

THE DARK SIDE OF CROWDFUNDING PLATFORMS

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ABSTRACT

Scholarly attention on crowdfunding has primarily focused on process, with most research demonstrating the positive attributes of this new method of entrepreneurial capital acquisition. However, what has yet to be understood are the implications of worldwide visibility to the ventures on these platforms, where economic actors from other institutional environments can capitalize on the entrepreneur's idea with little consequence. The open platforms make these new ventures international, which fundamentally changes the venture's mindset and actions. Using the exemplar of entrepreneurial venture FinalStraw, we argue that because the venture is being displayed to varying economic actors in differing institutional environments, the venture must rethink its financing, marketing, and research and design practices. This research implies that these ventures must think more like a born global firm.

Keywords: Institutional environment, crowdfunding, international entrepreneurship, new product development and introduction