The Organizational Field of Crowdfunding - Emergence and Special Characteristics

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ABSTRACT

Crowdfunding is an online fundraising technique, where individuals or groups ask for contributions from a large number of people, i.e. “the crowd”. Crowdfunding first appeared in 2003 and has doubled its financial scope every year since 2011. Yet, very little is known about it, especially from a societal perspective.

In this thesis I have attempted to understand how the organizations surrounding crowdfunding have structured themselves into an organizational filed, and also how “the crowd” might have granted this field special characteristics. This since “the crowd” is an element not earlier taken into consideration when studying field emergence. I have conducted a content analysis with data from 170 crowdfunding platforms and 190 media articles. I found that several events coincided in 2009 and opened up for the emergence of the crowdfunding field, and also that the understanding of crowdfunding’s purpose has shifted since 2003, from culture projects to start-ups.

Regarding the special characteristic of the field it seems like the online nature enabled a fierce structuration pace, and also that “the crowd” constitutes an entity that cannot be captured by our traditional understanding of fields. The results suggest that when “the crowd” takes on functions in a field, the functions become invisible, and this has implications for future research regarding organizational fields.

Keywords: Crowdfunding, crowd, organizational field, field emergence, crowdsourcing, institutional theory
Acknowledgements

When I decided not to team up with another student, but to write my thesis on my own, I became labeled an “ensamskrivare”, which means “a student writing her thesis alone”. No term could have been more misleading. I have never been alone, not even for a second.

Thank you, Josef Pallas, for allowing me the freedom to explore things on my own, yet you were always ready to give me a push in a new direction when I needed it. Everything didn’t become perfect, but I want you to know that I learnt a lot along the way.

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Like I said: I wasn’t alone for a second
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# LIST OF TERMS AND ABBREVIATIONS

## Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Backer</td>
<td>In crowdfunding the term “backer” refers to an individual that financially supports a founder’s venture.</td>
</tr>
<tr>
<td>Bounty</td>
<td>A reward that can be claimed after a task has been completed.</td>
</tr>
<tr>
<td>Founder</td>
<td>In crowdfunding the term “founder” refers to the person or group launching a fundraising campaign.</td>
</tr>
<tr>
<td>JOBS Act</td>
<td>The “Jumpstart Our Business Startups Act” is a legislation change in the US which enabled crowdfunding of start-ups.</td>
</tr>
<tr>
<td>User generated content</td>
<td>Online content created by users, for example tweets and Facebook status updates.</td>
</tr>
</tbody>
</table>

## Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPS</td>
<td>Crowdfunding Accreditation for Platform Standard</td>
</tr>
<tr>
<td>CFIRA</td>
<td>The Crowdfunding Intermediary Regulatory Advocates</td>
</tr>
<tr>
<td>CfPA</td>
<td>The Crowdfunding Professional Association</td>
</tr>
<tr>
<td>ENC</td>
<td>European Crowdfunding Network</td>
</tr>
<tr>
<td>FINRA</td>
<td>Financial Industry Regulatory Authority</td>
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</tbody>
</table>
1. INTRODUCTION

On October 6th 2014 a speech was held in Brussels. The speech concerned the need of forming an European Capital Markets Union in order to deal with the currently distressing economic situation. However, aside from more traditional elements the suggested solution contained a rather surprising and new approach to financing: crowdfunding.

“My ambition is clear: to help unlock the capital around Europe that is currently frozen and put it to work in support of Europe’s businesses, particularly SMEs. And that is where the Capital Markets Union, a new frontier of Europe’s single market, comes in.

If a new business owner in the EU has an opportunity to expand, at the moment his options are mainly to turn to friends and family or his local bank. I want to expand his range of options to include listing on a growth market, which could give him access to investors anywhere within the EU, to business angels, or crowdfunding.”

EU Commissioner Jonathan Hill (6 October 2014)

A decade earlier crowdfunding was a concept without a name (Lawton and Marom, 2013) used by fans to finance small scale music projects. Today it is mentioned as a billion dollar industry with over 1200 active platforms (Massolution, 2015), which functions as virtual arenas where founders can present their ideas to an inconspicuous and countless number of potential backers, and where the backers can review and pick between the ventures offered (Ordanini et al., 2011). In addition to the platforms there are nowadays crowdfunding industry organizations that watch over the interests of the platforms by engaging in policy work and standardization; for example the European Crowdfunding Network in Europe or the National Crowdfunding Association in the US. For those not able to reach their funding targets on time there are crowdfunding consultants (e.g., Crowdfundbuzz or Crowdfund Capital Advisors) that offer to coach founders, and make sure the project gets mentioned on the right forums, or companies that just sell data harvested from crowdfunding platforms (e.g., Kickspy). Apart from these actors there are also companies that have implemented the crowdfunding element as part of their business strategy (e.g., The Onyx Path Publishing or Queen Games). The literature on crowdfunding points at a great variety of reasons for doing this, ranging from risk reduction to marketing (Agrawal et al., 2014; Belleflamme et al., 2013; Frydrych et al.,
It is apparent that the number of actors interested in harvesting this new kind of fundraising technology is increasing quickly, with the crowdfunding platforms at the center of the setting.

Since the beginning of 2003 when the first crowdfunding platforms were launched, the actors have slowly started to structure themselves, leading to the emergence of a new organizational field. In brief, an organizational field can be understood as a set of organizations that “constitute an area of institutional life” (DiMaggio and Powell, 1991: 148) meaning that they interact and share an understanding of their undertakings. For example, car manufacturers, retailers, and spare part suppliers all belong to the same organizational field even though the tasks they perform are very different. Emerging organizational fields have different traits compared to mature organizational fields since they are not yet structured (DiMaggio and Powell, 1983: 83). Grafström (2006) and Purdy and Gray, (2009) express that most of the research concerning fields have been on change within already mature fields (e.g., Greenwood et al., 2002; Leblebic et al., 1991; Lounsbury, 2002) while research on emerging fields has been rather sparse. Some exceptions are; Greenwood et al., (2002a) that studied the role of professional organizations in field emergence over a 20 year period, Hoffman (1999) who investigated disruptive events spurring field formation around the environmental issue over a 30 year period, Powell et al., (2005) that looked into how logics of attachment changed over 12 years as the field of life science came to be and finally Morril and Owen-Smith (2002) that studied 20 years of political narratives and their role in field formation.

However, there are cues suggesting that the crowdfunding field might offer emergence patterns that have not earlier been subjected to research. First, by paying attention to the time frame, it seems like the crowdfunding field has come into being in a very short time, compared to fields in earlier studies. Second, field structuration is dependent on communication (Fligstein, 2012), and as ways of communicating that were science fictions not long ago have become reality, the foundation for field emergence might have changed. Crowdfunding offers an opportunity to study this as online communication, and everything that comes with it, is at the heart of the practice. The Internet has already changed conditions for several pursuits; Ebay changed the way auctions worked, education moving online has given rise to a new industry (Lammers and Jackson, 2014) and the online game distribution platform Steam has opened up for business models challenging the dragons in an earlier well-structured field (Chiang, 2011).
Thirdly, the crowdfunding field is dependent on “the crowd”. That organizations use or are dependent on large groups of individuals that are not employed by the organization is becoming increasingly common (Shirky, 2008). The approach comes in various shapes, such as; crowdsourcing, crowd design (Threadless, 2015), peer-to-peer lending of things (Bardhi, 2015), money (e.g., Prosper, 2015), and time and skills (e.g., Taskrabbit, 2015). When a crowd is involved, online platforms (such as crowdfunding platforms) are often used to manage the coordination of activity. However, what happens to the field structuration as the crowd and the platforms are brought into the picture is still unknown. Within a world where the wide web and its users play a greater role than ever before, it becomes increasingly interesting to investigate the implications of these elements on existing theory, in this case organizational field formation.
2. PURPOSE AND RESEARCH QUESTIONS

The purpose of this thesis is twofold. On the one hand I want to add to the current body of research on crowdfunding as it is a young phenomenon that only caught academic interest very recently. As mentioned in the introduction, crowdfunding is growing in terms of both actors and financial means, but nonetheless very little is known about it, especially from a more holistic and societal perspective. Most research has been conducted using data from a single or very few platforms or focused how fundraising success is achieved. The exception is law scholars that have addressed the consequences of the JOBS Act. However, no attention has been paid to what the growth of crowdfunding has meant for the content of the term or how it evolved from being understood as a way to finance small-scale social ventures in 2003\(^1\) into being suggested as a new source of venture capital, alongside traditional venture capitalists and banks, in 2014.

On the other hand I want to add to the research on field emergence by studying the structuration of the crowdfunding field. The crowdfunding field is interesting as it has been structured around a technology which has yielded that the main interfaces of the actors exist online. Taking into consideration how “moving online” has affected other undertakings some aspects of field structuration might also be altered under these conditions. Also, as far as I am aware, no other study on field emergence has focused on a field where “the crowd” is a central part. As the crowd exists outside the organizations of the field, but at the same time constitutes the indispensable fount of resources (in the case of crowdfunding the resource is ventures) it becomes reasonable to believe that this might have had implications for how a field is structured.

I will fulfill my purpose by shedding light on how the crowdfunding field evolved between 2003 and 2014, with a focus on time, actors, and broader beliefs associated with the purpose of crowdfunding, and I will also discuss what the crowd, and thereby the online nature, might have brought to the table. I will do this guided by the following research questions:

- How did the crowdfunding field evolve between 2003 and 2014, and what enabled the emergence?
- What are the special characteristics of the crowdfunding field?

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\(^1\)The first crowdfunding platforms were started around 2003.
3. BACKGROUND TO EMPIRICS

As crowdfunding is a rather new concept the purpose of this chapter is to give the reader a brief overview of the concept, the size of the industry, the nature of the most prominent research, and the terminology associated with it.

The term crowdfunding was coined by Michael Sullivan when he used it on his blog in 2006 (Gobble, 2012). However, in the case of crowdfunding the practice is older than the label. Before the label crowdfunding was generally adopted several other terms that referred to the same online fundraising practice existed, such as “fan funding” and “crowd-financing”.2

Crowdfunding refers to when a group or an individual make an open call over the Internet for funding, in order to pursue a large number of individuals to contribute with a relatively small amount of financial support each. Ventures utilizing crowdfunding can be both non-profit and for-profit (Mollick, 2014). The call for financing is also usually, but not always, done over an online platform controlled by a third party. This makes it possible for founders to present their venture to potential backers, and backers can easily compare and choose between hundreds of different ventures (Ordanini et al., 2011).

The rather wide definition of crowdfunding opens up for several different crowdfunding models coexisting side by side. In 2003 when Artistshare.com was launched it offered fans to donate money to support artists that they liked, and in exchange the backers could usually expect to get access to art or music produced by the artists. This kind of crowdfunding model where the backer receives a reward that has been agreed upon in advance in exchange for the contribution, but has no right to any potential future profits, is called (1) reward-based crowdfunding. Besides reward-based crowdfunding, three other crowdfunding practices are commonly recognized (Belleflamme et al., 2014; Frydrych et al., 2014; Mollick, 2014). The three other kinds of crowdfunding are: (2) donation-based crowdfunding where the backer does not receive anything but gratitude in exchange, (3) debt-based (sometimes also known as peer-to-peer lending) in which the backer can expect to get his or her initial contribution back, sometimes with no interest at all and sometimes with interest of up to 36% (Prosper, 2015), (4) equity-based crowdfunding where the backer receives a part of the venture, which is usually a business, and can expect a part of potential future revenues.

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2 The most common term in Swedish, apart from “crowdfunding”, is “grärotsfinansiering”.
3.1. Previous research

This review of previous research have relied on the database Scopus\(^3\) to gather peer-reviewed academic articles and conference proceedings. Since crowdfunding is a young field it has been possible to only use the search term “crowdfunding” without getting overwhelmed by the material. Furthermore, in selecting the material included I have relied on the citation count in Scopus, and thereby assumed that citations equal impact and importance.

Apart from the articles which main focus was to suggest future research agendas (e.g., Lehner, 2013; Wheat et al., 2013) I saw that the current literature on crowdfunding could be divided into three categories based on their research focus: (1) investigating crowdfunding as a new phenomenon and unraveling why some crowdfunding campaigns succeed while others fail, (2) media’s role in fundraising success, and (3) the potential future effects of equity crowdfunding.

Ordanini et al., (2011) explored the relationship between the reward in crowdfunding, and the backers’ willingness to invest money. They found that the kind of payoff (ranging on a scale from emotional to material) mattered to the risk a backer was willing to take, concluding that emotional rewards are associated with a lower willingness to take risks. They also observed that the role of the costumer changed in a crowdfunding context, and that the costumer moved towards becoming a co-producer of services and goods. Belleflamme et al., (2013) also explored the role of rewards but used a data set based on 44 unbound crowdfunding ventures i.e. ventures that are not launched on platforms, and found that founders offering products more often reached their fundraising goals than those offering intangible outcomes. Mollick (2014) explored the same topic based on data from the platform Kickstarter, and found several variables correlating with fundraising success. One of the most prominent variables was the social network of the founder. Agrawal et al., (2014) looked into the role of geography in crowdfunding and found that the distance between the founder and the backer is often very large. Other examples of articles investigating crowdfunding success are Belleflamme et al., (2014), Hui et al., (2014), and Muller et al., (2013).

