

CROWD FUNDING IN CHINA: CHINESE MODEL OR MODEL OF CHINESE---BASED ON A MULTI-PERSPECTIVE VIEW

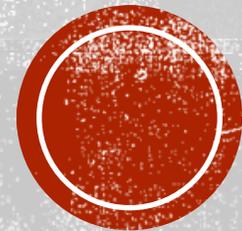
LIANG ZHAO

Ph.D Candidate

Amsterdam Business School, University of Amsterdam

Email: Lzhao2@uva.nl

P: +31 0616521243



AGENDA

- ❑ CF arrives to China – An example
- ❑ Research significance & relevance
- ❑ Research question
- ❑ Theoretical embedding
- ❑ Methodology



US

KICKSTARTER Discover Start Search projects Sign up Log in

Discover Projects
Passion, ideas, and ambition abound. Start exploring!

Staff Picks [View more](#)

Heartbreak Coffee
by Heartbreak Coffee
We are a small Specialty Coffee Roasting team passionate about creating an artisanal and welcoming coffee experience.

Long Beach, CA

9% \$3,042 / 29

Alisa Prens - Savage Worlds Edition
by Alisa Prens
Alisa Prens, the hitman character in a tabletop role-playing game of action and conspiracy, is now available for Savage Worlds!

Portland, IL

10% \$2,667 / 8

Special Collector Brass & Walnut EDC Made in Brooklyn by Orange Unbound
A Modern EDC Collector of Mixed Material Elements. Can Items: Bottle Opener, Key Hook, Mini Bottle Opener, Key Fob.

Brooklyn, NY

102% \$4,228 / 8

Featured

- Advanced
- Staff Picks
- Popular
- Recently Launched
- Ending Soon
- Most Funded
- Curated Pages

Categories

- Art
- Clothing
- Dance
- Design
- Fashion
- Film & Video
- Food
- Games
- Health
- Home
- Music
- Photography
- Science
- Software
- Sports
- Technology
- Travel
- Video
- Writing

China

点名时间 首页 项目 发现 项目库 我的项目 设置 我的账号 退出

首页 / 热门标签

- 项目: [众筹项目](#) [公益项目](#) [众筹中](#) [已结束](#)
- 分类: [众筹项目](#) [慈善公益](#) [众筹生活](#) [众筹创业](#) [众筹娱乐](#) [众筹教育](#) [其他](#)
- 榜单: [众筹排行](#) [众筹新品](#) [众筹最多](#) [众筹最少](#) [众筹最少](#)

众筹生活神器——AirScale

众筹: 5 估值: 20 [众筹中](#)

98% 众筹中 29天 众筹: 1 估值: 10 [众筹中](#)

revoog 智能打印一体机: 打印、扫描、无线

众筹: 6 估值: 70 [众筹中](#)

48% 众筹中 44天 众筹: 1 估值: 10 [众筹中](#)

HUGO GPS智能手表运动手表

众筹: 11 估值: 18 [众筹中](#)

188% 众筹中 25天 众筹: 1 估值: 10 [众筹中](#)

一件也是对的众筹项目

众筹: 11 估值: 18 [众筹中](#)

158% 众筹中 25天 众筹: 1 估值: 10 [众筹中](#)

Home Updated 53 Backers 18,320 Comments 15,990 Palo Alto, CA Product Design

Funded This project was successfully funded on May 19, 2012.

68,929
backers

\$10,266,845
pledged of \$100,000 goal

0
seconds to go

Project by **Pebble Technology** Palo Alto, CA

K First created **82** backed

[Eric Migonovsky](#) is 1 heads

[getpebble.com](#)

Share 284 Tweet Embed

首页 / 众筹生活 / Smart Plug 世界最小的无线WiFi智能插座

Smart Plug^{small}

Smart Plug: 世界最小的无线WiFi智能插座

小小，不一样的智能插座，给你带来全新的智能体验，集手机远程控制，WiFi信号中继，专业定时，手机充电保护，万能转换插头，功能于一身，为您提供全方位智能家居解决方案，让您的手指触碰到世界每一个角落。

筹资成功 / 累计金额 已结束

¥1709502

170950%

290 产品 3754 粉丝 11 统计



THE CHALLENGE

□ Most research on CF is Western based (US, Europe), using Western social & economic theories which may not be applicable to the China for example:

❖ Western economies and societies are **rule-based** systems supported by strong, mature institutional environment.

