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The bright and dark sides of CEO hubris: Assessing cultural distance in international business

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Abstract
This paper aims to enrich the behavioral theory of international business strategy by investigating how CEO hubris (i.e., excess pride and confidence) affects international strategic choices, that is, location selection, entry timing, and modes of entry into the target market. Specifically, we focus on the relationship between *cultural distance* and international strategic choices and consider *hubris* as a mechanism that influences CEOs' decisions. Our conceptual framework recognizes that the performance of international strategies managed by hubristic CEOs is extremely volatile. On the one hand, we corroborate the idea that hubris has a dark side that may lead to pernicious outcomes. On the other hand, we recognize a bright side of hubris related to the consideration that overconfidence may sometimes be seen as a necessary CEO quality that in turn differentiates one firm from the others.

KEYWORDS
behavioral theory of strategy, cultural distance, entry modes, hubris, internationalization, location, overconfidence, timing

INTRODUCTION

The international business (IB) literature identifies various antecedents affecting the decision of a firm to enter a foreign country (Hitt et al., 2006). Most of such literature has focused on the various elements characterizing international strategy decisions (e.g., distance between home and foreign countries, endowment of resources, demand conditions and so on) and decisions whether to enter a new country on the basis of its potential difficulties (Nielsen et al., 2017; Zhao et al., 2017).

We are particularly interested in the behavioral theory of strategy, which advocates the opportunity to combine psychology with the IB literature to bring "theory closer to the empirical fact" (Powell et al., 2011, p. 1371): an approach enriching our knowledge on what CEOs perceive and do when they sense the opportunity to enter a foreign market (Gavetti, 2012; Maitland & Sammartino, 2015b). According to the behavioral theory of strategy, the diversity of CEOs' psychological attributes represents a potential explanation for some of the mixed empirical observations found regarding the antecedents of IB (Hitt et al., 2006) as well as the contradictory performance of international strategy (Wiersema & Bowen, 2011).

Within the behavioral theory of strategy, the concept of *hubris* has recently gained attention. Hubris manifests "when an individual has excessive pride, an inflated sense of self-confidence, and makes self-evaluations in terms of talent, ability, and accomplishment that are much more positive than any reasonable objective assessment would otherwise suggest" (Judge et al., 2009, p. 867). Research on hubris looks outside of the mere reasonable analyses resting behind strategy decisions, thereby implying the possibility that CEOs may decide on a different basis *vis-à-vis* on a rational and scrupulous examination of the data they have at hand. In fact, an analysis of real business cases shows that CEOs might exhibit deep trust and overestimate their own abilities (Dagnino et al., 2013; Eckhaus & Sheaffer, 2018). As a consequence, this cognitive bias may drive them toward decisions to internationalize that may not be supported by a thorough rational analysis.

The literature on hubris has advanced in IB with a narrow scope, usually with a special focus on how hubris (or overconfidence) affects entry modes into foreign markets (Seth et al., 2000; Lai et al., 2017). Actually, this limited focus occurs since the behavioral theory of strategy lacks a holistic approach for examining how hubris bias reveals itself in IB. Specifically, insufficient attention has been hitherto devoted to both the potentially negative and positive consequences of hubris, which may have crucial importance in explaining certain decisions and outcomes of international expansion (e.g., Picone et al., 2014; Sundermeier et al., 2020).

In this article, we investigate the differences among CEOs *assessing their firms' international strategy* as concerns hubris. Specifically, we focus on *cultural distance* (i.e., the degree to which the cultural values of a country and its commonly accepted standards of behaviors differ from those of another country; Sousa & Bradley, 2006) and consider hubris as a mechanism that influences CEOs' decisions. Two reasons motivate the focus of our investigation. First, the IB literature credits importance to cultural distance (CD) and unveils high heterogeneity among CEOs in assessing it (Sousa & Bradley, 2006; Beugelsdijk et al., 2018). Therefore, we aim to understand whether (or not) the presence of hubris may be one of the possible explanations for such heterogeneity.

Second, hubris shapes how individuals process information and reach an ultimate decision under conditions of uncertainty (Tversky & Kahneman, 1974; Li, 2018). Accordingly, the importance of hubris emerges in the high-stakes conditions when selecting IB strategies, particularly in culturally distant contexts (Powell et al., 2011; Maitland & Sammartino, 2015a). Overall, we aim to build a conceptual framework regarding CEO hubris in assessing CD. We investigate the role of CEO hubris in the decision to enter a foreign market and the set of choices regarding the selection of the target location, the right entry timing, and the most suitable entry mode. Then, we illustrate *why* the outcome of an internationalization path managed by hubristic CEOs may produce both negative and positive performance outcomes.

Our contribution to the extant literature is threefold. First, we explore certain key aspects through which CEO hubris affects decisions regarding internationalization. Arguably, the extant literature posits the existence of a link between hubris/overconfidence and risky business endeavors (e.g., Simon & Houghton, 2003; Galasso & Simcoe, 2011; Robinson & Marino, 2015) – such as acquisitions (Seth et al., 2000; Lai, Lin, & Chen, 2017) - and the areas of international growth strategies. Nonetheless, while the link between hubris and acquisitions signaling increased complexity is well known, no such link has been studied concerning international growth strategies. Hence, this study complements prior literature on the role of CEOs in selecting various internationalization choices (e.g., Aharoni et al., 2011; Devinney, 2011; Hennart & Slangen, 2015). We conclude that hubris bias acts as a potential explanation for the mixed empirical observations found regarding the antecedents and performance in IB.

Second, this paper builds on the premise that, like a coin, hubris has two sides (Hayward et al., 2010; Picone et al., 2014; Zeitoun et al., 2019). On the one hand, we argue that CEO hubris may induce the selection of overly ambitious and risky international strategies (Li & Tang, 2010). As a consequence, hubris may lead to catastrophic performance outcomes. On the other hand, hubris may sometimes be seen as a necessary quality of such individuals, differentiating them from others. Accordingly, CEO hubris may help develop the firms' ability to capture "cognitively distant" opportunities (Gavetti, 2012) due to CD and thus play a positive role in firm internationalization.

Third, we contribute to studies on the role of CD in IB choices. While the extant literature has long investigated the relationship between CD and foreign entry strategies (Beugelsdijk et al., 2018) in an attempt to determine how the former exerts influence on the latter, we call attention to CEOs' psychological attributes in moderating such relations.

This paper is structured as follows. First, we present the antecedents of internationalization choices with a special focus on CD and summarize the literature on hubris. Then, it provides a synthetic explanation of our conceptual framework that will be discussed in the following sections. Finally, we present our conclusion and discuss future lines of research. To facilitate the reader's understanding, Table 1 provides the main definitions adopted herein.

ANTECEDENTS OF INTERNATIONALIZATION CHOICES

Internationalization represents "a strategy through which a firm expands the sales of its goods or services across the borders of global regions and countries into different geographic locations or markets" (Hitt et al., 2007, p. 251). Once the decision to enter a foreign market is made, its implementation strategy requires a set of choices regarding the *location* selection, the entry *timing*, and the entry *mode*. Usually, CEOs consider the abovementioned choices simultaneously.[1] Taken together, they provide a comprehensive view of how international growth works. Arguably, the strategic choices by which firms enter foreign countries display high levels of complexity, incomplete information, and uncertain outcomes (Nielsen & Nielsen, 2011; Maitland & Sammartino, 2015a). The uncertainty characterizing a new context the firm aims to enter makes the decision process extremely intricate (Le Masson et al., 2019), especially when it is executed through rational analyses.

