Discursive Meaning Creation in Crowdfunding: A Socio-material Perspective

Research-in-Progress

Tanya Y. Beaulieu
Washington State University
225 Todd Hall
Pullman, WA 99164
tanya.beaulieu@wsu.edu

Suprateek Sarker
University of Virginia
McIntire School of Commerce
125 Ruppel Drive
Charlottesville, VA 22903
suprateek.sarker@comm.virginia.edu

Abstract

Crowdfunding is an exciting new phenomenon with the potential to disrupt early-stage capital markets. Enabled through specialized internet websites and social media, entrepreneurs now have a new source for start-up capital (estimated at $2.8 billion in 2012). Currently, entrepreneurs need to network through intermediaries to have access to wealthy investors. Crowdfunding bypasses these intermediaries and brings the ability to raise capital to the crowd. Consequently, decisions to fund an entrepreneurial endeavor are not made through ‘who you know’ and back-room deals, but through the discourse that occurs through the crowdfunding project page. The purpose of this research is to analyze and understand this discourse and the meaning it creates over the course of a crowdfunding campaign. The lens of sociomateriality in conjunction with discourse analysis is used to identify how meaning is created and its influence on the IS artifact.

Keywords: crowdfunding, sociomateriality, discourse analysis, IS Artifact
Introduction

Economists have noted a shift in economic structure from a managed economy, prevalent during the first three-quarters of the 20th century, to an entrepreneurial economy which began to form during the later quarter of the 20th century. This new economy is characterized by smaller, more agile firms who are bringing innovative ideas and processes to the marketplace. Whereas the managed economy relied on capital and labor for comparative advantage, the entrepreneurial economy is driven by knowledge-based economic activity (Audretsch and Thurik 2000). Recent economic growth has been attributed to information technology (Jorgenson and Stiroh 2000). More specifically, emerging research is showing that entrepreneurs with a focus on innovation are a leading driver in this new economy (Acs and Armington 2006; Audretsch et al. 2006) and a source of job creation (IHS Global Insight, 2009).

From a purely pragmatic standpoint, entrepreneurs have a need for start-up capital in order to launch their ideas and keep their business going until sales can provide sufficient cash flow to sustain the business. Traditionally, startup firms have been able to turn to several sources for funding. These include venture capitalists (VC), angel investors, debt, and what O’Gorman and Terjesen (2006 p. 70) deem as informal investing - that is “friends, family and foolhardy investors”.

The dot.com bust of the early 2000’s along with the economic crisis beginning in 2008 has greatly constricted the amount of angel, VC, and credit available to entrepreneurs. Competition is high for VC funds where anecdotal evidence suggests that only about one in one hundred business plans presented to a VC are funded (Dos Santos et al. 2011). VC investment statistics provide support for this by noting that VC investments dropped from $101.8 billion in 2000 to $17.7 billion in 2009 (Pricewaterhouse Coopers, 2010).

Despite the difficulty of raising seed money, or perhaps because of these difficulties, a new method for obtaining capital is emerging. Known as crowdfunding, the concept involves using the Internet and the power of the crowd for the “financing of a project or adventure by a group of individuals instead of professional parties” (Schwienbacher and Larralde 2010). Broadly, three models of crowdfunding exist. The first is a debt model where individuals lend money to entrepreneurs who are often located in developing nations. Also known as peer-to-peer lending or micro-financing, the debt model is supported by websites such as kiva.org. The second is an equity model that allows individuals to invest in a project in return for a stake in the company or future income. Circleup.com uses this model by matching accredited investors with entrepreneurs in the consumer market. The third model (the focus of our research) is commonly referred to as a contribution model and is represented by websites such as Kickstarter.com and Rockethub.com.

These websites provide a technology platform where an entrepreneur (project creator) may post a description of their entrepreneurial idea or project for the purpose of exposing their venture to potential supporters (project backers). If an individual believes in the creator’s idea and would like to help make the project possible, he or she can back the project by contributing money to the project via the crowdfunding platform.

