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**“THE EFFECT OF CULTURE ON THE SUCCES OF
CROWDFUNDING CAMPAIGNS: THE SWISS CASE”**

ABSTRACT

In recent years, the socio-economic instability and the technological innovation have brought the crowdfunding to the fore, as an alternative to the increasing contraction of the traditional funding channels. Through this financial instrument of the web, the “crowd” can economically contribute to the realization of projects in various sectors: social productive and creative.

The aim of this thesis will be to investigate as the cultural factors are able to influence the investment choices of campaigners.

A question that will probably raise in the reader is why we chose to consider just Switzerland.

The articulation of Switzerland in 26 small states that, though are lumped together in a federal state, maintained a great part of autonomy above all in the cultural, scholastic and financial field; this is one of the characteristic features of the peculiarity of Switzerland.

The cantons are formations historically raised through paths of different duration, with the multiplicity of cultural forms, their own Constitutions, administrative structures and government rituals, their own justice and, partly, a specific dialect.

We firmly believe that, from canton to canton, there is a profound diversity in the way of investing and this is right given by the cultural diversities.

We dwelled on two cultural factors: language and religion.

Frequently, indeed, in differentiating among countries on the basis of their language, we forget that the linguistic difference also involves socio-cultural distinctions and, in simple terms, the use of a determined language is inevitably reflected on the mentality of the speaker.

Our vision of the world is deeply conditioned, not least, by the language we use to express ourselves. The mother tongue idiom is nowadays related to attitudes that could seem far from it, such as the propensity for saving or the sense of guilt.

Language can “shape” our brain, beliefs and attitudes, changing our way of thinking and acting. Being English, Chinese or Russian mother tongue has different effects on the structure of thought, according to an increasing number of studies.

We chose religion as another factor in our investigation because it seemed impossible that such a complex social phenomenon had not shifty effects on the economic growth and wealth.

To have a complete analysis of the phenomenon, we considered both the positive and the negative effects that religion can have on the economic results.

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INTRODUCTION

In this short introduction we are going to clarify our choices for what concerns the structure and, mainly, the contents of this treaty. In the previous pages, it has already been clarified the main subject, that is: how culture can modify the way you invest and to have a tangible comparison of these theories, we're going to make use of the crowdfunding.

Indeed, the crowdfunding is an investing method used by the mass, for this reason we're going to use a more than 8000 investors dataset as an analysis sample. This will allow us to judge how every canton is different from another in the way the population invest and we're going to verify if these differences are implied by the different culture. In the first chapter we're going to analyse every aspect of the crowdfunding, its pros and cons, this will help us to understand the reason of its success and diffusion. After that, we're going to analyse the Swiss situation and we will outline the trend, starting to see how the Swiss population interface this tool, then doing a brief comparison with the European condition, and the worldwide one. In the third chapter, instead, we're going to consider all the experts that, in the years, have recognised the relationship between culture and economic results. Later, we are going to focus on Chen's point of view, then on Vidigni's, Vicchi's and Benabou's one, and, eventually, on the theory of Luiso, Sapienza and Zingales. Chen (2013), spotted, in the grammatical structure of various languages, a component able to foster future oriented behaviours. We will mention Vindigni and his colleagues for what concerns the relationship between innovation and religion. Finally, we're going to consider Zingales and his colleagues trust concept and their moral values, to see whether they are influenced by religion or not. In the last point of this treaty, we're going to consider our research, clarifying our method and our data analysis, explaining, at last, the results we obtained for what concerns our goals.

GENERAL ASPECTS OF CROWDFUNDING

Definition and origin

The crowdfunding is defined as “the practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via Internet.” In simple terms the crowdfunding is a method of raising capital through the collective effort of friends, family, customers, and individual investors. This method of financing can be applied to several numbers of sectors: from humanitarian aid to the sustain of the artistic patrimony and also to the scientific research and innovating entrepreneurship. One important characteristic is the centrality of the information technology for the operations of fund collection. The new generation of Internet services that emphasizes the online collaboration and the sharing between users lead to the strong spread of the crowdfunding. Even if it can seem a pure modern phenomenon, in 1880 we can find the first episode of crowdfunding: Joseph Pulitzer started a collection of funds on the “the New York World” to involve the population of New York, leveraging over the sense of membership of the citizens, in the operation of completion of the New York statue. In only 5 months, 100 thousand dollars, donated by more than 100 thousand of citizens, were raised. Other primitive forms of crowdfunding were undertaken for the colonial adventure in the XVIII century but the project of Pulitzer is still one of the best documented case. With the advent of the Internet, in the late nineties, charity initiatives were pursued through crowdfunding platform, as Justgiving, that in the 21st century will become one of the main means of brokering for the charity campaigns. In 2008, the electoral campaign of the future president of the United States was in part financed through the platform, this enormous media attention of this event permitted the crowdfunding to occupy the global scene. The fundraising flux through crowdfunding campaign raised from the 50 annual millions of the biennium 2008-2009 to 5 annual billions of 2013: an extraordinary trend of growth for speed and impact.

Actors and mechanisms

Now we will spend some words to explain how nowadays crowdfunding works, thus, by analysing this mechanism, it will help us to understand how both crowdfunders and creators act. There are three actors involved in a crowdfunding campaign: the people and the organization asking for financial resources for the developing of their project (creators), the crowd (crowdfunders) and the crowdfunding platform. The crowdfunding platforms are online systems of gathering of capital where those who have an idea to realize can access to it, they can be considered as Multi-sided Market or Multi sided platform.

A possible definition of a multisided platform is: “an organization that creates value primarily by enabling direct

interaction between two (or more) distinct types of affiliated customers”.

The crowdfunding platform are based on three common characteristics:

1. Allow the creators to access to the community of possible financiers
2. Allow small financial transactions for a huge participation to the financing,
3. They provide information on creators and financiers and the instruments to directly communicate

without intermediation. The services offered by some platforms include legal support, involvement in the writing of contracts, campaign analysis systems and payment method management. The second actors are the creators, they use crowdfunding to obtain a determined amount of funds for a specific and explicit scope and the third actors are the financiers. The main characteristics of the financiers are: being in a huge number given the intercontinental Internet connection, with the possibility to reach creators at very long ranges. They differ from the most common form of financing for the minuteness of the cash transfer since generally they don't have the resources of banks or venture capitalists, so they have different objectives. We will give more consideration to this two last categories in the next section where we will analyse the causes driving the crowdfunding. To understand the mechanism of the crowdfunding we have to describe the different model: Donation-based crowdfunding, equity-based crowdfunding, reward-based crowdfunding e crowdlending.

