

Article

The Role of Entrepreneur's Face Disclosure on Crowdfunding Success

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Abstract: The evaluation of crowdfunding campaigns varies from person to person; some investors are more interested in the project's creativity, and others are more concerned with the profiles of entrepreneurs. The study investigated how entrepreneurs' face disclosure influenced the success of crowdfunding. Secondary data were collected from multiple crowdfunding platforms for projects in Africa. That is, cross-country data from 54 African countries, to overcome data limitations from a single country. An econometrics analysis revealed that the facial disclosure of entrepreneurs increases the probability of crowdfunding success by 3%. Images, videos, and backers had a positive influence on the success of crowdfunding. On the contrary, the duration of the crowdfunding campaign was negatively associated with its success. To reduce the knowledge asymmetry between creators and backers, those prepared to start a crowdfunding project must provide as much information as possible to show their abilities. This study contributes to understanding the role of disclosing an entrepreneur's profile on economic exchanges to the success of online crowdfunding.

Keywords: crowdfunding; entrepreneur; face disclosure



Citation: Mamaro, Lenny Phulong, and Athenia Bongani Sibindi. 2024. The Role of Entrepreneur's Face Disclosure on Crowdfunding Success. *Risks* 12: 165. <https://doi.org/10.3390/risks12100165>

Academic Editor: Weiping Li

Received: 19 July 2024

Revised: 11 October 2024

Accepted: 14 October 2024

Published: 15 October 2024



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1. Introduction

The problems regarding information disclosure, where potential crowdfunding supporters and the public become more aware of important information required to make decisions, persist. Knowledge asymmetry between project creators and backers must be overcome, despite privacy considerations. The criteria used for evaluating a crowdfunding campaign differ from person to person. Investors are more interested in the creativity of a project or idea, while others are more concerned with the profiles of the entrepreneurs (Wang et al. 2020). The spread of Internet-based crowdfunding platforms throughout the world has played a significant role in the development and growing popularity of crowdfunding (Shneor 2020). There are numerous sources of funding available for fundraising, such as banks, private foundations, government agencies, business angels (BAs), and venture capitalists (VCs) (Bruton et al. 2015). However, they are less accessible to aspiring entrepreneurs who do not yet have the collateral required to secure funding. Hence, crowdfunding is considered an alternative way for entrepreneurs to access financing.

Crowdfunding has indeed shown remarkable growth in recent years. Yet, it is but a drop in the ocean when compared with sources of more conventional finance, such as venture capital, bank loans, and public equity markets. The global crowdfunding market was around USD 114 billion in 2023 and is estimated to reach approximately USD 102 billion by 2025, with a growth rate of 18.24% from 2024 to 2029. Still, despite this massive increase in crowdfunding, it has remained minuscule compared to the global venture capital market, where this financial segment had already scaled much above USD 600 billion in 2023. This comparative scenario reflects the absolute minor importance of crowdfunding in the overall economic ecosystem, with a role restricted to being an alternative financing option for nascent ventures, small businesses, and creative projects.

Although entrepreneurship is frequently reported to promote economic growth, among the most significant barriers to entrepreneurship is access to financial resources (Duan et al. 2020). The primary problem of information asymmetry persists in crowd-funding markets because these platforms provide limited information about anonymous fund seekers (entrepreneurs) (L. Li et al. 2022). An innovative way of obtaining financing for entrepreneurs, such as musicians, filmmakers, and artists, is through crowdfunding, which directly requests supporters or people from the public (Mamaro and Sibindi 2023; Shneor and Munim 2019). To address this challenge, this study investigates how successful crowdfunding of new businesses is influenced by the face trustworthiness of entrepreneurs.

As indicated, the guidelines used to evaluate a crowdfunding initiative vary from person to person. Whereas some investors are more invested in entrepreneurs' experiences and facial disclosure, others are more attracted to the originality of the project or the originality of the idea (Wang et al. 2020). Creativity among entrepreneurs and SMEs attracts a more significant number of investors and backers. However, few studies have been conducted on the entrepreneurs' profiles (Mamaro and Sibindi 2023; Duan et al. 2020). Traditional corporate-financing solutions, such as professional venture capital and commercial business loans, can be accessed by only a few relatively more mature ventures. However, many people still choose to disclose their personal information on social media or online platforms. For example, many users post their facial images on crowdfunding platforms where financial transactions (e.g., borrowing and lending of loans) occur. However, information privacy has been a general concern among online users (Qi et al. 2022).

Crowdfunding, thus, provides another financing solution for a wide range of start-up businesses entering the venture market with limited product information or a short track record to attract commercial funding. In recent years, crowdfunding has grown exponentially and has garnered attention from financial market practitioners and academic researchers. Statista (2020) states that reward-based crowdfunding reached USD 848 million in the United States and USD 4.795 billion globally in 2019. It thus provides the needed insight that could inform the fast-growing crowdfunding market in Africa, as similar dynamics are likely to shape investment patterns and the flow of finance for sustainable development projects (Ekanem and Ideh 2023).

The academic literature has examined the determinants of crowdfunding success almost exclusively based on the impact of facial disclosure on crowdfunding success (Koch and Siering 2019; Huang et al. 2022). Despite several studies on the drivers of crowdfunding success, there has yet to be a universal agreement on the factors associated with crowdfunding success (Y. Li et al. 2022; Ma and Palacios 2021). Prior studies have often focused on Kickstarter data from developed countries, which can yield different results when applied to unique African cultural, legal, social, political, and business environments. Therefore, the current study examines the role of transparency of entrepreneurs' faces in the success of crowdfunding projects in Africa. Specifically, the two research questions are presented below. (1) What factors influence the success of crowdfunding? (2) What is the role of the disclosure of entrepreneurs' faces in crowdfunding success?

Using econometric analysis to address the research gap, The Crow Data Centre collected 859 data sets from all African crowdfunding categories from 2019 to 2020. In particular, the roles of four different communication characteristics in the success of crowdfunding campaigns were investigated, namely (1) image, (2) video, (3) comments, and (4) face disclosure. The sample consisted of crowdfunding projects in African countries. The focus on Africa is derived from the importance crowdfunding has gained in this geographical area in recent years. The crowdfunding projects were featured on international platforms, such as Kickstarter, Indiegogo, and Fundraised, which are reward-based crowdfunding platforms that match the crowd with projects. These platforms collectively offer different types of campaigns, so also, the potential targets for diverse audiences may be reached and funding goals met.

