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On-ramp or speed bump? How boards influence the internationalisation of international new ventures

Antje Fiedler
The University of Auckland Business School, New Zealand

Benjamin Fath
The University of Auckland Business School, New Zealand

Noemi Sinkovics
University of Glasgow, UK

Rudolf R Sinkovics
University of Glasgow, UK;
LUT University, Finland

Abstract
This article aims to explore how the boards of international new ventures (INVs) develop throughout the internationalisation and growth phases of the firm. Specifically, the study explores how the nature and extent of the board's role changes over time in facilitating the INV's knowledge and network acquisition. We draw on qualitative data, including 18 interviews with INVs and three interviews with experts on New Zealand's high-technology sector. The data analysis yielded four main patterns. INVs that relied on an informal board during the initial market entry phase remained flexible in exploring multiple markets before transitioning to a formal board (Pattern 1). INVs that established a formal board during the initial market entry phase achieved accelerated internationalisation only when the board remained flexible (Pattern 2a). Where the formal board did not remain flexible, they became a 'speed bump' in the post-entry phase growth process, unless the management team could counter-balance this deceleration effect with bringing in informal board members (Pattern 2b). The findings suggest that the absence of a formal board

Corresponding author:
Rudolf R Sinkovics, Adam Smith Business School, University of Glasgow, West Quadrangle, Gilbert Scott Building, Glasgow G12 8QQ, UK.
Email: rudolf.sinkovics@glasgow.ac.uk

also reduces internationalisation speed if the founder does not have the discipline to follow through with the exploitation of the perceived opportunities (Pattern 3).

Keywords
governance, board of directors, international new venture, liability of outsidership, pattern matching

Introduction

This article aims to explore how the boards of international new ventures (INVs) develop throughout the internationalisation and growth phases of the firm. Specifically, the study explores how the nature and extent of the board's role changes over time in facilitating the INV's knowledge and network acquisition. Previous studies highlight the importance of INVs' ability to access and leverage knowledge and networks for the acceleration of internationalisation (Autio, 2005; Coviello, 2006; Johanson and Johanson, 2021; Khan and Lew, 2018). However, this ability to draw on initial knowledge and networks for internationalisation must be viewed against the inherent learning advantage of INVs (Zahra et al., 2018). Without the confinement of past commitments, new ventures can experiment more freely and thus, can learn more quickly (cf. Fiedler et al., 2017; Gruber et al., 2013). Extrapolating from that insight, it can be expected that as INVs mature, the knowledge and networks they need to enter the next stage of international growth will change. As board members can play a significant role in providing knowledge and networks in the earlier stages of INV internationalisation, they can be likened to an 'on-ramp' that enables INVs to gain speed. However, in later stages, these same board members may become a 'speed bump' if their knowledge and networks no longer meet the needs of the INV. Therefore, it is important to investigate what happens to the board composition and the nature of their contribution when the INV enters a new growth phase.

Although the significance of the board of directors to the international growth of companies was examined from different perspectives, much of this research focuses explicitly on well-established firms (George et al., 2005; Strange et al., 2009), including multinational corporations (Aguilera et al., 2019). Further, given the advanced stage of these firms in terms of their life cycle, the focus of studies naturally shifts to the impact of formal boards. In contrast, new ventures are mainly concerned with growth. The board composition of such ventures tends to be a function of their ownership structure rather than of a strategic need. During early international growth, when the original founders are on the board and still have a significant shareholding, tensions might arise between founders and the external board members, in particular, when their goals are no longer aligned (Wasserman, 2017; Zahra and Filatotchev, 2004).

Further, the workings of the board in new ventures may be more informal (Li et al., 2020; Shepherd et al., 2021). Taking this argument a step further, INVs acquire knowledge differently from more traditional internationalising small- and medium-sized enterprises (SMEs) or new ventures that aim to stay within national boundaries. This is because they place more emphasis on knowledge access (Wu and Zhou, 2018), often via external partners or stakeholders than on experiential in-market knowledge acquisition (Coviello et al., 2017; Johanson and Vahlne, 2009). INVs maintain their advantage of speed by ensuring flexibility in terms of the knowledge acquisition process and how they use the gained knowledge in decision-making (Prashantham and Young, 2011).

Further, in the trajectory of INVs, one important inflection point is the transition from market entry to achieve post-entry growth (Evers and Andersson, 2021). As INVs transition from their initial market entry to their growth phase, they are required to develop networks and management capabilities (Khan and Lew, 2018). Updating the knowledge base often involves working with new network partners in different institutional environments (Acedo et al., 2021). The extent of existing management capabilities and the knowledge base of early network partners frequently shape processes linked to engaging with new networks, maintaining flexibility and ensuring the ability to unlearn quickly (Khan and Lew, 2018).

While INVs are frequently characterised by accelerated internationalisation, there are variations in the internationalisation speed of firms (Prashantham and Young, 2011). Although there appears to be agreement in the literature that speed has different dimensions (Sadeghi et al., 2018), conceptualisations of speed differ. In this article, we build on Oviatt and McDougall's (2005) study and distinguish three dimensions. Initial market entry speed refers to the time taken between the discovery of an opportunity and the actual market entry. Country scope speed refers to how rapidly ventures enter new markets, including entering countries that are psychically distant from a venture's home country. International commitment speed relates to the growth in international sales of a venture. The first dimension refers to the speed in the initial entry phase into an international market, whereas the other two refer to the speed during the post-entry phase (Prashantham and Young, 2011).

The effect of speed on INV performance is complex. It relates to qualitative aspects of internationalisation performance, such as how network relationships are built and maintained (Prashantham et al., 2019) and what opportunities are available for learning (Sadeghi et al., 2018). We expect that the knowledge of the board will influence the internationalisation speed of the INV over time and will be relevant during both the initial entry phase and the post-entry phase. Overall, it is well established that INVs' human and social capital are often critical to ensuring the timely revision of their knowledge base to maintain their internationalisation speed and competitiveness. However, the contribution of boards to the knowledge acquisition process and their more direct shaping influence on the management of INVs is under-researched (Prashantham and Floyd, 2019; Ren and Zeng, 2021).

We draw on qualitative data from 18 New Zealand INVs and from three interviews with experts to investigate the role of boards during international growth. We apply a pattern-matching logic (Sinkovics, 2018) to contrast our findings with existing theory in order to identify the influence of the board during INV internationalisation. In doing so, our study makes both a methodological and a theoretical contribution. Our findings contribute to the literature by isolating the mechanisms by which formal and informal boards may act as an accelerator (on-ramp) or decelerator (speed bump) during the different phases of INV internationalisation.

Conceptual background and expected theoretical patterns

In the current literature on INVs, the influence of boards on internationalisation is not well understood. However, insights from related fields, such as research on internationalisation (Vahlne and Johanson, 2021) or management (Puthusserry et al., 2021) can help to develop expected theoretical patterns in our specific context that can be matched to the observed patterns in the empirical part of the study (cf. Bouncken et al., 2021; Sinkovics, 2018). An important starting point is the assumption that the knowledge and networks of boards can speed up the internationalisation process of INVs. Internationalisation involves navigating multiple contexts and cultures, orchestrating increasingly complex supply chains, and judging uncertain opportunities (Vahlne and Johanson, 2021). Although most of the evidence on how boards influence internationalisation decisions draws on established businesses rather than INVs, it still provides insights into how the knowledge and networks of boards may affect INV growth and its pace (Hessels and Terjesen, 2010).

The knowledge and networks of board members are likely to speed up the market entry of INVs. New ventures tend to find it difficult to conduct business in international markets owing to a lack of knowledge, networks and market legitimacy (Vahlne and Johanson, 2017). The human and social capital embedded in directors can ease deficiencies. For instance, Lööf and Viklund-Ros (2020) show that adding board members with prior exporting experience increases the propensity of non-exporting firms to enter foreign markets. Directors may also aid market entry by activating their market-specific knowledge and networks (Lai et al., 2012). Puthusserry et al. (2021) use nine case studies of Indian FinTech SMEs to add further nuance to the understanding of this relationship. The authors show that the prior international and industry knowledge and connections of directors were valuable in facilitating foreign market entry. They argue that the heterogeneity of knowledge and connections that directors can add to the decision-making process can help overcome psychic distance. However, such linkages between board-level human and social capital are far from certain. In analysing the internationalisation of academic spin-offs, Bjørnåli and Aspelund (2012) find no relationship between the international experience of board members and the development of international partnerships or sales. They argue that other aspects of the background of board members, such as the functional areas of expertise, industry experience or diversity characteristics confound such direct relationships. The authors also show that academic spin-offs are more likely to achieve international sales if they do not rely on board members to build international networks. These findings imply that, although there is useful evidence of the potential contribution of board human and social capital to the market entry of INVs, this link is far from universal.