TABLE 1 Key concept definitions used in this paper

Research area	Research topic	Definition	Definition source
Behavioral Theory of Strategy	Behavioral Theory of Strategy	"Behavioral strategy merges cognitive and social psychology with strategic management theory and practice. Behavioral strategy aims to bring realistic assumptions about human cognition, emotions, and social behavior to the strategic management of organizations and, thereby, to enrich strategy theory, empirical research, and real-world practice"	Powell et al., 2011, p. 1731
	Decision-making	Decision-making regards "the processes involved in choosing a firm's strategy"	Fahey, 1981, p. 43
	Bias	"Cognitive dispositions to respond"	Croskerry, 2002, p. 1184
	Hubris	"Overconfidence mixed with excessive pride"	Picone et al., 2014, p. 447
International Business	Internationalization	"A strategy through which a firm expands the sales of its goods or services across the borders of global regions and countries into different geographic locations or markets"	Hitt et al., 2007, p. 251
	Cultural distance	"The degree to which cultural values in one country are different from those in another country. Instead of assessing the individual's perception of differences, the CD concept uses cultural values to assess the distance among countries and not individuals"	Sousa & Bradley, 2006, p. 52
	Location	The market a firm selects for a new foreign entry	Kang & Jiang, 2012
	Entry timing	The time within which a firm decides to enter a new market	Zachary et al., 2015
	Ownership mode	Two specific types of ownership characterize entry modes: (a) shared ownership modes, such as the establishment of a joint venture with a local partner or a partial acquisition; (b) full ownership modes, such as a greenfield wholly owned subsidiary or a full acquisition	Brouthers & Hennart, 2007
	Establishment mode	Two specific types of establishment mode characterize entry modes: greenfield vs. acquisition	Brouthers & Hennart, 2007

While we acknowledge that firm internationalization requires a systematic inspection of several factors (Hitt et al., 2007), we also recognize that some of its antecedents, such as CD, are usually challenging to assess. For this reason, the IB literature has extensively tried to investigate the relationship between CD and foreign entry strategies (e.g., entry mode) in an attempt to determine how the former influences the latter. Specifically, scholars have tried to disentangle the CEO's decision process by focusing on the implications produced by the uncertainties characterizing an investment into a new and "culturally distant" country (Reus & Lamont, 2009). As López-Duarte and colleagues argued (2016, p. 397), culture "arises as a key factor conditioning not only the decision of internationalization, but also the choice of host countries, the selection of entry mode strategies, the internationalized firms' organizational design, transfer of knowledge and management of human resources, as well as the final performance of the process". In addition, IB studies consider CD to have a central role in determining frequent heterogeneities among managers' perceptions (Beugelsdijk et al., 2018).

Cultural distance as a crucial antecedent of internationalization choices

In IB studies, common wisdom highlights that the higher the CD between the home and the host country is, the less knowledge about the latter is likely to be available to new entrants (Eriksson et al., 2000). This condition implies that, when a firm decides to enter a culturally distant country, it should adjust to its characteristics and to its inner challenges, with special care to crucial heterogeneities, such as those regarding language and jargon, lifestyles, beliefs, consumer preferences, and commonly accepted standards of behavior (López-Duarte & Vidal-Suárez, 2010). In addition, CD affects the selection of the investment timing (Ganesh et al., 1997) and entry mode (Meschi & Riccio, 2008; Chang et al., 2012). The uncertainty characterizing the target country should *rationally* suggest caution (Slangen & Van Tulder, 2009) to avoid rushing too early and possibly the gathering of additional information before entry (Anderson & Gatignon, 1986). In terms of location, firms deciding to invest abroad tend to circumvent target countries they consider to be culturally distant (Gielens & Dekimpe, 2007). Finally, the higher the distance is, the lower the familiarity with the country (Gomez-Mejia & Palich, 1997). Therefore, the rational perception of distance should suggest low-control entry modes, at least in the initial stage, to contain the risk of incurring serious losses (Meschi & Riccio, 2008). Table 2 reports the main aspects of the relationship between CD and international strategic choices tested in IB.

CEOS' HUBRIS

The term hubris delineates an *excess of confidence* about being correct (or obtaining a certain outcome) combined with *excessive pride* (Judge et al., 2009; Picone et al., 2014). In other words, it defines "the tendency of individuals to overestimate their abilities" (Hill et al., 2012, p. 188). In fact, people affected by hubris "have unwarranted confidence in their fallible judgment" (Neale & Bazerman, 1985, p. 39).[2] A kind of escalation exists when moving from *confidence* to hubris. While confidence is grounded in a rational process of categorization and evaluation of information (Gist & Mitchell, 1992; Bandura, 1997), hubristic CEOs manage information in trusting and unwise fashion (Li & Sullivan, 2020), thereby conferring high importance to chances of success due to their contribution. The boundary line between confidence and hubris regards how people process information. Hubristic CEOs process information in a noncritical manner and consider their point of view to be free of errors. As a consequence, regardless of the information other people possess, hubristic CEOs show absolute faith in their ability to achieve target outcomes. Moreover, hubristic CEOs show an excess of pride and believe that their capabilities and performance are more effective and outstanding than other people's.

For further clarification, psychological studies argue that hubris is shaped by stimuli "evoked by a specific trigger (power), and usually [reduced] when power fades" (Owen & Davidson, 2009, p. 1397). Remarkably, hubris does not emerge as fully formed when CEOs are empowered to formulate strategy, but it rather rises over time as an incremental function of CEOs achieving success and obtaining appreciation for their good performance (Claxton et al., 2015; Asad & Sadler-Smith, 2020). Hayward & Hambrick (1997) argue that firms' recent success boosts CEOs' core self-evaluation (Hilary & Menzly, 2006). Similarly, media admiration and frequent prestigious awards assigned to CEOs play important roles in molding their self-perception. Overall, hubris emerges in CEOs when environmental factors lead them to develop an overblown perception of self-esteem. These factors may reinforce their pride and sense of distinctiveness and exceptionality; that is, they may develop the idea that their contribution to firm success is truly unique and extraordinary (Hayward & Hambrick, 1997).

The strategic management literature investigates the consequences of hubris at both the theoretical and empirical levels (Picone et al., 2014; Sadler-Smith et al., 2017). In particular, such literature focuses on the following:

1. on the negative side, studies commonly demonstrate the dramatic consequences of CEOs' choices; and
2. on the positive side, studies observe that hubris is sometimes necessary to commit stakeholders to CEOs' risky initiatives (Russo & Schoemaker, 1992; Bollaert & Petit, 2010).

Because it is commonly identified with its negatively accepted meaning, some scholars connect hubris to CEOs' preference to adopt high-flying strategies that may easily lead to a disaster. From this perspective, hubris (or overconfidence) has been employed in management as technical jargon to explain acquisition failures (Roll, 1986; Hayward & Hambrick, 1997; Malmendier & Tate, 2008), unsuccessful investments (Zacharakis & Shepherd, 2001), and irresponsible corporate social events (Dagnino et al., 2013; Cormier et al., 2016; McManus, 2018).

