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The Halo Effect of Innovation Ecosystems: How Firm Age and Market Reputation Shape Financial Performance

Bartłomiej Użyński

Białystok University of Technology

Abstract

Science and Technology Parks (STPs) are widely recognized as catalysts for innovation and economic growth, yet their role in building market trust and how these benefits evolve over a firm's lifecycle remain underexplored. This study investigates the "halo effect" of STPs, examining whether park location enhances digital market reputation and mediates superior financial performance, and how this dynamic shifts as tenant firms mature. Utilizing a nationwide sample of approximately 200 IT firms in Poland, the research employs a comparative observational design and structural equation modeling (SEM). The dataset uniquely combines firm-level financial indicators (ROA, ROE, net profitability) with digital reputation metrics (Google ratings and reviews). The findings reveal that STP tenancy significantly boosts market reputation, acting as a crucial mediator that drives higher profitability. Crucially, the study uncovers a distinct lifecycle dynamic: the institutional "halo effect" is most potent for early-stage startups, which leverage the park's credibility to offset the liability of newness. As firms age and establish independent brand equity, the comparative financial and reputational advantages of park location gradually diminish. These results challenge static models of STP evaluation, proving that parks function primarily as early-stage trust accelerators and advocating for age-tailored policies in innovation ecosystems.

Keywords: Science And Technology Parks, Halo Effect, Digital Reputation, Firm Lifecycle, Financial Performance, Structural Equation Modeling (SEM)