

Crowdfunding Research: A State of Islands

Position Statement

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Crowdfunding has grown rapidly in terms of economic impact, public awareness and legislative maturity. Parallel to this growth has been the emergence of key crowdfunding platforms, e.g. *Lending Club* and *Zopa* for peer-to-peer lending, *FundedByMe* and *EarlyShares* for equity investment, *Kickstarter* and *RocketHub* for product or service development, and *Fundraise* and *Causevox* for charities. While crowdfunding research is increasing in scope and volume across these domains, much of the research has focused on a small number of platforms. For example, research on financially-motivated peer-to-peer lending has built upon observations of *Prosper*, while research on charitably crowdfunding has emphasized observations of *Kiva.org* (Feller et al. 2013).

These studies typically look at crowdfunding behavior in terms of funders' perceptions of recipients' trustworthiness (e.g. Greiner and Wang 2010), their social identity (e.g. Galak et al. 2011), and their ideological commitments (e.g. Oomen and Aroyo 2011). These perceptions are highly dependent on social context, yet we do not know if the funders participating on different platforms overlap, even those within similar domains. This is significant, as different social networks may have different expectations of individuals in specific roles, and perceptions of those individuals are a function of their ability to conform to those expectations (c.f. Stryker and Burke 2000). Thus, findings from the relatively small number of platforms studied may not be applicable outside of their specific contexts.

This raises several interesting and inter-related questions with regard to our current understanding of crowdfunding phenomena. Firstly, do we observe the same motivations, perceptions, and behavior across different platforms? If the answer to the first question is yes, then we must assume that the IT used in crowdfunding only impacts on the phenomena in shallow terms. We know for example, that *Indiegogo* and *Kickstarter* afford users with different features and different pricing structures. If these features manifest the same behavior, then these features may not be theoretically significant for IS research. This would then call into question whether crowdfunding as a whole is appropriate subject matter for a discipline a technological focus. However, if the answer to the first question is no, then a different question emerges. The question asks whether the most meaningful insights can be identified from research specific to a single platform. Clearly we can't compare the impact of technological features across platforms in one-to-one terms, yet an understanding of the technological and behavioral differences between crowdfunding platforms is essential to understanding the impacts those technological variations have (which is the most interesting relationship from an IS perspective).

For this reason, I posit that more crowdfunding research must seek to abstract theoretical insights across multiple platforms. This may require that individual studies seek to build and/or test theories based on observations across multiple platforms, or that more review studies are conducted, or simply that findings presented in single-platform research are contrasted with findings from other platforms.

References

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