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Escalation of commitment behaviour

a critical, prescriptive historiography

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ESCALATION OF COMMITMENT BEHAVIOUR: A CRITICAL, PRESCRIPTIVE HISTORIOGRAPHY

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<u>Acknowledgements</u>

Abstract

Escalation of Commitment (EoC) behaviour occurs when a Decision Making Unit (DMU), such as an individual or group, continues with a course of action despite receiving negative feedback about it. Much research exists, within multiple disciplines, which attempts to explain why DMUs continue with failing courses of action. To date however, there has been very little critical inquiry of such research. Using a historical research approach, this thesis reviews and critically assesses all existing EoC behaviour research and concludes that a number of serious issues exist. These include the use of multiple labels by authors to describe the phenomenon; the considerable uncertainty that exists regarding which DMUs are subject to EoC behaviour; the existence of multiple, concurrent definitions for each 'theory label' and important EoC behaviour concepts, such as escalation, DMU, resource, success, failure and commitment, not being adequately defined. It is contended that these and other issues exist *primarily* because of the scope of the phenomenon and the resultant high quantity and complexity of research; all of which impair research technique. However, independent, *pre-existing* research technique issues are also proposed as reasons. Ultimately, it is argued that the state of EoC behaviour research is poor. It is considered that the mere *recognition* of the issues raised in this thesis will assist in the improvement of the research. Yet this aspect in isolation is deemed inadequate. In response, a prescriptive technique is developed which is bifurcated between resolutely defining the important concepts related to EoC behaviour research and creating an 'integrated framework' which includes *all* existing EoC behaviour determinants from *all* research disciplines. The proposed framework also identifies a number of new *potential* determinants of EoC behaviour, including the Autoepistemic Sunk Cost Effect (ASCE), the age of the DMU and anthropomorphic revenge motives. It is suggested that these two prescriptive responses will also promote *focussed* future EoC behaviour research, designated in the thesis as *research direction*. This thesis contributes to existing knowledge by not only recognising research issues that have not previously been acknowledged but also by prescribing for these issues through a complete concept exploration, coupled with a complete collective framework.

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Glossary

ARVN...Army of the Republic of Vietnam

ASCE..Autoepistemic Sunk Cost Effect

BPH..Blood Price Hypothesis

CEST...Cognitive Experiential Self Theory

CIA...Central Intelligence Agency

CRP...Comprehensive Reconsideration Phase

DMU...Decision Making Unit

EoC...Escalation of Commitment

EU...European Union

EU...Expected Utility

FADCRS...................................Foreign Affairs Division Congressional Research Service

FCC..Federal Communications Commission

FDR..Franklin Delano Roosevelt

FITD..Foot In The Door

GDQS..Group Dynamics Q Sort

ICM..Incremental Continuation Mode

ILL..Inter Library Loan

KIA..Killed In Action

LISREL..LInear Structural RELations

M25CALD...M25 Consortium of Academic Libraries

MIDs...Multiple Incongruent Definitions

NAFTA...North American Free Trade Agreement

NATO...North Atlantic Treaty Organisation

NBA..National Basketball Association

NEoC...Negative Escalation of Commitment

NVA...North Vietnamese Army

PCH...Project Completion Hypothesis

PDF..Portable Document Format

PEoC..Positive Escalation of Commitment

ROTC..Reserve Officers' Training Corp

RoV...Republic of Vietnam

SCE...Sunk Cost Effect

SCF..Sunk Cost Fallacy

SCONUL..Society of College, National and University Libraries

SGP..Stability and Growth Pact

SOP...Single Option Paradigm

SSCE...Simulative Sunk Cost Effect

TMITQ...Too Much Invested To Quit

UK..United Kingdom

UN...United Nations

US..United States

USA..United States of America

USSR...The Union of Soviet Socialist Republics

VC...Viet Cong

VIC...Voluntary Informed Consent

1.0 <u>Introduction</u>

1.1 <u>Thesis Overview</u>

This thesis concerns Escalation of Commitment (EoC) behaviour. Fundamentally, EoC behaviour occurs when a Decision Making Unit (DMU) – an individual or a group, for example – continues to invest in an ongoing project/situation, despite it receiving negative feedback and there being uncertainty concerning the likelihood of ultimate success. Specific EoC behaviour research is widely recognised to have originated with a paper[1] by Professor Barry Staw in 1976. Here, Staw argues that an individual is more likely to reinvest in a failing situation if *he* made the *original* investment decision,[2] *because* he does not want to admit to himself that he made a mistake regarding the *initial* investment.[3] Staw contrasts this *self-justification* approach against traditional cognitive dissonance theory;[4] the difference being that in Staw's experiments the actor has a possibility to make good on his investment and thus reduce dissonance, whereas an actor forced to argue against his own opinion on abortion, for example, with no obvious reward, has no further means to reconcile his dissonant feelings. In the latter situation, Staw argues that the individual may change his opinion, to reduce dissonance.[5]

The list of determinants that explain EoC behaviour has expanded dramatically since the 1970s. In 1997[6] Staw produced his most recognised framework, which integrates other EoC behaviour researchers' findings and includes numerous psychological, economic and organisational determinants, including a need to save face, consideration of sunk costs and detrimental organisational culture. Many researchers investigate EoC behaviour, predominantly within the field of social science. This field however covers multiple disciplines; including economic theory, organisational theory, international relations (IR) theory, decision making theory, argumentation theory and

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[1] B. M. Staw, 'Knee Deep in the Big Muddy: A Study of Escalating Commitment to a Chosen Course of Action', <u>Organizational Behavior and Human Performance</u>, Vol. 16, No. 1, 1976, pp. 27-44
[2] <u>Ibid</u>., pp. 28-29
[3] <u>Ibid</u>.
[4] <u>Ibid</u>.
[5] <u>Ibid</u>.
[6] B. M. Staw, 'The Escalation of Commitment: An Update and Appraisal', in Z. Shapira (Ed.), <u>Organizational Decision Making</u>, (Cambridge, UK: Cambridge University Press, 1997), pp. 191-215

philosophy. EoC behaviour is even recognised in the 'hard' sciences of biology/ecology. The Concorde Fallacy, founded by Professor Richard Dawkins and T. R. Carlisle,[7] details the apparent irrational EoC behaviour of animals and insects. For example, the fallacy is argued to occur when animals apparently protect their young from predators in proportion to how much energy they have expended upon their young up to the time of an attack. Thus, relatively less developed offspring are more likely to be abandoned. Similarly, digger wasps[8] are argued to commit the Concorde Fallacy when two of them fight for dominance over a nest which, up to the point at which they meet, they unknowingly share. The wasps apparently fight with effort proportional to the amount of dead caterpillars each has contributed to the nest, not the *total* amount of prey stored. Thus, wasps which have contributed the least generally quit before their opponents, losers dictate the fight length and the major contributor is more likely to gain control of the nest, not necessarily the fittest wasp. The Concorde Fallacy is disputed however; such dispute based upon animal intelligence/reasoning research gaps[9] and environmental variables. While not as pertinent to this thesis as the social science based research, Dawkins and Carlisle's theory *is* applied to IR examples by authors. Importantly, Dawkins and Carlisle's subject emphasises how relevant EoC behaviour is to all aspects of human and animal behaviour.

Aside from Staw, the three most prominent EoC behaviour authors are Arkes, Brockner and Teger.[10] All three authors investigate EoC behaviour, but from within different social science disciplines; adopting different foci and utilising different rubrics from Staw and each other. Brockner and Teger investigate EoC behaviour predominantly in the discipline of IR, under *Entrapment* and *Too Much Invested To Quit* (TMITQ) respectively. Arkes examines EoC behaviour primarily in the arena of economics, under *The Sunk Cost Effect* (SCE).

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[7] R. Dawkins and T. R. Carlisle, 'Parental Investment, Mate Desertion and a Fallacy', Nature, Vol. 262, No. 5564, 1976, pp. 131-133

[8] R. Dawkins and H. J. Brockman, 'Do Digger Wasps Commit the Concorde Fallacy?', Animal Behaviour, Vol. 28, No. 3, 1980, pp. 892-896

[9] Animal reasoning has strong philosophical, not just biological, foundations. The most interesting philosophical investigations include Chrysippus' Dog and, pejoratively, Burridan's Ass.

[10] For example, H. R. Arkes and C. Blumer, 'The Psychology of Sunk Cost', Organizational Behavior and Human Decision Processes, Vol. 35, No. 1, 1985, pp. 124-140, J. Brockner and J. Z. Rubin, Entrapment in Escalating Conflicts: A Social Psychological Analysis, (New York, USA: Springer-Perlag, 1985) and A. I. Teger, Too Much Invested to Quit, (New York, USA: Pergamon, 1980).

There is however extremely little research that deals with the *historiography* of EoC behaviour research: *how* EoC behaviour has been researched, *how* such research has been integrated into the academic domain and what state the research is considered to be in. Given that specific EoC behaviour research is now over thirty years old, this is a gap that *must* be closed. This thesis therefore *critically examines EoC behaviour research*.

This thesis demonstrates that many complex issues exist within EoC behaviour research and, although some of these issues are not dissimilar to those recognised in other research areas, the problems present within EoC behaviour research are shown to be more ingrained, more unique and more serious than those suffered by other fields.[11] There is a *slipperiness and precariousness*[12] regarding EoC behaviour research, leading this thesis to ultimately argue that the *state* of this research is extremely poor.

The thesis in its current form originated from the perceived absence of an IR model of the Concorde Fallacy, which at the time of preliminary reading was thought to exist solely in the biological context and to constitute the entire research/literature of EoC behaviour. Only after further reading was it discovered that EoC behaviour is studied under many rubrics, in many disciplines – *including IR* – and to varying degrees of development. These discoveries were made through Concorde Fallacy texts referring to other EoC behaviour rubrics and texts, which were then studied. However, as the literature was studied further it appeared to betray *pathological*, exigent errors. Thus, as the former issues undermined the initial goal of creating a *unique* IR model of the Concorde Fallacy, the latter issues undermined the *feasibility* of the author undertaking *any* non-critical EoC behaviour research. Consequently, the thesis became more critically driven; concerning the *quality* of *all* EoC behaviour research; crafted out of inductive observations; rather than simply being – to adopt an analogy from John Dumbrell – "a hammer looking rather desperately for nails to strike."[13]

In précis, one key issue is that there is a superfluity of *labels* used by EoC behaviour researchers to describe the phenomenon. Furthermore, many authors claim one

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[11] For example, H. Wallace and W. Wallace, <u>Policy-Making in the European Union (4th Ed.)</u>, (Oxford, UK: OUP, 2000), p. xx.

