The impact of entrepreneurial team experience on the speed of new venture internationalization

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Abstract

Frame of the research: *The international experience and orientation of the entrepreneur are one of the dominant explanations for early and accelerated new venture internationalization. We put this explanation to test by investigating the impact of multiple, nuanced dimensions of prior experience on the speed of reaching significant international sales and by extending the view from the individual to that of the team.*

Purpose of the paper: *International entrepreneurship studies have predominantly focused on the individual's role in international expansion, neglecting the overall team experience and knowledge. This study relates a variety of experience dimensions that characterize the team to the speed of reaching significant foreign sales.*

Methodology: *Upper Echelon theory is transferred to the context of the new, small firm and used to theorize the impact of entrepreneurial team experience on the venture's speed to reaching significant export intensity. Special attention is paid to the many facets of experiential knowledge. An OLS regression is employed on a set of 98 Italian and German new ventures.*

Results: *Results of the OLS regression confirm the importance of the teams' industry experience, while, surprisingly, international experience exerts a significant but negative effect on the speed required to reach significant foreign sales. Experience in import-export related functions and gained in MNEs, as well as foreign language competence, do not show significant impact.*

Research limitations: *The limited sample size does not allow to single out all experience variables.*

Practical implications: *Practitioners and entrepreneurs who pursue fast international expansion get insight into the 'ideal' composition of the team.*

Originality of the paper: *To the best of our knowledge, this paper is the first to empirically analyze the impact of the many dimensions of prior team experience on the speed of internationalization..*

Key words: Internationalization; Upper-Echelon-Theory; entrepreneurial team; international experience; born global; international new venture

1. Introduction

Entrepreneurial teams have received relatively little attention in International Entrepreneurship (IE) research (e.g. Loane *et al.*, 2007). In view of the fact that the majority of new ventures are team-founded this is surprising (e.g. Bordet, 2019; Bormans *et al.*, 2020; Denicolai *et al.*,

2015). It is even more surprising because the founders of new ventures are considered the key resources of the young and small business (e.g. Wright *et al.*, 2007).

Given the new ventures' overall resource scarcity, the resources that entrepreneurs bring to their firm - their mindset, experiences and knowledge - have been considered especially valuable. In the entrepreneurial internationalization stream of IE, experiential knowledge acquired prior to foundation has been described as one of the key drivers and explanations of their early, fast, and intense internationalization (e.g. Rialp *et al.*, 2005; Zucchella *et al.*, 2007; Coviello, 2017; Hennart *et al.*, 2021).

For example, with prior international experience entrepreneurs possess readily available experiential knowledge which is important for discounting risk and for aiding leapfrog stages related to internationalization - making them enter foreign markets more quickly and realize more significant sales. However, if cohorts of entrepreneurial internationalizers are compared with their more traditional or later internationalizing counterparts, findings as to the role of the various experience dimensions, e.g. from work or education, industry or functions, are mixed or limited (Hennart *et al.*, 2021).

Thus, what is missing in extant research is not only the focus on entrepreneurial teams vis-à-vis the individual entrepreneur, also the multi-faceted nature of 'experience' needs additional investigation.

To shed more light on this topic, our study aims to answer the following research question: "Which *dimensions* of *prior team experience* affect the new venture's speed to reaching significant foreign sales?" The paper draws on the Upper Echelon Theory (UET) as the theoretical background for the study. UET, as we argue, is appropriately transferable from the Top Management Team background to the new venture setting. OLS regression is employed on a sample of 98 German and Italian new ventures.

We contribute to a fine-grained understanding of experience dimensions, which helps bring together a foundational assumption of IB theory (i.e. the Uppsala internationalization process model) and IE explanations. Importantly, we extend the view from individual experience to team experience to determine its role on the speed and intensity of new venture internationalization to contribute to the IE discussion on the importance of internal drivers of entrepreneurial internationalization. Relatedly, we show that the premises of the UET hold in a small firm context.

The remainder of the paper is organized as follows. We firstly introduce the Upper Echelon Theory (UET), and discuss its transferability to the new venture context. We then proceed with a literature review and hypothesis development and follow up with the empirical analysis details data collection, measures, method and findings.

A discussion and conclusion section terminates the work.