The study contributes to the literature in several ways. First, it contributes to the limited literature on the role of disclosure of entrepreneurs' faces in crowdfunding outcomes (e.g., [Zribi 2022](#); [Liu et al. 2021](#); [Teubner and Flath 2019](#); [Duan et al. 2020](#)) by showing that entrepreneurs' facial appearances may influence the evaluation of entrepreneurs' trustworthiness by backers and, consequently, affect their crowdfunding success. Second, our study involved a cross-country study of multiple crowdfunding platforms and collected findings on facial trustworthiness in reward-based crowdfunding settings, thus expanding the applications of appearance-based trustworthiness judgments to the corporate finance setting. Furthermore, the study reports novel evidence that potential backers consider entrepreneurs' facial disclosure credible and more trustworthy in a crowdfunding campaign than cartoonized disclosure. Finally, the study expands the literature on managerial trust and corporate finance. Prior studies have found that trust increases the likelihood of crowdfunding success ([Liu et al. 2021](#); [Song et al. 2019](#); [Wehnert et al. 2019](#); [Bukhari et al. 2020](#)). The study adds to the literature by underscoring the value of individual trust in crowdfunding, which acts as an innovative financing solution for a wide range of early-stage businesses. Information disclosure in the crowdfunding market needs to be improved by adding more transparent and reliable disclosure policies, thus providing critical practical guidelines for practitioners and regulators.

The remainder of the paper is organized as follows. Section 2 reviews the related literature and the development of testable hypotheses. Section 3 contains the construction of the sample, the measurement of facial trustworthiness, and the research methodology of the study. Sections 4 and 5 present the main empirical results, additional analyses, and robustness tests. Section 6 concludes the article.

2. Literature Review and Hypotheses Development

The credibility of entrepreneurs, as well as trust and project quality, increase the probability of success. Previous studies on this phenomenon originated in developed countries ([Shneor and Torjesen 2020](#); [Shneor and Flåten 2015](#)). Active communication on the crowdfunding platform between potential backers and entrepreneurs or fund seekers includes images, comments, and video clips ([Shneor and Vik 2020](#); [Mamaro and Sibindi 2023](#)). If the project creator posts a facial disclosure, this behavior signals to the potential backer that the campaign is credible and trustworthy. On the other hand, dishonest behavior on the part of project creators discourages potential supporters from contributing to the crowdfunding campaign ([Strohmaier et al. 2019](#); [Chaney 2019](#)). Given the knowledge asymmetry, investors assess a project primarily on information provided by previous investors and their contributions. The duration of the crowdfunding campaign (usually ranging between 30 and 90 days) plays a role and is also essential to potential backers and investors ([Salahaldin et al. 2019](#)). Previous studies on crowdfunding found a negative relationship between duration and crowdfunding success ([Mamaro and Sibindi 2023](#); [Clauss et al. 2018](#)). An excessively short funding period might be regarded as arrogance. If the period is long, it could indicate that the creator needs to be more confident in his idea. In contrast, [Deng et al. \(2022\)](#) have found a positive association between duration and crowdfunding success.

Given that there are distinctly different levels of economic development across countries and regions within Africa, such diversity in the economic filtration factors (E.F.F) does affect crowdfunding ([Omenguele et al. 2023](#)). The wealthier areas would probably have many more financial resources, better technology, and internet access, leading to better crowdfunding ([N'Kupo et al. 2023](#)). For access to capital, in underdeveloped regions, a lack of access to conventional banking systems probably leads to an increased usage of more non-cooperative mechanisms such as crowdfunding ([Marughu and Akintoye 2023](#)). These areas may be overridden by less advanced computerization and, therefore, Internet penetration, limiting the scope and efficiency of such approaches.

Contemporary tools and practices have revolutionized project financing, providing access to funds for initiatives that would otherwise be difficult to finance ([Stefani et al. 2020](#)).

As an enabler of new business models, technology allows for greater financial inclusion and access to resources previously tricky to open up (Fanta and Makina 2019). This is most visible in more and more fintech and data-driven solutions, affecting metamorphoses in access to finance. For example, fintech financial innovation has bridged gaps in serving the underserved. Equally, data, such as credit bureau information in Brazil, shows tremendous potential for enhanced financial inclusion through better insight and more accessible credit to those who need it most.

2.1. Information Asymmetry in Crowdfunding

As a financial mechanism, crowdfunding is particularly prone to information asymmetries that find an explanation under the theoretical frameworks of Akerlof (1970) and Stiglitz (1981). All parties involved are restricted due to a shortage of experienced investors, the asymmetry of information, the uncertainty regarding financing, the high opportunity costs, and the inadequate success rate of crowdfunding campaigns (Miglo and Miglo 2019). Thus, entrepreneurs must validate their projects' economic viability and potential, while the general public must determine which ideas have the most potential to attract funding. According to signaling theory, the better-informed party, namely the business owners, can reduce information asymmetry in crowdfunding by sending signals to the less-informed side, namely the audience (Spence 1973).

Many crowdfunding campaigns rely on matching supply; in this case, entrepreneurs in need of funding demand composed of investors seeking opportunities (Szabó et al. 2021). As far as classical theories of economics go, there is a supposition that, within the framework of supply and demand, prices will tend toward equilibria, in this case, funding levels (Laibman 2019). It postulates that people make decisions based on the cost and benefits of maximizing utility. In crowdfunding, this theory explains why backers would decide to invest in some projects and fail to do so in others (Rodríguez-Garnica et al. 2020). However, cultural aspects, social influence, and fluctuating levels of financial literacy across Africa create deviations from purely rational behavior. It can lead to adverse selection; whereby only high-risk projects are funded because the low-risk projects are either not communicated or overcome by other high-presentation projects (Winegar 2021). It can change the success rate of crowdfunding campaigns.

