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Reinvesting in equity crowdfunding: the case of digital workers

Rayan Faisal A. Makki
Facultat de Economía y Empresa, Universitat Autònoma de Barcelona, Barcelona, Spain and
College of Business and Tourism, University of Prince Mugrin, Madinah, Saudi Arabia, and
Stefan Van Hemmen
Facultat de Economía y Empresa, Universitat Autònoma de Barcelona, Barcelona, Spain

Abstract

Purpose – The purpose of this study is to investigate the initial investment's motivations and study the reinvesting motivations. The results revealed differences in reinvestors' motivations of reinvestors in both winning and losing situations. Specifically, financial return and excitement motives were supported for win and loss situations, while recognition was supported for loss and pleasure in win situations.

Design/methodology/approach – The impact of intrinsic and extrinsic motivations on reinvestors was tested using the structural equation model. Furthermore, the framework was analysed with survey data from a total of 355 digital workers from Amazon Mechanical Turk, one of the world's largest crowdsourcing platforms.

Findings – The results indicate that there are differences in the motivations for reinvestors when they are in both winning and losing situations. Financial return and excitement motives were supported for win and loss situation, while recognition was supported in loss and pleasure in win situation.

Research limitations/implications – This study makes it possible to better understand the motivations behind crowdfunding reinvestment among digital workers. To build on this work, more studies should be conducted with different samples to test the generalisability of these results. Moreover, future studies on different samples could determine whether the same motivations would hold for other investors or whether another motivation would have greater impact on these reinvestment decisions.

Originality/value – While previous research on equity crowdfunding has predominantly focused on intrinsic and extrinsic motivations for participating and investing in equity crowdfunding platforms, the motives that specifically affect winning or losing situations for reinvestors have been largely overlooked.

Keywords Equity crowdfunding, Self-determination theory, Reinvesting, Serial investors

Paper type Research paper

1. Introduction

Internal financing and debts are pivotal for launching new ventures. However, when entrepreneurs lack access to funds to start their businesses (Walthoff-Borm *et al.*, 2018) and external equity (Vismara, 2019), several issues tend to arise. For instance, banks would not grant loans to entrepreneurs whose projects are associated with high risks (Cancino *et al.*, 2018). Therefore, equity crowdfunding becomes vital for entrepreneurs, as it can provide access to funds and allow entrepreneurs to proceed with their projects without the need for

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additional funding (Cumming *et al.*, 2017; Mochkabadi and Volkmann, 2018; Signori and Vismara, 2018).

In recent years, the evolution of the internet and increasing varieties of financial products have allowed individuals seeking investment capital to combine crowdfunding, blockchain, cryptocurrencies and initial coin offerings (Beck *et al.*, 2018). In a study that analysed over 197,000 online posts about blockchain and crowdfunding posted between May 2017 and July 2018, Bogusz *et al.* (2020) found that, although people initially struggled to understand the role of these financial instruments, as time went by, they acquired a deeper understanding of how equity crowdfunding can help them to raise capital. This finding suggests that people using crowdfunding currently understand its meaning and function. Many scholars approached this subject by defining equity crowdfunding as an online platform to list entrepreneurs' projects where the public can view and invest in projects of their choice (Bernardino and Santos, 2020; Cholakova and Clarysse, 2015; Lee, 2019; Signori and Vismara, 2018).

Furthermore, the growing body of research on equity crowdfunding has started to more closely investigate the dynamics of equity crowdfunding and its stakeholders. Relevant studies explored how this process works, as well as what corresponding success factors are involved (Bapna, 2015; Collins and Pierrakis, 2012; Gleasure and Feller, 2016; Meric *et al.*, 2016). Accordingly, many previous studies examined investors' behavioural intentions and their impact on the decisions to invest in equity crowdfunding (Al-Swidi *et al.*, 2014; Liang *et al.*, 2019; Ryu, 2018; Zhang *et al.*, 2019). In addition, there has been considerable research on whether such motivations are intrinsic or extrinsic (Bretschneider *et al.*, 2014; Cholakova and Clarysse, 2015; Li *et al.*, 2018; Macht and Chapman, 2019; Vismara, 2019). However, none of the previous studies has addressed the question investigated in the present study, namely, "What motivates investors to reinvest in equity crowdfunding in both successful and unsuccessful scenarios?"

Previously, some evidence has been accumulated on different motives and personal attitudes that lead to the development of more start-up projects when they win or lose in their initial projects (Carbonara *et al.*, 2020; Conway, 2013; Lafuente *et al.*, 2019). Overall, this body of work established that some entrepreneurs are more resilient than others, which enables them to quickly adapt to new projects (e.g. Lafuente *et al.*, 2019). For instance Sherman and Axelrad (2020) investigated serial investors' positive emotions, engagement, relationships, meaning and accomplishment scores, as well as how these factors influence investors' intentions to continue investing in equity crowdfunding. To expand available knowledge on serial investors, the present study first sought to determine investors' motivations to reinvest in equity crowdfunding, as well as the factors affecting those motivations.

