6-10-2017

IS PROJECT FAILURE PERMANENT: ENTREPRENEURIAL RESPONSES TO CROWDFUNDING FAILURE (INTERACTIVE PAPER)

Jared Allen  
*University of Central Florida, jared.allen@ucf.edu*

Regan Stevenson  
*Indiana University*

Tang Wang  
*University of Central Florida*

---

**Recommended Citation**

Allen, Jared; Stevenson, Regan; and Wang, Tang (2017) "IS PROJECT FAILURE PERMANENT: ENTREPRENEURIAL RESPONSES TO CROWDFUNDING FAILURE (INTERACTIVE PAPER)," *Frontiers of Entrepreneurship Research*: Vol. 37 : Iss. 4 , Article 10.  
Available at: https://digitalknowledge.babson.edu/fer/vol37/iss4/10

This Interactive Paper 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.
IS PROJECT FAILURE PERMANENT: ENTREPRENEURIAL RESPONSES TO CROWDFUNDING FAILURE

Jared Allen, University of Central Florida. USA
Regan Stevenson, Indiana University, USA
Tang Wang, University of Central Florida, USA

Importance of Study

Entrepreneurial scholars have explored in detail how entrepreneurs respond, cope, and rebound from firm failure (Eggers & Song, 2015; Shepherd, Patzelt, & Wolfe, 2011, Shepherd, 2003). Indeed, as part of the day to day business struggles, entrepreneurs need to make sense of and overcome numerous discrete event/project failures (Shepherd & Cardon, 2009). Our study contributes to the entrepreneurship literature by quantifying the extent to which an entrepreneur’s response to discrete project failure can be explained uniquely by two dominant psychological theories; Mindset theory (Dweck, 1999), and Attribution theory (Kelley, 1967).

Principle Topic

While there are multiple theories which seek to explain individual responses to failure, our theoretical model combines Mindset (Dweck, 1999), and Attribution (Kelley, 1967) theories. Dweck’s (1999) work on mindsets illustrated that those who believe that personal attributes (e.g. intelligence) can be improved tend to outperform those who believe that personal attributes cannot be improved (Dweck, 1999, 2007). Dweck refers to these two different beliefs as “fixed” and “growth” mindsets and has shown in several studies the implications these mindsets have on responses to failure. Growth mindsets have been shown to promote challenge-seeking and a mastery-oriented response to failure, whereas Fixed Mindsets have been shown to produce challenge-avoidance and a learned helplessness response to failure (Elliot & Dweck, 1988). While these two theories have been tested in psychological studies, they have yet to be applied to entrepreneurial responses to discrete project failures. Specifically, our study examines the role mindsets play in accounting for attributional responses to failure. Our model contributes to the entrepreneurial literature by comparing and contrasting these two related yet distinct explanations for failure response in order to determine the effects of each in the entrepreneurial setting.

Methods/Results

To test our hypotheses, we use a random set of 1600 discrete project failures by operationalizing failed crowdfunding campaigns that were created between 2009 and 2012. To operationalize entrepreneur-level characteristics we rely on computer aided textual analysis (CATA). We then combine these data with additional publicly available databases that identify subsequent commercial activity of each failed project. We test our hypotheses using OLS regression. We discuss the distinct theoretical influence of Mindsets (Dweck, 1999) and Attribution Theory (Kelley, 1967) on entrepreneur response to discrete failures.

CONTACT: Jared Allen; jared.allen@ucf.edu; University of Central Florida 1021 Trout Creek ct Oviedo, FL 32765 USA.