2.2. Signalling Theory

The signal theory originated by Spence (1973, 2002) was greatly accepted in crowdfunding research (Song et al. 2021; Davies and Giovannetti 2018). Given in the signaling theory is a signal environment in which a signaler sends a signal to a recipient, who interprets it and then transmits it back to the signaler (Connelly et al. 2011). In crowdfunding campaigns, the public disclosure of an entrepreneur's image serves as a signal. A comprehensive entrepreneurial persona gives a good signal that reduces uncertainty and increases the backers' confidence. Effective signals may positively impact the backers' perspectives and allow crowdfunding projects to succeed. These signals include interactive elements, project updates, and personal fairy tales. The theory has been extensively used in entrepreneurial finance research to understand how entrepreneurs might use different signals to establish legitimacy for their entrepreneurial campaigns (Mochkabadi and Volkmann 2020). Figure 1 below shows a theoretical framework.

According to the studies, it is very likely that backers will believe in and invest in projects where the project leader is experienced or has been part of successful teams in the past (Ye et al. 2024). Presentation clarity could indicate professionalism and, thus, the legitimacy of a project and the seriousness of the creator (Tyurin and Zhang 2023). Successful campaigns show high-quality videos, well-structured content, and clear messages. Early traction represents the project's credibility, such as the first backer or endorsement of the project by credible people or entities (Thies et al. 2022). This gives rise to a bandwagon effect; wherein more and more backers will be willing to pledge to the project.

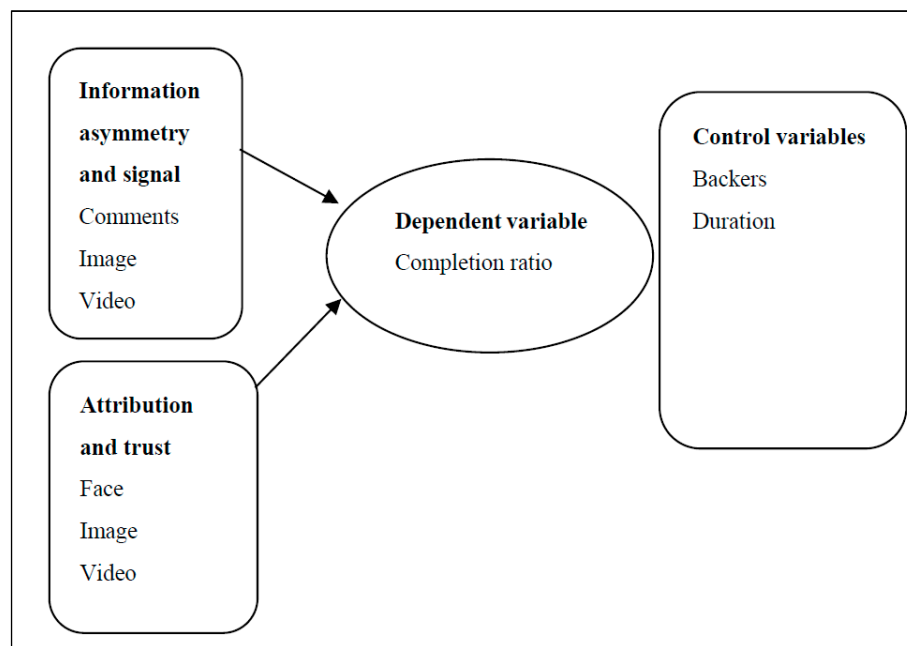


Figure 1. Theoretical framework. Source: Authors' own compilation.

2.3. Attribution Theory

Attribution theory was developed by Heider (1958) in the first decade of the twentieth century and was advanced by Kelley (1973). The study of attribution theory examines how people interpret and explain their own and other people's actions. Studies on the attribution theory of crowdfunding success have identified several important factors. Backers' attribution may be influenced by an entrepreneur's disclosure of their image in crowdfunding campaigns. An open and approachable image for the entrepreneur can improve opinions of dedication and trustworthiness, encouraging backers to make contributions.

2.4. Trust Theory

The change that occurs from institutional or centralized trust (belief in well-known institutions or brands) to decentralized trust is highlighted by Botsman's trust theory (Botsman 2017). This translates to people expressing their trust in each other in the crowdfunding environment, frequently made possible by the platform's relationships with others, reputation systems, and reviews (Ferreira et al. 2022). Despite individual exchanges, social ties also play a role in establishing trust. To leverage social trust, crowdfunding platforms frequently include social elements that allow backers to know if friends or relations have contributed to confidence in a crowdfunding campaign (Kim et al. 2017). Therefore, it provides an analytical structure for understanding the dynamics of trust in online environments, such as platforms for crowdfunding. It emphasizes the importance of decentralized trust, technology's role as a confidence enabler, reputation management, openness, social trust, and effective communication to the success of crowdfunding (Christie 2020).

There are more explanations of how formal and informal institutions, such as laws, regulations, and cultural norms, shape crowdfunding in different African contexts (Di Pietro 2021). Additionally, establishing continent-based platforms and collaborating with existing financial actors could increase awareness and confidence in crowdfunding (Ismaila 2023). In crowdfunding, social capital, or the networks of relationships among people, is important. This is even more so in Africa, where trust and communal ties are often significant in financial decisions (Mamaro and Sibindi 2023). To integrate perceived ease of use and perceived usefulness based on regional technological infrastructure, the model may help explain the adoption of crowdfunding platforms in Africa (Okine et al. 2023).

2.5. Research Hypotheses

Presenting the image of the fundraisers on the crowdfunding campaign page signals the trustworthiness of some backers, while other backers are more preoccupied with the creative idea (Qi et al. 2022). This study aims to investigate whether the success of crowdfunding campaigns could be impacted by trustworthiness based on the appearance of the entrepreneurs' faces, given the importance that society attaches to trustworthiness (Hsieh et al. 2020). Studies have also shown that, while there is always a demand for good ideas, there needs to be more sufficiently competent entrepreneurs to make those ideas a reality (Shin and Kim 2021). Interestingly, Shin and Kim (2021) found that face disclosure decreases the likelihood of crowdfunding success. However, others reason that disclosing entrepreneurs' faces signals a credible and reliable project, increasing the probability of success (Schwienbacher 2018). Therefore, it is essential to portray a positive signal on the crowdfunding platform to increase the likelihood of success. Cultural factors influence the relationship between entrepreneurs' face disclosure and crowdfunding success in different regions or countries, such as collectivism versus individualism.