[12] J. Dumbrell, 'Winston Churchill and American Foreign Relations: John F. Kennedy to George W. Bush', <u>Journal of Transatlantic Studies</u>, Vol. 3, No. 1, 2005, p. 35. Originally, this description relates to "the Churchillian anti-appeasement theme."

[13] J. Dumbrell, 'American Isolationism: A Response to David Hastings Dunn', <u>Review of International Studies</u>, Vol. 31, No. 4, 2005, p. 700

EoC behaviour theory is synonymous with another despite others claiming that such theories are different ('partial synonymy'). Such claims are argued to be highly questionable however given another issue: that each theory has a vast number of interpretations – differing in their complexity regarding determinants and applications of, and what 'conditions' are deemed *necessary* for, EoC behaviour – that are in *concurrent* circulation in the academic domain. One particularly significant and multifaceted *definitional* ambiguity regards the DMU. Immediately problematic is that 'DMU' is not defined by any EoC behaviour author; in terms of what a DMU's function and nature is and what types of DMU exist. Furthermore, there is considerable ambiguity regarding *which* DMUs are subject to EoC behaviour. Currently, such information is merely 'inferred' from the language used by EoC behaviour authors.[14] However, this issue is more complex than implied here; and should be regarded in conjunction with chapter five. Some simpler and more general issues exist however, such as mass duplication of research,[15] claims of novel discoveries or principles that turn out to be erroneous or unoriginal,[16] some rubric definitions being *internally* conflicting,[17] EoC behaviour authors misrepresenting one another's views[18] and authors changing their preferred terminology mid-text. Furthermore, conceptual ambiguity is *endemic* in EoC behaviour research with concepts including *escalation*, *commitment* and *rationality* being either not discussed or having vastly different connotations to different authors.

The reasons for which such issues exist are considered many and multipart and this précis cannot accommodate all the proposed complexities. Put simply however, a number of issues are believed to stem from another, previously undiscussed, issue: *poor or inconsistent background reading techniques on the part of the researcher*. Other possible reasons include a hypothetical construct of this thesis, labelled as *semantic errors*: subtle changes to a definition as it is transferred from one piece of research to another. Claims

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[14] All EoC behaviour authors, including Staw, Brockner, Arkes and Teger, are implied in this argument.

[15] For example, A. Gerritt, 'Entrapments in Risky Investments', <u>Journal of Socio-Economics</u>, Vol. 24, No. 3, 1995, pp. 447-462.

[16] For example, P. Ayton and H. Arkes, 'Call it Quits', <u>New Scientist</u>, Vol. 158, No. 2135, 1998, p. 41.

[17] For example, R. Paraye, 'The Strategic Implications of Sunk Costs: A Behavioral Perspective', <u>Journal of Economic Behavior & Organization</u>, Vol. 28, No. 3, 1995, pp. 418-419. See section 6.11 of this thesis.

[18] For example, M. G. Bowen, 'The Escalation Phenomenon Reconsidered: Decision Dilemmas or Decision Errors?', <u>Academy of Management Review</u>, Vol. 12, No. 1, 1987, pp. 52-66. See section 6.16 of this thesis.

of synonymy are also thought to contribute to some of the issues described above, by encouraging authors to transfer definitions or aspects of one EoC behaviour rubric to another and using these under the label of the second theory. It is believed that complex, interactive and possibly cyclical relationships exist between many of the issues discussed above, with some issues being immediately conducive to others. These 'causative' issues are termed here *intermediate* issues, in opposition to the 'non-causative' *immediate* issues. However, it is believed that *ultimate* responsibility for the issues under discussion lies with what are termed *overriding issues*. These issues include the *scope* of EoC behaviour and the resultant *quantity* of EoC behaviour research which, in conjunction with a hypothesised *chronological* process, limit adequate research. Some issues however, can *only* really be explained as the result of poor research *practice* by EoC behaviour authors. Some issues fall into *both* categories. Equally important, and a further component of this inadequate research approach, it is argued that the current troublesome situation has arisen and perpetuates because of the *ignorance* of EoC behaviour authors to the issues described above. Furthermore, in rare cases where issues *are* recognised, it is contended that the solutions devised to address them are counterproductive.

It is argued in this thesis that the mere *recognition* of the issues under discussion will help combat the degradation of EoC behaviour research and, by association, EoC behaviour theory. However it is also contended that two further solutions are required to generate improvement of the research: a full exploration of the *conditions* and *concepts* that are argued to be ambiguous, with a summative interpretation of each proposed *and* a truly *integrated* framework of EoC behaviour determinants which includes *all* existing EoC behaviour determinants from *all* EoC behaviour labels and *all* EoC behaviour disciplines. This thesis effects these solutions. Importantly, ideas by the author of this thesis are also presented in the framework. These ideas involve (1) entirely new DMU and non-DMU specific determinants from the author, inspired by background reading of EoC behaviour and non-EoC behaviour literature, (2) *existing* determinants of non-EoC behaviour theories that may apply to EoC behaviour and (3) new DMU *applications* of existing EoC and, where applicable, non-EoC behaviour determinants. The new ideas, it is contended, not only provide a richer picture of EoC behaviour than would otherwise exist, but also provide inspiration and – crucially – *direction* for future EoC behaviour

research; something which is felt to be sorely lacking currently. Indeed, numerous facets of the proposed solutions serve this important purpose.

1.2 <u>The Hypotheses, Objectives and Research Question of the Thesis</u>

This thesis utilises two hypotheses, two objectives and one research question to arrive at its conclusions. The first hypothesis argues that *EoC behaviour research suffers from a number of complex, problematic issues*. Fulfilling the intuitive requirements of this hypothesis, the first objective is *to describe these issues* and the second is *to suggest the causes and effects of these issues*. Proceeding from this set of arguments, hypothesis two argues that *the overall state of EoC behaviour research is extremely poor*. Finally, the research question asks: "*Based upon the findings of the hypotheses and objectives, how can the state of EoC behaviour research be improved?*"

1.3 <u>The Structure of the Thesis</u>

The structure of the thesis reflects its *historiographical* foundation, in addition to the nature of its hypotheses, objectives and research question. The thesis adopts a 'traditional' nine chapter approach. Chapter two addresses the methodology of the thesis and explains how the adoption of a historical approach best served its goals. Chapters three to five *primarily* serve a *complete* "ground clearing"[19] literature review purpose. Chapter three describes in detail EoC behaviour and explains the origins of EoC behaviour research. Staw's EoC research and the evolution of his framework are *comprehensively* examined[20] and a number of the posited *issues* are briefly examined apropos this research. *Ancillary* EoC behaviour research, from several social science disciplines, is then examined and more issues are introduced. Chapter four examines EoC behaviour research specifically in the social science discipline of IR. Brockner's

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[19] J. Dumbrell, 'Was there a Clinton Doctrine? President Clinton's Foreign Policy Reconsidered', <u>Diplomacy & Statecraft</u>, Vol. 13, No. 2, 2002, p. 43

[20] *Comprehensively* examined because Staw is considered to be the *founder* of specific EoC behaviour research (under 'Escalation of Commitment'). Furthermore, because a temporal, staged process is suggested in chapter seven to be in play for many of the issues encountered, a detailed, chronological description of the progression of Staw's work is considered to be essential for the reader.

Entrapment, Teger's TMITQ and related, theories are examined here. Throughout this chapter, the issues outlined in chapter three are shown to exist in this literature too. New issues are also implied. Chapter five explores in detail the DMU issue *and* examines EoC behaviour literature that explicitly recognises the *group* as a DMU. In addition to implying the basic DMU points made in *this* introductory chapter, chapter five makes more detailed arguments, through a 'classification scheme' of author behaviour. A number of issues are then discussed *relating* to this scheme. The review chapters, then, also serve to *introduce* some of the issues posited in the proceeding analytical chapters, as well as removing the need for lengthy examples there; reducing sentence complexity and fog index[21] count. Chapter six 'isolates' and explores further all the issues that are highlighted in the previous three chapters and raises issues not previously discussed. Chapter seven suggests the *causes* and *effects* of the issues raised in chapter six. The chapter then delivers an informed judgement as to the overall *state* of EoC behaviour research. Proceeding from this judgement, chapter seven prescribes steps that, it is believed, will improve the state of EoC behaviour research. Chapter eight puts into practice these recommendations. Finally, chapter nine discusses the thesis' core findings, evaluates the validity of the hypotheses, objectives and research question, reflects upon the methodology adopted and outlines the priorities for future EoC behaviour research. The thesis structure then, as well as reflecting the *purpose* of the thesis, mirrors the *order* of its hypotheses, objectives and research question; with chapter seven forming the theoretical 'bridge' between *problem recognition* and *solution implementation*. This concludes the introduction. The following chapter discusses the methodology used to address the hypotheses, objectives and research question.

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[21] The fog index is a measure of sentence readability. As longer syllable words are included in the sentence, and/or as the sentence becomes longer, the index increases, as argued by P. Dunleavy, Authoring a PhD, (London, UK: Palgrave, 2003), p. 108.

2.0 Methodology

This chapter addresses the methodology through which the hypotheses, objectives and research question were examined. Essentially, this study is a linear analytic[1] thesis comprising of an exploratory[2] historiographical critique of research that *studies* Escalation of Commitment (EoC) behaviour. There is no all-encompassing definition of *historiography*.[3] The term is broadly interpreted as the study of the *academic discipline of history*, principally history writing, its development and its changing methodological approaches, over time, including within different cultures and 'ages'. It is another, complementary, interpretation of historiography, however, which is considered to be the most important in relation to this thesis' methodology: that of the study of a *specific* body of historical writing, written at a *specific* time concerning a *specific* subject. Furay and Salevouris define historiography as:

> The study of the way history has been and is written…the history
> of historical writing…. When you study 'historiography' you do
> not study the events of the past directly, but the changing
> interpretations of those events in the works of individual
> historians[4]

The designation of *historiography* to this thesis is justified in sections 2.1 and 2.2, since it is recognised that the *specific* methodology employed here is not a typical or 'strict' application of the approach. However, consider immediately that the *validity* of EoC behaviour theory was not being tested in this thesis – though conclusions were inevitably arrived upon – nor were specific determinants or conditions of the behaviour purposefully isolated for validation. Rather, it was *how* EoC behaviour research is performed, *how* this research is treated by EoC behaviour researchers and the overall

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[1] R. B. Burns, <u>Introduction to Research Methods (4th Ed.)</u>, (London, UK: Sage Publications, 2000), p. 493. A linear analytic thesis is one which adopts the straightforward or 'traditional' thesis structure of *introduction*, *statement of problems*, *methodology*, *literature review*, *research analysis* and *conclusions*.