2. Theoretical background

2.1 The Upper Echelon Theory (UET)

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Our approach follows the UET, i.e. the view that an organization is the reflection of its top managers (Hambrick and Mason, 1984), which is based on the premise of limited rationality (Cyert and March, 1963). According to UET assumptions, especially when it comes to strategically important and complex decisions - of which internationalization is an example - top managers do not proceed objectively, but rather include subjective experiences, values, and external influences in their decision-making (Hambrick and Mason, 1984). Each decision-maker thus brings their individual resources to make "strategic" (Hambrick and Mason, 1984) decisions and solve complex situations. These individual resources include the cognitive characteristics - experience-based knowledge of future events, alternatives, and relevant consequences - of each decision-maker (March and Simon, 1958).

The UET has been developed for and proved to be useful mainly in the context of Top Management Teams, and thus longer established and larger firms. Therefore, the extent of transferability of the model towards international new ventures (INV) must be determined.

First, in line with Jin *et al.* (2017), it may be argued that in the small young venture context the reflection of the managerial characteristics on strategic decisions and performance of the company will be much clearer.

Second, the UETs conditions of limited rationality are most likely to occur in the presence of, for example, high job demand (Hambrick *et al.*, 2005).

Job demand is influenced by task challenge which is described as "the conditions that make it difficult for an executive to attain a given level of performance" (Hambrick *et al.*, 2005: 476). Hambrick, *et al.* (2005) argue that this level of difficulty depends on both the external environment and the internal resources and capabilities of the organization. Since the new venture environment and especially the INV environment is described as being complex and dynamic (Amason *et al.*, 2006; Schjoedt and Kraus, 2009; Hagen *et al.*, 2019), the task challenge is high, leading to a higher job demand. From the internal perspective, new ventures have to cope with the liability of smallness and newness (Stinchcombe, 1965) which is exacerbated in the INV by the liability of foreignness (Hymer, 1976). Therefore, the limited resources of the INV must be used systematically (Shan *et al.*, 2014), which can lead to a higher task challenge and, again, to a higher job demand (Hambrick *et al.*, 2005, p. 476). Founders of INVs also enjoy a high 'latitude of action' (Hambrick, 2007) due to their innovative, differentiated offerings (e.g. Knight and Cavusgil, 2004), a dominant global niche approach which guarantees freedom from competition and market power in their niches (e.g. Hennart *et al.*, 2021; Zucchella *et al.*, 2016, Hagen and Zucchella, 2014; Hagen *et al.*, 2012; Hagen *et al.*, 2017) and the absence of internal pressures (due to, e.g. age, size and deeply rooted culture).

Carpenter *et al.*, (2004) develop a new UE approach which integrates additional characteristics, like international experience and team size. The

extension of the model also describes contextual factors, for example the market in which the organization is active. Their work further supports the idea that it is advantageous to look at the team as a whole since tasks and functions are shared within it, considering that the team also proxies the total amount of (cognitive) resources.

Following the above argumentation, the UET can be transferred to our new venture context - it may even provide a better prognosis for entrepreneurial teams than for TMTs.

2.2 Literature review and development of hypotheses

Having established its 'transferability', we follow the UET and extend the dominant IE view that the entrepreneur's (international) experience constitutes a crucial resource for accelerated international expansion to include the team and a more-dimensional view of experience. We thus emphasize the impact of combined entrepreneurs' cognitive characteristics, i.e. various dimensions of experience, on the international performance of the venture. In our context, venture performance is defined as the speed of reaching 25 percent of foreign sales over total sales (Hennart *et al.*, 2021).

To the best of our knowledge, the influence of such fine-grained, *multiple experiences* held by *entrepreneurial teams* on the speed of international expansion has not yet been investigated. Also the type, the direction, and the strengths of these influences remain to be clarified.

The many facets of prior experience and their impact on the speed of international expansion

Entrepreneurs and managers hold objective and experiential knowledge. Experiential knowledge is gained through personal experience. For example, the crucial role of experiential knowledge is reflected in the Uppsala process model (Johanson and Vahlne, 1977). Once acquired, the manager's experiential knowledge has a direct effect on their strategic decisions regarding further international expansion (e.g. which market to enter, to move upwards the establishment chain etc).

Similarly, Shane (2000) emphasizes the importance of experiential knowledge of entrepreneurs to recognize opportunities and the decisions to be taken regarding their exploitation. Experiential knowledge is important for learning from errors, helping to evaluate alternatives, and, more in general, with making the 'right' strategic decisions (Blomstermo *et al.*, 2004). Along these lines, prior international knowledge of founders enables the new venture to leapfrog phases and speed entry into foreign markets.