A second line of argument about how boards might speed up internationalisation revolves around the benefits of board member knowledge and networks for international growth (Coviello, 2006). Bloodgood et al. (1996) examine the internationalisation of 61 high-potential ventures with venture capital backing and show that the international work experience of the board is an important antecedent for the extent of internationalisation. Further, Gleason et al. (2006) show that successful born-global firms tend to have boards with higher levels of international experience than geographically focused start-ups. The importance of the experience of board members seems to overshadow other factors, such as an intangible product offering. Research also suggests that assembling such board-level capabilities for international growth occurs prior to INV market entry (Kirwan et al., 2019), and it is therefore likely that early decisions of the founder(s) about the composition of the board will affect market entry choices.

Evidence also suggests that relying on the knowledge and networks of directors in growing an INV could come at a cost. This is because the knowledge of directors may be limited to a specific market or internationalisation mode (Edacherian and Panicker, 2021), which could create a bottleneck in growing INVs. Private companies tend to have difficulty finding board members with relevant international experience during their early international growth phase and consequently tend to be confined to a limited talent pool in assembling boards (Tsang, 2020). Hence, historic decisions about the board composition may create a lock-in for the internationalisation path because members cannot adequately deal with the complexities and pace that accompany INV growth (Taylor and Jack, 2013). Conversely, growing the INV via a pre-existing network could also come at a cost. Fiedler et al. (2017) show that goals change during the internationalisation process and that early network partners, which may have helped the venture to overcome the initial liability of outsidership, may restrict market learning and the development of opportunities.

One way to address such lock-ins and groupthink in the internationalisation process is to increase the board heterogeneity of the INV. A wider range of knowledge and networks contributed by board members is likely to speed up market diversification (Hitt et al., 2006). By drawing on evidence on African banks, Kabongo and Okpara (2019) find that those with more experienced and diverse boards internationalise more quickly. Similarly, Sanders and Carpenter (1998) show that larger, more diverse boards help established businesses to overcome knowledge gaps and coordination problems as they embark on international diversification. However, this relationship between board heterogeneity and the ability to enter more markets needs further investigation. Sherman et al. (1998) find that a higher proportion of outsider directors, which should increase heterogeneity, may dampen internationalisation. A more recent study finds that board-level gender diversity can reduce the speed of internationalising as women are less prone to overconfidence bias and tend to be more cautious, conservative decision-makers (Ren and Zeng, 2021). This range of findings regarding board heterogeneity and internationalisation speed provides further evidence that how boards shape the internationalisation process of INVs needs more scholarly attention.

Table 1 summarises the expected theoretical patterns that we derived or extrapolated from the literature. Specifically, we focused on the potential accelerating and decelerating impact of boards in the initial market entry phase and the post-entry phase. We organised these expected patterns under the conceptual building blocks of our study; namely, the contribution of boards in terms of their market knowledge and networks to INV's internationalisation speed.

For instance, boards might increase internationalisation speed during the market entry phase by providing access to networks (Bailey and Helfat, 2003) and lending legitimacy to the INV in foreign markets. They can also widen the international network and facilitate new market entry during the post-entry phase (Karami et al., 2020), thus increasing the firm's country scope speed. However, the absence of board diversity and experience can also hamper internationalisation speed during these phases, especially when they hinder the development of relevant networks (Bjørnåli and Aspelund, 2012). Similarly, the international market knowledge of boards can contribute to internationalisation speed when they guide the market entry strategy during both the initial and then later market entry phase, as well as support access to overseas funding (Samuelsson et al., 2021). However, if board member's knowledge is outdated or narrow, it can be expected to hinder international speed.

Finally, both informal and formal boards may provide relevant knowledge and networks that can assist with internationalisation decisions and contribute to the speed of internationalisation within foreign markets. However, because the knowledge and network requirements change over time, INV founders will use informal and/or formal boards at different stages, with changing compositions to suit their knowledge and network requirements.

Methods

The aim of this study is to explore how the nature and extent of the board's role changes over time in facilitating the INV's knowledge and network acquisition. Although the related literature suggests a positive relationship between the establishment of a formal board and new venture growth (Garg et al., 2019), given the unique characteristics of INVs, uncertainty remains about the board's role during different stages of their international growth. Further, more research is needed to understand the role of informal boards throughout the internationalisation process (Li et al., 2020). A flexible pattern-matching approach is adopted to investigate the match or mismatch between the expected patterns derived or extrapolated from the literature (see Table 1) with patterns observed in the data (Sinkovics, 2018). Further, flexible pattern matching also accounts for unexpected patterns that emerge solely from the data and allow their in-depth exploration.

We draw on qualitative data from 18 New Zealand INVs in the technology sector, which we collected in 2021. We purposefully selected the cases using three criteria; they needed (1) to operate in the technology sector, (2) to be founded in New Zealand and (3) to have internationalised when they were 6 years old or younger – which are criteria used in earlier studies (Zahra et al.,

Table 1. Initial expected patterns derived from the literature.

	Initial market entry	Post-entry phase	
	Market entry speed	Country scope speed	Commitment speed
International network of formal/informal board members	*Potential accelerator*: Provide access to relevant networks (Bailey and Helfat, 2003; Ingley et al., 2017). Especially relevant for international markets in overcoming the liability of outsidership to relevant in-country networks (Coviello et al., 2017). *Potential accelerator*: Board members can increase legitimacy (Chen et al., 2017), facilitating network access. *Potential decelerator*: Board composition focused on ownership, not strategic network needs (Li et al., 2020; Shepherd et al., 2021).	*Potential accelerator*: Board diversity facilitates new network relationships and market entry (Karami et al., 2020). Boards might also provide access to networks important for growth (Bailey and Helfat, 2003). *Potential decelerator*: The network of board members might become outdated and reduces the ability to develop new opportunities (Lynall et al., 2003). *Potential decelerator*: Increasing board diversity might increase risk aversion (Ren and Zeng, 2021).	*Potential accelerator*: The networks of boards might help to secure further external growth funding (Samuelsson et al., 2021). *Potential accelerator*: Provide knowledge about how to strengthen the network (Zahra and Filatotchev, 2004). *Potential decelerator*: Board members may lack the relevant background to support international sales (Bjørnåli and Aspelund, 2012).
International market knowledge of formal/informal board members	*Potential accelerator*: Knowledge on board confirms the initial market entry strategy (Mosey and Wright, 2007). Past experience of board members offers export knowledge (Lööf and Viklund-Ros, 2020), increases cultural knowledge (Oxelheim et al., 2013) and reduces risk (Rivas, 2012). *Potential accelerator*: Use their knowledge of international strategy and knowledge of customers and markets (Bloodgood et al., 1996; Strange et al., 2009).	*Potential accelerator*: Board's knowledge may aid further market entries (Lai et al., 2012) and support learning about international markets (Prashantham and Floyd, 2019). Especially diversity of experience can help to overcome physical distance (Puthusserry et al., 2021). *Potential decelerator*: Knowledge of the board becomes outdated (Lynall et al., 2003), or members become too focused on familiar market entry strategies (Edacherian and Panicker, 2021)	*Potential accelerator*: The board network might help secure further external growth funding (Samuelsson et al., 2021). *Potential accelerator or decelerator*: Directors' knowledge may be limited and focused on a specific market or internationalisation mode (Edacherian and Panicker, 2021).

(Continued)

Table 1. (Continued)

	Initial market entry	Post-entry phase	
	Market entry speed	Country scope speed	Commitment speed
	Potential decelerator: Board composition might focus on ownership, not strategic network needs (Li et al., 2020; Shepherd et al., 2021).	*Potential decelerator*: Existing board members might reduce commitment to INV (Kor and Sundaramurthy, 2009).	*Potential decelerator*: Knowledge redundancy on board (Mosey and Wright, 2007), or potential misalignment with the objectives of the founder(s) (Wasserman, 2017).
Transition from initial entry to post-entry	*Potential accelerator*: Strategic renewal of the board (Ingley et al., 2017). Delayed renewal, however, is likely to reduce the relevance of board networks and knowledge. *Potential decelerator*: Early board members shape subsequent skill configurations (Garg et al., 2019).		

2000, 2005). The first seven years are considered the 'formative stage of a new venture' (Evangelista, 2005: 183). Further, theoretical sampling is widely employed when using a qualitative method to build theory (Eisenhardt and Graebner, 2007). To learn about how initial boards are established and the board's influence during early internationalisation, we also targeted relatively young INVs in our sample. Besides the interview data, we utilised secondary data about the 18 INVs from such sources as podcasts, the company website, social media and news articles. The data from these external sources supported our analysis in that they helped us to validate the international performance and growth of the INV. These external sources were also used to identify suitable companies.

During the interview, we followed a semi-structured interview guideline. The key themes were derived from the literature on (1) the venture's internationalisation strategy, (2) the board characteristics over time and (3) the impact of the board on internationalisation. We also asked founders about the history of the venture, the general business model and their vision for the future. Two researchers conducted the interviews to ensure consistency of the questions. Because of the lockdowns imposed following the outbreak of the coronavirus disease – or COVID-19 – pandemic, all interviews were conducted via Zoom, and each interview lasted about 50 minutes. After each interview, the research team discussed the key insights and lessons learned. To contextualise the findings further, we also conducted three interviews with experts; these individuals were on multiple INV boards but were not directly involved in any of the 18 INVs represented by our key informants. This approach allowed us to hold a more open and critical discussion about potential conflicts between the managers and the CEO of the INVs. Our final data comprise 18 INVs within the following age ranges: 12 of the businesses were less than 10 years old, three businesses were 10–20 years old and three businesses were over 20 years old (in 2021). Of the 18 interviews, 16 were with the founders or the co-founders of the venture, and two were with executive managers, including the CEO and the international director. The key characteristics of the ventures are provided in Table 2.