[2] G. Wisker, <u>The Postgraduate Research Handbook</u>, (London, UK: Palgrave, 2001), p. 120. According to Wisker, exploratory research is used "when new knowledge is sought…or when new events, actions or symptoms need discovering…."

[3] H. Ritter, <u>Dictionary of Concepts in History</u>, (Connecticut, USA: Greenwood Press, 1986), pp. 188-193

[4] C. Furay and M. J. Salevouris, <u>The Methods and Skills of History: A Practical Guide (2nd Ed.)</u>, (New York, USA: Harlan Davidson, 1988), p. 223

state of EoC behaviour research that were the primary concerns here. Many authors adopt the historiographical approach; studying *how* events or people are *recorded* rather than critically analysing the subject matter itself.[5] This thesis replicates this form of investigation, but as a critical historiography of a *theory*: EoC behaviour. It was considered that this atypical *theoretical* approach did not, however, require a vastly different *methodological* approach or "methodological sermonizing"[6] than more 'traditional' theses; historiographical or otherwise.

2.1 A Historical Approach

This thesis adopts a *historical* approach[7] to address the hypotheses, objectives and research question. The reasons for which such an approach was adopted relate to the abandoned aim,[8] which ultimately inspired the hypotheses, objectives and research question. The 'exigent errors' discovered during the initial study appeared to possess *historical*, *chronological* and *cumulative* elements, insofar as it appeared likely the errors were evolving and their causes and effects intuitively appeared to be explained by preceding and subsequent research respectively; relative to the piece of research where the error was being observed. The thesis required a historical approach therefore to test this observation; which was ultimately proven to be correct.

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[5] For example, O. Daddow, 'Rhetoric and Reality: The Historiography of British European Policy, 1945-1973', Ph.D Thesis, (Nottingham University, UK: 2000), O. Daddow, 'The Construction of British Military Doctrine in the 1980s and 1990s', Defence Studies, Vol. 3, No. 3, 2003, pp. 103-113, E. H. Carr, What is History?, (New York, USA: Random House, 1961), M. Spongberg, Writing Womens' History Since the Renaissance, (Basingstoke, UK: Palgrave Macmillan, 2002), M. R. Beard, Woman as a Force in History: A Study in Traditions and Realities, (London, UK: Macmillan, 1971) and B. G. Smith, The Gender of History: Men, Women and Historical Practice, (Massachusetts, USA: Harvard University Press, 2000).

[6] P. Grice, Aspects of Reason, (Oxford, UK: Clarendon Press, 2001), p. 36

[7] The historical approach as discussed by authors including (historically) G. J. Garraghan, A Guide to Historical Method, (New York, USA: Fordham University Press, 1946), L. Gottschalk, Understanding History: A Primer of Historical Method, (New York, USA: Alfred A. Knopf, 1950), R. J. Shafer, A Guide to Historical Method, (Illinois, USA: The Dorsey Press, 1974) and (contemporarily) C. B. McCullagh, Justifying Historical Descriptions, (New York, USA: Cambridge University Press, 1984), M. Howell and W. Prevenier, From Reliable Sources: An Introduction to Historical Methods, (Ithaca, New York, USA: Cornell University Press, 2001), E. A. Danto, Historical Research, (New York, USA: OUP, 2008), D. A. Yerxa (Ed.), Recent Themes in Historical Thinking: Historians in Conversation, (South Carolina, USA: University of South Carolina Press, 2008) and others discussed in this chapter.

[8] See p.3 of this thesis.

While the *mechanics* of the historical approach, applied *specifically* to this thesis, are discussed later in this chapter, several *constituents* of the approach, which were *key* to tackling this thesis' aims, are discussed here – again, along with their *specific* application to this thesis – and thus serve to provide further evidence of the advantages to this thesis of adopting a historical approach. Discussing the cumulative development[9] of EoC behaviour theory, through research, over time was an important consideration, for instance. As an example of this methodology in action, chapter three discusses comprehensively, and chronologically, Staw's advancement of his EoC theory. Chapter four takes the same approach to Brockner's, Rubin's and Teger's work and discusses too their (including Staw) interaction, commonalities and differences. Chapter six describes other authors' work as 'satellite literature' to illustrate how they appear to both inspire and gain inspiration from the core authors' research.[10] Yet chapters six and seven argue that true *cumulative* development of EoC behaviour theory stalled early on in its lifespan and provide some explanation, using a chronological framework, as to why this is the case. The evolving academic context[11] in which EoC behaviour research has been and is produced, and has developed was also deemed to be significant. Older theories – like *forced compliance*, in chapter three – are identified as the antecedents to contemporary EoC behaviour theory. Moreover, Groupthink[12] is used, in chapters five, six and seven, as a 'contemporary comparison' to illustrate how a theory which possesses a similar theoretical and chronological starting point as EoC behaviour theory and which suffers similar problematic research issues has nonetheless evolved, while EoC behaviour theory has remained largely static. Interaction between research on the two theories through time

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[9] The historical development approach to theories is taken by numerous historical accounts, covering a wide area of study, such as R. B. Myerson, 'Nash Equilibrium and the History of Economic Theory', Journal of Economic Literature, Vol. 37, No. 3, 1999, pp. 1067-1082. An exploratory account of *the history of theory* is presented by Ian Hunter in I. Hunter, 'The History of Theory', Critical Inquiry, Vol. 33, No. 1, 2006, pp. 78-112.

[10] There is a pseudo-prosopographical element active here, in terms of grouping the research activities of the core authors and observing their common/divergent behaviours. There is also an adversarial element, insofar as dividing authors into 'core' and 'others' categories. See: K. S. B. Keats-Rohan (Ed.), Prosopography Approaches and Applications: A Handbook, (Oxford, UK: Prosopographica et Genealogica, 2007).

[11] The importance of context is described by authors such as Quentin Skinner and Preston King. Particularly relevant texts are P. King (Ed.), The History of Ideas, (New Jersey, USA: Barnes and Noble, 1983) and Q. Skinner, 'Meaning and Understanding in the History of Ideas', History and Theory, Vol. 8, 1969, pp. 3-53.

[12] I. L. Janis, Groupthink: Psychological Studies of Policy Decisions and Fiascoes (2nd Ed.), (Boston, Massachusetts, USA: Houghton Mifflin, 1982)

is also shown. The *evolution* of recognised Decision Making Units (DMUs) is discussed too, as is the shift in the EoC behaviour research methodologies used. Identifying, historically, the 'moment of crisis'[13] in EoC behaviour research was also important, yet this proved difficult since, as argued in chapter seven, the growing crisis has been a gradual, cumulative process rather than a 'sudden onset'. Moreover, whereas most paradigm and theory crises occur owing to new and conflicting discoveries,[14] the crisis of EoC behaviour is argued to be caused instead *predominantly* by research technique factors. Indeed, the lack of *explicit recognition* of a crisis by EoC behaviour authors is argued to be a causative factor of the crisis itself, in its current form.

This final point, regarding the *types* of research issue, provides one of the reasons for which a *historiographical* methodology was adopted within the encompassing *historical* approach *and* justifies, to some extent, the *use* of the term here in the first place. A historiography relates broadly to the analysis of the discipline of history, historical writing, historical methodologies and the analysis of written history relating to a specific subject, over a specific time frame; all from an *author-centric* perspective. Taking this interpretation, one could immediately argue that this thesis does not actually constitute a historiography. Yet consider now of what this methodology *does* consist. Not only did the issues discovered during the abandoned study suggest *historical*, *chronological* and *cumulative* aspects to their existence, but also an important issue type was perceived to be related to *author behaviour* and *author research technique*. Thus, *how authors behaved* was a *key* facet of the subsequent examination of the research. Now consider the specific subject selected for this analysis: EoC behaviour theory, or, more correctly, its research. While not the traditional subject of historiographical analysis – people and events are the norm – and while not strictly 'historical', it is a subject nonetheless. Indeed, the *historiography of a theory* is *not* an isolated approach developed here, merely part of a minority of historiographies.[15] However, it is suggested here that

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[13] A number of diverse theories are observed to have suffered moments of crisis. Authors who discuss this include J. L. Comaroff, 'Dialectical Systems, History and Anthropology: Units of Study and Questions of Theory', <u>Journal of Southern African Studies</u>, Vol. 8, No. 2, 1982, pp. 143-172 and M. Edelson, <u>Psychoanalysis: A Theory in Crisis</u>, (London, UK: The University of Chicago Press, 1990).

[14] In intellectual history terms, T. S. Kuhn, <u>The Structure of Scientific Revolutions</u>, (Chicago, USA: The University of Chicago Press, 1962), has particular relevance here.

[15] For instance, M. Blaug, 'On the Historiography of Economic Thought', <u>Journal of the History of Economic Thought</u>, Vol. 12, No. 1, 1990, pp. 27-37.

some studies which claim to be a *historiography* of a theory could be better interpreted as 'just' a theory's *written history*. Such a distinction however is a subjective one. The reasons for which *this* thesis is not simply a historical discussion of the evolution of a theory are subtle. The thesis (1) starts with a theory's 'problems' and looks at *their* evolution, rather than the theory itself, (2) subsequently takes a highly critical perspective and (3) focuses greatly on *author attitudes* – and their impact on the research – within the research examination itself. Yet, one could argue that *true* historiographies analyse their subject's literature within a *specific timeframe*. This thesis *does not* isolate the research in this way – *all* available research was used – but there are good reasons for this, notably that the thesis was of a purposefully critical nature, that EoC behaviour *research* had *not* been previously critiqued and that there was a presumption by the author at the beginning – from initial reading – that there existed an evolving *cause and effect* element to the issues. Thus we have the *subject*, the *author-centricity* and the *historical nature*. Yet, beyond the *broad* interpretation, the *constituent parts* of 'historiography' lend themselves well to this study too, and thus justify further its application of the term *historiography* as well. These constituents are discussed below, both in isolation *and* in terms of their application to this thesis' methodology.

2.2 A Critical Historiography

Moving on from the *standard* definitions above, the questions historiographies traditionally address concern the *reliability* of both the methodologies adopted and the sources used in recorded history, in terms of authorship, author credibility, and the authenticity or corruption of the texts;[16] the historiographical *traditions* or frameworks adopted;[17] moral issues and guilt and praise assignment;[18] revisionist versus orthodox

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[16] That is to say higher, lower, external and internal criticism, as explained in N. A. Stahl and D. K. Hartman, 'Doing Historical Research on Literacy', in N. K. Duke and M. H. Mallette (Eds.), Literacy Research Methodologies, (New York, USA: The Guilford Press, 2004), pp. 170-196.