Eriksson *et al.* (1997) argue that firms initially need to develop knowledge regarding daily business, which then will be changed due to international engagement. Knowledge here refers to customers, competitors but also distributors in a market and can even include the political situation or the culture of the market. According to Reagans *et al.* (2005), daily business can be established much faster when prior industry experience exists and, therefore also this kind of knowledge can foster the internationalization process.

If experience and ensuing knowledge is analyzed through the lens of the resource-based view, the association between knowledge and new venture performance or internationalization can be shown. The experiential knowledge of the entrepreneurs determines the level of human and social capital, i.e. differential resources and capabilities, and shows a significant impact on competitiveness and the performance of new ventures (Kogut and Zander, 1992; West and Noel, 2009).

As the discussion above shows, the origin and the nature of experiential knowledge is multifaceted which calls for a nuanced measurement of experience. Studying the earliest phases of the business, it is *prior* experiential knowledge which needs to be taken into account (e.g. Coviello, 2005). In general, entrepreneurs who can rely on prior experience better identify, assess and take advantage of opportunities, which other entrepreneurs may not take notice of. Similarly, extant research correlated entrepreneurs with high levels of prior industry experience with INV patterns (e.g. Oviatt and McDougall, 1994; Oviatt and McDougall, 2005; Servais *et al.*, 2007; Luostarinen and Gabrielsson 2006); Westhead *et al.*, 2001.

Based on these arguments the following hypothesis is formulated:

H1: Aggregated prior work experience, in the same industry, of the entrepreneurial team has a positive influence on the internationalization speed of the new venture.

Hambrick and Mason (1984) described the functional track as one determinant of managerial characteristics. What is of interest in our context is called the "output function" and describes activities like marketing, sales, and R&D. Hambrick and Mason (1984: 199) state that "There will be a positive association between the degree of output-function experience of top managers and the extent to which the firm emphasizes outputs in its strategy". According to their hypothesis, one can argue that an exporting function or experience within a company, that operates multi-nationally, can be emphasized in the strategic decisions of entrepreneurs. Moreover, Blomstermo *et al.* (2004) state that experiential knowledge can help managers in their strategic choices regarding foreign market selection and market entry. Since knowledge relates to similar experiences in the past, it can be assumed that an import/export-related function or experience in a multinational company can influence the entrepreneurs' knowledge regarding internationalization. In their study of new ventures, Reuber and Fischer (1997) found evidence of the influence of entrepreneurs' prior experience in sales and the internationalization of the new venture. In both ways entrepreneurs gained experience in coping with foreign markets and, thus, this experience helped them with their strategic decision-making process. Prior experience within a multinational firm or in import/export-related functions was found to be correlated significantly with the internationalization process of new ventures (Zucchella *et al.*, 2007; Reuber and Fischer, 1997).

Based on these findings, H2 is proposed as follows:

H2: Aggregated prior experience of the entrepreneurial team within a) a multinational company or b) an exporting function has a positive influence on the internationalization speed of the new venture.

The better opportunity exploration and exploitation of entrepreneurs, through prior knowledge, can also be linked to their international orientation.

Shaw and Darroch's (2004) study of entrepreneurial new ventures in New Zealand showed that the most crucial barrier to internationalization is related to the lack of knowledge regarding opportunities (together with finance). Domurath and Patzelt (2019) among others argue that entrepreneurs with less international experience need more time to identify and seize opportunities in foreign markets. They also argue that an international opportunity similar to one in the domestic market is not necessarily recognized if the entrepreneur lacks international experience. On the flip side, much extant work argues that having prior international experience, on behalf of the entrepreneur, impacts positively on the internationalization process of the new venture (e.g. Gruenhagen *et al.*, 2019; Reuber and Fischer, 1997; McDougall *et al.*, 2003; Baum *et al.*, 2015; Manolova *et al.*, 2002). International experience can be gained by working, living, or studying abroad (e.g. Clark *et al.*, 2018; McDougall *et al.*, 2003). Prior international experience helps managers cope with the uncertainty of the foreign markets and helps them recognize, assess and exploit opportunities better and thus accelerates the internationalization process (e.g. Autio *et al.*, 2000; Baum *et al.*, 2015; Reuber and Fischer, 1997; McDougall *et al.*, 2003; Manolova *et al.*, 2002). According to Hambrick and Mason (1984), the experience of a manager is reflected in their strategies, which means that the international experience leads to an international approach and thus to a faster internationalization of the new venture.