The research context is New Zealand. A defining characteristic of this country is its geographical distance from key international markets, which imposes an additional cost in building international relationships (Fath et al., 2021). Further, New Zealand's business population is characterised by relatively small businesses – 97% have fewer than 20 employees. We follow the Organisation for Economic Co-operation and Development's definition, which states that SMEs are businesses with up to 250 employees, but we expect that the New Zealand SMEs in our sample will internationalise early owing to the small home market.

All interviews were transcribed and systematically coded in NVivo, Lumivero, a software package commonly used for qualitative data analysis (https://lumivero.com/). For the analytical process, we adopted a pattern-matching approach. The initial node structure was informed by the theoretical dimensions outlined in Table 1 and then subsequently extended and updated during the data analysis process to allow new concepts to emerge from the data (King, 1998; Sinkovics, 2018). Our adoption of a flexible pattern-matching analysis thus allowed us to match concepts derived from the literature, such as 'country scope speed', to observations in the data. Further, we recorded new concepts that emerged from data and were not expected based on the literature (Eisenhardt, 1989). An example of such an unexpected pattern was the 'lack of slack resource' related to early formal board members (Pattern 2b). A key strength of the flexible pattern-matching approach is that it allows for theory iteration, considering both existing theory and emerging evidence from qualitative data (Bouncken et al., 2021; Sinkovics, 2018). Two of the researchers discussed the emerging themes to identify the similarities and the differences between the 18 INVs. During this process, we aimed to identify patterns that matched, extended, or mismatched expected theoretical patterns. Next, we aimed to identify the relationship between the key concepts and

Table 2. Key characteristics of the INV and Phase 1 – initial market entry and early internationalisation (patterns).

# Case	No. of staff	Founder vision and control	Early internationalisation	Founder experience	Board structure – initial	Board – initial contribution	IB knowledge	Capital
1: Information Media/Telco	50–200	Global presence; high control	Diversified, opportunistic, various markets and sectors	Worked in the UK; start-up and large business	Informal board (2 founders + senior leaders); international partner	Mitigates project risk/IB markets; prioritises individual projects	Founder; board; employees; NZTE/MFAT	Cash flow; NZTE; preparing for substantial investment
2: Software development	1–50	Global presence; high control	Opportunistic, U.S. focus, open other markets	Worked in start-up; worked in the UK	Informal board: Internal board (two founders), but various informal advisors	Sounding board: Strategy, networks markets; technology	External advisors; investor	Australian capital; accelerator; preparing for U.S. VC
3: Software development	1–50	Global presence; high control	Opportunistic, U.S. focus, customer pull in three markets	Worked/ consulted for the US and Asia	Informal board: Informal and flexible	Deal with U.S. investors; strategy; moral support	External advisor; investors	Friends, family; NZ angel capital; the US; preparing for U.S. VC
4: Software development	200–500	Global presence; high control	Opportunistic, global presence	Multiple start-up experience; worked in the UK	Informal board: Small, non-traditional + informal advisors	Establish cooperation in the US, networks, markets; sounding board	Investor; founder; advisors	Accelerator fund; later funding: two more rounds, the US
5: Movies, videos and sound	1–50	Focus on the US; initially reliant on board	Focused, the US, some Australia	Worked for NZ company	Formal board: Two founders and three external members	Sales strategy; IB strategy; networks	Board, customers; competitors; NZTE	Angel investor – NZ; private investor – NZ
6: Information media/telco	1–50	Focus Anglo markets; medium control	Focused, the UK, NZ	Worked in the UK; start-up experience	Formal board: Four external members and two observers	IB strategy; decision-making	Advisors	Private investors

(Continued)

Table 2. (Continued)

# Case	No. of staff	Founder vision and control	Early internationalisation	Founder experience	Board structure – initial	Board – initial contribution	IB knowledge	Capital
7: Market research	1–50	Global presence; medium control	Diversified, the US, Asia, Latin America, etc.	Start-up experience; worked in the US; higher control	Initially informal advisory board	Sounding board IB strategy; networks	Board; advisors	Bootstrapped; later funding: VC funding; angel groups, NZ/US
8: Professional, scientific and technical services	1–50	Focus on the US, but international vision; medium control	Focus on the US, and lesser on AUS	Start-up experience	Formal board: Four members	Internationalisation strategy; governance	Board	NZ capital for initial growth; later funding: three rounds, international, Series A
9: Information Media/Telco	1–50	Global presence; high control	Focus on NZ and Japan	Yes, in Japan; start-up experience	Formal board: Independent chair, independent director and two investor directors	IB strategy; growth strategy (hiring)	Advisors; staff; customers	Initial funding; NZ VC capital
10: Information Media/Telco	50–200	Unknown: CEO interview; global presence; low control	Opportunistic organic growth; diversified, many markets	Corporate roles in large businesses, the UK	Initial: Founders, non-exec directors, not very helpful; intermediate: +3 investor seats for NZ private equity firm	Intermediate: Sounding board; driving targets	Executives; staff	Cash surplus from revenue; later funding: NZ and US private equity firm funding

(Continued)

Table 2. (Continued)

# Case	No. of staff	Founder vision and control	Early internationalisation	Founder experience	Board structure – initial	Board – initial contribution	IB knowledge	Capital
11: Scientific and technical services	1–50	English-speaking markets; high control	Focused on AUS/UK/US, but wants to diversify	Worked as consultants for IB, e.g. Australia and the UK	Formal board: Three founders, one investor director and one independent director	Individual consultation with board members more helpful in providing knowledge	Informal advisory board; staff	Customer money; later funding: three rounds of external capital fundraising
12: Technology, Information and Internet	50–200	Global presence; high control	Focused on AUS/UK/US for now	Worked in the UK	Formal board: Three investors	Capital strategy; internationalisation strategy	Board, advisors; government stakeholders	Institutional investors; board members have their own capital
13: Administrative services	50–200	Focus on Anglo-Saxon context; medium control	Focused; Australia	Worked in Europe	Formal board: Three founders and three investors; regular meetings	Networks/connections	Market entry consultants; NZTE	Capital raising from NZ; later funding: three capital raising rounds
14: IT services and consulting	50–200	Global focus; high control	Various markets; Latin America, then SE Asia, Australia	Worked in the US	Formal board: Three members	Little contribution	Staff, IB partners/Founder; informal board; NZTE/MFAT	Capital raising from NZ; later funding: one from private family office
15: PC and network security	50–200	Anglo-Saxon markets, then global; medium control	Focused; AUS	Worked in the UK and AUS	Formal board: Two founders, one independent chair and director, two investor directors and one observer	Networks/connections	Founders, NZTE; customers; advisors	Completed Series A and Series B rounds, NZ and the US

(Continued)

Table 2. (Continued)

# Case	No. of staff	Founder vision and control	Early internationalisation	Founder experience	Board structure – initial	Board – initial contribution	IB knowledge	Capital
16: IT services and consulting	1–50	Opportunistic; very high control	Various markets; Malaysia, India, Indonesia, Africa	Worked in India	N/A	N/A	Advisors; opportunistic, so less strategy needed	Fully self-funded
17: PC System Design	1–50	Focus on the US; high control	Focused; US	Corporate background	Formal board: Four directors	Governance	Informal advisors; staff	Angel investors; later funding: gone public
18: Bio-technology	1–50	Global; medium control	Focused; AUS, then the UK	Worked in the UK	Formal board: One founder, one independent director and two investor directors	'Fine-tuning' IB strategy; networks	WEF accelerator; NZTE	Capital raising from NZ; later funding: some from the US

NZ: New Zealand; AUS: Australia; INV: international new ventures; US: United States; UK: United Kingdom; NZTE: New Zealand Trade and Enterprise; MFAT: New Zealand Ministry of Foreign Affairs and Trade; VC: Venture capital.

establish plausible explanations for how different boards affected internationalisation speed during the initial and post-entry phases.

Tables 2 and 3 summarise the patterns derived from the data analysis, including relevant board characteristics and the internationalisation strategy during the initial market entry and post-entry phases of the INVs. Similarly to previous studies (Sinkovics et al., 2019), we conduct an exploratory, flexible pattern-matching analysis to identify key contingency factors driving the differences in the board contribution to INVs. Next, we discuss our findings.

Findings

Besides the key characteristics of the venture, Table 2 summarises the influence of boards during the initial market entry phase and the early internationalisation of the venture. It provides information about (1) the early approach to internationalisation, (2) the initial board structure and the board's contribution to the internationalisation efforts of the venture and (3) the capital they received to support their growth. Table 3 provides key characteristics of (1) the approach to internationalisation during the post-entry phase, (2) the board structure and experience during the post-entry phase, (3) the relationship between the CEO and the board and (4) the speed of internationalisation.

