

Logic of an Effectuating Hyperlocal

Entrepreneurial processes and passions of online news start-ups

Carina Tenor

Department of Social Sciences, Södertörn University, Sweden

Abstract

This article examines motivations, rewards and strategies in hyperlocal news entrepreneurship. The material is an interview study with eight entrepreneurs who independently own and manage hyperlocal news sites in Sweden. The conclusion is that the means of the hyperlocal entrepreneur both motivate and create an obstacle for growth. The findings of struggling business models, self-exploitation and civic motivations correspond with previous research in different countries, but alternative perspectives are suggested drawing from theories of entrepreneurial passion and processes. Civic motivations can be viewed as part of entrepreneurial passion, and the precarious nature as a low-risk effectuation process. The effectuator explores possible outcomes of given means and builds the business by controlling the affordable loss rather than calculating the possible return. Along with the obvious difficulty in finding a profitable business model when operating in a very small market, this implies a new perspective on failure and success in hyperlocal entrepreneurship, but also underlines that any measures of support for the sector need to be easily accessible for the individual entrepreneur.

Keywords: community news, digital media, entrepreneurial journalism, local news, hyperlocal news

Introduction

Mats Falck, a hyperlocal news entrepreneur in one of the districts in Stockholm, was invited to the university course “Hyperlocal Publishing” at Södertörn University in the spring of 2018. The students asked some questions about the business model, and someone commented: “Well, this is probably not something you do in order to get rich.” “Get rich?” he replied, and after a rhetorical pause he added: “Oh, you mean rich in money?”

The rise of digital media is sometimes portrayed as a positive counterbalance to the decline of newspapers in the local media landscape (e.g. Nielsen, 2015), and early hopes have been tied to them benefiting from a rising digital economy (Jarvis, 2009). However, empirical studies in different countries indicate similar challenges, if not more, to those

in traditional media, describing failing start-ups, self-exploiting practitioners and strong dependency on enthusiasts (e.g. Tenor, 2017; Kurpius et al., 2010; Metzgar et al., 2011; Naldi & Picard, 2012; van Kerkhoven & Bakker, 2014). Witschge and Deuze (2014: 2) also found motivations of journalism start-ups to be surprisingly personal and emotional, based on drives such as passion for news, playfulness or politics. The discourse of the hyperlocal entrepreneur seems to be civic rather than financial (Harte et al., 2016).

Based on an interview study of eight hyperlocal entrepreneurs managing for-profit online sites in Sweden, this article examines their personal reasons, resources, outcomes and strategies. The participants were sampled from a survey of 178 hyperlocal actors of different platforms in Sweden performed in 2016 (Tenor, 2017). Using recent research that suggests six domains of entrepreneurial passion (Cardon et al., 2017), the purpose of this article is to provide a more complex understanding of the motivations often described as civic idealism. Furthermore, drawing from Sarasvathy (2001), the article seeks to provide a more fruitful theoretical framework when assessing entrepreneurial skills.

The opening quote by Mats Falck is a telling example from a precarious sector as well as an indication of the alternative rewards at play. When dealing with the sustainability of local news, it is because of the vulnerability as well as the potential that it is important to understand more about these digital newcomers.

Hyperlocal entrepreneurship and the media market

Entrepreneurship is often described from a rational, economic point of view, but Schumpeter (1934) recognised back in 1934 that entrepreneurial behaviour was not only about making money. His notion of an entrepreneur as an agent of change, later known as the conduct model of the dynamic entrepreneur, depicts an individual who innovates with passion and confidence and thereby disrupts the market (Grebel & Stützer, 2016). However, describing hyperlocal entrepreneurs as generally disruptive competitors challenging established media does not point us in the right direction since the disruption of the (local) news industry is rather a consequence of a wider structural transformation of the media environment that has been driven by ICT and new media habits (e.g. Nielsen, 2015). The perspective of the entrepreneur as an arbitrageur acting towards equilibrium is based on Kirzner (1999), another traditional scholar. This situation arises in areas where customers and providers have not yet found their new roles, which in this case would be the market of local news. The arbitrageur takes the risk and possible advantages before a new state of equilibrium is reached, and can also be used as a learning example for bigger enterprises. The notion of the entrepreneur as a bearer of uncertainty dates back to Knight (1921). The levels may vary, but conditions of what Knight defines as “true uncertainty” will lead to a lot of heterogeneous economic behaviour.