Donation-based crowdfunding

Donation-based crowdfunding was established long before the other form of crowdfunding. The main characteristic is that the financiers usually don't get any reward but, sometimes, they will receive a simple "thank you" or a special mention – or even a physical item such as a postcard – however- the pledge is essentially a donation.

Donation-based crowdfunding is typically used to raise money for a non-profit or a cause, like drilling a well or building a school in Africa or for a personal campaign like an individual's treatment or medical bills.

Equity-based crowdfunding

In this model financiers, in exchange of their donations, typically more than 1000 euros, receive equity shares of the company.

This means that if the company performs well, the value of the shares will increase, and the investor will stand to make a profit. If the company performs badly, however, the value of the shares will decrease, and the investor could stand to make a loss.

Equity-based campaigns are typically used to launch a startup or to provide funds for a new business venture for an established company.

Reward-based crowdfunding

This is the most used crowdfunding model, here the financiers are rewarded with some kind of reward, usually it is a product or service that the particular company running the campaign produces or provides.

The size of the reward is a reflection of the amount contributed and typically it falls into three categories:

- Pre-orders: this approach simply involves selling pre-orders of the product you're raising money to produce
- Services: the creators can offer special services in exchange for support.

- Recognition/Swag: for donation under 20 euros, this category offers some sort of personal recognition for their support, a company t-shirt commemorating the campaign or the backer's name on the company website.

Crowdlending

Crowdlending is different: crowdfunders lend the money to a person, company or project and they have the obligation to pay back the money with a fixed payment schedule and at a fixed interest rate. From the first month crowdfunders are receiving interest and repayments. Loans are only given to companies or projects that are already generating cash, and typically start-ups do not comply with this rule.

Benefits

Both crowdfunders and creators have several grounds to choose crowdfunding; we will analyse first crowdfunders' side and after creators' side.

Crowdfunders

Every investor in the crowd has different purposes and, the variety of projects, platforms and typologies of crowdfunding creates different kinds of communities driven by different needs and motivations. Despite the differences, there are many similarities in the crowd backing different kinds of projects. Therefore, it is possible to recognize some broad categories of motivations.

The reward, the extrinsic motivation, is not the only reason that drives crowdfunders.

We categorized three in total:

- *Reward-seeking*

The possibility to receive a monetary reward or the finished product drive crowdfunders participate in the financing.

- *To support creators*

Crowdfunders may support the cause that mirrors their values.

- *To contribute to a creative and reliable community.*

Crowdfunders may finance a campaign only to be part of a community, infact the involvement of the financier does not end with the financial transaction, but it coincides with the entire life of the project.

Creators

Gerber in 2011 performed several interviews to users of some of the most famous crowdfunding platform as Kickstarter, RocketHub e IndieGoGo.

He categorized four kinds of incentives that drive entrepreneurs to use crowdfunding:

- To raise funds

The main reason is strictly economic and it is the possibility to raise funds through alternative channels

- To establish relations

The direct connection between crowdfunders and creators allows an interaction other than the simple financial transaction.

- To get a feedback

Fundraising through crowdfunding means that someone believes in the product, this permits to have an important evaluation of the product.

- To let people know about your work

Risks

Crowdfunding, regardless of the type, may expose both crowdfunders and creators to a number of drawbacks, namely adverse side effects which can turn into risks or limits. First of all there is the moral hazard, that is, one of the two parties could behave in an opportunistic way damaging the counterpart.

Investors may protect themselves by providing funding not in one session, so entrepreneur' s behaviour can be evaluated before of each round and crowdfunders can decide whether or not to go ahead.

Another problem is related to information asymmetry since crowdfunders can access only to a limited number of information in most cases disclodes by the entrepreneur.

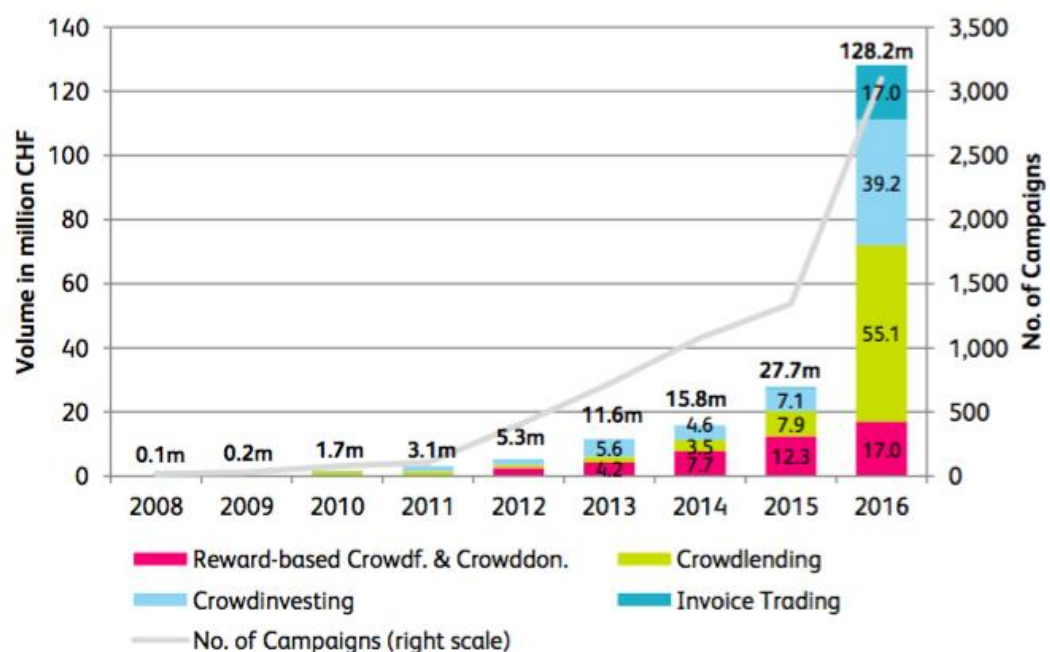
Entrepreneurs on their part are afraid to spread their information because they can not easily control the secrecy of it, facing a high risk of fraud and to lose the rights to their proprietary information

SWISS CROWDFUNDING POSITION

In this chapter we will introduce the reader to the main characteristics of crowdfunding in Switzerland, the actual trend, we will take a look also at the future prospective. We have done this with the help of 'Institute of Financial Services Zug' in particular of professors Dr. Andreas Dietrich and Simon Amrein which draw up an yearly report on the Swiss crowdfunding position, the Crowdfunding Monitoring Switzerland. Our goal is to give a comprehensive overview of the phenomenon to allow the reader to clearly understand our work.

