Pitching with your heart (on your sleeve):
Getting to the heart of how display authenticity matters in crowdfunding

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ABSTRACT

It is known that people can distinguish authentic from inauthentic emotional displays. It is also known that emotions are generally impactful in crowdfunding pitches. Yet, the potential lynchpin-like role that displays of authentic emotion may play in funding pitches has been overlooked in entrepreneurial resource acquisition research. More importantly, research on display authenticity has not uncovered the mechanisms through which display authenticity positively affects observers' responses. Our work fills this gap by developing a theoretical model that explains the underlying processes of entrepreneurs' display authenticity and success in crowdfunding. Consistent with the predictions of the Emotions as Social Information model, results from a field study and an experiment reveal the mediating roles of inferential and affective processes. Furthermore, our findings provide evidence for the moderating role of funders' epistemic motivation on performance. We find that, depending on path, these effects take different directions.

Keywords: crowdfunding**;** authenticity; emotions as social information; funding performance

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"Be authentic…one of the reasons that people invest is the emotional reward of helping an entrepreneur get started. Be true to who you are."
-Crowdfunding entrepreneur Sam Cook

Introduction

Crowdfunding is a social phenomenon (Allison et al., 2022a; André et al., 2017). Accordingly, crowdfunding platforms are virtual communities enabling social interactions between entrepreneurs and crowdfunders (Allison et al., 2022a; Josefy et al., 2017) so that entrepreneurs can bring creative ideas to market (Pfefferman et al., 2021). Crowdfunding platforms serve as marketplaces that give equal opportunities for entrepreneurs who may not have access to the traditional resource providers such as venture capitalists and angel investors (Acar et al., 2021). In order to be successful in crowdfunding, entrepreneurs need to draw the attention of potential funders and persuade them to back their projects. Indeed, rewards-based crowdfunding research has provided evidence for the influence of persuasive messages and positive emotional displays in attracting early-stage followers (e.g., Allison et al., 2017; Li et al., 2017). As much as these positive emotional displays are important, they also need to be authentic to attract followers, funders, and customers (Wang et al., 2017). Indeed, an inauthentic emotional display can potentially destroy observers' positive perceptions of an entrepreneur (Hülsheger et al., 2010). Therefore, investors need to believe that emotional displays are genuine and authentic, and that entrepreneurs are who they say they are regarding abilities, beliefs, and values. Authenticity refers to observers' perceptions that expressers are genuinely displaying their emotions (Ashforth & Tomiuk, 2000) and are not misleading them by surface acting an emotion they are not experiencing (Groth et al., 2009). Observers can distinguish authentic emotional displays from inauthentic emotional displays with reasonable accuracy (Ekman et al., 1988). An extensive literature has recognized the influence of perceptions that an emotional display is

authentic: "display authenticity" has become the accepted term for perceptions that an emotional display is authentic (Grandey et al., 2005). Despite the apparent importance of display authenticity, our entrepreneurship literature evinces a very limited understanding of its role and, particularly how it influences investor decision making. The purpose of this study is to address this important gap by explaining why, how, and when display authenticity of emotions impacts an individual's entrepreneurial outcomes in gathering early supporters and investors.

To answer our research question, we posit that display authenticity might act as socially-derived information in the entrepreneur-funder relationship. Accordingly, we based our hypothesis development on the Emotions as Social Information (EASI) model. To date, no research has used EASI to examine decision-making processes in entrepreneurship. Prior EASI research in leadership (Wang and Seibert, 2015) and consumer behavior (Wang et al., 2017; Wang and Groth, 2014) has applied the EASI model to face-to-face social interactions (e.g., Sinaceur and Tiedens, 2006). However, in this new form of entrepreneurial resource acquisition, the social interaction leading to potential investment takes place virtually through the internet and is asynchronous (Thies et al., 2016). In addition, the effects of emotional displays are context-dependent (Manera et al., 2013). Thus, our study examines how display authenticity influences the ability of entrepreneurs to gather support and funding for their venture.

EASI suggests that expressers' emotional displays can influence observers' subsequent behaviors through two mechanisms: (a) inferential processes and (b) affective reactions (Van Kleef, 2010). Inferential processes occur when crowdfunders interpret information from an entrepreneur's emotional displays. Affective reactions occur when crowdfunders feel positive emotions in response to emotional displays. The model further predicts that the effects of

3

emotional displays depend on the motivation of the crowdfunders and on their ability to process the information conveyed by the emotional displays.

Display authenticity implies honesty and consistency between emotional displays and feelings. Thus, it can serve as an important social informational cue to behavioral integrity (Leroy et al., 2012). At the same time, display authenticity induces positive emotions in observers (Pugh, 2001). Thus, by integrating these two mechanisms using our EASI framework, we theorize and predict that display authenticity leads to better outcomes for entrepreneurs by providing crowdfunders both a cue about behavioral integrity and by inducing positive emotions in crowdfunders who observe the entrepreneurs' pitch. We further hypothesize that investors' epistemic motivation moderates the effect of display authenticity on support from funders differently, depending on the mechanism (inferential processes versus affective reactions). Our results support our hypothesized model.

Our research offers three contributions. First, this study contributes to emotional display literature, specifically to emotional/display authenticity. We do so by providing understanding of underlying processes. By doing so, we advance the literature from "whether" to "why" and "under what conditions" display authenticity matters to observers, specifically to crowdfunders. Relatedly, we also extend a recent trend in crowdfunding studies that examine dual process models. Instead of focusing on one mechanism, the dual process model provides a more complete picture. Therefore, the combination of dual process model and boundary condition of it advances crowdfunding literature.

The second contribution is to literature in EASI. Unlike prior research that focuses on face-to-face interactions in the context of leader-member relationships and employee-customer relationships (Van Kleef, 2010), we extend previous works in EASI to a new virtual social

interaction between entrepreneurs and funders. This is an important contribution since effects of emotional display are context-independent and so, effects of social interactions may be different from face-to-face interactions. In addition, the advancement of technology promotes virtual interactions in entrepreneurship and in all social interactions, this represents an important theoretical contribution.

The third contribution is toward entrepreneurial resource acquisition literature, particularly in the area of emotional display and how it influences resource providers' decision making. Other emotional displays, such as passion, enthusiasm, and commitment have been examined in the entrepreneurial resource acquisition literature (Chen et al., 2009; Mitteness et al., 2012) and in crowdfunding in particular (Allison et al., 2022b; Davis et al., 2017). As important as those displays are for decision making of funders, those emotional displays also need to be perceived as authentic to attract them. In this area, our study shows the value of display authenticity for understanding the resource providers' decision making in the context of entrepreneurial resource acquisition and suggests to entrepreneurs: when creating a video for a crowdfunding campaign, one should display their true emotions, without faking facial expressions or other verbal and non-verbal behaviors which convey emotion.

Entrepreneurial emotions research in reward-based crowdfunding

Many recent crowdfunding studies focus on emotional displays in crowdfunding pitch videos, proposing and finding multiple emotional displays which affect campaign success. Davis et al., (2017) and Li et al., (2017) are some of the early studies that explain the effect of emotional displays from pitch videos in crowdfunding. Both of them argue that displayed passion can influence crowdfunding success using passion as a contagious affective cue. Oo et al., (2019) and Chan et al., (2020) further confirm the effect of passion on crowdfunding success

from social perception and signaling perspectives. Starting with Jiang et al., (2019), scholars have begun proposing how other positive emotional displays such as happiness and joy can positively influence campaign outcomes. Allison et al., (2022) join research on passion with emotional displays to proposed that vocal expressions of affect shape perceptions of passion which in turn shapes crowdfunding success. Xiang and colleagues (2019) likewise contribute to the literature by showing that emphasis on emotion, rather than information, in crowdfunding pitches can be more likely to the success. Recent work by Davis et al., (2021) and Warnick et al., (2021) has continued the emphasis on emotion in crowdfunding, considering for the first time negative emotional displays such as sadness, anger, fear, and disgust in addition to other positive emotional displays.

Insert Table 1 about here

Collectively, the studies shown in Table 1 highlight the important nature of different types of emotional displays in pitch videos and how they influence campaign success. However, this prior entrepreneurship literature stands empty on the role authenticity plays in these emotional displays. In contrast, our review of the broader literature, notably, in marketing, revealed a substantial body of work on the display authenticity of employee-consumer relationships in face-to-face environments, as shown in Table 1. We build from this literature review in order to broaden the domain of display authenticity to entrepreneur-funder relationships in virtual, crowdfunding environments. Our review of the prior crowdfunding literature also reveals the success and promise of dual-process models in predicting crowdfunding performance (e.g., Allison et al., 2017). We built from this insight, using it to inform our choice of overarching theoretical framework. Given our focus on emotion, we identified the dual function Emotions as a Social Information model (EASI), which we review

6

next, as ideal for understanding display authenticity in crowdfunding. The use of Emotions as a Social Information as an underlying theoretical framework also fits with the social nature of crowdfunding since crowdfunding itself is a socially-based phenomenon and also increases the awareness of social impacts to consumers (Simpson et al., 2021).

Theory and hypotheses

Emotions as social information: Two mechanisms

In social decision-making, it is rare that complete information about other parties exists. Most social situations are "fuzzy." Their structure is opaque (Van Kleef, 2010). People nevertheless must try to make sense of the social situations they are in. Given the lack of information, individuals consider emotional displays as an important source of information in making decisions (Van Kleef, 2010). From this view, the Emotions as Social Information (EASI) model emerged in the social psychology literature (Van Kleef, 2009).