A decade ago, Hayward et al. (2010, p. 576) posited that "by focusing on focal judgments, hubris theory may rush to the erroneous conclusion that overconfidence necessarily hurts actors, their organizations and societies." From this perspective, Picone et al. (2014) conceptualized the bright side of hubris: managers sometimes need to overestimate their own abilities; otherwise, the fear of producing losses would likely stop many of them from running the inner risk of making crucial strategic decisions. Interestingly, some scholars focus on this bright side of hubris to explain how certain hubristic CEOs may formulate inspiring strategies and thereby be able to motivate their followers, touch employees' passion, and stimulate their pride and commitment (Shipman & Mumford, 2011). As such, a recent study shows that hubristic CEOs play a facilitating role in the starting phase of green innovative projects (Arena et al., 2018). In addition, referring to competitive contexts characterized by uncertainty and complexity (i.e., industries in which the competitive advantage is less or nonsustainable, Dagnino et al., 2021), Zeitoun et al. (2019, p. 649) argue that the premise that hubristic CEOs do not search for "counterfactual thinking facilitates the entrepreneurs' decision to start a business (a beneficial effect)." In addition, Sundermeier et al. (2020, p. 1061) found that hubristic decision makers' "unshakable belief in their inevitable

TABLE 2 The relationship between CD and internationalization choices: A rational perspective

	Key arguments	Main reference(s)
Location choice	CD is among the most influential "determinants of foreign direct investment location patterns"	Davidson, 1980, p. 9
	CD creates knowledge entry barriers and hampers the transfer of knowledge and capabilities to foreign locations	Anand & Delios, 1997
	CD between different locations may be reduced by "the presence of ethnic minorities sharing language, religion, and history with the population" of the entering firm. Overall, firms prefer locations that are "culturally closer to their home country"	Mariotti & Piscitello, 1995, p. 818 and p. 824
	The more experienced are the firms are, the higher the will to move to more distant locations Firms are assumed to successively enter markets withincreasing levels of CD with respect to their home country	Benito & Gripsrud, 1999; Johanson & Vahlne, 1990.
Entry timing choice	CD determines uncertainty, and "firms choose foreign market entry timing strategies based on their perceptions and evaluations of the uncertainties and rewards inherent with early versus late entry into that market"	Stevens & Dykes, 2013, p. 387
	Goods spread out quickly within countries characterized by considerable degree of cultural and economic similarity in comparison to the first international penetration	Ganesh et al., 1997
	Cultural issues are important for the timing of foreign direct investment, "revealing CD as a significant barrier in multinational banking expansion"	Blandón, 2001, p. 223
Entry mode choice: ownership mode	"Both greater target country risk and greater cultural distance reduce the likelihood of using higher-commitment entry strategies"	Quer et al., 2007, p. 74
	When CD distance is great,"low-control levels are more efficient than intermediate levels"	Anderson & Gatignon, 1986, p. 18
	CD leads to the selection of the joint venture as the entry mode	Dadzie et al., 2018
Entry mode choice: establishment mode	CD regards different organizational practices, managerial practices, and communication styles CD makes it challenging to integrate firms into a corporate network after the acquisition. Then, firms prefer entering through greenfield investments	Hennart & Park, 1993; Kogut & Singh, 1988
	The influence of culture on the integration process of acquisitions is critical for the achievement of integration benefits. There is a strong inverse relationship between perceptions of CDs and shareholder gains in acquisitions	Chatterjee et al., 1992; Olie, 1990

(Continues)

TABLE 2 (Continued)

	Key arguments	Main reference(s)
	CD is usually associated with a negative performance of acquisitions and rarely withgood performance	Datta & Puia, 1995; Morosini et al., 1998
	"Large differences in national culture reduce foreign acquisition performance if the acquired unit is tightly integrated into the acquirer, but they [may] enhance acquisition performance if post-acquisition integration is limited"	Slangen, 2006, p. 161

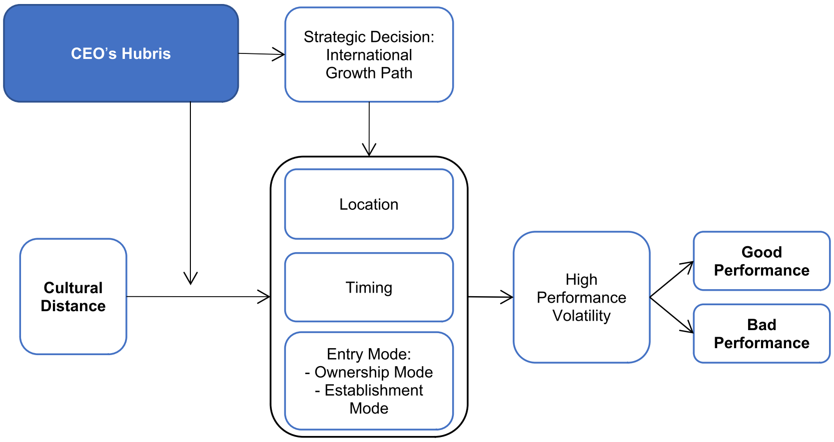

FIGURE 1 Hubris-driven international growth: A conceptual framework

success positively influences the internal motivation among their employees who are thus persuaded to support the exploitation processes."

CONCEPTUAL FRAMEWORK

We build our conceptual framework focusing on the role of CEO hubris in the choice of different internationalization options (see Figure 1). We apply a *reductionist* approach to the behavioral theory of the firm by focusing on the "rules that people seem to use when evaluating uncertainty" (Barnes, 1984, p. 129). We attempt to understand how hubristic CEOs "scan, evaluate, discard, and embrace different international strategy options" (Maitland & Sammartino, 2015a, p. 1554). First, we focus on the link between CEO hubris and the choice to grow firms internationally. Then, we clarify the role CEO hubris plays in three key aspects of internationalization: (a) location selection; (b) right entry timing; and (c) the most suitable entry mode. We focus on these main strategic choices that define the direction of long-term international growth in the light of CD. Together, they delineate the entrant's international strategy and its main objectives. In such a way, we offer a nuanced picture of why firms managed by hubristic CEOs show heterogeneous performance outcomes.

In developing the framework, a parsimonious approach requires the selection of a few factors that are seemingly relevant for selecting the abovementioned choices. Consistent with our literature review, we focus on the relationship between CD and international strategic choices and consider hubris as a *mechanism* that comes into play and exerts influence on CEOs' decisions. Finally, taking into account the peculiarity of the international growth path managed by hubristic CEOs, our framework suggests the existence of both a "bright side" and a "dark side" of hubris.

THE DECISION TO ENTER A FOREIGN COUNTRY

Drawing on the behavioral theory of strategy, we posit that hubris affects the way some CEOs manage the firm internationalization strategy (Gavetti, 2012). "Because of limited information processing capacity and information overload, the human brain cannot process all external stimuli simultaneously" (Ocasio, 2011, p. 1287). In this perspective, we focus on the way hubris shapes such stimuli (Hayward & Hambrick, 1997). We first argue that, although hubristic CEOs are aware of their value maximization[3] task, hubris manifests in their choice to "engage in empire building for its own sake"

(Kroll et al., 2000, p. 118). An international decision implies both ongoing development and firm transformation "in terms of scope, business idea, […] dominating values and converging norms" (Melin, 1992, p. 101). Hence, hubristic CEOs are willing to internationalize because they genuinely feel that such growth is controllable and effectively pursuable when conducted under their guidance and experience (Debrulle & Maes, 2015).

Additionally, in the IB literature, no consensus exists about the performance results of firm internationalization (Hitt et al., 2016). Accordingly, conflicting advice is presented to CEOs (Hitt et al., 2006). Nonetheless, hubristic CEOs are passionately disposed to accept difficult challenges (Griffin & Tversky, 1992), "as they tend to believe themselves to be better at difficult tasks than at easy ones" (Tang et al., 2015, p. 1702).

