as due diligence, search-, and monitoring costs (Holmes et al., 2003). BAs are therefore beneficial for new ventures that only require a small amount of start-up capital. BAs usually have important experience in the industry and want to share their
knowledge with the investee (Barringer & Ireland, 2016). A growing number of studies have pointed out that BAs serve a greater function for entrepreneurs than the pure financial investment (Ehrlich, De Noble, Moore & Wæver, 1994; Sørheim, 2005; Politis, 2008; Macht & Robinson, 2008). Macht and Robinson (2008) have constructed a framework that identifies the benefits received by the investee who uses BAs as source of finance. The framework includes: (1) helping to overcome funding difficulties, (2) involvement, (3) provision of contacts, and (4) facilitation of further funding. These main points are supported by previous literature and seem to be the prevailing non-financial value added by BAs (Figure 2).

Figure 2.2 Framework of BA Benefits (Macht & Robinson, 2008)

2.3.1 Helping to Overcome Funding Difficulties
BAs are not only the oldest and largest source of external funds; they are also the most commonly used source of finance for entrepreneurs (Van Osnabrugge & Robinson, 2000). They are one of the few financial providers interested in capitalizing high-growth companies that are facing funding problems. They are therefore considered the most important source of funding for new ventures (Van Osnabrugge & Robinson, 2000; Politis, 2008) that experience difficulties in finding external investors (Belleflamme et al., 2014). Small firms, especially young, growing entrepreneurial firms, face considerable challenges when trying to acquire long-term capital funding, due to their limited history and high risk (Sørheim, 2005). BAs can help small firms overcome this problem by investing capital, in order for them to grow and thereby become more promising for future funding (Macht & Robinson, 2008).
2.3.2 Involvement
In addition to the financial aid BAs provide, Macht and Robinson (2008) discuss the post-investment involvement BAs contribute with, referred to as post-investment value adding, contribution, or assistance. They further argue that the involvement by BAs can be separated into either “passive” or “active” involvement and Sørheim (2005) argues that the main contribution by BAs is their strategic advice and role as mentors. According to Macht and Robinson’s (2008) findings, BAs use their experience, skills, and expertise both in passive and active involvement. They further state that both types of involvement contribute with non-financial value added to the business. Passive monitoring can establish discipline and active involvement allows the investee to learn from the BA’s expertise. Furthermore, active BAs help the investee to thrive by using their knowledge, skills and expertise to manage and guide the entrepreneur into making successful choices. Evidence further show that the knowledge and skills of BAs may help to improve marketing strategies and may strengthen the business’s brand image and thus enhances the company’s credibility (Politis, 2008; Harrison & Mason, 1992; Brettel, 2003).

2.3.4 Provision of Contact
BAs usually possess a wide-range of business contacts that the investee may draw upon (Harding & Cowling, 2006; Macht & Robinson, 2008; Sørheim, 2005). The provision of contacts that come with BAs benefit the investee as they will have access to a broader network base (Sørheim, 2005), which can foster the growth of the new venture (Macht & Robinson, 2008). The degree to which the investor wants to expose their social network and capital is individual. Some BAs initiate management contracts and connections immediately, whereas others facilitate relations with potential customers (Ehrlich et al., 1994; Mckeon, 1996). However, no matter which parts of the network the BA chooses to reveal, the social capital contributed by BAs is of great importance for entrepreneurs since it may help their business to succeed and overcome obstacles (Macht & Robinson, 2008). Through the networks, BAs are also contributing with marketing and strengthening of the brand as they introduce the business to a wide range of people such as potential customers, suppliers, and employees. Evidence also shows that the knowledge and skills of BAs may help to improve marketing strategies and strengthen the brand of the business (Politis, 2008). BAs can also help with valuable and necessary recruitment of management and staff (Macht & Robinson, 2008). Help with recruitment may be valuable for new ventures, since it is common that start-ups lack the appropriate management and business skills necessary to efficaciously steer the business towards success (De Clercq & Sapienza, 2001; Freel, 1999; Mosey & Wright, 2007).
2.3.5 Facilitation for Further Funding
BAs can make a small firm become more attractive in the eyes of other investors. An investment from a BA may increase the likelihood of receiving further investments as it enhances the attractiveness of the company (Macht & Robinson, 2008). The leveraging effect increases the business's chances of getting funded by sources such as banks and VCs (Harding & Cowling, 2006; Sørheim, 2005), since the presence of BAs adds confidence and credibility to the new venture (Macht & Robinson, 2008). BAs also contribute to a strong balance sheet with an improved debt-equity ratio (Van Osnabrugge & Robinson, 2000).

2.3.6 Criticism
Macht and Robinson’s (2008) study reveals that managers of companies who used BAs as a source of finance dislike the loss of ownership. They want to run their own business, without having someone interfering. Although managers want rather passive investors, they seem to be interested in acquiring the BA’s knowledge and expertise. They want responsive and supportive BAs, who can help them through difficult times, without having to give up too much control of the company. Considering this, there might be a discrepancy between BAs who want to become involved and the manager who is afraid of losing control. If the investor owns a significant part of the company he/she has the right to interfere. Therefore, the loss of ownership might become an issue for entrepreneurs seeking finance from BAs since it is hard to predict the extent to which the BA will be involved (Macht & Robinson, 2008).

2.4 Crowdfunding
There has been limited research on the potential non-financial value added from ECF. However, there has been some research conducted on other types of crowdfunding in general (e.g. Macht & Weatherston, 2014; Mollick, 2014; Ahlers et al., 2015; Ferrary & Granovetter, 2009). However, research on potential non-financial value added from crowdfunding is lacking, especially in terms of empirical studies. Studies have also indicated that crowdfunding does not provide any additional value than capital, which is something that BAs and VCs may offer (Freedman & Nutting, 2015). However, observing crowdfunding in general, from an entrepreneurial point of view, implies that there is more value to be realized than merely financial capital (Ferrary & Granovetter, 2009). The assumption can be made that non-financial value added can be realized from ECF as well, however, since there exist a literature gap in this field, these assumptions remain as such. Research on general crowdfunding is however beneficial for this study as it suggests what can be investigated further when it comes to ECF.

2.4.1 Crowdfunding as a Source of Finance
According to Macht and Weatherston (2014) crowdfunding offers a unique funding opportunity to entrepreneurs who struggle with obtaining finance in the start-up phase. This is due to a lack of restrictions regarding the nature of the new venture - such as for-profit, not-for-profit or simply ventures acting in different sectors (Green, Thunstall & Piesl, 2015). Macht and Weatherston (2014) argue that the benefits entrepreneurs may
realize from crowdfunding: 1) a large choice of online platforms, 2) a large pool of potential investors without geographical constraints, 3) an all-encompassing funding criteria - available to a wide range of businesses, including those not appealing to other investors, and 4) crowdfunding in general could be used as an effective and fast way to reach many potential investors via open calls on Internet platforms. These are mostly related to reward-based crowdfunding, but Macht and Weatherston (2014) also discuss ECF.

2.4.2 Feedback from the Investors
Collins and Pierrakis (2012) argue that a large pool of investors can provide the entrepreneur with the “wisdom of the crowd”. The term stems from the concept of crowdsourcing, where the crowd can be used to obtain ideas, feedback and solutions (Belleflamme et al., 2014), or the collective skills and knowledge of the investors (Collins & Pierrakis, 2012). Lambert and Schwienbacher (2010) argue that crowdsourcing can easily be connected to crowdfunding, which implies that entrepreneurs can benefit from non-financial value added such as feedback and product development prior to launch. In addition, the crowd’s response to ideas can also be evaluated in terms of market demand, since investment from a large pool of people can be interpreted as market acceptance of the product/service (Van Wingerden & Ryan, 2011). Entrepreneurs can engage in crowdfunding to demonstrate a demand for their new venture, for marketing purpose or for gaining attention in media (Mollick, 2014). Macht and Weatherston (2014) suggest that the non-financial benefits from involving the crowd are 1) the “wisdom of the crowd” and 2) the combination between crowdfunding and crowdsourcing in terms of feedback. Belleflamme et al. (2014) argue that most crowdfunding campaigns do not necessarily give active involvement from the investors. However, since an ECF campaign involves the selling of shares, the investors also share the success and failure in the company. This may increase the active involvement from the investors (as it does with traditional equity funding), which Macht and Weatherston’s (2014) model does not cover.

2.4.3 Valuable Networks
Belleflamme et al. (2014) and Lambert and Schwienbacher (2010) argue that the interest that arises from a large crowd of investors is able to create a “hype” around the business and thus grant public exposure to the entrepreneur’s product or service. However, this refers to the investor's personal recommendations of the business rather than the investor introducing the entrepreneur to members of their personal contact network. The personal recommendations raise awareness of the business's existence to a larger audience, which may benefit new ventures that suffer from a limited marketing budget. The benefits from provision of contacts are therefore concluded as 1) public exposure, awareness and publicity, and 2) the “hype” created by a large number of interested investors, which lead to a bandwagon effect (Macht & Weatherston, 2014). These benefits refer mainly to marketing value added. However, it does not explain whether the shareholder in ECF provides valuable contacts and networks to the entrepreneur.
2.4.4 Facilitate for Further Funding
The “hype” described in the previous paragraph is also connected to a business’s ability to acquire further funding (Macht & Weatherston, 2014). It is argued that the publicity from a successful crowdfunding campaign may result in further funding, same as in in the case with BAs and VCs investment (Van Wingerden & Ryan, 2011). In addition, the venture may be perceived as “investment ready” by traditional sources of equity funding if the crowdfunding campaign helps the company overcome the “funding gap” (Mason & Harrison, 2004), which refers to the initial period of time where a small new venture experience substantial difficulties in raising external capital (Cressy, 2012).