Lacking an effective team, entrepreneurial financial success remains unreliable, even with great ideas. Therefore, the entrepreneur's profile is essential when choosing crowdfunding investments (Tang et al. 2024). However, the implications of focusing on the profile or creativity of an entrepreneur have yet to be thoroughly investigated in the current literature. Previous studies (e.g., Teubner and Flath 2019; Hsieh et al. 2020) have documented the importance of face trustworthiness in various business situations and have shown that people are more likely to trust someone who appears more trustworthy when making business decisions. Therefore, the hypothesis is proposed that the facial disclosure of entrepreneurs in the crowdfunding project increases the probability of success. Facial disclosure by the entrepreneur may serve as a positive signal of genuineness, trustworthiness, and transparency, which are crucial aspects of developing trust with potential backers. Bi et al. (2017) stated that such visual cues as facial disclosure improve perceived credibility, reduce information asymmetry, and thus raise the chance of crowdfunding success. They draw on inferences that individuals make from what one person causes to happen to another, and from what one person does that affects the self, and then use those inferences to make attributions regarding the cause of the observed behaviors.

In the case of low information about the entrepreneur, investors can look for signals that reduce uncertainty and estimate the risk related to financing. Among those so readily available, facial trustworthiness can signal positive features of a person, like honesty, reliability, and competence. Indeed, the previous literature documented that perceived trustworthy entrepreneurs are more likely to receive funding through crowdfunding (Duan et al. 2020). This means that facial trustworthiness bridges the information gap, making investors more comfortable with the risks of backing a stranger's venture. When entrepreneurs display their faces, backers may attribute this transparency to an internal attribute, such as pride or even integrity.

Hypothesis 1. *Entrepreneurs who disclose their faces on crowdfunding platforms increase the likelihood of crowdfunding success.*

Existing studies have found evidence that dynamic visual display and presentation of a video or information are more effective than static visual display (Koch and Siering 2019; Jung et al. 2022). Several important conclusions have been drawn from studies on the influence of photos on crowdfunding success. According to Ma (2023), the 'event' group has a detrimental effect on the project's success, although specific visual ideas, such as 'workspace', have a positive impact. Buskila and Perez (2022) found that photos showing victims participating in self-help activities have a significant impact on raising funds than projects with no images. Blanchard et al. (2022), in turn, found that the presence of image qualities substantially impacts the likelihood of crowdfunding success, and that success is highly correlated with the number of photographs and videos. With the usage

of pictures in their project descriptions, entrepreneurs may signal more professionalism, greater effort, and quality in the campaign to backers, which may translate into better ratings and more support. The perceived risk is lower and, thus, more successful campaigns. Providing images and videos can lead backers to project the quality of the presentation to the entrepreneur's industriousness and skillfulness. Finally, [Hou et al. \(2022\)](#) emphasize how particular picture qualities affect these feelings and, in turn, pledge intention and how image emotions drive crowdfunding success. These studies show the importance of image attributes and content for the crowdfunding campaign's success. The presentation of images in the project description can have a powerful, persuasive effect on backers and increase the likelihood of crowdfunding success. Therefore, the proposed hypothesis is:

Hypothesis 2. *The presentation of the image on the crowdfunding page increases the likelihood of crowdfunding success.*

The number of comments posted by all project participants serves as another form of communication for a crowdfunding campaign. It has been found that fundraising success and the number of comments received are significantly correlated ([Wang et al. 2018](#)). Research conducted by [Wang et al. \(2018\)](#) and [Lai et al. \(2017\)](#) revealed a positive correlation between fundraising performance; the quantity, mood, and length of comments; and the speed and duration of replies. To increase the accuracy of success prediction, [Lai et al. \(2017\)](#) highlighted the importance of including dynamic features in the comments and updates. [Jiang et al. \(2020\)](#) also documented that project descriptions and the tone of project comments have an impact on the success of crowdfunding. [Clauss et al. \(2018\)](#) emphasized how social engagement, including comments, helps to raise the possibility that a crowdfunding project will succeed. Comments and responses further provoke engagement, which builds a sense of community, shared identity, and trust in the critical success factors of crowdfunding. Supportive comments themselves become a source of social proof and convince other backers to join the campaign.

All of the above findings indicate the critical role that comments play in the success of crowdfunding campaigns. Potential investors can observe the discussions and attitudes of other investors about the project and gain a better understanding of both the advantages and disadvantages of the project, which reduces the perception of investment uncertainty and encourages the public to make investment decisions.

Hypothesis 3. *The reaction to comments on the crowdfunding platform increases the likelihood of crowdfunding success.*

The degree to which entrepreneurs have invested effort into the campaign page, as demonstrated by using texts, photos, and videos, indicates project preparedness ([Calic and Mosakowski 2016](#)). The video presentation on the crowdfunding campaign page has been found to impact the crowdfunding campaign's success significantly. [Cha \(2017\)](#) has found that the success of video game crowdfunding campaigns is affected by factors such as human capital, location, preference of the media, and level of exposure to the media. [Ma and Palacios \(2021\)](#) also confirm that fundraising success positively correlates with visual material. Videos can depict richer information that may make people more emotional toward it and show entrepreneurs' passion and dedication. [Mollick \(2014\)](#) shows that campaigns with videos are more likely to get funded since videos are strong mechanisms for building trust and, in that way, decrease information asymmetry while improving perceived legitimacy. Funding levels in blockchain-based crowdfunding campaigns are increased by releasing video pitches, particularly those with information content and buzz phrases ([Kolbe et al. 2022](#)). Furthermore, viewers of the various project categories see videos differently, which affects how successful crowdfunding campaigns are ([Dey et al. 2017](#)). Thus, the following hypothesis is put forward.

