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ENTREPRENEURIAL ECOSYSTEM DEVELOPMENT: A MEDIA EFFECTS PERSPECTIVE (SUMMARY)

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≈ SUMMARY ≈

**ENTREPRENEURIAL ECOSYSTEM DEVELOPMENT:
A MEDIA EFFECTS PERSPECTIVE**

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Principal Topic

Given the critical role of high growth new ventures as engines of job creation and wealth (Konczal, 2013), community stakeholders increasingly focus on the formation and success of such ventures. Infomediaries are hubs for information about efforts to encourage entrepreneurial ventures, contributing to the knowledge of entrepreneurs about their environment and about the legitimacy of the pursuit. We sought to understand which media mechanisms influenced legitimacy and culture, leading to more entrepreneurial activity in ecosystems.

Method

We sampled thirty ecosystems on the basis of business formation using data obtained from the US Census Bureau, the Small Business Administration, and the Kauffman Foundation. We combined this data with content analysis of over ten thousand entrepreneurship-related articles from the MSAs over a five year period. Using validated dictionaries of entrepreneurial orientation (EO) (Short, Broberg, & Cogliser, 2009) and affect (Pennebaker, Booth, & Francis, 2007) we identified the entrepreneurial culture and legitimacy in the ecosystems. The data were analyzed in Stata as a five year panel using business formation as the dependent variable, using ecosystem-level controls.

Results and Implications

First, we found that EO predicted entrepreneurial activity in ecosystems, a possible link between conceptual entrepreneurial culture and activity. Second, more media coverage also increased business formation, some evidence for the role of media as a source of legitimacy. Finally, a positive tenor of media coverage increased. Three mechanisms for media influence on business formation have been identified: volume, content, and tenor. Effect sizes were small in the study, but our results suggest EO may be a launching point for much-needed efforts to develop measures of entrepreneurial culture (Audretsch & Keilbach, 2004).

Our contribution to entrepreneurship literature is two-fold. First, we tested propositions about the ways in which media effects influence entrepreneurs' efforts and lead to stronger entrepreneurial ecosystems. Notably, media helps create legitimacy of the institution of entrepreneurship through coverage of the topic (Aldrich & Yang, 2012). We also added a new level of analysis, the ecosystem, to the literature on entrepreneurial legitimacy, building on previous work focused at the industry level (Navis & Glynn, 2010). Practically, we also offer insight on how communities can improve their efforts to build successful entrepreneurial ecosystems.

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