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THE IMPACT OF THE PROPERTIES OF EMERGING ORGANIZATION ON FIRM SURVIVAL (SUMMARY)

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≈ SUMMARY ≈

**THE IMPACT OF THE PROPERTIES OF EMERGING ORGANIZATION
ON FIRM SURVIVAL**

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Principal Topic

Four properties are forming the initial experiences of any organization: intentionality, resources, boundaries, and exchange (Katz & Gartner, 1988). Initial experiences are more likely to have a “*crucial*” and “*permanent*” role on many later phenomena (Immelmann, 1975). Surprisingly, no study considered the impact of the state of those four properties on the later stage of the venture life cycle. I intend to fill this gap by identifying linkages between the development of those properties and the later firm survival. New ventures suffer from different liabilities of newness (Freeman *et al.*, 1983): ventures emerge with the presence of the different properties that are still at a basic level of development. I address the following question: what is the impact of this level of development on venture survival?

Method

I study the effect of the initial conditions on firm survival using Cox Proportional Hazard model on a database of the Ewing Marion Kauffman Foundation, called Kauffman Firm Survey. It includes longitudinal data collected on a sample of firms founded in the United States in 2004. It includes different measures of properties of organizations, as well as survival measures.

Results and Implications

Katz and Gartner (1988) considered that the presence of the four properties of emerging organization together was defining venture emergence. I show that the output of the emerging process strongly influences venture survival: the better initial conditions are developed, the more likely the venture will survive in the long term. Entrepreneurship literature suggests that a shorter time to emergence increases the likelihood of success (Wang *et al.*, 2014). My results suggest that a high development of the accumulated properties of emerging organization increase the likelihood of survival. To conciliate the two, we must look at the detail of the different properties. My results show that the properties of emerging organizations do not equally contribute to the venture life expectancy. Therefore, once emerged, the orientation of companies should change from gathering the four properties to focusing on the development of specific properties for long-term survival. This overall ability to reorient from activities of emergence to activities of survival might also be a criterion for longer-term venture survival.

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