2.4.5 Ownership and Control
The non-financial value added factors discussed in this chapter on crowdfunding can be connected to value added factors from both BAs and VCs. However, they are to be seen as relevant in the context of crowdfunding in general (Macht & Weatherston, 2014). Macht and Weatherston (2014) suggest that ownership and control are dimensions of crowdfunding, which relate to investors and their view of investment contracts, equity and return on investment. Since crowdfunding investors usually are unprofessional, private investors (Schwienbacher & Larralde, 2010), they tend to require less information about the business and do not spend extended periods of time negotiating detailed contracts (Macht & Weatherston, 2014). This gives the entrepreneur time to focus on other parts of the business than contracting, which may be beneficial for the venture (Schwienbacher & Larralde, 2010). Entrepreneurs who are unwilling to give up ownership and control of their business may therefore be extra likely to benefit from this factor, since the majority of crowdfunding investors are happy with receiving non-financial rewards for their investments (Mason & Harrison, 1996).

In the context of ECF, the investors seldom provide large amounts of financial capital to the crowdfunding campaign, and therefore end up being small shareholders owning a small percentage of the shares - leaving the entrepreneur in definite control of the venture (Macht & Weatherston, 2014). In addition, since the investors only obtain a small percentage of shares, individual crowdfunding investors will not have the power to interfere to any larger extent with the entrepreneurs’ decisions (Schwienbacher & Larralde, 2010).

2.4.6 Potential Non-Financial Value Added from Crowdfunding
Since it is possible that professional investors invest in companies through ECF, they may become actively involved in the venture as a mentor or advisor. They may also grant the entrepreneur access to their networks and contacts (Macht, 2011). However, Schwienbacher and Larralde (2012) argue that two-thirds of crowdfunding investors never become active participants after their initial investment, and only provide feedback on future development of products and services. This suggests that there is a probability that crowdfunding investors do not provide any non-financial value added to the entrepreneur (Macht and Weatherston, 2014). The prior academic literature and working papers on non-financial value added in crowdfunding do not explore equity-based
crowdfunding to any large extent (Green et al., 2015; Macht & Weatherston, 2014). Therefore, current findings may not be applicable to cases where the investors become shareholders.

2.4.7 Potential Non-Financial Value Added from ECF

Online crowdfunding platforms state that launching an ECF campaign that closes successfully creates a network of investors that provide market knowledge and specific expertise (FundedByMe, 2016), loyal brand ambassadors (CrowdCube, 2016), mentorship (Seedrs, 2016), product feedback and relevant social networks (WeFunder, 2016). However, these statements lack theoretical background directly related to ECF. Compared to the existing body of literature regarding the non-financial value added from traditional sources of equity funding, as well as donation-, reward- and lending-based crowdfunding, the only relevant research on non-financial value added from ECF is found partially in Macht and Weatherston’s (2014) research on the direct effect on ownership and control from the investors. However, due to the lack of empirical research, this does not cover sufficient ground to make any generalizations regarding non-financial value added received through ECF and to what extent this is true. Furthermore, Macht and Weatherston’s (2014) study is conducted with two experts in the field of crowdfunding but the study does not cover the entrepreneurs’ point of view. Thus, there is a gap in the literature, which this thesis explores further.

2.5 Non-financial Value Added from Traditional Equity Funding

Previous sections discuss the non-financial value added entrepreneurs can expect to realize from private equity as a source of funding. Building on the findings in existing literature, eight main categories of non-financial value added have been realized. The template reveals that entrepreneurs can expect similar non-financial value added from VCs and BAs, however, information is lacking regarding ECF. The components of non-financial value added from traditional equity funding have been organized in Table 2.1, to provide an accessible overlook of the different themes and to clearly emphasize the gap in literature regarding ECF. The eight categories of non-financial value added are (1) valuable networks, (2) experience, skills and knowledge (involvement), (3) marketing, (4) strengthening of brand/brand ambassadors, (5) influence in recruitment, (6) facilitation for further funding, (7) helping to overcome funding difficulties and (8) retained control of ownership.
Table 2.1 Overview of non-financial value added categories

<table>
<thead>
<tr>
<th>Type of Investor</th>
<th>Venture Capitalists</th>
<th>Business Angels</th>
<th>Equity Crowdfunding Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuable Networks</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Experience, skills and knowledge (involvement)</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Marketing</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Strengthening of brand/brand ambassadors</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Influence in recruitment</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Facilitation for further funding</td>
<td>Yes</td>
<td>Yes</td>
<td>Unknown</td>
</tr>
<tr>
<td>Helping to overcome funding difficulties</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Retained control and ownership</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Boué’s (2007) framework emphasizes several of the identified categories as non-financial value added from VCs and it has been supported by several other studies. The presence of VCs lower the risks associated with start-ups as their involvement contribute with value, which in return increases the probability of success (Van Osnabrugge, 2000). The risk reduction is not only related to the financial aspect of the business, as the occurrence of a VC increases trust among customers and creates a more stable customer base (Boué, 2007). Therefore, VCs contribute with positive marketing and strengthen the brand as their presence may result in positive brand image (Boué, 2007; Timmons & Bygrave, 1986).

Furthermore, VCs possess valuable networks and appropriate experience, skills and knowledge (e.g. Van Osnabrugge, 2000; Denis, 2004; Sahlman, 1990; Gorman & Sahlman, 1989; Brüderl et al., 1992). Similar attributes have also been acknowledged as non-financial value added, with regard to BAs. According to Macht and Robinson (2008) one can expect BAs to be highly involved in the business they invest in and Sørheim (2005) argues that BAs play an important role as mentors for the business and may contribute with valuable knowledge, skills, and experience. Their expertise have been argued to contribute with marketing and strengthen the brand; hence they may bring credibility to the business (Politis, 2008; Harrison & Mason, 1992; Brettel, 2003). BAs also possess a large network of contacts, which the entrepreneur may access (Harding & Cowling, 2006; Macht & Robinson, 2008; Sørheim, 2005). By introducing the business
to a large network, BAs contribute even further with marketing and strengthening of the brand (Politis, 2008). BAs may also introduce suitable, potential employees to the business (Ehrlich et al., 1994; McKeon, 1996). The contribution to recruitment has also been acknowledged for VCs and has been stated as non-financial value added by VCs (Kleinschmidt, 2007; Rosenstein et al., 1993).

Although research emphasizes the positive aspects of working with BAs and VCs, it has been noted that involvement from BAs or VCs can lead to loss of control and ownership for the entrepreneurs. This has been acknowledged as a negative aspect of both sources of capital raising (Denis, 2004; Macht & Robinson, 2008) and according to Bygrave and Taylor (1993) the non-financial value added mentioned in Table 2.1 might not be present in all cases. The contributions from the investors are subjective and differ from case to case. However, it can be argued that both VCs and BAs help businesses overcome funding difficulties. Research also suggests that their presence strengthens the possibility of receiving further funding (Brav & Gompers, 1997; Wang et al., 2003; Jain & Kini, 1995).

Research regarding non-financial value added from ECF investors is limited and current literature fails to answer whether ECF investors contribute with the same non-financial value added as BAs and VCs (Table 2.1) as well as if there is any additional non-financial value added to be realized. Current research discuss the non-financial value added by crowdfunding in general (Ferrary & Granovetter, 2009; Macht & Weatherston, 2014), however, these findings are not applicable to ECF due to its different nature. Current research discusses non-financial value added such as wisdom of the crowd (Collins & Pierrakis, 2012), valuable networks (Belleflamme et al., 2014; Lambert & Schwienbacher, 2010) and facilitation for further funding (Macht & Weatherston, 2014). However, these statements have not been properly tested on ECF investors and can therefore not be stated as non-financial value added by ECF investors. Furthermore, Macht and Weatherston (2014) argue that two-thirds of crowdfunding investors never engage in the business and are satisfied with taking a passive role in the business. Within the eight established categories, current research only answers two categories regarding non-financial value added from ECF investors. ECF investors help entrepreneurs to overcome funding difficulties as they may help a business receive the sufficient amount of capital needed to launch or grow the business. It is also argued that control and ownership is retained (Macht & Weatherston, 2014). However, their study lacks empirical research from an entrepreneurial point of view, which this thesis explores.
This chapter describes the methodology and method this thesis has undertaken. The authors describe the chosen approach and method of analysis and reflect on why it was suitable for the purpose of the thesis. The credibility of the research is also discussed.

3 Methodology & Method

3.1 Methodology

3.1.1 Research Paradigm

This thesis follows the interpretivist research paradigm and undertakes an abductive research approach as it aims to understand a social phenomenon with interviews as a basis for gathering primary data. This type of data is influenced by subjectivity and the researchers thereby acknowledge that the social reality examined is subjective and will be influenced by surrounding circumstances. Research conducted under the interpretivist paradigm usually involves an inductive research approach and the findings are derived from a qualitative research method (Collis & Hussey, 2014; Mackenzie & Knipe, 2006). Deductive reasoning is more linked to scientific-based approach to research, while inductive reasoning is linked to an observation-based approach (Williamson, 2002; Leedy & Ormrod, 2005). However, according to Svennevig (2001) research does not need to follow a purely inductive or deductive approach, but rather a combination of the two approaches, which is referred to as an abductive research approach.

3.1.2 Abductive Research Approach and Process

An abductive research approach is appropriate when research is scientifically based (some of the theoretical aspects are known) yet some parts are to be observed and explored, which would generate new knowledge (Reichert, 2010). The abductive research approach was used in this thesis with the intention to make new discoveries in a theoretical and methodological way; combining both the inductive and deductive research approaches (Kirkeby, 1990; Taylor, Fisher & Dufresne, 2002). The two approaches are present in the empirical data. The first research question was derived from a deductive approach, where the corresponding interview questions were based on previous literature. These questions in the interviews are closed and specifically testing whether ECF result in the same non-financial value added as traditional equity funding. The second research question aimed to answer whether there are any additional non-financial value added from ECF and was therefore based on an inductive approach, where no prior knowledge exists.

