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SUMMARY

ACCENTUATE THE POSITIVE OR ELIMINATE THE NEGATIVE: DEVELOPING A SCALE FOR MEASURING THE ASSETS AND LIABILITIES OF NEWNESS

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Principal Topic

Newness in an organizational context is defined as innate firm properties associated with the firm being unknown, unseasoned, and untried (Stinchcombe, 1965). Researchers have begun to complete work describing and prescribing strategic methods for managing both the benevolent and malevolent characteristics tied to newness as they relate to potential and existing customers (Baum & Oliver, 1991; Choi & Shepherd, 2005; Henderson, 1999). However, the opportunity to further test and explain how entrepreneurs can better ensure success at start-up and infancy is apparent.

Six characteristics associated with liabilities of newness exist in the literature. These include the lack of socio-political legitimacy, cognitive legitimacy, age, reliability, accountability and availability. Conversely, beneficial properties are said to exist which simplify and often further the efforts of new ventures. These two assets are organizational energy and flexibility. Until now, measurement tools were not available for researchers to use when investigating the importance of these liabilities and assets of newness in various contexts. As a result, we have developed measures for the eight aforementioned dimensions of newness and hope that these measures will serve those interested in supporting the chances of success during the nascent and early stages of firm development.

Method

Three studies were conducted to develop measures for several assets and liabilities of newness. In Study 1, thirteen content experts offered 131 items related to eight newness constructs. In Study 2, a video of a new store opening was shown to 113 consumers. Participants were then surveyed with questions we believe relate to these constructs and an exploratory factor analysis was conducted using responses related to these items. The EFA resulted in a more refined survey instrument. In the third study, the revised scale was administered to another sample group of 147 consumers and a confirmatory factor analysis was performed.

Results and Implications

The results of the overall project support the contention that the assets and liabilities are multidimensional and better our understanding of the theoretical characteristics that are perceived by stakeholders when evaluating new ventures. Measures for the eight dimensions of newness are developed. Suggestions for future research using the newness measures are discussed.

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