Main categories analysis

We will start analysing the three main categories: Crowdfunding, Crowdlending and Reward-based Crowdfunding/Crowddonating



Crowdinvesting

has experienced an important growth rate: in 2015, businesses and real estate received funding to the tune of CHF 7.1 million while in 2016, it rose to CHF 39.2 million(+453%).

Three platform were used for 25 successful campaigns, compared to 17 in the previous year. The main driver of this growth is real estate crowdinvesting, even if it emerges only in 2015, in 2016 it raised CHF 32.4 million, the platform crowdhouse raised most of the funds. In the area of business crowdinvesting, the fund raised in 2016 decreased by CHF 0,3 million compared to the previous year. Investiere, c-crowd and raiser were the most active platform, they supported 13 start-ups. Raizers and c-crowd allow anyone to provide fund while investiere operates in a way different . This platform can be defined as a “business angel club” of qualified investors only, with a minimum of CHF 10.000 to invest. Investiere community includes also industry specialists, academics and representatives of large corporations interested in collaborating with young innovative companies. Since its born in 2010 it invested more than CHF 22 million and closed 54 financing rounds.

Business crowdfunding has grown slowly since 2013 and it showed also a year by year negative growth rate. Nascent businesses prefer not to open their business via this channel giving priority to private sources. On the bright side, institutional investors are becoming increasingly aware of the opportunities crowdinvesting presents: the Swiss pension fund Nest entered into a partnership with investiere. It is likely that crowdinvesting platform will be not used anymore for just early-stage funding, but also for later funding rounds.

Crowdlending

Nowadays crowdlending is the largest crowdfunding categories in Switzerland, after raising CHF 8.4 million in 2015, this figure reached CHF 55.1 million in 2016.

The funds raised rose by 597%, while the number of successfully acquired loans increased from 266 to 840.

Of the CHF 55.1 million, CHF 28.1 million are attributable to small and medium-sized enterprises crowdlending, CHF 24.1 million to consumer crowdlending and CHF 2.9 million to real estate crowdlending. The leading platform is cashare, one of the first platform to be active in Switzerland. Since 2008 it financed 1628 projects and 306.000.000 total credit inquiries, cashare was born to serve only loans for private individuals and then move on to small and medium-sized enterprises loans. The platforms active in this market such as Hypotheko and Hyposcout provide mortgage for private individuals. In 2016 a great number of new platforms have been launched: creditworld, Lend, Lendico, Swisslending and Swisspeers. Swisspeers and creditworld serve exclusively businesses, while Lend and Lendico concentrate their crowdlending activities on both businesses and individuals. Swisslending focuses only on real estate crowdfunding. The crowdlending volume in 2016, compared to the other crowdfunding sectors and its high growth rates seem to be extraordinary. A comparison of these data with the total amount of bank loans issued, CHF 52.2 million: business plus consumer crowdlending, versus CHF 250 billion: business plus consumer bank loans, shows that crowdfunding is only a very small part of this sector. The major inhibition of the crowdlending in terms of growth and funding can be attributed to Swiss legislation. Article 6 of the country's Banking Ordinance prescribes a limit of 20 lenders per project.

Reward-based crowdfunding / crowddonating

After being the top crowdfunding sector in 2012, 2014 and 2015, reward-based crowdfunding / crowddonating in 2016 rank shared the last place with invoice trading. While crowdinvesting and crowdlending had both a 3-digits growth rate, reward based crowdfunding / crowddonating, compared to the previous year, rose by "only" 37 percent from CHF 12.3 million to CHF 17.0 million.

The number of campaigns went up from 1,059 to 1,338 and the average amount raised per campaign in 2015 was CHF 11,660 while in 2016 CHF 12,672.

Technology, Business & Start-up is the reward-based crowdfunding / crowddonating category that raised the greatest amount of funds. CHF 5.0 million in funds were

raised, CHF 2.0 million more than the previous year, but the number of successful project decreased to 45, 49 in 2015.

Another category: "sport, health" with CHF 2.5 million raised was particularly relevant for the total volume achieved. As we can see from the table, Swiss crowdfunders attach great importance to culture and creative industries. Of the total achieved volume another great part was devoted to the category "music, concerts, music-festivals" CHF 1.9 million, followed by "film, video" CHF 0.8 million and "media, books, literature" CHF 0.7 million. This category also in terms of numbers of project successfully funded more than 600 projects, that is an impressive number.

Market growth

Since 2011 crowdfunding in Switzerland grew at a compound growth rate of approximately 70%. In 2016 the total achieved volume has reached more than CHF 100 million, compared to the previous year crowdfunding market has experienced an incredible growth rate of 397%.

The first crowdfunding platform was launched in 2008, since then CHF 197.2 million was raised, 65% of this total was raised in 2016.

In 2016 the number of successful campaign, compared to the previous year, rose from 1,342 to 3,098 and the average amount raised by each campaign increased too.

Crowdlending and crowdinvesting, for the first time were the category most successful, with CHF 55.1 million and CHF 39.2 million raised respectively.

Comparison with foreign market

In the next pages we will compare crowdfunding in Switzerland with global and European market. With this basis of comparison we will be able to recognize the minuteness of Swiss crowdfunding.

We will analyse data collected by the Cambridge Centre for Alternative Finance at the University of Cambridge Judge Business School, with the support of 17 major European industry associations and research partners, in partnership with KPMG.

The following comparisons focuses on 2015 data.

Comparison with European market

The European market is led by United Kingdom, of the total achieved volume equal to €5.431 mil, UK with €4.412mil raised, reached 81% of the total share.

Even if growth rate in 2015 decreased to 84% compared to 160% of the previous year, British crowdfunding achieved amazing numbers: more than 250000 crowdfunding campaigns were supported by over than a million people. Not surprisingly, the UK registers highest in crowdfunding volume per capita, at 65,88. The greatest part of the total volume achieved, approximately 75%, is attributable to the crowdlending category, with €2.190 billion raised by crowdlending for small and medium-sized enterprise and €1.336 billion raised by crowdlending to consumer.