Hypothesis 4. *Presentation of the video increases the probability of success in crowdfunding.*

The fundraising duration refers to the time interval from the launch of the campaign to its end. Previous research indicates a successful crowdfunding campaign should last less than 40 days. It has been shown that the duration of a crowdfunding campaign has a negative correlation with its effectiveness. The longer a campaign lasts, the less likely it is to be successful (Mamaro and Sibindi 2023). The duration's influence on crowdfunding's success is a complicated and diversified topic. Salahaldin et al. (2019) and Chen et al. (2020) all stress the significance of project duration. While the rationale would seem solid for a longer period, it would mean there is no rush or even confidence to reach the goal quickly. Based on Shneor (2020), this is based on the supposition that longer campaign periods would result in lost momentum and would eventually discourage backers from pledging their support, thus lowering the rate of success. Furthermore, Cordova et al. (2015) show that a shorter-duration project enhances the probability of success. In turn, Devaraj and Patel (2016) note that a shorter duration increases the likelihood of meeting the financial goal. The longer the duration of a campaign, the more backers will attribute it to either low urgency for the money or low interest in the project. It, thus, decreases the perceived probability of success. These studies suggest that a crowdfunding project's success can be significantly impacted by a carefully considered and executed description length. Therefore, the following hypothesis is proposed.

Hypothesis 5. *The longer the duration of a crowdfunding campaign, the less likelihood of crowdfunding success.*

According to research, early supporters of crowdfunding projects are critical to the project's success, and their proximity to peers (socially and geographically) affects the result (Ma 2023). Success is also significantly impacted by the communication that takes place between backers and artists, especially when it involves comments and responses (Wang et al. 2018). However, the presence of associations among supporters may also have an adverse impact, possibly resulting in reduced funding (Herd et al. 2022). A large number of backers can signal high quality and, therefore, instill trust in the project and its leader while urging other people to become backers. Social validation of the number of backers lowers the perceived risk and heightens the likelihood of crowdfunding success. The higher the number of backers, the higher the level of trust because it gives an indication that a big number has screened the project. Therefore, the risk for new backers is reduced.

Still, serial creators might discover that it is easier to secure finance if they build up their internal social capital, especially if they have a history of successful projects (Skirnevskiy et al. 2017). The more backers, the better the performance of crowdfunding. Thus, we hypothesize:

Hypothesis 6. *The larger the number of backers in the crowdfunding campaign, the greater the likelihood of success in crowdfunding.*

These hypotheses provide a starting point for investigating the role of entrepreneurs' face disclosure on crowdfunding success. Further research and empirical tests are needed to validate these hypotheses and explore additional factors that may influence the relationship. The central hypothesis is that an entrepreneur's facial disclosure significantly influences their crowdfunding success. This hypothesis suggests that the level of facial disclosure, including the facial expressions, emotions, and non-verbal cues an entrepreneur displays in their crowdfunding campaign, will impact the success of their fundraising efforts. Trustworthiness will be heightened by visuals, such as personal faces, images, and videos, that help with transparency and reduce the perceived risk. Trust theory addresses how trust is built between parties and works in a way that gives a supporting role to transactions. In crowdfunding, this plays a crucial role because, for a campaign to be successful, the backer needs to trust that the outcome offered by the entrepreneur will be provided.

These theories are taken together to explain the mechanisms underlying the probability of crowdfunding success the hypotheses explain. It explains why declines in uncertainty

from information disclosures, such as faces, images, videos, and comments, to higher success rates. Second, it justifies how cues, for instance, visual elements and numbers of backers, behave like quality and credibility signals. Third, the backers explain the causes of the disclosed information, for example, high-quality videos, and start using explanations to make judgments on the feasibility of the project. Fourth, it was emphasized that trust-building elements, like transparency and social proof, encourage people to become backers of a project. All of the theories support the hypotheses on how specific campaign characteristics, e.g., information asymmetry mitigation, quality signal provision, and the making of attributions, translate into building trust, which, in turn, is associated with an increased chance of crowdfunding success.

To test this hypothesis, the researchers conducted a study to analyze a sample of crowdfunding campaigns on various platforms. Data were collected on the facial disclosures of entrepreneurs in their campaign videos or photos, as well as the corresponding funding outcomes. By examining the relationship between facial disclosure and crowdfunding success, researchers could determine if there was a significant influence. The hypothesis predicts that higher levels of facial disclosure, such as genuine expressions of enthusiasm, trustworthiness, and confidence, will positively impact the campaign's success. On the contrary, lower levels of facial disclosure, such as neutral or unimpressive faces, may result in reduced funding success.

3. Research Methodology

Data were collected from crowdfunding platforms, including Fundraiser, Kickstarter, and IndieGoGo. Kickstarter is the best way to launch a creative, innovative project, since it has the most significant number of users and strict guidelines ensuring quality and trust in each campaign. IndieGoGo is undoubtedly more flexible and can handle a broader range of projects with the “Flexible Funding” option. With its much lower fees and user-friendly features, a fundraiser is better used for personal, charitable, and non-profit organizations' campaigns. The secondary data were coded characteristics, including geographic location, start and end dates, pledged goals, numbers of backers, the total amount pledged, project textual descriptions, and entrepreneurs' names and profile photos. Initially, extracts were taken from a thousand (1000) Kickstarter, Indiegogo, and Fundraise platforms operating in all crowdfunding categories with an active status from January 2019 to December 2020.

With the growing maturity of the African crowdfunding platforms and improvement in data collection practices, 2019 and 2020 will likely have better and more complete data on African crowdfunding projects based on data availability. Within this period, the data used for analysis will likely be of the very high-quality condition necessary for an accurate analysis for conclusive recommendations. Some 141 projects were excluded, for which either no entrepreneurs' profile headshots could be identified or the identified profile headshots did not meet our criteria for measuring facial trustworthiness. It is important to note that this hypothesis requires careful consideration of other factors that could also influence crowdfunding success, such as the quality of the product or service being offered, the entrepreneur's credibility, and the overall appeal of the campaign.

Table 1 shows the measurement of the dependent and independent variables, as shown.