Regarding media’s role Burtch et al., (2013) used data from an unnamed platform and conclude that people become less willing to back after the necessary amount of capital has been raised, and also that media exposure had a positive impact on campaign success.

\(^3\) More information on Scopus can be found in section 5.4.2.3
Sørensen (2012) investigated the gate-keeper effect of media and found that it persisted, since media still directs the attention of the crowd.

There have also been some papers concerning equity crowdfunding. Stemler (2013) wrote a paper on the future juridical consequences that might come as a result of the JOBS Act, and concludes that the Act must be approached with caution. Agrawal et al., (2014) applied several economic theories on crowdfunding (e.g., transaction cost, reputation, and market design) in order to explain the rise of non-equity based crowdfunding and how equity-based crowdfunding might unfold, both aspects from a theoretical perspective. Regarding equity crowdfunding Agrawal et al., concludes:

"Despite the best efforts of policymakers and platform designers, there will surely be spectacular failures. Funders will lose significant sums, not only to fraud, but also to incompetent managers, bad ideas, and bad luck. [...] Throughout the mayhem, policymakers will be faced with the question of whether, in the long term, the benefit from the private gains from trade (cash for equity) as well as from the social gains due to spillovers and other externalities will outweigh these significant costs. As usual, eventually, the market will likely solve many of its own problems through innovation."

(2014:92)

Reviewing the current literature on crowdfunding it seems like a comprehensive picture of the concept, backed with empirical data and beyond the most famous platforms, is missing.

3.2. The financial state of crowdfunding

Even though crowdfunding has been booming it is still difficult to find trustworthy aggregated financial data, since there is no overarching organization or even clear definition of the concept. With this in mind, there are currently about 1250 active crowdfunding platforms (Massolution, 2015) and close to 400 new crowdfunding ventures are brought online every day (TCC, 2014), this even though only 12% of founders launch a second project after they have launched the first one (Gallagher et al., 2015). The financial means raised through crowdfunding has doubled each year since 2011 when $1,5 billion was raised, amounting to $16,2 billion dollars raised in 2014 (Massolution, 2013, 2015). The most rapid growth of crowdfunding can be found in Asia where the funds raised increased with 320% between 2013 and 2014 (Massolution, 2015). Furthermore, the consultancy Massolution (2015)
predicts that crowdfunding will continue to advance in an escalating pace and predicts that $34,4 billion dollar will have been raised by the end of 2015.

3.3. Historical roots

As the name crowdfunding might reveal, it is a development of crowdsourcing. The origin of crowdfunding is important to understand since organizational fields cannot be detached from history. The guidelines that will govern the interaction among the members of an emerging field will be a fuse between old and new institutions (DiMaggio, 1991; Kalantaridis and Fletcher, 2012). Crowdsourcing is the practice when individuals contribute time or competence to solve a problem, normally without pay but sometimes for a bounty (Brabham, 2010), or as “the application of Open Source principles to fields outside of software” (Howe, 2006). Three crowdsourced projects that have had an impact on society is the Netflix recommendation algorithm (NetflixPrize, 2009), which was a bounty project, Wikipedia, and the cooperation between the United States Patent and Trademark Office and the crowd community describe itself as follows:

“The community supplies information and research based on its expertise. The patent examiner makes the final determination on the basis of legal standards. This process combines the democracy of open participation with the legitimacy and effectiveness of administrative decision making.”

(Peer-to-patent, 2015)

What these examples illustrate is that on the one hand crowdsourcing can be used for for-profit selective measures in exchange for bounties, but also that crowdsourcing still has its ideological and norm-setting roots in the open-source community which is resting on a series of assumptions of what is good: sharing, democratization and community (Glassman and Kang, 2010; Lerner and Triole, 2000; Ojha and Rao, 2014; von Krogh et al., 2003). When studying field emergence it is important to be aware of history since organizational fields do not arise from vacuum, but as developments or patchworks made up by already existing fields (Goodrick and Salancik, 1996; Jepperson, 1991). This means that history tells us what we can expect from the not yet existing field of crowdfunding in 2003, which is where my research question set sail.
4. THEORY

This section is divided into two parts that are both focused on field emergence. My intention with the first part has been to give the reader and myself the theoretical tools to answer the question “how does the field emerge?” and the second part to answer the question “how come it is emerging?”.

4.1. What is an organizational field?

Institutional theory opens up for going beyond the individual organization and analyze the larger picture of social interaction (Hoffman, 1999). As the aim of this thesis is to study the pattern of organizations surrounding crowdfunding it becomes useful to adopt a field level perspective. Moreover, a necessary assumption for institutional theory is the notion of a socially constructed world which is being constantly negotiated and reconstructed. This socially constructed world is then governed by institutions that enables and restrain action for actors. In doing this institutions guide social activity, and organizations that want to appear as legitimate within their particular fields have to find ways to attend to them (Greenwood et al., 2008; Meyer and Rowan, 1977).

The distinction between the terms “organizational field” and “institutional field” is not very clear in the literature, and the terms are at time used as interchangeable (Buhr, 2008). Here on I am going to use the term “organizational field”, or at times just “field” when referring to these concepts. A field can be understood as a set of organizations that together “constitute an area of institutional life” (DiMaggio and Powell, 1983:149), meaning that their operations and tasks can look very different but the organizations still operate in close connection, depend on each other, and obey interconnected logics. This highlights two necessary features of organizational fields: first, networks of interaction constitutes a structural foundation for organizational fields (Bottero and Crossley, 2011; Powell et al., 2005) and second, there has to be a common understanding, or a field frame, that provides order by establishing what practices will grant status or be deemed as appropriate within the field (Lounsbury et al., 2003).

The literature on organizational field emergence suggests that fields can emerge around technologies or issues, and that these two ways of viewing field emergence opens up for highlighting different aspects of the field (Grodal, 2007; Hoffman, 1999; Scott, 1995). I am going
to adopt the standpoint that the crowdfunding field has evolved around crowdfunding as a technology, which appeared with the rise of user generated content, a concept that took off in 2000 (O’Reilly, 2005).

Since field emergence takes place during the time when the roles of actors, and the institutions that will govern the future field, are not yet in place it can be hard to capture the process. However, four characteristic traits of emerging fields which can be used in order to spot field emergence has been put forth (DiMaggio, 1991; DiMaggio and Powell, 1983). In the original article DiMaggio and Powell (1983) chose to use the term “parts” instead of phases, stages or similar expressions in describing the features of field emergence. I interpret this as the parts not being mutually excluding, but rather coexisting at the same time during the structuration process.

4.1.1. DiMaggio and Powell’s four parts of field structuration

The first part relates to the pattern of interaction between members within the field that is to come about. According to DiMaggio and Powell (1983) interaction between the future members is to increase during field emergence leading to that conferences and other occasions where members of the field can meet and interact will start to appear (DiMaggio, 1991). The second part is that structures in the terms of co-operations and coalitions will also start to form among the actors. This means that some actors in the forming field will achieve more recognition and hence status, granting them a more central position within the forming field (DiMaggio, 1991). Structures in the terms of co-operations or coalitions will also start to form among the actors. Thirdly, the information load will increase and books, news media, periodicals, and research articles attending to the field will start to appear. The final part concerns awareness; in order to constitute a field the organizations that are claimed to be within that field also have to acknowledge that they perceive themselves, and the other organizations within the field, as a part of the field. This will lead to the establishment of cognitive boundaries guiding the organizations in their search for relevant information, inspiration, appropriate behavior, and role models (DiMaggio, 1991).

4.2. How do organizational fields come about?

In the previous section I explained how we can recognize a field as it is coming about and in this section I will proceed to explain what can provoke field emergence.
Organizational fields have a history, are connected to previously existing institutions, and have to fit into a larger web of other institutions and work with the current world view of the time and place where they exist (Goodrick and Salancik, 1996; Jepperson, 1991). This complicates the concept of field emergence since the line between field emergence and change within an already existing field becomes blurred. Nevertheless it is possible to observe new fields come into being, and current research on the topic offers several theoretical explanations to what causes field emergence. In this section I will present three different approaches that can help explain field emergence; actors, logics and time. These concepts will later help me decipher how crowdfunding came to be the way it did. It should be mentioned that these theories, or explanations, are not mutually excluding, but different scholars prefer to empathize different explanations. However, for increased clarity I have chosen to introduce the explanations and their characteristics one by one in this section.

4.2.1. The institutional entrepreneur

“Building an organizational field means creating an arena that brings a number of different actors (often with different interests, and organizational forms) into routine contact with one another, under a common frame of reference, in pursuit of an at least partially shared project”

Bartley (2007: 233)

The quote above illustrates the work undertaken by an institutional entrepreneur in creating a new organizational field quite well. An institutional entrepreneur is an organization or individual which, with a certain agency, seek to control institutions and structures. These individuals or groups are often described as being powerful and acting in their own interest (DiMaggio, 1991). In line with this, (Greenwood and Suddaby describes the institutional entrepreneur as "interest-driven, aware, and calculative" (2006: 29). The institutional entrepreneur uses her position, material, political and cultural resources, and power to create, maintain or alter existing institutions (Hardy and Maguire, 2008; Lawrence and Suddaby, 2006). During field emergence the entrepreneur is present in several places (such as committees, boards, public meetings) during the process (Maguire et al., 2004). The role of pivotal individuals, and sometimes entire organizations (Bartley, 2007), is often empathized, regardless of the context being field construction (Bartley, 2007; DiMaggio, 1991), category construction (Khaire and Wadhwani, 2010), or intraorganizational change (e.g., (Dutton et al., 2001). However, this does not mean that the entrepreneur is alone in the undertakings, but
rather that she is orchestrating it. It is common that entrepreneurs are dependent on other actors or their resources, forcing them to negotiate, bargain, and frame their ventures (Hardy and Maguire, 2008). Furthermore, the concept of the institutional entrepreneur contains a paradox (Holm, 1995); if the embedded entrepreneur can see beyond the institutions, are the institutions then really institutions? Or the other way around; if the entrepreneur causes the change while governed by institutions, is it really the entrepreneur that is causing change? This discussion has led to the notion that certain conditions have to be met in order for the institutional entrepreneur to be able to act, with “jolts” or “disruptive events” as central concepts (Hardy and Maguire, 2008). Disruptive events are flustering circumstances which destabilize the existing order and allow the institutional entrepreneur to see beyond what currently is. These events can come in the form of regulatory change, social change, crisis, or technological advancement to mention some (Greenwood et al., 2002a). What this leads to is that it should be possible to find groups that have played the role of institutional entrepreneurs by paying attention to actors active around disruptive events or appearing in several different crowdfunding related contexts. These entrepreneurs should then also have, in an active manner, pushed for certain opinions influencing the evolution of the crowdfunding field.

4.2.2. A clash of logics

"Institutional logics also sow the seeds for change to the extent that they embody contradictions"

Rao et al., (2003: 801)

A logic can be understood as a set of “broader cultural beliefs and rules that structure cognition and guide decision making in a field.” (Lounsbury, 2007: 289) These rules then guide social behavior in different contexts (DiMaggio and Powell, 1991). Due to disruptive events such as changes in society is structured, regulations (e.g., Greenwood et al., 2002; Lounsbury, 2002), or technological advancements (Ojha and Rao, 2014) these logics sometimes come to exist in the same organizational sphere at the same time, and since they are not always compatible they collide. This can lead to a variety of responses both on the organizational level (Greenwood et al., 2011) and at the field level, whereof one outcome is that a new field emerges (Ojha and Rao, 2014). The two conflicting logics will struggle over what behaviors and practices will be viewed as appropriate and thereby be allowed to govern the new field. Two results of this struggle is suggested; the conflicting logics come to thrive and coexist side-by-side, a state that can prevail for decades without interrupting the existing
structure (Dunn and Jones, 2010; Marquis and Lounsbury, 2007; Reay and Hinings, 2009), or
the initial logics give rise to a third logic that will come to govern the new field (Ojha and Rao, 2014). Comparing the historical roots of crowdfunding (closer related to reward-based
and donation-based crowdfunding) with the understanding expressed in the EU commission,
where crowdfunding is described as a source of capital next to venture capitalism (closer
related to equity-based and debt-based crowdfunding), it becomes suggested that
crowdfunding is squeezed in-between two different logics. By paying attention to
crowdfunding models over time as associated with different logics it becomes possible to see
if crowdfunding in 2014 is exactly, partly or not at all understood the same way as
crowdfunding in 2003.

4.2.3. The role of temporal conditions

“Once the window opens, it does not stay open long. An idea’s time comes,
but it also passes.”