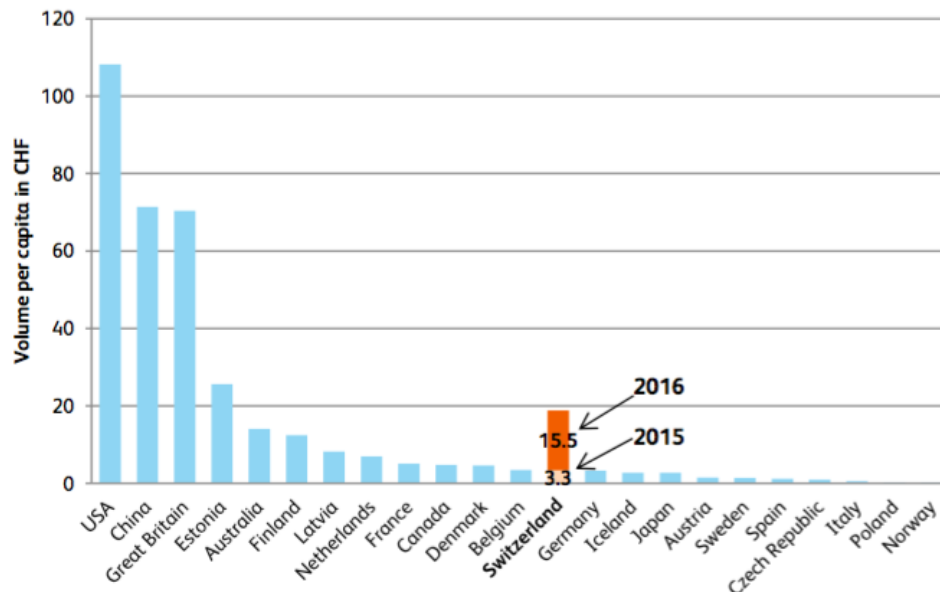
The most extraordinary thing is that the 15% of the total credit raised in the UK for small and medium-sized enterprise was raised through online platform.

On the European scene France, Germany and the Netherlands have well established marketplace, they collected respectively €319 million, €249 million, €111 million.

Compared to the previous year, French crowdfunding volume increased by 107 percentage points, from €154 million in 2014 to €319 million in 2015.

The prevalent model is the peer-to-peer consumer lending, used by 40% of the total crowdfunders. In 2015, Germany was ranked third among European countries in terms of total volume, in this nation crowdfunding grew by 78% from €140 million in 2014 to €249 million in 2015. Among this three nations taken into account, Netherland is the first for volume of crowdfunding per capita at €6.53.

Comparison with global market



In order to have a complete and clear vision of the global scene, we will compare market volumes by three macro-region: Asia-Pacific, Americas and Europe.

The total crowdfunding volume for the Asia-Pacific region was €94.61 billion, for the Americas €33.58 billion and for Europe €5.43 billion.

It is important to identify in each region a market leader that largely contributed to the total volume. In Asia-Pacific region this is China, the world's largest market, in the Americas there is the US and in Europe we have UK.

In 2015 China raised the impressive figure of almost €93 billion, US reached €31 billion and UK €4,412 billion.

Even with UK's contribution, the European market is still relatively small when compared to the other two regions.

If we consider the regions without the three largest national markets, Europe with €1,019.3 million raised, would be very similar to the rest of Asia-Pacific, €1,217.1 million and it would be 3.5 times than the Americas.

Asia-Pacific region has not only the primacy of the total achieved volume, but also it has the highest growth rate: 313% in contrast to the 97% recorded in the Americas and 72% recorded in Europe.

In both US and China the most used crowdfunding category was crowdlending

HOW DOES CULTURE AFFECT ECONOMIC OUTCOMES?

Historical debate

Classical economists in lot of their works used cultural explanation for economic phenomena. Adam Smith in his "Theory of Moral Sentiments" in connection with his masterpiece "The Wealth of Nations" tried to explain the role of religion and culture in our moral lives. He stated that believing in higher powers will naturally related to values and also to believe in afterlife is linked to acting morally.

Smith also dealt the importance of culture analysing "custom and fashion" recognizing the influence of prevailing opinions in each society over all sorts of value judgements.

Later John Stuart Mill identified cultural constraints even more important than the pursuit of personal interests.

Karl Marx reversed the direction of the relation between culture and economic outcomes stating that the level of technological development shapes the social stratification and even the dominant culture.

As opposed to Marx, Weber acknowledged religion as crucial to the development of capitalism.

In his essay "The Protestant ethic and the spirit of Capitalism", Max Weber meant to react consciously to the interpretation of capitalism given by Karl Marx.

To do this, he investigated the causes of the development of the capitalism in the west and, in particular in Germany. He noticed that in the regions of Germany, where different religious groups coexists, the Protestant who establish the majority, hold an excessive percentage of the wealth and the most relevant economic positions than the catholic. This capitalistic spirit searched by Weber was identified in the enterprises whose main purpose was the profit to be reached through the rational organization of work, that differently from preceding ages, isn't simply enjoyed but reinvested.

According to Weber, this behaviour had religious bases infact Puritans more specifically Calvin's followers, believed in the doctrine of the Predestination.

It affirmed that only some predesignated could enter paradise and success in business and wealth was the sign of belonging to the group of chosen ones.

The Calvinists correct their thirst for money and reinvest the outcome of their activities to produce new business.

Success becomes a task assigned by God, a vocation called "Beruf" by Weber that it means not only occupation but also "vocation", "calling".

All these factors summed up to the ideal of an humble lifestyle, developed the Capitalism.

Then the author explains the existence of a link between Capitalism and Calvinism. Moreover through Calvinism the sign of the divine Grace become visible and safe: it is the richness and wealth generated by work. Actually, work acquires the value of a religious vocation: it is God who calls us for this.

Consequently poor is excluded from the grace because of his sins and the sign of dishonour, this viewpoint is very different from the Medieval perspective. The figure of the poor, before the Calvinism, was interpreted as the presence of Christ and the way to acquire merits in Paradise.

Through these theories we can explain how the Calvinist countries, like the Netherlands, Cromwell's England and Scotland arrived first to the Capitalism than to the Catholic ones like Spain, Portugal and Italy.

Later a contemporary of Max Weber, Antonio Gramsci gave an important explanation of culture that characterize the entire work: "Cultura, non è possedere un magazzino ben fornito di notizie, ma è la capacità che la nostra mente ha di comprendere la vita, il posto che vi teniamo, i nostri rapporti con gli altri uomini. Ha cultura chi ha coscienza di sé e del tutto, chi sente la relazione con tutti gli altri esseri".

"Culture doesn't mean to possess a store full of means, but the capacity of our mind to understand life, the place we have in it and our relationships with other people.

