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WHAT CONSTITUTES AN EFFECTIVE BOARD: EXPLORING BOARD COMPOSITION, ROLES AND BEHAVIORAL INTEGRATION IN HIGH-TECH START-UPS (SUMMARY)

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≈ SUMMARY ≈

WHAT CONSTITUTES AN EFFECTIVE BOARD: EXPLORING BOARD COMPOSITION, ROLES AND BEHAVIORAL INTEGRATION IN HIGH-TECH START-UPS*Ekaterina Bjørnåli, NTNU, Trondheim, Norway**Andreas Ellingsen, Arkwright, Norway***Principal Topic**

Contrary to large companies, the entrepreneurial firm boards do not operate separately and distantly from the top management team (TMT). Recent studies emphasize the crucial role of the board in early stage high-tech firms and its contribution to the firm's survival and growth, yet such research is still limited. We address the gap by exploring how the board functions in order to enable the firm's development and growth. We do so by investigating in-depth what constitutes an effective board in a high-tech start-up, namely, (1) who the board members are, (2) what roles they perform, and (3) how these roles are performed. Our conceptual framework draws upon the resource dependence and upper echelon theories.

Methodology

Given limited prior research, our study is an inductive, multiple case-study and based upon unique qualitative data collected in Norway in 2014. Our five case companies are in various life cycle stages and represent different sub-sectors within the clean technology industry, including solar technology, hydropower, geothermal energy, and heat pumps. The case firms were established between 2005 and 2008, and thus fit the definition of a start-up being less than 10 years old. We have interviewed the CEOs personally using semi-structured interview guide. Then we contacted TMT and board members to have them complete the online survey.

Results and Implications

Overall, our findings provide evidence that board composition in terms of complementary resources added by external board members (that the TMT lacks), their increased engagement in the service role and the board's behavioral integration are important commonalities of the board effective work. Collectively they contribute to a firm's competitive advantage by strengthening firm's strategic action capabilities, both speed and breadth. Hence, the effective board work is akin to dynamic capability. However, not only the ingredients, but also the order of implementation is important to achieve board effectiveness. This study provides insights into board behavior in entrepreneurial firms, a relatively unstudied area in entrepreneurship and governance research. For entrepreneurs and policy makers this study can advise on what is needed to create an effective board in a high-tech start-up.

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