Taylor et al. (2002) argue that advances in science are often achieved through intuition from the researcher that comes together as a whole, instead of following a sole logical process. Furthermore, this intuition is often a result from unexpected observations from anomalies that cannot be explained using already established theory (Alvesson & Sköldberg, 1994; Andreewsky & Bourcier, 2000). This thesis builds upon established theory on non-financial value added from traditional equity funding, which is not directly related to ECF. Therefore, an abductive research approach was deemed most appropriate.
for the purpose. Since there is limited research on the topic, the construction of the research process allowed for creativity along the way.

This thesis follows the abductive research process suggested by Kovács and Spens (2005) (Figure 3.1). The researchers started with previous theoretical knowledge about crowdfunding in general and theories on non-financial value added in traditional equity funding. Thereafter, the researchers acknowledged the importance of investors in equity funding and therefore, investigating EFC investors was deemed important for academic reasons. This previous research is presented in chapter two, where it is concluded that there is a lack of research on the topic. By using the literature review as a basis for the interviews, “real-life observations” could successfully be made. The findings were matched with theories, models, and observations in the analysis, which concluded in a proposition of extended knowledge within the field of ECF, thus making an academic contribution.

![Figure 3.1 The Abductive Research Process (Kovács & Spens, 2005)](image)

3.1.3 Qualitative Methodology
The qualitative research approach focuses on the phenomenon investigated in its natural setting, and it allows for complex studying of the phenomenon (Leedy & Ormrod, 2005). It is research that produces findings without means of measurements or amounts, but rather looks at real world events where this phenomenon occurs naturally (Thomas, 2003). This research began with general research questions regarding the topic of ECF non-financial value added such as “Is there any difference between the different types of crowdfunding when it comes to non-financial value added?”, “Does ECF compete with traditional equity funding options?” and “Is there any pattern between the three different kinds of equity funding?” Further into the research process these general research questions developed into the two current research questions, which were formed, as they were deemed most appropriate to fulfill the purpose of this thesis.

Furthermore, qualitative research allows the researcher to gain a more in-depth knowledge from a few selected elements rather than a big portion of a population (Staa & Evers, 2010). This type of research approach seemed most appropriate for this thesis as in-depth knowledge on the subject would be beneficial when answering the research
questions. Additionally, the sample size available from Swedish entrepreneurs was more appropriate for a qualitative study as it was limited.

3.2 Method

3.2.1 Data Collection

This thesis uses both primary and secondary data in order to gain a comprehensive understanding of non-financial value added from ECF. The data gathered from previous literature and models contributes with secondary data while primary data was collected through interviews (Collis & Hussey, 2014).

3.2.1.1 Secondary Data

The secondary data in this thesis has been collected from existing peer-reviewed articles and literature on non-financial value added from traditional sources of equity funding and general literature on crowdfunding as an emerging phenomenon, as well as from commercial databases and crowdfunding websites. When searching for previous academic research on crowdfunding, keywords such as “crowdfunding”, “benefits” and “value added” were used. Since there is limited research on crowdfunding, these keywords were sufficient to find relevant articles. Previous research regarding ECF mainly outlines the scope, attributes and characteristics of crowdfunding, however, there is a lack of research regarding the non-financial value added received from the ECF investors. When researching ECF, several articles justify ECF as an alternative to traditional sources of external funding, which lead into the search for non-financial value added realized from traditional equity funding instead. When searching for research on traditional sources of finance, similar keywords were used in order to stay on topic. Keywords used included “venture capitalist”, “business angel” “value added”, and “benefits” for example. The scope of articles were greater compared to crowdfunding and they served the function of creating a framework to test on ECF investors. For gathering secondary data, databases such as Scopus, Web of Science, Google Scholar and public libraries were used.

The literature on traditional equity sources provides this thesis with information regarding the received non-financial value added from BAs and VCs. However, discretion needs to be taken since these studies have not been conducted with crowdfunding as a component and have therefore not aimed to be relatable to ECF. Nevertheless, secondary data regarding traditional sources of funding is necessary for the purpose of this thesis as it is a part of the research questions. The secondary data has been used to create a framework and to guide the researches in the right direction for the primary data collection.

3.2.1.2 Primary Data

In order to gain firsthand information regarding the phenomenon of interest, primary data was collected through interviews with entrepreneurs who have successfully closed ECF campaigns on the Swedish crowdfunding site FundedByMe during the years 2011 to 2016. Under the interpretivist paradigm, interviews aim to explore the “data on
understandings”, meaning: opinions, memories, attitudes and feelings shared (Collis & Hussey, 2014) among the entrepreneurs concerning ECF as a mean of receiving funding. The interviews served the function of testing the framework developed from the secondary data, as well as to gain a deeper understanding of non-financial value added by ECF investors. By receiving the entrepreneurs’ personal insights of the phenomenon and by applying the answers to the developed framework, a foundation for answering both the first and second research question was realized. For the purpose of this research, semi-structured interviews have been conducted, in order to receive comprehensive and rich information regarding the entrepreneurs’ subjective experience and perception of the non-financial value added from their ECF investors and the ECF campaign.

3.2.2 Semi-Structured Interviews
Semi-structured interviews have been conducted where the questions consisted of both open and closed-ended questions. The closed questions were simple and quick to answer and the open-ended questions required the interviewee to reflect before answering (Collis & Hussey, 2014). The participating entrepreneurs in this thesis were asked questions regarding the topic of interest in order to understand their thoughts, feelings and opinions. The semi-structured format was also used in order to enable the interviewee to speak freely. Some questions were prepared in advance, however, the open-ended questions were flexible in nature, allowing the interviewee to speak freely beyond the asked question. If the respondent provided sufficient information in one question, another question was perhaps not needed anymore. Semi-structured interviews also allowed the researchers to add questions during the interview when applicable (Collis & Hussey, 2014). This was appropriate when exploring the second research question, as additional non-financial value added were brought up in different ways during the interviews.

According to Easterby-Smith, Thorpe and Jackson (2012), semi-structured interviews are appropriate when the purpose is to create an understanding of the interviewee’s perspective, which is in accordance with the purpose of this thesis. Another reason for using semi-structured interviews was due to the design of the research questions. The first research question aimed to answer whether there is the same non-financial value added by ECF investors and traditional investors. Therefore, a “yes” or “no” answer served the purpose of answering this research question. The closed questions were also used in order to develop and create the open-ended questions. Depending on the answer of a closed-ended question, the interviewee received different follow-up questions. When the interviewee answered “yes”, he/she received a follow up question where he/she had to elaborate the answer further. However, no further questions regarding that element were asked when the interviewee answered “no” on a closed-ended question. The second research question aimed to investigate whether there are any additional non-financial value added when using ECF than the ones identified in the literature on traditional external equity funding.
In order to create a comfortable atmosphere and set the context for the interviews, questions such as “Shortly describe your company?”, “Was this your first start-up of a company?” and “Was this the first time you used ECF?” were asked. These questions were at a later stage used to categorize the seven businesses into different industries and product offerings as the researchers noted a connection between the different industries and products to the level of involvement received from the investors. The abductive research process allowed the researchers to take a step back and incorporate these observations in the analysis. The remaining questions were derived from the developed framework, covering the eight categories (Table 2.1) resulting in the interview question sheet (Appendix I).

The interviews were held over telephone, face-to-face, or video conference over Skype due to geographical distance and the interviewees’ personal preference. Telephone interviews are more flexible than face-to-face interviews, due to geographical proximities, which made the interviews less constrained. However, because of its informal nature, telephone interviews may not always be of benefit for a qualitative research, since the researcher might miss crucial information such as facial expressions and body language. This was taken into consideration by the researchers, as it is an important factor when conducting interviews. In order to succeed with the telephone interviews, it was also important to establish a good relationship between the interviewer and the entrepreneurs (Easterby-Smith et al., 2012). To create a comfortable and professional atmosphere and take ethical issues into consideration, contact was established by e-mail and text messages before conducting the interviews. The entrepreneurs received an informative letter prior to the interview (Appendix II) informing them about the purpose of this thesis and their personal anonymity. The interviews were conducted in Swedish and therefore the answers from the entrepreneurs have been translated to English for the purpose of writing this thesis. The authors acknowledge the potential limitations of translating from Swedish to English, especially in the direct quotes used, however the effort was made to stay as true to the Swedish answers as possible when translating.

3.2.3 Sample Selection
In a study that follows the interpretivist research paradigm, the goal is to gain rich and detailed information regarding a complex social phenomenon. Therefore, this kind of research does not need to have a statistically feasible sample size. Nevertheless, discretion needs to be taken when selecting whom to include in the study. Since the sample of this research is small, it is important to acknowledge the fact that the results may be biased and less applicable to the greater mass (Collis & Hussey, 2014).

The interviewees in this study were found on FundedByMe’s online platform, where successful campaigns were listed. Around 20 entrepreneurs who had successfully closed an ECF campaign between the years 2011 and 2016 were contacted by e-mail or via LinkedIn and seven agreed to participate in the research. Since only entrepreneurs who
have used the website FundedByMe were contacted, entrepreneurs who have used other platforms were excluded; yet they might have been relevant for the purpose of this research. This implies that the participants in this research might be biased since they have only experienced ECF through FundedByMe. Furthermore, several of the contacted entrepreneurs never replied, which may be a result of wrong contact information or a lack of time and/or interest from the entrepreneurs. Further discretion needs to be taken, since the entrepreneurs who agreed to participate might not be representable for the overall population. Also, the reason why some entrepreneurs never replied or declined the invitation to participate is unknown; hence vital data might have been excluded from the research. To keep the participating entrepreneurs anonymous, they were each assigned a letter, ranging from A to G, which they are referred to in the findings and the analysis.

3.3 Credibility
In order to evaluate the credibility of the research and the accuracy of data, extensive assessment of the data has been carried out. Key factors in literature and data have been identified, as well as limitations and potential errors. This is due to the possibility that the information collected could suffer from biases, or be non-accurate, which would then affect the results and the quality of the research (Gujarati, 2004). The conclusions of a research have to hold under close scrutiny (Raimond, 1993) and ensure the credibility and accuracy of a research. In order to ensure credibility; validity has been taken into consideration in this thesis (Collis & Hussey, 2014).