Furthermore, hubristic CEOs often tend to overvalue the potential benefits associated with internationalization. Regardless of their strategic leadership capabilities, hubristic CEOs show higher confidence than other individuals in their capability to make the right responses to new opportunities and challenges (Hiller & Hambrick, 2005). They may generate excessively optimistic projections concerning international growth.

Finally, CEOs affected by hubris show an excess of pride that explains their need to succeed and, even more importantly, the need for such success to be fully recognized within their firms and by their stakeholders. Accordingly, not only hubristic CEOs are inclined to formulate international strategies, but also experience a thrill when undertaking ambitious strategies. Therefore:

> **Proposition 1** The higher the CEO's hubris is, the higher the probability a firm will pursue an internationalization path.

The location choice

The location choice is crucial to internationalization performance for different stakeholders (Makino et al., 2004; Keršuliene et al., 2010). Location choice is the outcome of assessment processes in which estimated returns and expenses should be carefully weighed. Past research focuses on the cultural, administrative, geographic, and economic distance among countries (Ghemawat, 2001). These aspects represent the main factors influencing location selection (Slangen & Van Tulder, 2009).

In the IB literature, common knowledge shows that firms investing in culturally distant countries face higher levels of uncertainty than those operating in countries that are culturally closer (Johanson & Vahlne, 1977, 2009; Heidenreich et al., 2015). The uncertainty of a given location is molded by the lack of effective comprehension of the local culture (Sanchez-Peinado & Pla-Barber, 2006). Therefore, CEOs usually favor locations that are cognitively and culturally closer to their country of origin. Specifically, managers are more prone to enter foreign countries that speak the same language, share the same colonial history, or have the same technological advancement (Holburn & Zelner, 2010). Given "the centrality of cultural values in shaping individual and organizational behaviors" (Beugelsdijk et al., 2018, p. 90), CD is likely to reduce CEOs' interest in heterogeneous countries. In fact, CD limits their concern in evaluating some foreign markets as alternative locations (Beugelsdijk et al., 2018). In sum, from a *rational perspective*, "high CD reduces the probability of investing in a country" (Beugelsdijk et al., 2018, p. 92), and IB studies suggest the existence of a *negative relationship between CD and the likelihood of internationalizing*.

Here, we contend that hubris affects location selection for two reasons. First, hubris affects CEOs' propensity to enter culturally distant countries. Second, hubris alters their perception of CD. The *propensity* to enter culturally distant countries relates to the CEOs' disposition to take on the risk connected to the "lack of familiarity with the host country and the ways of organizing and conducting business" (Beugelsdijk et al., 2018, p. 95). Hubris manifests in CEOs' disposition to seize cognitively distant opportunities that appear challenging but comparatively quite rewarding (Gavetti, 2012). Hereditary narcissistic factors linked to CEO hubris (Picone et al., 2014) emerge in such circumstances, thereby leading to an extraordinary risk-taking propensity (Lakey et al., 2008; Foster et al., 2009; Grijalva & Harms, 2014). From this point of view, we expect CEOs to be prone to enter culturally distant and thus risky foreign locations. Then, the negative relationship between CD and the probability of investing in a country becomes less important when a hubristic CEO formulates international strategies. In fact, hubristic CEOs may be prone to selecting challenging locations to nurture their self-image (Chatterjee & Hambrick, 2007). Additionally, hubristic CEOs might be challenged by the idea of convincing stakeholders to "espouse a new, cognitively distant course of action," thereby inducing them "to adopt a new representation of the firm and its position in the competitive space" (Gavetti, 2012, p. 269). Given the level of CD between home and foreign countries, hubristic CEOs are likely to enter a culturally distant country.

The *perception* of CD concerns the CEOs' capacity to assess the consequences associated with internationalizing to a location with a given degree of CD. When CD exists between two countries, consequentially entailing high uncertainty (Duncan, 1972), top executives face "the classic case of what […] Walter Mischel (1977) calls a 'weak situation'; that is, one in which the characteristics of the situation are not clear-cut enough to dictate a course of action" (Finkelstein & Hambrick, 1996, p. 20). We argue that when entering culturally distant markets, hubristic CEOs fail to see the risk of their moves (Heidenreich et al., 2015). In fact, they possess limited aptitude to sensibly analyze CD and show the bias in their subjective perception of quasi-objective reality. Hence, hubristic CEOs may well underestimate the challenges originating from CD. While detecting the country's CD requires a systematic process of information gathering, hubristic CEOs tend to overlook the quest for fit between the firm's value proposition and the target market. While from a *rational perspective*, a negative relationship exists between the CD characterizing two countries and the likelihood that a firm may enter the foreign market, hubris bias tends to reduce such a negative relationship. CEOs affected by hubris tend to care much less about the troubles of CD when selecting a given market. Therefore:

Proposition 2 CEOs' hubris weakens the negative relationship between cultural distance and the likelihood of entering a given market.

The choice of entry timing

The entry timing (i.e., the time when firms make the decision to enter a country with their products upon assessing the effective timing of market penetration) in a new market is critical to internationalization performance (Isobe et al., 2000; Gaba et al., 2002; Zachary et al., 2015). Early entries display the advantage of grasping market opportunities ahead of competitors by accessing local knowledge and consolidating the capabilities required to anticipate rivals' subsequent entry (Frynas et al., 2006). In the same vein, early entry may also turn quite risky. Usually, the sooner the entry, the less experienced and knowledgeable the firm will be (at least in the local market). Hence, from a rational perspective, the earlier the entry *vis-à-vis* competitors, the more uncertain the outcome will be (Li et al., 2003).

A key variable explaining the right timing for entering a foreign market is, once again, the CD between the country of origin and the target country. This is why *rational* CEOs usually exhibit caution when investing in risky locations. Risk is strictly connected to CD. In fact, when firms decide to internationalize in culturally distant countries, several aspects exert a potential impact on investment performance. For instance, from the local consumer's perspective, entrants should leverage the proposed product/service in view of their preferences; otherwise, a deleterious "misfit" in combining product/service and country may develop. From the entrant's perspective, several issues connected to post-entry processes may emerge, such as those regarding governance structures, management styles, and national/corporate cultures potentially affecting integration and recruiting policies. Accordingly, the higher the CD between two countries is, the longer the time a firm needs to enter a market. From a *rational perspective*, the IB literature assumes that the *greater the cultural distance is, the longer it takes for a firm to enter the target country* (Blandón, 2001).

As previously argued, hubristic CEOs have low perception of a given level of CD. Hubris might drive CEOs to consider the target location only in view of the opportunity represented, regardless of CD (as previously assessed in P2). Their self-confidence in managing the entry process is likely to reset any perception of cultural discrepancies. Thus, they might look at the target location only as a new market to conquer and exploit ahead of competitors. Hubristic CEOs are likely to attempt to *anticipate* rivals so as to be the first ones to exploit market potential. As such, they may fail to see reasons to employ cautious approaches. Convinced of the unique value of their strategic leadership, hubristic CEOs accept as true the information and knowledge they can control (Moore & Healy, 2008). Overall, the consequence is that the firm enters the foreign country earlier than its rivals because the CEOs underplay CD issues and prefer to promptly set up affiliates abroad, thereby creating favorable conditions for another international success. Therefore:

Proposition 3 CEOs' hubris weakens the negative relationship between cultural distance and fast entry timing.

The entry mode choice

A firm expanding internationally may penetrate a market through various entry modes (Andersen, 1997). The IB literature has developed various taxonomies of entry modes. For instance, Brouthers & Hennart (2007) distinguish them on the grounds of two key characteristics: *ownership mode* (shared ownership vs. full ownership) and *establishment mode* (greenfield vs. acquisition).

