

**THE SPATIAL EVOLUTION OF ORGANIZATIONAL FOUNDINGS:
EVIDENCE FROM U.S. INSTRUMENT MANUFACTURERS***

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ABSTRACT

This study examines ecological conditions that influence shifts in the location of foundings of U.S. instrument manufacturers between 1978 and 1988. Consistent with past work, we find that instrument manufacturers are more likely to be founded in local communities that already have such organizations. Although this effect of local density contributes to sustaining the existing spatial distribution of entrepreneurial activity, we also find that local communities that do not have any instrument manufacturer at the beginning of the observation period but have organizations connected to instrument manufacturers by symbiotic relationships or commensalistic relationships are more likely to experience initial foundings. Furthermore, in local communities that already have instrument manufacturers, hierarchical relations among organizational populations within the local community affect the founding rate. Specifically, after controlling for the effect of local density, we find that the greater a community's dominant population, the lower the founding rate of instrument manufacturers in the local community. Besides extending work on the spatial evolution of foundings, this paper contributes to integrating organizational ecology and network studies of markets and suggests new directions for research on local communities.