In general, when public rules, laws, state policies and regulations are transparent, fair and universally applied, and the state is able to enforce the rules impartially, we call it a rule-based system. (Li, Park and Li, 2003)

❖ China is a **relation-based (Guanxi)** system with institutional void in which **Trust** is important, and its economy in now transition period (partly centrally planned – the 5-Year-Plans, and partly controlled capitalism)

When public rules are unfair ,opaque ,and the state is unable to enforce the rules impartially and people therefore tend to rely on personal relations to govern their interests, we call it relation-based system.(Li , Park and Li,2003)

❖ Does home / local bias in investment matter? (Villarroel & Onofre, 2013 Academy of Management Proceedings)

□ Do we need to develop a **Theory of Chinese CF** or **Chinese Theory of CF**? Is there a difference? Is it the same? (Alon et al.,2011)



ACADEMIC RELEVANCE / SIGNIFICANCE

□ Theoretical perspective

Firstly, we will enrich the literature on Chinese crowd funding development. It takes all the cultural, social and economic perspectives which have impact on Chinese CF into consideration for an integrated and illustrative analysis.

Secondly, the research broadens the scope of crowd funding business model by adding Chinese characteristics into it and try to find a Chinese model to develop CF.

□ Practical perspective

The research result will be valuable as a reference/guideline for all Chinese CF participants (nascent entrepreneurs and CF platform organizers) and the public (potential funders). By meanwhile, Chinese crowd funding culture and entrepreneurial environment can also be developed in the process.



RESEARCH QUESTIONS

- ❑ How does Chinese CF develop in a relation-based society with (economic) transition settings, low-trust, particular cultural characteristics and institutional obstacles? Is it possible?
- ❑ Is there a distinctive Chinese CF Business Model which suits Chinese particularity? If so, what does it look like? What is the mechanism behind it?
- ❑ Is that model practical/useful? What kind of condition/environment/culture should be achieved? It is the mixture of the existed or something new?



THEORY EMBEDDING

❑ Transition Economy

- ❖ Historically, western economics shifted from fiefdom first to bureaucracy and then to market, Whereas China is now shifting from fiefdom to clan (Boisot,1987).

❑ Relation-based governance(Confucianism and Taoism)

- ❖ Chinese principles of doing business (Li, 2013)
- ❖ Relation-based governance strategy works better with weak institutions. For example: weak legal system and low system trust (Yang & Wang, 2011)
- ❖ When dealing with employees and business partners, Asian managers take priority of sentiment (*Qing* in Chinese), followed by reason (*Li*) and then law (*Fa*). Reason and law take place only after sentiment can no longer sustain the relationship. On the contrary, law often takes priority, followed by reason and sentiment in Western markets(Martin, 2007).
- ❖ The spirit of Taoism posits that people should seek the middle way but not the two extremes (*yin-yang*) for solving contradiction, and appreciate contradictions and changes in the business world(Yang & Su, 2013).

❑ Guanxi (Chinese particular networks)

- ❖ In the existing literature, guanxi has been identified as one of the most important success factors in doing business in China (Yueng and Tung,1996).
- ❖ Guanxi is frequently referred as the Chinese version of relationship marketing or business networking (Simmons and Munch,1996) .
- ❖ Guanxi network improves efficiency by reducing the transaction costs(Lovett et al.,1999).