When a contribution model is used, the project creator may begin with just an idea, or they may have a prototype. For example, an individual may have an idea for a book to write, or a album to record, but no specific book or album exists. For other projects, a prototype of a product may have been produced to show a proof of concept of an idea. Creators come to a crowdfunding platform with the goal of raising enough money to produce/complete/finance their idea. Creators post their project onto a crowdfunding website such as kickstarter.com, rockethub.com, etc. On the project’s page, the project is described, pictures are posted, and it is common to have a video introducing the project creator and their idea. Links to social networking sites (e.g., facebook, twitter, pinterest, etc.) are common allowing backers and browsers alike to share the crowdfunding campaign with their social network. Creators offer rewards in return for a backer’s donation. The crowdfunding platform allows the creator to specify different rewards for different levels of donation. For example, a $1 or $5 donation may earn the reward of “many thanks!” to a backer from the project creator. A larger donation, in the hundreds or thousands of dollars may earn a special experience such as a dinner with the creator, or an invitation to a special event. As word spreads through social networks, more and more people view the project and contribute and/or share the project with their network. A crowdfunding campaign typically runs for 30 days. Once a campaign has ended,
the project creator receives the donations from the backers only if the project funding goals are met. Crowdfunding can be thought of as a \textit{mashup} between venture capitalism, social networking, and a pledge drive.

Crowdfunding is a new phenomenon with little academic research. While some may argue that crowdfunding follows a retail or e-commerce model, we believe crowdfunding differs from existing models in three important ways. First, crowdfunding is about creating a product or project that does not exist, as opposed to an e-commerce situation where the product exists and the consumer can expect delivery within days to possibly weeks. For a crowdfunded project, the product may exist only as an idea, a concept, or possibly a prototype. Secondly, e-commerce involves an ongoing business, whereas for a crowdfunding project using the contribution model, the time horizon generally does not extend beyond the posted project’s delivery of the product. And finally, crowdfunding, as indicated by its name, involves a crowd. This is different from a single transaction that may take place between buyer and seller, say, in a typical retail (e-commerce or brick-and-mortar) environment.

In this research, we look beyond the traditional definition of the \textit{IT} artifact. Our ultimate goal is to understand the crowdfunding phenomenon from an IS artifact point of view - that is the synergies that are afforded by the interaction of the technology artifact, the information artifact, and the social artifact (Lee et al. 2013). A crowdfunding website platform with its given features represent the technology artifact. How the technology artifact is instantiated and how meaning is derived by individuals determines the information artifact. The social artifact is characterized by the use of relationships to meet an individual’s goals or needs. This may appear in the crowdfunding phenomenon as an individual’s desire to be charitable and help others, or it might signify an individual’s attraction to gadgets, or to the support of a particular artist. The interaction between the technology artifact, the information artifact and the social artifact creates the Information System (IS) artifact. Researchers who focus on only one aspect of the IS artifact fail to understand the complete system within which technology exists which can have serious design ramifications (Lee et al. 2013). Put more succinctly, for the crowdfunding phenomenon, system designers must address issues beyond the website platform itself; they must broaden their perspective toward both the information artifact (how the technology is instantiated) and the social artifact (how are culture and social relationships are used to meet needs and goals).

We begin this process of understanding the IS artifact by focusing on the information artifact. We look to understand how project creators and backers create meaning through the discourse created over the course of a crowdfunding campaign. The lens of sociomateriality is used to inform and put in perspective the mechanisms involved in creating meaning. Understanding the meaning creation is important, because it is this meaning (the information artifact) that inspires creators and prompts backers to contribute (or not contribute) monetarily to a given project, or to share (or not to share) the project within their social networks. How meaning is created has impact beyond the behavioral and economic aspects of crowdfunding, understanding this process can and should influence the design of these technology mediums.

We first present the concept of sociomateriality and how it might apply in the context of a crowdfunding project. We next provide a brief introduction to discourse analysis, and discuss its use as a method within IS research as well as the strengths it brings to this research project. Following our discussion on discourse analysis, we offer some preliminary ideas on how discourse analysis may be used to analyze the meaning of a crowdfunded project. We conclude with a discussion of our future plans for this research and what contributions we hope this research will provide toward the IS discipline. As engaged scholars, we also discuss how practitioners can connect with and benefit from our research.

