

Reconfiguration Events and New Firm Survival

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While scholars have investigated reconfiguration as a means for established companies to adapt to changing competitive environments, little is known about the process of resource reconfiguration in newly established firms. To what extent do new firms reconfigure, and how important is to reconfigure early in their lifecycle? We explore this question using data from the Dutch General Business Register by observing longitudinally a cohort of 19,523 private firms set up in the Netherlands in 2011 over the 8 years after entry. We apply novel event-history analysis techniques to study how reconfiguration activity and its timing affect survival. We find that firms undertaking reconfiguration benefit from a survival premium. However, reconfiguring early after entry lowers the likelihood of survival compared to reconfiguring at a later time.