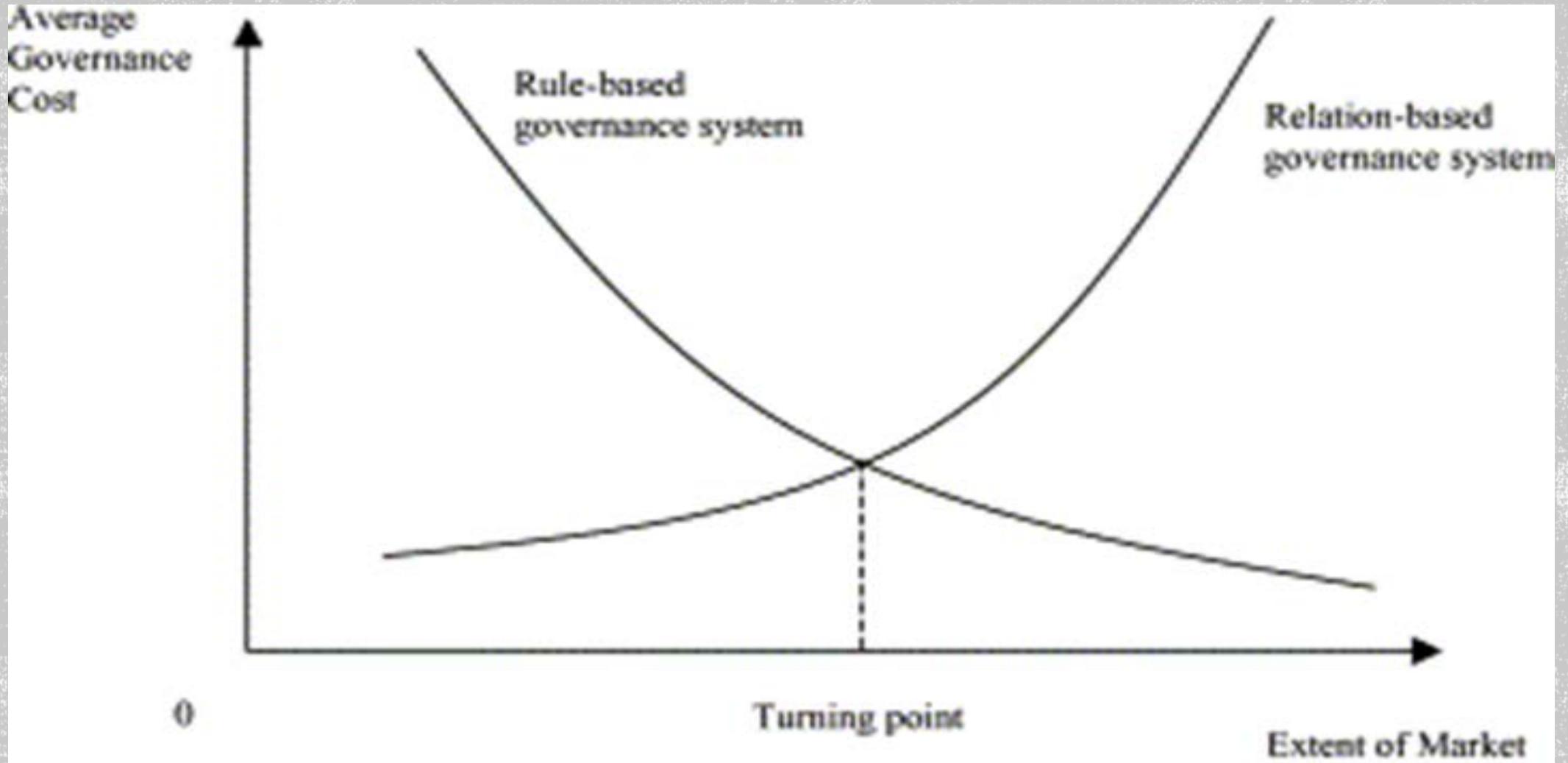


- **Public trust**

- ❖ Relation-based society tends to lack public because of the low-quality of public information infrastructure(Li et al.,2003).
- ❖ Child (2001) provides a comprehensive review on the role of trust and divides trust into two categories by different bases, i.e., traditional (relation-based) and institutional (rule-based). He emphasized the importance of trust in a traditional society where the trust-level is low.
- **Institutional theory (see graph 1/Li,Park & Li, 2004)**
(strong institutional support, laws, regulation ..)
- **Local, home bias in investment** (Villarroel & Onofre, 2013 Academy of Management Proceedings) In investment modality (equity, loans, donation), and in high-risk investment



GRAPH 1



Adopted from Shabe LJ, 1999 (see Selected Bibliography)



METHODOLOGY

■ Q1 + Qn

❖ Multiple theoretical study/Integration

- Rule vs. relationship-based society; Institutional environment, Home, local bias in investment, Trust, Economy in transition, culture and norm ...
- New theory development?

❖ CF Data collection (Platforms, projects, funders)

❖ Case study (Platform, Entrepreneur, Donator)

❖ Interview (Platform, Entrepreneur, Donator)

❖ Questionnaire/ Survey (Platform, Entrepreneur, Donator)



Any Questions ?

Thank you !