From the theoretical perspective, the present study relies on the self-determination theory (SDT) (Miller *et al.*, 1988), a macro theory of human motivations and personality that examines intrinsic and extrinsic motivations underlying certain decisions (Adams *et al.*, 2017). Previously, this theory has been widely applied to study people's motivations that affect their decision to invest in equity crowdfunding (Allison *et al.*, 2015; Bretschneider and Leimeister, 2017; Cholakova and Clarysse, 2015; Collins and Pierrakis, 2012; Medina-Molina *et al.*, 2019; Zhang *et al.*, 2019; Zhao *et al.*, 2018).

Furthermore, there has been extensive research on motivations to invest in equity crowdfunding, including the financial return, fun, recognition, the prospect of helping others, excitement and helping the community. For instance, in an article discussing motivations for investors to switch from reward crowdfunding to equity crowdfunding, Cholakova and Clarysse (2015) found financial return and helping others to be strong motivators for such investors. Based on this evidence, this paper will use select intrinsic and extrinsic motivations from the literature to determine which of them influence the decision to reinvest in equity crowdfunding. Of note, this study was conducted considering both winning and losing scenarios.

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Contributions of this study to the equity crowdfunding literature can be summarised as follows. While previous studies have mostly focused on initial motives that alter behavioural intentions to participate in equity crowdfunding, rather than reinvestors' intrinsic and extrinsic motives, this study focused on investigating the effects of intrinsic and extrinsic motivations to reinvest in equity crowdfunding among digital workers at Amazon Mechanical Turk (MTurk), one of the largest platforms for online commerce (Teschner and Gimpel, 2018). Accordingly, the present results can help to educate entrepreneurs, platform owners and scholars regarding reinvestors' motivations and present a useful solution for attracting more investors to a platform to increase opportunities for funding projects.

2. Literature review

While banks are among the primary funding sources for entrepreneurial projects, their concerns about creditworthiness and risk measurements prevent them from financing many entrepreneurial ventures (Smallbone *et al.*, 2012). Therefore, securing external funds has become vital for entrepreneurs to create their own start-ups without venture capital or angel investors, who often demand high growth rates to secure their investments. Accordingly, especially after the financial crisis of 2007–2009, equity crowdfunding has emerged as an alternative source of financing, thus becoming a popular funding alternative (Walthoff-Borm *et al.*, 2018).

In response to this trend, a growing body of literature has sought to explain the mechanism, characteristics and benefits of using equity crowdfunding to generate funds for start-ups. For instance, in a systematic review of 113 papers on equity crowdfunding, Mochkabadi and Volkmann (2018) concluded that past studies on equity crowdfunding generally assumed one of the following five perspectives: capital market, entrepreneurs, institutional, platforms and investors' perspectives. The present study was conducted using the investors' perspective, which was previously investigated with the focus on investors' financial and non-financial motives (Cholakova and Clarysse, 2015), cognitive and affective factors (Moysidou and Spaeth, 2016), communication and information asymmetry and its impact on investors' decisions (Moritz *et al.*, 2015) and citizenship behaviour and its effect on their decision (Zhang *et al.*, 2019). Previous literature clearly focused on the reasons and motives for investing in equity crowdfunding platforms, and it organised those reasons into themes that could be studied independently.

However, while past studies closely analysed investors' reasons and motives to invest in equity crowdfunding platforms, classifying those reasons into themes for subsequent independent research, motivations to reinvest in equity crowdfunding have been largely overlooked. In one of the few relevant studies, Sherman and Axelrad (2020) explored the relationship between reinvestors and well-being. The present study builds on Sherman and Axelrad's (2020) findings on the relationship between these two variables to further explore reinvestors' intrinsic and extrinsic motivations. The present results can also pave the way for further research on serial investing in equity crowdfunding, which previously highlighted the relevance of repeating actions in equity crowdfunding (Butticè *et al.*, 2017; Carbonara *et al.*, 2020; Conway, 2013; Lafuente *et al.*, 2019; Lee and Chiravuri, 2019; Skirnevskiy *et al.*, 2017; Vaillant and Lafuente, 2019; Yang and Hahn, 2015).

Overall, the literature on equity crowdfunding closely analysed motivations for investors' participation. However, evidence on which of those motivations encourage investors to reinvest remains rather limited. Indeed, while investors' choice of projects for investment is underpinned by various reasons, some of these reasons drive investors' decision to invest only once, while others motivate investors to do so several times. This suggests the need to differentiate between "solo" (occasional) and "serial" investors and "syndicate serial investors" (Kelly *et al.*, 1996). Accordingly, in this study, we selected a sample of investors

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from an equity crowdfunding platform to ascertain their motivations, noting how they compared to those from the relevant literature. Furthermore, as highlighted in previous research, there is a need to study each motivation separately to learn how entrepreneurs could differentiate and target their desired groups of investors.