Ownership mode

Two types of ownership characterize this entry mode: (a) the *shared*-ownership mode, such as a joint venture with a local partner or a partial acquisition; and (b) the *full*-ownership mode, such as a greenfield wholly owned subsidiary or a full acquisition. They mainly lead to the emergence of important heterogeneities regarding the amount of investment and the flexibility of divestiture. Both the establishment of a joint venture and a partial acquisition imply a limited investment *vis-à-vis* the full-ownership mode because they are based on sharing ownership and control with others. Moreover, they are easier to divest. Shared-ownership arrangements supported by interorganizational trust (Balboni et al. a, 2018) seem to be effective when foreign locations are characterized by uncertainties due to many differences *vis-à-vis* the country of origin (e.g., CD) (Barkema et al., 1996).

From a *rational perspective*, the IB literature posits a *negative relationship between CD and the likelihood that a firm will implement a full-ownership entry mode*. In this regard, Hennart & Larimo (1998) corroborate the idea that firms prefer joint ventures rather than wholly owned subsidiaries when the CD between home and foreign countries is high. In fact, a higher cost and stronger rigidity of the investment in a wholly owned subsidiary imply a higher level of security that is usually not warranted by a diverse, uncertain, and thus highly risky environment (Brouthers, 2002; Tihanyi et al., 2005). Such a situation encourages foreign investors to preferably opt for less risky entry modes, such as a partnership (i.e., shared ownership) with a local firm or with another entrant, to share the risk.

However, because hubristic CEOs are little concerned about CD, we expect them to opt for a full-ownership entry mode, as they fail to recognize the cultural differences to be so widespread as to require external aid. It is worth noting that the focal point is not the quality or amount of knowledge that hubristic CEOs can manage. Actually, given the level of knowledge, hubristic CEOs are not likely to consider such knowledge in a critical fashion, as they believe their decisions to be free of error. Therefore, we argue that, when comparing two CEOs with the same level of knowledge, the hubristic CEO is less likely to consider the importance of CD when making decisions. Therefore, the role of CD is weaker in a hubristic CEO's decision-making regarding the selection of an ownership mode than in a *rational* CEO's decision-making.

Additionally, while rational CEOs usually enter through prudential approaches when CD matters, hubristic CEOs typically decide to invest straightforwardly a large amount of financial resources (Roll, 1986), as they are overoptimistic about the performance outcome of their initiatives. Actually, they prefer entering through a full-ownership entry mode because they tend to downplay the challenges of CD and, hence, overlook to fear the possibility of future divestment/exit. By overlooking CD and the challenges of internationalization, hubristic CEOs overestimate their capacity to identify and grasp opportunities. Accordingly, they underestimate the importance of CD in IB. Furthermore, they underrate investment risks. Put differently, the selection of the full-ownership entry mode depends on hubristic CEOs' overbearing presumption that their own valuations are always correct (Roll, 1986). Therefore:

> **Proposition 4** CEOs' hubris weakens the negative relationship between cultural distance and the likelihood that a firm will implement a full-ownership entry mode.

Establishment mode

When selecting the entry mode, a second significant decision regards the choice of the establishment mode, that is, greenfield vs. acquisition (Brouthers & Hennart, 2007). Rationally speaking, CEOs prefer the acquisition mode, as it provides the opportunity to build local links to limit the costs related to the liability of foreignness. Nonetheless, this advantage is frequently compensated by the managerial costs associated with post-acquisition integration (Demirbag et al., 2008). Thus, according to the meta-conceptual appraisal of Beugelsdijk et al. (2018, p. 92), we should rationally expect CD to be "associated with firms preferring greenfields *vis-à-vis* acquisitions." In fact, acquisitions usually represent an expensive and risky entry mode. They are characterized by a considerable premium, high transaction costs, and integration challenges affecting the two previously independent firms (Lee & Lieberman, 2010). From a *rational perspective*, IB posits that there exists a *negative relationship between CD and the likelihood that a firm will implement an acquisition*.

Hubristic CEOs show a low perception of the risk connected to their absence of or limited familiarity with the host country. As a consequence, we expect hubris to lead to a very low perception of the integration complexities that are typical of acquisitions (Lee & Lieberman, 2010), such as the integration of managerial practices, decision-making processes, and many other internal processes that are usually influenced by local culture. For instance, hubristic CEOs consider themselves truly exceptional "integration managers" (Teerikangas et al., 2011; Pisano et al., 2017). In other words, the hubris bias weakens the typical negative relationship between CD and the likelihood that a firm will implement an acquisition. Based on their previous experience (Galavotti et al., 2017), CEOs believe that acquisition success will be uniquely linked to their excellent guidance. They attribute success to their strategic vision and efficacy in leading the integration process.

The abovementioned arguments are strictly connected to the symptoms of hubris in taking risks. However, they capture only a part of the risk-taking motives (i.e., the low level of risk perception). We also need to consider hubristic CEOs' desire to enhance their self-image. They want to challenge the rational view about the necessary prudence in entering a foreign country. This circumstance occurs especially if the target foreign country is culturally distant from the country of origin. Therefore:

> **Proposition 5** CEOs' hubris weakens the negative relationship between cultural distance and the likelihood that a firm will implement an acquisition.

International strategy performance

Our conceptual framework shows that hubristic CEOs are generally motivated to undertake international growth strategies. As CEO hubris affects location, timing, and entry mode selection, it is natural to expect that hubris might influence performance (Hiller & Hambrick, 2005). Specifically, we posit that hubris can lead to either negative or positive outlier performance outcomes. Thus, we identify a dark side and a bright side of hubris.

Regarding the *dark side* of hubris, to the extent that hubristic CEOs engage in risky international strategies, performance results could be pernicious (Hiller & Hambrick, 2005).[4] Hubristic CEOs' goal to penetrate culturally distant countries may be the fruit of pure fantasy, as they often invest large amounts of financial resources. When hubristic CEOs decide to expand their firms' operations—for instance, through acquisitions—they typically overpay for their acquisitions by disbursing high premiums (Lee & Lieberman, 2010). Ultimately, hubris induces the pursuit of *impulsive* international strategies with a flawed economic logic. In this case, the dark side of hubris emerges with dire consequences (Hiller & Hambrick, 2005). Even if the CEOs' intent may be creating value for shareholders, hubris pushes them to make strategic choices that are not always found to be correct (Roll, 1986). Following such reasoning, hubris is frequently seen as one of the most destructive errors of judgment that CEOs can pursue (Russo & Schoemaker, 1992). Arguably, as Hayward et al. (2010) posit, hubris implies foreseeable consequences for strategic outcomes, such as *overentry* into additional and unfamiliar markets (Camerer & Lovallo, 1999), *overinvestment*, and *overcommitment* to exceedingly risky projects (Hayward & Hambrick, 1997; Malmendier & Tate, 2005a, 2005b; Hayward et al., 2010).