Emotions as Social Information (EASI) argues that observers' evaluation of expressers' emotional displays is influenced by two distinct mechanisms: an inferential path and an affective path (Van Kleef, 2009, 2010). Through the inferential path, observers use emotional displays as informational cues, engaging in a thoughtful process to evaluate expressers' feelings, attitudes, and behavioral intentions before responding accordingly (Van Kleef et al., 2015).

Through the affective path, expressers' emotional displays trigger observers' affective reactions (Van Kleef, 2009). For example, seeing positive emotional displays influences an observer's emotional state positively, which results in positive reactions (Li et al., 2017; Sy et al., 2005). Together, these two paths provide different mechanisms for emotional displays perceived by observers to influence their subsequent responses. EASI further posits that the effects of perceived emotional displays are contingent upon the observer's information-processing

motivation and ability to understand the situation accurately (Van Kleef, 2009). Information processing can either strengthen or weaken the effects of perceived emotional displays: when observers have higher information-processing motivation and ability, the effect of the inferential process mechanism becomes stronger while the effect of the affective reactions mechanism weakens.

In recent years, EASI model has been extended from studying display emotions to examining authenticity of those emotions and its influence on observers' responses (e.g., Lechner and Mathmann, 2021, 2022; Wang et al., 2017) since what EASI predicts is based on inferential or affective values of emotions (e.g., the positivity of an emotion, negativity of an emotion, or authenticity of an emotion). Therefore these studies conceptualize display authenticity as providing inferential/affective values, in addition to that provided by the emotional display itself. Indeed, Lechner and Mathmann (2021) specifically mention that they extend "the EASI model to the authenticity of positive emotion displays… authentic displays might result in more positive customer reactions than inauthentic ones." (p, 286). We have followed their approach by examining both inferential ad affective values of authenticity of display emotions and epistemic motivation to process information influences each value differently.

Display authenticity and funders' responses

Authenticity can be considered from two perspectives. First, it reflects the extent to which expressions are consistent with internal state and the ability to sincerely express feelings (Grandey, 2003). Second, authenticity can be a perception of observers. It refers to the extent to which observers believe that expressers' emotional displays are genuine (Ashforth and Tomiuk, 2000). Authenticity from the observer's perspective is influential in social situations such as job

interviews, customer service, and entrepreneurial pitches. Given our research question and the context of crowdfunding, we take the approach of Ashforth and Tomiuk (2000), focusing exclusively on display authenticity: perceptions that an emotional display is authentic (Grandey et al., 2005). Display authenticity thus entails observers' perceptions that expressers' displayed emotions are genuine (Ashforth and Tomiuk, 2000) and are not "surface acting" of an emotion they are not experiencing (Groth et al., 2009).

Display authenticity can serve as an important informational cue that observers can use to judge expressers' behaviors and intentions (Ekman et al., 1988). Observers generally possess the capacity to distinguish authentic from false emotions (Grandey et al., 2005; Groth et al., 2009). Observers respond more favorably to authentic expressers than to inauthentic ones (Frank et al., 1993). For an investor-observer, uncertainties characterize startup financing (Sapienza and Korsgaard, 1996). Therefore, potential investors are likely to use informational cues to make sense of the situation, consistent with the EASI model (Van Kleef et al., 2010).

As display authenticity can influence observers' reactions (Lechner and Mathmann, 2021, 2022; Wang et al., 2017), we propose that the display authenticity of entrepreneurs' emotional displays serve as an informational cue influencing observers' funding decisions. When funders perceive that an entrepreneur's emotional displays are authentic, their perceptions invite two attributions to the entrepreneur: transparency and motivation to go beyond requirements (Wang et al., 2017). Conversely, emotional displays perceived to be inauthentic invite inferences that the entrepreneur may be dishonest or attempting to take advantage of the investor-observer, perhaps by hiding the truth. Such inferences – dishonesty and a lack of integrity – make followers less likely to commit their support (Burke et al., 2007). Thus, considering the negative effects of display authenticity, we expect an entrepreneur with low display authenticity will be

9

viewed less favorably than an entrepreneur with high display authenticity, because crowdfunders are more likely to perceive an inauthentic entrepreneur as being dishonest and deceitful.

Perceptions of display authenticity also promote perceptions that the entrepreneur is motivated to go beyond minimum requirements (e.g., Grandey et al., 2005). This enhances observers' perceptions of the expresser (Chi et al., 2011). Motivation to go beyond requirements is particularly important for a funder considering supporting an entrepreneur because there is often no clear guarantee that the entrepreneur will complete their projects and deliver rewards promised to the funder (Mollick, 2014).

There are substantial risks and challenges in product development (Ravasi and Turati, 2005). Failure is common. Product development is a key process in crowdfunding, and so funders may prefer entrepreneurs who they perceive as likely to go beyond minimum promised requirements in order to tilt the odds toward successful development (e.g., Aronson et al., 2008). Indeed, across contexts, going beyond minimum requirements is associated with more favorable decisions (Chi et al., 2011). Thus, considering the positive effects of display authenticity, we expect an entrepreneur with high display authenticity will be viewed more favorably than an entrepreneur with low display authenticity because crowdfunders perceive an authentic entrepreneur – that is, an entrepreneur perceived as high on display authenticity – to be likely to go beyond minimum requirements, successfully complete their products, and deliver promised rewards. The negative and positive effects of display authenticity act in the same direction and so, overall, low display authenticity leads potential crowdfunders to be less likely fund entrepreneurs, whereas high display authenticity will lead potential crowdfunders to be more likely to fund entrepreneurs. Formally:

Hypothesis 1. Display authenticity is positively associated with crowdfunding success.

Inferential path through perceived behavioral integrity

EASI suggests that an expressers' emotion can influence observers' subsequent behaviors through emotion-based inferences (Van Kleef, 2009; Wang et al., 2012). Inferential processes occur when observers interpret information from an expresser's emotions (Keltner and Haidt, 1999). The importance of the inferential process of emotional displays is well established in the negotiation (Wang et al., 2012) and leadership literatures (Van Kleef et al., 2010). Authenticity infers behavioral integrity (Leroy et al., 2012), thus, we expect that display authenticity serves as an informational cue about the behavioral integrity of the expresser as perceived by observers.

Perceived behavioral integrity is defined as the "perceived pattern of alignment between an actor's words and deeds" (Simons, 2002, p. 19). Despite some similarities, behavioral integrity and authenticity are distinct (Palanski and Yammarino, 2007). As Leroy and colleagues (2012) articulate, authenticity focuses on inward behavior – the perceived alignment between internal states and external expressions. Behavioral integrity focuses on outward behavior (Simons, 2002), capturing perceived alignment between external expressions and actions.

Authentic entrepreneurs are more likely to align internal states and expressions, increasing perceptions of integrity (e.g., Leroy et al., 2012). On the other hand, inauthenticity implies misalignment between internal states and expressions (Wang et al., 2017), leading to the inference that outward behavior may also fail to align, especially in the future. Thus, low display authenticity will tend to result in perceptions of low behavioral integrity and vice-versa.

In turn, perceived behavioral integrity can influence crowdfunding success since people are generally willing to believe the words of others who they believe have a high level of integrity. Due to the risks and challenges in the product development process (Ravasi and Turati, 2005), the majority of projects undergo delays, and sometimes, rewards are never delivered

(Mollick, 2014). If the entrepreneur is unable to finish the project and fulfill rewards, he/she needs to provide the best possible solution for funders. Therefore, crowdfunders may prefer entrepreneurs who are more likely to make their best attempts and go beyond requirements to deliver their products and keep their words. With this logic, built on the inferential processes of EASI, we suggest that inferences about behavioral integrity will be positively related to crowdfunding decisions. In other words, we predict an indirect relationship between display authenticity and crowdfunding success via perceived behavioral integrity. Formally:

> Hypothesis 2a. The relationship between display authenticity and crowdfunding success is mediated by perceived behavioral integrity.

Affective path through positive affective reaction

In addition to the *inferential* path developed above, EASI offers an *affective* path where the positive or negative nature of individuals' emotional displays can influence observers' behaviors through emotional contagion (Hatfield et al., 1994). Emotional contagion is an observer's tendency to "catch" the expresser's emotions, feel reflections of emotional displays, and judge social situations based on their reflective emotions (Van Kleef et al., 2010). When individuals witness positive stimuli, they may experience a positive affective state and react to the stimuli with favorable attitudes and positive behaviors (Rottenstreich and Hsee, 2001). For example, observing joy leads to the experience of positive emotions and the judgment that the social interaction is relatively free from danger (Ashby et al., 1999). Unlike the conscious inferential path, the affective path can unfold unconsciously (Winkielman et al., 2005). Affective reactions may result in heuristic social judgement (Loewenstein and Lerner, 2001).

We propose that high display authenticity of the entrepreneur's emotion is a positive stimulus that can trigger potential funders' positive affect, which then increases their likelihood

of supporting the entrepreneur. Prior research on leadership indeed suggests that leader authenticity leads to positive affect among followers (Ilies et al., 2005) since it can be considered as a positive stimulus. Positive affect, in turn, influences the subsequent attitudes and behaviors of observers (Van Kleef, 2009). For example, work in consumer behavior has found that customer positive affect is associated with enhanced loyalty intentions (Wang et al., 2017). When individuals are in a positive affective state, they tend to notice and process positive information (Sinclair, 1988), and their likelihood of positive reactions increases (Baron, 2008). We suggest that funders will experience relatively more positive emotions when observing an entrepreneur that they perceive as authentic. Funders' positive affect is, in turn, associated with more favorable attitudes and responses such as supporting the entrepreneur and contributing money to their campaign. Thus, consistent with the affective path of EASI, we predict that positive affective reactions will mediate the relationship between display authenticity and crowdfunding success. Formally:

> Hypothesis 2b. The relationship between display authenticity and crowdfunding success is mediated by positive affective reactions.