This heterogeneous diversity is evident in research into the hyperlocal news sector, which is also described as a precarious sector dependent on enthusiasts with underperforming business models and a high turnover (Cook et al., 2016). Sarasvathy (2001) offers an alternative theoretical framework for viewing self-exploitation or poor entrepreneurial skills in the entrepreneurial processes of causation and effectuation. They represent two different approaches to risk and uncertainty when creating a company or a market. While causation builds on a prediction of market demands, effectuation is about examining the available set of means or causes and proceeding with a more

generalised business idea. Decision-making is thus highly related to the entrepreneur's characteristics, and the entrepreneur explores different possible effects of using resources at hand and creates an opportunity rather than finding the optimal one. "The effectuator more often than not proceeds without any certainties about the existence of a market or a demand curve, let alone a market for his or her product" (Sarasvathy, 2001: 249). This might sound irresponsible, but the concept of effectuation is built on control since the means are given. The difference is also exemplified as planning the business from an expected return (causation) or an affordable loss (effectuation). In an uncertain future, the motto of the effectuator is "To the extent we can control the future, we do not need to predict it" (Sarasvathy, 2001: 251).

As indicated above, an effectuation process is more dependent on human actions while still allowing the perspective of the Schumpeterian notion of the passionate entrepreneur. Performing an inductive qualitative study, Cardon and colleagues (2017) finds various drives and passions that can explain entrepreneurial behaviour, some of them previously neglected in research. The six domains of entrepreneurial passion are defined as passion for 1) growth, 2) people, 3) products/services, 4) competition, 5) inventing and 6) social mission.

The importance of, for example, social and spatial contexts in entrepreneurial behaviour (Welter, 2011) is another aspect that could be considered when researching hyperlocal entrepreneurs. However, this article is limited to the framework of causation and effectuation as proposed by Sarasvathy (2001) and the entrepreneurial drives and passions as proposed by Cardon and colleagues (2017).

Previous research on hyperlocal entrepreneurship

The words "entrepreneur", "entrepreneurial" and "entrepreneurship" are used in different contexts in previous research on hyperlocals. For example, "entrepreneurial spirit" can describe the stamina of the hyperlocal practitioner, who persists despite financial and other difficulties. On the other hand, this very underperformance is also regarded as a result of a lack of entrepreneurial skills (van Kerkhoven & Bakker, 2014). "Entrepreneurial journalist" is the term for a self-employed journalist, as a hyperlocal entrepreneur facing new demands (Chadha, 2015). The explanation of success or failure in hyperlocals' business models is also sometimes suggested to depend on editorial roots as opposed to entrepreneurial roots (Cook et al., 2016). Another term used to describe entrepreneurs' past experiences is "formational myopia" leading to different objectives and expectations when starting a hyperlocal news site (Naldi & Picard, 2012).

In an interview study with 35 UK hyperlocal practitioners, both voluntary and income generating, Harte and colleagues (2016) discover a lack of financial motives. The hyperlocal entrepreneur draws rather from a civic discourse, with motivations like participating in the community and filling the news gap. On the other hand, the authors find both attitudes and behaviours that could be described as entrepreneurial, such as autonomy, creativity and the development of a wider set of skills.

However, independence provided by financial skills is also regarded as a crucial factor in the hyperlocals' possibility of fulfilling a normative journalism role (Williams & Harte, 2016). Sustainability in the hyperlocal sector is not only about the possibility of making a profit or growing, but also the ability to produce content. The categories

that are viable, sustainable and resilient have been suggested as a rising scale (Cook et al., 2016).

