

# “Fund me, I am fabulous!” Do narcissistic entrepreneurs succeed or fail in crowdfunding?

Vincenzo Buttice & Paola Rovelli (2020)  
*Personality and Individual Differences*  
<https://doi.org/10.1016/j.paid.2020.110037>

**2nd Virtual Brownbag “Emotional Connectedness” – 05.08.2020**



**Paola Rovelli**

Assistant Professor @ Free University of Bozen-Bolzano  
Centre for Family Business Management  
[paola.rovelli@unibz.it](mailto:paola.rovelli@unibz.it)



# Who I am



## Dr. Paola Rovelli

Assistant Professor at the Centre for Family Business Management  
Free University of Bozen-Bolzano

[paola.rovelli@unibz.it](mailto:paola.rovelli@unibz.it)

## Research interests

**Organizational design** (allocation of decision authority, CEOs and TMTs, family business),  
**Individual characteristics** (gender, **narcissism**), **Entrepreneurship**, **Crowdfunding**

## Some recent publications

Butticè, V., & Rovelli, P. (2020). **“Found Me, I Am Fabulous!” Do Narcissistic Entrepreneurs Succeed or Fail in Crowdfunding?** *Personality and Individual Differences*, 162. In press. DOI: <https://doi.org/10.1016/j.paid.2020.110037>

De Massis, A., Eddleston, K. A., & Rovelli, P. (2020). **Entrepreneurial by Design: How Organizational Design Affects Family and Nonfamily Firms’ Opportunity Exploitation.** *Journal of Management Studies*. In press. DOI: <http://doi.org/10.1111/joms.12568>

Rovelli, P. (2020). **“I am Stuck in Meetings”:** Understanding the Relation of CEO Time Management with TMT Size and Gender Diversity. *European Management Journal*. In press. DOI: <http://doi.org/10.1016/j.emj.2020.02.010>

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## *Narcissism*

*“The degree to which an individual has an inflated sense of self and is preoccupied with having that self-view continually reinforced”*

*Chatterjee & Hambrick, 2011, p. 204*

*“An inflated sense of self-importance, fantasies of unlimited success of power, need for admiration, entitlement, lack of empathy, and exploitation of others”*

*Blair et al., 2008, p. 255*

# The starting point

- ✓ Prior research have demonstrated that **narcissism influences entrepreneurs' behavior and performance** (Chatterjee & Hambrick, 2007, Miller, 2015, Navis & Ozbek, 2016)
  - E.g., greater entrepreneurial intention (Hmieleski & Lerner, 2016; Mathieu & St-Jean, 2013) and innovation (Navis & Ozbek, 2016), but also unproductive entrepreneurial motives (Hmieleski & Lerner, 2016) and worst performance (Klotz & Neubaum, 2016; Navis & Ozbek, 2016)
- ✓ However, our understanding of how narcissism influences entrepreneurs' **resource acquisition** is comparatively more **limited**
  - **Crowdfunding** is an ideal setting to explore this issue due to data availability and because literature in this field already established that **entrepreneur's personality plays a key role** in resource acquisition (e.g., Bernardino & Santos, 2016, McKenny et al., 2017, Obschonka & Stuetzer, 2017)

**Do narcissistic entrepreneurs succeed or fail  
(in resource acquisition) in crowdfunding?**

# Crowdfunding success

Entrepreneurs **succeed** in crowdfunding when they raise at least the amount of capital that they set as the target capital of their campaign within the time span of the campaign (Colombo et al., 2015)

- ✓ Extensive research on the **determinants of crowdfunding success**
- ✓ Particular attention towards **entrepreneurs' individual characteristics** because these are **clearly observable** by potential backers (e.g., Bollaert et al., 2019)
  - E.g., organization vs individual, number, gender, and location and social capital
- ✓ We focus on **narcissism** as **entrepreneurs' personality** may emerge during the **interactions** with the potential backers and influence the latter's likelihood of financing the campaign

# Narcissism in crowdfunding

Some attempts have been made to investigate the consequences of entrepreneurs' narcissism in crowdfunding, but with **mixed results** (Anglin et al., 2018; Bollaert et al., 2019)

- ✓ Based on **social role theory**, individuals are considered to fit a specific role if their characteristics are aligned with the behavioral expectations attached to that role (Biddle, 1986; Eagly & Wood, 2012; Sluss, Van Dick, & Thompson, 2010)
- ✓ **Two contrasting effects** may emerge (Anglin et al., 2018)
  - Narcissists are **creative, charismatic, strong, and self-reliant** (e.g., Emrich et al., 2001; Galvin et al., 2010; Rosenthal & Pittinsky, 2006), thus **in line** with the expectations towards successful entrepreneurs
  - Narcissists are also **arrogant, aggressive, unstable, less competent, less honest, off-putting, and untrustworthy**, and show high sense of **entitlement and superiority** (e.g., Campbell et al., 2004; Judge et al., 2003), thus **opposite** to expectations

# Methodology

## Data gathering methodology and sample

- ✓ Population of **59,539 crowdfunding campaigns** launched by **individual entrepreneurs** on **Kickstarter** between **2016 and 2017**
  - Kickstarter is the largest reward-based crowdfunding platforms worldwide and offers a wide availability of textual information

## Methods

- ✓ Content analysis to measure narcissism
- ✓ Probit models to assess its relation with crowdfunding success

## Main variables

**Success** dummy variable equal to 1 if the crowdfunding campaign reached the target capital within its duration, 0 otherwise