Who possesses culture can be conscious of himself and of the external world, thus is always in rapport with the other living being".

Through the so called cultural hegemony, he tries to explain why Marxian subversive theories couldn't have been realized.

The cultural hegemony shows the various forms of cultural dominion and/or the "intellectual and moral direction" from a group or class which is able to impose their points of view to other groups till their "internalization".

In the advanced industrial societies the predominant cultural instruments like the compulsory school, the means of mass communication instilled a "false consciousness" to workers.

Thus, thanks to culture, we can have a stratified society and the time for intellectuals to demolish the bourgeois cultural hegemony had come.

After war the cultural/economic debate took a back seat, but, after some decades, it was regained by the so called "non economists".

One of the most important exponent of this movement was Banfield, his studies were focused on the underdevelopment of the south of Italy.

He tried to explain to explain this situation of backwardness through the so called "amoral familiarism". This term was introduced for the first time in his book "The moral basis of a backward society". He took a long travel in a small village in Basilicata called Montegrano that presented visible signs of backwardness and led an analysis, for about nine months, using different methodological instruments: direct observation, interviews, psychological random testing of the population whose data come from private and public archives.

Many of these data were compared to those collected in other rural communities in the province of Rovigo and in Arkansas.

This study was born from Tocqueville's belief that in democratic countries development is strongly pushed by associationism, while Montegrano's study that the extreme conception of the familiar ties is a damage for the capacity of association and collective interests.

"The hypothesis is that the Montegranesi act if they were following this rule: Maximize the material, short-run advantage of the nuclear family; assume that all others will do likewise."

In a society of “amoral familists”:

- Nobody will pursue the common interest, except when he will have his own advantage;
- Everybody, person or institution, who affirms to act in the public interest, will be considered a cheater;
- Only the public officers will be engaged in the public affairs, because they are paid to do this, the citizens won't be engaged in them and if they did this they would be frowned upon;
- There won't be any link among abstract political and ideological principles, and the real daily behaviour;
- The vote will be used to assure short term material advantages, more precisely to reward advantages already obtained, not only those ones simply promised;

Also economy would undergo devastating consequences.

If to improve economic activities, investments and means are required that, no single families, but only a group can afford, so the lack of cooperation between non consanguineous prevents from doing those investments and to acquire those means that block the economy to the minimum for survival.

In this work the author wrote not to have any competence to affirm how Montegrano was representative of the rest of the South of Italy, but it seemed to him from some hints he could build up a model for some other areas in South of Italy, such as in the Mediterranean and in the Middle East.

Banfield's theory theory has been got back by many scholars:

Alberto Alessina and Andrea Ichino in their “L' Italia fatta in casa” consider it meaningful to explain the economic and social underdevelopment of certain areas of Italy such as other typical problems of the Country.

In Sicily the “amoral familism” and one of its shape the mobster familism don't prevent productive form of growth and profit accumulation.

Furthermore, Robert Putnam underlines the positive effect on the quality of the political institutions of a more altruistic society. He defined the so called social-capital as: the totality of those elements of the social organization, like trust, shared rules,

that can better the efficiency of the society in its whole, in the measure in which they facilitate the coordinate actions of individuals.

The social capital needs to explain different performances of civil societies.

Putnam shows, indeed, that areas which experienced the status of city-state in the Middle ages, will have high percentages of social capital and their governments will function better.

So social capital acts as a "lubricant" of the mechanism that let the society to develop without hitches, since, when people trust themselves and are exposed to repeated interactions, business and transactions are less expensive.

Fukuyama maintains that the wealthiest nations are those where business among people can be led more flexibly and informally on the basis of trust.

Germany and Japan are classified as nations at high trust rate.

In other countries like Italy, France and Korea these social bonds are subdued to the familiar ones, thus creating stiffness.

For this American economist, the social capital is the ability to work together for a common aim, this is given by the presence of trust and can't be acquired through national decisions of investment. Indeed the acquisition of the latter requires the habit to the moral norms of the community and the acquisition of virtues like loyalty and honesty.

The key for a modern and successful society is the capacity to form non-family and non-government associations.

For this reason faith encourages cooperation and also high levels of trust reduce risk and the need to spend resources to gather information over the counterparts.

There is one last work it is supposed to be important to consider in the excursus of all the scholars that in the past focused a relationship between culture and economic trend: *The Wealth and Poverty of Nations: why some are so rich and some so poor*.

In this work published by David Landes in 1988, as the title suggests, the author tries to explain the reason of the development of some nations while other were stagnant.

First of all he rejects many of the theories developed in the previous decades, among which the one of the natural resources: landscapes minerals or climate can be more or

less important, but they are never a sufficient condition to determine the wealth of a nation.

Landes prefers to embrace a theory where the key of richness in modern nations is the Industrial revolution and the spark of the latter has definitely been the cultural factor. Before of the Industrial revolution China had technical knowledges similar if not superior to England but the edge over Great Britain has due to culture.

European culture, the values of national cohesion, loyalty and merit have promoted the wealth of people and provided to maintain it over time

Language and Economic outcomes

Some scholars, like Chen, have already studied the correlations between the language spoken by an individual and his choices in terms of economic behaviours or not, Chen applied this study to some economic behaviours like choices of consumption and savings or decisions regarding the sphere the of an individual health like smoking or practicing a sport. Before presenting his results it is necessary to make it clear how the language is able, according to some experts in the field ,to affect and push on individual towards some behaviours or others. The basic assumption is that every language presents a grammar structure able to give more or less importance to future events, depending on grammar dissociation between expression in present tenses or in future ones. With this, we refer to that linguistic feature called future-time reference(FTR). This shows the duty or not of a language to express future statements in tenses different from the present tense. Thus, languages with FTR high values (like English and French can be) will require the use of future tense to talk about events that will occur in the future, while languages with RTF low value will be able to express future or present events by using, in both cases, present tenses. This fact would explain a split between the perception of the future and the one of the present for an individual who speaks a language with high RTF values, bring some consequences. According to Chen(2013), individuals speaking high FTR languages, perceiving future like more remote, will be induced to carry out less actions linked to future circumstances and events. Individuals belonging to language families with law FTR values from their part,

have a more imminent and close perception of the future, since there is not a split between future and present times, and they will be more inclined to carry out actions with a future manifestation or connections with it. In the case of our research, the choice to finance a project, with the expectation of a future monetary return or not, can be excellently framed as an action oriented towards the future, and the difference between the two main French languages, French and German, helps to reach the former objective. French, actually, presents high RTF values, while German is characterized by low values of the same. The contraposition between the two languages allows to verify and sustain, or reject, the thesis of some experts about the influence of the language on the individuals' behaviours, among which the above mentioned Chen(2013). Among the cultural variables thought to influence the way Swiss population invests in crowdfunding, together with language, certainly we find religion.