Our analysis revealed four patterns (see Figure 1) describing the involvement of boards, formal or informal. In each of these patterns, we observed variations in how the board affected the internationalisation process of the INV. A group of INVs established an informal board during the initial market entry phase and a formal board was only appointed during the post-entry phase (Pattern 1). The group that displayed Pattern 2a or 2b established a formal board during the market entry phase, which they continued and further adapted during the post-entry phase. However, the contribution of the initial formal board varied in the post-entry phase across these two patterns. In both variations (2a and 2b), formal boards advocated for staying focused on markets familiar to them. In Pattern 2b, this 'lock-in' was resolved through the involvement of informal board members. Last, INVs subsumed under Pattern 3 did not display the intention to establish a formal board. The founders remained in control throughout the time under investigation in this study.

Pattern 1: from experiential learning to formal boards

A group of ventures maintained a flexible and informal board during the initial market entry phase of internationalisation (as revealed by Participants #1, #2, #3, #4, #7) to accommodate experiential learning about different markets. Although these boards featured some key characteristics of formal boards, such as frequent (often monthly) meetings and, sometimes, formal documentation as well, their structure and governance were much more flexible regarding other aspects. Initial investors were not always interested in a seat on the board (#2, #3), or the founders themselves took a 'take it or leave it approach' towards investors: they offered shares but not a formal seat on the board (#3). Participant #1 mentioned that they were growing through internal cash flows first to strengthen their competitive position further, and they relied on a proxy board for governance. Either a formal board was established during the international growth phase, or it was expected that a formal board would be established once the venture raised further significant external capital. The informal boards included the founding team (#2, #4), a key manager or trusted advisor (#1, #4) or relied on various temporary advisors (#3). Notably, some of these founders were also involved with previous start-up companies (#1, #2, #3, #4, #7), and all shared a powerful vision to establish a global company.

Informal board during the initial market entry phase. The main reason for keeping the board flexible during the transition from the initial market entry phase to the post-entry phase was that the

Table 3. Phase 2 – post-entry phase (patterns).

#	Later internationalisation	CEO control	Board structure	Board – international experience	Board – late contribution	CEO – board relationship	Growth
1	More focus envisaged (with formal board); global but single sector	CEO prepared to reduce	Formal board expected; informal remains	Expected	*Formal*: Access growth capital. Control function *Informal*: Networks. Political connections	N/A, but for later funding, expected to be aligned with vision	Fast
2	More focus anticipated; committed to grow fast in the US, followed by global expansion	CEO prepared to reduce	Formal board expected (U.S.-based)	Expected: The US	*Formal*: Growth/risk capital*. U.S. playbook*; Scale, Network* *Informal*: Network	N/A, but for later funding, expected to be aligned with vision	Fast to expected very fast
3	More focus anticipated; committed to grow fast in the US, followed by global expansion	CEO remains in control, anticipates strong board direction	Formal board expected (U.S.-based)	Expected (external CFO in the US)	*Formal*: Growth capital*. Scale, Brand*, Network* *Informal*: Network	Aligned, but wants multiple boards for regional scope	Very fast, but erratic
4	More focus: Global but vertical growth model means individual markets irrelevant	CEO remains in control; anticipates strong board direction	Formal board expected	Yes: One member with U.S. experience	*Formal*: Scale*. Brand* Network* *Informal*: Network	Perfectly aligned	Very fast
5	Focus on the U.S. remains	Informal advisor key to enable more CEO control	Formal board continues	Yes: Informal advisor with valuable market experience	*Formal*: No change *Informal*: Building network relationship in the US; navigate market	Non-aligned: Formal board lacks vision	Slow to medium

(Continued)

Table 3. (Continued)

#	Later internationalisation	CEO control	Board structure	Board – international experience	Board – late contribution	CEO – board relationship	Growth
6	Focus on Anglo-Saxon markets remains; explore Japan	Expected to be unchanged; strong vision of founder	Formal board	Yes: One member with U.K. experience	*Formal*: Growth/risk capital	Aligned: Sustainable investors share key values	Fast
7	Global presence	CEO control same or slightly reduced	Formal board (two founders, one lead investor) + 2 observers	Yes: One member with U.S. experience	*Formal*: Growth/risk capital. U.S. market knowledge/ network* *Informal*: Network	Aligned	Fast
8	Focus on the U.S. remains: Establish HQ in the US; plans for EU expansion	CEO control slightly reduced	Lead investor; will appoint additional board member	Yes: One member experience in the US	*Formal*: Growth/risk capital. Legal aspects; governance *Informal*: Network	Aligned	Medium to fast
9	Global presence	CEO control reduced	Formal board continues	Yes: Experience in the US and in Asia	*Formal*: Growth/risk capital. Scale, network	Aligned	Medium initial – fast later
10	Global presence	CEO control same or reduced	Majority seats for U.S. private equity firm; NZ initial investor kept one seat on board	Yes: U.S. VC company; broad international experience	*Formal*: Growth/risk capital. Discipline, credibility	Current: Largely aligned	Medium initial – fast later
11	Focus on Anglo markets	CEO control increased	One founder replaced by investor	Not at this stage	*Formal*: Growth/risk capital. CEO works with selected board member outside of official framework	Non-aligned; board too slow	Medium initial – fast later

(Continued)

Table 3. (Continued)

#	Later internationalisation	CEO control	Board structure	Board–international experience	Board–late contribution	CEO–board relationship	Growth
12	Global presence starting with Anglo markets	CEO control unchanged	Formal board remains	Yes: Experience in China and the US	*Formal*: Growth/risk capital, scale, strategy *Informal*: Network	Aligned	Fast
13	Focus on Anglo markets	CEO control reduced	Formal board remains	Not at this stage	*Formal*: Growth/risk capital *Informal*: Network	Aligned	Fast
14	Global; focus on specific regions, Latin America and Southeast Asia	CEO control slightly reduced	Formal board remains	Not at this stage	*Formal*: Growth/risk capital *Informal*: Strategy from external advisor	Non-aligned: Board risk-averse; conservative	Medium initial – fast later
15	Focus on Anglo markets, with possibility of expanding further	CEO control slightly reduced	Formal board	Yes: Board experience in the US, the UK and AUS	*Formal*: Growth/risk capital U.S. market knowledge/ network *Informal*: Network	Aligned	Fast
16	Opportunistic; follows client demand	CEO control remains high	No board	N/A	N/A	N/A	Medium
17	Focus on the US	CEO control unchanged	Formal board	U.S. experience, but outdated	*Formal board*: Governance	Aligned	Medium to stable
18	Aiming to achieve global presence	CEO control reduced	Formal board continues	Some experience in the US	*Formal*: Growth/Risk capital *Informal*: Network	Non-aligned; board risk-averse	Medium to fast

NZ: New Zealand; AUS: Australia; US: United States; UK: United Kingdom.

		INV post-entry phase	
		No or low contribution	High contribution
INV initial market entry	High contribution	**Pattern 2b: Formal boards as speed bumps (might be overcome by informal board)** INV learning advantage: Quick transition to growth phase combined with some flexibility to explore new markets. Tensions: It is often difficult to convince a formal board to invest in new markets (reduces country scope speed) if they are committed to their familiar market (increases international commitment speed). INV speed: Formal board is an accelerator during the market entry phase but can create lock-in during the post-entry phase. Informal boards may create opportunities to overcome liabilities.	**Pattern 2a: Knowledge fit and accelerated internationalisation** INV Learning advantage: Focus on knowledge about how to exploit opportunity. Quick transition to post-entry phase. Tensions: Potential local maximum trap (growth in markets familiar to investor or early board and difficulties in rejuvenating the board). INV speed: The board is an accelerator within identified markets (increases international commitment speed) but can also become a barrier to diversification (reduces country scope speed).
	No or low contribution	**Pattern 3: No formal board intended** INV learning advantage: Knowledge about a wide range of opportunities. Tensions: Founder remains in control, and there are no real tensions with advisors or boards. INV speed: Focus on diversification (increases county scope speed), opportunities are perceived, but there is an insufficient discipline for exploiting them (reduces international commitment speed).	**Pattern 1: From experiential learning through informal boards to formal boards** INV learning advantage: Transition from early experimentation in multiple markets to gain resources and discipline for growth. Identifies the most promising market prior to growth. Tensions: Few tensions since it is mostly the aspired pattern of founders. INV speed: Board is accelerator.

Figure 1. Knowledge and networks provided by formal boards and learning advantage during internationalisation.

founders wanted to test their technology in different markets. This was their way of de-risking international growth. While these founders often pursued the vision of growing a global company and were willing to focus on an attractive initial market, such as the United States, they still wanted to learn about multiple markets simultaneously and early on. They also entered markets where they had existing network relationships or once an opportunity arose (#1, #4, #2, #3). Early success in international markets allowed them to validate their technology in different contexts and was critical to maintaining momentum and achieving country scope speed. In short, during the transition, the process of internationalisation was often not linear, and some founders expressed a concern that a formal board might impose a certain playbook for internationalisation on their venture without understanding the full potential of the technology. For example, #2 explained, 'Investors often have a horrible habit of over-fitting what they see'. Thus, an informal board was deemed suitable.

