ENTREPRENEURIAL CONTAGION WITHIN CROWDFUNDING: SOCIAL LEARNING AMONG KICKSTARTER BACKERS (SUMMARY)

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Principal Topic

The entrepreneurial ecosystem includes a variety of people and groups (Shane & Venkataraman, 2000), notably customers and investors. Crowdfunding is unique in that aspiring entrepreneurs are able to interact with and solicit for financial support within a virtual community, a dynamic that allows for rich conversation, critiques, and unparalleled transparency with would-be investors (or “backers”) at a very early point in the process (Belleflamme et al., 2013). Very little literature currently exists on crowdfunding due to its recent ascent, but what does exist is focusing in large part on factors related to the success of projects within the platforms.

This study explores a social, temporal aspect of crowdfunding—meaning the nuances of the relationship between investor (or “backer”) and the entrepreneur (or “project creator”) and the virtual community that exists—and how these interactions may influence future entrepreneurial behavior, both in terms of time of action and characteristics of that action. Our perspective is one of contagion and spillover, specifically how one’s experiences and self-efficacy (Boyd & Vozikis, 1994) as a backer impact future behavior as a creator.

Methods

Using the full population of projects from the Kickstarter platform launch in April 2009 through June 2012, the engagement behavior of 37,000 project creators are used to identify key thresholds at which entrepreneurial action is likely to occur and in what form. Portfolio performance, similarity factors (gender, industry, geographic location, team composition, goal) and community engagement (comments) are key variables of interest. We employ OLS and hazard modeling to test our hypotheses.

Results and Contributions

The findings of this project shed light on the influence of the virtual community on individual entrepreneurial behavior, both as a backer and as a creator. By understanding the platform timeline of individuals we expand on the role of contagion in entrepreneurship (Cardon, 2008; Sullins, 1991; Sy et al., 2005; Barsade, 2002; Shane et al., 2003) and expand our understanding of social learning theory (Scherer, Adams, & Wiebe, 1989; Rae, 2000) to pre-nascent stage activity, capturing individuals who have chosen to engage in entrepreneurship but not yet pursued the opportunity.

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