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THE EMERGENCE OF ORGANIZATIONAL PROPERTIES: EVIDENCE FROM PRE-OPERATIONAL BUSINESSES (SUMMARY)

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THE EMERGENCE OF ORGANIZATIONAL PROPERTIES:
EVIDENCE FROM PRE-OPERATIONAL BUSINESSES

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Principal Topic

Developing an understanding of how new firms organize themselves is a fundamental focus for entrepreneurship research. Katz and Gartner’s (1988) framework describes four properties that new organizations must exhibit: intention, boundary, resources, and exchange. Yet organizations do not come into existence fully formed, therefore, their properties must develop somehow. However, little is known about how organizational properties themselves emerge and whether this matters. Therefore, this paper aims to enhance our understanding of emerging organizations by establishing evidence of how they organize, rather than accounting for properties that describe artefacts of their organization. In doing so we extend the organizational emergence framework (Katz and Gartner, 1998) to include time as an essential component.

Method

A random sample of nascent firms was captured prior to trading in the market, and tracked over three years to observe their development. Data was gathered on the completion and timing of organizing actions firms engaged in during this time to form sequences of organizational emergence. Optimal matching analysis was used to generate metrics of sequence similarity across cases, and multivariate modelling, explored associations between the timing and order by which these sequences of organizational properties developed and firm viability.

Results and Implications

Modelling revealed that intentionality and exchange develop as bookends to the process of firm emergence. Intentionality precedes the development of other organizational properties, and exchange increases as firms develop. Further, boundary and resource properties which characterize emerging organizations are most commonly developed after they exhibit intentionality and before they engage in exchange. The most common organizing sequence suggests firms establish boundaries early on during emergence prior to developing their resources. Overall, new firm emergence may be described as an interactive process driven by securing firm resources and establishing firm boundaries. It is clear that sequences of emergence which focus on the development of a single property to the neglect of the others do not yield successful outcomes. However, those firms that develop exchange earlier during emergence, intermingled with boundary and resource development, appear more likely to transition from the pre-operational nascent status to viable new organizations. Ultimately, this research shifts from description of the properties necessary for firm establishment towards preliminary prescription for processes of organizational emergence that have thus far proved elusive.

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