\textbf{Theoretical Foundations}

We inform our research through the lens of sociomateriality which provides a way of understanding the mechanisms at work in a crowdfunded project, while we use the method of discourse analysis to unearth how sociomateriality creates and provides meaning.
Sociomateriality

A historical perspective indicates that technology has been characterized in terms of the technological imperative (i.e., the organization was the victim of technology), to the organizational imperative (i.e., the organization determined the technology and its impact on the organization), to an emergent perspective (i.e., the interaction between technology and the organization emerges in unexpected and complicated ways) (Markus and Robey 1988). In our research, we approach the technology (i.e., a crowdfunding websites) as having specific features which enable its use. These specific technology features, referred to as its materiality, are invariant over time, invariant over different users, and distinguish one technology from another (Leonardi 2012). For example, one could conjecture that one form of materiality on a crowdfunding platform is the feature that allows the creator to associate a particular reward with a certain donation amount. For example, in exchange for a $25 donation, the project creator may send to the backer a coffee mug with the project’s logo. Thus, one material aspect of a crowdfunded platform is the ability for the creator to post on their project page about rewards (e.g., a coffee mug) that may be associated with different contribution amounts (e.g., $25).

However, technology cannot have an impact until it is enacted. In other words, a crowdfunding platform is not very interesting without creators to post projects and backers to contribute. It is the use of the technology which brings social meaning to the technology. Put another way, whereas materiality is a property of the technology, the inclusion of social influence on the use of the materiality is referred to as sociomateriality. Leonardi (2012) refers to sociomateriality as the “enactment of a particular set of activities that meld materiality with institutions, norms, discourses, and all other phenomena we typically define as social.” Continuing on with our example of the $25 donation in exchange for a coffee mug, one instance of sociomateriality on a crowdfunding campaign could be viewed as the actual dollar amount that is associated with a reward. A common practice is to set reward amounts at non-standardized levels, that is, rather than setting the reward levels at $5, $15, and $25, a project creator may choose $6, $17, and $23. While $6, $17, and $23 are not materially different, they convey a different social meaning - that of a sense of fun or a sense of non-tradition. It is in this manner that sociomateriality is enacted to create meaning on a project.

These types of observations help comprehend the IS artifact and, as a result, can influence design in terms of how and what features are implemented on a crowdfunding website. Because of this, we chose the theoretical lens of sociomateriality in order to lend an understanding of not only how technology is socially enacted to create meaning, but to recognize the role of technology in the crowdfunding phenomenon, and its consequential aspects toward design.

Discourse Analysis

Discourse analysis views social reality as being constructed through discourse, and it is through our creation, interaction, and interpretations of discourse that we come to understand ourselves, others, and our world (Phillips and Hardy 2002). The role of the discourse analyst is to understand this interaction between discourse and reality and how meaning is derived through this interaction. The outcome of a discourse analysis is an understanding of how meaning is created in a particular context.

Three dimensions are involved in a discourse analysis, namely text - consisting of the spoken word, written text, sounds, and images, discourse – the interaction of texts with other texts, and context which evolves over time (Phillips and Hardy 2002). Discourse may also be interpreted broadly as involving more than just a single text, it is the interaction of not only texts with other texts, but also how the integration of language, actions, and practices create meaning (Gee 2011). It is the relationships between these dimensions that allow us to understand how a particular meaning came to be, as well as insight into a more general reality of a given phenomenon (Phillips and Hardy 2002). Gee describes discourse analysis as a theory of language which describes how language is used to “say things, do things, and be things” and that language gains meaning only in conjunction with social practices (Gee 2011). Discourse analysis is constructive and emphasizes the action-oriented aspect of language (Gill 2000).

Although there are multiple ways to conduct a discourse analysis, one general commonality amongst all methods is an interpretive and constructionist epistemology. Most approaches can be grouped into one of the following three categories - 1) descriptive which emphasizes the action-orientation of discourse and
what the discourse is meant to accomplish, 2) critical which analyzes the political nature of discourse and its use of power and structure to control, and 3) poststructuralist which emphasizes the historical nature of discourse (Gill 2000). Philips and Hardy (2002) distinguish two dimensions that broadly distinguish different approaches to discourse analysis. The first dimension involves whether the perspective is critical or constructionist; and the second dimension distinguishes the breadth of the content which can range from a narrow focus on the selected text at one end of the spectrum to interpretations which involve a larger, more global context that the text is situated within at the other end of the spectrum. These two dimensions create a 2 x 2 matrix where each quadrant represents a different approach to discourse analysis (Figure 1).