Regarding the *bright side* of hubris, building on the behavioral theory of strategy, we support the emergence of such a bright side because "superior opportunities tend to be cognitively distant, and critical sources of superior performance lie in the strategic leaders' superior ability to overcome the behavioral bounds that make it hard for the average firm to pursue them" (Gavetti, 2012, p. 269). In fact, we believe that culturally distant markets "are likely to be less contested than more proximate ones and are therefore potentially more rewarding" (Gavetti, 2012, p. 269). We refer to the possibility that a hubristic CEO may fortuitously (but correctly) conjecture the 'right' international strategy to pursue. While it is likely that hubristic CEOs will pursue internationalization by targeting culturally distant countries, it is less likely that competitors acting *rationally* will pursue similar international strategies in those same locations. Thus, we expect hubristic CEOs to select potentially more rewarding locations where a smaller amount of rivalry exists (Gavetti, 2012). Additionally, cultural diversity may be a source of strategic advantage for firms (Pisano & Hitt, 2012), producing benefits such as greater creativity, superior innovation, and better performing human capital. While the difficulties in formulating an in-depth analysis of the selected market may lead to paralysis, hubristic CEOs may be able to discover unpredicted returns generated by internationalization processes, as they do not fret about launching risky strategies in culturally distant countries. Furthermore (see Proposition 3), because hubristic CEOs underestimate the issues associated with planning internationalization paths, they may pursue faster entries. When culturally distant markets are not contested and are also potentially rewarding, rapid entry is positively associated with market share gains. However, the bright side of hubris is also related to a magnificent firm vision that can strengthen personnel efforts and immediate decision processes. Finally, given the high resource commitment required by equity initiatives (see P4), an international acquisition may provide higher returns. In such instances, the key element of firm success is the formulation of an overambitious international strategy in a culturally distant country that is powerfully rewarding, attractive, inspiring, and stimulating (Chemers et al., 2000; Luthans et al., 2001; Shipman & Mumford, 2011). Taken together, such characteristics of CEOs leading internationalization epitomize the bright side of hubris in IB. Interestingly, Russo and Schoemaker (1992, p. 16) express this notion by citing Wolfgang Goethe, who said that "for a man to achieve all that is demanded of him he must regard himself as greater than he is." This sentence by Goethe seems to justify the necessity of some level of hubris, just like a source of energy that the individual needs to pursue and fulfill her/his goals. We make reference to Steve Job's well-known quote: "Stay *foolish*. Never let go of your appetite to go after new ideas, new experiences, and new adventures." Such reasoning explains why not all individuals can be entrepreneurs or managers: in fact, rationality would sometimes stop ordinary individuals from taking risk. Hence, overall hubris may sometimes be seen as a *necessary* quality of individuals, differentiating them from all others. Consequently, this condition means that the kind of stimulus originating from CEO hubris may become a necessity or an advantage in certain situations. Therefore, even though Greek mythology states that individuals are always punished for their sin of hubris,[5] a bright side of hubris may also exist. In a scenario that is not governed by immutable laws such as those represented by markets, hubris is a term that may be "resemanticized," thereby presenting a good side (Hayward et al., 2010; Picone et al., 2014; Zeitoun et al., 2019). The good side of hubris is a high form of ambition and resoluteness to fulfill one's own wishes and objectives. This condition becomes possible because the positive side of hubris drives CEOs to never be satisfied with what they achieve. Hubristic CEOs with a high sense of superiority recognize international growth potential despite the extensive challenges of international strategies due to CD. While we somewhat echo Hayward et al. (2006), Picone et al. (2014), and Sundermeier et al. (2020), our framework reveals that hubristic CEOs may also be effective in performing strategic leadership tasks, especially those concerning the formulation of ambitious international strategies, thereby quickly managing the entry process and ensuring high resource commitment.

Drawing on Picone et al. (2014), we therefore emphasize some of the positive outcomes of hubris, such as quicker decision-making and entry timing, faster entry mode selection and, occasionally, increased market growth. However, such benefits often come at the high cost of making shallow and inflexible strategic decisions. Overall, hubristic CEOs are likely to exploit the potential of international strategies in culturally distant countries, and the outcomes of such strategies are extremely uncertain to forecast and rationally assess (Judge et al., 2009; Bollaert & Petit, 2010; Sundermeier et al., 2020). By jointly considering both sides of hubris within IB, we propose the following:

> **Proposition 6** The higher CEOs' hubris is, the greater the probability that international growth paths will show highly positive or highly negative performance.

DISCUSSION AND CONCLUSION

Drawing on the behavioral theory of strategy, this study explores the impact of CEO hubris on the choice to enter a foreign market and the main decisions associated with international entry. First, we have argued about the importance of considering the role of CEO hubris in IB. While previous literature shows that CEO overconfidence usually promotes firm internationalization (Lin et al., 2020), we call attention to the joint effect of overconfidence and pride (Judge et al., 2009) and argue that hubristic CEOs are not just incline but even excited to undertake international growth strategies (an argument leading to Proposition 1). This consideration stresses the importance of our core contribution, that is, the exploration of the differences among CEOs *assessing their firm's international strategy* in the light of hubris. When the decision to grow internationally is made, despite the difficulties in tackling CD, "perhaps owing to the centrality of cultural values in shaping individual and organizational behaviors" (Beugelsdijk et al., 2018, p. 89), our conceptual framework posits that hubristic CEOs show a propensity toward investing in culturally distant countries, penetrating them ahead of competitors, and entering them through full-ownership entry modes (i.e., acquisitions). As a consequence of such a set of strategic choices, the international growth driven by CEO hubris is affected by high performance volatility.

While this is a seemingly viable perspective of foreign country entry, especially relative to culturally distant countries, we are aware that the conceptual framework does not dig deeper into the inner nature of hubristic CEOs' choices leading to positive or negative performance. As such, it credits hubris a potential positive value, thereby showing that, sometimes, hubris might become critical for internationalization success. In this regard, we call attention to the consideration that a high level of volatility (risk) may be associated with either exceptional or pernicious performance. When CEOs are affected by hubris, their firms are likely to invest heavily in international initiatives that end up with high losses. However, in the same vein, they might also yield exceptional positive performance. This condition illustrates the relationship between risk and return that is well known in corporate finance. Nonetheless, we also stress that hubristic CEOs' risk-taking disposition is not only shaped by their propensity to accept the high risk related to grandiose international strategies. In fact, hubristic CEOs involuntarily fail to see the risks (e.g., those related to CD) because they suffer from the "illusion of control." Hubris leads to the development of unlikely beliefs about the success of an international growth path (Schwenk, 1984). Drawing on Hayward et al. (2010, p. 576), we argue that perhaps the prosperity of some paths of internationalization "reflects an evolutionary process in which more confident entrepreneurs undertake more challenging and risky tasks with greater conviction."

By applying a fresh interpretive lens to internationalizing firms managed by hubristic CEOs, we contribute to the behavioral theory of internationalization (Powell et al., 2011). We show that CEO hubris is critical for firms' success or failure in IB. By being better aware of hubris, CEOs may become more sensitive to how hubris may ultimately shape their professional careers (Petit & Bollaert, 2012; Picone et al., 2014).