Model 1 is the ordinary least squares OLS (completion ratio).

$$\text{Completion ratio} = \beta_0 + \beta_1 \text{Face} + \beta_2 \text{Image} + \beta_3 \text{Comments} + \beta_4 \text{Video} + \beta_5 \text{Duration} + \beta_6 \text{Backers} + \varepsilon$$

Model 2 is the ordinary least-squares OLS (success).

$$\text{Success} = \beta_0 + \beta_1 \text{Face} + \beta_2 \text{Image} + \beta_3 \text{Comments} + \beta_4 \text{Video} + \beta_5 \text{Duration} + \beta_6 \text{Backers} + \varepsilon$$

Table 1. The measurement of variables.

Dependent Variables	Measurements
Completion ratio (CR)	Ratio of the amount raised over the amount of money requested
Success (SC)	The binary variable of 1 if the target amount was obtained and 0 otherwise
Independent Variables	
Facial Disclosure (FD)	The binary variable of 1 if there is a face disclosure on the crowdfunding page and 0 otherwise
Image (IM)	The dummy variable is 1 if the image is available on the website and 0 otherwise.
Video (VD)	The dummy variable is 1 if a video is available on the website and 0 otherwise.
Comments (CMM)	Number of comments on the project between the entrepreneur and the backers (transformed into a log)
Duration (DRN)	The number of days for a campaign to raise funds (transformed into a log)
Backers (BCK)	The number of supporters who contributed to the project (transformed into a log)

4. Research Findings and Discussion

This section presents and discusses the results of the study. The summary statistics of the key variable employed in the study are presented in Table 2.

Table 2. Variable Statistics.

Variables	Obs	Mean	Median	SD	Minimum	Maximum
Completion ratio	859	0.160	0.000	0.732	0.000	14.585
Face	859	0.424	0.000	0.494	0.000	1.000
Image	859	0.685	1.000	0.465	0.000	1.000
Comments	859	2.065	0.000	28.506	0.000	781.000
Video	859	0.473	0.000	0.450	0.000	1.000
Duration	859	44.512	46.00	17.251	2.000	67.000
Backers	859	19.498	0.000	117.998	0.000	2438.000

Funding success showed an average of 16% success (with a median of 0.00) and an average duration of about 44 days (with a median of 46 days). The minimum and maximum values reflect the extrema that some crowdfunding campaigns reveal. For example, a maximum funding goal of USD 1 arises from a campaign claiming to have collected only one dollar. In later analyses, care was taken that such outliers would not distort the results. Furthermore, the study revealed that about 42% of the projects provided a facial disclosure on the crowdfunding page. Approximately 86%, 206%, and 47% of the projects had images, comments, and videos, respectively. The crowdfunding platforms reported, on average, 19 backers. As with duration, the projects with very large numbers of backers relative to others have widened the dispersion of the data, increasing the standard deviation. The maximum number of backers, 2438, is quite a bit larger than the mean, 19.498, indicating that there are outliers. High standard deviations of duration and backers point to the great variability in the length of project timelines and the number of its supporters, which naturally depend on the type and appeal of the project.

Table 3 clarified whether there might be a problem of multicollinearity among the included variables. We calculated the correlation matrix for the variables and considered these analyses. We used logarithm values for duration and backers to reduce kurtosis and skewness. Based on the results from the table, there are no highly correlated variables. The correlation between the variables ‘success’ and ‘backers’ is because these variables are

never included together in the regressions. The highest correlation between the explanatory variables was approximately 0.44 (success and backers). The correlation of all the other variables was low, so we could conclude there was no multicollinearity problem. The completion ratio is strongly correlated with the number of backers, since a higher number of backers will heighten the likelihood of reaching the funding goal. The correlation ratio is 0.422. The same can be said about the number of backers related to the number of comments. The more backers the project has, the more discussions around the project. Hence, there is a high correlation ratio of 0.609.

Table 3. Correlation matrix.

	SC	CR	FACE	IM	CMM	VD	DRN	BCK	VIF
SC	1.000								
CR	0.605 ***	1.000							
FACE	0.0249	0.0489	1.000						1.006
IM	0.122 ***	0.099 ***	0.0422	1.0000					1.007
CMM	0.223 ***	0.259 ***	0.0308	0.0229	1.000				1.595
VD	0.156 ***	0.136 ***	−0.033	−0.0521	0.071 **	1.000			1.025
DRN	−0.1624 ***	−0.103 ***	0.018	0.042	−0.059	−0.046	1.000		1.016
BCK	0.444 ***	0.422 ***	−0.0263	0.0267	0.609 ***	0.141 ***	−0.113 ***	1.000	1.633

Notes: *** $p < 0.01$, ** $p < 0.05$.

Additionally, we examined the variance inflation factors (VIFs) related to the pertinent variables, as Mubeen et al. (2022) recommend. For a fundamental regression design with squared variables or interactions, all elements were below or equal to 1.63. The squared variables increase the VIFs organically higher once all the variables are included but never exceed the value of eight. The correlations and the VIF values indicated that multicollinearity was not a problem. Table 4 below presents the regression analysis.

Table 4. Regression results.

Hypothesis Variables	OLS (Completion Ratio)			OLS (Success)		
	B	SE	p-Value	β	SE	p-Value
H_1 : Face disclosure	0.088	(0.0460)	0.055 *	0.022	(0.0168)	0.186
H_2 : Image	0.146	(0.0490)	0.003 ***	0.071	(0.0179)	0.000 ***
H_3 : Comments	0.002	(0.001)	0.979	−0.0007	(0.0004)	0.047 **
H_4 : Video	0.123	(0.0459)	0.007 ***	0.0546	(0.0168)	0.001 ***
H_5 : Duration	−0.0022	(0.0013)	0.060 *	−0.0019	(0.00048)	0.000 ***
H_6 : Backers	0.0025	(0.0002)	0.000 ***	0.0011	(0.0005)	0.000 ***
C	0.0269	(0.0771)	0.726	0.062	(0.0282)	0.027 **
Pseudo R^2 (McFadden)						
R^2	0.199			0.238		
DW test	2.01			2.00		
Number of observations	849			851		

Notes: *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$. Source: Authors compilation.