[17] For instance, big history, microhistory, cliometrics, Whig history, Marxism (after the Frankfurt School) and metahistory, explored by H. Whyte, Metahistory: The Historical Imagination in Nineteenth-Century Europe, (Baltimore, Maryland, USA: The Johns Hopkins University Press, 1973).

[18] M. Bentley (Ed.), Companion to Historiography, (London, UK: Routledge, 1997) and D. N. Robinson, Praise and Blame: Moral Realism and its Applications, (New Jersey, USA: Princeton University Press, 2002)

interpretations[19] and historical metanarratives.[20] At a critical level, historiographies become more 'theoretical' – and esoteric[21] – in nature. Questions concern what constitutes a historical 'event';[22] the modes in which historians write and produce statements of 'truth' and 'fact',[23] how the medium through which historical information is conveyed influences its meaning;[24] the inherent epistemological problems archive-based history possesses;[25] how historians establish their own objectivity/come to terms with their own subjectivity;[26] the relationship between historical theory and historical practice;[27] establishing the 'goal' of history and exploring what history teaches us.[28]

Reliability is a major feature of this thesis; for instance, in terms of exploring how authors make erroneous claims, how they misrepresent other authors and how definitions become *corrupted* as they are transferred. *Blame and praise assignment* also feature, apropos observations from EoC behaviour authors as well as from this thesis' author.

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[19] The Cold War has orthodox, revisionist and post-revisionist historical interpretations; see J. Nashel, 'Cold War (1945-91): Changing Interpretations', in J. W. Chambers II (Ed.), <u>The Oxford Companion to American Military History</u>, (New York, USA: OUP, 1999), pp. 154-155 and J. L. Gaddis, <u>We Now Know: Rethinking the Cold War</u>, (New York, USA: OUP, 1997). This point is often related to praise and blame assignment.

[20] Metanarratives are discussed by J. Lyotard, <u>La Condition Postmoderne: Rapport sur le Savoir</u>, (Paris: Minuit, 1979). Blum's work (cited below) also figures here.

[21] For example, *some* interpretations treat history writing as being a specalised form of historiography, instead of, traditionally, the reverse being the case.

[22] For instance, P. Ricoeur, <u>Time and Narrative</u>, (London, UK: The University of Chicago Press, 1990), pp. 96-97, 112, 115. Various works by Mark. E. Blum also figure here. Three of his essays are contained in J. G. Backhaus (Ed.), <u>Political Economy, Linguistics and Culture: Crossing Bridges</u>, (New York, USA: Springer, 2008): M. E. Blum 'Contrasting Historical-Logical Narrative Conventions in Germany and Austria and their Influence upon Inquiry and Explanation in the Arts and the Sciences: An Example from the Economic Inquiries of Gustav Schmoller, Max Weber, Carl Menger, and Ludwig von Mises', pp. 59-100, M. E. Blum 'The European Metahistorical Narrative and its Changing "Metaparadigms" in the Modern Age (Part I)', pp. 101-162 and M. E. Blum 'The European Metahistorical Narrative and its Changing "Metaparadigms" in the Modern Age (Part II): Western Painting 1815-1914', pp. 163-212.

[23] J. Topolski, 'Conditions of Truth of Historical Narratives', <u>History and Theory</u>, Vol. 20, No. 1, 1981, pp. 47-60

[24] A. Briggs and P. Burke, <u>A Social History of the Media</u>, (Cambridge, UK: Polity Press, 2003)

[25] G. McCulloch, <u>Documentary Research in Education, History and the Social Sciences</u>, (London, UK: RoutledgeFalmer, 2004), pp. 51-73 and J. Tosh (Ed.), <u>Historians on History: An Anthology</u>, (Essex, UK: Pearson Education Limited, 2000).

[26] K. R. Popper, <u>The Logic of Scientific Discovery</u>, (London, UK: Routledge, 2002)

[27] M. Bunzl, <u>Real History: Reflections on Historical Practice</u>, (London, UK: Routledge, 1997), B. Croce, <u>History: Its Theory and Practice</u>, (Russell and Russell, 1960), L. Jordanova, <u>History in Practice (2nd Ed.)</u>, (New York, USA: OUP, 2006), M. Bentley, <u>Modern Historiography: An Introduction</u>, (London, UK: Routledge, 1999) and A. Munslow, 'Why Should Historians Write about the Nature of History (Rather than Just do it)?', in <u>Rethinking History: The Journal of Theory and Practice</u>, Vol. 11, No. 4, 2007, pp. 613-625

[28] J. S. Blackie, <u>What Does History Teach?</u>, (Unknown: BiblioBazaar, LLC, 1886, 2008). The structure of this paragraph was informed partially by <u>http://www.en.wikipedia.org/wiki/Historiography</u>, 2006-2009.

Metanarratives are examined in chapter seven when the – limited – explanations for the state of EoC behaviour research are studied. A *metanarrative* of sorts is also *created* here, to explain the reasons the proposed troublesome situation exists, *from the author's perspective*. The word 'critical' is used in this thesis mainly to illustrate the approach taken when analysing the research, *not* to evoke academic definitions of 'critical historiography', although elements of these *do* feature here. For instance, *the relative nature of truth* is an important issue in this thesis, especially in chapter six, as are the issues of *objectivity and subjectivity*, significant in chapter eight. There is also an underlying discussion throughout the thesis of the schism between the *ideals of historical theory and the realities of historical practice*. Chapter seven, for example, discusses how literature reviews can be undermined by 'literature overload'. Overall, it is agued here that, despite some aspects of the approach being marginally less relevant to the study, the hypotheses, objectives and research question are best served by a historiographical approach and moreover this thesis' methodology is best described as such an approach. The historiographical approach is considered strong enough and elastic enough here to cope with this thesis' unique aspects.

Like many critiques, the research is heavily *qualitative* in nature. The qualitative features of the thesis are that the issues under analysis were only known roughly at the start of the thesis; the analysis was modified as the study unfolded; the author was the principal research gathering instrument; data was in the form of words;[29] the research was subjective, concerning both the author's immersion in the study and the email respondents' (discussed below); the data was rich in that it had many *contextual* features and the thesis was the *first* comprehensive critique of EoC behaviour research and thus the start of a new research path. The approach is also *descriptive* (in that the behaviour of EoC behaviour authors is being described) as well as *correlational* (in that correlational relationships between issues are hypothesised). Furthermore, the thesis uses both inductive and deductive approaches. The thesis is deductive in that it began with hypotheses, objectives and a research question which were then analysed against

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[29] Although some numerical data was analysed in chapter eight (regarding the Vietnam War) the analysis of such data was qualitative. This is an important exception to the traditional qualitative/quantitative schism, as argued by D. Bouma and G. B. J. Atkinson, <u>A Handbook of Social Science Research (2nd Ed.)</u>, (Oxford, UK: OUP, 1995), p. 206. They argue that "some of the data may be quantified, but the analysis is qualitative."

observations made from the data. Importantly, from these observations the hypotheses were able to be confirmed or falsified. The thesis is inductive in that the hypotheses in particular were based upon observations made during *preliminary reading* of the literature, during the abandoned aim. These related approaches can be observed in figures 2.1 and 2.2. Feasibly, these figures could be combined to illustrate one larger *cyclical* relationship. Overall, the research approach implemented here is one of *lex parsimoniae*;[30] it adopts the most straightforward and obvious methodology to resolve the thesis' aims.

2.3 <u>The Sources</u>

The thesis is predominantly literature based. Apart from a small number of books, the main research sources are papers that investigate EoC behaviour in terms of its determinants, applications and antecedent conditions. The research emerges from several disciplines, including economics, international relations (IR), organisational psychology and biology and investigates EoC behaviour under many rubrics, other than simply *Escalation of Commitment*, as Staw labels it. In addition to a critique of the existing

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[30] This law is a shorthand version of '*entia non sunt multiplicanda praeter necessitatem*' (Ockham's Razor), which dictates that the simplest and most straightforward approach to a problem is often the best.

literature, a complementary analysis of the responses of several key EoC behaviour authors to questions by email was undertaken.[31] These questions regarded (1) authors' understanding of key EoC behaviour concepts like *commitment*, *escalation* and *sunk costs* (2) their level of knowledge concerning the existence of other EoC behaviour research and other EoC behaviour rubrics and (3) their level of awareness of *disagreements* between EoC behaviour authors regarding the determinants, antecedent conditions and concepts of the behaviour. For the reasons given earlier, it was deemed that the *entire* collection of available research papers and books relevant to EoC behaviour should, *as much as reasonably practicable*, be included in the study. Simply, the critical aims of this thesis are not limited by timeframe, discipline or any other ringfencing measure common to historiographical methodologies of other theses. Both source types – literature and email communications – were considered *primary sources*, in that they give *first hand accounts* of the treatment and practice of EoC behaviour research. Given that EoC behaviour research itself is critiqued in this thesis, the typical application of a case study – to test a theory against a certain set of facts or within a historical environment – was deemed unsuitable. Instead, *each* piece of research and *each* email response was considered to be a case study, in that they each illustrate the *state* of EoC behaviour research, how such research is *performed* and how similar EoC behaviour research is *treated* by EoC behaviour researchers. One *typical* case study – the Vietnam Conflict – was undertaken in chapter eight, to illustrate the discussion of several vague concepts.

The method for recognising the relevant literature was a progressive, robust and bifurcated one that developed from the *accidental* discovery of other EoC behaviour literature during the abandoned study. Firstly, the bibliographies of preliminary research relevant to EoC behaviour were studied for further relevant research. These relevant papers and books were then gathered and their bibliographies too were studied. This process was repeated in a cyclical manner. However, not only were the *bibliographies* of these texts studied, but *keywords* in the text that stated other rubrics for EoC behaviour – like *Entrapment*, *Sunk Cost Effect* and *Escalation of Commitment* – were also noted. Once the bibliographies of all the gathered literature turned up no new research, the cycle

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[31] J. Brockner, <u>Personal Communication</u>, (Email, 15/07/05), R. Dawkins, <u>Personal Communication</u>, (Email, 02/11/04), I. McLean, <u>Personal Communication</u>, (Email, 21/10/04), B. M. Staw, <u>Personal Communication</u>, (Email, 23/07/05) and D. Walton, <u>Personal Communication</u>, (Email, 24/10/04)

of research gathering ended. The second phase of literature recognition then began. Keywords raised in the obtained research were inputted into the internet and library databases and used to find the details of relevant texts, which were then gathered. The bibliographies of *these* texts and material too were studied to find other research, which was then gathered and whose bibliographies were studied. New keywords were also noted in *this* literature so that when the cycle ran dry again, *these* keywords could be inputted into the internet and the cycle could begin again. The approach taken could be described as a form of *snowball sampling*, where new *finds* are recognised from existing ones, in a cyclical manner. The snowball method is a common and efficient qualitative approach for locating awkward/secretive social groups in a *networking* fashion;[32] but it has hitherto not knowingly been applied where *literature* is the sample object. When inputting keywords into the internet, not only did they provide references for future literature gathering, they also provided 'internet only' articles, which did and did not have bibliographies. These articles were treated the same as the 'hard' research outlined above, apropos bibliographies and keywords. While the keywords generally related to the many names for EoC behaviour, some keywords related to subjects that are considered, *here*, to be closely related to EoC behaviour, but which are not discussed at length in EoC behaviour research. One such keyword was *escalation*, which generated much conflict theory literature. However, such literature was treated less exhaustively than the EoC behaviour literature insofar as the bibliographies of the texts were studied only for *fundamental* literature. This snowball methodology was repeated until *it was considered that* all relevant EoC behaviour research, *as much as reasonably practicable*, had been recognised and gathered.