Validity in qualitative methods has been described in several different terms, such as credibility, verification and transferability (Leedy & Ormrod, 2005), since it is a contingent construct developed throughout the research process (Golafshani, 2003). In order to test and ensure credibility of the qualitative research in this thesis, triangulation has been used, which is a concept of comparing multiple data sources in search of common themes (Golafshani, 2003). Leedy and Ormrod (2005) describes four different strategies that can be employed within triangulation:

1) Negative case analysis - the researcher searches for cases contradicting existing theories in order to revise the theory until all cases have been accounted for. This was done through conducting an extensive examination of previous literature on the topic as well as looking for contradictory answers in the interviews.

2) Feedback from others - opinions of colleagues in the field regarding the validity of conclusions drawn are taken into account. Throughout the writing process of this thesis, interactive seminars with tutors and other students were held. This increased the validity of the conclusions drawn from previous literature and the data analysis, since the feedback confirmed or questioned the findings.

3) Respondent validation - the researcher takes the results back to the participants of the study to see if they agree with the conclusions drawn. In this thesis, all participants have received a document with a summary of the interview.
4) Thick description - readers of the research are able to draw their own conclusions from the data collected due to a sufficiently detailed description of the situation. In this thesis, the literature provides the reader with a detailed description of the background of the topic. After that, the research process is explained followed by a section of the data collection to make the situation comprehensive. For readers who are interested in more detailed information than described in the thesis, summaries of the interviews are available upon request.

Since this thesis have used qualitative methods in the form of interviews, all four examples of triangulation have been considered in order to increase the validity of the results. The engagement of multiple methods, such as interviews, recordings and previous literature has therefore assisted with controlling bias, giving a more valid, reliable and diverse construction of realities (Golafshani, 2003).

3.4 Method of Analysis
According to Williamsson (2002), the analysis of qualitative data is often left at the end of the thesis, which can result in a lack of time to properly analyze it. In order to avoid this, data can be analyzed as the researcher collects it. The data in this thesis was summarized after each interview in order to discover patterns between the answers at an early stage. This process was important in order to communicate the findings so the analysis would make sense to the reader.

Williamsson (2002) points out that there are no strict rules that have to be followed when analyzing qualitative data and researchers rather suggest techniques to interpret the data. Williamsson (2002) describes several steps researchers can use to analyze qualitative data and further points out that the steps does not have to be followed in a strict order, but going back and forth between them could be beneficial as long as the researchers can keep track of what they are doing. The authors of this thesis have chosen to adapt three of those steps for the analysis of the data in this thesis:

1) Transcribe the data - the data from the findings were transcribed from the audio recordings after the interviews in order to get a comprehensive overview of the raw data.

2) Read through each transcript in order to familiarize yourself - the researchers read through the collected transcriptions several times in order to get familiar with the data.

3) Categorize the data - the findings from the interviews were categorized with reference to Table 2.1 in order to create comprehensive understanding of the findings for the reader. The data was later categorized into four head categories in the analysis, in order to make the structure easy to follow.
Saunders, Lewis and Thornhill (2009) stress the importance of transcribing the data, also taking into consideration factors such as tone of voice. The interviews were transcribed from audio recordings, where the authors summarized the most relevant information in the findings. Since the interviews were conducted in Swedish, the authors translated the answers from the entrepreneurs to English for the purpose of writing this thesis. The authors chose to categorize the data manually since the interviews were based on the categories derived from Table 2.1. This was done in order to clarify the analysis between the data and the theories used to follow the purpose of the thesis and to answer the research questions. The analysis followed in the same manner; analyzing each answer provided from the interviewees in each category of non-financial value added from the findings, then connecting it to the developed framework. Comments from the interviews not directly related to the eight categories were discussed in relation to previous answers in order to analyze possible causes and effects behind the entrepreneurs’ opinions. This was done in order to provide a true, comprehensive understanding of the subjective, social reality assumed in this thesis. The latter part of the analysis was used to answer the second research question and opened up for further research on ECF. This method of analysis was deemed suitable for this thesis since an abductive approach was adopted, which allows the researchers to go back and forth during the process allowing for creativity along the way (Williamsson, 2002).
4 Empirical Findings

This chapter presents the qualitative data gathered from the interviews. The framework created by the authors will present an overview of the results followed by a more detailed presentation of data for each category.

Seven entrepreneurs contacted from the Swedish crowdfunding site FundedByMe were interviewed (See question sheet in Appendix I). To maintain the anonymity, each interviewee has been assigned a letter ranging from A - G, where an entrepreneur or the company will henceforth be referred to as for example “Company A”. In order to get an overview of the findings, answers from the entrepreneurs regarding the categories from Table 2.1 have been summarized in Table 4.1. Each column represent one of the entrepreneurs and each row represent one category, where in each row under the columns, a simple yes or no have been filled in, representing the entrepreneur’s answer. Yes and No answers represent strong indications from the entrepreneurs whether or not they have received the specific non-financial value added from their ECF investors. The “N/A” answer implies that the question regarding this category was not asked during their interviews. The question regarding recruitment was not asked to Company A and B because it was added later in the process and Company D was not asked due to time constraint. The answer “Yes*” from Company D regarding “Retained ownership and control” implies that the entrepreneur experienced retaining either ownership or control, but not both. This is explained further under section 4.8 “Retained ownership and control”.
Table 4.1 Overview of the entrepreneurs’ answers on non-financial value added categories

<table>
<thead>
<tr>
<th>Company</th>
<th>A Restaurant</th>
<th>B Consumable service/product</th>
<th>C Consumable product</th>
<th>D Consumable product</th>
<th>E Online service</th>
<th>F Environmental product</th>
<th>G Consumable product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valuable networks</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Experience, Skills and knowledge (involvement)</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Marketing</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Strengthening of brand/Brand ambassadors</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Influence in recruitment</td>
<td>N/A</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Facilitation for further funding</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Helping to overcome funding difficulties</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Retained control and ownership</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

4.1 Valuable Networks

When looking at the category of valuable networks, Company A, C and G stated that they perceive that their ECF investors have contributed with valuable networks to the company. Examples of valuable networks mentioned are possible distribution channels, resellers and other companies or organizations. Both Company C and G stated that their ECF investors have introduced them to possible resellers and distribution channels. Company A said that its ECF investors have presented them to important organizations and companies, which have helped the company develop. All three companies explicitly stated that their ECF investors have contributed with valuable networks. However, Company G said that although the networks have been a positive contribution to the business, it has not been vital for its business operation.
Company B, D, E and F said that no valuable networks have been realized from their investors. According to company B, valuable networks have been realized by using ECF per se, however, these are more connected to the campaign rather than the investors. Company B perceived that the campaign gave valuable networks in the “start-up community”, which helped them overcome start-up difficulties. Company E and D stated that no valuable networks have been realized from the investors. However, the companies have not had any demand for it either. Company E and D have professional investors in the company, who provide the company with valuable networks. Company E and D have no interest or need for further networks and have consequently not inquired the ECF investors to contribute with such. Company F stated that it has not perceived its ECF investors as possible sources for valuable networks.

4.2 Experience, Skills, and Knowledge (Involvement)
Company A and C stated that they have experienced involvement from the investors. Company A said that it has frequent communication and interaction with the investors on its Facebook page. Company A also has some experts in certain fields among the investors, which have helped the company. For example, one of the investors had suggestions on how to improve the company’s website and offered his/her services. The investor received a product sample in return for the contribution. Company A has several investors that offer their help and perceives them as highly involved in practical manners. Company A stated that “There are many, many, many of our partners that have helped [the company] only to see it move forward without demanding payment.” (Personal communication, 2016-03-08).

Company C’s investors show interest by sending e-mails every second or third week, asking how the business is doing. They may also send pictures or notify the company in different ways when there are products from the assortment missing in their local store. Company C stated that it appreciates the investors’ involvement, as it helps the business operate smoothly. In addition to the e-mail communication, Company C has a closed Facebook page for its investors. However, the owner experience little communication through the Facebook page and deem the e-mails sufficient. Since Company C is currently experiencing a time consuming phase of growth, the owners appreciate receiving help from the investors, as it takes some of the burden of their shoulders. Furthermore, Company C has some investors with special competencies. One is a professional photographer and another has skills in social media management. These investors have helped the company in different ways with marketing. One of Company C’s investors also has skills in economics and finance and has helped the company with the accounting. This investor has now been recruited into the company. Moreover, the owner of Company C knows that some other investors works with profile-clothes, advertisement signs and banners, however, Company C has not made use of their skills yet. The owner of Company C stated that the company needs to become better at making use of its investors, and said that it has thought about mapping out the competencies among them for future usage.
Five of the companies, Company B, D, E, F, and G do not experience that they have received much, or enough, involvement from the investors. Company B does not experience a great dialog between the investors and the company, since the investors are not very involved or interested. According to Company B, “We just called a general meeting, where we have 70 investors and received answer from one [investor] that wants to participate.” (Personal communication, 2016-03-08).

