

The Hong Kong University of Science and Technology

Dept of Information Systems, Business Statistics
and Operations Management

Seminar Announcement

Social is the New Financial: How Startups' Social Media Activities Influence Funding Outcomes

Ms Fujie Jin
Wharton School
University of Pennsylvania

Date : 26 January 2016 (Tuesday)
Time : 10:15 - 11:45 am
Venue : ISOM Conference Room 4047, LSK Business Building



Abstract: In this project, we are looking at the impact of startup firms' social media activities on their funding outcomes. Social media can potentially mitigate information problems in entrepreneurial financing in two ways: firstly, it reduces search cost and facilitates investors' discovery of potential investment opportunities; secondly, it reduces information asymmetry and helps investors better evaluate startups' quality. Using social media activities on Twitter and venture financing data from CrunchBase, we find that active social media presence and strong Twitter Influence (followers, mentions, impressions, and sentiment) increase startups' chances of collecting more funding, and from more investors. Consistent with our hypothesis, we find evidence of social media facilitating investors' discovery of startups, especially for investors lacking information channels (e.g. angel investors) or making diversified investments. In addition, we find evidence of social media's effect on investors' evaluation of investment opportunities, which is stronger for startups located far from VC clusters, and weaker for investors with alternative channels of quality information.

Bio: Fujie Jin is a 5th year doctoral student in the Operations, Information and Decisions department of the Wharton School, University of Pennsylvania. Her research mainly focuses on impact of information technology on organizations and how they change with new technology advancements. Her research builds upon the methods used in the IT productivity literature and extends them to study new topics, including networks, social media, big data, and entrepreneurship. Her research projects mainly fall into three streams: 1) network structure between organizations, and how they facilitate information exchange and firm performance; 2) organizational complements to technology and their impact on firm performance; 3) information technology and startup companies. Her job market paper examines how startups' social media activities influence their funding outcomes. Her other research interests include e-commerce, ERP systems, technology innovation and online markets. Fujie graduated with distinction from Peking University with Bachelor of Science in Statistics and Bachelor of Arts in Finance dual degrees.