The actual gathering of the research was intermittent. A period of research gathering was followed by using the keywords gathered to find more research. This was a time consuming process, taking from September 2004 to August 2005, but was felt to be the most robust methodology for a comprehensive gathering of the relevant literature. In order to offset as much as possible the non-discovery of research released *during* the research gathering phase, *all* keywords were used in *every* keyword search, not just the newly discovered keywords. Importantly, issues that were *emphasised* during the

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[32] Burns, <u>Introduction to Research…</u>, p. 389

research gathering phase, such as the number of cycles needed, the quantity of literature gathered, the quantity of applicable keywords and the different interpretations of *each* rubric, reinforced the author's initial opinion, generated when first looking at the Concorde Fallacy, that significant problems existed with EoC behaviour research; and so served to shape further – inductively – the ensuing critical analysis.

Once the literature had been gathered, pre-existing issues and the issues and ideas generated while actually gathering the research were analysed from the perspective of *each* text. This was done to discover the frequency, seriousness and possible causes and effects of the issues and to provide specific examples of the issues within the thesis. While reading these texts in detail, to find specific instances of the issues thought to exist, *new* issues were also discovered, which were analysed, again from the perspective of each text. Together, these issues formed the critical analysis of EoC behaviour research. It is also the case that email contact was made with key EoC behaviour authors Barry Staw, Doug Walton, Iain McLean, Richard Dawkins and Joel Brockner. This contact was an ad hoc addition to the analysis methodology; made towards the end of the reading of the EoC behaviour literature; for several reasons. Firstly, it was considered that a form of *triangulation*[33] was needed in the analysis. In other words, two forms of investigation were considered better than just one. Furthermore, it was considered that the emails would provide authoritative supporting examples beyond the literature for some of the issues discussed (such as Staw, who agreed that there are problems with the definitions of many EoC behaviour rubrics). The emails also provided *new* issues for exploration (such as McLean and Walton being uncertain as to what other EoC behaviour research existed) and these issues provided possible *explanations* for some already recognised issues that were proving difficult to explicate. Similarly, the email issues appeared to provide *consequences* of other already recognised issues. Perhaps most importantly, it was felt that the existence, or at least the continued prevalence, of many of the issues discovered *may* have been dependent upon the *extent* of EoC behaviour authors' knowledge of them. The emails served all these investigative angles. The selection of authors was subjective, but primarily based upon which authors were considered to be *important*. This

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[33] W. L. Neuman, <u>Social Research Methods: Qualitative and Quantitative Approaches (4th Ed.)</u>, (London, UK: Allyn and Bacon, 2000), p. 124. It is recognised here that triangulation is usually applied to three or more forms of analysis.

consideration was in turn based upon dating the EoC behaviour research to get some sense of who discovered what and when, and who are the *founding* authors of particular EoC behaviour rubrics and who are the *ancillary* authors. The authors' email addresses were discovered from the *abstract* which accompanied most research papers, or from the internet. The email approach presented some minor ethical concerns. Although no *purposeful deception*[34] was required, an *academic incompetent*[35] element *was* deemed necessary to get honest responses. I did not tell the authors what issues I had already discovered in order to prevent them from reading further, which would have invalidated the principal role of the emails: to find out what they knew *without prompting*. I wanted to avoid as much as possible an *experimental effect*.[36] For each email, I stated my name, title, institution and department; that the email was part of research taking a critical approach to EoC behaviour research and that the response would assist with this research. A response specifying no 'conditions' was deemed commensurate with having obtained Voluntary Informed Consent[37] (VIC) for the author's response to be used in the thesis.

The research was actually *obtained* from many different sources, for efficiency and research availability reasons. Internet search engines and databases[38] were preferred (to locate *electronic/online* versions of journals/research) followed by the Coventry University library database, *other* library databases[39] and then the Coventry University Inter Library Loan[40] (ILL) facility (delivering *hard* copies of research from real world interaction/visits). Rarely, and usually unsuccessfully, an email was sent to the author of a required research piece asking for a Portable Document Format (PDF) of it. However, when emailing authors *regarding the issues concerning EoC behaviour*, Staw provided

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[34] Ibid., p. 95

[35] In other words, deception by playing down the level of my own knowledge, as described in Ibid., p. 349.

[36] P. McNeill, Research Methods (2nd Ed.), (New York, USA: Routledge, 1999), p. 55

[37] VIC is discussed in P. Oliver, Teach Yourself Research, (London, UK: Hodder and Stoughton, 2002), p. 65. The *Criteria* selected to measure VIC in *this* thesis is found in P. M. Boynton, The Research Companion, (Hove, UK: Psychology Press, 2005), p. 91.

[38] Including http://www.web.ebscohost.com/ehost/selectdb?vid=1&hid=6&sid=957e232e-c769-4ade-9a3c-88634ef1ca60%40sessionmgr9, 10/12/04, http://www.ingentaconnect.com/, 10/12/04, https://www.web.lexis-nexis.com/universe, 10/12/04 and http://www.sciencedirect.com/, 10/12/04.

[39] In later cycles, the London-centric M25 Consortium of Academic Libraries Database (M25CALD) was predominantly used, http://www.m25lib.ac.uk/, 10/12/04. M25CALD searches multiple London libraries simultaneously.

[40] Here, a piece of research is ordered in from a library within the UK, by using the British Library location service. The ILL is a subsidised service from Coventry University, thus necessitating a cost-efficient search technique.

an unpublished/in progress chapter[41] concerning EoC behaviour; handled identically to the other literature. The *abstracts* of any remaining missing research were then 'internet searched'. The search was then abandoned and any remaining, missing research in the current cycle was struck from the bibliography. Although it is stated above that the significant literature gathering phase ceased in August 2005, research selection and collection – in a similar vein to the methodology already described – actually continued for the life of the research analysis phase and virtually up to the completion of the thesis, to ensure that newly released research, as much as reasonably practicable, was assimilated.[42] This was important, not least because of the thesis' 'completist/update' credentials. The use of abstracts, missing research and the ongoing research gathering technique are all complex and somewhat interactive points; discussed further below.

2.4 The Limitations of the Thesis and the Problems Encountered During the Study

A potential criticism of the thesis is that some elements of it could be considered hypothetical and ipse dixit. These descriptions however could only really apply to a very small number of what are termed the *intermediate* and *overriding* issues, but mainly to the *causative relationships* between *all* the issues – both discussed in chapter seven – and to the *solutions*, enacted in chapter eight. Thus, the thesis could be argued to be evidence based only in terms of the *immediate* and most of the *intermediate* and *overriding* issues, and much less so in terms of the *relationships* between them[43] and the subsequent solutions. However, given that this thesis is the first substantial critical analysis of EoC behaviour research it was felt that attempting to prove *definitively* the 'pathognomonic', causative relationships between what were newly discovered and highly complex issues, although theoretically possible, was premature behaviour for what is effectively a *driver* of future – and, personally, post-doctoral – research. Specifically, it was deemed that attempting this extra investigation without the adequate method, motivation, scope or focus could lead to a *post hoc ergo propter hoc* situation. More practically, such was the

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[41] B. M. Staw, 'The Escalation of Commitment: Steps Toward an Organizational Theory', Working Paper, (California University, Haas School of Business, Berkeley, California, USA: 2004), pp. 1-36

[42] The need for constant searching is made by Boynton, The Research…, p. 61.

[43] Thus, potentially, the *immediate*, *intermediate* and *overriding* designations given may not be correct for some issues.

expected schism in methodologies between the current study and that which would have been needed (principally interviews but also content analysis, participant-observation, correlational and longitudinal research), that it was considered unreasonable to assume that both investigations could have occurred simultaneously. Furthermore, even if this super-mixed method approach had been adopted, the time and space limitations of a PhD would have infringed upon this dualist study. Thus, only the *discovery* and *documentation* of the majority of the issues themselves, coupled with *suggested* causative relationships between them and the *suggested* solutions to these issues, was considered the priority here. As an aside, it was deemed that even some of the complex *hypothetical* relationships between the issues (such as *cyclical*, *direct*, and *indirect* relationships) needed to be less detailed than they could have been, in order to keep focus on the issues themselves and to aid reader comprehension. Exploring the *complete* interactions of *all* issues, even hypothetically, was deemed counterproductive. The reasons the causative relationships were investigated at all were to facilitate future investigative research, to facilitate in determining the *state* of EoC behaviour research and to assist in developing the prescriptive measures; which too serve to facilitate future research. As a corollary to what has just been stated, it should also be noted that as well as the proposed *solutions* being hypothetical in their own right, they were logically, designed in light of the issues raised (of which some are hypothetical) as well as the hypothetical *causative relationships* between these issues. The crucial and unique point concerning the solutions is that unlike the other hypothetical elements, they could not be proved or disproved in the thesis, no matter what research approach was adopted. This is because the effectiveness of the solutions is reliant upon the observation of future EoC behaviour research *after* this thesis has been published; this thesis has to be in the public domain for it to be adopted and then ranked regarding its effectiveness at reducing the issues described. Significant longitudinal, interview, correlational and observation based research practices are considered here to be the key approaches required to establish the efficacy of the solutions. Positive longitudinal research – improvement of EoC behaviour research coupled with uptake of this thesis – could also theoretically bolster the validity of some of the other hypothetical issues described earlier, as well as delivering other conclusions; for instance, regarding the 'wider message' of the thesis made in chapter

seven. Regarding the solutions themselves, certain *elements* of the solutions can *only* be validated by future research too; insofar as these elements merely constitute the opinions and 'best guesses' of this thesis' author and require the future input and opinions, via discussions, papers/books and forums, of EoC behaviour researchers; owing to what could be termed significant 'consensus' gaps. In other words, the validity of these elements is *conditional*; based upon future analysis and comment by other EoC behaviour authors. This point is discussed further in chapters eight and nine.

