A PSYCHOLOGICAL OWNERSHIP PERSPECTIVE OF CROWDFUNDING (SUMMARY)

M. Nesij Huvaj
Suffolk University, USA, mnhuvaj@suffolk.edu

Robert Smith
Suffolk University, USA

Aron Darmody
Suffolk University, USA

Recommended Citation
Huvaj, M. Nesij; Smith, Robert; and Darmody, Aron (2015) "A PSYCHOLOGICAL OWNERSHIP PERSPECTIVE OF CROWDFUNDING (SUMMARY)," Frontiers of Entrepreneurship Research: Vol. 35 : Iss. 9 , Article 5.
Available at: https://digitalknowledge.babson.edu/fer/vol35/iss9/5

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

A PSYCHOLOGICAL OWNERSHIP PERSPECTIVE OF CROWDFUNDING

M. Nesij Huvaj, Suffolk University, USA
Robert Smith, Suffolk University, USA
Aron Darmody, Suffolk University, USA

Principal Topic

Crowdfunding has emerged as a novel and effective way to fund creative projects and startups. One of the many interesting questions that the crowdfunding phenomenon spawned is the nature of the multiplex relationship between the backers and their backed venture. Backers of innovative projects can engage with their supported venture in such capacities as users, developers, and financial supporters. We adopt a psychological ownership perspective, to examine the nature of this multiplex relationship. Psychological ownership is defined as “the state in which individuals feel as though the target of ownership or a piece of that target is ‘theirs’” (Pierce et al. 2003, 86). Three routes have been identified for the emergence of psychological ownership: controlling the object of ownership; coming to intimately know it; and investing one’s self into the object (Pierce et al. 2001).

Methods

Given that the crowdfunding research stream is relatively young and rapidly developing, we undertake an inductive, theory-building process based upon a natural experiment. We examine the case of Oculus, a start-up that develops virtual reality headsets for gaming and entertainment. Founded in early 2012, the Irvine, California-based company successfully completed a crowdfunding campaign through Kickstarter in August, 2012, raising $2.4M. The company was acquired by Facebook for $2B in March, 2014. We use data from Kickstarter consisting of 9,500+ backers and their 2,200+ comments posted on the Kickstarter website. Our data also includes funding amounts as well as other details pertaining to the crowdfunding campaign. Taken together, this information is used to inductively build a taxonomy of backers using qualitative and quantitative data to examine their level of identification with and psychological ownership of the venture over time.

Results and Implications

Our preliminary findings are 1) despite the absence of an equity stake, backers can develop high levels of psychological ownership of the ventures that they back; 2) these feelings can change over time, particularly when backers’ perception of the venture’s strategic direction changes drastically, diminishing their feelings of control; and 3) ‘dis-ownership’ of the crowd can induce tactical (e.g. ‘damage control’) responses from the venture to maintain better relationships with the crowd, long after the funding component is completed.

CONTACT: M. Nesij Huvaj; mnhuvaj@suffolk.edu; (T): +1 617-619-4905; Sawyer Business School, Suffolk University, 8 Ashburton Place, Boston MA, 02108.