Competing roles of funder epistemic motivation

So far, we have proposed that entrepreneurs' display authenticity influences funders' inferential processes and affective reaction processes, both of which impact the entrepreneurs' success in the form of funds raised. Although both paths can influence observers' responses, this model is incomplete without the inclusion of conditions under which the paths lead to more (or less) positive responses. The EASI model also posits that the strength of each path is contingent upon the observer's information processing (Van Kleef, 2009). In other words, EASI model shows that the desire to understand and pay attention to the situation impacts the relative force of inferential path compared to affective path. Therefore, we propose that epistemic motivation,

13

which is strongly linked to individuals' information processing and decision making styles (De Dreu, 2007), could play a contingent role in inferential and affective reactions paths. Epistemic motivation is the extent to which individuals desire to understand situations in a rich, accurate way by processing available information (Van Kleef , 2009). Individuals with high epistemic motivation rely on informational cues, understand the decision problem accurately, and process information systematically (Kruglanski and Freund, 1983). Individuals with low epistemic motivation tend to not engage in information processing deeply or systematically. Instead, they tend to rely more heavily on heuristics in decision making (Scholten et al., 2007), engaging in less rigorous information processing.

EASI predicts that the more rigorous the information processing motivation, the stronger the effect of inferential processes and the weaker the influence of affective reactions (Van Kleef, 2009). Indeed, employees with high epistemic motivation engage in inferential processes primarily by interpreting information from leaders' emotional displays; those with low epistemic motivation rely more on their affective states and react to the situation accordingly (Van Kleef et al., 2009). In line with this moderating logic, we propose that the strength of the inferential and affective paths in crowdfunding decisions depends on potential funder epistemic motivation. When epistemic motivation is high, funders are more likely to distill information from entrepreneurs' display authenticity and rely on the inferential path. Thus, we expect that high epistemic motivation strengthens the effect of display authenticity on crowdfunding success via perceived behavioral integrity. Further, we expect that high epistemic motivation will reduce the influence of the affective path since crowdfunders rely more heavily on information processing and depend less on their affective state in decision making. Figure 1 presents our hypothesized moderated mediation model. Stated formally, we hypothesize:

14

Hypothesis 3a. The relationship between display authenticity and crowdfunding success via perceived behavioral integrity is positively moderated by funders' epistemic motivation, such that the mediated relationship is strengthened when crowdfunders have higher levels of epistemic motivation.

Hypothesis 3b. The relationship between display authenticity and crowdfunding success via positive affective reactions is negatively moderated by funders' epistemic motivation, such that the mediated relationship is weakened when crowdfunders have higher levels of epistemic motivation.

Insert Figure 1 about here

Method

In order to test our theoretical predictions, we used a two-study research design, consisting of a field study and an experiment. This approach allowed us to assess the generalizability of any results while strengthening our ability to draw casual inferences. In Study 1, we chose Kickstarter as our empirical field setting. Kickstarter is the most popular crowdfunding platform (Mollick, 2014). At the end of 2021, early-stage entrepreneurs had raised over a total of 6 billion USD from over 20 million funders with an average success rate of 39%. Integrating hand-coded content analysis data with archival data, Study 1 tested the direct effect (H1) and inferential path (H2a). In Study 2, we built on the findings from Study 1, examining both the inferential path (H2a) and the affective path (H2b), along with the moderating influence of epistemic motivation (H3a, and H3b) using an experiment approach. We choose a multi-method approach since the affective path of EASI and the moderating role of epistemic motivation of funders is not feasible to study in the field due to a lack of appropriate data about funders on crowdfunding platforms like Kickstarter. Thus, we complement the field study with our experiment.

Study 1: Field study

Archival data and sampling frame. To develop our sampling frame, we collected US-based Kickstarter crowdfunding campaigns from January 1, 2016 through April 27, 2016 which included a pitch video. This totaled 2,149 entrepreneurs' campaigns. As we code the display authenticity of entrepreneurs' emotional displays from their pitch videos, we excluded campaigns whose video did not feature the entrepreneur, and those featuring more than one entrepreneur (i.e., a team of entrepreneurs). This latter criterion is necessary to ensure the lead entrepreneur is accurately identified and coded. Our final sample totaled 685 entrepreneurs' campaigns. To assess possible sample selection bias, we conducted tests for mean differences between our final sample and the complete sampling frame on campaign goal, campaign duration, length of project descriptions, number of reward levels, amount of money raised, and the ratio of funds raised to funds requested. Results indicated no significant differences.

Content analysis data. Since our variables of interest are not attributes that Kickstarter collects, pitch videos were hand-coded by four independent trained coders. All coders were familiar with crowdfunding and have experience in supporting crowdfunding campaigns. Prior crowdfunding studies affirm that the perceptions of coders of emotional displays are similar to the perceptions of crowdfunders (e.g., Calic and Mosakowski, 2016; Josefy et al., 2017; Oo et al., 2019). Next, we recruited four coders: two for display authenticity, two for perceived behavioral integrity. We specifically chose to have different coders for display authenticity and perceived behavioral integrity because by doing so, we were able to eliminate consistency bias – the tendency toward being and appearing consistent (Vesely and Klöckner, 2018). Furthermore, to avoid confirmation bias in their ratings, the coders were blind to the hypotheses and project outcomes.

To minimize rating bias, we employed a crossed design by asking coders to rate all campaigns in our sample for their respective variables (to ensure that rater variance was not a concern in the sample (Hoyt, 2000)). To train raters, we used frame-of-reference training, specifically scheme-driven training, which is found to have a higher level of rater consistency than other approaches (Woehr and Huffcutt, 1994). Prior research has stated that people typically possess the capacity to distinguish authentic from false emotions (Grandey et al., 2005; Groth et al., 2009) and that they can evaluate behavioral predictions such as integrity from first impressions (Olekans and Smith 2007; Fiske, 1993). Given this, our use of scheme-driven training (which focuses on evaluative goal) is more appropriate than data-driven training (which focuses on observational goal) with strict coding criteria. With that in mind, we followed the set of procedures suggested by Pulakos (1984) and by Gorman and Rentsch (2009): first, we explained conceptual definitions of variables and each measurement item to coders until they understood them well. Second, as schemes, we presented coders with examples of pitch videos that represented different levels of the variable that they need to rate (i.e., authentic emotional displays vs. inauthentic emotional displays). Third, coders practiced rating using crowdfunding pitches (different from the campaigns in our sample). Then, we provided the coders feedback on their ratings. Only after that, we asked these two sets of coders to rate display authenticity and perceived behavioral integrity independently.

Measures

Display authenticity. Akin to earlier studies (Hennig-Thurau et al., 2006), we focused on authenticity perceived by observers, defined as the extent to which observers feel that the expresser actually feels the emotions they display (Shankman and Allen, 2009) rather than "surface acting" emotions that are not felt by the expresser. We use a three-item, seven-point

Likert scale (1 = "strongly disagree" to 7 = "strongly agree") adapted from Grandey et al. (2005) and also used by Wang et al. (2017). The items are: "The entrepreneur faked how he felt in this video" (reverse code); "This entrepreneur seemed to put on an act in this video" (reserve code); "The entrepreneur actually experienced the emotions (s)he shows." Inter-rater reliability was calculated using Krippendorff's alpha (adequate reliability = 0.75; e.g., Krippendorff, 1980; De Wever et al., 2006). Calculated alpha was 0.84; because we achieved a good level of agreement beyond chance, we averaged coding values to yield the final measure for display authenticity. Higher scores indicate greater display authenticity. Calculated internal consistency was 0.96 (Cronbach's alpha). Some examples of campaigns with high, and low perceived scores of display authenticity, are provided in Appendix A.

Perceived behavioral integrity. To measure behavioral integrity perceived by observers, we used a six-item, seven-point Likert scale (1 = "strongly disagree" to 7 = "strongly agree") adapted from Moorman and colleagues (2013). Two coders rated their perceived behavioral integrity for each entrepreneur. Sample items include: "This entrepreneur will do what s/he says", and "This entrepreneur will practice what he/she preaches." Krippendorff's alpha = 0.86; Cronbach's alpha for internal consistency = 0.97. The coded items were again averaged. Some examples of campaigns with high, and low perceived scores of behavioral integrity, are provided in Appendix A. Although ratings for perceived behavioral integrity and display authenticity were from different sources (i.e., coders), coders provided ratings using the same pitch videos. Therefore, we also tested potential common method bias using unmeasured common latent factor approach (Podsakoff et al., 2003). We strictly followed the approach of recent entrepreneurship studies that use the same approach (e.g., Kibler et al., 2019 and Michaelis et al., 2020). We first allowed all items of two variables to load both on their respective theoretical variables and on a

18

newly added unmeasured common factor. Next, we constrained item loadings in the common factor to make them equal (Lowry et al., 2013). By doing so, all unstandardized loadings become equal. Then, we squared the unstandardized loading to see the common variance among all items. The squared unstandardized loading needs to be more than 0.5 to indicate that common variance is a concern (cf., Kibler et al., 2019 and Michaelis et al., 2020). Since our squared unstandardized loading was 0.318, common method bias should not influence results of our analyses.

Crowdfunding success. Similar to preceding studies (Colombo et al., 2015; Mollick, 2014), we operationalized crowdfunding success as a dichotomous variable. This choice is important because campaigns that do not reach their goal receive $0. Crowdfunding success was coded as 1 if a crowdfunding *campaign outcome* met its goal, and 0 otherwise. This operationalization is consistent with the "all-or-nothing" nature of Kickstarter.

