The Extent of the Initial Coin Offerings for Creating Value for Start-up Firms Using Blockchain

Wezi Bonono Chipeta

Doctoral Dissertation

Submitted to the Faculty of College of Business, Westcliff University, in Partial Fulfillment of the Requirements for the Degree of Doctor of Business Administration, August 2021. Unpublished.

Abstract

This paper analyzes the extent to which Initial Coin Offerings (ICOs) create economic value for start-up firms using blockchain technology. Drawing on signaling theory and the literature on information asymmetry between entrepreneurs and investors, the study examines how ICO design choices influence capital raised during the public token sale phase. Using a quantitative approach on a dataset of ICO campaigns, the research finds that disclosing technical information such as software code on GitHub, longer token sale durations in the ICO public launch phase, and increasing the percentage of tokens allocated to the public positively influence capital raised, and by extension, the creation of economic value for start-up firms.

Keywords: Initial Coin Offerings (ICOs), blockchain technology, economic value, startup companies, entrepreneurs, signaling, information asymmetry.