According to Company B, the communication is more of a monologue than a dialogue, where the company informs the investors through Facebook or LinkedIn. Company D explained that there is little contact between the company and the investors, however, sometimes the owner updates them with information or ask for advice. Sometimes the investors send questions, which the owner perceive as strenuous, since answering them takes time and disturbs the business’s daily operations. Company E’s investors are all part of an e-mail group where they receive news about the company every three months. Company E experiences that some of the investors are more involved in the company than others. These investors tend to e-mail back and give suggestions, which Company E perceives as unnecessary and time consuming. Company E stated that it might be good to get suggestions and input from the investors, however, since there are around 70 investors in the company it gets overwhelming. Furthermore, Company E has investors from countries outside of Sweden, such as Russia, Poland and Czechoslovakia and perceives these investors as less involved compared to Swedish investors. Company E correlates this to their lack of knowledge of the Swedish market. Although the owner of Company E stated that input from the investors is unnecessary, she later said that she hopes that the communication and the investor relationships will improve. Company F send information to the investors a couple of times during the year and invite the investors to the annual meeting, however, little or no involvement is realized from the investors. Company F finds the current relationship with the investors as weak and the investors are not involved in the business operations on a professional level. Most of the investors in Company F are friends with the owners and they have good communication outside of the business. The investors are supportive and show interest for the company on a personal level, rather than on a business level. Some of the investors have special competencies, such as backgrounds in economics. Nevertheless, the help Company F receives from the investors is still on a personal level. The owner of Company F explained that these people helped her prior to the campaign and does not connect their interest to them being investors. Company G however, experiences that the relationship between the company and the investors is very good, but does not experience any specific involvement from the investors. Company G said that it tries to be transparent and share information with its investors through Facebook and allows them to get involved through the Facebook page. Nevertheless, few investors involve themselves, which according to Company G could be a sign that the company is handling the business in a right way.
Furthermore, Company B experiences that the investors are very different. According to Company B the ECF investor is “…by no means a venture capitalist or a business angel that does this [invest] for a living.” (Personal communication, 2016-03-08). Company B further describes the differences between ECF investors and professional investors in the following way “These are private people that might not possess the same competencies, [compared to] the competence that we bought into the company. We wanted a wide network and competence within certain branches of the industry from a business angel who is more experienced [than ECF investors].” (Personal communication, 2016-03-08).

The owner of Company B further stated that there might be one or two investors from ECF who has better competencies and networks than others. However, the ECF investors do not invest very large amounts of capital, hence their interest is not as high either. The owner perceives that those who invested less than 50 000SEK have little interest and involvement in the company. Furthermore, Company B has received VCs and BAs in the company from the ECF campaign and perceive them as more involved than the other ECF investors. The professional investors are more business minded and have higher interest in the company. Company G however, does not see a connection between the amount invested and the level of involvement and stated that “A couple of our best ambassadors [investors] have only invested 1000 SEK. That is what is exciting; you can find very dedicated people that do not have the biggest capital.” (Personal communication, 2016-03-10). Company G does not experience much involvement from the investors as a group and has not realized any specific competencies among the ECF investors applicable to its type of business. However, Company G said, “I definitely think that there are great opportunities to use your crowd in order to develop your strategy.” (Personal communication, 2016-03-10).

4.3 Marketing

All companies perceived that ECF has contributed with marketing of their businesses and products. However, only Company A, C, D, and G explicitly stated that the investors were helping with marketing activities. They refer to their investors as “brand ambassadors” where their investors present the business’ products and services to friends, family and acquaintances. Company B, E, and F stated that the ECF campaign itself brought marketing and attention to the company and do not perceive that the investors have contributed with marketing. Company A’s investors are highly involved in the business and seem to enjoy helping the company. Company A does not budget for marketing activities and only uses its investors and social media to spread information. Therefore, it is of high importance that the investors are strong brand ambassadors who talks favorably about the company. The owner of Company A said that “It’s been a real task for them [the investors] to introduce [the product] to all possible [customers]” (Personal Communication, 2016-03-08).
Company A did not have any expectation of the investors before the campaign and sees their contribution as a positive side effect of the campaign. Company A appreciates its investors and encourage them to market the company. Company C also stated that its ECF investors help out with marketing in different ways. They take pictures of the products and post them on social media and talk to people about the company’s products. Company C perceives that marketing, and thereby sales, have increased because of the ECF investors. Company D and G also acknowledge their ECF investors as highly important for marketing. They are referring to them as brand ambassadors and view them as a channel for spreading the word about the company. The investors bring new customers to the companies and their marketing influence is important for the spread of the companies.

Company B, E and F do not see a direct connection between the investors and marketing. They believe that the ECF campaign brought marketing and public exposure of the company, not the investors. The companies stated that the campaign created a great “buzz” and attracted a lot of attention to the company. Company B expected the investors to market the company to a greater extent than what they actually do. A large part of its investors are not involved in the business at all and do not contribute with marketing activities. The majority of Company E’s investors are family, friends, and acquaintances of the owners. However, Company E does not consider that its investors contribute with marketing, even though they are supportive. The campaign on the other hand, helped the company to develop good marketing tools, such as social media marketing channels and digital advertising, which is an opinion Company F also expressed. Company F perceived that the campaign reached a lot of people and granted public exposure and that the marketing is not linked to the investors per se, but rather to the campaign.

4.4 Strengthening of Brand / Brand Ambassadors

When looking at whether the investors strengthen the company brand, different opinions were present among the companies. Company A claimed that its marketing concept is built around the idea of investors being brand ambassadors who spread the word about the company and bring new customers. Company G also experiences that the investors are brand ambassadors, as they introduce the product to their friends and acquaintances. Some of these investors have invested a small amount of money in the company; yet contribute greatly in this area. Company G stated that “The reason behind conducting equity crowdfunding is, partially to raise capital of course, but also to receive dedicated partners and ambassadors for the brand”. (Personal communication, 2016-03-10) and Company D stated that one of the main reasons for choosing ECF was to “...gain brand ambassadors and through them reach out to several communities.” (Personal communication, 2016-03-09). Raising capital was Company D’s second priority when choosing crowdfunding, whereas gaining brand ambassadors was the main priority. Company C said that the investors are active on social media, thus helping them with marketing and strengthening of the brand. On the other hand, Company B experiences strengthening of brand through the campaign, not specifically from the investors.
Company E said that the campaign was an opportunity to showcase the brand. Company F does not feel that the investors have strengthened the brand, however they do act as brand ambassadors.

4.5 Influence in Recruitment
This question was only answered by Company C, E, F, and G. Company C answered yes and has employed two of the investors. One investor is now working as the manager of production and another investor has a background in economics and is now a part of the board and in charge of the company’s finance and accounting. Sometimes investors contact the owner of the company when they have a connection that is looking for a part-time job, which Company C is positive towards. Company E, F and G replied that their investors have not influenced requirement in any way. Company E and F do not have any employees and are not looking for any recruitment at the moment. Company G is looking for recruitment to extend the business. However, it has not specifically searched for possible employees within its network of investors.

4.6 Facilitation for Further Funding
Five out of seven companies agree that ECF has facilitated for further funding. Company A stated that its first ECF campaign allowed the company to conduct a second ECF campaign, which resulted in more investors and substantially more capital. Several of the existing investors also invested once again. Company A relates the success of the second campaign to the first campaign, as the first campaign raised awareness about the business. Company B is looking for further funding from professional investors. It wants to benefit from special competencies without increasing the number of shareholders and has been analyzing different options. Before the ECF campaign, Company B struggled to attract professional investors, however, believes that the ECF campaign has increased its chances of receiving funding from professional investors. Company C considers conducting another ECF campaign. The investors of Company C have been involved in developing new product ideas, which the owner believes will have a great impact on further funding. Company D and G do not specifically state that their campaign or investors have facilitated further funding, however, both have conducted a second successful ECF campaign. Company E has not yet used any of the capital from the ECF campaign and are waiting for opportunities in the market place. Depending on what will happen with the capital in the future, Company E might perform another campaign to receive further funding. Company E stated, “If I start a new company, I would do it [equity crowdfunding] again, because of the marketing aspect and that it is a quick method [to raise capital].” (Personal communication, 2016-03-10). Company E further explains that it would employ someone to help out with the administrative aspects of the campaign, since the cost relative to the benefits gained is fairly low. However, the company has not yet noticed whether the first campaign will facilitate for further funding. Company F has not received any further funding after the campaign, but is continuously searching for more investment. Right now, it does not perceive that the ECF campaign has facilitated the processes.
4.7 Helping to Overcome Funding Difficulties

All companies answered that ECF has helped to overcome funding difficulties. Company A first considered using BAs or VCs to fund the company, but according to Company A; “We met with them [BAs and VCs] as well, but they had very high demands on return and ownership. This did not feel right for us, because we wanted to build a trademark in our own way” (Personal communication, 2016-03-08).

Company A did not want any external pressures and eventually a BA recommended the company to try crowdfunding instead. Company B, F and G stated that since they were in a start-up phase, traditional sources of equity funding considered them a too risky investment, whereas ECF helped them overcome their funding difficulties. Company B explained that ECF was preferable to loan-based crowdfunding since the interest rates would be too high, due to the company’s lack of history and capital. ECF also helped Company C when BAs did not deem its numbers strong enough. The owner of Company C felt that she did not know how to talk to professional investors (read: BAs), only how to produce the product, which made it difficult to pitch the idea. The owner of Company E had previously been part of the TV-show Dragons’ Den, where she found an interested BA. However, the deal did not close because the BA experienced financial issues at the time. Instead, Company E started an ECF campaign, which closed successfully. Furthermore, Company D, E and F stated that the reason for choosing ECF over other types of crowdfunding was because they needed more capital than they believed the other types could offer. Company E and F perceive reward-based crowdfunding as more suitable for social causes and it made more sense to offer investors shares in the company.

4.8 Retained Ownership and Control

All interviewees answered that they have not experienced loss of ownership by using ECF. Company D however, has experienced some loss of control over the company, since it has to take the ECF investors into consideration now. Company D’s investors own approximately 10% of the company. Company A said that the investors have been helpful with feedback on the company's thoughts and ideas. However, the investors do not own enough shares in the company (10-15%) to make the owner experience any loss of control. This situation was also stated by company B, C, and G. Company B’s ECF investors own around 10% B-shares in the company (entitling each of them to only ten percent of one full voting right), and are therefore not affecting the company’s decision making. Hence, Company B perceives that the control is retained. Furthermore, Company C explained that it has a general meeting where everyone can make his or her voice heard. The board holds the majority of shares and therefore makes all decisions, however, although the investors only own 17% of the company, Company C always try to consider the investors’ comments.