The value of board member's knowledge, expertise and network relationships can be transient. Ventures may exploit it within a relatively short time, given the characteristics of a fast-growing technology firm adapting to the needs of different international markets. Therefore, the needs in relation to the boards change quickly, as #2 pointed out: 'Given the average board tenure is a couple of years, I struggled to think of somebody who would have been great 12 months ago that would still be great today, let alone in another 12 months'. Thus, the founders relied on advisors who would take a temporary seat on their experiential board. For example, #3 and #4 explained they appointed temporary advisors according to the fast-changing needs of the growing INV:

> I go to our advisors and say, 'Hey listen, you've got great experience around this. I'd like to invite you onto the board. And I'm going to tip you upside down, and when I know everything, then I'll likely move on, and that's why I pay you and don't give you equity in the business'.

Last, #4 advised:

> Keep your board as small as possible . . . you need to be agile . . . we never appointed people as official advisors.. . . OK, now we've got a certain problem, we need an advisor to come in for six months to help us get through this problem. But when they finish that problem, you don't want to have them on the board.. . . So yeah, there was a board that was much more informal than you'd think.

Despite the more informal relationship, the knowledge and experience of the informal board members were often critical for the initial market entry of the venture. For example, founders reported they gained useful network partners and contemporary knowledge about how to approach markets such as the United States (#2, #3, #4), including about how to incorporate a corporation in the international market and connect with a foreign ecosystem (#2, #4) and how to manage the relationship with international board representatives of a bigger board (#3, #4) from different cultures (#1, #2, #3). Informal board members also acted as sounding boards, as #4 explained: 'We called him a logic machine. You could kind of play questions on one side, and you just get like these perfectly logical answers on the other side [related to Silicon Valley]'. Overall, board flexibility was key to founders since they believed it would de-risk the initial entry phase of the INV.

Transitioning to a formal board. Ventures in this group transitioned or aspired to transition to a more formal board after obtaining a significant amount of external funding, as part of their strategy. The knowledge of informal board members was often critical to the learning of founders how to negotiate with larger investors (#2, #3, #4). For instance, #2 and #3 explained that their informal advisors coached them how to communicate with large US-based investors. Further, #4 added that during early board meetings, critical discussions about mistakes were important, which facilitated adaptation and experimental learning. The flexibility of the initial board also provided opportunities to assemble a strong formal board and raise capital. During the early market entry phase of the INV, documenting all early 'mistakes and wrong calls' can be a liability that adversely affects raising further capital. Thus, not producing formal board minutes can reduce such liabilities, as #4 pointed out: 'In fact, the first thing [our advisor] said, "Don't keep your minutes, you know, at some point, somebody is going to read them. And, you know, there's more trouble there"'.

He further recalled:

> The first thing [the investors] said is, 'Well, can we please have your board minutes over the last three and a half years?' And I'm like, 'We don't have any', and they're like, 'Oh, OK'. But if we had them, they would have been trawling them and going, 'Oh, why did you say this? And why did you make a decision, and why did you invest there?'

After the transition, formal boards exercise control over the internationalisation strategy. They bring in the discipline to select an attractive market, bundle resources for this market and provide strategic direction. The focus on a specific market or customer is needed to achieve speedier sales growth and to de-risk the investment (e.g. #1, #2, #3, #7). To illustrate, Expert 1 reflected on when he joined a board of a promising technology venture: [the venture] was completely unfocused, [they] had no strategy, [they] went everywhere, [they] had so many opportunities, [they] just went after them all.. . . But you can't do this, you have to be more clinical and focused. As a result, setting up a formal board often goes together with shifting the internationalisation strategy from exploring different markets opportunistically to a focused approach to internationalisation for INVs. In this process, board members also provided access to relevant network partners. For instance, #7 reported, 'I need to meet the right people, [our director] is very good at connecting them with me. Also, they provide knowledge on how to manage the relationship with international customers'. Similarly, #6 (the director) was well connected for a long time with large enterprises in the United Kingdom and had what two founders described as a playbook (E1) of methods to grow into a specific international market.

However, such a strategy can also result in a lock-in regarding their international growth strategy because the venture becomes trapped in a certain market. Most of the directors of this group have experience in the United States, which also becomes the major focus market. An illustration of this process is that of Venture #4, which had been active across multiple markets before they accepted growth capital to advance further international growth, including Japan, Australia, China and the US. After one of their Australian network investment partners introduced them to a well-established company based in Silicon Valley, with whom they eventually merged, the board structure also changed. However, this change of structure also meant they could 'no longer play in China' because their new investors required them to focus only on the United States to achieve in-market growth. As #4 explained, 'they have a playbook' for achieving growth within their home region, and in this phase 'the board becomes much more important in terms of a rigorous strategy'. The founder also believes the overall growth opportunities for their venture are smaller in the United States than in China.

Thus, while an experienced board may be critical to speeding up sales growth in a specific international market, they may bias the venture's internationalisation strategy since greater opportunities may not be given sufficient consideration owing to a lack of knowledge and experience of this context within the venture. To mitigate potential growth limitations resulting from this issue, #3 planned that besides the large executive board, she would consider country boards for growing in countries such as India and Vietnam, because 'a board in America wouldn't know how to do business in India'.

Pattern 2: formal boards as accelerators in initial market entry

A group of ventures established formal boards during the initial market entry phase (#5, #6 #8, #9. #10, #11, #12, #13, #14, #15, #17, #18). Formal board meetings typically occurred every month. Board members covered different aspects, often related to key functional areas, such as finance, legal, sales, marketing and manufacturing, complementing the management team's experience (E1, E2). However, there was a bifurcation in the main pattern when ventures entered the post-entry phase. In Pattern 2a, INVs achieved a transition to a more executive board mainly comprising international board members, enabling them to become global organisations with highly scalable technology across multiple markets. In contrast, ventures in the Pattern 2b faced a lock-in situation with their initial boards, unless they counteracted these negative effects by bringing in informal board members.

Pattern 2a: knowledge fit and accelerated internationalisation. In this group of ventures, international market-specific knowledge and experience were limited to one formal board member. This dedicated board member was typically appointed by the investors or the other board members. However, their international experience was mostly limited to English-speaking markets. Only in two cases (#9, #12) did board members have knowledge and experience about non-English-speaking markets. Overall, most interviewees reported that their board significantly contributed to achieving growth in international markets by contributing relevant knowledge or networks (#6 #8, #9. #10, #12, #13, #15).

Formal board and early growth. There was a perceived fit between the board's knowledge and the international venture's focus. The formal board typically preferred ventures to focus on a market with potential for the technology that they were familiar with. The predominant reason was to reduce the risk of internationalisation and facilitate speed during the initial entry phase. Ventures in this group therefore focused on a specific market at an early stage of their internationalisation within the Anglo-Saxon context (#6, #8, #10, #12, #13, 15), and quickly formed relationships through introductions from the board. The formal affiliation of board members also facilitated better access to financial resources in international markets.

An apt illustration is #8, who appointed a board member at an early stage of their growth, when their venture had a team of about 10 staff. While #8 lacked a deep understanding of the US market dynamics, he had a background as a serial entrepreneur. He strategically appointed a director with both relevant industry and international business knowledge to support the venture growth. #8 explained how he could use the formal board director as a sounding board for various aspects related to their initial strategy:

> Being able to help really get another view on the strategy.. . . It's like it looks good on article. But if you've got no context, well, it's quite hard to account for that.. . . He can instantly say, 'This is how that would be perceived from a US perspective'; . . . talking to US investors, it's very different. He's worked for a large US corporate we're currently in interaction with . . . advising us on how we should interact with that organisation . . . [alternatively] you can really try out and see what sticks. But that's an expensive and slow process if you're trying to run fast.

Most of the founders and their managers shared the need to focus. For example, #6 reflected:

> I've been involved in companies who have tried to scale too fast and gone into multiple markets and spread themselves too thin and lost business and ran out of money . . . [our board] are a bit cautious that you don't go too early to new markets . . . you need to have done your market research.

Similarly, #12 explained:

> We might have opportunities in every country in every industry. But it is, it's very important for us to choose geographic territories and choose market verticals to focus on . . . actually, it, it matters less probably if we chose [Industry A] or if we chose [Industry B]. But if we don't choose one, then that's when it can be a problem. And so, the board pressuring us to focus on making our choices to commit to them has been an important dynamic for us.

While the formal board members provided valuable market knowledge and network relationships, the influence and reach of these early formal boards often went far beyond the traditional tasks of a board. Formal board members provided input on the venture's culture, values and on operational aspects. These areas are especially relevant when the aim is to grow the venture and increase the speed of internationalisation during the post-entry phase. In this process, they would also directly engage with staff, sharing their knowledge on important aspects related to such growth. For example, #8 pointed out that, unlike at large companies, 'where the board members are isolated, and don't interact much, at their venture', the board member engaged with the whole team: 'I get a relationship built, the director can wander around and meet people'. Similarly, #6, who was a manager at the venture, explained:

> They come into the office, and they see [the whole team], and they talk . . . it's a very flat structure, even up at the board.. . . If I wanted to reach out [to a board member], they would respond. They assist us at all levels.