In Sweden, previous research has indicated that hyperlocal operations are performing a little better than in other countries, but they are still dependent on the interest, stamina and health of the individual behind the business (Leckner et al., 2019). This, however, is partly explained by a broader approach to the definition of hyperlocal. Based on a survey with hyperlocal practitioners from different main platforms, operations based on print issues seem to be more profitable than online-only publications. In print, 96 per cent of revenues come from advertising, with a corresponding figure of only 52 per cent for online-only operations, which instead received 37 per cent from owners/members (Leckner et al., 2019). Not surprisingly, the online hyperlocals were also younger, with a median founding year of 2012 compared with 1992 for the printed editions. The most common reason for starting a hyperlocal enterprise was to strengthen the community and local identity. This response was shared by the respondents from all publishing platforms, although there seemed to be fewer commercial motives and more of a journalistic orientation among the website hyperlocals.

Harte and colleagues (2016) state that there are many hopes and expectations tied to the hyperlocal news entrepreneur being empowered by technology and social media: to uphold a diverse skill, fulfil a public service role and run a viable business. In 2010, Kurpius et al. did not find any project that “has developed a working model that can be easily replicated in other communities and maintained for the long term” (Kurpius et al., 2010: 374). Five years later, the European Nesta study on hyperlocals, which aimed to find best practices, spread ideas and encouraged experimentation, also stated: “Finding robust revenue streams is not easy, yet there are pockets of success” (Cook et al., 2016: 63).

Perhaps the question is rather why financial expectations were tied to hyperlocal news operations in the first place. By definition, hyperlocals serve a very local and thereby limited market. That they should find a profitable business model when major media companies are struggling may seem a bit overoptimistic. However, this heterogeneous sector contains examples of both maturing businesses and start-ups, the latter of which continue to emerge. If these small-scale newcomers do not yet fulfil an important role as local news media, they have the potential to do so given that they can achieve sustainability. Understanding more about the logic of hyperlocal entrepreneurial behaviour is imperative for actors interested in entering, or supporting, the sector.

Therefore, the research questions of this article are: 1) What are the hyperlocal entrepreneurs’ motivations, means, strategies and outcomes? 2) How are these linked to a) domains of entrepreneurial passion and b) the entrepreneurial processes of causation and effectuation?

Method and material

The material of this article is semi-structured interviews with eight hyperlocal entrepreneurs with a for-profit online-only news site. The sample comes from the extensive mapping of the Swedish local media outlets and newsrooms performed in 2015/2016 (Tenor, 2017). In accordance with Harte and colleagues (2016), non-profit and social entrepreneurship are included in the term “hyperlocal entrepreneur”, describing a per-

son running a start-up or small venture of independent hyperlocal news services. In the sample of 178 Swedish hyperlocal actors, the newest addition to the media environment, online-only hyperlocals, equalled a population of 76 (representing 85 sites). Forty-six of them responded to the follow-up survey (representing 53 sites). These independently owned online hyperlocals represent different approaches to professional journalism as well as business models (for a more elaborate discussion regarding these definitions, please see Tenor, 2018). For the present study, with research questions on entrepreneurial business processes, the sample is hyperlocals publishing original news in a for-profit business, but with a variety of locations, history and orientations. All participants in the interview study own or are partners in a hyperlocal company.

Every interview was preceded by a brief content analysis of the news site. The interview guide contained both a structured form for company facts and a broad range of explorative questions about the operations, self-definitions and experiences. These were divided into five sections: 1) Background, 2) Journalism, 3) Organisation, 4) Finances and 5) Entrepreneurial skill set. The questions are aimed at obtaining a more in-depth understanding of both business operations and personal motives and assets.

All interviews were conducted over the telephone, and each interview took approximately two hours.¹ All participants were offered anonymity in the study, but they only asked for this in connection with certain details. The interviews were recorded and transcribed directly onto an online form. This procedure makes it easier for the researcher to gather the results and make comparisons. In order to answer the research questions of this article, the focus was directed towards motivations, enterprising strategies and rewards, and aimed to find central themes from the participants' own points of view (Esaïasson et al., 2012), but also in relation to the context of financial outcome, resources and journalistic work routines. The responses were broken down into themes sorted from a timeline approach, with the initial phase (motivations, assets, hopes and strategies) and the current operations (strengths and obstacles, actual outcome, both financial and alternative), followed by strategies and views for the future and later analysed in relation to the processes and domains of the theoretical framework.

