

**Are overconfidence and overoptimism synonyms?
A literature review and conceptual model in the context of
entrepreneurial finance**

by

Anaïs Hamelin

LaRGE, EM Strasbourg Business School, Université de Strasbourg

joint with: Marie Pfiffelmann (LaRGE, EM Strasbourg Business School, Université de
Strasbourg)

Abstract:

In the economic and management literature *overconfidence* and *optimism* are often used interchangeably or even found in the same sentence. Does this mean that they are synonyms that can be used interchangeably? This paper argues that while overconfidence and optimism are often closely related, they are distinct drivers of entrepreneurial behavior. We focus on the theoretical distinction between overconfidence and optimism and on the role they play on entrepreneurial decisions and actual behavior. The paper proposes a conceptual model that disentangles the causes and consequences of overconfidence and optimism. Our model induces a categorization of the empirical literature that explores the influence of overconfidence or optimism on entrepreneur's decision making, entrepreneurial behavior or entrepreneurial firm outcome.