Such knowledge and scrutiny regarding internal processes can be critical to success during the post-entry phase because the reputation of the venture in international markets can be fragile owing to the liabilities of smallness and outsidership. For example, E1 reflected on the fact that internal issues were a risk to their venture:

> Frankly, [the venture] was putting crap out there into the market . . . you can't have [a] quality issue. We have to stop them at the factory door, not at the customer side.. . . our most important [international] customer, he had 20 [of our products]; five had to be replaced, five had to be upgraded, among other issues. How the hell we still had a customer was beyond me.

Rejuvenation of the board and continued growth. Ventures in this group also experienced changes during the transition in terms of the board composition. In fact, #10 recalled that the board was rejuvenated to ensure it had the relevant expertise to help achieve fast international growth:

> There were two non-exec directors actually on that board at that time [of growth]. But they were New Zealand-focused individuals; they had no domain knowledge of the markets around; at least, they were less focused on the future growth plans of the business; they were there in the capacity of a board, but they weren't sort of driving things strategically.

After large funding rounds, fresh additions to the board occur when new key investors appoint external board members. The internationalisation strategy regarding the initial target market rarely changes, but important capital for growth is available from the investors. In addition, the board brings executional discipline into the management team. However, the board is also often less involved in other areas, such as seeking solutions for specific problems and connecting with the team, as the management team becomes more professional and experienced.

Most of the ventures in this group had not achieved saturation in their initial target market. However, four ventures had grown their sales considerably in their international market (#9, #10, #13, #15). In these cases, the board supported the international commitment speed in a new market once the venture had validated the business model. The board further supported entry into new markets (#8) and the appointment of new board members (#9, #10, #13) with relevant knowledge and expertise, which helped increase the scope. Some participants in this study (E1, #9, #10) highlighted that when the venture focused on entering new markets, it was important to appoint a board member with relevant knowledge about distant international markets. Over time, through this process, the board composition can change significantly, and the initial founders and board members may no longer have a seat on the board because the board consists primarily of international investors (#10). During this process, the international investors may also want to change the management structure, for example, by appointing an external CEO (E2).

Pattern 2b: formal boards as speed bumps in the post-entry phase. The positive effects of having an early formal board are not universal. Such a board can become a speed bump during the post-entry phase if their knowledge or dispositions are no longer in line with the INVs strategic aspirations; #5, #11, #14, #17 and #18 reported some issues. Similarly, to ventures under Pattern 2a, ventures in Pattern 2b held official board meetings regularly. Notably, although the board members had valuable knowledge and experience in key functional areas, such as sales and marketing, only one of the board members had relevant international experience in the target market (#5). The founders also reported that some of the board members were passive and risk averse.

Fast execution of playbook versus market learning. The initial boards would require the venture to select an international market early and ask them to follow a certain playbook of internationalisation. The potential pitfalls of executing a specific playbook that is not aligned with the venture's potential had been recognised by the founders in Pattern 2b, who kept the board flexible during the initial market entry phase. The findings suggest that formal board members can slow down internationalisation. First, the board may contribute very little to achieving international growth. For example, one expert recalled how one of the angel investors kept focusing on irrelevant points during a critical board meeting when the venture was preparing for a partnership with a multinational technology company, such as 'whether the leave entitlement might look too high' (E1). Depending on the overall board composition, and the experience of the founders, such unproductive board members can have a detrimental impact on the growth of international ventures, which creates a long-lasting impediment to the venture's ability to achieve speed in international commitment related to sales growth. For example, #5 reflected on the effects on appointments made during the initial market entry phase of two external board members from a major investor on later growth opportunities:

> It became painstakingly obvious that those two . . . were woefully out of their depth to advise us on how to take on [the US opportunity], especially their sales strategy, and all the go-to-market stuff, . . . it was a disaster; it cost us about two years.. . . just because someone has done something in a similar area, and has international [experience], it does not mean that they have any real authority to talk about your area.

Second, professional board members with relevant in-market experience can also be a speed bump for global growth during the post-entry phase. Several founders reported that the board that served them well during the initial entry phase and during the transition to the post-entry phase of the business no longer provided value to them, especially those focusing strongly on the domestic market.

> When I've been pushed into specific actions by the board, it almost never plays out. . .. I need to reshuffle the board. To get to people with that experience. I've got people who have had local companies that have done well but haven't grown or scaled internationally at all.. . . So, they're the right people for a couple of years ago. And I need to refresh it. So, I'm not really getting that knowledge or input that I need. (#11)

Because of the early commitment, they faced a lock-in and a reduction in country scope speed. Most of these INVs had appointed board members with experience in the Anglo-Saxon region only, focusing mainly on the United States. As an expert pointed out, the United States might not be the most suitable market for a New Zealand tech company: 'the US, for software companies, that's where most of the competition is.. . . It's an expensive place to go to. Typically, the Americans like local solutions, you know; they're more suspicious of a New Zealand company' (E1).

Maintaining the relevance of the board and post-entry speed retardation. To escape from a board that slowed down internationalisation, or when board members lacked relevant knowledge or vision to achieve fast growth in international markets, some ventures established informal boards at a later stage of internationalisation. Specifically, ventures would increasingly draw on other knowledge sources to achieve post-entry speed, including internal knowledge and informal advisors. #5 explained that his formal board members lacked relevant international expertise and therefore, to grow their US business, they were closely working with an informal advisor who had strong industry-relevant relationships through his work experience in Silicon Valley. The informal advisor was invaluable for growth in the United States: ‘He’s been bang on everything he’s advised us on, like 99%’. Similarly, #7 explained that for strategic decisions, such as ‘when launching in the US, they would involve an informal “sounding board”’ for strategic decisions, besides their formal board, which they kept tight. Others reported that they now relied more on internal managers or network partners to form their international strategy.

Finally, a common issue attached to fast growth relates to slack resources and a path-dependency of early boards. Founders of firms based in New Zealand often raise less capital than their international competitors resulting in ‘cautious (#11)’ and slow approaches to tackling international markets. For example, #8, who compared the average funding of US-based tech companies with their New Zealand-based counterparts, pointed out that New Zealand firms ‘typically raise under a million US$ on their first funding rounds, [whereas] US companies can raise, like, US$5 million during the first rounds’. The lack of slack resources is a speed bump for fast growth:

> New Zealand tech companies have a more risk-averse approach. Because the equity investing ecosystem is far less mature than what it is in Silicon Valley. And so, we’re raising way lower amounts of money, at way lower valuations. So, companies are getting heavily diluted earlier on. And that limits the options. (#8)

Similarly, #5, whose venture received a funding of US$ 3 million for 88% of its shares, compared this transaction with one involving their main competitor, with similar venture characteristics, based in the United States and who received US$ 100 million in funding for 85% of its shares. #5 highlighted that his venture now faced a significant challenge in accessing further growth capital:

> It makes it very hard to raise more money because people coming in want the founders to be motivated. . .. We now have a difficult discussion with the [original] shareholders.. . . to give me some more equity back because no one’s going to fund us if [I am] only on 12% [at the existing structure].

Pattern 3: no board intended

One founder, #16, had not established a board, either informal or formal. The business was self-funded by the founder pair and their friends; its shares were closely held. They did not plan to raise funds from investors for equity to avoid losing control over decision-making, even if this meant they would not secure access to external growth capital or knowledge. The key source of market learning was the co-founder, who from ‘time to time/would consult with industry advisors’ to ‘very informally bounce off ideas’ (#16).

The venture’s approach to internationalisation can be described as opportunistic and directionless. The venture was engaged in business in various countries, such as the United States, Australia, South Africa and Australia and in Southeast Asia countries. The venture competed in an international niche market in which ‘little competition exists’, according to the founder. They had business associates who made connections for them in international markets, which were often closed through hand-shake deals, but they lacked a formal internationalisation strategy. Thus, spreading INV activities across multiple international markets reduced the risk from the founders’ perspective because it provided diversification, but it also led to a sustained lack of commitment to the most promising markets.

Discussion

Interest in how INVs can leverage learning advantages to counterbalance the liabilities of newness and market outsidership is increasing (Coviello et al., 2017). Although the literature has consistently highlighted the importance of management capabilities (Khan and Lew, 2018) and organisational learning (Gerschewski et al., 2018) for maintaining speed of INVs during the post-entry phase, it has paid little attention to the role of boards, despite their well-documented potential in supporting growth during internationalisation (Strange et al., 2009). To contribute to this gap, we identify four patterns of INV board development as these ventures transitioned from the initial market entry to post-entry growth. Although most ventures increased the formalisation of boards over time (Patterns 1 and 2a), we also find evidence of sustained use or rediscovery of informal boards (Pattern 2b) to complement formal boards in accelerating international speed during the post-entry phase and overcoming the liabilities of outsidership and foreignness. Further, one venture did not intend to establish a board (Pattern 3).