Company E’s investors own 27% B-shares, and Company E does not perceive that the investors have affected the control and decision-making within the company. The professional investors influence the decision making of the company, however, not the
ones from the ECF campaign. Since they own B-shares they do not have enough voting rights or power to make decisions in the company. Company F’s investors are not involved in any final decision making as they only own 2% of the company. Company G mentioned that the only perceived loss of control is the revealing of information about the company. However, the ECF investors are not involved in any decision-making and since there are so many investors from the campaign, owning small percentages, none of them are specifically strong. Although the ECF investors of Company G own both A- and B-shares, it is still such small parts that the owner remain in control.

4.9 Miscellaneous
Five companies stated other non-financial value added than the ones found from BAs and VCs, which they either link to the ECF investors or the campaign. According to Company A, the diversity among the investors creates interesting dynamics where each investor can help the company in different ways. Company A also expressed the enjoyment of doing ECF. Company A stated “We did not have any expectation other than wanting capital and it has been a lot more fun and rewarding than I ever expected; to have these people around in the company.” (Personal communication, 2016-03-08).

Furthermore, Company A and B stressed the fact that the campaign itself brought non-financial value to the company. The campaign generated great exposure on social media and reached a large number of potential customers and investors. Company B further perceived that the campaign opened up for communication with important connections and expanded its business network. The greatest benefit Company B experienced from the ECF campaign was the spread across social media and the Internet, since it resulted in attention from newspapers and media. Both Company E and F also expressed this opinion and empathized that the campaign itself generated valuable contributions to their companies. Moreover, several of the companies acknowledge ECF as an easy way of raising capital. Company B stated that ECF was less time consuming and demanding in comparison to searching for professional investors, since there is no unified platform or community where one could search for professional investors. ECF decreased the search cost, since all investors were found on one platform. Company C, E and F also share the view of crowdfunding being an easier way of raising capital. As previously mentioned, Company C felt that it was difficult to talk with investors about money, which made it hard to pitch the idea to professional investors. Company E said that it perceived ECF as a quick process of raising external funding and would definitely conduct another one if needed. Company D and G did not state any additional non-financial value added from ECF.

4.10 Negative Aspects of Equity Crowdfunding
Several of the entrepreneurs mentioned that the administrative part of ECF was unwelcome and unexpected. Company C mentioned the surprise of how time consuming the administrative part was and that creating an ECF campaign takes a lot of time, planning, and administration. Company E also pointed out the administrative work as
being a negative experience and said “There are so many rules and regulations [surrounding equity crowdfunding] that you do not really know of.” (Personal communication, 2016-03-10).

Company E said that it is good that several external companies who offer helpful services regarding the administrative issues has emerged during the years. Company G stressed that it is important to realize that it takes time and effort to create and succeed with an ECF campaign and that it needs to be done properly. Company C mentions that the campaign needs to be planned ahead in order to not disturb the business’s daily operations. Company F experienced that it received little information regarding the importance of being present at social media when doing an ECF campaign, which would have been helpful to know before launching the campaign. The owner of Company F further pointed out that it would be appreciated if the platform could separate start-ups and established companies from one another at the website. Company D said that it had to give out information about the company’s finance, strategy, and product, which was perceived as negative. Company B has experienced that a large amount of investors can be overwhelming and pointed out that it is great that the investors have ideas and opinions, however, sometimes it is time consuming.
The purpose of this thesis was to explore the non-financial value added by ECF investors to the entrepreneur. The first research question aimed to answer if ECF investors could provide similar non-financial value added to the entrepreneur as traditional funding investors may do. The second research question aimed to answer if there are any additional non-financial value added to be realized from ECF. Hence, this purpose and these questions are the basis for the analysis.

5.1 Involvement and Provision of Networks
When comparing the companies’ answers to the framework based upon non-financial value added from VCs and BAs (Table 2.1), both similarities and dissimilarities emerged. Drawing upon previous literature regarding valuable networks from BAs and VCs, the main idea outlines that networks and business contacts associated with professional equity investors can aid the company in overcoming obstacles and facilitate growth (e.g., Boué, 2007; Sørheim, 2005; Macht & Robinson, 2008). In the case of crowdfunding, previous research suggests that valuable networks received from crowdfunding merely refers to marketing value. The company will benefit from the investors’ personal recommendations rather than introduce the entrepreneur to members of their personal contact network (Belleflamme et al., 2014; Lambert & Schwienbacher, 2010). This does not explain whether ECF investors provide similar valuable contacts and networks as professional investors do. The findings show that three companies out of seven, Company A, C, and G perceive that their investors have contributed with valuable networks, ranging from distribution channels and resellers to organizations and companies that assist the business’s growth. For example, Company C and G have been presented to some of the investors’ local stores and restaurants that are now resellers of the companies’ products. Company B, D, E, and F argue that no valuable networks have been realized from their investors. However, there are two aspects to consider when evaluating the entrepreneurs answers; first, one company who stated that no valuable networks was realized from the investors argued that the actual campaign provided them with valuable contacts in the “start-up community”, which helped them overcome difficulties in the initial period. Second, two other nay-saying companies stated that they have no demand for valuable networks from their crowdfunding investors, since they already received this from professional investors. It may be possible that their crowdfunding investors possess these kinds of networks, but do not introduce them to the companies since those qualities are not explicitly sought after. It therefore seems as the companies must encourage and actively open up for networking among their investors themselves, in order to have a chance of receiving possible valuable networks.
Involvement through experience, knowledge and skills by the ECF investors seems to be low. Only two out of the seven companies perceive that their investors involve themselves in the company, which is in line with Schwienbacher and Larralde’s (2012) suggestion that not all investors become active participants, whereas previous research suggests that BAs and VCs are most often involved in the company (Boué, 2007; Macht & Robinson, 2008). Macht and Weatherston (2014) argue that crowdfunding investors may offer the “wisdom of the crowd” and give feedback to the company, however, this does not incorporate skills or competencies, which two of the companies in this study have expressed. Company A and C’s investors are highly involved in the business and contribute with their knowledge and skills when appropriate. They also give feedback and suggestions to the companies regarding the products and the business. This is in accordance with Collins and Pierrakis (2012) argument that a large pool of investors can provide the entrepreneur with the “wisdom of the crowd”. Company C also acknowledges that there are more potential to realize from the investors and want to become better at accessing them. The findings from company A and C support the argument that crowdfunding investors can bring valuable involvement in the form of wisdom and feedback. It also shows that the ECF investors can bring valuable competencies to the company. However, the involvement from ECF investors does not seem to help entrepreneurs develop as leaders and managers, which is acknowledged as a contribution from the involvement by VCs (Boué, 2007). Nor do the findings suggest that the ECF investors’ involvement can help entrepreneurs thrive by applying their expertise, in the same way that BAs do (Macht & Robinson, 2008).

What company A and C seem to have common is that they both value their investors highly and want them to be involved. Both companies appreciate and encourage their investors to involve themselves in the business, which is a major difference from some of the companies who perceives little or no involvement from the investors. Company D and E state that questions and input from investors are time consuming and unnecessary, and they both perceive the contact with their investors poor. However, similar to Company C’s situation, there might be potential skills among company D and E’s investors that are not realized and used due to a lack of interest. One may therefore acknowledge the importance of interest from the companies towards their investors. If companies want to acquire the investors’ competencies, it seems as if they need to actively show interest for the investors. However, Company B experiences a poor relationship with the investors even though it opens up for involvement. Its investors are just not interested in any form of participation, which suggests that there is no guarantee for receiving investors with specific knowledge, skills or experiences that they are willing to share with the company, which is supported by Schwienbacher and Larralde’s (2012) suggestion that not all investors become active participants. Company G has a good relationship with its investors and opens up for involvement; however, the investors are still not participating and involving themselves in the business. Hence, it seems as if there is no guarantee that the ECF investors will involve themselves in the business, it seems to depend on the nature of the investors.
Furthermore, Company B has both BAs and VCs in the company and sees a clear difference between their involvement and the ECF investors’ involvement. As previous research also acknowledge, Company B perceives that BAs and VCs bring highly professional skills, experience and knowledge to its business (Boué, 2007; Macht & Robinson, 2008). The owner of Company B further stresses that ECF investors are by no means professional investors. Once again, this shows that there are no guarantees for receiving investors who will contribute with experience, skills and knowledge by using ECF and therefore, it does not seem to be a certain link between the companies’ relationship with the investors and the investors’ involvement. Company B perceives that involvement is correlated with amount invested, where higher amount of capital equals higher involvement, which is in line with previous research that professional investors demand more involvement in the company due to the amount invested (Boué, 2007; Macht & Robinson, 2008). However, Company G has experienced a different scenario. Some of its “best” investors have not invested a large amount of money, but are still the most involved. This suggests that crowdfunding allows small investors to help businesses of their specific interest, and findings suggests that their involvement in the company seems to be driven by their passion for the product or service.

Previous research shows that both VCs and BAs have influence over recruitment in their invetees (eg. Kleinschmidt, 2007; Rosenstein et al., 1993; Ehrlich et al., 1994). The professional networks that both VCs and BAs can offer to entrepreneurs are something that is not quite as apparent in ECF. Only one of the companies, Company C, has employed from its pool of investors. One of the investors is in a managerial position and is part of the board, which is similar to what a BA or a VC can offer. The other companies have not experienced this benefit. Two of the companies that said no do not see the need for any recruitment and have not looked into the possibilities of hiring someone new. The company that was looking for recruitment has not considered the possibility of recruiting within the pool of ECF investors, which may be connected to the un-professionalism associated with equity crowdfunding investors as suggested by Freedman and Nutting (2015) and Schwienbacher and Larralde (2010).