Kingdon (2003: 169)

A third way to view field emergence is timing. Field formation is usually a rather slow
process but Fligstein (2012) argues that technological advancements can increase field
structuration pace by facilitating communication. Grodal (2007) studied the emergence of the
nanotechnology field, and observed how the field over time went through three phases;
mobilization, legitimation, and institutionalization. The main topic of her study was labels,
and how the understanding of whom and what belonged in a field evolved over time. She
found that the understanding of an organizational field was clear during the mobilization stage
but became blurred during the legitimacy seeking phase as more organizations joined and
tried to influence the understanding. During the institutionalization stage the understanding of
the field became clear again as knowledge connected to the filed became codified and
centralized, in for example certifications (Grodal, 2007). Furthermore, all of these three
stages were connected to a specific kind of resource; social capital, monetary capital, and
finally human capital. Even though Grodal (2007) shed light on the how meaning developed
during field structuration she did not offer any explanation to from where the first igniting
spark of field emergence originated. Viewing crowdfunding as an idea, or at least a concept
within a larger idea this becomes possible. In the case of crowdfunding the idea would be the
changed perception of “the crowd” as in the appropriate relationship between the people
outside (i.e. the crowd) and inside the corporation (Shirky, 2008). This changed perception
has made it possible for corporations to use non-employed individuals across the world for marketing, beta-testing, innovating, designing, and data collection (Shirky, 2008) just to mention some functions where corporations cooperate with the crowd.\(^4\) The notion of ideas is built on the observation that sometimes a large number of organizations adopts the same change at the same time (Czarniawska and Sevón, 1996). Ideas are born inside the head of single individuals, and spread through speech and then materialized in models, pictures, and text. As more and more people catch on to the idea it becomes turned into action; “Other people are persuaded to join in, decisions are formally made, municipalities divided into subparts, laboratories called to life, prototypes built and shown, licenses bought and applied” (Czarniawska and Sevón, 1996: 44).

The ideas bring about change in their environment, and as pointed out earlier, the line between a changing field and an emerging field is blurred; hence what bring about change can also bring about emergence. Furthermore, any given change cannot come about at any given moment but has to be timely. The period of time when change is possible is referred to as a “window” (Kingdon, 2003). Windows can be opened in a planned and scheduled manner, due to coincidences, or become pushed open by actors wishing to pursue a certain agenda (Kingdon, 2003; Zahariadis, 2008). During the time when a window is open it becomes possible for individuals or groups to push for ideas and thereby make change come about.

Between 2003 and 2014 the interest in crowdfunding grew considerably and this suggests that something happened during this time. By paying attention to time it becomes possible to see if the interest rose incrementally or exploded at any certain point, and if the case is the latter; identify critical moments when windows might have been open. This would make it possible to pinpoint actors and events that have been important to the evolution of the crowdfunding field. Finally considering the temporal perspective it opens up for an opportunity to study the structuration pace of a field where the actors during the entire field structuration process have had access to and relied on the online world.

\(^4\)It can be pointed out that this is not a phenomenon only picked up by small and medium IT companies but by a variety of companies such as: IBM, Coca-Cola, Microsoft, GE (Pelzer, 2015).
4.3. Concluding framework

An organizational field is a set of organizations that “constitute an area of institutional life” (DiMaggio and Powell, 1983: 149) and four parts are needed during the emergence: increased interaction between the future field members, formation of interorganizational structures, increased information load, and mutual acknowledgement between the future members (DiMaggio and Powell, 1983). The four parts will allow me to investigate special characteristics of the field structuration. Furthermore, the three explanations of how field emergence can come about are not parallel or mutually excluding; instead they complement each other and highlight different aspects of field structuration. Due to this I am going to use all three in order to answer my research questions. Focusing on the role of actors will reveal what actors have influenced crowdfunding and in what directions at different times. Paying attention to logics can show how the understanding of crowdfunding and its role has changed over time, and finally considering temporal conditions makes it possible to identify disruptive events that might have influenced the evolution of the field. A summary of the three explanations and how they relate can be found in figure 1.

**Fundamental parts**

- Acknowledgement
- Interaction
- Structure
- Information

**Actors**

- Identify key individuals and groups
  - What individuals or groups were present at different times?
  - As "interest-driven, aware, and calculative" (Greenwood and Suddaby, 2006:29) what did they want to achieve?

**Logics**

- Making sense of crowdfunding being suggested as a solution next to venture capitalism
  - Is crowdfunding exactly, partly, or nor at all the same concept in 2014 as in 2003?

- Showing the evolution of crowdfunding from a temporal perspective
  - With what pace did the field evolve?
  - Was the evolution incremental or colored by disruptive events?
  - What were these events and when did the take place?

Figure 1: Summary of theoretical framework
5. METHOD

My objective with this thesis is to shed light on the current state of crowdfunding as a field, and on how it has developed since 2003. This has to be done in several steps. First, I decided that the crowdfunding platforms should constitute the backbone of my data collection process; hence the first thing I had to do was to identify crowdfunding platforms. This decision was motivated by the notion that crowdfunding platforms were the first actors to engage with crowdfunding, years before the label “crowdfunding” was created, meaning that without the platforms it is highly unlikely that there would be any crowdfunding field at all.

Then I had to investigate what enabled the emergence of the field, and finally delve into what the evolution of crowdfunding looked like between 2003 and 2014 in order to identify specific characteristics of the field. The data collection process is described in figure 2.

5.1. A case study – the case of crowdfunding

When choosing a case study design it is important to know what the phenomena studied is a case of (Czarniawska, 2014). I would like to argue that crowdfunding is an example of field structuration around a new technology, where the field is dependent on users, and that during its entire structuration process has benefited from the fast paced communication that the Internet offers.
A case study will allow me to give a rich and detailed description of my studied phenomena over time. Since this is at the core of my research question I deem a case study design useful. Case studies are also suitable when the research has an exploratory and explanatory nature (Saunders, 2009).

Following this line of thought the online world has also granted access to warped spatial conditions, leading to that the role of time and space being particularly interesting. In order to capture these aspects I will pay close attention to time throughout the data collection. Other possible cases of the same phenomena would have been live streaming/webcasting on YouTube and Twitch or the rise of professional gaming.

In her dissertation on categorization processes Grodal (2007) mentions four criteria that can be used to identify a suitable case when intending to study field emergence; recentness, available paper trail, possibility to identify a beginning, and possibility to observe the face-to-face negotiation process. As Grodal also studies field emergence I deem it worthwhile to be inspired by her reasoning. However, negotiation of meaning is not a crucial concept of this thesis and therefore the criteria calls for some modifications; it will not be necessary to observe the face-to-face negotiation process.

Grodal (2007) first criterion suggested is that the field should be recent. Due to the dependency on Internet 2.0 a crowdfunding field could not even theoretically have emerged until the beginning of the twenty-first century, hence the phenomena can be understood as recent. Second, the actors of interests should leave a paper trail. Since crowdfunding is an online activity it comes quite naturally that actors also leave a paper trail online. Web archives such as The Wayback Machine will allow me to retrieve old homepages of crowdfunding platforms and historical blogposts (from example from industry organizations). Thirdly, Grodal brings up that it should be possible to identify the beginning of the creation process. In the case of crowdfunding the beginning is usually traced back to the funding of the platforms Artistshare and Globalgiving in 2003 (Artistshare.com, 2015; Globalgiving, 2015; Salter, 2013; Wharton, 2010).

5.1.1. Exploratory and explanatory

In this thesis I aimed to answer the research questions: “How did the field of crowdfunding evolve from 2003 to 2014, and what enabled the evolution?” and “what are the special characteristics of the crowdfunding field?” In order to answer these questions I have adopted
both an exploratory and explanatory approach. The exploratory approach allowed me to delve into the material, identify patterns, and thereby reveal characteristics of the field and its emergence. The explanatory approach then allowed me to put my findings in context and thereby explain how it can be understood that it came about the way it did (Saunders, 2009).

5.2. Pre-study

Due to the nature of crowdfunding all crowdfunding platforms have web pages. Since modern web pages can be quite extensive with a great amount of subpages I decided to make a pre-study. A sample of 50 crowdfunding platforms was used and consisted of every second platform from Massolution’s list which is introduced further in the section below. All platforms that did not offer English or a Scandinavian language were removed. The goal of the pre-study was to (1) get familiar with the structure of crowdfunding platforms, (2) identify the sub-pages where crowdfunding platforms make references to other actors, (3) get a first understanding for what kind of organizations crowdfunding platforms relate to. The pre-study showed that the main page, the “About us” page and pages called “our partners” or “partnerships” are most likely to contain references to other actors, hence I will use these three pages from each crowdfunding platform as my unit of analysis. Furthermore the pre-study showed that about 51%\(^5\) of the platforms made references to news media, 18%\(^6\) seemed to be members of some kind of larger organization and 45%\(^7\) made references to at least one other organization (media and memberships excluded).

5.3. Data collection

The data collection was done based on the findings in the pre-study, the parts identified by DiMaggio (1991), and the notion that a proper case study should include data from several different sources, and preferably several different methods (i.e. triangulation). Triangulation should not be viewed as a strategy of validation but rather a substitute, which by deepening the understanding of the case adds to the rigor of the study and thereby increases the trustworthiness (Denzin and Lincoln, 2011). I have used data from three different sources in this thesis: crowdfunding platforms, news media, and additional documents (for example reports issued by the most prominent crowdfunding industry organization). The data

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\(^5\)62% in the final sample made references to news media.  
\(^6\)24% in the final sample had some kind of membership.  
\(^7\)61% in the final sample made at least one reference to another organization
collection process had to be conducted in two steps where the first step, the survey of the platforms and their affiliations, laid the foundation for the second round of data collection.

5.3.1. Identifying crowdfunding platforms

Identifying crowdfunding platforms can be difficult since not all platforms use the term “crowdfunding” to describe their operations. There can be several reasons for this; that “crowdfunding” has been pointed out as a buzzword (Bridge, 2013; Merced, 2014), that the platform does not feel the need to label their fundraising technique up front, or because the operations of the platform are very different from what crowdfunding giants such as Kickstarter and Indiegogo does, and the platform does not want its business confused with theirs.

There are a couple of web pages that claims to possess directories over present crowdfunding platforms; however the number of platforms within these directories varies. For example, the directory of Crowdsourcing.org (2015a) contains 832 platforms while Crowdmapped (2015) only contains 570. What this indicates is that a trustworthy list of all platforms cannot easily be obtained. However, Massolution is a crowdsourcing consulting company connected to crowdsourcing.org that conducts an annual crowdfunding survey. The survey then poses as the foundation for their “Crowdfunding Industry Report” and in the back of this report a list of crowdfunding platforms that responded to the survey can be found (Massolution, 2013). In 2013 the questioner was filled in by about 40% of the platforms that Massolution contacted, resulting in a list of 308 crowdfunding platforms. Assuming that platforms responding to a questionnaire regarding their crowdfunding activities also identify themselves as crowdfunding platforms I used this list to identify crowdfunding platforms. Yet using this list comes with a set of drawbacks. First, as the survey was conducted in 2013 my sample lacks crowdfunding platforms launched in 2014. Second, I am aware that about 60% of the platforms chose to not answer the survey but I have no knowledge about why they made this choice. Still I chose to use this list since I deem the damage done by not including platforms launched in 2014 smaller than the damage done by including platforms that do not identify themselves as crowdfunding platforms. Also I have chosen to not add platforms that I happen to be aware of to the sample since it would add unnecessary bias.
5.3.1.1. Sampling of crowdfunding platforms

The sampling process can never be an ad hoc process since it influences the entire trajectory of the analytical process. Rapley (2014) points out that there exists a vast variety of different sampling strategies but that the most important feature of the sampling strategy no matter what is that it is purposeful. I have chosen a sample size of 170 crowdfunding platforms from Massolution’s list and even though I do not intend to draw any statistical inference from my sample (Saunders, 2009) I have still chosen to draw a random sample using a random number sequence generator. I chose this since it solved some of my sampling issues related to the names of the platforms. During my pre-study I learnt that some words included in platform names (such as “giving” or “equity”) were associated with certain crowdfunding models. I could not rule out that the crowdfunding model impacted affiliations displayed by the platforms or positioning in the crowdfunding field and considering that the platforms on the list were presented in an alphabetic order I decided that it would be unsuitable to take the first or last half of the list since this might bias the sample. Also, since there were no particular platforms that were more important than others to include in the sample I decided that using a random sequence generator was a simple and suitable solution.

As mentioned earlier, all crowdfunding platforms included in the Crowdfunding Industry report where not in available in English. Therefore I chose to only include platforms offering English or any Scandinavian language. A list of all included platforms can be found in appendix I.

5.3.2. News media

In order to (1) identify critical events, (2) institutional entrepreneurs and, (3) how crowdfunding has been understood at different times, I chose to use media material. Media becomes relevant as it can affect people’s perception of reality (McCombs and Shaw, 1972). The choice is also inspired by Hoffman (1999) where media material was used in order to identify actors and critical events during field emergence. The material has been collected from the data base Factiva, which contains media (for example; newspapers, magazines, selected blogs and TV transcripts) from 35 000 sources spread all across the world (Dow Jones, 2015).
5.3.2.1. Sampling of news media

The purpose of sampling in this case was to reduce the material to a manageable volume consisting of the most relevant articles. The graph in section 6.2.1 displays the growing media coverage of crowdfunding, amounting to 25 000 English-language pieces in 2014.

