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TV boosts entrepreneurial identity

Entrepreneurship is a key driver of development in free-market economies – and TV is one channel in transporting and promoting an entrepreneurial identity or ‘culture’, as IWH economist Viktor Slavtchev and his co-author Michael Wyrwich find in a recent study. For their analysis, they compare – for the period after 1990 – the entrepreneurship incidence among the inhabitants of East German regions that had West German TV signal prior to 1990 to that of the inhabitants of regions without such a signal.

How could TV influence entrepreneurship? On the one hand, individuals reap utility not only from actual outcomes, but also from acting in a certain way, particularly according to their own view of who they are or ideally should be and what they should or should not do to live up to this ideal concept of the self. In other words, a person’s self-perception or sense of self influences behaviour in general and, hence, the choice of a particular occupation. On the other hand, TV can shape individual’s identity while transmitting – deliberately or not – images that create specific attitudes, form values and preferences. Moreover, TV viewers often identify with fictitious or real media characters and role models, adopting (parts of) their personality and behaviour.

During the division of Germany after WWII into West Germany with a free-market economy and the socialistic East Germany with a centrally-planned economy, some East German regions had access to West German public TV that, different from the East German TV, transmitted images, values, attitudes and views of life which were compatible with the free-market economy principles and supportive of entrepreneurship. “The results show that, for the period after the unification in 1990 and the restoration of a free-market economy, entrepreneurship incidence is about 9 to 10 % higher among the residents of East German regions that had access to West German public TV prior to 1990 than in other East German areas that had no such access”, Slavtchev explains. Moreover, “the differences between East German regions with and without access to West German public TV do not fade out with time and are still significant even more than 15 years after the German unification. Also young individuals born after 1980 in East German households that had access to West German TV are more entrepreneurial than their counterparts from other regions. This indicates that TV can durably form a culture.”

Existing entrepreneurship policies typically focus on supporting entrepreneurs by improving framework conditions such as the physical, financial or legal infrastructure. “But our findings show that the cultural dimensions of the entrepreneurship phenomenon including ‘role models’ can have a huge impact on peoples’ be-

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haviour, too,” Slavtchev says. “Politicians who want to develop a positive image of an entrepreneur and increase the awareness of entrepreneurship have to take this dimension into account.”

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