**Narcissism ratio of first-person singular pronouns to total first-person pronouns** (e.g., Bollaert et al., 2019; Raskin & Shaw, 1988)

- ✓ We measured the first-person pronoun usage by applying **content analysis** to the **textual descriptions** of the **project**
- ✓ The use of first-person pronouns is particularly useful as it provides information on how individuals relate to others and on how a narcissistic individual draw attention to herself/himself (DeWall et al., 2011)

**Industry** set of dummy variables indicating the product category assigned by the entrepreneur to the crowdfunding campaign among those available on the platform



# Results (1/2)

	1	2
<i>narcissism</i>		<b>-0.022***</b> (0.00)
<i>duration</i>	-0.015*** (0.00)	-0.015*** (0.00)
<i>ln_target</i>	0.620*** (0.00)	0.623*** (0.00)
<i>ln_text</i>	0.001*** (0.00)	0.001*** (0.00)
<i>ln_visuals</i>	1.155*** (0.01)	1.151*** (0.01)
<i>staff_pick</i>	1.806*** (0.03)	1.806*** (0.03)
<i>internal_social_capital</i>	0.403*** (0.00)	0.402*** (0.00)
<i>competition</i>	0.001*** (0.00)	0.001*** (0.00)
<i>d_sanfrancisco</i>	0.823*** (0.03)	0.821*** (0.03)
<i>d_losangels</i>	0.712*** (0.03)	0.714*** (0.03)
<i>d_newyork</i>	1.147*** (0.04)	1.147*** (0.04)
<i>d_london</i>	1.005*** (0.01)	1.006*** (0.01)
<i>year dummies</i>	Yes	Yes
<i>constant</i>	2.064*** (0.04)	2.152*** (0.04)
Observations	59,538	59,538
Pseudo R2	0.3784	0.3785

Standard errors in parentheses. \*\*\* p < 0.01.

Entrepreneur's **narcissism negatively** and significantly **affects** crowdfunding **success**

✓ More narcissistic entrepreneurs are **less capable of acquiring resources** through crowdfunding

Nevertheless, the effect **changes depending on the industry** in which the entrepreneur sets up the campaign

## Results (2/2)

We tested the **moderating effect** of industry over the negative association between narcissism and success

- ✓ The negative association is **stronger** in industries: *arts, design, film, food, journalism* and *theatre*
- ✓ The negative association is **weaker** in industries: *comics, music* and *publishing*
  - In *comics* and *publishing*, the overall effect of narcissism becomes **not significant**

	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
<i>category</i>	Art	Design	Film	Food	Journalism	Theatre	Dance	Fashion	Games	Photography	Technology	Crafts	Comics	Music	Publishing
<i>narcissism</i>	-0.012*** (0.00)	-0.019*** (0.00)	-0.008*** (0.00)	-0.011*** (0.00)	-0.021*** (0.00)	-0.009*** (0.00)	-0.019*** (0.00)	-0.023*** (0.00)	-0.036*** (0.00)	-0.022*** (0.00)	-0.036*** (0.00)	-0.019*** (0.00)	-0.023*** (0.00)	-0.038*** (0.00)	-0.037*** (0.00)
<i>category</i>	0.230*** (0.00)	-0.304*** (0.00)	0.858*** (0.01)	0.822*** (0.04)	0.069 (0.06)	1.583*** (0.02)	1.714*** (0.21)	-0.829*** (0.01)	-0.945*** (0.01)	0.103 (0.11)	-0.780*** (0.03)	-1.069*** (0.07)	-0.209*** (0.03)	1.402*** (0.03)	0.253*** (0.029)
<i>narcissism x category</i>	-0.118*** (0.00)	-0.054*** (0.01)	-0.379*** (0.01)	-0.223*** (0.02)	-0.120*** (0.01)	-0.071*** (0.02)	-0.101 (0.09)	-0.002 (0.01)	-0.008 (0.01)	-0.018 (0.03)	0.018 (0.02)	0.048 (0.03)	0.023*** (0.01)	0.009* (0.01)	0.041*** (0.01)
<i>controls</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>constant</i>	2.164*** (0.05)	2.064*** (0.004)	1.974*** (0.04)	2.135*** (0.03)	2.159*** (0.04)	1.993*** (0.04)	2.111*** (0.04)	2.231*** (0.04)	2.345*** (0.04)	2.149*** (0.04)	2.053*** (0.04)	2.221*** (0.04)	2.166*** (0.04)	1.961*** (0.05)	2.108*** (0.04)
Observations	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538	59,538
Pseudo R2	0.3789	0.3802	0.3850	0.3795	0.3786	0.3838	0.3807	0.3835	0.3879	0.3785	0.3836	0.3801	0.3786	0.3953	0.3799

Standard errors in parentheses. \*\*\* p < 0.01.

# Conclusion

Do narcissistic entrepreneurs succeed or fail  
(in resource acquisition) in crowdfunding?

**Narcissistic entrepreneurs fail in crowdfunding,  
but the penalization varies depending on the entrepreneurial  
context where the entrepreneur sets her/his venture**

- ✓ In contexts where the **value of the product** is **socially constructed** and it is strictly **linked to the value of its creator** (e.g., the director for a film, or the artist of a portrait) backers **penalize more** narcissism
- ✓ In contexts where the product value is foremost associated to the **product functionality** (e.g., the content of a comic book), backers pay **less attention to the entrepreneur** and the **penalization** for narcissism is **reduced or even disappears**

# Thank you

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<https://cfbm.groups.unibz.it/>

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