Results

The results of this study are presented in four sections. First, we go deeper into the entrepreneurs' motivations and initial strategies; second, we look at the self-evaluated assets and strengths; third, we focus on the alternative rewards; and fourth, we look at the views on the future. An overview of the location, scale and the entrepreneurs' professional backgrounds is provided in Table 1, while Table 2 sheds light on the scope of the hyperlocal sites' content.

Enterprising motivations and launching strategies

The entrepreneurs of this study have both initiated businesses and taken over existing businesses. The initial analysis when entering the business is about both local circumstances and personal assets. The neighbourhood is perceived as needing increased reporting or other development, and there may even perhaps be an audience expecting this. There is a personal skill set in digital publishing or journalism, and local knowledge

Table 1. Hyperlocals in the study

Hyperlocal (founding year in parenthesis)	Location	Form of enterprise	Organisation	Revenues, 2016 (1,000 SEK)	Unique web visitors (not comparable)	Entrepreneur's professional background
NyheterSTO (2008)	Commuting municipality near large city + commuting municipalities near small town (3 municipalities in total)	Private company	Home-based: single-person operation	< 300	6,000/day	Self-taught freelance journalist
Bättre stadsdel (2014)	Large city (district)	Limited company	Office: owner + 1 employee + freelancers	< 500	15,000/week	Formerly employed but not trained journalist, project manager
Märsta.nu (2008)	Commuting municipality near large city	Limited company	Home-based: entrepreneur + 3 freelancers	< 1,000	20,000/week	Studies in media and communications
Frilagt.se (2015)	Small town	Private company	Home-based: single-person operation + citizen journalists and network	< 200	1,100/day	Trained and experienced journalist
Sävsjöappen (2014)	Commuting municipalities near small town	Limited company	Office: 2 partners + 1 employed journalist	< 1,000	4,000/week	Self-employed digital ad salesman
Dagens Vimmerby (2015)	Rural municipality	Limited company	Home-based: 3 partners	< 1,000	24,000/week	Formerly employed but not trained journalist
Sveg.se (2001)	Rural municipality with tourism industry	Limited company	Office: 2 partners + freelance journalists	< 1,000	10,000/week	Web developer
Jmini.se (now Jkpgnews.se) (2012)	Medium-sized town	Limited company	Office: entrepreneur + 4 employees (some part-time)	< 5,000	55,000/week	Communicator, entrepreneur, digital manager

Comments: Description of location follows the Classification of Swedish Municipalities 2017 by the Swedish Association of Local Authorities and Regions. All other information was obtained from the participants.

including access to local networks. Partnerships for start-ups have been found among previous colleagues, family or local networks when not launching a single-person operation. A personal motivation is to contribute to the local community, but more practical reasons also seem to influence the actual step: a desire to manage one's own time, namely to find an occupation that is compatible with other commitments, such as existing businesses, travel or even family life. One of the participants is deaf in one ear and knows that he would find working in a traditional newsroom exhausting. Now he can rest when he needs to without questions being asked. The ability to continue working as a journalist and wanting a change from a currently dissatisfying job are other practical motivations.

There is a broad range of examples of financial strategies for a hyperlocal news start-up even in this sample: investing substantial start-up sums (Märsta.nu), partnering up with a resourceful advertising company (Jmini.se), bestowing the project a certain status by securing the municipality as an advertising partner in advance (Sävsjöappen), adding the site as a side business to an existing venture (Sveg.se, NyheterSTO) and starting from the support of a citizen network (Frilagt). Despite diverse strategies, this study indicates the difficulties in calculating the outcome of the venture – predicting whether the business is going to generate a profit and how to grow in the future. Even so, entrepreneurs still seem to find it worthwhile to enter the challenge: “The local newspapers had a weak digital presence, but it was difficult to get an estimation of the online advertising prices. Anyway, I threw myself into the darkness” (Bättre Stadsdel).

Assets and strengths

Despite acknowledging poor financial outcomes, the participants have no problem explaining their strengths. These strengths are in part similar to the initial analysis of a local demand for news, personal skill sets and networks. Connections can be built on a local upbringing, earlier engagement in local activities, such as sports or politics, and everyday life, perhaps with children at the local school. Professional life, when already having been working as a local entrepreneur or a local journalist for some time, is also mentioned. Being well known in the area is an important asset, as is knowledge of the challenges the local community is facing, such as depopulation, relocating industries, etc.