Since crowdfunding as a concept has existed longer than the label I used several old expressions for crowdfunding, and their conjugations, when gathering articles until 2011. The expressions in the list below have been collected from the older versions of the crowdfunding platforms included in my sample. However, it should be mentioned that the additional search words resulted in very few relevant hits.

<table>
<thead>
<tr>
<th>Crowd finance</th>
<th>Fan funding</th>
<th>Viral funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peer funding</td>
<td>Crowd funding (as two words)</td>
<td>Microphilanthropy</td>
</tr>
</tbody>
</table>

Table 1: Expressions for crowdfunding found on crowdfunding platforms

In order to increase relevance I decided to limit the number of papers to those that have got the most attention at crowdfunding platforms; The Wall Street Journal, The New York Times and Forbes. This since these papers can be assumed to be of the most importance to the platforms. However, before 2011 the number of articles published was so small that I decided to draw the random sample from the entire database. Throughout the sampling I included 30 articles per year if possible. The result of the sampling is summarized in table 2.

<table>
<thead>
<tr>
<th>Year</th>
<th>Sources</th>
<th>No. or articles in sources</th>
<th>No. or articles in Factiva</th>
<th>No. or articles in sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Entire Factiva</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2008</td>
<td>Entire Factiva</td>
<td>9</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>2009</td>
<td>Entire Factiva</td>
<td>65</td>
<td>65</td>
<td>30</td>
</tr>
<tr>
<td>2010</td>
<td>Entire Factiva</td>
<td>179</td>
<td>179</td>
<td>30</td>
</tr>
<tr>
<td>2011</td>
<td>WSJ, NYT and Forbes</td>
<td>86</td>
<td>1169</td>
<td>30</td>
</tr>
<tr>
<td>2012</td>
<td>WSJ, NYT and Forbes</td>
<td>230</td>
<td>5 763</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>WSJ, NYT and Forbes</td>
<td>378</td>
<td>14 510</td>
<td>30</td>
</tr>
<tr>
<td>2014</td>
<td>WSJ, NYT and Forbes</td>
<td>879</td>
<td>24 166</td>
<td>30</td>
</tr>
<tr>
<td><strong>In total</strong></td>
<td></td>
<td><strong>1 827</strong></td>
<td><strong>45 862</strong></td>
<td><strong>190</strong></td>
</tr>
</tbody>
</table>

Table 2: Summary of media sampling

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Based on the platforms included in my sample.
5.3.3. Data Quality

The initial sample of crowdfunding platforms consisted of 170 platforms and out of these 88 platforms where removed, leaving a final sample of 82 platforms. The reasons for removal are displayed in table 3.

<table>
<thead>
<tr>
<th>Reason for removal</th>
<th>% of sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>The platform did not offer English or any Scandinavian language.</td>
<td>24 %</td>
</tr>
<tr>
<td>The page could not be opened or has not been properly archived</td>
<td>15%</td>
</tr>
<tr>
<td>The “platform” was not a crowdfunding platform but another kind of business, a consultancy or platform developer for example</td>
<td>8%</td>
</tr>
<tr>
<td>It was impossible to find the crowdfunding platform. Usually because it had a too generic name, such as “MT” or “Skematik”</td>
<td>4%</td>
</tr>
<tr>
<td>The platform required a membership which I did not have</td>
<td>1%</td>
</tr>
<tr>
<td><strong>In total</strong></td>
<td><strong>52%</strong></td>
</tr>
</tbody>
</table>

Table 3: Reasons for removal from sample

I am going to comment on the two most common reasons for removal: considering that Massolution’s investigation was international the high amount of platforms not offering English was not surprising, but rather confirmed that crowdfunding is a global phenomenon. The second most common reason for removal mainly related to features of web archival; some pages do not allow crawlers to archive them\(^9\) and can therefore not be traced over time.

The media material has, as mentioned, been collected through Factiva. A drawback of the database is that it contains a small amount of hearings and proceedings from American congress. These have been manually removed until 2011; thereafter the volume of material became too vast. In the cases where these kinds of documents have been included in the random sample I have discarded them and simply drawn a new random article to substitute it.

5.4. Catching an emerging field using content analysis

Since fields do not have hard boundaries, I have been forced to take a subjective stance to determine the scope of my thesis. Even though this colors the results as well as the analysis it is common procedure when studying fields. Hoffman (1999) accepted that he could only attend to the actors that made use of legal procedures and Fligstein and Brantley (1992) chose

\(^9\)For more information on how the **robots exclusion protocol** works visit: www.robotstxt.org/robotstxt.html
to focus only on the 100 largest American corporations in 1969. I have limited my scope by assuming, according to earlier argumentation, that the crowdfunding platforms are at the center of the crowdfunding field, and thereby that other actors in the field will tie on to the platforms.

When attempting to understand how crowdfunding can be understood as a field I have fallen back on DiMaggio and Powell's (1983) four parts that characterize a field during its emergence. However, since all organizations in the sample has already acknowledged their affiliation with the crowdfunding practice and as interaction also implies acknowledgment I have decided to merge these parts in this thesis, which leaves me with three parts:

- The formations of structures within the field
- Members of the field acknowledge and interact with each other
- An increase in the amount of information that the members have to attend to

I have measured the presence of these three parts using content analysis, with the crowdfunding platforms’ main pages and mentioned subpages as my unit of analysis. A content analysis is suitable in this case mainly due to three reasons: first, most webpages contained enormous amounts of information even after data collection had been limited to certain set of subpages, but content analysis enabled me to condense this information and make it manageable (Krippendorff, 2004). Second, content analysis allowed me to take both pictures and text into account at the same time. Finally; a content analysis is a suitable approach when investigating change in content over time, which was exactly what I intended to do (Bryman and Bell, 2011). In addition, regarding the temporal aspect, as it was not possible to continually monitor the crowdfunding platforms I decided that I would visit all platforms during the first quarter of 2015 and then visit them every second year backwards until they got founded. For example the platform Samahope was founded in 2012; hence I have included content from 2015, 2013 and the founding year 2012 in my analysis. As I visited the platforms I also took screenshots of the relevant parts in order to facilitate future scrutiny of my work. This resulted in 328 screenshots.
5.4.1. Drawbacks of content analysis

Nonetheless, there are a variety of pitfalls that one has to be aware of when conducting a content analysis. As Bryman and Bell point out: "a content analysis can only be as good as the documents on which the practitioner works" (2011: 308). In evaluating the documents I had to, with my purpose and research question in mind, attend to authenticity, credibility and finally representativeness, the last which I have attended to in the section 5.3.1.1 and 5.3.2.1. Authenticity was not troublesome in my case since I had no reason to believe that the crowdfunding platforms launched or the material in Factiva was not authentic. Credibility relates to if there is any reason to believe that the material has been distorted. On the one hand it was likely that platforms would only display actors that they wanted to be associated with, and this might be thought of as distortion of the material. But on the other hand a basic assumption of fields is that actors acknowledged as part of the field are part of the field, hence I am mainly interested in actors that are acknowledged. Keeping this in mind I perceive the second argument stronger in favor for the purpose of this thesis. This aside I see no reason to believe that the platforms would have been manipulated. Finally, it has to be acknowledged that coding always is a craft and cannot be disconnected from the cultural context in which the researcher engages with the material (Bryman and Bell, 2011).

5.4.2. Developing the coding scheme for platforms

A coding scheme is necessary for several reasons; it guides the researcher during the data coding process, makes sure the coding is done in a sound and trustworthy way, and enables scrutiny of the conducted research (Bryman and Bell, 2011). When I developed my coding scheme I first developed main categories based on my theoretical framework, I then proceeded to developed sub categories suitable for the collected material through an iterative process. This process is further explained in the sections below. When I developed the coding scheme I also kept in mind that my categories and definitions could not be allowed to overlap in any empirical nor conceptual way since this would undermine the analysis. Furthermore all instructions had to be very clear in order to avoid confusion during the coding process ((Bryman and Bell, 2011). The final coding scheme is included in appendix II.

5.4.2.1. Interorganizational acknowledgement and interaction

According to DiMaggio and Powell (1983) members of the incipient field will start acknowledging each other. I have measured the acknowledgement over time by looking at logos or textual references made by the crowdfunding platforms to other organizations. I have
further categorized the organizations as “crowdfunding platforms”, “crowd related” and “other”, whereof the last category was further divided into sub categories through an iterative process guided by the material displayed on the crowdfunding platforms.

5.4.2.2. Formation of structures

That structures are forming means that actors starts to form larger collaboration and that some actors achieve more status than others (DiMaggio and Powell, 1983). Based on this notion and the result of the pre-study I have coded for three different kinds of structure: the participation in meta-organizations, awards and certificates/accreditations. All of these categories were also divided into sub categories, as the interorganizational acknowledgment; “crowdfunding related”. “crowd related” and “other”. An example of what a crowdfunding platform holding several meta-organization memberships as well as a crowdfunding accreditation (CAPS) looks like is enclosed below in figure 3.

![Figure 3: The bottom of the crowdfunding platform StartUpValley](image)

5.4.2.3. Increasing information

The crowdfunding platforms could not answer if the emerging field had to attend to more information. However, they could reveal what actors produced the information that the field could be expected to attend to. By pin-pointing these actors it was possible to see how the produced quantity of information regarding crowdfunding had developed. I have used two data bases when investigating how the information load has developed over time; Factiva and Scopus. Factiva has already been described in section 5.3.2 and Scopus is a database containing material from 28 500 peer-reviewed journals from all over the world (Scopus, 2014).
5.4.3. Coding and thematization of media material

Each article has been downloaded, saved, and read manually. Except for background data (date, source, general topic, and headline) four aspects have been recorded:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Description</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sentiment</td>
<td>Is crowdfunding described in a positive, neutral, negative or problematizing (portraying both positive and negative aspects) way?</td>
<td>Capture changes in the perception of CF</td>
</tr>
<tr>
<td>Main CF related event (Time)</td>
<td>What is the main crowdfunding related event (as in happening) in the article?</td>
<td>Identifying disruptive events</td>
</tr>
<tr>
<td>Actors</td>
<td>What actors are portrayed in the article?</td>
<td>Finding potential entrepreneurs</td>
</tr>
<tr>
<td>Purpose (Logics)</td>
<td>What kind of ventures can CF be used for?</td>
<td>See changes in the understanding of CF</td>
</tr>
</tbody>
</table>

These four aspects were chosen since they help painting a better picture of crowdfunding and the evolution of the field. In order to get an idea of the reliability of the coding 25% of the media material was coded for “sentiment” by a second coder. This resulted in a Cohen’s kappa\(^{10}\) of 0.8 which is considered “very good” (Bryman and Bell, 2011: 280). As I could not develop categories for “main event” and “actors” beforehand but merely rules for how to identify these, this part of the process has been closer to a thematization than a content analysis methodwise.

5.5. Additional data

In order to better understand actors and events identified in the media data or on the crowdfunding platforms I have used relevant web pages, industry reports, annual reports, open letters, and official documents. I also perceive these kinds of documents important to look at as they are materializations of thoughts, interpretations, and ideas. In being this they facilitates for crowdfunding to move between different contexts (Czarniawska and Sevón, 1996). All of these sources can be found in the reference list.

\(^{10}\)Cohen’s kappa measures the degree of agreement between two coders after they have individually coded the same material (Bryman and Bell, 2011). A description of the calculation can be found in appendix IV
6. RESULTS

In this section I will present the results from the data collection. First I will present sociograms based on crowdfunding platforms’ references to other organizations. This will visualize the first two theoretically deducted dimensions of field emergence: the formations of structures and interorganizational acknowledgement. This section will also be accompanied by short introductions of the actors in the sociograms. I will then move on to how the crowdfunding related information load has developed between 2003 and 2014. In doing this I will also present the events that have been central in the media reporting and media’s attitude towards crowdfunding over time. Finally, I will present my findings related to the logics governing crowdfunding. I will do this by displaying change in the popularity of certain crowdfunding models by looking at launched platforms and attention in academic research. I will finish the section by providing media’s answer to the question “what kind of projects can crowdfunding finance?”. The structure that this chapter will follow is summarized in figure 4.

6.1. Actors

The evolution of crowdfunding between 2003 and 2014 has been broken down into four periods, and the divisions have been made to best capture and illustrate the break points in the field structuration process. I have excluded all actors that are not crowd related in all sociograms except the ones where it

![Figure 4: Structure of result presentation](image-url)
is clearly stated that non-crowd related actors have been included. Otherwise all connections found on the crowdfunding platforms are presented, including references to platforms that were not in the sample. As the sociograms contain close to a hundred actors I will only present the most relevant actors, hence most organizations displayed in the sociograms will not be described.