Discourse is action oriented, that is discourse can cause an action or behavior to take place. Language may be used to build an identity. Consider the statement, “I am a doctor” or “I was just released from jail;” both of these statements communicate identity clues about the individual. Language may also be used to build a relationship. Gee (2011, p. 17) notes that within a set of discourse, there are several building tasks, or areas of “reality” that are built through speaking or writing. Referred to as the “seven building tasks” of language, these areas can be used to understand the meaning of discourse. These areas may be used to pose different research questions, and understand different aspects of the meaning being created through discourse. Table 1 provides an overview describing each of the seven building tasks, and possible associated research questions.

Although discourse analysis can be undertaken using a quantitative approach, our work is in line with a qualitative, interpretive tradition of discourse analysis. A review of qualitative articles published over the last five years in the AIS Senior Scholars’ Basket of 8 Journals (MISQ, ISR, JAIS, EJIS, ISJ, JMIS, JIT, JSIS) as well as ICIS Proceedings indicate that discourse analysis has been used from a critical perspective (e.g., Albert and Salam 2012; Cukier et al. 2009; Stahl et al. 2012) and may tackle a wide variety of phenomenon such as collaboration (Hansen et al. 2012), how bloggers establish identity (Vaast et al. 2013), ICT-led organizational transformation in the health care industry (Klecun 2011), online forums (Fayard and DeSanctis 2008), and topics relating to ERP implementations (Alvarez 2008; Shepherd et al. 2009; Wang & Ramiller 2009)

Method

Discourse analysis is an appropriate approach because we are interested in how meaning is created on a crowdfunding project, as opposed to answering a what question, such as identifying factors, etc. Based on Phillips and Hardy’s (2002) classification scheme of discourse analysis approaches, we use a social linguistic approach. While focused on the discourse found within a crowdfunding project, we also take into consideration societal practices in a larger context. For example, one project selected for preliminary analysis, planned to place bamboo trees in empty billboards along urban streets, with the byline, “Imagine floating, globally connected urban forests growing where billboards stand.” Our discourse analysis went beyond the discourse located within the project and extended out and recognized the more general
discourse that occurs within the \textit{green community}. The star on Figure 1 shows where our research is positioned within the social linguistic approach.

<table>
<thead>
<tr>
<th>Building Task</th>
<th>Description</th>
<th>Possible Research Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significance</td>
<td>Language can render some aspects more significant or less significant.</td>
<td>How is the language being used to make some things significant or less significant?</td>
</tr>
<tr>
<td>Practices</td>
<td>Language can be used to signal a certain activity or practice.</td>
<td>What practices is this language enacting?</td>
</tr>
<tr>
<td>Identities</td>
<td>Language can signal a certain identity of oneself or of others.</td>
<td>What identity is this language enacting in the speaker/writer?</td>
</tr>
<tr>
<td>Relationships</td>
<td>Language can signal the type of relationship the speaker/writer has or wants to have with others.</td>
<td>What type of relationship is this language seeking to enact?</td>
</tr>
<tr>
<td>Politics</td>
<td>Language in the form of power and control can signal what is correct and good behavior.</td>
<td>What is being communicated as being right or good?</td>
</tr>
<tr>
<td>Connections</td>
<td>Language can draw connections between certain things or create a disconnect between other things.</td>
<td>How does this language make one thing relevant or irrelevant to others?</td>
</tr>
<tr>
<td>Sign Systems and Knowledge</td>
<td>Language can favor one language or sign system over others.</td>
<td>How does this language “privilege or disprivilege specific sign systems?”</td>
</tr>
</tbody>
</table>

We selected Kickstarter.com as the website to use for our preliminary analysis. Kickstarter, founded in 2009, is one of the most prominent crowdfunding websites having hosted over 95,000 projects and raised over $491 million dollars as of early 2013. At any given time, Kickstarter hosts approximately 4,000 current projects which generally run for 30 days. The Kickstarter website has a broad range of appeal and hosts projects in the categories of art, comics, dance, design, fashion, film & video, food, games, music, photography, publishing, technology, and theater.