Control variables. Individual-, project-, and category-level control variables were controlled for. We first controlled for gender and ethnicity to isolate homophily and social role effects (Anglin et al., 2022; Cowden, 2021; Liao, 2021). Second, we controlled for crowdfunding experience. Crowdfunding experience was operationalized as a count variable: the number of crowdfunding campaigns that the entrepreneur has previously launched on the crowdfunding platform. Third, we controlled for social capital. Previous research indicates that internal social capital can positively influence crowdfunding performance (Colombo et al., 2015). Thus, we counted the number of crowdfunding campaigns previously backed by the entrepreneur and controlled for this (cf. Colombo et al., 2015). Fourth, we controlled verbal and non-verbal behaviors of entrepreneurs. Specifically, we controlled for speech quality (i.e., intelligent,

structured, qualified, and straightforward) of entrepreneurs (Cuddy et al., 2012) and positive

emotional displays in the form of displayed enthusiasm (Cardon et al., 2017).

We included a number of project-level controls. Specifically, we controlled for the

number of external websites listed in the entrepreneur's profile, since links such as company

websites can provide additional information. Capturing information content also led us to control

for video length (in seconds), video quality, written narrative length (in words), the number of

questions answered by the entrepreneur in anticipation of funder concerns, and the number of

updates provided to funders. Previous research also reveals that graphics in a business plan

positively influences funding decisions (Chan and Park, 2015). Thus, we also controlled for the

number of images in the crowdfunding campaign webpage. Further, we controlled for the

campaign goal and duration, since lower goals may be easier to achieve than higher goals and

duration has a negative impact on success (Mollick, 2014). Some projects may possess higher

quality than others in terms of products or ideas, and these are often featured by the Kickstarter

crowdfunding platform as "Projects We Love." According to the platform, these projects have

innovative ideas and exceptional qualities. Thus, we created a binary variable coded 1 for these

platform-featured projects, and 0 otherwise. Likewise, some projects were featured in mass

media coverage, which we controlled for with a binary variable. Last, we included product

category dummies as crowdfunding success rates vary by product/service type.

Results of study 1

Insert Table 2 about here

Table 2 provides our correlations and descriptive statistics. Given the correlations

between variables, we tested for multicollinearity; maximum VIF was 2.42 and average VIF was

1.37; thus, no conclusive evidence of multicollinearity was found (Hair et al., 2010). We used

logistic regression and indirect effect bootstrapping procedures to test our hypotheses (Preacher and Hayes, 2008). Table 3 presents our regression models for Study 1. In the controls-only Model (1), results were consistent with the findings of earlier research (e.g., Colombo et al., 2015; Johnson et al., 2018; Mollick, 2014). In Model 2, we added our explanatory variables: display authenticity and perceived behavioral integrity. Hypothesis 1 predicted that display authenticity would be positively related to crowdfunding success. Display authenticity did have a statistically significant positive relationship with crowdfunding success measured by campaign outcome ($\beta = 1.662$, $p < .01$), supporting Hypothesis 1.

Insert Tables 3 and 4 about here

To test Hypothesis 2a, we used Preacher and Hayes' (2008) PROCESS. This approach has been used by recent studies in the entrepreneurship and emotional displays literatures (Pollack et al., 2012). We use a bias-corrected bootstrap procedure (10,000 samples; Breugst et al., 2012). As shown in Table 4, the indirect effect of display authenticity on crowdfunding success via perceived behavioral integrity was 0.230 (95% CI = .135-.339), suggesting support for Hypothesis 2a. In line with the inferential mechanism of EASI, display authenticity is positively associated with crowdfunding performance via perceived behavioral integrity. To check for robustness, we tested our models using two alternative dependent variables: funding amount and number of funders (Anglin et al., 2018a; Li et al., 2017). Both variables were log transformed. For funding amount, as shown by Model 4 in Table 3, the direct effect of display authenticity on crowdfunding success remained significant ($\beta = 0.959$, $p < .01$). Table 4 shows the indirect effect through perceived behavioral integrity was 0.074 (95% CI = .040-.119). Likewise, for number of funders, as shown by Model 6 of Table 3, the direct effect was

significant ($\beta = 0.594$, $p < .01$). Table 4 shows the indirect effect via perceived behavioral integrity, 0.048 (95% CI = .020-.083).

Study 2: Experiment

In order to test the affective and epistemic hypotheses while providing causal evidence for our overall model, Study 2 was an experiment in a simulated crowdfunding context (cf. Allison et al., 2017). The goal of this experiment is to elaborate on the mechanisms underlying our Study 1 findings, testing Hypotheses H2b, H3a, H3b.

Procedure and data

To test the effects of entrepreneur emotional displays, we created two pitch videos which represented two conditions: high display authenticity and low display authenticity. A between-subjects design was used with each participant evaluating one condition. We used the pitch video as a stimulus since it is the most critical part of a pitch for attracting funders (Wheat et al., 2013). Videos allow for emotional displays by entrepreneurs. To produce realistic pitch videos, we chose an existing campaign on Kickstarter which raised funding for an innovative flashlight. The flashlight project was chosen because it can be understood and useful to general audiences, and it is not specific to any particular customer.

Manipulation of authenticity. We followed the approach of prior research in manipulating emotional displays (e.g., Wang et al., 2017). First, we auditioned five professional male actors and assessed examples of their performances. After reviewing their videos, we selected and trained one actor using deep acting and surface acting strategies (Hennig-Thurar et al., 2006). For the high authenticity condition, the actor was directed to use deep acting techniques (Grandey, 2003), drawing upon his professional acting training and experience, to produce emotional displays congruent with his actual internal emotions. While making the pitch,

the actor was directed to recall, and thus experience, a specific positive emotional memory so that his emotional displays, in reality, reflected the emotion he was actually feeling (Stanislavski, 2013). As a result, the entrepreneurial pitch made in the high authenticity condition meets our conceptual definition of display authenticity: emotional displays captured in the video are reflective of the genuine emotions that were felt while making the pitch.

For the low authenticity condition, the actor was instructed to use surface acting techniques. For this condition, we directed him to manipulate specific facial muscles to produce a defined expression, without simultaneously recalling or experiencing the specific positive memory. Thu, the entrepreneurial pitch in the low authenticity condition aligns with our conceptual definition of inauthenticity: emotional displays captured in the video are misaligned with the felt emotional state of the actor while making the pitch (e.g. Wang et al., 2017). We used an iterative process to refine the actors' performance, re-shooting multiple times until the manipulation of both videos was successful, while holding constant all content and presentation style (other than emotional displays) between the two filmed stimuli. For example, the actor was directed to display the same level of positive emotions (i.e., enthusiasm) in both videos. Except for display authenticity, all other scenery, props, and script elements such as dialogue, background color, costume, and video quality were strictly controlled so as to be identical across the two conditions. Each pitch was approximately forty-five seconds long[1]. By doing this, we assured that participants' perceptions would not depend on the ecological approach of a given crowdfunding campaign.

To evaluate, test, and confirm the effectiveness of our manipulation of display authenticity, we conducted a pretest with 137 participants recruited from Amazon MTurk,

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[1] Stimuli videos are available from the authors upon request.

following recommended practices for management research and accounting for potential validity threats (Aguinis et al., 2020). We randomly assigned participants to one of two conditions. After watching the video, they were instructed to evaluate display authenticity, using the same scale used in Study 1. A one-way ANOVA test revealed that the group observing the high authenticity manipulation reported higher display authenticity (M = 3.9) than the group who observed the low authenticity manipulation (M = 2.7, p < 0.001), providing evidence of successful manipulation. The mean difference between high and low levels of authenticity in our manipulation is similar to the mean difference provided in other studies that manipulated authenticity (e.g., Lechner and Paul, 2019).

Participants and experimental procedures. Following the pretest, we recruited 400 US residents from Amazon MTurk for the main experiment. Research has found that the internal and external validity of studies using MTurk participants are comparable with those using subjects from traditional pools (Berinsky et al., 2012; Buhrmester et al., 2011). We intentionally chose MTurk as a participant platform over a university lab because it is more reflective of crowdfunding platforms in terms of participant demographics (cf. Casler et al., 2013). We again followed best-practice recommendations for using MTurk in management research (Aguinis et al., 2020). US residents were chosen since potential funders on Kickstarter are primarily US-based (Allison et al., 2017). We maximized validity by checking the internet protocol address of participants (Berinsky et al., 2012) and by including attention checks. Thirteen participants who failed attention checks were excluded from analyses. Thus, the final sample consisted of 387 participants (58% male, 66% under age 35, 42% with a college degree, 47% with < $50,000 in annual income). These demographics are similar to those of crowdfunders (Crowdfunding demographics, 2014), assisting external validity. Indeed, a majority of participants (63%)

reported experience with crowdfunding. Participants were randomly assigned to one of two conditions, first viewing either the high authenticity stimulus, or the low authenticity stimulus, and then completing our scales. A manipulation check confirmed that the group observing the high authenticity manipulation reported higher display authenticity (M = 4.3) than the group assigned to the low authenticity manipulation (M = 2.7, p < 0.001).

Measures: Mediators and moderator

Perceived behavioral integrity. Perceived behavioral integrity was measured using the scale described in Study 1 (adapted from Moorman et al., 2013). Internal consistency was 0.95.

Positive affective reactions. We assessed the emotional reactions of crowdfunders using a scale adapted from Wang and colleagues (2017). The scale includes three items: "I felt contented while watching the pitch video"; "I felt pleased while watching the pitch video"; "I enjoyed watching the pitch video." The items are on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree). Internal consistency was 0.80.

Funders' epistemic motivation. We measured funders' epistemic motivation by adopting a three-item scale validated by Wang and colleagues (2017). These items are: "I paid attention to the presenter's emotional displays"; "I was interested in the presenter's emotional expressions"; "I paid close attention to presenter's gestures." The items are on a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree). Internal consistency was 0.94.