Religion and economic outcomes

It would be strange if such complex phenomenon as religion didn't take part in the process of economical growth and wealth. We will analyse two main mechanisms: the first one, that has recently created interest, is the relationship between religion and innovation; the second, previously discussed, is the relationship between religion and social rules, among which we find trust.

Religion and Innovation

About the relationship between religion and innovation, we relied on the works of Benabou, Ticchi e Vindigni, specifying that they do not want to prove that religion can cause a loss in innovation. Their theory states that governments leaders with a strong religious belief could create an anti-scientific vision and influence public politics. As an example, they considered the prohibition to paint during the Ottoman Empire and, in more recent times, the decision of United States president George Walker Bush to limit public fund for the research to stem cells. In 2003, Benabou, Ticchi and Vitigni started measuring innovation relating the number of patents released in the U.S. with

the number of their inhabitants, therefore finding a negative relationship between religion and innovation. With the passing of time, they shifted the relationship to an individual level, measuring the tendency on a single person to innovation. The authors helped themselves using the “World Values Survey”, a global study about moral values and beliefs of people, their changing during time and their social and political impact. They compared 12 variables, representing the attitude toward innovation with 5 measures of religiousness.

These 5 measures are:

1. identifying oneself as a Religious Person;
2. believe in God;
3. giving importance to Religion;
4. the importance of God in life;
5. going to the Church.

About innovation and technology the main categories analysed are:

1)Attitude toward science and technology, specifically answered with one of these three answers: “we depend too much on technology to disadvantage of religion” ; “science and technology make our lifestyle change too fast”,”world gets better both because of science and religion”;

2)Attitude towards new ideas, changes and taking risks. The questions are “Judge which are the best new ideas”; “the importance of new ideas and creativity”;. There are three other affirmations centred on the attitude of taking risks: “I’m worried of the difficulties that changes can bring” against “I accept the possibility that something new is beginning “; “This person considers adventure and undertaking risks important to have an exciting life”. The last variable of this category is: “Everything is determined by the fate” against “People themselves create their fate”.

3) In the third and last category of the WVS interviewed a list was presented of 12 “Qualities” that children have to be encouraged to learn at home”. We selected three: imagination, independence and determination/persistence. The results of this research were very meaningful and actually revealed that people who identify themselves as” religious” and who gave great “importance to God” and religion, were

much more inclined to think that “we depend on science too much and we haven’t too much faith”. Basically, these scholars found an inverted relationship between religiosity and innovation, that is, the more the percentage of religiosity is, the less the attitude to creativity and innovation will be.

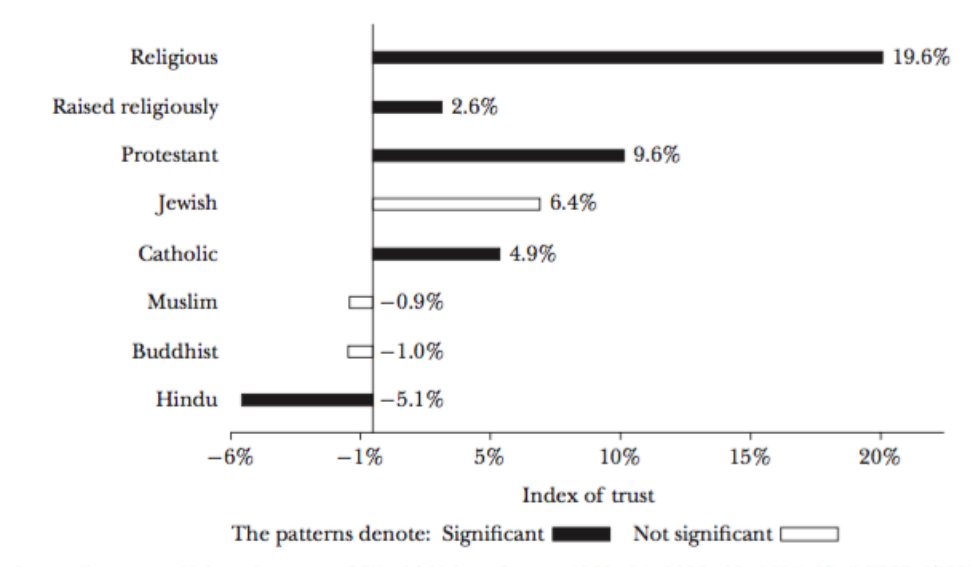


Religion and trust

Another work that best suited to our work is Luigi Guiso, Paola Sapienza and Luigi Zingales. In their work they tried to analyze the relationship among culture, Prior Beliefs and Economic Outcomes. People, actually, make a lot of decisions even when they haven’t sufficient experience in regard: what career to undertake, how much to save for the retirement, what university to attend. In this situation, the choices are determined by the Prior Beliefs. Now the question is almost automatical: “Where do these Prior Beliefs come from?” Probably culture can be a consistent explanation. In the last years, with the possibility to have access to an increasing number of personal information, it has also been possible to test how religion and ethnic origins influenced people’s Prior Beliefs. These economists tested the effects of religion on the level of trust and also this time the studies of the World Values Survey were used. Why trust? As we have just seen before in Fukuyama, the best way to improve the economic growth depends from the creation and prosperity of big, private economic organizations. Trust or also “spontaneous sociability”, as called by him, plays a crucial and not valued role to promote the economic prosperity and make sure that the democracy functions. Guiso, Sapienza and Zingales reported the answers of people to the question: “Do you think the most of the people can be easily trusted or do you try

to be prudent in having to deal with others?” These answers were confronted with the faith in God and if the person interweaved was or not grown up in a religious family. The results were surprising, indeed, being grown up in a religious family makes the level of trust of the individual increase of the 2%, while, if this person attended religious services, his level of trust is increased of almost the 20%.