The first crowdfunding platforms appeared around 2003, they did not acknowledge any other platforms within or outside the sample, nor did they belong to any meta-organizations or hold any certificates or accreditations.

![Sociogram 1: The crowdfunding field in 2007](image)

The two actors in sociogram 1 that have gotten the most attention are Kiva (A) and EquityNet (B), and thus these organizations are going to be introduced further. Kiva is a debt-based platform started in 2005 that arranges microloans to poor regions across the world. According to its financial statements in 2007 the platform managed a total amount of approximately 2
million USD, which in 2013 had grown to 119 million USD, or 226 USD lent per minute (Kiva, 2008, 2014). EquityNet started off as a platform where entrepreneurs and investors could meet, but the main product was a software for company valuation (EquityNet, 2007). Since then EquityNet has moved away from software production and focused more on matching of entrepreneurs and investors. Two screenshots from EquityNet’s main page, one from 2007 and one from 2015 can be found in appendix VI and do quite well illustrate the shift of affiliation.

However, adding the non-crowd related organizations to the sociograms reveals that most of the platforms tied on to at least one other organization at this time.

Sociogram 2: The crowdfunding field in 2007, including “other” organizations

The category “other” in this sociogram is made up by two unrelated humanitarian aid organizations and which means that Kiva and GlobalGiving are not cooperating with the same organization. Also it is noticeable that none of the platforms are cooperating with any organization which main focus is art or creative work, as that is going to be described as the main area where crowdfunding can be used starting from 2008 (see figure 9 in section 6.3.2).
6.1.2. More platforms emerge, 2008-2010

At this time it is possible to see how more crowdfunding platforms are entering the arena. Global Giving (C), one of the oldest platforms, has formed a tie to Charity Navigator which is non-crowd related rating agency for charities.

Sociogram 3: The crowdfunding field in 2010

During this period reward-based crowdfunding became popular and two reward-based platforms that were going to become prominent actors were started; Indiegogo (D) and Kickstarter. Kickstarter was not included in the sample and is hence not visible in the
sociogram above, but Indiegogo can be seen in the lower left quadrant. Both of these platforms are going to dominate the media coverage during the following years as can be seen in figure 5 below, and appendix V.

**Number of media articles mentioning certain platforms**

![Graph showing the number of media articles mentioning certain platforms from 2007 to 2014.]

Figure 5: Platforms mentioned five or more times in media.

Indiegogo started as a platform focused on movie projects and had the following opening phrase at its main page “Welcome to IndieGoGo - the social marketplace where filmmakers and fans connect to make independent film happen.” (Indiegogo, 2008). Today the platform has broadened its scope and accepts projects ranging from political causes to technological innovations.
6.1.3. The structuration begins, 2011-2012

The amount of platforms coming into existence continued to increase and industry organizations started to appear. The most popular crowdfunding models during this time was reward- and donation-based crowdfunding and 71% of the platforms that came to being during this time offered one of these two models. Close to the center it is possible to see CAPS (E) (Crowdfunding Accreditation for Platform Standard) an accreditation available for all platforms independent of crowdfunding model. Its purpose was to establish best practice and encourage ethical conduct among the platforms (Crowdsourcing.org, 2015b).

Sociogram 4: The crowdfunding field in 2012

---

11 Visible to the left in figure 3, section 5.4.2.1
Apart from CAPS which is administrated by the crowdsourcing portal Crowdsourcing.org The Crowdfunding Intermediary Regulatory Advocates (CFIRA) (F) and The Crowdfunding Professional Association (CfPA) (G) has come into being.

CFIRA is an organization founded in 2012 following the passing of the JOBS Act (see section 6.2). After the JOBS Act passed it fell on the Financial Industry Regulatory Authority (FINRA) (H) to investigate the details of how the act should be implemented. FINRA is not yet visible in the sociogram since no platform has showed any affiliation to it on its web page, but the organization shows up in sociogram 5 when an equity-based crowdfunding platform display its affiliation. As a part of the implementation process FINRA sent out an open call for comments on its proposed suggestions and CFIRA was one of the organizations that responded. The response started with the following opening paragraph which illustrates the ambitions of CFIRA quite well.

“Ladies and Gentlemen,

We are the Crowdfunding Intermediary Regulatory Advocates (“CFIRA”). CFIRA is a coalition of over one hundred of the crowdfunding industry’s leading platforms and experts comprised of portal CEOs, broker/dealers, industry service providers, and attorneys. Our mission is to facilitate capital formation by creating an equitable, orderly and vibrant crowdfunding market.

We appreciate the opportunity to respond to FINRA’s request for comment on the proposed regulation of crowdfunding activities. We respectfully submit the following comments in regards to potential rules concerning supervision, advertising, fraud and manipulation and crowdfunding activities of existing broker dealers, in addition to other comments on certain other provisions of the Act.”

CFIRA (2012)

CfPA is another US based lobby organization for crowdfunding which was founded in 2012, and it describes its purpose in a way similar to that of CFIRA:
“The CfPA is dedicated to representing the Crowdfunding industry and supporting the Securities and Exchange Commission (SEC) and Financial Industry Regulatory Authority (FINRA) during the rule making period while providing the industry with education, a professional network and the tools necessary to cultivate and balance a healthy ecosystem that will accelerate capital formation and ensure investor protection whenever possible.”

CfPA (2015d)

On its home page CfPA links to the letters written by CFIRA to FINRA (CfPA, 2015c), indicating that the organization sympathizes with CFIRA in its undertakings concerning the JOBS Act. CfPA also engages in promoting crowdfunding by publishing videos about the concept, how it can be used by start-ups, and the benefits of the JOBS Act on its web page (CfPA, 2013), and also arranges educational activities where actors get the possibility to physically meet (CfPA, 2015a).

Noticeable is that both CfPA and CFIRA describe crowdfunding as an industry, indicting a cognitive understanding of organizations using crowdfunding practices as something beyond a set of ad hoc organizations. Finally, all of these organizations; CFIRA; CfPA, Crowdsourcing.org, and FINRA are organizations that have influenced the environment and the conditions of the crowdfunding platforms.
6.1.4. The current state of crowdfunding, 2013-2014

In this snapshot of crowdfunding the platforms have tied onto even more organizations. Apart from the increase in organizations in general, three new types of organizations have appeared; crowd(funding) consultants, geographically bound industry organizations, and meta-platforms. I will not go deeper into the crowdfunding consultants (five of them, which is also most of them, are visible in light gray above Indiegogo (D)) as they are not relevant for this thesis beyond their existence.

Sociogram 5: The crowdfunding field in 2014
The UK based meta-platform and data broker The Crowdfunding Center (I) can be seen as the large fan visible to the right. That it is a meta-platform means that it aggregates ventures from other crowdfunding platforms (TCC, 2015). This also explains why the platform displays such a vast amount of connections.

As mentioned, geographically bound industry organizations also start to appear at this time, for example UK Crowdfunding Association (J), Nordic Crowdfunding Alliance (K), and European Crowdfunding Network (L). All of these organizations have purposes focusing at facilitating crowdfunding in the countries and regions they operate in, and to produce some kind of documents about crowdfunding, ranging from industry research and policy suggestions to academic research (ECN, 2015b; NCFA, 2015; Nordic Innovation, 2015a, 2015b; UKCFA, 2013, 2015b).

Finally, FINRA (H) can now be found in the sociogram. FINRA is a non-governmental organization in the US which aims to protect investors (FINRA, 2015). As stated earlier FINRA became relevant in the crowdfunding context after the suggested legislation change known as the JOBS Act was passed in the US as FINRA was chosen to help implement and administrate parts of the act (FINRA, 2013; Prive, 2012).
6.1.4.1. 2014 including non-crowd related groups of actors

Sociogram 5 shows the state of the crowdfunding in 2014 if non-crowdsourcing and non-crowdfunding organizations are included in the sociogram. Since several crowdfunding platforms listed over 100 partners I have, as mentioned in the method, clustered the organizations into the following categories: creative/art (K), governmental (L), advertisement/PR (M), technology (N), banking/finance (O), strategic consultancy (P), higher education (Q), legal (R), and “other” (S). The last category contains organizations such as humanitarian aid organizations, foundations or companies in the fashion industry.

Sociogram 6: The crowdfunding field in 2014, including “other” organizations
Kiva was the platform that displayed the most connections and it referred to hundreds of microcredit institutes around the world (Kiva, 2015). Altogether, 61% of the organizations in the sample made at least one reference to another organization. A summary of the clustered affiliations can be found below in table 4.

<table>
<thead>
<tr>
<th>Kind of organization</th>
<th>% affiliating in sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Other”</td>
<td>55%</td>
</tr>
<tr>
<td>Banking/financing</td>
<td>23%</td>
</tr>
<tr>
<td>Creative/Art</td>
<td>22%</td>
</tr>
<tr>
<td>Higher education</td>
<td>20%</td>
</tr>
<tr>
<td>Governmental</td>
<td>18%</td>
</tr>
<tr>
<td>Technology</td>
<td>15%</td>
</tr>
<tr>
<td>Advertisement/PR</td>
<td>13%</td>
</tr>
<tr>
<td>Legal</td>
<td>12%</td>
</tr>
<tr>
<td>Strategic consultancy</td>
<td>6%</td>
</tr>
</tbody>
</table>

Table 4: Affiliations to non-crowdfunding related organizations

The most common affiliations were: “other”, banking/finance, and creative/art. Looking at the undertakings of crowdfunding and what it has been used for these affiliations and this order makes sense. “Other” is the most common affiliation as it is an aggregation of all small groups of organizations that did not fit into any of the categories that were finally used. The second most common connection was banking/finance which are organizations with undertakings akin to that of crowdfunding platforms. Banks and similar organizations are the traditional sources of capital to which entrepreneurs turn when in need of seed money, and also a kind of organization that crowdfunding has been compared to12.

The third most common affiliation was creative/art, which was a category containing film studios, music producers, radio broadcasters, exhibition halls and so on. Creative projects and art projects have been one of the main areas pointed out as suitable for crowdfunding ever since the practice took off (see figure 9, presented in section 6.3.2), thus it was not surprising that many platforms affiliates with organizations dedicated to such operations.

12 See for example the quote in the introduction.
What sociogram 5 captures is that even though most platforms in my sample have not tied on to any *crowd related* organization, as visible in sociogram 4, they have still tied on to other functions in society. Assuming that these ties are mutual this also indicates a general acceptance towards crowdfunding platforms.

6.2. Time

6.2.1. Development of information load

Over the period covered in this thesis both the number of academic texts and the amount of material published in media seems to have increased. The first non-academic piece in Factiva was published in 2007 and it was an article envisaging crowdfunding as a future trend (Reinier, 2007). Three years later, in 2010, the first academic piece on crowdfunding was published; a conference proceeding suggesting crowdfunding as a business model for the film industry (Braet and Spek, 2010).

![Number of articles and conference proceedings in Scopus, and articles in Factiva](image)

Figure 6: Number of academic and media articles on crowdfunding 2007-2014

At this time media also started to pay attention to crowdfunding. Table 5 shows the most prominent topics (covered in at least 20% of the material) year by year. In the beginning the most common topic was crowdfunding as a new phenomenon that could be used by journalists, musicians, and film-makers. This can be seen in figure 9 (presented in section
6.3.2) where it is showed that crowdfunding and cultural ventures have been closely associated. Between 2003 and 2014 three prominent events emerged; Barack Obama’s election campaign, the making of a movie, and two legislation change. The events are summarized in table 5 below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Prominent events</th>
<th>Media coverage</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Obama wins the election with his crowdfunded campaign</td>
<td>Only one article released, it observed that CF platforms have had started to appear.</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>Obama wins the election with his crowdfunded campaign</td>
<td>22%</td>
<td>Apart from Obama's campaign 33% of the articles commented on CF as a new phenomenon.</td>
</tr>
<tr>
<td>2009</td>
<td>The movie “The Age of Stupid” is launched</td>
<td>35%</td>
<td>Even though 10% is not a very high number I deem the event important to CF as it grants legitimacy.</td>
</tr>
<tr>
<td>2009</td>
<td>Obama’s election campaign</td>
<td>10%</td>
<td>Even though 10% is not a very high number I deem the event important to CF as it grants legitimacy.</td>
</tr>
<tr>
<td>2010</td>
<td>No prominent event.</td>
<td></td>
<td>About 50% of the articles featured success stories, ranging from CF of organic dog food to launching of new platforms.</td>
</tr>
<tr>
<td>2011</td>
<td>Entrepreneur Access to Capital Act</td>
<td>23%</td>
<td>Later EACA became a part of the JOBS Act.</td>
</tr>
<tr>
<td>2012</td>
<td>JOBS Act</td>
<td>50%</td>
<td>The JOBS Act is passed.</td>
</tr>
<tr>
<td>2013</td>
<td>No prominent event.</td>
<td></td>
<td>Most articles reports on single failed or successful projects.</td>
</tr>
<tr>
<td>2014</td>
<td>No prominent event.</td>
<td></td>
<td>Most articles reports on single failed or successful projects.</td>
</tr>
</tbody>
</table>

Table 5: Events in media coverage

The first prominent event identified was Barack Obama’s election campaign in 2008 which used a fundraising model that was described as crowdfunding in media. It can be seen in table 5 that this event did not dominate the coverage on crowdfunding; however it is still arguable that it played an important role in granting legitimacy for the practice. David Cohn, a web journalist expressed it in an interview as: “I'm not Bill and Melinda Gates, but I can give $10. This is the Obama model” (Kershaw, 2008). The second event was the release of a crowdfunded movie. The movie directed by Franny Armstrong was called “The Age of Stupid” and was released in 2009. It dealt with environmental issues and as it managed to win several awards (Spanner Films, 2015) it drew further attention towards the crowdfunding practice. Then in 2011 to 2012 there were two legislation changes in US that both got a lot of
media attention. First it was the “Entrepreneur Access to Capital Act” which was passed in November 2011, and which later became part of the “Jump Start Our Business Startups Act” (JOBS Act (H.R 3606, 2012), passed in April 2012. The first part of the JOBS Act was implemented in the end of 2012 (CfPA, 2015b). None of the changes were solely crowdfunding related but contained elements that changed the fundamental conditions for crowdfunding, particularly equity based crowdfunding, e.g., JOBS Act title III (H.R 3606, 2012). Apart from these more prominent events the overall coverage consisted of articles that just mentioned crowdfunding or did not feature any particular event (25% of the articles did not contain any crowdfunding related event). Stories on single crowdfunding ventures, often accompanied with interviews with founders, or stories about newly launched platforms were also common themes during the entire period studied, but since the success stories or platforms were rarely the same they did not constitute events.