In the news media environment, the entrepreneurs describe different positions towards other outlets, such as more frequent and rapid news reporting around the clock or mainly investigative reporting. The digital approach is also expressed with pride, the site described as a more modern addition to local news services and having the advantage of being less tied down by expectations directed towards legacy media. This seems to create a sense of having more options in decision-making, and an open approach to what the site will develop into. Being perceived as the underdog, fighting against large media chains, is also mentioned as a rather thankful position. Another resource is the support of voluntary networks. The journalist at *Frilagt* had previously worked for the local newspaper for 27 years. After a conflict with local power, the employer wanted to transfer her to another newsroom, but instead she quit. A lot of people expressed support for the importance of investigative reporting, and there is still a large group championing the freedom of speech that has regular contact with *Frilagt*. She is also collaborating with citizen journalists. Another example is the network working as an extended newsroom:

We have an editorial group, almost as an editorial board, a certain Facebook group. About 30 people are in it, and all of them have been engaged in some way, most of them only on Facebook, but anyway, they take part. You post questions there on a daily basis. What do you think? Is this something to report on? And so on. And if things happen, they get in touch. (Bättre Stadsdel)

The hyperlocal orientation in news reporting is also emphasised in the interviews and supported by the content analysis (see Table 2). National news is mostly disregarded, as well as news from other villages in the same region: “There is nobody in Sveg interested in reading about things happening in Funäsdalen, nor the other way around” (Sveg.se). And as long as it is local, no item is too small:

When we phone the police, you can sometimes sense their impatience, because the things we ask about are not the same as in Gothenburg. For us it is kind of big news to see a police car, because we only have two of them in the area. And we report on it if they flash their blue lights, even if it’s a drunk driving. (NyheterSTO)

Alternative rewards often come with a price

As already mentioned, the study indicates a poor financial outcome, with no or modest salaries for the participants. The innovator of the Sävsjö app states that he probably loses money due to the invention, since the mobile application is taking customers from his original, more lucrative, advertising business. Given the background of unpaid or underpaid work, the entrepreneurs were asked to describe what alternative rewards they experience, if not money. These seem to be both practical and idealistic in nature and are linked to the initial motivations described above. One example is the flexibility of running their own business. Instead of spending eight hours a day in an office, they are able to work wherever they are in time slots between going to the gym and picking up the children from school. Even the possibility of going on holiday and updating the site remotely is mentioned. However, always being online and ready to report comes with a price: “I even check emails in the middle of the night; this is how tied I am to my occupation” (Märsta.nu).

The nature of the work is another reward, doing something they are passionate about and find inspiring, creative and interesting, such as journalism, photography and film.

Another reward expressed in several ways is the possibility of personal development, such as meeting new people, discovering and learning new things and having to conquer challenges. Entrepreneurship as such is also mentioned. This could be part of an established identity or a recently discovered passion:

It’s also great fun to run my own business. I never even thought about the idea before when I worked on X [the regional newspaper], but you can learn so much. It’s no fun working alone, but it’s such a huge opportunity to be able to build something. (Frilagt)

The entrepreneur from *Jmini.se* states that if the motivation is to make money, this is the wrong industry. Nevertheless, he finds the specific challenges of local media entrepreneurship inspiring and believes that entrepreneurs should follow their passion. The possibilities of building something from scratch and establishing a brand are both mentioned as initial motivations as well as something that keeps them going. Rewards also come from the audience.

