DISEMPOWERMENT, EMPOWERMENT, AND THE STRUCTURE OF CROWDFUNDING NARRATIVES: AN EMPOWERMENT MODEL OF CROWDFUNDING PERFORMANCE (INTERACTIVE PAPER)

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Principal Topic

Broad work on entrepreneurial narratives (Martens, Jennings & Jennings, 2007) has suggested the importance of narrative structure (Downing, 2005; Gartner, 2007). Previous research has used narratives to study the reaction of investors to various entrepreneurial projects (Allison, Davis, Short, & Webb, 2015; Herzenstein, Sonenshein, & Dholakia, 2011). Yet, theory to guide such structure remains elusive. In this paper, we examine the literature on empowerment in order to provide an analytical structure with which to categorize crowdfunding entrepreneurial narratives with a view toward predicting fundraising performance. We examine four ways in which entrepreneurial narratives may communicate a sense of empowerment to prospective investors. Sense of impact, meaningfulness, competence, and choice can be used as tools to measure psychological empowerment (Spreitzer, 1995; Thomas & Velthouse, 1990). In keeping with theory on the importance of narrative structure, we expect that expressions of these four empowerment constructs will have stronger effects on fundraising performance when they appear toward the end of crowdfunding narratives compared to at the beginning.

Method

Consistent with prior crowdfunding studies, we draw our sample from ventures soliciting funding via Kickstarter (Greenberg & Mollick, 2014; Mollick, 2014). We sample 600 crowdfunding ventures and code, at the sentence level, expressions of powerlessness and of the four components of empowerment (impact, meaningfulness, competence, and choice), as well as position of the coded constructs within the overall crowdfunding narrative, and for expressions of powerlessness, the object of the expression. We use two independent coders. Our relative social versus commercial orientation variable is measured using computer aided content analysis.

Results & Implications

In this paper we advance a two-stage, empowerment-based model of crowdfunding performance. We investigate the process by which the language of entrepreneurial narratives work to first create a sense of disempowerment, and then a sense of empowerment. Drawing on the cognitive theory of psychological empowerment we test how sense of impact, meaningfulness, competence, and choice tend to affect entrepreneurial resource acquisition outcomes in crowdfunding. This study will extend our knowledge on how entrepreneurs frame their narratives as well as provide a framework for understanding one aspect of the structure of entrepreneurial narratives. We are still in the process of data collection and will be able to examine our hypothesis once the process is completed.

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