



## **Evaluating Escalating Managers' Performance with Outcome Knowledge: Experimental Evidence and Implications for Project Management**

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### **A B S T R A C T**

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This study investigates how the escalating behavior by project managers and the subsequent outcome affect evaluations of their decision performance, which is an important but unanswered question in prior escalation research. A decision-making experiment was conducted to examine the role of these factors in performance appraisal by asking 117 student participants to evaluate the decision performance of a hypothetical project manager. The results indicate that a manager's decision to escalate his commitment to a failing project has a negative effect on performance evaluation. The evaluations are also affected by the outcome valence (successful or unsuccessful) perceived by evaluators although this ex post information is not indicative of the decision quality. Additionally, there is a significant interaction effect found between the escalation decision and the outcome valence, suggesting that evaluators tend to take a more cautious attitude toward the decision quality in their appraisal process when they receive negative outcome than positive outcome information. The implications of findings for practice and for future research are discussed.

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