Figure 2 summarises the results of our pattern match between the expected theoretical patterns derived from the literature (see Table 1) and the patterns that we observed in our data. In this figure, we isolated the mechanisms by which formal and informal boards may act as an accelerator (on ramp) or decelerator (speed bump) during the different phases of INV internationalisation. To refine our contribution further, Figure 2 breaks down the initial market entry phase and the post-entry phase into key activities. The initial market entry phase includes initial market validation, market entry and commitment to specific network(s). The post-entry phase can be broken down into learning about and alignment to an opportunity, further commitment to specific market(s) to scale up the business model, exploitation of further opportunities and increase in country scope.

During the initial market validation phase, a formal board can speed up the validation process and reduce costs by focusing on specific target markets. However, the INV may face the risk of overlooking an attractive opportunity. In contrast, INVs with informal boards in this phase may gain knowledge about a wider range of opportunities but may lack direction. Further, as the founder will have kept more control over the decision-making and strategising process, it is also likely that the relationship between the founder and the informal board will be less fraught with tension.

During market entry, both formal and informal boards seem to have an accelerating effect by providing strategic guidance and risk mitigation. However, based on our findings, while formal boards can help reduce the liability of foreignness, informal boards seem to help reduce the liability of outsidership. When INVs enter the stage of strengthening their commitment to a network, both formal and informal boards are accelerators in terms of the reduction of the liability of outsidership. While formal boards are likely to focus on a single or limited number of markets, informal boards appear to offer a bigger scope in their support.

In the post-entry phase, formal boards can become decelerators in the ‘learn and align’ process, as they may create dependencies. Informal boards during the same process may slow progress by not sharing all their knowledge. When building further commitment to a market, formal boards seem to act as accelerators, whereas informal boards may become decelerators if they cannot facilitate access to risk capital. Further, informal boards may provide less input for the growth phase at this stage. In the post-entry opportunity exploitation stage, informal boards can become a speed bump as they tend to be less focused on governance issues than formal boards. Finally, when the venture is ready to increase their country scope, formal boards again can become speed bumps if

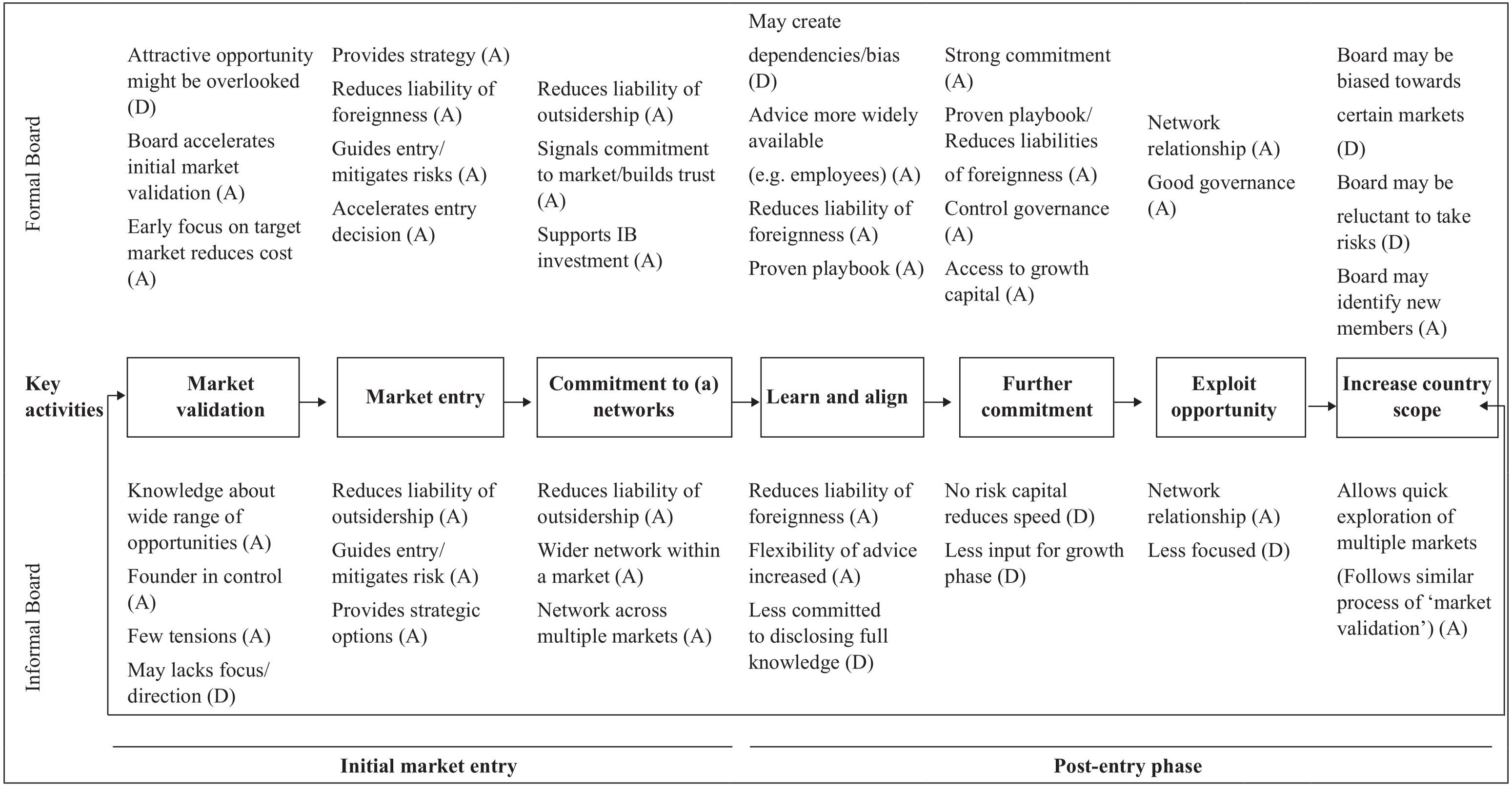

Figure 2. Impact of the board during the different stages to internationalisation.
+ indicates reasons why the board acts as an accelerator (A); − indicates reasons why the board acts as a decelerator (D).

they are biased towards certain markets and are not willing to take on risks associated with the exploration of multiple markets.

Against this background, it appears from the findings that informal boards tend to focus on knowledge about new opportunities, whereas formal boards bring the discipline and the knowledge about methods to exploit these opportunities. Transitioning between these different modes of knowledge about a market (whether it exists vs how to succeed in it) brings tensions that have the potential to reduce the internationalisation speed. In line with other studies, we find that the challenges for INVs change over time (Evers and Andersson, 2021). In particular, the key activities and contributions of the board shift when the INV transitions from the initial market entry phase to the post-entry phase (see Figures 1 and 2). These observations offer three theoretical contributions to the INV literature.

First, we contribute to the understanding of internationalisation speed and market knowledge. Past studies showed that the internationalisation speed of INVs can mean different things to different stakeholders and can hence be measured in different ways. It can be the speed to market entry, the rate of growth within a market, or the number of markets served (Acedo et al., 2021; Zahoor et al., 2020). We show that the dynamics between the initial founders and the formal board are important for understanding the type of internationalisation speed that can be observed in an INV. Founders who focus on knowledge about new opportunities de-risk their entrepreneurial endeavour through market diversification. Learning about a range of opportunities reduces their dependency on a particular market or relationships and offers insights into the full potential of the venture idea. Related to this, in the current literature, there is an implicit assumption that founders are passive recipients of knowledge from board members and advisors. However, our findings clearly demonstrate some founders have a proactive search and exploitation approach to the board's knowledge and network contacts. In line with previous research, our findings suggest that the background of the board members affects their relationship with the founder (Zahra et al., 2009). Our evidence also demonstrates that founders may proactively pursue board members with specific skill sets to create the desired board composition. Inexperienced founders tend to mirror the capabilities of the management in their board member selection, especially regarding the control function. In contrast, experienced founders recognised the need for complementarities between the board and management. Therefore, the selection criteria prioritised by founders and how they subsequently manage the relationship with their boards will shape the extent to which an INV can leverage the knowledge and network resources of their boards.

Further, formal boards tend to de-risk and aim to achieve international commitment speed by focusing efforts within a familiar market to reach a certain growth target quickly. They are less prone to diversification since they intend to activate their knowledge and networks and exploit a particular opportunity. Thus, they often view diversification and achieving country scope speed as distractions. This is because formal boards consider most market entry costs as sunk costs and most costs of serving it as fixed costs. In this study, we show that INV boards have approaches to de-risking and gaining market knowledge distinct from the founder. Past research has pointed out that the different learning advantages of INVs are contingent on various factors, including the organisational structure (Zahra et al., 2018). Our findings show that the characteristics of the board can shift the learning advantage from exploring multiple opportunities towards focusing on deepening knowledge about a specific market, as well as the method to exploit the opportunity.

Second, our study suggests that although informal and formal boards can both reduce the liabilities of foreignness and outsidership (Li and Fleury, 2020; Vahlne and Johanson, 2021), their effects on internationalisation speed vary and their contribution is contingent on the phase of the INV growth journey (Zahoor et al., 2020). Informal boards are more suitable for reducing the liability of foreignness across multiple markets and overcoming outsidership across different networks, whereas formal boards facilitate overcoming these liabilities within a specific market and network. Prior studies point to the distinct learning advantage of INVs during internationalisation (Sleuwaegen and Onkelinx, 2014), particularly in the early stages (Srikanth et al., 2021). Specifically, they have established processes for how to abandon outdated knowledge (Coviello et al., 2017). Our study adds more nuanced insights into the relationship between the internationalisation of INVs and their ability to gain international market knowledge. In particular, in the early stages of the INV, the establishment of a formal board can significantly influence this relationship.