Since entrepreneurs cannot rely on experience within the newly founded venture, they have to rely on similar experiences from their past. The effect of prior international experience can be compared to the effect of prior working experience in a similar field or a multinational company.

Put together, the above discussion leads to:

H3: Aggregated international experience within the entrepreneurial team has a positive influence on the internationalization speed of the new venture.

Moreover, an additional dimension of international orientation is the knowledge of foreign languages.

According to Pankaj (2001, p. 138), trade between two countries is increased by 300% if a common language is spoken. Regarding exports or new venture internationalization, this approach, together with the dimension of 'language distance' (Ghemawat, 2001), can be used to show the importance of language within the entrepreneurial team. Also cultural elements refer to language and speaking a certain language may point to cultural affinity and, thus 'understanding'. Although extant research is mixed with regard to the impact of languages on internationalization speed (e.g. Zucchella *et al.* 2007 find a positive impact while Cannone and

Ughetto 2014 do not confirm significant results), along with our above reasoning we formulate the following hypothesis

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H4: Aggregated knowledge of foreign languages within the entrepreneurial team has a positive influence on the internationalization speed of the new venture.

3. Empirical analysis

Data collection

Data were collected through an online survey in Germany and in Italy in the period from April to June 2019 extracting company emails randomly from AIDA and Crunchbase datasets using as a cut off the year 2000 to avoid retrospective bias. The data that are used in the analysis consist of 98 usable questionnaires which correspond to a response rate of around 13 % and to the first wave of the survey. 75 observations are from Italian and 23 are from German new ventures respectively. A large majority (95 %) of respondents were the founders themselves, the rest being, for example, export managers or other knowledgeable persons (e.g. CFO) in the company having an average company experience of 10,5 years.

The average company age is 15 years. Two thirds of the companies sell consumer goods (of which one third durable consumer goods), the others offer services to consumers and to businesses. Overall, B2C companies constitute 66 % of our sample.

The term 'company founder' was defined as "all persons who had entrepreneurial responsibility in the establishment and management of the company, regardless of ownership." If there was more than one founder, the questions were answered by each founder distinctly. The questionnaire included questions about the number of founders and previous experience as detailed in the measure-section below and the number of languages spoken by each entrepreneur. All variables were measured in terms of the length of experience, i.e. years.

Model specification

We are investigating the relationship between entrepreneurial team characteristics and the speed of reaching an export intensity of 25 percent. Each variable should be considered individually, taking into account the other characteristics of the entrepreneurs in order to avoid distortion of the results. We therefore use an OLS method. The analysis of the model is performed with the freely available statistical software for econometrics, GRETL.

The variables are not normally distributed, nevertheless, this does not indicate that the OLS model cannot be used (Lumley *et al.*, 2002). Lumley et al (2002) argue that for the linear regression normality is not required to fit. Next, the linearity of the regression needs to be tested. It can be argued that a structural change at the 76th observation could occur because data

was taken from different countries. Therefore, the linear regression could have a structural change within the model, which can be assessed with the test of equality as proposed by Chow (1960). The output of the test statistics is the following: $F(8,81) = 0,893394$ with a p value of 0,5260. Therefore, the null hypothesis is confirmed, which means that there is no structural break at the observation point of 76 and the regression can be used for the whole dataset. Another check for the model is for omitted variables and collinearity, for which the test for specification errors is used within a least-square linear model (Ramsey, 1969). The test-statistic $F= 2,149967$ with a p value of 0,123 confirms the null hypothesis which indicates that the model is free of the omitted variable bias.

Lumley *et al.* (2002) argue that heteroscedasticity can have an impact on the predictability of the OLS model and therefore must be checked for. The Lagrange-multiplier test from White (1980) is being used and shows that the model is heteroscedastic ($TR^2 = 29, 161517$ with a p-value = P(Chi-square (33) $> 29,161517 = 0,658789$. The heteroscedasticity implies problems with the predictability of the variables and needs to be taken into consideration. To account for the heteroscedasticity in the errors of the variables of the model, the following approach is used: First (I), the OLS estimation of the model is performed. Then (II) an auxiliary regression is executed to generate an estimate of the error variance. Lastly (III), the weighted least squares are analyzed by using the reciprocal of the estimated variance as weight. In the auxiliary regression (II), the logarithm of the squared residuals from the first OLS is regressed. Either the regression takes place on the original regressors and their squares (by default), or just on the original regressors (if the "include squares" box is cleared). The logarithm transformation is made for ensuring the non-negativity of all estimated variances. The weighted series for the final WLS is formed as 1/ $\exp(u^\star)$, under the assumption that the fitted values are $u^\star$ (Gretl Statistical Software). This approach is made with the heteroscedasticity-corrected estimates regression, in Gretl.