Measures: Dependent variables.

We measured outcomes relevant to crowdfunding entrepreneurs using three continuous measures from prior studies: funding amount, willingness to share the campaign with others, and projected success (Davis et al, 2017; Li et al., 2017). Funding amount and willingness to share indicate the level of a campaign's success within the crowdfunding platform. As the purpose of

launching a crowdfunding campaign is not only to raise capital, but also to test the idea's potential success in the open market (Rossi, 2014), we asked participants to predict the potential success of the entrepreneur's crowdfunding campaign (cf., Davis et al., 2017).

Funding amount. We asked participants how much they would contribute to the project if they had extra cash in hand (cf. Li et al., 2017). We used the actual options for funding amount and rewards from our source campaign to ensure ecological validity. They were: (a) $0, (b) $1, (c) $5, (d) $10 (one flashlight), (e) $18 (two), (f) $22 (three), (g) $40 (six), (g) $62 (ten).

Willingness to share. We measured participants' willingness to share information about the campaign using Li and colleagues' three-item, seven-point Likert scale (1 = strongly disagree, 7 = strongly agree). The items were: "I would share this crowdfunding campaign on Facebook and/or Google, assuming I have an active account"; "I would tweet about this crowdfunding campaign assuming I have an active account"; "I would recommend this crowdfunding campaign to friends or family." Cronbach's alpha was 0.94.

Predicted success. We followed the approach of Davis and colleagues (2017) by measuring participant's predictions of success in the open market. With a seven-point Likert scale (1 = strongly disagree, 7 = strongly agree), participants responded to the following single item: "Do you believe the entrepreneur will succeed in the open market?"

Common method bias

Since we use a quasi-experiment approach (i.e., manipulation of the independent variable and measured outcomes of other key variable), we examine whether there is a serious common method bias. To do so, excluding display authenticity, which was manipulated in Study 2, we used the unmeasured latent factor approach (Podsakoff et al., 2003) for a model which includes observed items of perceived behavioral integrity, positive affective reaction, epistemic

motivation and crowdfunding success. Among different measures for crowdfunding success, we used willingness to share since it is the only measure with multiple items. Similar to Study 1, we strictly followed the approach of recent entrepreneurship studies that use the unmeasured latent factor approach (e.g., Kibler et al., 2019 and Michaelis et al., 2020). We first allowed all items of those four variables to load both on their respective theoretical variables and on a newly added unmeasured common factor. Next, to ensure all unstandardized loadings are same, we constrained item loadings in the common factor to make them equal (Lowry et al., 2013). Then, we squared the unstandardized loading to see the common variance among all items. Our squared unstandardized loading was 0.035 which was lower than the threshold of 0.5 (cf., Kibler et al., 2019 and Michaelis et al., 2020). Therefore, we conclude that common method bias is not a major concern that can alter results and conclusions of Study 2.

To further confirm the lack of substantial common method bias, we conducted confirmatory factor analysis and discriminant validity. For these tests, we used willingness to share as the measure for crowdfunding success since it is the only measure with multi-items and first factor variance closest to 50%. We first compared our four-factor model (perceived behavioral integrity, positive affective reactions, epistemic motivation, and crowdfunding success) with a single-factor model. In our four-factor model, we loaded all indicators of four variables onto their respective factors. In the single-factor model, we loaded all indicator onto one factor. Overall, our four-factor model (($\chi 2 = 514.728$, GFI = 0.845, CFI = 0.891, IFI = 0.891, NFI = 0.872, RMSEA = 0.126) showed a better fit than the one-factor model (($\chi 2 = 1297.973$, GFI = 0.636, CFI = 0.692, IFI = 0.693, NFI = 0.698, RMSEA = 0.207). Further examination of $\chi 2$ difference was 783.245 (DF = 4) and significant at $P < 0.000$. It indicated that our four-factor model is significantly better than the single-factor model. In addition, we also compared our

four-factor model with a two-factor model in which we loaded all indicators of mediators and the moderator onto one factor and indicators of the dependent variable onto another factor. The two-factor model shows the following fit (($\chi2$ =727.071, GFI = 0.778, CFI = 0.837, IFI = 0.838, NFI = 0.819, RMSEA = 0.151). $\chi2$ difference between four-factor model and two-factor model was 212.343 (DF = 3) and significant at P < 0.000. Therefore, our four-factor model was better than two-factor model as well.

We further assessed the convergent and discriminant validity of these four factors. To establish convergent validity, we calculated average variance extracted (AVE) estimates for each factor, which were as follows: perceived behavioral integrity (0.774), positive affective reactions (0.509), epistemic motivation (0.520), and crowdfunding success (0.875) All AVEs were greater than the recommended value of 0.5 (Hair et al., 2010), thereby indicating convergent validity. To establish discriminant validity, we examined whether the square root of the AVEs are greater than their respective squared phi-correlations (Schweitzer et al., 2015) Since they are greater than their squared correlations, we find evidence of discriminant validity. Overall, all tests, including model fit statistics, $\chi2$ difference, and discriminant validity show that participants' responses to each factor are distinct from others. If there were serious common method bias, the single-factor model should provide a better fit than the four-factor model and discriminant validity would not be supported. Taken together, these tests indicate that high correlations between variables are not driven by common method bias.

Results of study 2

Table 5 presents correlations and descriptive statistics. To assess potential multicollinearity, we calculated VIFs. The maximum VIF was 4.22 and the average VIF was 2.62. Therefore, multicollinearity should not be an issue (Hair et al., 2010). We controlled for the

level of positive emotion (i.e., enthusiasm) to capture any potential confounding effects.

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We used the PROCESS macro to model the multiple complementary mediation relationships of display authenticity with crowdfunding success (Preacher and Hayes, 2008). Recent studies of emotional displays, some in crowdfunding, have used this technique because of its flexibility and strength in predicting mediation effects (e.g., Li et al., 2017; Oo et al., 2019). Tables 6, 7, and 8 report our models. As seen in Table 6, the indirect effect of display authenticity on *funding amount* was positive and statistically significant. Through perceived behavioral integrity, the indirect effect was 0.103 (95% CI = .041-.179) and through positive affective reactions, the indirect effect was 0.090 (95% CI = .039-.163). Similarly, Table 7 reports positive and significant indirect effects of display authenticity on *willingness to share*. Through perceived behavioral integrity, the indirect effect was 0.280 (95% CI = .145-.463) and through positive affective reactions, the indirect effect was 0.344 (95% CI = .157-.580). Table 8 also reports positive and significant indirect effects of display authenticity on *projected success*. Through perceived behavioral integrity, the indirect effect was 0.498 (95% CI = .321-.709) and through positive affective reactions, the indirect effect was 0.182 (95% CI = .078-.336). These results support Hypotheses 2a and 2b.

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Insert Tables 6, 7, and 8 about here
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Contingent role of funder's epistemic motivation

Hypotheses 3a and 3b predict that funders' epistemic motivation moderates the mediation effects. H3a (H3b) predicts that funders' epistemic motivation positively (negatively) moderates the relationship between display authenticity and crowdfunding success via perceived behavioral

integrity (via positive affective reactions). To test these hypotheses, we used PROCESS Model 14 to estimate moderated mediations. Results are shown in Tables 9, 10, and 11. Table 9 provides the results associated with conditional indirect effects of display authenticity on crowdfunding success measured by *funding amount* at High (Mean + 1 SD), Mean, and Low (Mean – 1 SD) levels of epistemic motivation. For Low epistemic motivation, the indirect effect via perceived behavioral integrity was 0.092 (95% CI = .002-.206); for Mean epistemic motivation, the indirect effect via perceived behavioral integrity was 0.105 (95% CI = .043-.189); for High epistemic motivation, the indirect effect via perceived behavioral integrity is 0.118 (95% CI = .042-.205). No confidence interval ranges included zero, suggesting that the indirect effects are statistically significant at various levels of epistemic motivation. The magnitude of the effect grows from 0.092 (low) to 0.118 (high) as epistemic motivation increases. Thus, we conclude that epistemic motivation positively moderates the indirect effect through perceived behavioral integrity.

Insert Tables 9, 10, and 11 about here

The indirect effect of display authenticity on funding amount through positive affective reactions was also significant for funders with high epistemic motivation (effect = 0.120) and for funders with low epistemic motivation (effect = 0.072). The magnitude of the effect declines as the value of epistemic motivation increases, suggesting that epistemic motivation negatively moderates the indirect path through positive affective emotions.

Table 10 reports the results for *willingness to share.* The confidence intervals do not include zero, suggesting that indirect effects are statistically significant at various levels of epistemic motivation. As epistemic motivation increases, the magnitude of the indirect effect via

perceived behavioral integrity grows from 0.221 (low) to 0.325 (high). Meanwhile, the magnitude of the indirect effect via positive affective reactions declines from 0.421 (high) to 0.302 (low). Thus, we conclude that epistemic motivation positively moderates the indirect effect of display authenticity on willingness to share through perceived behavioral integrity, and it negatively moderates the indirect effect through positive affective reactions.

Finally, Table 11 presents results for the conditional indirect effects of display authenticity on crowdfunding performance measured by *projected success*. As epistemic motivation increases, the magnitude of the indirect effect via perceived behavioral integrity increases while the magnitude of the indirect effect via positive affective reactions declines. Given the confidence intervals, we conclude that the indirect effects are significant at different levels of funders' epistemic motivation such that epistemic motivation positively moderates the indirect effect of display authenticity on projected success through perceived behavioral integrity, and epistemic motivation negatively moderates the indirect effect through positive affective reactions. Overall, our results support Hypotheses 3a and 3b.

