How do Community Members Respond to Commercial Opportunities? 
Evidence from an Online User Innovation Community  
by  
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Abstract: Communities are an important vehicle for innovation. Literature has theorized that innovators freely disclose their ideas to the community because positive incentives from free revealing outweigh expected rewards from commercialization. Yet, limited empirical evidence exists on whether and how community members respond to changes in commercialization environments. To fill the gap, I examine how easier access to complementary assets impact members of innovation communities. I collected individual-level data on contribution and commercialization from an online user innovation community in the video game industry. I then estimated difference-in-differences specifications by leveraging an unanticipated business model change of a major game engine software, a core complementary asset for game development. I present two main findings. First, easier access increases members’ commercialization, especially those who possess ex ante high-quality ideas. Second, easier access decreases members’ contribution, indicating trade-offs between commercial opportunities and community-based innovation. Interestingly, the decrease in contribution is not driven by time constraints facing members who pursue commercialization, which suggests that reduced social interactions may be the underlying mechanism. I discuss the implications to the innovation and entrepreneurship literature.

Bio: Ohchan Kwon is a doctoral candidate in the Technology and Operations Management Unit at Harvard Business School. His research areas include the economics of IT, entrepreneurship, and human capital. Specifically, he aims to understand how digital transformation that lowers the costs of starting and growing business affects individuals’ transition into entrepreneurship. He is also interested in how various local institutions such as makerspaces influence individuals’ propensity to utilize online platforms to enter into entrepreneurship. To address those questions, he applies causal inference techniques to micro-level data from firms and platforms. He received degrees from KAIST, Seoul National University, and MIT, and worked as an R&D manager for a leading telecommunications company in South Korea before pursuing doctoral studies.