Our contribution is threefold. First, we shed new light on how considering hubris may improve our understanding of managerial assessment and organizational judgment in IB. While scholars have investigated the role of hubris in entrepreneurship (Hayward et al., 2006; Sundermeier et al., 2020), innovation (Tang et al., 2015; Arena et al., 2018), and the cross-border acquisition environment (Seth et al., 2000), internationalization strategies have not yet received comparable consideration. As such, we offer a specific focus on the value that studies on CEO hubris may provide for understanding firm internationalization paths. Arguably, this work complements recent research on the determinants of internationalization at the individual level, such as CEOs' overconfidence (Lin et al., 2020) and CEOs' narcissism (Oesterle et al., 2016; Agnihotri & Bhattacharya, 2019). Contrary to Lin et al. (2020), we focus on hubris as a broader construct including both overconfidence and excessive pride. Additionally, while the conceptualization of narcissistic

TABLE 3 Key empirical approaches to look at CEO hubris/overconfidence and CEO narcissism

Source	Research area	Method to measure	Operationalization of the hubris/ overconfidence constructs
Hayward & Hambrick (1997)	Acquisition strategy	Indirect quantitative estimation	Authors "derived a composite measure of hubris (the 'hubris factor') from factor analysis of the three hubris indication" (Hayward & Hambrick, 1997, p. 114). The hubris indicators are: (a) recent acquirer performance; (b) media praise for the CEO; (c) CEO compensation vis-à-vis the second-highest paid officer
Kroll et al. (2000)	CEO hubris as antecedent of the weakness of strategic actions	Qualitative estimation	Authors use a narrative approach. They illustrate the sources of Napoleon's hubris and then discuss how Napoleon's hubristic choices were overambitious and his analyses overoptimistic
Tang et al. (2015)	Innovation strategy	Direct quantitative estimation	"In the survey, each CEO was asked to evaluate his or her firm's most recent financial performance (…), using a 5-point scale (…). The actual performance was measured by return on sales (ROS) for that same half year, as reported by each CEO in the survey. Since both the subjectively anchored evaluation and the concretely anchored response depended strongly on the industry, both values were adjusted by subtracting from them the respective mean values of all sampled firms in the same industry. To make the two measures comparable, both the subjective evaluation and the ROS were converted to z scores. Executive hubris was captured by the z score of the subjective evaluation minus the z score of the ROS, and the greater the difference, the greater the executive hubris" (Tang et al., 2015, p. 1705–1706)
1. Chen et al. (2015)	Firms' responses to corrective feedback	Indirect quantitative estimation	Authors use three different measures of overconfidence: (a) the *overconfidence media* as "an annual measure based on CEOs' portrayal in the media"; (b) *overconfidence options* as "a binary measure based on CEOs' personal portfolio decisions"; (c), *overconfidence success* as "a continuous annual measure based on an index of three antecedent variables that might influence a CEO's overconfidence" on the basis of Hayward & Hambrick (1997) (Chen, Crossland, & Luo, 2015, p. 1521–1,522)
Arena et al., 2018	Environmental Innovation	Indirect quantitative estimation	Authors use a "summary measure of CEO hubris through a principal component analysis of the three proxies: (i) the media-based measure of CEO hubris (CEO HUBRIS PRESS); (ii) the CEO relative compensation (CEO HUBRIS COMP); (iii) the CEO photo (CEO HUBRIS PHOTO)" (Arena et al., 2018, p. 324)

(Continues)

TABLE 3 (Continued)

Source	Research area	Method to measure	Operationalization of the hubris/ overconfidence constructs
2. Tang et al. (2015)	Corporate Social Irresponsibility	Indirect quantitative estimation	Authors "sought out all news articles that mention each of the CEOs of our sample firms in a range of major publications including *The New York Times, Business Week, The Financial Times, The Economist, and The Wall Street Journal* (…) [they] counted the total number of times that the CEOs were described by the press using terms that suggested conservatism ('reliable,' 'cautious,' 'conservative,' 'practical,' 'frugal,' 'steady,' 'not confident,' or 'not optimistic'). (…) [They] constructed a CEO Hubris Continuous measure by taking the difference between the number of times the 'confident' terms appeared, the number of times the 'conservatism' terms appeared, scaling that by the sum of the two numbers for a specific CEO" (Tang et al., 2015, p. 1346–1347)

3. Source	Research Area	Method to Measure	Operationalization of the narcissism construct
Chatterjee & Hambrick (2007)	Narcissistic CEOs and effects on firms strategy and performance	Indirect quantitative estimation	"Indicators of narcissistic tendencies are as follows: (1) the prominence of the CEO's photograph in the company's annual report; (2) the CEO's prominence in the company's press releases; (3) the CEO's use of first-person singular pronouns in interviews; (4) the CEO's cash compensation divided by that of the second-highest paid executive in the firm; and (5) the CEO's non-cash compensation divided by that of the second-highest-paid executive in the firm" (Chatterjee & Hambrick, 2007, p. 363)
Petrenko et al. (2016)	Corporate Social Responsibility	Videometric approach	Authors "follow the prevailing instrument for measuring narcissism, the Narcissistic Personality Inventory (NPI), through third-party ratings of video samples of CEOs" (Petrenko*et al.,* 2016, p. 268).

behavior offered by Agnihotri and Bhattacharya (2019, p. 890) is "largely driven by self-interest, overconfidence, and high-risk propensity," we focus on a narrow construct. For instance, hubris bias is not necessarily related to managerial opportunism. However, our argument about the link between hubris and internationalization somewhat echoes the findings of Lin et al. (2020) and Agnihotri & Bhattacharya (2019). We enrich the debate by explaining why and how, when the decision to enter a foreign country is made, hubris may bias the key IB decisions (e.g., the selection of the target location, the right timing of the entry, and the most suitable entry mode) and their impact on firm performance. Interestingly, we connect our research to Oesterle et al. (2016). While Oesterle et al. (2016) expect that narcissistic CEOs promote business activities in high-risk markets, we offer an explanation of the role of hubris in IB by focusing on the assessment of cultural distance. In other words, we advance an explanation of why hubristic CEOs prefer entry into *cognitively* distant and high-risk markets.

Second, building on the assumption that hubris has two sides, we posit that its bright side also plays a relevant role in internationalization strategies. We contribute to the IB literature by arguing that, as concerns international growth, hubris offers a significant conundrum, simultaneously displaying positive and negative features. We therefore supplement IB inquiry by contending that, within internationalization contexts, some circumstances may arise in which executives need to be highly confident simply because the performance advantages of hubristic behaviors may overcome the typical concerns of judgment inaccuracy. We argue that IB is a context in which the insights of Hayward et al. (2010, p. 576) are eventually confirmed: "there may be many situations where heedful and risk conscious actors should be highly confident, and at high risk of overconfidence, because the longer term benefits of such confidence overwhelm any concern for an error of judgment."

Third, we contribute to the CD literature in IB. By focusing on the relationships between CD and international strategic choices and by considering hubris as a mechanism that influences CEOs' decisions, we offer a broader picture of the key processes through which hubris impinges on internationalization decisions. In fact, our conceptual framework portrays the most common actions affected by hubris and the reasons why and how hubristic CEOs generally tend to overlook some (rationally relevant) cultural aspects. Specifically, the framework confirms the insights of Lai et al. (2017) on the influence of CEO hubris on ownership choice in foreign market entry decisions and advances additional knowledge by unveiling one key driver of such a decision; that is, the interplay between hubris bias and CD.

FUTURE RESEARCH DIRECTIONS

We organize our suggestions for future related research in three subsections.

Extension of the conceptual framework on hubris-driven international growth

Regarding the extension of the conceptual framework advanced in this article, we call attention to the importance of understanding the role of CEO hubris in IB, with specific attention to the following issues: (a) the factors affecting the choices related to international growth; (b) firm legitimacy crises entangled in rethinking its international strategy; and (c) the role of top management teams in mitigating the effect of CEO hubris on IB choices. First, our conceptual framework focuses on CD, a key factor affecting choices related to international growth. As explained in the literature review, CD "permeates all stages and aspects of a firm's expansion and operation abroad and can only be addressed, at least to some extent, with appropriate internationalization strategies" (Beugelsdijk et al., 2018, p. 95). Nonetheless, we acknowledge that other important factors may in fact affect the choices related to international growth and should be analyzed in-depth.

