Beyond Conventional Thinking in Highly and Less Digitalized Industries: Hubris as a Driver for Exceptional Decision-Making Logics

Janina Sundermeier, Solveig Bier, Martin Gersch
Freie Universität Berlin, Department of Information Systems, (janina.sundermeier; s.bier; martin.gersch)@fu-berlin.de

Abstract

The objective of this study is to determine whether hubristic founders who go beyond conventional thinking apply exceptional decision-making logics as opposed to rational entrepreneurs in highly compared to less digitalized industries. Based on a preliminary study and some existing empirical evidence, it is argued that hubristic founders indeed tend to apply an exceptional decision-making logic that is characterized by an excessive focus to implement once envisioned business models. This casual decision-making approach usually requires relatively stable environmental conditions. Therefore, its application is considered to be particularly exceptional in highly compared to less digitalized industries. The empirical analysis is performed based on a data set of 310 quantitative questionnaires that were completed by founders of startups in Germany, Austria and Switzerland. Surprisingly, there are only minor differences between the decision-making logics of hubristic compared to rational founders overall and in highly digitalized industries in particular. The results of the empirical analysis suggest that prior working and industry experience outweigh the influence of hubris on decision-making approaches. These findings contradict existing research outcomes and guide future research.

Keywords: Hubris, Decision-Making Logics, Causation, Effectuation, Digitalization