The SDT, which lends the theoretical foundation for the present study, posits that investors can have both intrinsic and extrinsic motivations to invest in equity crowdfunding (Miller *et al.*, 1988; Schwienbacher and Larralde, 2012). In this study, we assumed that investors would have the same types of motivations to reinvest in win-or-loss scenarios. Overall, the SDT is considered one of the principal theories in crowdfunding literature for its high relevance and usefulness in explaining investors' motivations (Choy and Schlagwein, 2016). Furthermore, SDT is useful also because it distinguishes between different reasons or goals behind actions (Zhang *et al.*, 2019), setting apart intrinsic and extrinsic motivations to capture the detailed causes behind actions. Here, intrinsic motivation refers to doing something because the execution of the act is interesting or enjoyable in itself, whereas extrinsic motivation refers to executing an action because it leads to a separate desirable result or prize (Adams *et al.*, 2017; Fischer *et al.*, 2019). External motivation, such as incentives, grades, prizes or punishments, drives an individual to generate an externally regulated result and to improve the desired behaviour. In SDT terms, investors' representative motivations are divided into internal and external motivations according to their sources. A number of previous studies also used the SDT to study investors' motivations in equity crowdfunding (Bretschneider *et al.*, 2014; Bretschneider and Leimeister, 2017; Cholakova and Clarysse, 2015; Hervé *et al.*, 2016; Lukkarinen *et al.*, 2018). A summary of relevant studies is shown in Table 1.

As can be seen in Table 1, the most frequently discussed motivations of investors' decisions to participate in crowdfunding platforms are financial return, recognition and fun (alternatively referred to as enjoyment, pleasure and excitement). In this paper, we will examine which of these intrinsic and extrinsic motivations influence reinvestors' decisions to participate in equity crowdfunding.

2.1 Hypothesis development

As discussed above, by providing external rewards for participation, extrinsic motivation exerts a significant influence on crowd participation in equity crowdfunding. Indeed, several previous studies highlighted that financial return is an important external motivation for such investors (Cholakova and Clarysse, 2015; Pierrakis, 2019). As one of the most common extrinsic motivations, financial return was also argued to be a reasonable cause for investing (Bouteska and Regaieg, 2018). For instance, in a study on investors' citizenship behaviours in equity crowdfunding, Zhang *et al.* (2019) included financial return in their research model, because they knew about its impact on increasing platform membership. Therefore, a financial return could reasonably be expected to increase participation in equity crowdfunding. Accordingly, the following hypotheses can be formulated:

Motivation	Studies
Financial return	Borello *et al.* (2015), Collins and Pierrakis (2012), Estrin *et al.* (2018), Martínez-Climent *et al.* (2018), Pierrakis (2019)
Recognition	Cholakova and Clarysse (2015), Fischer *et al.* (2019)
Fun (enjoyment, pleasure and excitement)	Bretschneider and Leimeister (2017), Gleasure and Feller (2016), Moysidou and Spaeth (2016), Zhang *et al.* (2019)

Source(s): Own elaboration

Table 1. Previous research on investors' motivations

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H1a. Financial extrinsic motivation will have a significant positive impact on the decision to reinvest in equity crowdfunding in win situations.

H1b. Financial extrinsic motivation will have a significant positive impact on the decision to reinvest in equity crowdfunding in loss situations.

Furthermore, previous studies also highlighted that investment motivations could go beyond mere financial return (Borello *et al.*, 2015; Daskalakis and Yue, 2017; Lobão *et al.*, 2017). This body of work explored the impact of the decision to invest in variables such as attitude and social and environmental factors (Aspara and Tikkanen, 2011; Reyhanloo *et al.*, 2018). Accordingly, in the present study, we additionally examine a non-financial extrinsic motivation that has been extensively studied in the context of crowdfunding: recognition (Schwienbacher and Larralde, 2012). Recognition can be defined as the desire of an individual to be acknowledged by others, which is derived from inner aspirations for fame and self-esteem (Maslow, 1987). Overall, there is a broad scholarly consensus that recognition is an important motivation for individuals who work or engage in open-source communities (Bretschneider and Leimeister, 2017). Therefore, successful investments in equity crowdfunding, a platform where user behaviour is observable, could give participants the recognition they need in their social circles, encouraging them to participate even more.

Of note, since the number of people investing in each crowdfunding campaign is limited, the need for recognition may encourage individuals to invest several times to achieve their desired goals. Based on the above considerations, the following hypotheses can be formulated:

H2a. Recognition will have a significant positive impact on the decision to reinvest in equity crowdfunding in win situations.

H2b. Recognition will have a significant positive impact on the decision to reinvest in equity crowdfunding in loss situations.