Two projects were selected for a preliminary analysis. The first project, which we call BAMBOO, was seeking funding to develop and test a system for “planting” bamboo trees in unused billboards along an urban street. The second project, which we call JACKET, was seeking funding to develop a high-tech winter jacket. We choose these projects because they were \textit{sufficiently different} from each other in terms of project category, but similar in that the creators were relatively unknown to their backers prior to the projects’ posting on Kickstarter. Characteristics of each project are shown in Table 2.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>BAMBOO</th>
<th>JACKET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Art</td>
<td>Product Design</td>
</tr>
<tr>
<td>Funding Goal</td>
<td>$100,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>Amount Funded</td>
<td>$100,772</td>
<td>$50,185</td>
</tr>
<tr>
<td>Number of Backers</td>
<td>1,565</td>
<td>202</td>
</tr>
</tbody>
</table>
Analysis

We completed our preliminary analysis along 3 general steps. In keeping with a sociomateriality lens, we first identified those features available on a Kickstarter project which might lend themselves to materiality. We began with the ability for a backer to leave a comment on the project page, and for the creator to respond back to the comment. It should be noted that comments can contain text, graphics, links to other websites, etc. Each comment is labeled with the date and time, as well as the name and avatar of the person making the comment. The next step was to code the comments based on the tenets of discourse analysis. We used Gee’s (2011) Seven Building Tasks of language as a guide to our coding and looked for meaning to be created relative to significance, practices, identities, relationships, politics, and connections. The last step was to use the codes and notes from the second step to understand common themes across the two projects. We next present some preliminary findings regarding our research.

Preliminary Findings

Based on our analysis we found that the majority of the meaning created through the comment discourse involved the relationships and the identity building task. We first present summary results from the coding phase in step 2, followed by a discussion of some general themes which emerged.

Significance – Both projects displayed discourse related to what the backers or creator felt were salient. Significance could represent different attributes such as how much money needs to be raised, “Just a little more than a week to go!” from a BAMBOO backer noting the significant milestone in the timeline of the campaign. Other comments focused on what is important or significant to a backer to know before they contribute more: “I agree with DVC. Let’s see some videos. I’m prepared to drop $500 on this after checking out some of the other products on your site” from a JACKET backer.

Practices – The practice building task is discourse that enacts a certain practice – for example, when a meeting is being called or conducted, certain discourses (perhaps related to Robert’s Rules of Order) are expected. Within our projects, the majority of discourse related to the practice building task was with respect to the practice of a retail practice. Backers would post questions about the product, and the creator would answer the questions. For example, in response to a question about color choices – the creator promptly responded “Update on the vest color choice: you will be able to choose from either the black or the green when the project funds.”

Identities – Identities were enacted and made meaningful in numerous ways. Humor could be used to note that the person had a sense of humor, and also credentials were shared to communicate legitimacy. For example, a backer noted on the JACKET website, “JACKET had one of the busiest booths at OR this summer” which gives the creator legitimacy based on their appearance at a retail convention.

Relationships - Relationships were established and given meaning through prompt response to comments, being polite, and giving thanks to backers for their ideas. Some more specific comments gave a personal look into the creators also. For example, one backer noted that he/she had met the creator and shared that the creator “took a moment to meet with me and give feedback on my fledgling backpack concept.” This shows the creator to be a down-to-earth person who you could form a relationship with.

Politics – The politics building task is enacted to convey what is good and what is bad. Often associated with critical discourse analysis and the use of power, we saw some evidence of discourse on the BAMBOO project where backers gave meaning to the BAMBOO project as being socially good. For example, one backer noted: “if the city had a certain amount of trees planted, the temperature could be dropped 10 degrees, which would save a tremendous amount of energy costs, in addition to increasing the quality of life for everyone.” And whether the science is correct or not, the backer believed it and was attempting to distribute social good to those who also contribute to the project.

Connections – From a building task perspective, connections are formed through discourse when one idea is connected to another idea. While there was little evidence of this in the comments, one connection made by a backer involved a connection between the BAMBOO project and funding a video game – “I
heard something about many millions in 5 days being earned by video game makers. So curious what we will pay for or not; deem valuable or not.” The meaning created causes potential backers to make this same connection and think about whether one should donate to BAMBOO or a video game project.

*Sign Systems and Knowledge* – Sign Systems are a building task that privilege certain symbols or knowledge over others. For example, certain professions that are jargon-rich (i.e., law, medicine, etc.) talk to each other talk in a certain way that may attempt to privilege their specialized knowledge over others. While we saw little evidence of this type of discourse, there was one comment made by a backer – “... zeroconf peering of car IMU data (to provide super-accurate traffic models) as well as P2P files and messages (just because)” where the meaning put forth was of privileging technospeak.

We next discuss the general themes that emerged from this coding process and how an understanding of these themes can lead to a better understanding of the IS artifact.