Table 4 presents the role of facial disclosure on the crowdfunding success presented in model 1. The dependent variable is the completion ratio (crowdfunding success), which is the percentage of the target amount achieved. The facial disclosure of crowdfunding has a significantly favorable influence on the success of fundraising in crowdfunding endeavors ($\beta_1 = 0.088$, $p < 0.10$). This implies that backers are more likely to contribute when they can relate more personally with the entrepreneur through their profile and facial representation. Similarly, the presentation of images also significantly positively influences crowdfunding success ($\beta_2 = 0.146$, $p < 0.01$), probably because visual materials reduce information asymmetry, making such a project more plausible and reliable. Furthermore, comments on the crowdfunding page positively impact crowdfunding support ($\beta_3 = 0.02$)

but have no significant impact on the crowdfunding success rate. This implies that the popularity of comments reduces the information asymmetry between the crowd and the project creator but does not directly translate to higher funding success.

The video presentation significantly positively impacts the fundraising success rate ($\beta_4 = 0.123$, $p < 0.01$). Presentation of the video on the crowdfunding campaign page can be considered crucial for fundraising success and building trust. Hence, it eliminates confusion arising from information asymmetry problems and signals success. On the other hand, the longer duration of a crowdfunding project has a significant negative influence on the fundraising success rate ($\beta_5 = -0.0022$, $p < 0.10$), possibly because it signals uncertainty or lack of credibility, deterring potential backers. Potential backers and investors are discouraged by prolonged periods, which tends to signal a failed project campaign. The confusion arises from information asymmetry, where the prolonged duration signals a lack of trustworthiness and credibility. Lastly, the number of backers positively correlates with success ($\beta_6 = 0.0025$, $p < 0.01$), suggesting that a higher backer count serves as social proof of the project's viability.

In Model 2, the ordinary least squares estimator (with success as a dependent variable) was employed in estimation. The OLS is adept to being used in binary variables linear probability models, taking a cue from [Menard \(1995\)](#). Table 4 presents the results and indicates the role of facial disclosure in the success of crowdfunding. The dependent variable (crowdfunding success) was binary. Facial disclosure positively impacts crowdfunding success ($\beta_1 = 0.022$) and feeds into the idea of an identifiable, relatable entrepreneur garnering more support. Centrally presenting the face of the entrepreneur in a crowdfunding campaign gives rise to trust and authenticity by noting a personal connection between potential backers and the person seeking money for their campaign ([Moy 2020](#)). This approach further arouses emotional engagement, which is linked to high contributions. However, by showing the face of the entrepreneur, the platform may expose him/her to biases or discrimination because of his/her facial appearance and, therefore, weaken support ([Kuppuswamy and Bayus 2017](#)). Also, this will raise some privacy concerns, as well as impact their personal reputation in case of a failing campaign ([Greenberg 2019](#)).

The presentation of images significantly positively affects the fundraising success rate ($\beta_2 = 0.071$, $p < 0.01$), emphasizing its role in reducing uncertainty and signaling credibility. Backers and investors use images to evaluate the credibility of the project campaign and whether it is worth funding. Hence, the presentation of images signals the crowdfunding success, thus overcoming the information asymmetry. Interestingly, the popularity of project comments significantly negatively influences social support in crowdfunding ($\beta_3 = -0.0007$, $p < 0.05$), affecting the fundraising success rate. That is, comments can help to inform backers but also raise doubts or signal problems with a project, lowering the success rate of a project. The presence of a video significantly positively impacts the fundraising success rate ($\beta_4 = 0.0546$, $p < 0.01$). This is probably because it contributes to more transparency and engagement with potential supporters.

The duration of the fundraising campaign has a significant negative impact on the probability of success of the crowdfunding success performance ($\beta_5 = -0.0019$, $p < 0.01$). The results imply that a longer duration discourages potential backers from supporting the project, which signals a lack of credibility. The large number of backers significantly positively impacts the fundraising success rate ($\beta_6 = 0.0011$, $p < 0.01$), as it seems to signal a credible crowdfunding project. And the trustworthiness attracts more potential investors to support the project campaign.

These findings collectively suggest that disclosure factors related to visuals and interactive elements, such as facial disclosure, images, and videos, are critical for reducing information asymmetry and enhancing the perceived credibility of a crowdfunding project. Comments help bring transparency into view, though their impact on success may vary with different audience perceptions. In addition, the shorter the campaign duration and the greater the number of backers, the better. These observations are bound to be instructive

for helping future crowdfunding campaigns optimize their presentations and length for maximum fundraising success.

The R^2 values in the OLS models of “Completion ratio” and “Success” are relatively low, showing that the variance in the dependent variables explained by independent variables in the models is only up to 19.9% and 23.8%. Table 5 presents the summary of the research hypothesis for model 1 below.

Table 5. Hypotheses testing results.

Hypothesis	Variables	Results
H_1 : Face disclosure	Entrepreneurs who disclose their faces on crowdfunding platforms increase the likelihood of crowdfunding success.	Accepted
H_2 : Image	Presentation of the image on the crowdfunding page increases the likelihood of crowdfunding success.	Accepted
H_3 : Comments	The reaction to/comments on the crowdfunding platform increases the likelihood of crowdfunding success.	Accepted
H_4 : Video	The presentation of the video increases the probability of success in crowdfunding.	Accepted
H_5 : Duration	The longer the duration of a crowdfunding campaign, the less likelihood of crowdfunding success.	Accepted
H_6 : Backers	The larger the number of backers in the crowdfunding campaign, the greater the likelihood of success in crowdfunding.	Accepted

In model 1, all of the research hypotheses were in line with the expectations from the literature and theory. Therefore, the research hypothesis was accepted.

Table 6 presents the summary of the research hypothesis for model 2 below.

Table 6. Hypotheses testing results.