Next, considering that equity crowdfunding is an evolution of information technology (IT) that facilitates interactions between investors and platforms, many previous studies on the relationship between IT and users concluded that participation in such platforms results from a hedonic system, meaning that users are motivated by the enjoyment they derive from using this technology (Lin *et al.*, 2012).

In recent years, IT user research closely investigated enjoyment as one of the key user motivations. In this body of work, enjoyment was deemed to be a broad concept, and several previous studies tested enjoyment motives using the following words in their surveys: pleasant, fun, enjoyable and excited (Cyr *et al.*, 2006; Gerow *et al.*, 2013; Lin *et al.*, 2012; Törhönen *et al.*, 2019). Studies on crowdfunding used similar questions to study the same effect (Bretschneider *et al.*, 2014; Cholakova and Clarysse, 2015; Schwienbacher and Larralde, 2012). However, in psychology, excitement and pleasure in the sense of enjoyment are deemed to be two separate qualities (Reeve, 1989). Specifically, whereas pleasure refers to continuing action in an attempt to establish an active relationship with that action, excitement is the thrill of experiencing something or getting involved (Soediono, 2006). Moreover, while pleasure motivates one to repeat the activity because the feeling lasts for a long time even after the execution of the act, the excitement lasts only as long as the act does (Cabanac, 1971; Roseman and Evdokas, 2004). This suggests the need for further investigation to find out why people are reinvesting. Indeed, investors may be having fun simply by browsing through investment campaigns, or they may carry their fun feelings with them after investment and wait for the development of the start-up that they have invested in. Based on these considerations, the following hypotheses can be formulated:

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H3a. Pleasure will have a significant positive impact on the decision to reinvest in equity crowdfunding in win situations.

H3b. Pleasure will have a significant positive impact on the decision to reinvest in equity crowdfunding in loss situations.

H4a. Excitement will have a significant positive impact on the decision to reinvest in equity crowdfunding in a win situation.

H4b. Excitement will have a significant positive impact on the decision to reinvest in equity crowdfunding in loss situations.

The research model used in the present study is shown in Figure 1.

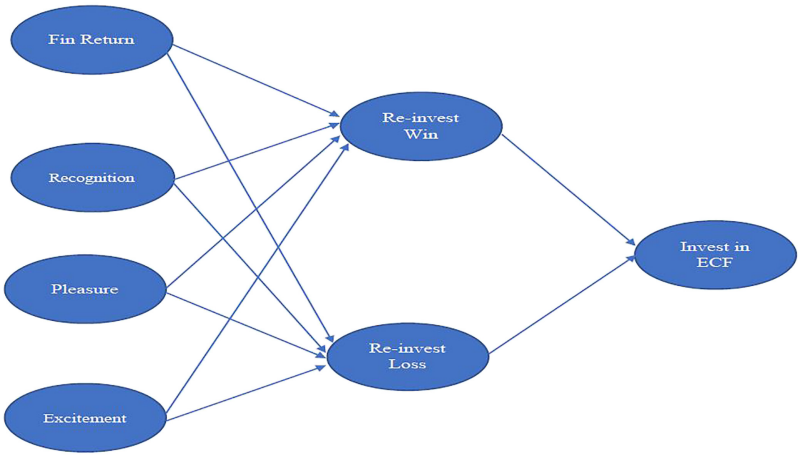
3. Method

3.1 Research model

To investigate the effects of intrinsic and extrinsic motivations (financial return, recognition, pleasure and excitement) on investors' intentions to reinvest in equity crowdfunding in both win and loss situations, this study constructs the research model based on the SDT and hypotheses shown in Figure 1 through a structural equation model (SEM).

3.2 Sample

An online self-administered survey was conducted among a total of 600 crowdfunding investors on the following three platforms: Crowdcube, Wefunder and Funding Circle. Data collection was conducted from 1 to 15 January 2021. Upon filtering that involved excluding the investors who failed to name the platforms in which they had invested and those who were not business students or graduates, only 355 responses were considered valid and useable. To reduce the potential for recall bias, the study focused on investors who had invested more than once in crowdfunding platforms. Respondents were recruited through Amazon MTurk and were compensated US$0.60 for their participation in the survey. The amount of compensation was determined based on previous evidence that, in business



Source(s): Own elaboration

Figure 1.
Research model

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and management studies, the average pay for MTurkers typically amounts to US$0.50 (Stritch, 2017). The decision to offer higher compensation for the participants was meant to increase the number of respondents (Hauser and Schwarz, 2016). It was considered essential to obtain a larger pool of answers for further screening and filtering that would eliminate defective responses and increase the reliability of the answers (Smith *et al.*, 2015). Furthermore, the survey included questions about platforms previously used in crowdfunding research. This decision was taken based on previous evidence that such questions help to increase the validity of the findings (Aguinis *et al.*, 2021).