Measures

Dependent variable

Internationalization speed is defined by the number of months needed to reach an export intensity of 25 percent. It is thus a more fine-grained measure than the one commonly used for reaching this threshold after 3- or 6-years from foundation (Hennart *et al.*, 2021). On average, new ventures achieved 25% of their foreign sales after 33 months, so less than three years.

Independent variables

Prior work experience is measured with the experience in the same or similar industry of the company (in years, before venture foundation) and aggregated for all founders (Jin *et al.*, 2017; Verbeke *et al.*, 2014; Gruenhagen *et al.*, 2018). The measure focuses on the depth of the experience, not the breadth. On average, the entrepreneurial team had approximately 12 years of prior experience in the same industry.

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Also prior experience in an MNE or in an export/import related function (Zuchella *et al.*, 2007) is measured in years and aggregated. Since the dataset is small, too many regressors can cause an invalid outcome of the model. Therefore, the two variables were summated. Again, the variable is based on the depth of the experience of the entrepreneur and not the breadth, since the number of years are accounted for and not the different positions within their prior experiences (Gruenhagen *et al.*, 2018). On average, the entrepreneurial team has aggregated experiences in a multinational company or in an export/import position of approximately 7 years.

Also international experience refers to the whole entrepreneurial team and is aggregated, with the distinction between education and work experience (Gruenhagen *et al.*, 2018; Jin *et al.*, 2017; Zucchella *et al.*, 2007). Again, the depth of the international experience is considered and not the breadth. The average international experience is approximately 6 years.

Foreign languages are aggregated and measured with the number of languages spoken by the entrepreneurs. The average entrepreneurial team speaks 3 foreign languages.

We *control* for team size (number of founders) and B2B/B2C status of the new ventures.

The model is checked for multicollinearity with the Belsley *et al.* (1980) collinearity test. The model that was initially intended to be used contained the dummy variable 'Country' which caused a collinearity problem and thus was eliminated from the model. Subsequently the model shows no collinearity and thus is reliable.

In addition, the model has been tested for covariance amongst the variables and endogeneity of the error term and the variables. The covariance matrix does not highlight any clear interdependence of variables. Next, endogeneity was tested. Since endogeneity is determined by a correlation of the model variables and the error, it can lead to an inconsistent model and an inadequate prediction of the outcome (Petrin and Train, 2010). For endogeneity testing, the Hausman specification test is used. The test uses the dummy variable 'country', as part of the error term, since it can have an influence on the international experience and other characteristics. The Chi-square (1) = 2,57459 with p-value = 0,108592 shows that endogeneity is not a problem. The results are summarized in the table 2 below:

Tab. 1: Hausman test of endogeneity (Gretl outputs)

Variable	Dummy country	Null hypothesis
International experience	p-value = 0,108592	Failed being rejected → no endogeneity
Prior work experience	p-value = 0,0582724	Failed being rejected → no endogeneity
Foreign Languages	p-value = 0,122113	Failed being rejected → no endogeneity
Prior MNE/Ex-IM experience	p-value = 0,132244	Failed being rejected → no endogeneity

Source: own elaboration

To summarize, the model is free from endogeneity; corrected towards heteroscedasticity and collinearity of one variable; the regression is linear and has no structural change. The regression is not biased towards omitted

variables but is not normally distributed. The regression is statistically significant, and the variables show good predictability as is shown in the following section.

Empirical findings and discussion

The model is significant (p-value 0,001264) confirming the relationship between the independent variables (Foreign Languages, Prior Work Experience, International Experience, Prior 'Company' Experience) and the dependent variable, ie. the speed to reaching 25 percent of export intensity. Nearly 21% of the internationalization speed variance can be explained through the independent variables in the model (r-square 0.209902; adjusted r-square is 0.157806).