Discussion

Authenticity's importance to prominent entrepreneurs and investors is well-established (Davis, 2017; Goldin, 2018). Within the crowdfunding community, practitioners have raised their voices about the importance of the authenticity of an entrepreneur's emotional displays (Hannon, 2018; Younis, 2018). Further, the community has called out entrepreneurs for seeming to surface act emotional expressions in their pitch videos in crowdfunding (e.g., rEvolve[2] and Super Acrade[3]). While many express a view that emphasizes authenticity in pitches, prior literature in crowdfunding has largely ignored the role of authentic emotional displays in

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[2] https://www.reddit.com/r/Vive/comments/5nagpe/revolve_kickstarter_reached_its_funding_goal_in/
[3] https://www.reddit.com/r/Fighters/comments/2396ny/super_arcade_project_2014_kickstarter/

entrepreneurial pitches. This is the first study to explore the influence of display authenticity on entrepreneurial performance; specifically, how entrepreneurs raise funds through crowdfunding.

Crowdfunders typically have limited experience and ability to judge the quality of entrepreneurs and their ventures (Anglin et al., 2018a). As such, instead of committing their time and cognitive resources to finding evidence of quality, they often rely on emotional displays as simple but important cues to make funding decisions (Li et al., 2017). Through our first study, we provided evidence for the inferential path of the EASI model in the context of the entrepreneur-funder relationship. Through our second study, we provided evidence for both paths of EASI, allowing us find support for our theorized moderated mediation model in a simulated crowdfunding setting (Allison et al., 2017). Specifically, we find support for our arguments that funders' epistemic motivation moderates the effect of each path in different directions. Consistent with EASI, we find that display authenticity has two simultaneous indirect effects on crowdfunding success; the magnitude of these effects depends on funders' epistemic motivation. Our findings reinforce predictions of EASI, particularly how strengths of two different mechanisms depend on observers' motivation and ability to process inferential and affective values of emotional displays. In our context, when potential funders have a higher level of epistemic motivation, they are more likely to notice perceived behavioral integrity as a cue of display authenticity and less likely to pay attention to their own affective reactions, therefore, for those with high level of epistemic motivation, the mechanism through the inferential path would work better. But, on the other hand, when they have a lower level of epistemic motivation, they are less likely to notice perceived behavioral integrity and pay more attention to their affective reactions. This makes the mechanism through affective reactions stronger for them. Therefore, entrepreneurs who try to persuade potential funders should be aware of what types of people

32

their potential funders are.

Overall, our results underscore the importance of inferential and affective values from emotional displays. Just as funders can infer positivity from passion (Li et al., 2017) and enthusiasm (Cardon et al., 2017) and just as funders can have their own positive affective reactions by witnessing them, display authenticity of emotions can also act as an inferential cue and a positive stimulus to persuade potential funders. Similar to joy and happiness (Jiang et al., 2019), a high level of display authenticity can create a good first impression and a favorable social perception from funders.

Theoretical contributions

Our study makes three contributions to emotional display literature and entrepreneurial resource acquisition research. First, this study contributes to research in emotional displays, specifically to emotional/display authenticity, by identifying dual underlying processes that influence observers' decision making. Existing research on display authenticity has examined the relationship between display authenticity and observers' response but it has not documented underlying mechanisms for the relationship to hold. By proposing dual mechanisms, this study advances display authenticity literature by moving from "whether" to "why and how" display authenticity influence observers' responses. In addition, emotions as a social information model (EASI) as a theoretical foundation enabled our study to advance the emotional displays literature in crowdfunding by simultaneously explaining dual mechanisms of emotional displays on crowdfunding success in a single conceptual model. This represents an advance over previous studies which have focused on one mechanism or the other – that is, either the inferential value (Jiang et al., 2019) or the affective value (Davis et al., 2017) of emotional displays, but not both simultaneously. Our approach is more faithful to the structure of EASI, fully reflecting both

paths. In so doing, we advance theory on the predictive influence of both paths. We predict and find a moderator which distinguishes the relative effects of each path from display authenticity to crowdfunding success.

Second, we extended EASI by pushing the boundary of the model to examine entrepreneur-funder interactions in an online crowdfunding community. Since studies of EASI typically focus on face-to-face interactions, this study contributes to the literature on EASI by observing the emerging online phenomenon. Further, most studies focus exclusively on the context of leader-member relationships or employee-customer relationships (Van Kleef, 2010); however, they state that the effects of emotional displays are context-dependent (Manera et al., 2013). To our knowledge, the current study is the first which examines predictions of EASI in entrepreneurship. By testing the validity of EASI with a field study, our study provides evidence for the theoretical utility of EASI in explaining the entrepreneur-funder social interaction. In addition, unlike traditional face-to-face interactions, interactions in crowdfunding are virtual. As more and more social interactions become virtual due to the advancement of technology, the need to understand the social psychology of virtual interactions becomes greater. Therefore, by extending the theoretical utility of EASI into virtual interactions, this study makes an important contribution to EASI research.

Third, this study contributes to entrepreneurial resource acquisition literature, specifically entrepreneurial emotions and how it influences the decision making of resource providers. recent work suggests that emotional displays may play a significant role in crowdfunding (e.g., Warnick et al., 2021). Since funders rarely have complete information about entrepreneurs, it is logical that emotional displays may play a role, especially when potential risks and rewards are small. Although other emotional displays such as passion, commitment, and enthusiasm has been

overwhelming studied (Allison et al., 2022b; Davis et al., 2017), from a resource provider's perspective, it is important to believe that entrepreneurs are who they say they are regarding abilities, beliefs, and values in entrepreneurial pitches. However, display authenticity of emotions has received little attention from entrepreneurship scholars. By examining the role of display authenticity and its underlying processes, this study highlights an important but neglected role of display authenticity of emotions in entrepreneurial emotions and entrepreneurial resource acquisition research.

Managerial implications

Previous research has shown the value of different emotional displays such as passion, enthusiasm, and joy. Even though these emotional displays are valuable in the persuasion potential funders in crowdfunding, our results supported the notion that they need to be authentic. If potential funders perceive that emotional displays are not authentic, such displays can even hurt the chance of success of getting funded by resource providers, especially in the social-based phenomenon like crowdfunding which values social impacts (Simpson et al., 2021) and equal opportunity (Acar et al., 2021). Therefore, we suggest entrepreneurs who intend to use crowdfunding to raise money for their venture show authentic emotional displays instead of fake smiles and surface acting. Entrepreneurs should shoot their pitch videos when they have a good mood and feel excited about their venture. We also suggest that they use cognitive reappraisal techniques (Totterdell and Parkinson, 1999) to regulate their mood. For example, before shooting their pitch videos, they should recall a positive emotional memory in order to evoke an authentic positive feeling (Stanislavski, 2013). In doing so, their emotional displays in the pitch videos would reflect emotions that they are feeling, and potential funders would perceive these emotional displays as authentic. Overall, our research shows that emotional displays need to be

authentic since authenticity can influence funders' judgement of integrity, and ultimately the outcome of crowdfunding campaigns.

Limitations and future research directions

While this study offers important theoretical contributions and practical implications, it also has limitations. First, we adopted a multi-method, two-study design because we viewed field study (Study 1) as important to support the external validity of our main study (Study 2). Indeed, our Study 1 is one of the few field studies to test aspects of an EASI model. However, field data imposed two tradeoffs: first, an archival design makes the test of the affective path of EASI and the contingent role of funders' epistemic motivation impractical, as the number of independent coders would need to be substantial enough to have meaningful differences between each coder. Since we are limited in the number of trained coders who are available to evaluate the emotional displays of all 685 projects, we were only able to test the inferential path in Study 1. In Study 2, we reinforce and build upon our Study 1 results, showing the effect of display authenticity via both paths. While Study 1 allows us to examine hypothesized relationships in a generalizable, real-world context, Study 2 allows us to isolate display authenticity of emotional displays and establish underlying relationships. One limitation due to the nature of exploring underlying psychological mechanisms in Study 2 is that we have to rely on self-reported responses of participants which may create a possibility of common method bias. However, results of our post-hoc statistical tests show that it is unlikely that the common method variance is a threat to the interpretability of our findings.

Second, this study focuses on reward-based crowdfunding campaigns in the United States. As such, the generalizability of our results may be limited to similar crowdfunding contexts. Our focus on reward-based crowdfunding entailed a specific research design driven by

our interest in developing EASI-based theorizing in entrepreneurship. Specifically, crowdfunders have relatively limited experience and/or motivation to evaluate crowdfunding pitches (Li et al., 2017). This makes the context an excellent fit for our EASI-derived hypothesis development. In contrast, funding contexts with greater investor experience and/or motivation, such as venture capital, angel investing, and equity-based crowdfunding (Ahlers et al., 2015) may exhibit different effects, potentially favoring the importance of the inferential path.

Finally, we chose to focus on how EASI explains entrepreneurial behavior in resource acquisition; specifically, entrepreneurial financing. How entrepreneurs get the money they need to start and grow their businesses is vital, but so are other resources. However, non-monetary resources tend to be under-studied in entrepreneurship. Future research might examine the effect of founders' authenticity in attracting talented early employees and forming alliances with other firms. Like early-stage funders, potential employees and partners might not have sufficient information about the entrepreneurial venture and thus may rely on founder information cues.

Conclusion

Does authenticity influence entrepreneurial funding performance? Our research makes the case that display authenticity is an influential yet largely unstudied influence in entrepreneurial funding pitches. Display authenticity helps entrepreneurs raise money through crowdfunding. Given the importance of emotional expression in crowdfunding, display authenticity is likely a dominant influence on whether emotional expression helps or hurts and thus whether entrepreneurs get the money they need to start and grow their ventures. We have shown that display authenticity has effects through two mechanisms: inferential processes and affective reactions (Van Kleef, 2010). By integrating these two effects, EASI explains the vital entrepreneurial outcome of fundraising performance. Moreover, we find that investors' epistemic

motivation influences the effect of display authenticity on support from early supporters,

depending on the mechanism.

