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CALIBRATING TEAM CONFIDENCE: THE EFFECT OF INDIVIDUAL HUBRIS ON FOUNDING TEAM DECISION-MAKING (SUMMARY)

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≈ SUMMARY ≈

**CALIBRATING TEAM CONFIDENCE:
THE EFFECT OF INDIVIDUAL HUBRIS ON
FOUNDING TEAM DECISION-MAKING**

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Principal Topic

Individuals have a general propensity to overestimate their own abilities often leading to overconfidence and hubris. Among new entrepreneurs, overconfidence has been shown to be especially problematic. While recent studies have focused on individual overconfidence, in the present study we focus on how overconfidence manifests within teams. The calibration of confidence within founding teams is the result of complex interactive relationships among other team-level inputs, states, and processes. However, not all teams will successfully calibrate team confidence. We examine the role of team characteristics and processes (such as team trust, conflict, and identity) that may hinder decision-making and thus pose challenges to the calibration of team confidence.

Method

We distributed two individual-level surveys to each of the study's 226 (163 undergraduate and 63 MBA students enrolled in a capstone strategy course). The first survey was administered prior to any team interactions and the second survey was administered at the approximate mid-point of the simulation exercise. Participants were formed into 61 teams for the purposes of competing in a comprehensive simulation game designed to simulate a top management team in new venture. The simulation required each team to engage in weekly meetings and make decisions over a 12-week period. A third survey was completed by the team and was administered at the approximate mid-point of the simulation.

Results and Implications

Our initial analysis suggests that moderators of team confidence include group trust, conflict, cohesiveness, and group identity. Our results contribute to the ongoing debate about the overconfidence and hubris of top management teams and the complexity of team-level confidence.

We advance the literature by disambiguating the manifestation of confidence calibration within teams through an examination of team confidence as an emergent team property rather than simply as the aggregate of individual-level confidence judgments. Practically, entrepreneurs and their stakeholders will gain knowledge and understanding about the manifestation and calibration of team confidence. Finally, our results will carry implications about the emergence of team confidence, and the important role of team processes and attributes (e.g., team trust, conflict, and identity) in the calibration of confidence and thus avoidance of overconfidence and hubris in top management teams.

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