The more tangible problems encountered during the research are typical to PhD theses (time pressures, frequent and intense research gathering cycles, organisation problems associated with the large quantity of research and research gathering difficulties). Several interconnected issues in particular deserve further discussion here. First, approximately 10-15% of the desired EoC behaviour research – discovered in *all* periods of searching – was *completely* untraceable and thus struck from the bibliography.[44] This figure resulted despite searching again, periodically, for research

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[44] In bibliographic form, Arkes, H. R. and L. Hutzel, 'The Role of Probability of Success Estimates in the Sunk Cost Effect', Journal of Behavioral Decision Making, Vol. 13, No. 3, 2000, pp. 295-306, Arkes, H. R. and L. Hutzel, 'Waste Heuristics: The Desire not to Waste Versus the Desire for New Things', in M. H. Bazerman et al. (Eds.), Environment, Ethics and Behavior: The Psychology of Environmental Valuation and Degradation, (San Francisco, USA: The New Lexington Press/Jossey-Bass Publishers, 1997), pp. 154-168, Arkes, H. R. et al., 'The Psychology of Windfall Gains', Organizational Behavior and Human Decision Processes, Vol. 59, No. 3, 1994, pp. 331-347, Arkes, H. R. et al., 'The Role of Potential Loss in the Influence of Affect on Risk-Taking Behavior', Organizational Behavior and Human Decision Processes, Vol. 42, No. 2, 1988, pp. 181-193, Awasthi, V. N. et al., 'VIP Company: A Mini Case for Reinforcing Students' Understanding of Sunk Costs, Ethics and the Role of Management Controls', Journal of Accounting Education, Vol. 16, No. 3-4, 1998, pp. 545-562, Bazerman, M. H. et al. (Eds.), Environment, Ethics and Behavior: The Psychology of Environmental Valuation and Degradation, (San Francisco, USA: The New Lexington Press/Jossey-Bass Publishers, 1997), Bazerman, M. H. et al., 'Performance Evaluation in a Dynamic Context: A Laboratory Study of the Impact of Prior Commitment to the Ratee', Journal of Applied Psychology, Vol. 67, No. 6, 1982, pp. 873-876, Bazerman, M. H., 'The Mind of the Negotiator: Do You Know When to Walk Away?', Negotiation, Vol. 7, No. 2, 2004, pp. 3-5, Bazerman, M. H., 'The Relevance of Kahneman and Tversky's Concept of Framing to Organizational Behavior', Journal of Management, Vol. 10, No. 3, 1984, pp. 333-343, Bower, J. L. and C. G. Gilbert (Eds.), From Resource Allocation to Strategy, (New York, USA: OUP, 2005), Brecher-Kellerman, E. G., 'Good Feelings, Bad Decisions: Mood Induction and Escalation of Commitment', Dissertation Abstracts International, Vol. 62, No. 5-B, 2001, p. 2524, Brockner, J. and B. M. Wiesenfeld, 'An Integrative Framework for Explaining Reactions to Decisions: The Interactive Effects of Outcomes and Procedures', Psychological Bulletin, Vol. 120, No. 2, 1996, pp. 189-208, Brockner, J. et al., 'Factors Affecting Entrapment in Escalating Conflicts: The Importance of Timing', Journal of Research in Personality, Vol. 16, No. 2, 1982, pp. 247-266, Brockner, J., 'How to Stop Throwing Good Money after Bad: Using Theory to Guide Practice', in D. A. Schroeder (Ed.), Social Dilemmas: Perspectives on Individuals and Groups, (Westport, Connecticut, USA: Praeger, 1995), pp. 163-182, Brockner, J., 'The Social Psychology of Entrapment in Escalating Conflicts', Dissertation Abstracts International, Vol. 38, No. 9-B, 1978, p. 4533, Brockner, J., 'Unpacking Country Effects: On

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that was marked as 'unobtainable', in case circumstances had changed. This has numerous implications for the validity of the thesis. Importantly, the missing research may have caused problems already outlined in the thesis *related* to 'research technique', such as claims of originality and erroneous arguments, *on my part*. Furthermore, gaps in the *historiography* element were created, especially from an 'author specific' chronological viewpoint. Logically, not having a piece of research also meant that *its* bibliography could not be read and hitherto undiscovered keywords may not have been found, meaning *other* important research may also have been missed; though this is hypothetical. This point is linked to another regarding missing research. One could argue that despite a thorough search, hitherto 'unknown' research could still exist; that is to say research not discovered in any bibliographies or databases/internet or perhaps simply 'missed' by the author. Indeed, one could carry the criticism further and argue that important *analytical* points in research were also missed. These arguments are hypothetical however, but would be likely to have the same consequences as those discussed above. In *partial* mitigation however, particularly in acknowledgement of similar criticisms levelled, by this thesis, at *other* EoC behaviour authors, (1) these issues have *clearly* been discussed above (indeed authors *not* doing this could be an 'issue' in itself) (2) similar criticisms of authors predominantly regard research that was found by this thesis' author but not them (though it is *possible* that it was not *available* to them at that time, on some occasions) and (3) unobtainable research has been listed in the footnote above as a 'stop-gap' response to the argument that this thesis' research is incomplete, in the hope that this research may be located by the reader or become available in the future. Moreover, in a small number of cases, *abstracts only* were studied. Although not a perfect solution – important aspects may have been missed – it

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16, No. 11, 1997, pp.1153-1161, Strube, M .J. and C. L. Lott, 'Time Urgency and the Type A Behavior Pattern: Implications for Time Investment and Psychological Entrapment', Journal of Research in Personality, Vol. 18, No. 3, 1984, pp. 395-409, Tan, H. T. and J. F. Yates, 'Financial Budgets and Escalation Effects', Organizational Behavior and Human Decision Processes, Vol. 87, No. 2, 2002, pp. 300-322, Teger, A. I., 'The Effect of Early Cooperation on the Escalation of Conflict', Journal of Experimental Social Psychology, Vol. 6, No. 2, 1970, pp. 187-204, Wagner III, J. A. (Ed.), Advances in Qualitative Organization Research Volume One, (Greenwich, Connecticut, USA: JAI Press, 1998), Wang, J. and M. Keil, 'A Meta-Analysis Comparing the Sunk Cost Effect for IT and Non-IT Projects', Information Resources Management Journal, Vol. 20, No. 3, 2007, pp. 1-18, Wong, K. F. E., 'The Role of Risk in Making Decisions under Escalation Situations', Applied Psychology: An International Review, Vol. 54, No. 4, 2005, pp. 584-607.

was considered that this was a better approach than ignoring the abstracts and classifying such research as 'unobtainable'. In mitigation, the use of abstracts was uncommon. A related issue here concerns the *ongoing* research selection and collection that occurred after August 2005. The first point to make here is that relatively more recent research appeared to present a higher proportion of 'unobtainability'. This may have been because the research had not been 'embedded' sufficiently in databases, the internet and library collections. By extension of this argument, one could also argue that 'unknown' research would be more likely to be of a relatively newer nature too. One must also consider that although research selection and collection was deemed important, after August 2005 this process had to compete with the analytical and practical phases of the thesis. A balance had to be struck for this division of labour. Given the nature of research, it was acknowledged too that research was being released[45] constantly. A minor issue related to this acknowledgement is that of the schism between *research completion date* and *research publication date*. Because of this, it is potentially debatable who actually made some particular discoveries/observations. Furthermore, 'new findings' may have been published in this interval. Both arguments here could explain some 'conflict issues' related to the research. Upon publication, *this* thesis is likely to be included in this debate.

Data regarding the Vietnam Conflict (especially the dollar cost of the action *per year*) was extremely difficult to locate. The US Census Bureau, the US Department of Defence, veterans' websites and other potential *gatekeepers*[46] of this information did not have the data or did not reply to requests. There were also the "vagaries of document declassification"[47] to contend with. This experience provided an ironic reply to Bulmer's rhetorical question.[48] The *desired* 'economic cost' Vietnam data was ultimately *not* retrieved. Economic cost data that *was*[49] located related to *groups* of years (for instance, the war's *total* cost), *single* years or incomplete *single year 'chains'* (for example, *up to*

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[45] 'Released' here and above means (1) the release of 'new' research, (2) the release of older research whose existence was previously unknown or (3) the release of research whose existence was known but was previously unobtainable.

[46] Neuman, Social Research Methods…, p. 352

[47] J. Dumbrell and S. Ellis, 'British Involvement in Vietnam Peace Initiatives 1966-1967: Marigolds, Sunflowers and 'Kosygin Week'', Diplomatic History, Vol. 27, No. 1, 2003, p. 113

[48] M. Bulmer, 'Why don't Sociologists Make More Use of Official Statistics?', Sociology, Vol. 14, No. 4, 1980, pp. 505-523

[49] Dollar data was eventually retrieved from the Virtual Vietnam Archive at Texas Tech University, Lubbock, Texas, (http://www.vietnam.ttu.edu, 22/09/07) in the form of congressional documents.

1971). Moreover, there were multiple author *interpretations* of what this 'dollar cost' data consisted of anyway; meaning that this data could not be combined. Ultimately, this data was treated as *indicative* rather than *definitive*. Chapter eight discusses this subject further. Gatekeepers of another kind, *librarians*, in a number of London libraries refused the author access on the first visit, because they were unaware of the Society of College, National and University Libraries (SCONUL)[50] scheme of which the author and their university are members. This *delayed* rather than *prevented* research gathering. This concludes the methodology chapter. Chapter three explores the *meaning* of EoC behaviour and instigates the *examination* of EoC behaviour research.

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[50] SCONUL (http://www.sconul.ac.uk, 29/10/04) allows students from UK universities to enter and borrow research from the libraries of others.