In general, the professional networks, contacts and involvement that a BAs or VCs may offer, cannot be found in the same way from ECF investors. What can be seen from the findings is that those who actively seek and open up for involvement and networking have a better chance of receiving valuable input from the investors. The companies who have not shown an interest for the investors input in either of the categories have not received much involvement or networks in return. However, this does not hold true for all cases, which shows the uncertainty of ECF investors. There also seems to be a correlation between the nature of the business and involvement from investors. In general, findings show that companies with consumable products seems to have more involved investors, when it comes to valuable networks and contributing with prior experience and knowledge.
5.2 Marketing and Branding

Belleflamme et al. (2014) and Lambert and Schwienbacher (2010) argue that crowdfunding in general can grant public exposure through the “hype” that comes from attracting a large crowd from the campaign, which is in accordance to what company B, E, and F said. The companies saw more of a link between the campaign and marketing than between the investors and marketing as the campaign itself attracted a lot of attention. According to previous literature, this type of marketing seem to be general from crowdfunding alone, which is something that traditional equity funding, such as BAs and VCs cannot offer. Boué (2007) suggests that the entrepreneur may use the relationship with the VCs to market the company and the VC, as a professional, may help to increase the trust of customers. Likewise, Politis (2008) suggests that BAs can contribute with marketing by introducing the entrepreneur to a large network. Focusing only on the investor aspect of ECF (not taking the campaign into account) Company A, C, D, and G said that the investors alone have contributed with marketing through the similar network aspect as previous research have suggested. The investors from ECF tend to talk about the business on their different social media platforms and with their networks; mostly friends, family, and acquaintances. What can be mentioned, and perhaps differentiated between traditional equity investors and the ECF investors is the professionalism of the network provided. The investors from ECF are usually many compared to the VCs or the BAs. Company A, C, and G see the benefit and importance of having investors all over Sweden that can spread the word about the company through various media and reach different communities. The sheer number of investors that the entrepreneurs can obtain from an ECF campaign may be beneficial when it comes to reaching out to many potential customers and spread the word about the company. In addition, the campaign, even before obtaining these investors, have a potential to be a great marketing tool when it comes to creating a “buzz” around the company and obtain viral marketing. By using word-of-mouth and social media platforms to introduce the company and brand to friends, family and acquaintances, ECF investors may be seen as brand ambassadors for their company. This strengthens the argument by CrowdCube (2016) that a successful ECF campaign will create loyal brand ambassadors.

Regarding strengthening of brand, Timmons and Bygrave (1986) suggest that VCs provide credibility to the new venture and may take on the role as brand ambassadors. BAs also provide credibility to a new venture, since the knowledge and skills they bring to the table help to improve marketing strategies and strengthen the brand (Politis, 2008). From the findings six out of seven companies has realized brand ambassadors and strengthening of brand by conducting ECF campaigns. Four companies give credit to their investors and two to the actual campaign. However, it seems like no matter where it originates from, some brand ambassadors and strengthening of brand will be realized when using ECF. Company A, C, D, and G, that give credit to their investors, also seem to perceive their investors as relatively more involved in their companies overall. Whereas Company B, E, and F perceive the involvement as relatively low among their investors. This might have an impact on how the investors act as brand ambassadors, and would be
something to consider for entrepreneurs. It is also clear that the strengthening of brand differs between ECF and traditional sources of equity funding. BAs and VCs provide credibility to the brand, hence strengthening it, by having their name, skills and networks connected with the company. ECF investors might not be able to provide this kind of professional credibility to a brand, instead they strengthen the brand in the role of brand ambassadors, which from the findings seems to be a noteworthy advantage associated with having several investors.

5.3 Finance

All companies agreed that ECF allowed them to overcome funding difficulties. The companies also mentioned that they had unsuccessfully reached out to either a BA or VC before the crowdfunding campaign, mostly due to the new venture being seen as too risky. Another factor was that the professional investors had too high demands on yield and ownership in the company. So, even though previous research says that VCs and BAs do help with overcoming funding difficulties (e.g. Van Osnabrugge & Robinson, 2000; Politis, 2008; Boué, 2007) it seems that there are still many start-ups that get rejected. This can be explained by the high risk associated with start-up companies (Barringer & Ireland, 2016). When BAs and VCs invest starting capital, they expect a high yield since they share the success and failure of the company (Denis, 2004). This is supported by Company A and C's experiences when the BA did not deem their figures strong enough or had a too high demand on yield. Previous literature show that when a company receives funding from VCs or BAs, the chances for further funding increase remarkably. Venture capital backed companies tend to be valued higher and go public faster than other companies (Brav & Gompers, 1997; Wang et al., 2003; Jain & Kini, 1995), and BAs can have a leveraging effect and help to attract both banks and VCs to the company (Macht & Robinson, 2008; Harding & Cowling, 2006; Sørheim, 2005). There seem to be similar effects by using ECF. Company A, B, C, D, and G have perceived that the ECF campaign has helped their companies receive further funding, whereas Company E and F have not realized this benefit. Although ECF has helped several of the companies to receive further funding, it seems more as if ECF helped them to overcome the difficulties related to being a start-up (read: getting the business up and running), hereby overcoming the common arguments for rejection by BAs and VCs (Barringer & Ireland, 2016).

VCs and BAs seem to help businesses become more attractive and credible for other professional investors as they bring reputation and prestige. With crowdfunding however, instead of gaining a few investors, the company receives many, which means that the risk is not as high for the ECF investors as for the BAs or VCs. In other words, many more will invest a small amount, instead of a few investing large amounts. This is one of the biggest benefits suggested by Macht and Weatherston (2014) that crowdfunding can bring to entrepreneur; the ability to reach out to a large number of potential investors on an online platform. This can also be connected to the level of commitment the BA or VC require versus the ECF investor. Using crowdfunding was even suggested by a BA to Company A, in order to avoid the level of involvement he/she required. Since BAs and
VCs have a high stake in the company, they also expect to be more involved and have higher demands (Boué, 2007; Match & Robinson 2008), which, according to the findings, seems to be avoided in ECF.

In a traditional context, the emission of shares in a new venture tends to imply a loss of control and ownership for the entrepreneur. The close involvement from VCs and BAs is driven by their professional intent to quickly make the company a profitable investment, which often requires close involvement and supervision from the investor (Denis, 2004; Boué, 2007; Macht & Robinson, 2008). Managers have an interest in acquiring the professional investors’ knowledge and expertise, but tend to dislike the loss of ownership that comes with having strong investors (Macht & Robinson, 2008). In the context of ECF, the investors usually own a small percentage of the shares, thereby leaving the entrepreneur in definite control of the venture (Macht & Weatherston, 2014). The findings in this thesis seem to be in line with Macht and Weatherston’s (2014) findings, since none of the participating entrepreneurs have perceived loss of ownership. Hence, this empirically strengthens Macht and Weatherston’s (2014) suggestions. However, Company D did not like that it had to provide information about the financial numbers and products to the general public in the campaign in such an early stage of the start-up, relating this issue to loss of control. The crowdfunding investors own from 2 - 27% of the shares in the different companies, however most of them own B-shares. Therefore the investors, even when united, are not able to impact the decision-making in the companies to any large extent. For entrepreneurs who are concerned about the issue of retaining ownership in their new ventures, ECF seems to be a suitable way of acquiring funding.

5.4 Other Comments
Several companies expressed that they have experienced other non-financial value added by using ECF than those found in previous literature regarding VCs and BAs. Company A comply with Collins and Pierrakis (2012) concept of “wisdom of the crowd” and points out the positive aspect of having numerous investors. The differentiation among the investors is perceived positively and the owner of Company A believes it creates interesting dynamics and that each investor can contribute in different ways. However, Company D and E said that the amount of investors have been strenuous and time consuming, which show the subjectivity in this manner. Company B, C, E, and F experienced ECF as an easy way of receiving external funding, since it is less time consuming and demanding, compared to the process of finding professional investors. To have one platform where all possible investors are gathered simplifies the search process and is cost-efficient for the entrepreneurs. This finding supports Barringer and Ireland (2016) and Schwienbacher and Larralde’s (2010) suggestion that ECF is a cost-efficient way of raising external capital. Further on, in several of the cases, the entrepreneurs do not need to find the investors themselves, the investors find them. Company C also perceives ECF as less formal and thereby easier. However, the simplicity of engaging in ECF is more correlated to the campaign itself rather than something the ECF investors have contributed with. The findings imply that the entrepreneur may receive non-financial
value added from the campaign, which is something that cannot be received from BAs or VCs to the same extent.

Several of the entrepreneurs discussed the benefits brought by the campaign in other aspects as well, where marketing and public exposure were stated as the greatest contributions, which is supported by Macht and Weatherstons’s (2014) findings, that crowdfunding campaigns can generate public exposure and publicity. Company A, B, E, and F share this notion and Company B also added that the campaign brought valuable networks in the “start-up community”. It therefore seems as some of the identified non-financial value added from traditional investors may be realized from the ECF campaign and not solely from the ECF investors. Although VCs and BAs also contributes with marketing, networks and public exposure, the ECF campaign itself may reach a larger crowd faster as it is launched on the Internet for everyone to see, which is supported by Macht and Weatherston’s (2014) studies on the benefits of crowdfunding in general. Therefore, it seems as the ECF campaign may bring additional non-financial value to the companies.

The main negative aspect of ECF seems to be the administrative work. Several of the entrepreneurs mentioned that this was unexpected and the most time consuming part of the campaign. Many of them perceived this as unwelcomed, as they are in their start-up phase and do not have the time or the knowledge to handle it on their own. This is where the large number of new investors can be a negative aspect of ECF as the paperwork for that many new investors can take up valuable time that the company does not have to spend. This is one aspect that the entrepreneur does not have to be concerned about if receiving funding from BAs or VCs. One company, however, pointed out that there are now other companies that can help with the administrative aftermath of an ECF campaign, which did not exist a couple of years ago when that company conducted its campaign. This was around the time where ECF had just started in Sweden and already a few years later there are companies established to assist the entrepreneurs with the administrative part. This suggests that as this phenomenon grows, more solutions emerge to solve problems associated with ECF.