The effects were summarised in the following table:



While for the Catholics and Protestants religion has positive effects on the level of trust, in the Muslims, Buddhists, and Hindus it has not. Moreover, data found from the General Social Survey (GSS), a dataset that from 1872 shows the social changes and the growing complexity of the American society, were studied. This project of the Mailman School of Public Health, Columbia University, and NORC at the University of Chicago has the aim to connect American ideas, attitudes and beliefs. They analysed the effects of the ethnic origins on the levels of faith of the American citizens whose forefathers were immigrants. The effects of the ethnic origins on the level of trust were much stronger compared to the religious affiliation and from the chart it can be noticed that also the levels of trust increase with the raise of the wealth of a nation. Higher levels of trust were registered in the people with forefathers migrating from rich nations like Japan and Scandinavian populations, while lower levels of trust were registered from people whose forefathers came from poor nations like India. The last

research we will take into analysis, before studying our collected data, will be the one by the sociologist and antropologist Salamon. This is an unquestionable example of how religion and ethnic origins are able to affect economy.

RESEARCH METHOD AND ANALYSIS OF RESULTS

In this last chapter, we will try to implement all the above mentioned studies and we will empirically test as language and religion influence the “fundraising trend”. For each Swiss crowdfunder, we collected the number of invested CHF, such as to compare, for each canton, the total amount invested in the official language and the percentage of Protestants, Catholics belonging to other Christian communities, Jews, Muslims and belongs to other religious communities. These data, critical for our project, were extrapolated in the Swiss Federal Office of Statistics, born in Berna in 1860, the UST, that deals with the statistic observation of important sectors of the State, economy and environment. This office produces and publishes the main statistic information on the State and the evolution of Switzerland completing them with transversal analysis, the principal topics of which are: the evolution of the population, economy, society, training, research on the territory and the environment. In particular, the study, carried out on the religious affiliation, published on 31/01/2017, was part of the federal survey of the population and, for this, more than 200.000 people were interviewed in writing. The main criterion of the interviewed people was to have inhabited for more than 15 years in Swizerland. The other sensible data for our research were the middle and the total investment for the investors of a canton. We were able to raise these data through the dataset of the direct project of Doctor Masciarelli and Doctor Di Pietro.

This is an archive containing salient data of crowdfunding in Switzerland.

But what we mainly needed were the characteristics of more than 8.000 investors. For each investor were registered data relative to the town of provenience, the canton of provenience, the main language spoken and other cultural ones. These data enabled us to definish a clear framework of the Swiss crowdfunfing and the characteristics of the participants.

To collect the most loyal data possible and to make the analysis of the data possible, we divided the total amount invested for the number of inhabitants, then we considered it as a measure too much influenced from the total number of the inhabitants of the canton. We drew up a classification on the basis of the per capita invested amount and we correlated these values first with the religious percentages and then with the official language.

These are the results:

| | AIPC | %protestanti | %cattolici | %altre comun | %ebraici | %islamici | %altre comun | %senza confessione |
|---------------|--------|--------------|------------|--------------|----------|-----------|--------------|--------------------|
| GLARONA | 0,14 | 0,337 | 0,368 | 0,039 | 0,011 | 0,064 | 0,033 | 0,158 |
| NEUCHÂTEL | 0,083 | 0,311 | 0,345 | 0,066 | 0,004 | 0,045 | 0,012 | 0,193 |
| BERNA | 0,075 | 0,50 | 0,16 | 0,07 | 0,01 | 0,04 | 0,02 | 0,19 |
| SVITTO | 0,053 | 0,113 | 0,617 | 0,043 | 0,006 | 0,041 | | 0,17 |
| GRIGIONI | 0,037 | 0,326 | 0,459 | 0,042 | 0,008 | 0,022 | 0,005 | 0,143 |
| BASILEA CAMPI | 0,033 | 0,315 | 0,272 | 0,053 | 0,009 | 0,054 | 0,015 | 0,282 |
| ZUGO | 0,03 | 0,147 | 0,518 | 0,033 | 0,024 | 0,016 | 0,027 | 0,235 |
| ZURIGO | 0,028 | 0,307 | 0,273 | 0,065 | 0,005 | 0,065 | 0,011 | 0,272 |
| FRIBURGO | 0,027 | 0,111 | 0,613 | 0,035 | 0,007 | 0,042 | 0,015 | 0,173 |
| ARGOVIA | 0,023 | 0,253 | 0,336 | 0,062 | 0,008 | 0,063 | 0,015 | 0,263 |
| VALLESE | 0,02 | 0,056 | 0,721 | 0,03 | 0,01 | 0,03 | 0,01 | 0,14 |
| SOLETTA | 0,018 | 0,201 | 0,356 | 0,053 | 0,009 | 0,077 | 0,021 | 0,281 |
| CANTON SAN | 0,017 | 0,211 | 0,454 | 0,061 | | 0,082 | 0,13 | 0,183 |
| GINEVRA | 0,013 | 0,098 | 0,349 | 0,067 | 0,016 | 0,065 | 0,024 | 0,381 |
| VAUD | 0,012 | 0,245 | 0,307 | 0,068 | 0,011 | 0,03 | 0,01 | 0,14 |
| LUCERNA | 0,01 | 0,106 | 0,611 | 0,043 | 0,005 | 0,041 | 0,0132 | 0,16 |
| BASILEA CITTA | 0,008 | 0,171 | 0,183 | 0,067 | 0,003 | 0,093 | 0,021 | 0,462 |
| GIURA | 0,0073 | 0,087 | 0,679 | 0,035 | | | | 0,021 |
| NIDVALDO | 0,006 | 0,113 | 0,646 | 0,03 | 0,011 | 0,016 | 0,013 | 0,171 |
| APPENZELLO E | 0,0055 | 0,413 | 0,293 | 0,017 | | | | 0,45 |
| TURGOVIA | 0,004 | 0,034 | 0,326 | 0,073 | 0,004 | 0,062 | 0,014 | 0,194 |
| SCIAFFUSA | 0,0012 | 0,36 | 0,228 | 0,067 | 0,008 | 0,089 | 0,039 | 0,209 |
| URI | 0,001 | 0,034 | 0,777 | | | 0,024 | 0,012 | 0,202 |
| TICINO | 0,001 | 0,032 | 0,673 | 0,054 | 0,002 | 0,024 | 0,012 | 0,202 |
| OBVALDO | 0 | 0,067 | 0,708 | 0,041 | 0,012 | 0,027 | 0,01 | 0,135 |

We extrapolated some key values from this table that will make the analysis of the results easier and will enable us to confirm their validity, so, we dwelled on the per capita invested amount, the percentage of the belongs to no religion. The average of the amount invested per capita is of 0.26 CHF and, to have a statistic index of dispersion, we calculated the average square deviation. This was needed to express the scattering of data around an average, that is low, $\sigma^2 = 0,3$; this means that the series remains near the average. The Catholics in Switzerland, on the basis of the census in 2015, are 37.25%, the Protestants are 24.93%, while those who professed themselves being of no religion were of 23.94%. These data will be needed to compare

the results of the various cantons. At the apex of our placement, as we can notice in the chart, we find the canton of Glarona, whose percentage of people with no confession is equal to 16%. It is then followed by the canton of Neuchatel, the one of Berna, Svitto and the canton Grigioni.