MTurk was chosen because it is one of the most well-known crowdsourcing platforms for the digital workforce. Initially, Amazon MTurk became popular for testing research theories (Teschner and Gimpel, 2018). Later on, behavioural research also came to extensively rely on MTurk samples (Wen *et al.*, 2018). Moreover, previous research on intrinsic and extrinsic motivations of digital workers employed MTurk samples to test their hypotheses (Mitchell *et al.*, 2020). Of note, however, several scholars argued about the risk of social desirability bias among MTurkers, which could negatively affect responses to the questions given in the survey (Antin and Shaw, 2012). To address this concern, in the present study, the survey statements did not include desirable motivations used in donation crowdfunding, such as the motivation to help others. Therefore, social desirability would not be considered as a bias when choosing motivations to reinvest.

The demographic characteristics of the sample were as follows. Regarding age, 65.1% of the respondents were aged between 25 and 34 years old. In terms of gender distribution, 69.0% were men. As concerns family status, 52.8% were married, while 39.7% were single. In terms of ethnicity, Furthermore, 43.6% were Whites, and 36.6% were Asians. Finally, as concerns education level, 58.9% were undergraduates, and 80.2% were working full-time jobs (Appendix 1).

3.3 Measures

This study analyses investors' motivations that influence their decisions to reinvest in equity crowdfunding in both winning and losing situations. All items included in the survey were derived from the literature and modified for equity crowdfunding as needed (Table 2). The survey items were rated on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Items concerning financial return for equity crowdfunding investors were adopted from Cholakova and Clarysse (2015). Items related to recognition were adopted from Bretschneider and Leimeister (2017). Furthermore, pleasure and excitement items were adopted from Wu and Lu (2013). Finally, the intention to invest in equity crowdfunding was modified from Li *et al.* (2018), which was also used for donation crowdfunding.

4. Results

4.1 Reliability and validity

A cross-loading analysis was conducted to evaluate the discriminant validity of the scales (Appendix 2). Next, the reliability of each item was measured using the outer loading item's measurements. In this model, almost all loading values of most items were greater than 0.7. The exceptions were the following items: excitement 2, intention to invest 2, pleasure 2 and financial return 1. The outer loading of these items varied between 0.562 and 0.688, which was considered acceptable, because these items showed loadings greater than 0.5 on other factors, indicating that every item still correlated to its corresponding factor. When loading is greater than 0.5, it is considered significant (Hair *et al.*, 2019).

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Motivation	Statement	Study
Financial return	I prefer to make profit by investing in equity, rather than by maintaining a savings account	Cholakova and Clarysse (2015)
Financial return	My primary goal in equity crowdfunding (ECF) investment is to generate return on my investment	Cholakova and Clarysse (2015)
Financial return	I want to generate financial return by investing in ECF	Cholakova and Clarysse (2015)
Recognition	I want to receive recognition from other crowdfunders on the platform	Bretschneider and Leimeister (2017)
Recognition	I want to be recognised	Bretschneider and Leimeister (2017)
Recognition	I hope to receive acknowledgements from project initiators on investment	Bretschneider and Leimeister (2017)
Pleasure	Investing in ECF makes me feel happy	Wu and Lu (2013)
Pleasure	Investing in ECF makes me feel pleased	Wu and Lu (2013)
Pleasure	I feel happy while using the ECF platform	Wu and Lu (2013)
Excitement	Investing in ECF makes me feel excited	Wu and Lu (2013)
Excitement	Investing in ECF makes me feel aroused	Wu and Lu (2013)
Excitement	I feel active while using the ECF platform	Wu and Lu (2013)
Intention to reinvest in ECF in win situation	Using the profits of my previous winning experience in ECF investment, I would like to invest in other ECF projects in the future	Li *et al.* (2018)
Intention to reinvest in ECF in win situation	After my previous winning experience in equity crowdfunding investment, I will invest money in ECF investment After my previous winning experience in ECF investment, I would probably invest money in ECF projects in the future	Li *et al.* (2018)
Intention to reinvest in ECF in win situation	After my previous winning experience in ECF investment, I will continue to invest money in ECF projects in the future	Li *et al.* (2018)
Intention to reinvest in ECF in loss situation	After my previous loss experience in ECF investment, I would like to invest money in ECF projects in the future	Li *et al.* (2018)
Intention to reinvest in ECF in loss situation	After my previous loss experience in equity crowdfunding investment, I will probably invest money to ECF projects in the future	Li *et al.* (2018)
Intention to reinvest in ECF in loss situation	After my previous loss experience in ECF investment, I will continue to invest money in ECF projects in the future	Li *et al.* (2018)
Intention to invest in ECF	I would like to invest money in ECF projects in the future	Li *et al.* (2018)
Intention to invest in ECF	I will probably invest money in ECF projects in the future	Li *et al.* (2018)
Intention to invest in ECF	I will continue to invest money in ECF projects in the future	Li *et al.* (2018)

Source(s): Own elaboration

Table 2.
Survey items

4.2 Composite reliability (CR)

In this study, the composite reliability (CR) and internal consistency were theoretically set to a Cronbach's alpha of 0.7; however, most of these factors' reliability levels were below 0.7 (Appendix 3). This may have been due to the low number of items corresponding to each factor, as any slight inconsistency in the participants' responses would have resulted in a significant decline in Cronbach's alpha. According to Hair *et al.* (2019), values below 0.5 are considered low; values between 0.5 and 0.7 are considered moderate; and values between 0.7

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and 0.9 are considered highly reliable. This suggests that the values for our model ranged between moderate and very reliable.