Table 2. Frequency, content (number of articles per subject) and ads

Site and company	Time span 20 updates	Local politics	Crime and accidents	Local events	Local business	Local culture	Local sports	Lifestyle (food, interior design)	Not local	Other	Visible ads on landing page	Comments
NyheterSTO	3 days	1	12	1	1	1	1	0	0	3	18	13 partners, plus 6 advertisers, but also several links to other sites
Bättre stadsdel	5 days	7	7	4	1	0	0	0	0	1	10	
Märsta.nu	4 days	1	6	2	2	0	8	0	0	1	20	
Frilagt.se	16 days	15	2	0	0	0	1	0	0	2	1	Measured in January, lowest month
Sävsjöappen	4 days	1	5	8	4	0	1	0	0	1	*	*Smartphone application with ads and partnered content
Dagens Vimmerby AB	1.5 days	3	2	1	4	1	6	0	2	1	9	
Sveg.se	10 days	3	3	3	4	1	5	0	0	1	66	18 bigger ads, 18 logotypes, plus embedded content from advertisers plus buy and sell
Jmini.se	1 day	1	7	1	8	1	1	0	0	1	13	

Comments: The content analysis was done by the researcher before each individual interview.

I have received some response when working for the newspaper, but it was nothing compared with this. This is so much more fun, and I have many more contacts. Sometimes it is tough as well, for example when I am obstructed by the local council. I just say this to add that it is not fun all the time. (Frilagt)

Another expression is the feeling of doing something meaningful, that the work is contributing to the community they are committed to. The entrepreneur participating from Sävsjöappen also mentions local patriotism and the hope of strengthening the local market with better opportunities for local shops and businesses to reach their local customers. The same kind of commitment can be tied to the importance of journalism in a democratic society: “Although it [investigative reporting] is not the most read, we prioritise it anyway” (Dagens Vimmerby).

As a new partner, the first act of the entrepreneur representing *Jmini.se* was to find and hire trained and experienced journalists. This is a step in the professionalisation of the news business, but his view on journalism runs deeper:

My father fled from Croatia in the 1960s, and when I did UN service in the former republic of Yugoslavia, I saw with my own eyes what media and a propaganda device can do to a country. (Jmini.se)

The future: threats, opportunities and (the difficulty of) expansion

As can be seen in Table 1, the yearly turnover is modest, with only one example exceeding SEK 1 million. The major threats for survival highlighted by the entrepreneurs are the resources: money and work capacity. It is challenging for very small organisations to have sufficient time to stay up to date on technical development, find the local news and sell advertisements. “The difficult balance is that we live so incredibly close to the margins. We know exactly what it costs to do journalism,” says the editor of *Jmini.se*. In terms of work capacity, health issues are a threat, and in terms of reaching the audience, changes in the social media algorithms are a threat.

With one exception, the most important stream of revenue in this study is online advertising, including both temporary banners and more long-term contracts that allow continuous updates from advertising partners. There are examples of operations where the entrepreneur does everything, from selling to designing the ads, while others commission or employ part-time salespersons or collaborate with sales companies. *Jmini.se* have a positive experience of native advertorials, and these sponsored articles are described as being positive for journalism as well, releasing some of the pressure to report positively.

Although there is one example of successful crowdfunded local journalism in this study (Frilagt), other entrepreneurs have been less successful. “There is an invitation [published on the site] to donate money, but it has not led to anything really, so we are considering taking it down” (Bättre Stadsdel).

Paywalls are mentioned, but not regarded as a possible strategy for the hyperlocal. One strategy for increasing revenue is to expand into additional areas. At the time of the interview, *Jmini.se* was planning to start new hyperlocals in two similarly growing medium-sized towns. These sites are now up and running.² This is a business model of targeting expanding cities, hiring local journalists and aiming for a share of the local

advertising market. This forward-looking and resourceful approach distinguishes this company from the other participants of this study. There are examples of more modest expansion trials, while others only discuss it as a possibility.

The descriptions of obstacles to expansion also clarify many of the actual assets, investments and sacrifices that are characteristic of the hyperlocal entrepreneur. One entrepreneur, anonymised here, has as many as 60–70 registered domain names for other locations just in case, but without actual plans to launch them: “Then you have to have someone there, and if you hire someone, you cannot demand, like for us, for it to be a lifestyle. You cannot say to an employee, ‘this is your lifestyle, just you go ahead’ (laughter).” The previous efforts of *Märsta.nu* to create a sister site show a similar pattern:

We actually owned the domain *väsby.nu*, but the operations fail if you don’t have people actually working in Väsby. We tried to recruit a journalist, but it’s hard to put a price on the things required. No one would work 24/7 for maybe SEK 15,000/month. So, if there is no local commitment, then it will never work. It’s hard to buy the engagement. A person has to believe in the idea and be prepared to invest two or three years to make it work.