As it is easy to notice in all these four cantons, the percentage of people with no confession doesn't overcome the 19% and, moreover, the average of people with no confession is equal to 17.4%.

Regard the national average, where people with no religion amount to 23.94%, we can affirm that the cantons where the per capita invested amount is high, also the percentage of the people with no confession is such. Though, this trend begins to disappear when the per capita invested amount diminishes of 3.3%.

To test the influence of the spoken language on the way of investing, we use the data from the dataset containing more than 8.000 Swiss investors. Also in this case we divided the total invested amount of each canton by the relative number of inhabitants, so to derive the per capita invested amount.

In our chart we registered, furthermore, the official language, whose data were provided by the Swiss Federal Office of Statistics and we classified it as registered according to Chen's criterion.

In Switzerland, four languages are spoken, that, in order of spreading, are: German, French, Italian and Romansch, the first three are defined "national and official" at a federal level.

In 17 cantons only German is spoken, in four of them only French, the Ticino canton is the only with Italian language, while the others are bilingual or even with three spoken languages.

The percentage related to German and Italian are diminished, in 1970 German was the main language of the 66.1% of the Swiss population, while in 2015 it was the 63%, the percentage of people who speak Italian has fallen to a quarter in 45 years. French is the only language in the defiance, moving from being spoken from the 18.4% of the population to the 22.7% in 2015.

German is classified as a low FTR rate language, Italian and French, on the contrary, with a high one.

| | AIPC | official language | official languages number | fttr first language | fttr second language | fttr third language |
|---------------|--------|--------------------|---------------------------|---------------------|----------------------|---------------------|
| GLARONA | 0,14 | tedesco | 1 | weak | | |
| NEUCHÂTEL | 0,083 | francese | 1 | strong | | |
| BERNA | 0,075 | tedesco e francese | 2 | weak | strong | |
| SVITTO | 0,053 | tedesco | 1 | weak | | |
| GRIGIONI | 0,037 | tedesco, romancio | 3 | weak | | strong |
| BASILEA CAMPA | 0,033 | tedesco | 1 | weak | | |
| ZUGO | 0,03 | tedesco | 1 | weak | | |
| ZURIGO | 0,028 | tedesco | 1 | weak | | |
| FRIBURGO | 0,027 | francese e tedesco | 2 | strong | weak | |
| ARGOVIA | 0,023 | tedesco | 1 | weak | | |
| VALLESE | 0,02 | francese e tedesco | 2 | strong | weak | |
| SOLETTA | 0,018 | tedesco | 1 | weak | | |
| CANTON SAN | 0,017 | tedesco | 1 | weak | | |
| GINEVRA | 0,013 | francese | 1 | strong | | |
| VAUD | 0,012 | francese | 1 | strong | | |
| LUCERNA | 0,01 | tedesco | 1 | weak | | |
| BASILEA CITTA | 0,008 | tedesco | 1 | weak | | |
| GIURA | 0,0073 | francese | 1 | strong | | |
| NIDVALDO | 0,006 | tedesco | 1 | weak | | |
| APPENZELLO E | 0,0055 | tedesco | 1 | weak | | |
| TURGOVIA | 0,004 | tedesco | 1 | weak | | |
| SCIAFFUSA | 0,0012 | tedesco | 1 | weak | | |
| URI | 0,001 | tedesco | 1 | weak | | |
| TICINO | 0,001 | italiano | 1 | strong | | |
| OBVALDO | 0 | | | | | |

From our chart, it follows that the results are rather controversial, since in the first four positions we find two cantons whose official language is German, a canton where French is mainly spoken, then there is a bilingual canton and one where are even spoken three languages.

So, to investigate the correlation between the language and the propensity to invest through crowdfunding, we referred to the total invested amount and no longer to the per capita invested one.

In absolute terms, Zurigo, Berna and Basel prevail on the classification.

Now the results prove to be unquestionable in all these three cantons whose language spoken is German.

Therefore we can affirm that German is associated with a high propensity to invest through crowdfunding.

CONCLUSION

In our last chapter we are going to comment the results of the researches and we will confirm or deny the relationship between our results and the experts that express the connection between culture and economical outcomes. We will start analysing the relationship between religion and invested amount pro capita, comparing them with the theories mentioned above. Those two theories state that: 1) religion is positively linked with the faith in other people; 2) (on the contrary) religion inhibits the tendency toward innovation. Analysing the chart, we can immediately notice that the population of the first six cantons, ordered by the amount invested pro capita, have an higher percentage of people without confession - a value that is much lower than the national average. This data can make us state that the higher the percentage of religious people in a canton, the higher per capita invested amount. As Zingales and his colleagues affirm, Protestants and Christians, classified as the “religious persons”, are linked to higher levels of faith toward others. Ethan Mollick, professor of Wharton School, asserts that the main reason of crowdfunding’s success is the faith indeed. In crowdfunding supporters would donate money for something not yet existing, that could even not be realised at all or could need long times to be developed. Trust is a fundamental ingredient for the success of any activity involving fundraising; for what concerns crowdfunding, trust is even more important because to invest is to believe in a project’s quality besides honesty of people proposing the initiative. Trust is therefore an essential element for the success of a campaign, especially because of the virtual background and of the lack of physical interaction. In order to create a circumstance of reciprocal enrichment between supporter and maker, it is fundamental that strong trustworthy relationships between campaign creators and potential supporters get established.

For what concerns language, through this research, we were given the opportunity to compare how languages can influence the way to invest.

We believe to be lucky because two languages with opposed RTF values are contained in a single institutional context, allowing us to eliminate those differences that could

emerge if the comparison had been carried out among individuals of different countries and contexts.

From the analysis of the statistics and data, we noticed that German is the official language of the cantons with the higher per capita invested amount.

German, according to Chen's theory (2013), has low RTF values and this means that who speaks it is more inclined to have future oriented behaviours.

Indeed, French is the language with higher RTF values and it registered a considerably lower presence in terms of total invested amount.

In conclusion, we can state that our result is in connection with the assumption made and studied by Chen (2013), widening, in this way, his work through our empirical contribution.

Wherefore, language and, in our specific case, German assumes a considerable influence in favouring investments

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