Tab. 2: Model 1 - Control variables B2B Dummy & team size - Results of the regression (Gretl outputs)

	Coefficient	Std error	t-value	p-value
const	51,425	17,0897	3,009	0.0034***
TeamSize	-7,37977	7,12787	-1,035	0,3031
B2BDummy	57,4738	38,7369	1,484	0,1412
Res sum of squares	612,5425	Std error reg	2,539255	
R-squared	0,032684	Adj R-squared	0,012320	
F (2,95)	1,604952	P-value (F)	0,206298	
Log-Likelihood	-228,8559	Akaike crit	463,7117	
Schwarz crit	471,466	Hannan-Quinn crit	466,8484	

Source: own elaboration

Tab. 3: Model 2 - Independent Variables - Results of the regression (Gretl output)

	Coefficient	Std error	t-value	p-value
const	44,8232	8,32025	5,387	5,57e-07 ***
TeamSize	−1,47730	4,64407	−0,3181	0,7511
B2BDummy	28,7192	21,8706	1,313	0,1924
ForeignLanguages	−1,64651	1,14058	−1,444	0,1523
PriorWorkIndExperience	−0,190222	~ 0,164304	−1,158	0,2500
InternationalExp~	0,416187	0,122141	3,407	0,0010 ***
PriorCompanyExpe~	−0,595982	0,191042	−3,120	0,0024 ***
R-squared	0,209901	Adj R-squared	0,157806	
F (6,91)	4,029230	P-value (F)	0,001264	
Log-Likelihood	−198,2919	Akaike crit	410,5839	
Schwarz crit	428,6787	Hannan-Quinn crit	417,9028	

Source: own elaboration

As illustrated in table 3, H1 is confirmed. The industry experience of As illustrated in table 3, H1 is confirmed. The industry experience of the team impacts the internationalization speed of the new venture. According to the model, the internationalization of a new venture will be approximately

0.1902 months quicker for each year added to the entrepreneurial team's aggregated prior working experience in the same industry.

Prior experience in a multinational company or an import/export function does not have a significant impact on the speed to reach 25 % export intensity (H2 is rejected).

Hypothesis 3 states that the international experience is positively related to the speed of reaching international sales. While the relationship is significant, the sign is in the opposite direction. The coefficient of international experience is positive, meaning that international experience slows the speed to reaching 25 % of export intensity (p-value 0.4162). A one-year increase in international experience will increase the time needed to reach the threshold by approximately 0,4162 months.

Hypothesis 4 is rejected: Knowledge of foreign languages does not positively influence the speed of international expansion.

With regard to the control variables, there is no evidence that team size or the B2B/B2C status significantly impact on the outcome variable and confidence intervals further confirm that the statistically significant variables are good estimators for the influence on internationalization speed (Eckstein, 2014).

The speed to reaching 25 % export intensity was found to be significantly influenced by prior industry experience and the international experience of the entrepreneurs. While prior working experience in the same industry had the hypothesized positive effect on the time required to reach this threshold, international experience, much to our surprise and against most extant work in IE, shows a negative and significant effect on the speed to reach 'BG status'.

Prior industry experience in a similar field can be argued to enhance the entrepreneur's ability to evaluate alternatives and seize opportunities (Blomstermo *et al.*, 2004) and simultaneously build up their daily business quickly (Eriksson *et al.*, 1997; Johanson and Wiedersheim-Paul, 1975). Together with industry experience valuable networks and customer knowledge can also be expected.

Through prior industry experience, entrepreneurs' strategic decisions regarding international opportunities improve, speeding up the time to reach 25 % of foreign sales.

Secondly, we find no support for H2, which assumes a positive relationship between the prior experience in a MNE or an exporting function and the new venture's international speed. A closer look at the data reveals that only a few ventures have such experiences and, therefore, a possible explanation lies in the limited amount of data. Another explanation is that we are dealing with new ventures and that the organizational context is too different to transfer work experience from the large-sized company. Experiential knowledge refers to similar experiences, and the knowledge acquired in MNEs may not be directly transferable.