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Figure 1. Display authenticity and its impact on crowdfunding success via two paths of EASI.
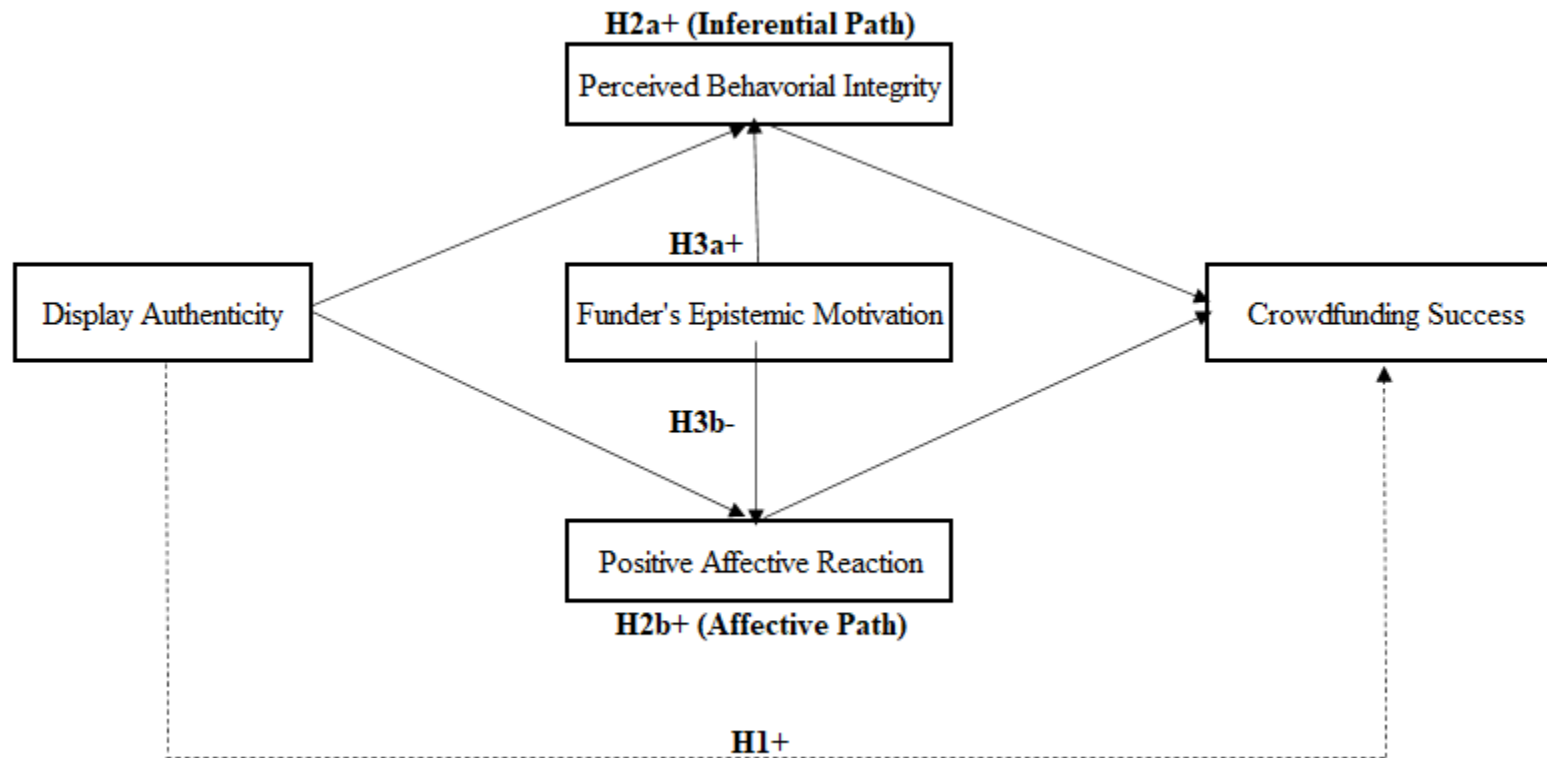
Table 1. Summary of emotional displays literature on crowdfunding and display authenticity literature on marketing

Studies	Emotion-related variable	Theory	Research design
Current study	Display authenticity	Emotion as social information	Field study & Experiment
Davis et al., (2017)	Entrepreneurial passion	Affective events theory	Experiment
Li et al., (2017)	Displayed entrepreneurial passion	Emotional contagion theory	Field study & Experiment
Oo et al., (2019)	Perceived passion	Social perception	Field study
Jiang et al., (2019)	Displayed joy	Gestalt characteristics theory	Field study
Chan et al., (2020)	Passion	Signaling theory	Field study
Raab et al., (2020)	Happiness, sadness	Emotional contagion theory	Field study
Davis et al., (2021)	Happiness, sadness, anger, disgust	Expectancy violation theory	Field study
Korzynski et al., (2021)	Happiness	Impression management	Field study
Li et al., (2021)	Positive emotion (smiling)	Social perception	Field study
Warnick et al., (2021)	Happiness, sadness, anger, fear	Basic emotion theory	Field study
Xiang et al., (2019)	Emotion-emphasis	Elaboration likelihood model	Field study
Lechner and Mathmann, (2021)	Display authenticity	Emotion as social information	Field study & Experiment
Grandey et al., (2005)	Display authenticity	Impression management	Experiment
Wang et al., (2017)	Display authenticity	Emotion as social information	Field study & Experiment
Houston et al., (2018)	Display authenticity	Expectancy violation theory	Field study & Experiment
Matthews et al., (2020)	Display authenticity	Persuasion knowledge theory	Experiment

Table 2. Study 1 descriptive statistics and correlations[a]

Variables	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Crowdfunding success	.40	.49																			
2. Gender	.72	.45	-.03																		
3. Ethnicity	.79	.41	.11	.05																	
4. Crowdfunding experience	1.52	2.01	.16	.08	.06																
5. Internal social capital	5.14	18.90	.23	.07	.05	.51															
6. Speech quality	3.64	.90	.30	.01	.13	.06	.05														
7. Enthusiasm	4.12	.98	.20	-.07	.03	.01	.04	.36													
8. External links	1.71	1.58	.10	-.03	.02	.11	.15	.09	.15												
9. Images	6.85	9.98	.26	.07	.06	.19	.24	.23	.13	.17											
10. FAQ	.48	1.92	.17	.07	.01	.11	.08	.10	.03	.01	.34										
11. Updates	2.40	3.84	.39	.05	.11	.23	.18	.17	.10	.09	.41	.33									
12. Text length (logged)	5.95	1.02	.26	.07	.13	.13	.19	.21	.16	.16	.42	.14	.26								
13. Video length	189.48	130.41	-.02	.02	.02	-.02	-.09	.05	-.01	.02	-.03	-.04	-.02	.03							
14. Video quality	4.16	1.52	.35	-.02	.08	.00	.08	.33	.29	.12	.26	.15	.16	.27	.04						
15. Kickstarter-featured	.10	.30	.32	.02	.00	.08	.15	.13	.09	.02	.23	.09	.27	.21	-.05	.22					
16. Campaign duration	34.24	10.92	-.18	-.01	-.10	-.05	.00	.16	-.10	-.05	-.04	.01	-.04	-.14	.12	.04	-.09				
17. Campaign goal (logged)	8.91	1.61	-.24	.01	-.06	-.11	-.17	.08	.03	-.03	.11	.11	.00	.08	.02	.09	.02	.16			
18. Media coverage	.02	.15	.13	.03	.01	.05	.16	.07	.06	.00	.30	.23	.20	.07	-.05	.16	.14	.02	.06		
19. Display authenticity	3.79	1.56	.61	-.07	.20	.06	.12	.49	.27	.11	.41	.19	.35	.37	.07	.57	.30	.00	.04	.18	
20. Perceived behavioral integrity	4.06	1.00	.52	.03	.27	.10	.14	.32	.20	.12	.26	.10	.26	.27	-.04	.44	.23	-.09	-.03	.11	.55

[a]N = 685. Correlations with absolute value greater than 0.11 are significant at $P < 0.05$.