3.0 <u>An Introduction to Escalation of Commitment Behaviour and to the Current State of</u>
<u>Escalation of Commitment Behaviour Research</u>

This chapter and the following two chapters have two main aims. The principal aim is to provide an introduction to the *idea* of Escalation of Commitment (EoC) behaviour, through the exploration of existing EoC behaviour research. Arising from this exploration, the second, more relevant aim, with regard to validating this thesis' hypotheses, is to *highlight* elements of the research that give some suggestion as to its overall 'state'. The introduction and investigation begins with a study of the founding and dominant theory in the entire EoC behaviour field: that of Professor Barry Staw and termed simply 'Escalation of Commitment'. Following the exploration of Staw's research, the potential issues that emerge from it are highlighted for later analysis. As well as some questions regarding Staw's treatment of Decision Making Units (DMUs) and his level of inclusion of other EoC behaviour research in his framework, these problematic issues rudimentarily involve the absence of definitions for, and a lack of clear relationships between, important EoC behaviour 'concepts'. The remainder of chapter three explores ancillary EoC behaviour in the realm of the non-international relations (IR) collective of literature, while chapter four investigates ancillary literature undertaken in the discipline of IR, since it is argued that EoC behaviour research is split between a large IR focussed body of work and a smaller body of work formed from a collective of related, non-IR disciplines. A number of new issues and as well as some similar to those discovered when analysing Staw's research are discovered here. Continuing the overall examination of ancillary EoC behaviour research, chapter five investigates further the issue of the DMU, and EoC behaviour literature that recognises the group DMU. A number of important observations are made here that have significance for the rest of this thesis. It is contended that *all* the ancillary literature, despite the concerns raised, *does* contribute to Staw's EoC theory and to the greater EoC behaviour concept. In the conclusion to this series of chapters, the many findings that have been discussed are summarised and the purpose of the ensuing chapter is set out.

3.1 The Origins and Evolution of Escalation of Commitment Behaviour Research: Staw's Escalation of Commitment Framework

The term 'Escalation of Commitment' entered modern social science parlance through a psychology based paper, in 1976, by Barry Staw.[1] Here, Staw argues that following negative feedback in an investment decision context,[2] the decision maker would increase his total investment, to "self-justify"[3] his original decision; he would continue with the course of action in the hope of ultimately proving his original decision was right, though at risk of incurring further negative feedback. This assumption was based upon Staw's observations of cognitive dissonance/distortion literature which discusses events where negative feedback cannot easily be changed, particularly in so-called *forced compliance* experiments.[4] Here, one is forced to undertake an unpleasant task/series of tasks, such as discrediting one's opinions or eating an unpleasant food. Negative consequences follow this counterattitudinal action and since no external reward/compensation is offered – to 'permit' internal justification – the actor will distort his opinions relating to the tasks, to reduce dissonance. In an unpublished chapter,[5] given to this thesis' author by Staw, Staw relates a real life 'dissonance and attitude change' experience, suffered by Vietnam Conflict draft dodgers who joined the Reserve Officers Training Corps (ROTC) to delay drafting yet subsequently received high draft 'lottery' numbers. Similarly, in a situation where more 'tangible' losses (for instance, money) cannot be refunded or recouped following a setback, an actor will tend to distort the feedback as less negative than it is and/or blame the situation on others and/or external events.

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[1] B. M. Staw, 'Knee Deep in the Big Muddy: A Study of Escalating Commitment to a Chosen Course of Action', <u>Organizational Behavior and Human Performance</u>, Vol. 16, No. 1, 1976, pp. 27-44

[2] <u>Ibid</u>., p. 28. Investment decision contexts are "situations in which resources are allocated to one decisional alternative over others, and in which the level of resources can be increased or decreased at the discretion of decision-makers."

[3] <u>Ibid</u>., p. 29. According to http://www.cogsci.princeton.edu/cgi-bin/webwn2.1, justification is generally taken to mean "a statement in explanation of some action or belief" or "something (such as a fact or circumstance) that shows an action to be reasonable or necessary." Thus self-justification is justifying an action to oneself.

[4] L. Festinger and J. M. Carlsmith, 'Cognitive Consequences of Forced Compliance', <u>Journal of Abnormal and Social Psychology</u>, Vol. 58, 1959, pp. 203-210

[5] B. M. Staw, 'The Escalation of Commitment: Steps Toward an Organizational Theory', <u>Working Paper</u>, (California University, Haas School of Business, Berkeley, California, USA: 2004), pp. 4-5

Staw argues however that investment decision contexts are one instance where an actor can "go beyond the distortion of negative consequences to rationalize a behavioral error…to take new and concrete actions to justify their behavior."[6] How the investor goes beyond distortion here is by "greatly enlarging the commitment of resources"[7] to the failing task, to *potentially* rescue the situation and thus rationalise the initial decision. This, according to Staw, is the fundamental precept of EoC behaviour. A responsible actor continues his course of action despite (and because of) negative feedback, to self-justify his initial decision.

The theory having begun in the milieu of forced compliance research, Staw critiques the two conditions 'required' for cognitive dissonance/forced compliance justification and then applies them to self-justification in an investment context scenario. In their original form, the conditions state: the actor must have "committed himself to behavioral consequences which are irrevocable or at least not easily changed" and the actor must "feel personally responsible for the negative consequences of his behavior…or at least receive a moderate degree of choice in his behavior."[8] Staw modifies these qualifications, to distinguish between the occurrence of self-justification as a cause of investment context EoC behaviour and other behavioural phenomena were negative consequences may also increase one's commitment to an investment decision; such as the Gambler's Fallacy,[9] rationally maximising one's outcomes or, in the case of prior responsibility, the need for consistent behaviour. Staw maintains that the personal responsibility condition for negative consequences is compatible with investment context EoC behaviour situations but he modifies the other which details 'irrevocable' negative consequences to discuss instead *potentially* reversible ones, (that is to say in terms of the action itself being an eventual success and/or in terms of costs that may still be sunk and non-refundable, but can be *recouped* in terms of eventual income or 'face').

Staw argues further that although the above conditions of responsibility and reconcilable consequences can occur as 'separated' factors in the above other

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[6] Staw, 'Knee Deep…', p. 28

[7] Ibid., p. 29

[8] Ibid., p. 28

[9] Ibid., p. 30. The gamblers fallacy, Staw argues, is the fallacious belief that "resources should always be placed upon the [currently] losing decisional alternative" since such continued failure would appear to signify an approaching success.

phenomena, only a self-justification explanation "would predict a [synergistic] interaction of personal responsibility and decision consequences such that increases in commitment would be even greater than the additive effects of these two separate factors."[10] What occurs however, as Staw's EoC theory progresses, is that many more EoC behaviour drivers other than self-justification, including those dismissed above, are included.

Staw's next paper, with Fox,[11] duplicates his previous paper's fundamentals, in terms of the cause of EoC behaviour, yet includes the basis for his *temporal model*, discussed below. Staw and Fox suggest a 'pathway' of how EoC behaviour proceeds; initial escalation leads to a withdrawal followed by a period of reescalation.[12] Yet, they also maintain that EoC behaviour generally is an "unstable phenomenon"[13] over time; EoC behaviour through self-justification does not *have* to occur in *every* situation where potentially redeemable negative consequences have been received by a responsible actor and, after a time of escalation, sooner or later, reinvestment will cease. This final argument however is dismissed in Staw's later research.

3.2 Moving Beyond Self-Justification

It is Staw's third paper, with Ross, however[14] that presents a fundamental shift from his previous research. Staw and Ross introduce new concepts, beyond the single self-justification explanation, to elucidate the causes of EoC behaviour. Before they discuss these possible causes, they discuss further the incremental nature of EoC behaviour situations. Staw and Ross reaffirm that EoC behaviour situations are incremental in nature; "they are not," as Staw says in a later text, "one-shot affairs."[15] They posit that "it is extremely difficult for a policy maker to assess all the long range costs and benefits of a complex project and as a result many major resource allocation decisions are made a

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[10] Ibid., p. 30
[11] B. M. Staw and F. V. Fox, 'Escalation: The Determinants of Commitment to a Chosen Course of Action', Human Relations, Vol. 30, No. 5, 1977, pp. 431-450
[12] Ibid., p. 448
[13] Ibid., p. 447
[14] B. M. Staw and J. Ross, 'Commitment to a Policy Decision: A Multi-Theoretical Perspective', Administrative Science Quarterly, Vol. 23, No. 1, 1978, pp. 40-64
[15] B. M. Staw, 'The Escalation of Commitment: An Update and Appraisal', in Z. Shapira (Ed.), Organizational Decision Making, (Cambridge, UK: Cambridge University Press, 1997), p. 191

step at a time."[16] Policy makers may sometimes become trapped in a particular course of action and rather than "accept an immediate loss and withdraw from a poor investment alternative, they may be prone to commit new and additional resources [to justify their actions and their costs]...a costly circle of escalation."[17] Thus, while ideally the incremental allocation of resources "should allow for feedback which in turn should enable organizations to avoid large expenditures on unsatisfactory or failing ventures,"[18] in reality it is possible for incremental resource allocation schemes to be "one of the *most* rather than *least* expensive forms of policy formation."[19]

Staw and Ross follow this statement by clarifying the existing self-justification theory and establishing new EoC behaviour determinants. The clarification part of the paper simply elucidates an idea based on the non-recoupable/recoupable schism in Staw's first paper: there are now two *distinct* self-justification *forms*. The first occurs when negative consequences are non-refundable (irreversible) *and* non-recoupable (no opportunity to turn the situation around) and there is personal responsibility. The second occurs when negative feedback is potentially recoverable; there is personal responsibility and the resultant self-justification need (in terms of the action and the initial costs) is met by reinvestment. The focus for EoC behaviour research is the latter form.

Alongside self-justification, Staw and Ross now discuss several other interacting factors that may affect the decision to escalate commitment following negative feedback. Complementing a model, (figure 3.1), they discuss first 'reinforcement effects'. These are discussed on two levels[20] and are considered to have an effect upon other subtheories examined in the same model. They argue first that after a loss/setback, an individual would always and immediately be disposed to cut investment in a course of action and invest in an alternative, because one's rational actions are 'reinforced' by the setback. This does not appear to be immediately conducive to the fundamental tenet of EoC behaviour. However, *more* relevantly, they argue that commitment can be a function of one's previous 'reinforcement history' (the history of failures and/or successes previous to the latest setback). Assuming, as the model does, that there is a possibility of ultimate

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[16] Staw and Ross, 'Commitment to a Policy Decision...', p. 40
[17] Ibid.
[18] Ibid.
[19] Ibid.
[20] Ibid., p. 41

success and/or recouping costs, then when there has been success in the action prior to the current setback there is an opposing impulse: to reinvest; as the setback can be considered an anomaly. This can occur through 'retrospective reasoning' or 'prospective reasoning'. Retrospective reasoning indicates an individual's propensity to attempt to 'fix' *past* mistakes over addressing future outcomes.