Hypothesis	Variables	Results
H_1 : Face disclosure	Entrepreneurs who disclose their faces on crowdfunding platforms increase the likelihood of crowdfunding success.	Accepted
H_2 : Image	Presentation of the image on the crowdfunding page increases the likelihood of crowdfunding success.	Accepted
H_3 : Comments	The reaction to/comments on the crowdfunding platform increases the likelihood of crowdfunding success.	Rejected
H_4 : Video	The presentation of the video increases the probability of success in crowdfunding.	Accepted
H_5 : Duration	The longer the duration of a crowdfunding campaign, the less likelihood of crowdfunding success.	Accepted
H_6 : Backers	The larger the number of backers in the crowdfunding campaign, the greater the likelihood of success in crowdfunding.	Accepted

In Table 6 of model 2, the possibility of crowdfunding success is greatly enhanced by showing one’s face on crowdfunding platforms. The inclusion of a picture on the crowdfunding page greatly improves the chances of crowdfunding success. Contrary to our expectations, the quantity and quality of comments on the crowdfunding platform significantly raise the possibility of crowdfunding success in model 2, see Table 6. The

presence of a video on the crowdfunding page enhances the possibilities for crowdfunding success. Longer campaign durations decrease the likelihood of crowdfunding success. The greater the number of backers, the higher the success rate of crowdfunding

5. Implications of the Study

Two questions were intended to be addressed in this study. (1) What factors influence the success of crowdfunding? (2) What is the role of disclosing entrepreneurs' faces in crowdfunding success? The empirical study examined the factors influencing the success of 859 crowdfunding projects. It was discovered that the duration of a crowdfunding campaign had a negative correlation with crowdfunding success. In contrast, the facial disclosure of entrepreneurs and the presence of images, videos, and numerous backers had a positive impact. The findings of this research show the potential to improve the management procedures of backers and fundraisers who participate in crowdfunding.

In this study, three additional findings are added to the literature on crowdfunding. First, this research advances our knowledge of the role of facial disclosure of entrepreneurs in crowdfunding markets. In particular, we know more about the relationship between entrepreneurs' exposure to private information and their desire to access capital, even in light of privacy issues. Our study is among the first to investigate how the facial disclosure of entrepreneurs in crowdfunding affects the information asymmetry between private information protection and economic prospects in online markets (Teubner and Flath 2019). Second, by showing the importance of facial image disclosure as a performance predictor of crowdfunding, this research contributes to the body of knowledge on market signals. The results show that, although entrepreneurs who disclose facial images generally have a lower socioeconomic status, they are more likely to access the required target capital amount.

The findings show that the project signals positively impact the success of crowdfunding projects, initiators' face signals, and peer-review valence signals. To reduce the knowledge asymmetry between creators and backers, those prepared to start a crowdfunding project must provide as much information as possible to show their abilities. Finally, all platforms and project initiators involved in crowdfunding must acknowledge the implications of personal facial details. Unlike disclosing personal information in online reviews, facial disclosure positively affects prospective backers' trust in crowdfunding campaigns. Projects that use crowdfunding, particularly cultural or artistic, require additional time, money, and effort. Consequently, a thriving culture and creative product will come from a team that is more capable than a single individual.

An information asymmetry in markets is a phenomenon where one party in the market transaction has more or superior information than another, such that a deviation from the optimality of choice and inefficiency exists within markets. These asymmetries can be between the project creators and potential backers in crowdfunding. Project creators generally know more about their projects' potential, risks, and operational realities than their potential backers, who must usually depend on information disclosed on the crowdfunding platform, which needs to be completed or selectively presented. More importantly, our findings regarding the effects of facial disclosure, images, and other presentation factors confirm that information asymmetry is one of the leading causes of crowdfunding. They hint at the potentially high impact of reducing this asymmetry by enhancing the quality and transparency of information on backers' attitudes and actions and, thus, on crowdfunding outcomes.

6. Conclusions

In this study, the role of facial disclosure of entrepreneurs on the success of crowdfunding in Africa was investigated. It presented hypotheses about how certain campaign characteristics can reduce information asymmetry, serve as quality signals, influence attributions, and ultimately foster trust, thereby increasing the likelihood of crowdfunding success. The results might persuade regulators and crowdfunding managers of the value of the facial trustworthiness of entrepreneurs in influencing contributors' decisions. Additionally,

more reliable and transparent disclosure regulations are advised to regulate crowdfunding marketplaces. Although the study provides valuable insights into the role of entrepreneur's face disclosure in fundraising outcomes in Africa, it also points out certain limitations and suggests possible directions for further study. This study used Kickstarter, Indiegogo, and other fundraising platforms for data collection. Further study efforts might examine the mechanisms associated with psychological and marketing theories. We believe investors gave the concept, or the entrepreneur aspect, more consideration; we originally juxtaposed the two (concept and entrepreneur). More aspects can be considered. This additional material is provided in addition to the two features, such as online communication with images and video. The preliminary findings of our study should stimulate more research into this new field of research. Future studies may be conducted country specifically as a unit of analysis rather than as cross-country data.

Author Contributions: Conceptualization, L.P.M. and A.B.S.; methodology, L.P.M.; software, L.P.M.; validation, L.P.M. and A.B.S.; formal analysis, L.P.M.; investigation, L.P.M.; resources, L.P.M.; data curation, L.P.M.; writing—original draft preparation, L.P.M.; writing—review and editing, A.B.S.; visualization, L.P.M. and A.B.S.; supervision, A.B.S.; project administration, L.P.M.; funding acquisition, L.P.M. and A.B.S. All authors have read and agreed to the published version of the manuscript.

Funding: The APC of this study was funded by the University of South Africa [(funding no. BAAP200401510931)]. The authors of this study also received funding from the University of South Africa to go and present the conference paper associated with this study in Cape Town and in Krems an der Donau Austria.

Data Availability Statement: Restrictions apply to the availability of these data. Data were obtained from TheCrowdDataCenter and are available from the authors with permission from TheCrowdDataCenter.

Acknowledgments: We thank the attendees at the African Association Conference 2024 (University of Cape Town Business School, South Africa) and Alternative Finance Conference 2024 (Krems an der Donau, Austria, Europe) for their valuable input on this paper. We also wish to thank Daniel Makina for his valuable input. We are also indebted to Malvin Vergie for the language editing of the manuscript.

Conflicts of Interest: The authors declare no conflicts of interest.

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