**Discussion**

Adopting a discourse analysis perspective, we found that the identity task and the relationship between the creator and backers task were the main activities occurring through the comment discourse. Not only did these two tasks occur more often, but the discourse within these two tasks was richer than in the other tasks.

We also noted that there are different types of projects as evidenced by the types of discourse tasks taking place on each project. For example, the BAMBOO project had more discourse focused on being *good* or being *green* while the JACKET project discourse focused on practices associated with a retail outlet. In the JACKET project, discourse relating to product features was common. In response to backers’ questions, the creators created and posted, within a few short days, a new humorous video addressing questions about the jacket. This gave credence and meaning that the practices of the project creator focused on producing a retail product that backers were in effect, preordering.

A second observation relates to how a sense of community was built. Much of the discourse for both groups focused on building a sense of community, or belongingness. This is logical, as a sense of community will be fostered by the project creator in order to convince people to become involved in their project. Those who do donate also want to become a part of the project, and are also motivated to become a part of the community. While we saw this as a common theme, there were differences in how this was achieved. For the JACKET project, the project creator was very proactive about responding to comments, and even spent time and effort in making a new video to respond to questions about product features midway through the campaign. For the BAMBOO project, the creator was not as responsive to comments left, and in fact did not even respond to some lengthy posts from backers about design questions or the feasibility of the project. However, the BAMBOO community formed through other forms of relationship building discourse as well as the politics discourse of providing a social good. In other words, BAMBOO’s sense of community was based more from the project itself, in that backers were very enthusiastic about being part of the project.

The impact of these observations on the IS artifact is next explored. We began our process by selecting the material feature of the comment function (technology artifact) of a crowdfunding website. Through the lens of sociomateriality and the method of discourse analysis we observed and interpreted how meaning is created through discourse (information artifact). However, in order to understand the meaning within context, social artifacts such being environmentally friendly also contributed to the overall IS artifact.

Our contention is that a more complete understanding of the IS artifact can influence design of systems in a more meaningful and positive way. System design is about more than configuring an IT artifact – in this case, including in a suitable comments feature – it is the understanding of how that comment feature will be instantiated to give meaning and how relationships between individuals will interact with that meaning.
As information systems become more complex and more adaptable over shorter cycles, the concept of materiality being invariant over time may change. User’s play an increasing role regarding how technology is instantiated, and this instantiation is often in ways not foreseen by designers. It behooves designers to understand the IS artifact from not only a pure technology standpoint, but also how individuals use the technology. It is this comprehensive view of the IS artifact that will propel system design in this direction.

Future Research Plans

We found our preliminary results interesting, and worth pursuing further. Our plans for the future involve expanding the number of projects included in the analysis and expanding the discourse included. We focused on the sociomateriality aspect of leaving comments and responding to comments on a project, but there are other material features and discourses which can be explored to better understand how they contribute to meaning; indeed such understanding may have design implications toward the IS artifact. Other features related to sociomateriality that we plan to explore include the ability to add reward levels, and the ability to post updates. These features may be invoked in the midst of a campaign, and we plan to analyze not only the content but also the timing of when new rewards or updates are posted. It is through the analysis of these multiple aspects that meaning created through text, discourse, and context is understood.

Conclusion

Our attempt in this research project is to show how discourse analysis can be used to explore meaning creation with regard to a new phenomenon - crowdfunding. Our preliminary results show that this is a promising avenue to pursue and can make a positive contribution toward both the IS research discipline by demonstrating how the new phenomenon of crowdfunding can be conceptualized as an IS artifact, and the resulting implications for system design explored. These observations and outcomes are also helpful for practitioners. As we better understand how technology is used to create meaning, system designers can develop features that enable this meaning creation to take place more efficiently and effectively.

Crowdfunding is an exciting phenomenon that offers a new, innovative method for entrepreneurs to connect with others to share ideas, and jointly turn creator’s ideas into a reality. Crowdfunding “circumvents traditional sources and decision makers and gatekeepers, a sort of grassroots redistribution of wealth” (Steinberg 2012 p. 15). As the entrepreneurial economy continues to emerge, structures such as VC and debt funding become restructured as these older routines and ways of doing business do not support the entrepreneurial economy which is demanding a higher number of innovative ideas to be financed, but at much lower amounts. Whereas in the managed economy, many innovative ideas had no funding outlets, sites like Kickstarter are restructuring the seed money platform.

References