6.2.2. Peaks and valleys in media

Until 2010 the media coverage was sparse and the coverage that existed was excessively positive towards crowdfunding. Then the media coverage of crowdfunding exploded sometime around 2011 and 2012, this period also became the first time when crowdfunding becomes more questioned than celebrated\textsuperscript{13}. The number of problematizing and negative articles in media peaked during the first and fourth quarter of 2012. As can be seen in figure 7 and table 5 this time corresponds to when a lot of the media coverage focused on the legislation changes that took place in the US, and particular the JOBS Act which was passed on the 8\textsuperscript{th} of August 2012 (Congress.gov, 2012). The skepticism in media towards the JOBS Act was illustrated in comments such as “It is a bad sequel to a bad movie… It shouldn't be called the JOBS Act, it should be called the Bring Fraud Back to Wall Street Act.” (Craig and Protess, 2012) or the suggestion that “JOBS Act” would be an acronym for “Jumpstart Our Bilking of Suckers Act” (Norris, 2012). After the first quarter of 2013 media yet again adopted a mainly positive view towards crowdfunding.

\textsuperscript{13} A graph illustrating media’s attitude towards crowdfunding during the entire period of 2007 to 2014 can be found in appendix VIII.
Media’s attitude towards crowdfunding

This suggests that crowdfunding as a concept reached a certain maturity during this period, as it now became possible to not only explain what it was about, but also problematize around how it was used and the implications of its rise. It is also noteworthy that the legislation changes that seem to be fueling the discussion in media are both related to the crowdfunding model “equity crowdfunding”, this at the same time as none of the six most mentioned platforms in media is using an equity-based model (figure 5). This implies that the nuances of the term crowdfunding are not reflected in the reporting.

6.3. Logics

In this thesis I have adopted Lounsbury’s understanding of “logics” and it hence refers to a set of “broader cultural beliefs and rules that structure cognition and guide decision making in a field.” (Lounsbury, 2007: 289). With the assumption that actions follow decisions it then become important to understand how a phenomena is understood in order to understand past, present, and future action. This section will mainly focus on crowdfunding models. This since the models supports very different ways of thinking about crowdfunding. On the one hand there is equity-based crowdfunding promoting the view that in crowdfunding “everyone is a venture capitalist” (Gobble, 2012: 4). The notion of every individual as a venture capitalist, with all that it implies, can be contrasted with that of reward- or donation-based crowdfunding.
where monetary compensation does not exist, and hence the idea of what crowdfunding is about, its limitations, and its purposes are different.

6.3.1. Crowdfunding models 2003-2014

Between 2003 and 2014 three of the four crowdfunding models increased in popularity. Debt-based crowdfunding was the only model that did not increase as fast as the others. The careful reader might notice that the number of platforms included in table 6 is greater than that of the final sample. This is because some platforms offer multiple crowdfunding models and these platforms have therefore been counted several times.

### Crowdfunding models

![Crowdfunding models graph](image)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation</td>
<td>1</td>
<td>3</td>
<td>20</td>
<td>24</td>
</tr>
<tr>
<td>Reward</td>
<td>0</td>
<td>6</td>
<td>21</td>
<td>31</td>
</tr>
<tr>
<td>Debt</td>
<td>1</td>
<td>5</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Equity</td>
<td>2</td>
<td>5</td>
<td>15</td>
<td>26</td>
</tr>
</tbody>
</table>

Table 6: Crowdfunding models 2003-2014

Paying attention to the growth rates of the platform models shows that both the donation- and reward-based model grew rapidly 2011 to 2012, and then slowed down during the last period covered by table 4. At the same time the equity based- and debt-based models have had a slower but steadier growth rate. Equity crowdfunding is the only crowdfunding model that has increased over all four periods observed, and this pattern persists even if the material is split based on years instead of periods.
The pattern in table 6 is similar to the pattern found in figure 8 which displays how different crowdfunding models have attracted different amounts of academic interest.

![Number of articles mentioning different crowdfunding models](image)

Figure 8: Crowdfunding models in peer-reviewed academic research 2003-2014

The table is based on hits in the database Scopus\(^{14}\) when the search string has consisted of “crowdfunding” and words associated with different crowdfunding models, for example “crowdfunding AND reward”. What this figure shows is that after 2012 equity-based crowdfunding started to attract more academic attention than the other crowdfunding models. This yields that the most research on crowdfunding results in an association between the term crowdfunding and the model equity crowdfunding.

6.3.2. The purpose of crowdfunding

In order to investigate how the understanding of crowdfunding’s purpose has evolved over time I looked for what kind of ventures crowdfunding could be used for according to the media material. The results show that culture related ventures, such as movies, art exhibitions, fashion shows, and concerts, were the kind of ventures that most often were portrayed as ventures that could benefit from crowdfunding, thus culture ventures were understood as the main area of utilization. This was the case until 2010 when it became more common to portray crowdfunded start-ups. While figure 9 displays the aggregated number of articles figure 10 displays the result year by year.

\(^{14}\) Only peer-reviewed articles and conference proceedings have been included.
What kind of ventures can crowdfunding be utilized for?

Figure 9: Areas of utilization suggested in media

What kind of ventures can crowdfunding be utilized for?

Figure 10: Areas of utilization suggested in media, unaggregated data
In these figures it becomes possible to see that the break point around 2011, the same year as the Entrepreneur Access to Capital Act becomes the most prominent event. It is logical that the purpose described in media shifts at this time since the legislation changes in the US are related to equity based crowdfunding and equity crowdfunding is crowdfunding of start-ups. However, what these two figures show is a slide in what projects media chose to portray as suitable for crowdfunding, and thereby a slide in the broader cultural beliefs that will affect future decision making concerning what is suitable to crowdfund and what is not.
7. DISCUSSION

The purpose of this thesis was to add to the current understanding of crowdfunding by taking a more holistic approach towards the concept, and also to contribute to the literature on organizational field formation, by investigating the emergence of a new field with special characteristics.

I will first present the temporal conditions that surrounded crowdfunding and explain why the technology started to attract attention first after it had been available for half a decade.

I will then delve into the events and actors that paved the evolution of crowdfunding between 2003 and 2014, and what implications these have had for the way crowdfunding and its purpose is understood today. Finally I will point at some special characteristics of the crowdfunding field and put these into a larger context. Altogether, this will answer the two research questions “how did the field of crowdfunding evolve between 2003 and 2014, and what enabled the emergence?” and “what are the special characteristics of the crowdfunding field?”.

7.1. The role of temporal and spatial conditions

The first crowdfunding platforms can be traced back to the first years of the twenty-first century. They were few and no trace of interaction among the platforms could be found. This was the situation until the end of 2008 when several seemingly unrelated events coincided during a short period of time. That these events coincided seems to have led to the opening of a window where change became possible.\(^\text{15}\) Barack Obama won the presidential election in the US on the 4\(^{\text{th}}\) of November 2008, using a fundraising technique that was described as crowdfunding in the press. As seen in figure 16, illustrating media’s sentiment towards crowdfunding, media was very positive towards crowdfunding at this time. Shortly after Obama won the presidential election, in March 2009, the movie “The Age of Stupid” had premiere. The movie became popular and as the movie won several awards (Spanner Films, 2015) more attention was directed towards crowdfunding. Additionally, both the platforms Kickstarter and Indiegogo were launched at this time\(^\text{16}\). As can be seen in figure 5 and sociogram 7 (appendix V) these two platforms were to become central actors in the

\(^{15}\) All of the events can be found plotted on the timeline in appendix IIIV.

\(^{16}\) Kickstarter was launched on the 28\(^{\text{th}}\) of April, but the launch of Indiegogo remains unclear. Different sources states different dates and Indiegogo simply settles for 2008 on its webpage.
crowdfunding field. These four events did not only coincide from a temporal perspective but did also contain elements that facilitated the rise and spread of the practice. “The Age of Stupid” demonstrated that crowdfunding could be used to finance cultural projects, something that was then described as the main purpose of crowdfunding as the technique took off. Barack Obama’s campaign brought a sense of legitimacy to crowdfunding (“This is the Obama model.” (Kershaw, 2008)), and Kickstarter and Indiegogo posed as tools that made the fundraising technique widely available for anyone with an internet connection. This lead to that when the window opened in the beginning of 2009 the awareness of the phenomena and the number of crowdfunding platforms, founders, and backers rose quickly.

This development supports the reasoning of Fligstein (2012) who argued that technological development can lead to increased structuration pace. As communication is the undisputable foundation for field formation, technologies that increase communication speed should also increase field structuration pace (Fligstein, 2012). The crowdfunding field has a technological development that facilitates communication (by facilitating the mediation of funders and backers) at its core.

In the case of crowdfunding it seems to have been three opportunities that the online communication offered which had implications for the structuration of: (1) the possibility for actors to organize activity, (2) spread material, and (3) inspire others/be inspired by others. First, the Internet facilitated communication across vast geographical areas and thereby made it easier for actors within the emerging field to find each other and organize activity. Second, apart for facilitating for actors to find each other, the Internet also offered a way to spread papers, opinions, and reports. This opportunity is commonly utilized by the crowdfunding related industry organizations as they have subpage dedicated to written material (e.g., ECN, 2015a; UKCFA, 2015a), and this thus suggests that perceptions of what crowdfunding is and what it ought to be is spread this way. Finally, taking into account that the crowdfunding platforms work as display windows, accessible by anyone, it becomes apparent that new actors that wish to enter the field can easily and free of charge observe and be inspired by actors that they perceive as the most central and admirable in the field. Appendix VI and VII contain some screenshots from crowdfunding platforms illustrating a striking similarity in the way projects are presented by some of the major platforms. This offers one explanation to how crowdfunding could go from a barely existing phenomenon into a billion dollar industry in half a decade.
After the surge of crowdfunding platforms in 2010 another surge followed: that of industry organizations. Given the online nature it is interesting to see how the geographical aspect has kept playing a vital role for crowdfunding. Examining the organizations present in sociogram 5 it becomes apparent that several of them are still spatially tied. The European Crowdfunding Network, the UK Crowdfunding Association, and the Nordic Crowdfunding Alliance are all examples of this. Other possible arrangements could have evolved around crowdfunding models or platform focuses, for example philanthropic crowdfunding or crowdfunding for technical start-ups. However, there has not been any trace of industry organizations organized around any other feature but geography. This is intriguing since crowdfunding, due to its online nature, should be able to transcend state borders.

This ambiguous role of geography in crowdfunding can also be illustrated by the dichotomous results of Mollick (2014) and Agrawal et al. (2011), where Agrawal et al., (2011) managed to show that crowdfunding decreased the importance of geography, supporting the idea that the online nature of the crowdfunding field should enable it to evolve while paying less attention to spatial conditions. Mollick (2014), on the other hand, found that crowdfunding ventures were tied to the cultural heritage of the place where they were started (e.g., country music ventures were more common in Nashville while technological projects were more common in the San Francisco area), implying that local conditions kept playing a vital role. Adding the results from this thesis it seems like the geography matters to industry organizations and funders, but not as much to backers. The common denominator for industry organizations and funders when compared to backers is that they have to commit harder to their efforts. While backers are often invited to comment on and sometimes offered to participate in the ventures they back, they are never obliged to. This suggests that geography remains an important factor for actors forced to commit to their undertakings, as these have to deal with legal regulations and opinions on what is culturally appropriate where they physically operates. However, at first glance this connection remains hidden as the undertakings are communicated through an online and thereby seemingly global interface.