4.3 Average variance extracted (AVE)

The average variance extracted (AVE) by the model for each factor is shown in Appendix 2. Since AVE values greater than or equal to 0.5 were previously established to be acceptable, and the AVE values in the present study ranged from 0.533 to 0.719, it was concluded that this study attained acceptable levels of convergent validity. Accordingly, the model explained over 50% variability in latent variables del. Therefore, according to Hair *et al.* (2019), these results were considered reliable to further analysis.

4.4 Assessment of structural model

Multicollinearity issues were investigated using the variance inflation factor (VIF), an acceptable determinant of tolerance. For our model, the VIF for each model's items was below 3.30, which provides sufficient evidence that the study variables were bias-free (Appendix 2). Moreover, the coefficient of determination (R^2 value) showed high productivity of overall variance in intentions to invest ($R^2 = 0.465$) and in win situations ($R^2 = 0.410$), while it resulted in a lower power of prediction for loss situations ($R^2 = 0.111$).

4.5 Structural equation model

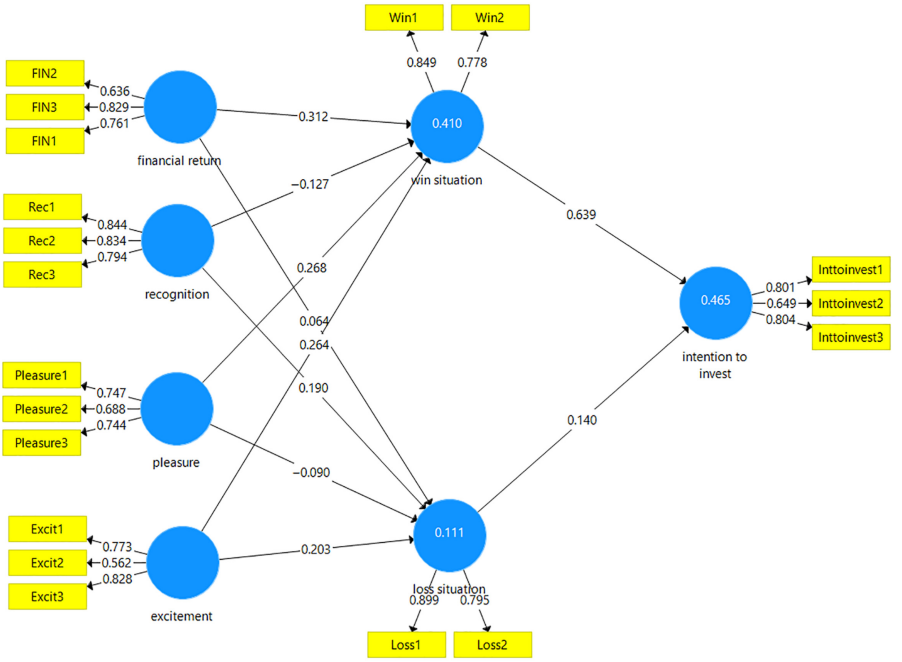
Structural equation, which enables measuring the relationships between a set of latent variables, has been widely used in the literature. Following this trend, several previous studies on equity crowdfunding used the SEM to relate latent variables to each other or to explore the influence of more than one latent variable on decisions in equity crowdfunding (Hoque *et al.*, 2018; Troise and Tani, 2020; Wasiuzzaman *et al.*, 2021a, b). Similarly, the partial least squares SEM (PLS-SEM) was also used in various disciplines to estimate complex models within many constructs, indicator variables and structural paths without imposing distributional assumptions on the data (Hair *et al.*, 2019). Overall, PLS-SEM should be used when the research deals with the prediction perspective testing of a theoretical framework. In the cases when more than one measure or model relationship is included in the structural model, the latter is formative (Hair *et al.*, 2019).