Establishing a formal board can reduce or even diminish the learning advantages of an INV when the advice of board members is misdirected or forces the INV to adopt a rigid playbook, resulting in costly mistakes during early internationalisation. This finding is in line with that of Evers and Andersson (2021), who reveal that an effectual logic on market learning provides better opportunities for accessing diverse knowledge. Our study adds the insight that boards, and in particular the playbooks they bring and follow, focus on causal thinking and that this shift might happen before initial market learning is completed.

It is noted that even experienced board members may have a negative impact on the learning advantage of INVs if they only follow a causal logic about internationalising into a specific market. Although such an approach can facilitate speed and reduce the risk of failure during early internationalisation, it also reduces opportunities for the new venture to access more diverse knowledge from multiple markets during early internationalisation, which might be critical at a later stage. Therefore, even though ventures may effectively exploit the knowledge and networks of their board members (Ingley et al., 2017), this may come at the cost of establishing processes and routines (Bjørnåli and Gulbrandsen, 2010) that apply to facilitating internal, independent learning routines within the INV.

We also contribute to the literature on the influence of the board to mitigate psychic distance. Puthusserry et al. (2021) argue that boards can be a valuable resource for internationalising SMEs to mitigate the liabilities of foreignness and outsidership and overcome psychic distance. Our findings confirm this. However, we also find that, by not assembling a culturally diverse board, INVs may miss out on the potential benefits of complementary learning. Indeed, most INVs in our sample only have board members with relevant knowledge in English-speaking markets characterised by high levels of competition. Therefore, if the investors and the founders of INVs do not give sufficient consideration to board diversity that would support internationalisation to psychically distant markets, they may avoid certain initial challenges (Safari and Chetty, 2019), but will also miss out on opportunities (Stahl et al., 2016).

Our third contribution concerns the knowledge of INV board members that support sustained accelerated internationalisation. Research on the effects of boards on new venture growth (Zahra and Filatotchev, 2004) and internationalisation processes (Strange et al., 2009) has consistently shown that having knowledge about customers, markets and key networks is often critical for success. We offer additional insights by focusing upon the board's knowledge and experience about fast-growth ventures that are of relevance to INVs. Fast internationalisation leads to accelerated obsolescence of initial board knowledge as the INV enters and grows in unfamiliar markets. Board members with prior knowledge of fast-growth ventures tend to not only know how to manage the growing pains of INVs but also when they need to retreat from the board.

This insight extends prior findings focusing on management's ability to develop venture capabilities and to adapt or re-orchestrate the venture's resources in the growth process (Chen et al., 2012). In INVs, board members need to know how and when to extract themselves. Otherwise, these ventures might lose some important aspects of their learning advantages. In this vein, Autio et al. (2000) argue that firms also need to 'unlearn' established routines. Our evidence suggests that the retreat of certain board members is important when the INV shifts from the early market entry to post-entry growth and during country scope speed. These critical phases often require board renewal. It is therefore, critical that early boards have knowledge about fast growth to contribute to the maintenance of INV growth speed during the post-entry phase.

Managerial implications

This article also has implications for the CEOs and the founders of INVs in that we demonstrate that board members can be a valuable resource to overcome the liability of outsidership and to achieve speed in internationalisation. However, during the early stages of internationalisation, founders are advised to evaluate carefully when to commit to specific board members; instead, they can consider keeping the board informal. Informal boards are arguably better suited to support the exploration of diverse opportunities in different markets, whereas formal boards bring more focus and discipline for learning about a specific market opportunity. Ventures that commit too early to a specific market may be well positioned to achieve fast growth during the early stages of internationalisation, but they also face the risk of overlooking more promising opportunities in markets with high psychic distance, where the board lacks knowledge and relevant network relationships. In relation to this point, the CEOs and the founders of INVs need to be aware of the different approaches of boards to de-risking growth. Specifically, they are likely to focus on markets they are themselves familiar with, which may limit expansion options for the INV.

Limitations and future research opportunities

This study also has some limitations that simultaneously provide opportunities for future research. It is recognised that our analysis draws mainly on the experience of the INV founder. However, conflicts often occur between boards and the original founders (Wasserman, 2017). Therefore, the micro-political processes on the board are expected to influence the internationalisation of the INV. Future research may wish to focus upon the initial founder or the founding team and how their different prior experiences affect the board dynamics and decision-making. We expect founders with previous start-up experience to be better positioned to leverage the knowledge and networks of board members and to renew the board strategically. Further work will also be needed to conduct in-depth, longitudinal case studies on the impact of boards on INV growth. For instance, interviews can be conducted with other board members besides the CEO and the founders of the INV to account for different perspectives. This will enhance the understanding of the micro-politics and the power struggles among board members and between board members and the management team. Others may also wish to investigate how multiple board memberships, or board interlocks, affect INV performance. Related to this issue, we have focused on the effects of the board on INV internationalisation in terms of speed, networks and knowledge. However, board members may also contribute to INV strategies beyond internationalisation, such as innovation, which provides further research opportunities.

An additional limitation results from some theoretical categories of INVs not being represented in our sample. Specifically, investigations need to be extended to INVs where the experience of engaging with distant markets is only provided by the board. The INVs in our sample that had a culturally diverse board, or the management team had experience in non-English speaking markets, were successful in their exploitation of opportunities outside of English-speaking markets. This suggests that INVs may benefit from culturally diverse boards. Past research showed that more board diversity in terms of nationality can aid the internationalisation of a company, but may also increase the risk of conflicts and separation on boards (Van Veen et al., 2014). However, the impact of a culturally diverse board on INVs is not sufficiently understood. Therefore, further research is needed on how culturally diverse boards influence the internationalisation process of INVs.

We relied on interview data to understand past events. An important limitation resulting from this design is potential recall bias, in particular, for the informants of the six ventures established over 10 years ago (Corner et al., 2017). We deliberately included some older ventures in our sample to obtain data on the changes in the role of the board over time, and during the growth phase of the INV. Although we acknowledge the potential for some recollection bias, recollecting information about key events can still add value to research, even if the events occurred over 50 years ago (Berney and Blane, 1997; Corner et al., 2017). Overall, although this article provides plausible explanations for how different board structures affect the international growth of INVs, further research could build on our findings by using different methods. Finally, our empirical context may be deemed very specific. New Zealand is a remote, but open economy – a pioneer of free trade that actively promoted the internationalisation of its SMEs (Fath et al., 2021). Future research will need to explore the generalisability of findings from this context to others with differing characteristics.

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ORCID iDs

Antje Fiedler https://orcid.org/0000-0002-1004-8505
Rudolf R Sinkovics https://orcid.org/0000-0002-4471-5054

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Author biographies

Antje Fiedler (PhD, University of Auckland, New Zealand) is Senior Lecturer at The University of Auckland Business School. Her research interests include growth and internationalisation of firms, with a focus on emerging Asia, and employment relations. Antje is a member of the New Zealand Asia Institute and the Director of the China Studies Centre of The University of Auckland. She is a member of the Academic Advisory Team of the Southeast Asia Centre of Asia-Pacific Excellence. Her work has been published in international journals, such as *New Political Economy, Human Relations, International Small Business Journal* and *the Industrial Relations Journal*.

Benjamin Fath (PhD, University of Auckland, New Zealand) is Senior Lecturer at The University of Auckland Business School. He has researched innovation, internationalisation and growth of NZ businesses for over a decade. Ben teaches Research Methods on the MBA programme. He has facilitated workshops across New Zealand for practitioners on partner strategy in Asia in collaboration with the Asia New Zealand Foundation and ExportNZ. His work has been published in journals including *Australian Journal of Management, Human Relations, International Small Business Journal* and *the European Journal of Industrial Relations*.

Noemi Sinkovics (PhD, The University of Manchester, United Kingdom) is Senior Lecturer in International Business at University of Glasgow, Adam Smith Business School, United Kingdom. Prior to that, she worked at The University of Auckland, New Zealand and The University of Manchester, United Kingdom. Her research interests are theoretical and practical issues around entrepreneurship (including international and social entrepreneurship) and social, environmental and economic upgrading in global value chains. She is Co-Editor-in-Chief for *Data in Brief*, Associate Editor for *Critical Perspectives on International Business* and serves on several editorial review boards.

Rudolf R Sinkovics (PhD, WU-Vienna, Austria) is Professor of International Business at University of Glasgow, Adam Smith Business School, United Kingdom, and Visiting Professor at Lappeenranta/Lahti University of Technology, Finland. His research covers issues of inter-organizational governance, and the role of ICT, focusing currently on responsible business. He is Co-Editor-in-Chief for *Critical Perspectives on International Business*, Associate Editor for *Transnational Corporations* and serves on several editorial boards.