ARE NEW VENTURES ILLEGITIMATE, DISREPUTABLE, UNTRUSTWORTHY, OR ROUTINELESS: A LIABILITY OF NEWNESS REVIEW AND RESEARCH AGENDA (SUMMARY)

Franz Lohrke  
*Samford University, USA, ftlohrke@samford.edu*

Brian Nagy  
*Bradley University, USA*

Barbara Bird  
*American University, USA*

Eileen Fischer  
*York University, Canada*

Rebecca Reuber  
*University of Toronto, Canada*

**Recommended Citation**

Lohrke, Franz; Nagy, Brian; Bird, Barbara; Fischer, Eileen; and Reuber, Rebecca (2009) 'ARE NEW VENTURES ILLEGITIMATE, DISREPUTABLE, UNTRUSTWORTHY, OR ROUTINELESS: A LIABILITY OF NEWNESS REVIEW AND RESEARCH AGENDA (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 29: Iss. 10, Article 4.  
Available at: http://digitalknowledge.babson.edu/fer/vol29/iss10/4

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in *Frontiers of Entrepreneurship Research* by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
SUMMARY

ARE NEW VENTURES ILLEGITIMATE, DISREPUTABLE, UNTRUSTWORTHY, OR ROUTINELESS: A LIABILITY OF NEWNESS REVIEW AND RESEARCH AGENDA

Franz Lohrke, Samford University, USA
Brian Nagy, Bradley University, USA
Barbara Bird, American University, USA
Eileen Fischer, York University, Canada
Rebecca Reuber, University of Toronto, Canada

Principal Topic

A new venture often faces daunting odds because it does not control all the requisite resources needed to run effectively. Thus, its survival will depend heavily on its founding team’s abilities to convince external stakeholders to invest resources (Shepherd, Douglas, & Shanley, 2000). Internally, the team also may have difficulty running the venture efficiently until managerial roles are agreed upon and cooperation develops among team members. Collectively, these “liability of newness” (LoN) challenges must be successfully overcome to increase the probability of a new venture’s success (Stinchcombe, 1965).

When studying LoN issues, researchers have generally employed, individually or collectively, four related literatures, including legitimacy (e.g., Zott & Huy, 2007), reputation (e.g., Fischer & Reuber, 2007), trust (e.g., Aldrich & Fiol, 1994), and organizational routines (e.g., Scott & Foo, 1999) as theoretical foundations. Although these literatures overlap, each has a central construct with distinct elements that distinguishes it from the others (Deephouse & Carter, 2005). Moreover, each central construct can be multifaceted (e.g., socio-political and cognitive legitimacy, e.g., Aldrich & Fiol, 1994) and multi-level (e.g., firm and industry-level reputations, e.g., Winn, Macdonald, & Zietsma, 2008).

As a result, researchers have also conceptualized LoN as a multifaceted, multi-level construct. To date, however, limited research has been devoted to fully examining LoN’s complexity by examining both the overlaps and distinctions among the central constructs of legitimacy, reputation, trust, and organizational routines that undergird this research. Consequently, LoN remains a rather nebulous construct, suggesting the need for clarification. Moreover, LoN operationalizations in empirical research have tended to focus only on a relatively narrow range of what Stinchcombe (1965) originally proposed as a multifaceted construct. Finally, although the underlying constructs can overlap, at times they can suggest conflicting strategic paths for new ventures.

Implications

To help clarify the LoN construct, we examine these critical interrelated constructs and then review how extant entrepreneurship research has both conceptualized and operationalized LoN based on them. We conclude by proposing an adapted conceptualization of LoN and develop propositions related to key contingencies in LoN research.

CONTACT: Franz T. Lohrke; ftlohrke@samford.edu; (T): 205-726-2373; (F): 205-726-2464; Brock School of Business, Samford University, Birmingham, AL 35229.