Accordingly, path coefficients and their significance levels may be examined. For instance, in this study's win situations, the path coefficients of almost all the latent variables were positive with moderate effect, except for recognition (−0.127), while the win situation itself had a path coefficient of 0.639 ($\beta = 0.639$, $p < 0.1$). Coefficients were also calculated for excitement ($\beta = 0.264$, $p < 0.1$), financial return ($\beta = 0.312$, $p < 0.1$), recognition ($\beta = -0.217$, $p < 0.1$) and pleasure ($\beta = 0.268$, $p < 0.1$). Taken together, the results showed that H1a, H3a and H4a were supported by the data analysis. Furthermore, the path coefficients were measured for loss ($\beta = 0.140$, $p < 0.1$), excitement ($\beta = 0.203$, $p < 0.1$), financial return ($\beta = 0.064$, $p < 0.1$), recognition ($\beta = 0.190$, $p < 0.1$) and pleasure ($\beta = -0.090$, $p < 0.1$) (Figure 2). These results demonstrated that H1b, H2b and H4b were supported by the data.

5. Discussion

This study used the theoretical framework of the SDT to investigate the effects of intrinsic and extrinsic motivations on investors' intentions to reinvest in equity crowdfunding. Specifically, we examined the effects of financial return, recognition, pleasure and excitement on investors in both win and loss situations. To this end, we applied an SEM to the data of a total of 355 digital workers (equity crowdfunding investors) to test which motivations influenced their decisions in both situations.

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Figure 2.
SEM results

5.1 Theoretical implications

The results of the present study provide several important theoretical implications for the literature. Financial return was found to be a positive motivation for reinvestors in both win and loss situations, suggesting that financial return is a crucial motivator for investors. This finding of the present study is consistent with previous studies on equity crowdfunding investment (Borello *et al.*, 2015; Collins and Pierrakis, 2012; Estrin *et al.*, 2018; Martínez-Climent *et al.*, 2018; Pierrakis, 2019). Moreover, the financial return was previously reported to be a major motivation for digital workers (Gewald and Pilz, 2013), which explains why this variable was positive in both win and loss situations in the present research.

Furthermore, our findings revealed that recognition is an important motivation for reinvestors even in loss situations. This finding suggests that investors' self-esteem and desire for recognition drive them to reinvest even when they have lost money in previous investments. In previous research, recognition was found to be a potent motivation for the participants in open-source platforms (Bretschneider and Leimeister, 2017); accordingly, for such participants, it makes to reinvest even when they lose, as they are intrinsically motivated by attention. Moreover, the number of investors in equity crowdfunding is smaller than the corresponding number of other types of investors, thus making social recognition a strong motivation for crowdfunding investors (Schwienbacher and Larralde, 2012).

Next, the pleasure was found to have a positive impact on winning reinvestments in equity crowdfunding. As argued by Soediono (2006), pleasure gives a sense of long-lasting happiness, which may lead to the repetition of investment. Indeed, investors can choose to reinvest because of the good feeling they acquire after winning in their previous investments. Moreover, digital workers frequently try to regain the fun of receiving financial returns by

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participating in online platforms (Kaufmann *et al.*, 2011). These findings explain why pleasure was found to motivate investors to reinvest.

Finally, in our results, excitement was positive in both win and loss situations. This finding is in line with the conceptualisation of excitement as the feeling of happiness experienced only while performing the action (i.e. investing). Consequently, it can be concluded that some people reinvest in equity crowdfunding regardless of whether they win or lose – instead, what excites them to be active on those platforms is the very process of browsing through projects, selecting certain projects and investing in them. This conclusion is consistent with past research that demonstrated excitement to be a strong motivation to participate in equity crowdfunding (Daskalakis and Yue, 2017). However, previous studies did not specify whether this reaction would occur because investors feel happy while they are active on those platforms or after investing on the platforms. In this context, the present study makes an interesting theoretical contribution to the SDT literature by demonstrating how intrinsic and extrinsic motivations influence investors' decisions to reinvest in win and loss situations. Taken together, our results suggest that motivations differ in each scenario and explain why investors are motivated by intrinsic and extrinsic motivations.

5.2 Practical implications

The results of the present study offer several meaningful practical implications for the literature on equity crowdfunding concerning investors' motivations to reinvest. First, this study focused on reinvestors' motivations and explained how they differ from those of one-time investors. Second, we demonstrated that investors' motivations could vary between win and loss scenarios. Third, while motivations such as fun, happiness, pleasure and excitement were not differentiated in the crowdfunding literature, in this study, we draw this distinction and explore pleasure and excitement as separate motivations, showing the cases where these motivations are positive and negative. Fourth, the present study highlighted reinvestors' motivations to reinvest in equity crowdfunding projects by showing how motivations change in different situations. Finally, our results provided an important insight into serial investors, namely, that the more likely one is to invest, the more likely he/she is to become a serial investor.

5.3 Future research

This study provides a deeper understanding of the motivations behind digital workers' reinvesting decisions. To test the generalisability of our findings, in further research, it would be necessary to employ different samples. Furthermore, future larger-scale studies could seek to determine whether the same motivations would hold for other investors, or whether another motivation would have a greater impact on reinvestment decisions. Further research would also be needed on the investment amount and its relationship with different motivations. In addition, to better understand the reasons behind investors' decisions to reinvest, future studies would benefit from employing semi-structured interviews that would enable obtaining more information from investors than was done in the present study using the survey format. Finally, more research on reinvestment decisions could establish a more solid base for research on serial investing in equity crowdfunding.