7.2. The shifting understanding of crowdfunding

The motivation for introducing the concept of logics into this thesis was to investigate what the broader beliefs and cognitive structures guiding our understanding of crowdfunding, its purpose, and our apprehension of what constitutes a legitimate actor in the field. The amount of media coverage, academic articles, and regulations that crowdfunding related organizations
have to attend to has increased. There has been a rise in the awareness about crowdfunding as a term and general concept, and this explains why there are more actors interested in communicating their understanding of crowdfunding. Table 6 shows different crowdfunding models used by platforms over time. In combination with the sociograms it is displayed that crowdfunding has entered a period where the amount of voices raised concerning the concept and what problems it can solve are many and without consensus. Each model promotes a way of thinking of its own, and even within the models there are discrepancies. For example debt-based crowdfunding contains platforms ranging from philanthropic Kiva where lenders will not receive any interest and are instead asked to donate as they are giving a loan, to opportunistic Prosper where borrowers are asked to pay up to 36% interest (Prosper, 2015).

These findings are similar to the pattern that Grodal (2007) observed in the nanotechnology industry. Crowdfunding first went through a stage of mobilization where actors came into being. The field then entered the stage where it currently is; a stage where it is not institutionalized, attempts to earn legitimacy, and the financial capital of the field is growing. At this stage an increasing amount of actors wish to enter the field as it becomes more lucrative, but since each actor carry its one view on what crowdfunding should be “crowdfunding” becomes fragmentized. If the development of crowdfunding continues as predicted by Grodal (2007) consensus about what crowdfunding is and who constitutes a legitimate actor in the crowdfunding field will emerge, and actors that do not fit this description will leave the field. In Grodal's (2007) case it was the initial actors of the filed that eventually was forced to leave the field as they over time became seen as illegitimate.

Examining table 5, figure 8, and figure 9, it seems like there has been a shift in the understanding of how crowdfunding and its purpose is to be understood. Initially crowdfunding was very focused on cultural ventures, but as the JOBS Act was put on the agenda the focus started to tilt towards funding of startups. As pointed out by Hardy and Maguire (2008) legislation changes can pose as disruptive events possible to use for institutional entrepreneurs attempting to achieve change. CFIRA and CfPA were both present around the JOBS Act before it was passed and have as their articulated aims to influence policy and gather actors engaging with different aspects of crowdfunding. These two features are both important characteristics of institutional entrepreneurs (Greenwood and Suddaby, 2006; Hardy and Maguire, 2008), hence I want to argue that these organizations are to be viewed as such. When the JOBS Act was passed on the 8th of August in 2012 it opened up for large scale equity crowdfunding, i.e. crowdfunding of startups in exchange for parts of future
revenues. Paying attention to when the interest started to tilt from cultural ventures towards startups it seems like the passing of the JOBS Act not only opened up for equity crowdfunding as a legal option but also opened up for it as a cognitive alternative to traditional sources of capital, such as banks and venture capitalists. This sheds further light on the trajectory along which crowdfunding has traveled.

7.3. Fields and crowds

Observing the field that has been structured around crowdfunding some special characteristics of the field emerges. With figure 6 in mind the results regarding the information load is quite unambiguous. In sociogram 1 to 5 it is also possible to see that structures, such as industry organizations, have come into being and that the general amount of actors present has been increasing in an escalating pace. However, as apparent in the outer parts of sociogram 5 and partly 6 many platforms do not display any affiliation with other organizations. In the sample of this thesis only 61% of the organizations made a reference to at least one other organization, including those that did not relate to any crowd technology, this even though these platforms apparently perceived themselves as organizations utilizing the crowdfunding practice. Nonetheless, it seems like the platforms not only persist, but thrive.

The missing piece of the puzzle seems to be the interaction and acknowledgement between organizations, as it is unexpectedly low. This is interesting since a lack of connections to other organizations should make it difficult for the platforms to persist. One explanation for this can be found by taking into account that the emerging field of crowdfunding is very young; other studies that have investigated field formation have sometimes stretched across several decades (Greenwood et al., 2002b; Hoffman, 1999). However, another explanation to this might lie in some of the distinctive traits which come with the “crowd” in crowdfunding. When defining an organizational field I resorted to the widely cited (Greenwood and Meyer, 2008) definition of DiMaggio and Powell where an organizational field is a set of organizations that "constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (1983:148). I believe that within this definition there rests an implicit assumption; that the key supplier of today most likely also is the key supplier for tomorrow.

Based on the sampling frame used for the platforms.
In the case of crowdfunding this does not have to be the case. Crowdfunding, just like its ascendant crowdsourcing, has user generated content as a prerequisite and these concepts cannot exist without the possibility for large groups of people coming together and contributing, let it be time, knowledge, resources, or money. As the main resources (ventures and projects) of the platforms are user generated, and hence supplied by the crowd, suppliers and consumers cannot be viewed as suppliers and consumers in the traditional sense. The same reasoning goes for many other functions related to undertakings of the crowdfunding platforms since they are performed by the crowd, for example: communication with modular factories, marketing, and sales. This develops the findings of Ordanini et al., (2011) by showing the crowds role from a field level perspective. Studying crowdfunding Ordanini et al., (2011) found that the role of the costumer has changed from being just a receiver of goods and services towards being a co-producer of these. As the crowd co-produces it takes on functions that are traditionally performed by actors in the field. This leads to that instead of building long-term relationships with actors constituting these functions it is likely that the platforms relies on a constant inflow of new founders and backers. This can be illustrated by the backers using Kickstarter, which is currently the most recognized crowdfunding platform. Only 30% of the backers at Kickstarter have backed more than one project since the platform started (Kickstarter, 2015) and only 12% of the founders have attempted to launch a second venture after the first one (Gallagher et al., 2015).

What this implies is that the stakeholder base of the crowdfunding platforms is not only extremely large due to the global scope of many platforms, but also in constant flux. As interaction with backers and founders is not repetitive it does not allow for itself to be captured by the traditional understanding of a field. Instead the crowd work as a prism that by independently taking on different functions (such as marketing and sales) for the crowdfunding platform, spread these functions over a vast geographical area and number of actors. This suggests that when a crowd related technology constitutes a central part of a field, then either the field cannot be understood as a field at all, since it does not display the expected characteristics, or it cannot be captured by the current understanding of fields. That the coordination and utilization of crowds on online platforms is an increasingly common phenomenon makes this insight valuable and a possible foundation for future research.
8. CONCLUSIONS

8.1. Concluding remarks

The purpose of undertaking this research was twofold. On the one hand I wanted to know how field emergence is influenced by the presence of “the crowd”. On the other hand I wanted to understand how crowdfunding could go from nothing into a billion dollar industry in about a decade, and what happened to the understanding of the concept as it evolved. The motivation for doing this was born from the notion of a gap in the existing research on crowdfunding, which largely focused on specific applications of crowdfunding or used data from a single or few platforms. In taking a more holistic approach towards crowdfunding as a concept I have attempted to show the relevance of looking at crowdfunding from a wider societal perspective.

I have attempted to fulfill my purposes and provide answers for my two research questions “How did the field of crowdfunding evolve from 2003 to 2014, and what enabled the evolution?” and “What are the special characteristics of the crowdfunding field?” by fusing data from multiple sources. I have used the crowdfunding platforms, which are the heart and blood of crowdfunding, media, which has the power to influence and alter our perception of the world around us (McCombs and Shaw, 1972), and additional documents that have accentuated different aspects of crowdfunding and its actors.

Thus, the answer to my first research question is as follows: for many years crowdfunding was a dormant technology, available to many but used by few. Then in the beginning of 2009 several events coincided and opened a window of opportunity where change was possible, and this enabled the emergence of various kinds of actors. These events also led to that the interest for crowdfunding rose rapidly; hence the evolution of the field was far from incremental. The increased interest in crowdfunding had two effects; it caused more actors to want a piece of crowdfunding which led to the term being fragmentized, and it also spurred the creation of industry organizations all across the globe. Some of these industry organizations became important later as they, by functioning as institutional entrepreneurs would push for certain policies, and thereby start to alter the perception of crowdfunding’s purpose. The current trajectory is visible in my results as a shift towards crowdfunding being understood as “equity-based crowdfunding”, or if paraphrasing EU commissioner Jonathan Hill (2014): as a way to help unlock capital for start-ups that is currently frozen. However, as
the field is still young and in a fragmentized stage it is difficult to tell what “crowdfunding” will come to mean as it consolidates.

The second research question explored the special characteristics of the crowdfunding field. The pace with which the field emerged after the structuration took off was fierce, and a likely explanation for this lies in its online nature of the field. In line with Fligstein (2012) argumentation, it facilitated for actors to find, communicate with, and be inspired by other actors. Yet, geography still seems to play a major role in the crowdfunding field, particularly for actors forced to consider regulations and what is viewed as appropriate in their geographical context. This implies that the role of the online interface of the actors should not be exaggerated. Finally, the findings indicate that the current understanding of the field concept cannot capture “the crowd”. This becomes problematic when the crowd takes on functions traditionally performed by other actors as these becomes invisible in the field. This boils down to two notions: either fields where crowds play a major part will appear as meager, or the understanding of field has to be developed further and hence this thesis calls for more research on fields containing “crowds” as a major element.

8.2. Limitations and generalizability

I want to elaborate on four components that have had implications for the limitations and generalizability of this thesis; (1) the field as an analytical unit and Massolution’s list, (2) skewness of my sample, (3) the data collection method, and (4) an assumption regarding the history of the platforms. I will then finish this section by elaborating on to what contexts beyond crowdfunding the results of this thesis can speak.

To begin; a content analysis is never better than the documents it performed on and a random sample can only comment on the population from which it is drawn (Bryman and Bell, 2011). However, the idea of a sampling frame when studying crowdfunding as a field is deceiving. As a field is a theoretical construction with unclear boundaries, it is in its nature that it constantly changes. This leads to that the entire discussion of sampling frames becomes strange in the context of organizational fields. As pointed out in the method section it is common to make delimitation in order to be able to study fields at all (Fligstein and Brantley, 1992; Hoffman, 1999). By accepting Massolution’s list as the foundation for my sampling process I automatically excluded a great number of platforms from my data collection, which for reasons unknown to me did not respond to Massolution’s questioner. It could be argued
that I should have included the largest platforms I was aware of at the beginning of the thesis. However I chose to not do so since it would have introduced an arbitrary bias which I deemed unnecessary. This decision led to that Kickstarter, which was not on Massolution’s list, was omitted from my sample even though it is one of the most central platforms. However I chose to not include platforms that were not referred to nor on the list since it would have introduced unnecessary bias. Also, during the data collection process I realized that Massolution is closely connected to Crowdsourcing.org, which in turn administrates CAPS. This might have skewed the sample in favor for some organizations as it is likely that platforms holding the CAPS would have been more positive towards filling out the questioner issued by Massolution.

Regarding the sparse amount of actors in the sociograms, it has to be problematized that they are built on information from the platforms’ home pages. In appendix VI and appendix VII screenshots from four different crowdfunding platforms can be found. None of these platforms have any direct link to any of the others in the sociogram. Nonetheless, based on the visual similarity of the platforms it is impossible to imagine that these platforms have not been inspired by one another. Unfortunately I have not been able to, nor had the initial intention to, capture this aspect in my data collection. In hindsight this would have been useful since it suggests what is regarded as appropriate within the organizational field of crowdfunding.

What this section above also highlights is the superficiality of my data collection method, which has only allowed me to capture the most prominent links of the crowdfunding field. Considering the homepages of the platforms as their main assets and display window towards clients, customers, and competitors it is not improbable that many platforms (even though exceptions have been observed) are reluctant to namedrop competitors or other organizations that they are inspired by. Fields have been described with a strong empathize on competition and as arenas of conflict (Bourdieu, 2005) and thus not being able to capture this kind of linkage between organizations constitutes a drawback. However, it has to be taken into account that the aim of this thesis was not to map the entire field of crowdfunding, but simply to show its existence and special characterizes. With this in mind I would like to argue that this is hence not problematic from the validity perspective, since the connections displayed are not wrong, the affiliations exist, but many weaker connections that could have contributed to the understanding of the field might be missing.
Furthermore, as mentioned in the method section the samples used are most likely skewed towards countries with a high level of English proficiency, especially the US. There are active crowdfunding platforms related to all continents, but unless they offered English or a Scandinavian language they have not been included in this study. This might have caused it to miss out on important events, actors and documents that have mattered to the evolution of crowdfunding, but not necessarily the US context, and this have then narrowed the generalizability of my thesis from a global perspective. One example of this would be the document issued by the European Crowdfunding Network “A Framework For European Crowdfunding”, where the organization put forth a suggestion of what crowdfunding related regulations in the European Union should look like (De Buysere et al., 2012). This organization or document has not showed up as important in my data collection which can be interpreted as a result of the US centered data collection. What this boils down to is that it becomes important to be aware of that the answers to the research questions might have looked different if the sample was more global.