Second, the conceptual framework prompts the possibility of igniting a destructive spiral linking hubris-driven international choices to new grandiose strategies. We know that hubristic CEOs frequently fail to perceive the latent dangers behind their initiatives. Moreover, they usually behave defensively and are averse to constructive criticism (Chen et al., 2015). Under the external conditions of uncertainty, hubristic CEOs persistently focus on their own goals, thereby reinforcing the decision to invest, which eventually leads to higher losses. Previous research conceptualizes this spiral as an "escalation of commitment" (Staw, 1981) or as the "hubris trap" (Dagnino et al., 2013). However, decision makers' high-flying sense of invincibility will stop if unrealistic expectations are followed by legitimacy crises that entail the rethinking of strategy, as well as a re-examination of the CEOs' position and credibility. Since strategic leadership is grounded in power symbolism and social construction (Hambrick & Pettigrew, 2001), we call for further studies exploring how hubristic CEOs construe themselves as exceptional leaders and maintain the trust of the financial market.

Finally, while our conceptual framework focuses on the CEO, we confirm that we are aware that it overlooks the inner dynamics of top management teams (TMTs). Therefore, we call for studies on the cumulative effect of hubris within TMTs. It would be worthwhile to look at the role and effect of hubristic TMTs (e.g., *vis-à-vis* the CEO). For instance, a viable research question would concern whether TMT heterogeneity mitigates the destructive effect of CEO hubris. Another relevant question consistent with the focus of our paper would concern how culture may influence (or shape) the dynamics of the decision process among TMTs and hubristic CEOs. With a specific focus on the psychological foundations of family business (Picone et al., 2021), a further issue may concern how family background may influence (or shape) the decision process dynamics of family TMTs and hubristic family CEOs.

Conceptual and empirical challenges of hubris-driven international growth

Given that we have presented a conceptual framework of hubris-driven international growth, we recognize that the next step is to perform empirical investigations. First, since the choices of internationalization are typical multicriteria decision-making problems (e.g., regarding location choice), we call for studies that, by using the aforementioned approach, can corroborate or challenge our framework (Turskis et al., 2012; Keshavarz Ghorabaee et al., 2016).

Second, we encourage future inquiries to apply a variety of empirical research methods to assess hubris in IB. Extant studies present both indirect measures of hubris (Hayward & Hambrick, 1997) and estimations performed through surveys (Tang et al., 2015) that may be appropriately used to this end. Table 3 shows the operationalization of the hubris/overconfidence construct used in such work. Additionally, we acknowledge that hubris and narcissistic behavior may have some common features, but they are different constructs (Tang et al., 2018; Zhu & Chen, 2015). In Table 3, we also report the operationalization of the narcissism construct used in a couple of inquiries. The multiple ways to operationalize hubris (overconfidence) and narcissism confirm that both narcissism and its operationalization are quite questionable. In fact, Tang et al. (2015, p. 1718) state that "management forecast errors may stem from multiple sources, with overconfidence being just one of them." While we recognize the importance of direct measures of psychological attributes, given the multiple practical obstacles to find personality data directly emanating from managers (Gerstner et al., 2013), we look favorably to recent methodological frames, such as the so-called "videometric approach" that Petrenko et al. (2016) have recently proposed.

Third, we observed that internationalization strategies run by hubristic CEOs show higher performance volatility than those run by nonhubristic CEOs. In this vein, a suitable empirical approach would be to scrutinize the internationalization performance of entry into a single country, where hubris-driven firms might exhibit high performance volatility.

Finally, since the role of hubris is likely to have devastating consequences for firms, we underscore that quantitative research by itself would only barely allow us to detect how the exceptionally positive performance led by hubristic CEOs may endure over time and why positive performance may emerge. From this perspective, scholars may be interested in performing additional qualitative studies showing the origin, process, and evolution of the extreme performance of internationalizing firms led by hubristic CEOs.

Integration of the conceptual framework on hubris-driven international growth with other conceptual perspectives

While we have sketched the rudiments of a hubris-driven understanding of firm internationalization, we also acknowledge that we have fallen short of looking at other relevant explanations of internationalization that seem complementary to the hubris hypothesis. First, agency theory elucidations of internationalization focusing on managerial opportunism may be of interest for future inquiry. Actually, opportunism and hubris are distinct constructs that may coexist. If they coexist, the misallocation of resources is led not only by an explicit managerial goal, but also by CEOs' cognitive hubris. While the role of agency theory in firm internationalization has recently received some attention (e.g., Dagnino et al., 2019), additional exploration is certainly required, especially in connection with the hubris hypothesis.

Finally, by focusing on hubris-driven internationalization, we have overlooked the possible trade-off or complementarity existing between a firm's international and domestic growth in light of desperation theory (Kim et al., 2011). As our conceptual framework shows, the IB strategy inspired by CEOs' hubris may generate important losses. Hubristic CEOs who are focused on internationalization may continue to aggressively engage in growth even when they can achieve the same objective by operating domestically. These hubristic CEOs may perceive that they will not achieve their self-confident growth goals without pursuing internationalization. Therefore, they may still desperately seek internationalization opportunities even if they experience a relatively high level of domestic growth. Further research would certainly profit from exploring the underlying processes leading hubristic CEOs to become desperate to grow internationally, including why and how they are willing to take on the high risk of seeking such international growth opportunities.

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ENDNOTES

[1]For instance, if a potential entrant has limited time to exploit an opportunity, the fastest solution may be acquiring an incumbent firm (Hennart & Park, 1993). This occurs because alternative equity entry modes are usually overly time-demanding and require more prudential approaches. Consequently, the entry timing has a direct influence on the entry mode selection (Shimizu et al., 2004). Furthermore, as concerns the selection of the right international entry mode, it is crucial to understand the differences among entry modes to grasp the effectiveness of an international decision-making process (Newburry & Zeira, 1997) or the combined/sequential use of different modes (Meschi, Metais, & Shimizu, 2018).

[2]Hubris has been widely used interchangeably with overconfidence. For instance, Tang et al. (2015a) consider hubris and overconfidence to be synonymous, since they are "associated with similar theoretical mechanisms" (p. 1341). Other authors (Tourish, 2020) propose alternative definitions of hubris. As reported in Table 1, hubris may also be considered as overconfidence combined with extreme pride (Judge, Piccolo, & Kosalka, 2009; Picone, Dagnino, & Minà, 2014). In turn, overconfidence appears to be linked to narcissistic traits (Campbell, Goodie, & Foster, 2004) that have a hereditary background (Petrides et al., 2011). As narcissistic people hold an ostentatious self-concept and a condescending attitude (Petrides et al., 2011), they are persistently and incessantly committed "to confirm their idealized and grandiose self-views" (John & Robins, 1994, p. 217). John and Robins (1994) and Campbell, Goodie, and Foster (2004) found that narcissistic traits are associated with individual differences in self-perception biases.

[3]We stress the difference between two constructs: managerial opportunism and managerial hubris (Haynes, Campbell, & Hitt, 2014; Haynes, Hitt, & Campbell, 2015). In both cases, a misallocation of resources and a disruption of value to shareholders may occur. However, the constructs have different meanings. Managerial *opportunism* emerges when executives, armed with favorable asymmetry of information, pursue their self-interests. Managerial hubris takes into consideration the firm's decision-making process. In such a context, the misallocation of resources is consequent to the overestimation of benefits and the underestimation of costs in strategy analysis.

[4]While it might be fruitful to take fast decisions in order to stay ahead of competitors, we ought to consider that speed may be the driver of bad decisions, especially when achieving speedy decisions means to give up to perform the information-gathering process as a whole or part of it (Kahneman et al., 1982; Baum & Wally, 2003).

[5]This condition occurs because overconfidence is deemed a sin against the immutable laws of nature or laws imposed by gods.

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