6. Conclusions

The present study used the theoretical framework of the SDT to investigate intrinsic and extrinsic motivations that influence digital workers' decisions to reinvest in equity crowdfunding. Specifically, we used an SEM to test the effect of financial return, recognition, pleasure and excitement motivations of reinvestors in their reinvestment decisions in both win and loss situations. The results of this study contribute to the current

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knowledge on the motivations of these reinvestors, which is a novel line of research in this field.

The results of the present study bridge a gap in the literature on equity crowdfunding by expanding what is currently known about motivations and by examining the impact of those motivations on reinvestors' decisions. Taken together, our results showed that financial return, recognition, excitement and pleasure positively influence reinvestors' decisions to reinvest in win situations. Similarly, we also found that the same factors also motivate investors to reinvest in loss situations.

Interestingly, our findings revealed that, while pleasure was a strong motivation for reinvesting in winning situations, excitement was such motivation in losing situations. This highlights the need to differentiate the broad variable of fun into several concepts (namely, pleasure and excitement).

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Appendix 1

	Subgroup	Frequency	%
Age	18–24	52	14.5
	25–34	233	65.1
	35–44	73	20.4
Gender	Female	111	31.0
	Male	247	69.0
Marital status	In relationship	27	7.5
	Married	189	52.8
	Single	142	39.7
Ethnicity	African	20	5.6
	Asian	131	36.6
	Hispanic/Latino	48	13.4
	Other	3	0.8
	White	156	43.6
Educational level	Diploma	16	4.5
	Graduate	3	0.9
	High school	12	3.4
	Postgraduate	116	32.4
	Undergraduate	211	58.9
Job status	Full time	287	80.2
	Owner	6	1.7
	Part time	63	17.6
Job status	Student	2	0.6

Table A1. Demographic analysis

Source(s): Own elaboration

Appendix 2

	Excitement	Intention to invest	Loss	Pleasure	Recognition	Financial return	Win	VIF
Excitement 1	*0.773*	0.458	0.225	0.419	0.395	0.360	0.405	*1.205*
Excitement 2	*0.562*	0.333	0.128	0.439	0.432	0.311	0.255	*1.104*
Excitement 3	*0.828*	0.455	0.242	0.552	0.412	0.386	0.441	*1.270*
Financial return 1	0.361	0.406	0.171	0.426	0.549	*0.761*	0.356	*1.314*
Financial return 2	0.310	0.375	0.116	0.317	0.220	*0.636*	0.348	*1.101*
Financial return 3	0.399	0.489	0.164	0.448	0.291	*0.829*	0.457	*1.345*
Intention to invest 1	0.27	*0.801*	0.183	0.452	0.290	0.484	0.548	*1.373*
Intention to invest 2	0.415	*0.649*	0.208	0.397	0.202	0.362	0.456	*1.107*
Intention to invest 3	0.457	*0.804*	0.233	0.457	0.286	0.440	0.504	*1.405*
Loss 1	0.265	0.296	*0.899*	0.172	0.253	0.200	0.198	*1.251*
Loss 2	0.205	0.149	*0.795*	0.084	0.245	0.136	0.156	*1.251*
Pleasure 1	0.442	0.436	0.042	*0.747*	0.214	0.432	0.409	*1.228*
Pleasure 2	0.478	0.347	0.092	*0.688*	0.299	0.370	0.417	*1.088*
Pleasure 3	0.472	0.480	0.210	*0.744*	0.444	0.367	0.367	*1.218*
Recognition 1	0.505	0.267	0.231	0.342	*0.844*	0.378	0.227	*1.713*
Recognition 2	0.419	0.301	0.279	0.402	*0.834*	0.402	0.233	*1.534*
Recognition 3	0.438	0.286	0.207	0.338	*0.794*	0.378	0.237	*1.484*
Win 1	0.406	0.586	0.186	0.489	0.241	0.499	*0.849*	*1.122*
Win 2	0.439	0.498	0.155	0.398	0.218	0.342	*0.778*	*1.122*

Table A2. Cross-loading matrix with VIF

Source(s): Own elaboration

Note(s): Values in italics indicate VIF less than 5

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Appendix 3

Factor	Cronbach's alpha	AVE
Excitement	0.561	0.533
Intention to invest	0.616	0.570
Loss	0.618	0.719
Pleasure	0.553	0.529
Recognition	0.764	0.679
Return	0.597	0.557
Win	0.496	0.664

Source(s): Own elaboration

Table A3. Cronbach's alpha and AVE

Corresponding author
Rayan Faisal A. Makki can be contacted at: R.makki@upm.edu.sa

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