Another dimension of experience was related to the international working and studying experience of the entrepreneurs. With H3, a positive influence of prior international experience of the entrepreneurs on the internationalization speed of new ventures was proposed. This relationship proved to be significant but with a positive sign, thus going in

the opposite direction. Again, a possible explanation may be found in the variable itself. Due to the limited data, we have combined study and work experience, which, in extant research has shown mixed and contradictory results. Another explanation may be a trade-off between committed entry modes or the selection of 'difficult' markets and the speed of international expansion. Many INV opt for committed entry modes from the very beginning and also their market selection decisions do not necessarily follow 'easy-markets'-first trajectories (e.g. Melen and Nordman, 2009; Zucchella *et al.*, 2018; Hagen *et al.*, 2019) - bold decisions which may come with extensive international experience. Against the background of UET, we may explain the surprising finding with mental shortcuts due to heavy job demand - instead of looking for comprehensive analyses and decision-making, entrepreneurs may fall back not on what they have tried in the past but what may be suboptimal to confront the current setting.

However, the clear effect of the negative relation between international experience and speed is rather surprising and needs to be investigated further.

Foreign languages had no significant impact in our model, consistent with e.g. Cannone and Ughetto (2014). As of today, the use of English as a universal business language may discount the need for more and diverse language skills.

Finally, we have argued that taking the entire entrepreneurial team experience into consideration will further our understanding in regards to the speed of reaching significant foreign sales. Accounting only for one driver, the teams' experience, more than 20 percent of the variability of our dependent variable, can be explained, supporting the view that entrepreneurial teams are key drivers in internationalization endeavors. It is the cognitive characteristics and knowledge, and not team size, which influences the speed of international expansion. What counts is the team composition, or in other words, the composition of its characteristics. In general, engagement and collective interaction, i.e. behavioral integration (Hambrick, 2007) in the entrepreneurial team should be quasi automatic.

4. Conclusion, limitations, and future research

As is the case with all studies, and our work is no exception as it comes with limitations that present avenues for future research. First of all, the model focuses on the in-depth knowledge and experience of the entrepreneurial team without including breadth of experience (Gruenhagen *et al.*, 2018; Clark *et al.*, 2018). This relates to heterogeneity in the entrepreneurial team which has shown to influence team processes and performance outcomes. Also, we have investigated a direct link between the characteristics of the entrepreneurial team and the ventures' international performance. Accounting for strategy-related mediators or moderators would help understand contingencies better. This also holds for external contingencies such as, for example, regional export intensities or eco-systems that have been shown to influence internationalization or country affiliation.

Notwithstanding these limitations, with consideration of only one driver - the teams' prior experiences - our model explains more than 20 % of the variability in the speed to reaching significant (25 percent) foreign sales.

In summarizing our findings, it can be said that entrepreneurial team characteristics, i.e. their prior experience and specific knowledge, influence the speed to reaching significant foreign sales. Based on the premises of the UET, the many facets of experiential knowledge found relevant for individuals have been theorized and empirically investigated for teams and transferred to the context of international new ventures. OLS regression was used to examine the linear relationship between the characteristics of the entrepreneurial team and the speed of reaching 25 percent of export intensity. While we found prior industry experience to exert a significant positive effect on such speed, prior international experience showed, much to our surprise, a significantly negative effect. Prior experience in export/import-related functions and experience in a MNE proved to be insignificant, as did the number of languages spoken.

Prior industry experience is rarely accounted for in IE work, which predominantly discusses international work or study experience. In the light of our findings, industry experience may 'overrule' international experience or be in partial overlap, given the operationalizations of the concept. Alternatively, highly internationally experienced entrepreneurs may be more open to taking on more commitment or to taking bigger steps in terms of market selection which may mean slowing down the overall speed of reaching export intensity. Gabrielsson et al (2008) and Luostarinen and Gabrielsson (2006) emphasized these considerations for new ventures rather than focusing on reaching a numeric foreign sales threshold only. Against the background of UET, and, more in general the premises of bounded rationality, we may conclude that due to high job demand and high latitude of action, the founders' international experience may lead to mental shortcuts that weigh too much on prior experience - which may not be adequate for their current settings and thus slow down their international expansion.

In any case, our findings call for future research which accounts for overall team experience, instead of considering only the individual. Also, the multifaceted nature of experiential knowledge may be investigated further. Overall, the entrepreneurial team should receive the same research attention as is the case for top management teams in larger firms. After all, the effects of entrepreneurial team characteristics on the international performance and overall performance translate into growth and job creation in national economies. Given the importance of SMEs across almost all economies, such work would give valuable advice to policy.

For entrepreneurs and managers our results may constitute a guide on how to form and develop teams that are ready for early and continued international performance.

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