Table 3. Study 1 regression analysis

Variables	DV: Campaign Outcome		DV: Funding Amount		DV: Number of Funders	
	Model-1	Model-2	Model-3	Model-4	Model-5	Model-6
Control Variables						
Gender	-.485*	-0.214	-.299†	-0.042	-0.13	0.027
	(0.238)	(0.299)	(0.178)	(0.149)	(0.121)	(0.105)
Ethnicity	0.257	-0.431	.693**	0.196	.269†	-0.037
	(0.284)	(0.391)	(0.205)	(0.174)	(0.139)	(0.122)
Crowdfunding experience	-0.031	-0.045	-0.026	0.002	0.016	0.033
	(0.090)	(0.090)	(0.045)	(0.038)	(0.031)	(0.026)
Internal social capital	.046**	.045**	0.007	.007†	.008*	.009**
	(0.017)	(0.016)	(0.005)	(0.004)	(0.003)	(0.003)
Speech quality	.713**	0.054	.602**	-0.097	.335**	0.022
	(0.171)	(0.227)	(0.104)	(0.091)	(0.071)	(0.064)
Enthusiasm	0.061	0.023	-0.007	-0.03	0.076	0.063
	(0.120)	(0.155)	(0.089)	(0.073)	(0.060)	(0.052)
External links	0.019	-0.023	.136**	.121**	.100**	.090**
	(0.069)	(0.088)	(0.052)	(0.043)	(0.035)	(0.030)
Images	-0.012	-.047**	.021*	0.001	.020**	0.007
	(0.014)	(0.017)	(0.010)	(0.008)	(0.007)	(0.006)
FAQ	.123 †	0.104	0.086	.08*	.078**	.074**
	(0.074)	(0.087)	(0.044)	(0.037)	(0.030)	(0.026)
Updates	.243**	.199**	.164**	.107**	.116**	.081**
	(0.041)	(0.051)	(0.024)	(0.020)	(0.016)	(0.014)
Text length (logged)	.287*	0.153	.328**	.163*	.145*	0.044
	(0.133)	(0.171)	(0.090)	(0.075)	(0.061)	(0.053)
Video length	0.001	0.001	0.001	-0.001	0.001	0.000
	(0.001)	(0.001)	(0.001)	(0.001)	(0.000)	(0.000)
Video quality	.657**	0.207	.621**	.195**	.380**	.114**
	(0.098)	(0.127)	(0.061)	(0.057)	(0.041)	(0.040)
Kickstarter-featured	1.713**	1.282*	1.108**	.506*	1.140**	.764**
	(0.432)	(0.533)	(0.272)	(0.228)	(0.185)	(0.160)
Campaign duration	-.028*	-.056**	-0.005	-.013*	-0.005	-.010*
	(0.011)	(0.015)	(0.008)	(0.006)	(0.005)	(0.005)
Campaign goal (logged)	-.805**	-1.245**	0.000	0.07	-0.03	0.016
	(0.102)	(0.150)	(0.054)	(0.045)	(0.036)	(0.031)
Media coverage	0.543	-0.007	0.739	0.574	-0.024	-0.128
	(0.840)	(0.940)	(0.546)	(0.452)	(0.370)	(0.317)

N = 685, † p < 0.1,* p <0.05, ** p < 0.01. Standard errors in parentheses.
Category controls are included.

Table 3. Study 1 regression analysis (Continued)

Variables	DV: Campaign Outcome		DV: Funding Amount		DV: Number of Funders	
	Model-1	**Model-2**	**Model-3**	**Model-4**	**Model-5**	**Model-6**
Explanatory Variables						
Display authenticity		1.662**		.959**		.594**
		(0.195)		(0.065)		(0.046)
Perceived behavioral integrity		.997**		.316**		.205**
		(0.184)		(0.082)		(0.058)
Constant	4.167	-0.556	3.146	-0.41	0.914	-1.345
	(1.452)	(1.942)	(0.953)	(0.834)	(0.647)	(0.587)
-2 Log likelihood	542.572*	345.936*	-	-	-	-
F- statistics	-	-	39.620**	66.992**	41.307**	62.274**

N = 685, † p < 0.1,* p <0.05, ** p < 0.01. Standard errors in parentheses.
Category controls are included.

Table 4. Indirect effect of display authenticity via perceived behavioral integrity

DV = Crowdfunding success with by three different measures	Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Crowdfunding outcome	.230	.055	.135	.339
Display authenticity → Perceived behavioral integrity → Funding amount	.074	.020	.040	.119
Display authenticity → Perceived behavioral integrity → Number of funders	.048	.016	.020	.083

N = 685. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.
Control variables: same control variables shown in Table 2, including category control dummy variables.

Table 5. Study 2 descriptive statistics and correlations[a]

Variables	Mean	s.d.	1	2	3	4	5	6	7
1. Display authenticity	.51	.50							
2. Perceived behavioral integrity	4.33	1.42	.49						
3. Positive affective reactions	4.31	1.67	.39	.79					
4. Epistemic motivation	5.84	.95	-.03	.05	.12				
5. Enthusiasm	4.81	1.61	.39	.67	.64	.11			
6. Funding amount	.72	.72	.27	.58	.60	.04	.44		
7. Willingness to share	3.27	1.91	.30	.68	.75	.05	.50	.71	
8. Projected success	4.05	1.72	.37	.78	.74	.02	.55	.64	.73

N = 387. [a]Dummy variable, 0 = inauthenticity, 1 = authenticity. Correlations with absolute value > 0.12 are significant at p < 0.05.

Table 6. Complementary indirect effects of display authenticity on funding amount

	Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Funding amount	.103	.035	.041	.179
Display authenticity → Positive affective reactions → Funding amount	.090	.031	.039	.163

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Table 7. Complementary indirect effects of display authenticity on willingness to share

	Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Willingness to share	.280	.080	.145	.463
Display authenticity → Positive affective reactions→ Willingness to share	.344	.105	.157	.580

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Table 8. Complementary indirect effects of display authenticity on projected success

	Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Projected success	.498	.099	.321	.709
Display authenticity → Positive affective reactions → Projected success	.182	.064	.078	.336

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Table 9. Moderated mediation role of funders' epistemic motivation on funding amount

	Epistemic Motivation	Conditional Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Funding amount	-.950 (-1 SD)	.092	.051	.002	.206
Display authenticity → Perceived behavioral integrity → Funding amount	0.000 (Mean)	.105	.036	.043	.189
Display authenticity → Perceived behavioral integrity → Funding amount	.950 (+1 SD)	.118	.041	.042	.205
Display authenticity → Positive affective reaction → Funding amount	-.950 (-1 SD)	.120	.042	.052	.221
Display authenticity → Positive affective reaction → Funding amount	0.000 (Mean)	.096	.032	.043	.170
Display authenticity → Positive affective reaction → Funding amount	.950 (+1 SD)	.072	.031	.026	.151

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Table 10. Moderated mediation role of funders' epistemic motivation on willingness to share

	Epistemic Motivation	Conditional Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Willingness to share	-.950 (-1 SD)	.221	.106	.035	.457
Display authenticity → Perceived behavioral integrity → Willingness to share	0.000 (Mean)	.273	.081	.136	.457
Display authenticity → Perceived behavioral integrity → Willingness to share	.950 (+1 SD)	.325	.101	.149	.548
Display authenticity → Positive affective reaction → Willingness to share	-.950 (-1 SD)	.421	.129	.192	.704
Display authenticity → Positive affective reaction → Willingness to share	0.000 (Mean)	.362	.108	.163	.596
Display authenticity → Positive affective reaction → Willingness to share	.950 (+1 SD)	.302	.104	.132	.555

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Table 11. Moderated mediation role of funders' epistemic motivation on projected success

	Epistemic Motivation	Conditional Bootstrap-indirect effect	SE[a]	Lower limit 95% CI[b]	Upper limit 95% CI[b]
Display authenticity → Perceived behavioral integrity → Projected success	-.950 (-1 SD)	.486	.127	.262	.768
Display authenticity → Perceived behavioral integrity → Projected success	0.000 (Mean)	.497	.102	.317	.713
Display authenticity → Perceived behavioral integrity → Projected success	.950 (+1 SD)	.509	.104	.325	.744
Display authenticity → Positive affective reaction → Projected success	-.950 (-1 SD)	.222	.084	.091	.425
Display authenticity → Positive affective reaction → Projected success	0.000 (Mean)	.193	.068	.083	.351
Display authenticity → Positive affective reaction → Projected success	.950 (+1 SD)	.165	.068	.063	.342

N = 387. [a]standard error, [b]confidence interval; Conference intervals are bias-corrected based on 10,000 bootstrap samples.

Appendix A. Examples of campaigns with high and low perceptions on authenticity and behavioral integrity rated in study 1.

No.	URL	Name	Display authenticity	Ratings of coders
1	https://www.kickstarter.com/projects/carolinashottest/carolinas-hottest	Carolina's Hottest	Low	1.33
2	https://www.kickstarter.com/projects/2000797970/zombies-on-the-rise-music-video-show-your-zombiene	Zombies On the Rise Music Video! Show your ZombieNESS	Low	1.67
3	https://www.kickstarter.com/projects/beermistree/the-beermas-tree-worlds-greatest-christmas-tree	The Beermas Tree	Low	1.33
4	https://www.kickstarter.com/projects/1106708179/lichen-bikes	Lichen Bikes	High	6.67
5	https://www.kickstarter.com/projects/307713501/elenas-serenade-the-animated-feature-film-pilot	Elena's Serenade: The Animated Feature Film Pilot	High	6.33
6	https://www.kickstarter.com/projects/1838782792/virtual-world-arcade-vr-gaming-with-hololens	Virtual World Arcade - VR Gaming with HoloLens	High	6.00
	URL	Name	Perceived behavioral integrity	Ratings of coders
7	https://www.kickstarter.com/projects/1455164693/a-new-and-improved-bfast-bakery-named-once-upon-a	A new and improved bfast/bakery named "Once Upon a Pie..."	Low	2.33
8	https://www.kickstarter.com/projects/1636656593/my-first-comedy-show-about-mylife-plain-as-yesterd	My first comedy show about mylife plain as yesterday	Low	2.33
9	https://www.kickstarter.com/projects/362445851/the-survival-of-the-fittest	The Survival of the Fittest	Low	2.80
10	https://www.kickstarter.com/projects/eofire/the-freedom-journal-accomplish-your-1-goal-in-100	The Freedom Journal: Accomplish Your #1 Goal in 100 Days	High	6.57
11	https://www.kickstarter.com/projects/185599704/fantasy-nouveau-coloring-book	Fantasy Nouveau Coloring Book	High	6.42
12	https://www.kickstarter.com/projects/595998449/a-kirtan-album-from-the-heavens	A Kirtan Album from the Heavens!	High	6.85

"Ratings of coders" are the *average* scores across two coders. They are solely based on perceptions of coders in study 1. Please note that we controlled for gender, ethnicity, and video quality in predicting models.