8.3. Contribution

In this thesis I have contributed to the research on field emergence by portraying a field structured around a technology where the main interfaces of the actors existed online. It seems like the field’s online nature has facilitated the structuration and thereby driven up the structuration pace, this observation confirms Fligstein’s (2012) earlier observations. However, the most unique contribution of this thesis, regarding field structuration, is related to the role of the crowd, as it has been suggested that the crowd conceal certain functions in a field. This implies that further research on fields and online concepts such as platforms and crowds might contain new knowledge and thus be fruitful.

In this thesis I have also contributed to the existing knowledge about crowdfunding. I have done this by showing how crowdfunding emerged, and why it emerged when it did. I have managed to demonstrate that some kind of embryotic structuration is currently taking place, and thereby that there is relevant to talking about *a crowdfunding field*. In doing this I have also showed the relevance of taking a more holistic approach towards the concept, which then has implications for future research, and thereby pushes the boarders of our present knowledge.
8.4. Future research

While working with this thesis I have read a vast amount of documents in order to deepen my understanding of crowdfunding. Far from all of these documents has then been part of the data that I present and use in this thesis. However, while doing this I have noticed that almost all actors let it be an industry organization promoting equity-based crowdfunding or a small single platform for music ventures, describes crowdfunding as a democratization project. This is intriguing since the goals and operations of these organizations often look very different. Nonetheless, it also opens up for a discourse analysis focused on exploring the role of borrowed/shared vocabulary and changed connotations in policy work.

I would also like to call for more research on online platforms and accountability, beyond the JOBS Act. How is the experience of accountability influenced by interaction happening over a platform? Does the crowd, when viewed as co-producer (Ordanini et al., 2011), experience accountability, and in that case; what does this accountability look like, what is its foundation, and what are the implications of this?

Finally, more research on platform technologies and their impact on societies is needed. As platforms such as Taskrabbit, Uber, and Airbnb are becoming increasingly common it becomes important to understand how they influence societies. This can be exemplified by Amazon’s Mechanical Turk which is a crowdsourcing platform that have had unexpected implications. Since the crowd is not employed by whoever sources labor from the platform there are no agreements between the different parties, as there are on the regular labor market. This has led to that the monetary compensation (comparable to wage) is often very low, even when compared to minimum wages (Bergvall-Kåreborn and Howcroft, 2014; Mims, 2010). What happens when the crowd interacts on platforms, what behaviors are favored, and what does it imply for different groups in society? Will it be beneficial as online platforms facilitate mobilization or does it open up for discrimination and exploitation?
9. REFERENCES


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APPENDIX I - List of crowdfunding platforms

List of crowdfunding platforms included in final sample

<table>
<thead>
<tr>
<th>Platform</th>
<th>Platform</th>
<th>Platform</th>
<th>Platform</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Dolar1Home</td>
<td>Fundable</td>
<td>Micrograam</td>
<td>StartUpVally</td>
</tr>
<tr>
<td>Aflamnah</td>
<td>FunderHut</td>
<td>Mimoona</td>
<td>SuperiorIdeas</td>
</tr>
<tr>
<td>AppVillage</td>
<td>Fundsurfer</td>
<td>MyComrader</td>
<td>Teaming</td>
</tr>
<tr>
<td>Australian small scale offerings board</td>
<td>Gambitious</td>
<td>MyMicroInvest</td>
<td>The Venture Market</td>
</tr>
<tr>
<td>Babyloan</td>
<td>GigFunder</td>
<td>My Pharma Company</td>
<td>Ufunded</td>
</tr>
<tr>
<td>Be Benevolent</td>
<td>GiveALittle</td>
<td>P2BInvestor</td>
<td>Ulule</td>
</tr>
<tr>
<td>Bloom venture cap</td>
<td>GlobalGiving</td>
<td>PhilAmThropy</td>
<td>Ungluit</td>
</tr>
<tr>
<td>Bluecrowd</td>
<td>Haricot</td>
<td>Piggybackr</td>
<td>Upstart</td>
</tr>
<tr>
<td>Boomerang</td>
<td>I Bankers Direct</td>
<td>Pigit</td>
<td>VentureBonsai</td>
</tr>
<tr>
<td>Broota</td>
<td>Ideame</td>
<td>Potlatch</td>
<td>Verkami</td>
</tr>
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<td>Seedups</td>
<td>Incrowd Capital</td>
<td>Pozible</td>
<td>Werealiz.it</td>
</tr>
<tr>
<td>CrowdAhead</td>
<td>Indiegogo</td>
<td>PPL</td>
<td>WeSayWePay</td>
</tr>
<tr>
<td>CrowdCube</td>
<td>Invesdor</td>
<td>Pursuit</td>
<td>WhenYouWish</td>
</tr>
<tr>
<td>Crowdculture</td>
<td>Investedln</td>
<td>RebirthFinancial</td>
<td>WiSeed</td>
</tr>
<tr>
<td>CrowdFunder</td>
<td>I pledge</td>
<td>RedBowWhiteBox</td>
<td>Wow/Crazy</td>
</tr>
<tr>
<td>Crowdismo</td>
<td>IsePankur</td>
<td>DarcMatter</td>
<td>Pling</td>
</tr>
<tr>
<td>CubanHat</td>
<td>Ketto</td>
<td>SamaHope</td>
<td></td>
</tr>
<tr>
<td>D4sC</td>
<td>KissKissBankBank</td>
<td>Seedrs</td>
<td></td>
</tr>
<tr>
<td>EarlyShares</td>
<td>Kiva</td>
<td>Share A Gift</td>
<td></td>
</tr>
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<td>Equitynet</td>
<td>Kopernik</td>
<td>SmartMoneyEnt</td>
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<td>Eureeca</td>
<td>LaunchPagInv.</td>
<td>SoMoLend</td>
<td></td>
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<td>FaithLauncer</td>
<td>Lendwithcare</td>
<td>Springster</td>
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<tr>
<td>Foodstart</td>
<td>LoveAnimals</td>
<td>StartSomeGood</td>
<td></td>
</tr>
<tr>
<td>FundIt</td>
<td>Massivemov</td>
<td>Studentfunder</td>
<td></td>
</tr>
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Table 7: Platforms included in final sample
## APPENDIX II - Platform coding scheme

<table>
<thead>
<tr>
<th>Platform coding scheme</th>
<th>Description</th>
<th>Guiding examples</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formation of structures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meta-organizations (MO)</td>
<td>MO with crowdfunding related organizations as members</td>
<td>The National Crowdfunding Association</td>
</tr>
<tr>
<td>Crowd related</td>
<td>MO where the members utilizes crowd technologies</td>
<td>Ex of crowd tech: crowdfunding, crowd voting or open innovation</td>
</tr>
<tr>
<td>Other</td>
<td>MO that is not crowd related.</td>
<td>FINRA, independent, not-for-profit org. protecting investors.</td>
</tr>
<tr>
<td><strong>Certificates and accreditations</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CF related</td>
<td>Certificates or accreditations that are only available for CF businesses</td>
<td>Crowdfunding Accreditation for Platform Standards (CAPS)</td>
</tr>
<tr>
<td>Crowd related</td>
<td>Certificates or accreditations that are available for any kind of crowd related business</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Certificates or accreditations that are not crowd related</td>
<td>B Corp</td>
</tr>
<tr>
<td><strong>Awards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CF related</td>
<td>Awards that are only handed out to CF businesses</td>
<td></td>
</tr>
<tr>
<td>Crowd related</td>
<td>Awards that are handed out to crowd related businesses</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>Other Awards</td>
<td>Google Impact Award</td>
</tr>
<tr>
<td><strong>CF platforms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crowd related</td>
<td>Online platform offering a place where backers and founders can meet. Meta-platforms included</td>
<td>Kickstarter, EquityNet and The Crowdfunding Center</td>
</tr>
<tr>
<td><strong>Interaction and acknowledgment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertisement/PR</td>
<td>Not crowd related org. in industry</td>
<td>No prominent actors known</td>
</tr>
<tr>
<td>Banking/Finance</td>
<td>Not crowd related org. in industry</td>
<td>Banks or financial institutes</td>
</tr>
<tr>
<td>Creative/Art</td>
<td>Not crowd related org. in industry</td>
<td>Movie makers, private exhibition halls</td>
</tr>
<tr>
<td>Governmental</td>
<td>Not crowd related governmental org. (higher education excluded)</td>
<td>Governmental agencies</td>
</tr>
<tr>
<td>Higher education</td>
<td>Universities, business schools and research institutes with educational activities</td>
<td>MIT, SET Squared</td>
</tr>
<tr>
<td>Legal</td>
<td>Not crowd related org. in industry</td>
<td>Lawyer firms</td>
</tr>
<tr>
<td>Strat. consultancy</td>
<td>Not crowd related org. in industry</td>
<td>KPMG</td>
</tr>
<tr>
<td>Technology</td>
<td>Not crowd related org. in industry</td>
<td>Google, Sony or Samsung</td>
</tr>
<tr>
<td>Other</td>
<td>Not crowd related org. that does not fit into any other category</td>
<td>Football teams, foundations and humanitarian aid org.</td>
</tr>
</tbody>
</table>

Table 8: Platform coding manual
APPENDIX III – Media data coding scheme

<table>
<thead>
<tr>
<th>Actors</th>
<th>Events</th>
<th>Sentiment</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>All actors, <em>individuals and organizations</em>, which are mentioned in the article.</td>
<td>The <strong>main</strong> Crowdfunding (CF) related event that is portrayed in the article.</td>
<td>Does the article <strong>portray CF</strong> as a practice in a good, bad, problematizing, or neutral way?</td>
<td>What kind of ventures do media portray as possible to <strong>crowdfund</strong>?</td>
</tr>
</tbody>
</table>

If there is **no CF related** event in the article; code as “none”

If there are **several CF related** events featured only code for the event that is stressed the most in the article.

**Positive:** the article portrays CF in a positive manner.

**Negative:** the article portrays CF in a negative manner.

**Problematizing:** the article brings up both positive and negative aspects of CF.

**Neutral:** the article does not portray CF in a positive nor negative manner.

**Culture:** TV, movies, art, theater, music, inc. documentaries.

**Research and education:** material, books, or excursions. Help to “poor” countries coded as “altruism”

**Altruistic:** disaster relief, humanitarian aid, benefaction, or redistribution of income

**Single product:** The article concerns a single product that does not fit any category.*

**Community:** local relief or local community building activities

**Companies:** for profit ventures meant to persist over time as a company.

**Journalism:** for newspapers, TV, or magazines

**None:** CF is a phenomenon. No particular use is mentioned

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Table 9: Media data coding scheme

*Most products were of a technological nature. Such as the gaming console Ouya.*
APPENDIX IV – Calculation of Cohen’s kappa

After the entire media material was coded, 49 articles (approximately 25% of the material) were randomly chosen to be coded by a second coder. Due to time constraints the second coder was asked to only focus on one variable; the sentiment in the article.

The second coder was given instructions, examples, and the coding manual which is included in appendix III. After the second coder was done the codings were compared and discussed, and the result can be seen in table TTT.

<table>
<thead>
<tr>
<th>First coder</th>
<th>Positive</th>
<th>Neutral</th>
<th>Negative</th>
<th>Problematizing</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive</td>
<td>30</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>34</td>
</tr>
<tr>
<td>Neutral</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Negative</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Problematizing</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>11</td>
<td>1</td>
<td>6</td>
<td>49</td>
</tr>
</tbody>
</table>

Table 10: Calculation of Cohen’s kappa

Cohen’s Kappa was then calculated using the following formula:

\[
x = \frac{Pr(a) - Pr(e)}{1 - Pr(e)}
\]

Where:

\( Pr(a) \) = the proportion of observations in agreement, (0.989).

\( Pr(e) \) = the proportion of agreement due to chance, (0.489).

This resulted in a Cohen’s kappa of 0.8 which is considered “very good” by Bryman and Bell (2011:280) and a small adjustment in the media coding schedule which made the intentions of the positive and the negative category clearer.
APPENDIX V – Sociogram inc. media coverage

What this sociogram captures is the prominent positions ascribed to Kickstarter and Indiegogo in media. It illustrates the same data as sociogram 3, but parts of the data from the media coverage (2011-2012) has also been added. In order to be included at all a platform needed to have been mentioned in media at least three times by 2012 and lines have been drawn between platforms mentioned in the same article.

Sociogram 7: Crowdfunding in 2010 including media data
APPENDIX VI – Main page of EquityNet

Figure 11: Main page of EquityNet in 2007
Figure 12: From the main page of EquityNet in 2015
APPENDIX VII – Main pages of CF platforms

Figure 13: From the main page of Kickstarter in 2015

Figure 14: From the main page of Indiegogo in 2015

Figure 15: From the main page of Fundsurfer in 2015
APPENDIX VIII - Media’s attitude towards crowdfunding

Media's attitude towards crowdfunding

Figure 16: Media’s attitude towards crowdfunding 2007-2014