The Sävsjö app has developed local apps for two other areas, but the company is actually more interested in finding local licensees for the technology and platforms it has developed. The entrepreneur behind the app also comments on the challenge of finding the right person and describes this person as someone who can inspire the local business and the municipality to join in: “You can probably find local journalists looking for a job, but sellers are also imperative, and that seems to be even more difficult. Not all journalists want to run their own business if they are used to being employed.”

Sometimes the problem with expansion is also expressed as a lack of trust in other people to handle the fine balance of local reporting. Even the smallest mistake could be devastating for a reputation in a small community. Mobilising an expansion also requires resources. *Bättre Stadsdel* exists in several city districts and is often asked about its plans to expand further. However, coverage outside the local district of Hägersten/Liljeholmen is less ambitious, and at the moment the focus is on maintaining and developing the mother site.

Still, even when being self-employed leads to a lot of unpaid work, there is a sense of optimism about the future, of investing time and money into something that they believe or hope will become a stable and lucrative business in the future. “This is rather a cheap way of running a newspaper without the burden of printed issues [...] and we have managed to find a stable audience in a short period of time. I think things are looking very good” (Dagens Vimmerby).

Analysis and discussion

This study confirms the view that money making is not a central motivation when entering the hyperlocal news business, but this does not exclude expectations of breaking even or achieving a profit in the future. Entrance into the business is sometimes motivated by practical reasons, and since the sector is actually called “hyperlocal”, it is perhaps not surprising to find several motivations and rewards connected to the local community. Linking this to the domains of entrepreneurial passions proposed by Cardon and colleagues

(2017), this commitment to the home area is tentatively interpreted as both a passion for people and for a social cause. Other examples of passion for people found in the present study are the ability to satisfy readers or advertisers, build meaningful relationships with partners, local networks and new acquaintances, and work with family members.

While Cardon and colleagues (2017) found passion for people among 46 per cent of their interviewees, a passion for a social cause was less frequent, being found among only 23 per cent. This is exemplified as championing a cause or addressing a need for an underserved group of people, illustrated by the attitude: “I have to do something” (Cardon et al., 2017: 30). This is not far from the entrepreneurs’ motivations to perform local journalism after identifying a news gap and its effects on the local community; it is also similar to the UK findings of a civic discourse (Harte et al., 2016) as well as citizen journalism producers (Firmstone & Coleman, 2015). The overriding drive of hyperlocals to support the community and strengthen the local identity (Leckner et al., 2019) also indicates that entrepreneurs are concerned about their impact on society. Aside from *Jmini.se*, there are few examples of passion for growth in this material, although greater opportunities to hire staff or rent an office would be welcome. However, competitive values are expressed in different ways: the underdog taking a piece of the advertising market or leading the news race. The passion for competition is related to the feeling of beating others and pride rather than financial gain (Cardon et al., 2017).

The product or service in itself is another domain of passion, suggestively represented in the present study by the passion for advertising, writing, photography and news. The possibility of working as a journalist is an existing motivation for hyperlocal entrepreneurship, which was also found in other studies (Harte et al., 2016). Entrepreneurs who are passionate about a product or a service are sometimes inclined to invent ways to fill their own needs and are driven by an urge to share their passion with others (Cardon et al., 2017). In the present study, for example, the founder of *Bättre Stadsdel* missed the platform for community cohesion and information that he had experienced in his hometown newspaper. This leads us to the passion of innovation. To explore opportunities and to invent and create something seem to be major sources of inspiration among entrepreneurs, as well as their prevalent definition of what signifies entrepreneurship. This is perhaps also what the hyperlocal entrepreneurs of the present study refer to when mentioning their passion for entrepreneurship as such: testing their own ideas, innovating technical solutions, starting new forms of collaborations, creating a label or a title and developing content can all be summed up as the satisfaction of “building something”.

However, the strategies and business models for building the hyperlocal operations differ. The initial start-up of *Märsta.nu* in 2008 was a classical causation approach, making assumptions of the market needs and possible returns and investing in the means to fulfil them, such as equipment, staff and an office. Looking back, the participant describes this as a complete waste of money, and he is now running a lean business from his house, with one remaining co-owner selling advertisements.