Several companies mentioned that it might become a problem if the entrepreneur is not prepared to put in enough time and effort in order to develop a successful campaign. However, overall, they still considered succeeding with ECF easier than receiving funding from professional investors. Another drawback mentioned connected to the campaign was that the company needed to make internal information public, such as strategic, financial, and product ideas during the campaign. This leaves the company rather exposed, since it might not have a patent on the product yet, leaving it vulnerable to others copying its business idea. The campaign brings both positive and negative aspects other than those from the BAs, VCs and ECF investors, especially concerning the publishing of internal information online. Hence, more research is needed concerning the
effect of the campaign in order for entrepreneurs to fully understand the implications of conducting ECF.
6 Conclusion

This chapter concludes the main findings based on the analysis. The research questions are being answered accordingly and the conclusions relate back to the purpose of the thesis.

The purpose of this thesis was to explore the non-financial value added by ECF investors to the entrepreneur. The aim was to discover whether ECF provide similar and/or additional non-financial value added as traditional equity funding. This was done through exploring two research questions:

**Research question 1:** Do equity crowdfunding investors provide similar non-financial value added to the entrepreneur as traditional equity funding does?

Eight categories of non-financial benefits from professional investors emerged from the frame of reference, which worked as a basis for investigating research question one. After analyzing the entrepreneurs answers regarding the different categories, the following conclusion has been drawn; ECF investors may offer similar benefits as professional investors, however this seems to be dependent upon three determinants; (1) the entrepreneur-investor relationship, (2) the nature of the business and (3) the nature of the investors.

A good relationship with the investors seems to be correlated with a high level of involvement, which in turn may encourage marketing, strengthening of brand and the creation of brand ambassadors for a new venture. A similar tendency was observed between the level of involvement and the nature of the business; well-known concepts and consumable products seemed to increase the level of involvement among the investors. The nature of the investors refers to competencies among the investors. For example, there is a possibility that VCs, BAs or nonprofessional investors with valuable knowledge invest in the new ventures. This may lead to the acquiring of specialized competencies and skills without sacrificing ownership and control, which is usually associated with traditional sources of equity funding. However, there are no guarantees that the ECF investors will involve themselves although they possess skills valuable for the company.

**Research question 2:** Are there any additional non-financial value added realized from equity crowdfunding?

The crowdfunding campaign itself seems to be of importance when choosing equity crowdfunding and four conclusions may be drawn from the findings: (1) The marketing opportunity from a campaign tends to offer exposure for the company and has potential to go viral, reaching a worldwide audience faster and easier compared to traditional sources of equity funding. (2) The crowdfunding campaign could provide companies with
valuable contacts in the “start-up community”. (3) The ECF campaign is cost-efficient compared to searching for traditional investors. (4) Control and ownership are retained when using ECF. Control and ownership are not connected to the campaign per se, but rather to the investors. Hence, it is the sole additional non-financial value added from ECF investors found, since it is not associated with having traditional investors as owners in the company. This was suggested by Macht and Weatherston (2014) and this thesis supports their findings empirically.

From the conclusions drawn, there is a strong indication that the non-financial value added from professional investors can be realized from ECF investors by actively involving them in the company. By doing so, there is a higher chance of receiving these benefits in return without sacrificing control and ownership. This research suggests tendencies that there are non-financial value added received from ECF investors. However, each ECF case is different and there are no guarantees of receiving certain types of investors. Therefore, it is difficult to establish any certain non-financial value added received from ECF investors and further research is needed in order to establish a framework of non-financial value added by ECF investors and the ECF campaign. Regarding the question if ECF equals “dumb money”, this thesis concludes that this is not the case, since some form of non-financial value added have been realized by all the interviewed entrepreneurs, either from the investors or the campaign itself.
7 Discussion

This chapter presents further reflection and reasoning on the thesis. Strengths and weaknesses of the thesis are discussed as well as ethical issues. Furthermore, suggestions for future research are discussed.

7.1 Implications
This thesis was conducted in order to explore if ECF provide similar and/or additional non-financial value added as traditional sources of equity funding. It provides insight in what to expect when using EFC campaigns, and present positive and negative aspects of having ECF investors as owners in one’s business. It is therefore of use to entrepreneurs and companies considering using ECF as a way of obtaining capital. The thesis may also be of interest to crowdfunding websites that offer equity campaigns, since the platforms often lack theoretical evidence behind their statements of what EFC will provide in terms of for example involvement, marketing and knowledge.

7.2 Limitations
This study provides an important contribution to the field of ECF as it provides insight in a growing phenomenon where little research exists. Interviews with seven entrepreneurs provided an extensive amount of data, which in correlation to the frame of reference created a solid ground for analyzing the topic. However, the findings should be viewed upon as a starting point for further research rather than a final statement of non-financial value added by ECF. Nevertheless, discretion must be taken since the primary data in this thesis is only collected from entrepreneurs in Sweden who have successfully closed an ECF campaign at the Swedish website FundedByMe between the years 2011 and 2016. This implies that the findings might not be applicable to circumstances outside of Sweden, nor to companies turning to other Swedish ECF platforms or future campaigns since the phenomenon is continuously evolving. Furthermore, the prior literature used in the frame of reference is not directly connected to ECF and discretion must therefore be taken. The shortage of previous research on ECF might also be a possible limitation.

7.3 Further Research
The findings suggest common themes of non-financial value added from both the ECF campaign and its investors, which can be used as a template for further investigation of the phenomenon. The sample size for this thesis was too small to conduct a quantitative study on non-financial value added from ECF investors. Thus conducting a quantitative study on the topic, testing a larger sample would be of benefit in order to recognize overall patterns as well as perhaps rank different non-financial value added according to most common one received. The findings also suggested that involvement from ECF investors might be dependent on industry. Thus, future studies can test non-financial value added from ECF investors against specific industries. As of now, there is no model explaining non-financial value added from ECF on an industry specific scale, which would be
beneficial for further understanding of the phenomenon. Further research on non-financial value added that also includes other ECF platforms may be useful in order to examine these benefits more widely.

7.4 Ethical Issues
The authors of this thesis took ethical issues into consideration when conducting the interviews with the entrepreneurs. An introductory letter (Appendix II) was sent to each entrepreneur, explaining the purpose of the thesis and their role as interviewees. It was made clear that the finished thesis would be made public. It was also made clear that the entrepreneurs’ participation would remain anonymous as no revealing details about the entrepreneurs or the company would be used as data. The entrepreneurs were also informed that they could, if they wished, decline to answer any of the asked questions. The interviews were conducted after this was understood by the entrepreneurs in order to keep ethical standard. The authors are also aware of the responsibility of taking care of the information from the interviews so that it will not be abused for personal gain.
References


Appendix I

Question Sheet

Question 1  Shortly describe your company.
Question 2  Was this your first startup of a company?
Question 3  Which year did you conduct your equity crowdfunding campaign?
Question 4  What percentage of shares does the equity crowdfunding investors own in your company?
Question 5  Was this the first time you used equity crowdfunding?
Question 6a  Why did you choose equity crowdfunding?
Question 6b  Why did you choose equity crowdfunding over other types of crowdfunding? (reward-based and loan-based crowdfunding)
Question 7a  Was the investors received from the campaign of importance to you?
Question 7b  Why/Why not?
Question 8a  What were your expectations of the shareholders?
Question 8b  Did the shareholders meet these expectations?
Question 9  What happened after you closed the campaign in terms of shareholder relationships?
Question 10a  Do you perceive your shareholders as involved in your company?
Question 10b  If yes, to what extent?
Question 10c  If yes, In what way?
Question 11a  Did you realize any non-financial benefit from using equity crowdfunding?
Question 11b  If yes, what was the non-financial benefits you realized?
Question 12a  Do your investors provide valuable networks to your business?
Question 12b  If yes, in what way?
Question 13a  Do your investors contribute with experience, skills and knowledge, relevant to your business?

Question 13b  If yes, in what way?

Question 14a  Do you believe that the equity crowdfunding campaign has contributed with marketing of your business?

Question 14b  If yes, in what way?

Question 15  Do you perceive that your shareholders have an impact on your decision-making in the company?

Question 16  Have you experienced any loss of control resulting from giving up shares in your company?

Question 17a  Have you received further funding after the equity crowdfunding campaign?

Question 17b  If yes, who where these investors – business angels, venture capitalists, banks or crowdfunders?

Question 17c  If yes, do you believe that this was possible due to your successful equity crowdfunding campaign?

Question 18a  Before choosing equity crowdfunding, did you consider using other types of equity funding (business angels or venture capitalists)?

Question 18b  Why/Why not?

Question 19a  If you have venture capitalists or business angels as shareholders in your company, did you acquire funding pre- or post equity crowdfunding?

Question 19b  If you have venture capitalists or business angels as shareholders in your company, what are the main differences between their involvement and the crowdfunding investor's involvement?

Question 20  Has your investors acquired through equity crowdfunding helped you with recruitment in your company?

Question 21  Have you experienced any negative aspects with using equity crowdfunding?
Appendix II

Informative letter (Original, in Swedish)

Formalia

Syfte:
The purpose of this interview is to gather information regarding the phenomenon Equity Crowdfunding (grassroots financing) to get a better understanding of how this form of financing can contribute with non-financial value added for entrepreneurs.

Interview format:
The interview will be semi-structured, which means that we want you to answer the questions as openly and descriptive as possible. If there is any question you do not wish to answer, we fully understand. If possible, please read through the question sheet before the interview. We would also like to mention that you will be anonymous in our study. After the interview, we will send a summary of the interview, which you may approve.

Informative letter (English translation)

Formalities

Purpose:
The purpose of this interview is to gather information regarding the phenomenon Equity Crowdfunding to get a better understanding of how this type of funding may contribute with non-financial value added to entrepreneurs.

Interview style:
The interview will be semi-structured, which means that we want you to answer the questions as openly and descriptive as possible. If there is any question you do not wish to answer, we fully understand. If possible, please read through the question sheet before the interview. We would also like to mention that you will be anonymous in our study. After the interview, we will send a summary of the interview, which you may approve.