Jmini.se started as a typical example of effectuation, the founder initially creating an account for local news on Twitter. As the company grew and new partners entered, the venture developed into more of a causation process. Aiming for a share of the advertising market in several cities, the strategy is to perform lean but full news operations, which requires investments such as hiring journalists. This is the company with the highest turnover in this study, and of course also the highest risk.

Among the other participants, there are plans to expand but also acknowledgments of not knowing how this will occur. Instead of predicting the future, the effectuator focuses on the things that can be controlled, an openness typically based on controlling an affordable loss rather than expecting a certain return (Sarasvathy, 2001). Even when plans for expansion have been explored, for example registrations of domain names, or actual small-scale projects have been launched, the participants realised that they were not prepared to mobilise the required effort or investment, or in other words, take the higher risk.

Effectuation is a process to be used in areas where human actions can change the future. A typical feature of effectuators is exploiting contingencies rather than building the venture on expert knowledge, here exemplified by the possibility of managing a hyperlocal site in combination with other duties, or spotting the demand for digital news built on a Facebook page or a blog. Creating strategic alliances instead of performing competitive analysis is another logic, as when the founders of the Sävsjö app invited local stakeholders to commit in advance as advertisers or partners. This reduces risk and entry barriers, but also opens up the opportunity for others to help design the product or service. The founder of *Frilagt* even expresses anticipation of what the venture might turn into in co-creation with supporters and collaborators. This is particularly useful as the entrepreneur might not be operating in an existing market, but “creates the market by bringing together enough stakeholders who ‘buy into’ the idea to sustain the enterprise” (Sarasvathy, 2001: 252). For *Frilagt*, this is actually happening, in terms of crowdfunding financing, a previously unknown niche of hyperlocal news.

The entrepreneurs describe running an online-only newspaper as a low-cost operation, and the digital platform also provides some possibility of controlling the amount of time invested. In an effectuation process, the frequency and ambitions of publishing can be adjusted according to other circumstances in life as well as work life, such as a need to invest more time in a side business or even a part-time job to earn a living wage. An exit of such a small company is also cheap, and the high turnover of the sector is often described as a sustainability problem. However, we should also bear in mind that 25 per cent of all start-ups in Sweden generally do not survive their first three years (Tillväxtverket, 2017). The notion of failed firms is also challenged by Sarasvathy (2001): when the entrepreneur begins with a given set of means, these could be combined in many different ways with a successful or unsuccessful business, and this is also dependent on contingencies and the entrepreneur’s ability to exploit them. Accordingly, Naldi and Picard (2012) find that neither initial resources nor a stated strategy necessarily leads to success. When studying three American online news start-ups, the ability to adapt and change the operations seems more important than initial advantages.

Conclusion

The conclusion of this study is that the means of the hyperlocal entrepreneur both motivate and create an obstacle for growth. Entrepreneurial passion for people, a service and a social cause often come with a geotag, and the entrepreneurial processes are heavily built on human interactions, such as strategic alliances and exploitations of contingencies close at hand. The personal motivations and business strengths are intertwined with the local area, thereby constituting both the main assets and the main hindrance for expansion.

The findings of struggling business models, self-exploitation and civic motivations correspond with previous research in different countries, but alternative perspectives are suggested, drawing from two entrepreneurial processes of causation and effectuation as proposed by Sarasvathy (2001). Viewed as a low-risk effectuation process, many of the strategies found in the precarious hyperlocal sector make sense: when the future is as uncertain as in the local media market, why not seize resources at hand and control your own input instead of trying to predict the outcome? Understanding the highly individual and low-risk nature found in the sector implies a different valuation to the traditional one when judging what a successful or failing business is.

This is also something to bear in mind when discussing support justified by media plurality. In order to meet the logic of an effectuating hyperlocal entrepreneur, all measures of support must be easy to access. They should not demand too much effort in terms of time or resources and preferably promote collaborations and organic growth.

Notes

1. Translations from Swedish to English are done by the author.
2. Linkopingnews.se and Norrkopingnews.se

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