Conversely, prospective reasoning describes an actor's proclivity to tackle the *future* utility of his actions. Self-justification is considered extreme retrospective reasoning. Furthermore, if previous success in the reinforcement history is predominant, Staw and Ross argue the 'Illusion of Invulnerability',[21] may occur; where the individual is so overconfident of his own skills that he ignores the setback completely. However, when regarding failure prior to the *current* setback, they state that retrospective reasoning would dictate a tendency to escalate commitment, while prospective reasoning and Expectancy Theory, discussed below, would dictate a reexamination of the utility of the alternatives. If previous reinforcement history is predominantly negative, the actor may fall to the 'Learned Helplessness Effect';[22] reinvesting because his actions and the resultant consequences are deemed unconnected. Staw and Ross argue further that if the losses and gains schedule is staggered, it too can prevent *extinction* of the project.

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[21] Ibid., p. 45
[22] Ibid.

The two new theories discussed under prospective reasoning[23] differ from the others in that they are considered by Staw and Ross as the 'rational' theories of psychological behaviour concerning commitment. Expectancy Theory, states that following a setback the individual will increase or cut commitment according to the course of action deemed to carry the greatest subjective expected utility or MF.

In summary, Expectancy Theory dictates that:

$$MF = EIV$$

Where:

MF = Motivational Force (in this case, to follow a particular action)

Expectancy Probability = Effort/performance relationship ('will extra effort [investment] generate improved performance?')

Instrumentality Probability = Performance/reward relationship ('will better performance generate the reward?')

Valence = The value of the reward (outcome)

The second theory, a modified 'Reactance Effect',[24] argues that following a setback, "individuals may intensify their efforts to act rationally."[25] *These* theories utilise a high level of prospective reasoning, while the former theories focus upon retrospective reasoning, or use no reasoning. Thus it is quite reasonable to suggest that if Expectancy or Reactance Effects are utilised during decision making, and are sufficiently powerful, then *withdrawal* may result.

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[23] Ibid., pp. 43-45
[24] Ibid., p. 45
[25] Ibid.

If focus is shifted to self-justification briefly, reinforcement history is argued by Staw and Ross to affect it in terms of strength. If the history is largely one of failure, then despite reinforcement history being less powerful, self-justification effects are strong and escalation (in terms of intensification) is likely. If the history has been successful, the need for justification is lower and commitment will tend to remain at a maintenance (continuance) level. It is also important to note that Staw now considers reinforcement history as an important effector of self-justification (between 'setback with personal responsibility' & 'the possibility of recouping losses' and 'justification' [figure 3.1]) and thus an important facet of EoC behaviour.

Yet one should note that reinforcement history does not need to be included for self-justification to occur (since a history does not always exist). Here one could argue that self-justification strength would start low and increase with failure (owing to a growing, negative reinforcement history). Aside from reinforcement effects, Staw and Ross raise other possible modifiers of the EoC behaviour self-justification effect,[26] including: visible responsibility to salient others for a negative consequence; public advocacy for an action that results in negative consequences; political vulnerability and psychological differences between actors.

3.3 The Trapped Administrator and External Justification

Staw's next EoC behaviour paper,[27] examines EoC behaviour in the context of Campbell's 'experimenting society'.[28] Fox and Staw argue against Campbell's belief, that in such a society "we try out new programs designed to cure specific social problems, in which we learn whether or not these programs are effective and in which we retain, imitate, modify or discard them on the basis of apparent effectiveness."[29] They posit that so-called 'trapped administrators' are likely instead to "become committed to a

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[26] Ibid., pp. 61-62

[27] F. V. Fox and B. M. Staw, 'The Trapped Administrator: Effects of Job Insecurity and Policy Resistance upon Commitment to a Course of Action', Administrative Science Quarterly, Vol. 24, No. 3, 1979, pp. 449-471

[28] D. T. Campbell, 'Reforms as Experiments', American Psychologist, Vol. 24, No. 4, 1969, pp. 409-429

[29] Ibid., p. 409

course of action and refuse its failure";[30] something that Campbell concedes may occur.[31] Although new modifiers of self-justification are given here, such as the individual's level of self-esteem (measured as one's willingness to face failure),[32] Fox and Staw extend the scope of EoC behaviour too. Given that the 'trapped administrator' is defined as "one who stands to lose politically if a particular program does not work and who has little choice but to remain fully committed to it,"[33] it is not surprising that Fox and Staw now focus upon more 'external' EoC behaviour determinants, in an "extension of the justification framework."[34]

The magnitude of negative feedback[35] and its corresponding level of subjective meaning for the actor are shown to be factors that can influence EoC behaviour. Implicating and exonerating factors for personal responsibility combine following a setback to cause the individual to either feel personal responsibility or not. Once personal responsibility has been established, it is likely to instigate self-justification and thus escalation. However, determinants such as job insecurity[36] can also increase commitment to a failing action, since one may feel forced to continue for fear of losing one's job otherwise; something fox and Staw argue carries some modicum of rationality for perseverance, past immediate economic prudence.[37]

Other reasons include others' demands for competent behaviour[38] and the actor previously overcoming policy resistance to the failing project.[39] Some of these factors were previously considered as effectors only of self-justification, yet they are adopted now as effectors of a new EoC behaviour determinant: 'external justification': an actor continues, to prove *to others* that his initial decision (and initial investment/costs) was correct.[40]

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[30] Fox and Staw, 'The Trapped Administrator…', p. 449
[31] Campbell, 'Reforms as…', p. 410. Campbell states "if the administrative system has committed itself in advance to the correctness and efficacy of its reforms, it cannot tolerate learning of failure…. [Commitment] blinds us to reality testing."
[32] Fox and Staw, 'The Trapped Administrator…', p. 452
[33] Ibid., p. 453
[34] Ibid.
[35] Ibid., p. 452
[36] Ibid., p. 464
[37] Ibid., p. 453
[38] Ibid., p. 452
[39] Ibid., p. 464
[40] Ibid., p. 453

Another external EoC behaviour determinant argued here is 'clarity of feedback'. Beyond simply the *scale* of the negative feedback event, it is argued that the clearer the feedback is that reinvestment will/will not succeed, the more likely it is that the individual will act for maximum utility, or at least be less susceptible to self- and external justification. However, more ambiguous feedback will cause the converse effect. The causes – and their likely persistence – of the setback are an important consideration here. However, related to this determinant, it is common for subordinates of the actor (in a social setting) not to want to be the bearers of bad news. Thus they often *distort* feedback information before passing it up the chain, leading to reinvestment based upon skewed information. Social distortion can also occur accidentally and the decision maker himself may also *internally* distort feedback. Staw's later research discusses this subject more. The crux of the second Fox and Staw text however is the self- and external justification separation and the inclusion of external EoC behaviour determinants. This is an important progression in Staw's understanding of EoC behaviour and EoC behaviour research overall. Figure 3.2 shows this separation.

In 1981[41] Staw introduces yet more EoC behaviour determinants and produces a model of his understanding of the behaviour as it stands (Figure 3.3). Potential recoupability is now a 'given' of an EoC behaviour situation, as is the negative consequence itself, and justification is now a function of personal responsibility for negative consequences and both internal and external demands for rationality. Personal responsibility for the consequences is argued to be a function of the setback itself and previous choice, the foreseeabilty of the outcome and other exonerating & implicating factors. It is also argued[42] that the 'nature' of the setback – in the overall milieu of calculating the future probability of success – is important to escalating or quitting a project. If the cause is argued to be 'exogenous', (outside factors, unlikely to persist), then reinvestment is more likely than if the setback is caused by 'endogenous' factors (factors central to the project and unremitting). Staw argues that the actor here predominantly uses prospective rather than retrospective reasoning to determine the utility of the project. However, Staw cautions that justification biases may encourage *feedback information bias* and – regarding setback type – the actor may filter endogenous reasons and generate exogenous reasons for failure, providing a rationale for reinvestment.[43] Such distortion could also occur in the social ways discussed earlier. Finally, in addition to an Expectancy Theory determinant, Staw talks of the 'norm for consistency': a product of cultural and organisational norms. Here, one who continues a project despite negative feedback is considered by others to be a more effective administrator than one who adopts Campbell's[44] experimenting society approach.[45] Moreover, determination followed by ultimate success produces a greater effectiveness rating than the sum of the two facets acting alone (synergy). Thus, Staw is arguing that not only does the administrator in question also hold this cultural opinion but this opinion dictates his actions; the administrator continues, to avoid appearing ineffective but mainly to gain the cultural rewards for persistence, even if Campbell's argument is the wiser option, and the actor knows this.

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[41] B. M. Staw, 'The Escalation of Commitment to a Course of Action', <u>Academy of Management Review</u>, Vol. 6, No. 4, 1981, pp. 577-587

[42] <u>Ibid</u>., p. 580

[43] <u>Ibid</u>.

[44] Campbell, 'Reforms as…'

[45] Staw, 'The Escalation of Commitment to a Course…', p. 579

Staw also revisits the inherent instability of EoC behaviour situations.[46] In addition to stating that EoC behaviour is not guaranteed despite EoC conditions being present, Staw argues that in some situations of high responsibility and negative feedback over time, commitment gradually decreases, while in some low responsibility cases, commitment gradually increases or is maintained. Staw puts this down to actors "probing and learning from the system over time."[47] However one could argue, in the low responsibility case at least, that actors gambled because they had less responsibility and thus less consequences if the situation flopped, yet possessed enough responsibility to claim accountability if the situation prospered. More simply, responsibility would surely grow with further investments.

3.4 Approaching the Contemporary Model of Escalation of Commitment Behaviour

The gap between Staw's old EoC behaviour research and what can be considered the 'contemporary' version of it is bridged in 1986 when, with Ross, he investigates Expo '86.[48] The main shift that occurs here is that an early version of Staw's 'categorised determinant' framework, is presented. The Expo paper separates the previous morass of EoC behaviour determinants into the headings of 'Project Determinants', 'Psychological Determinants', 'Social Determinants' and 'Structural Determinants' and adds many new determinants and suggestions to these headings. The headings also include some EoC behaviour determinants from *other* EoC behaviour researchers not just Staw's own EoC findings. Furthermore, the paper trials a 'three-phased' prototype model of EoC behaviour. This is an important step, as it considers the temporal priority of *particular* EoC behaviour determinant categories. Like the framework, the phased prototype model is modified in later research.

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[46] Ibid.
[47] Ibid.
[48] J. Ross and B. M. Staw, 'Expo 86: An Escalation Prototype', Administrative Science Quarterly, Vol. 31, No. 2, 1986, pp. 274-297

In 1987, Staw and Ross[49] replicate the framework, using the same headings but now with far greater detail and including more determinants, again including those from other EoC behaviour researchers. They introduce a *generic cyclical* model of EoC behaviour and apply this model to each determinant heading. They also create a 'three-phased' prototype model variant, now with four stages. Again, using +, – and 0, this four-phased model predicts the "dynamics of various forces over time"[50] and their impact upon the desire to escalate commitment.

[49] B. M. Staw and J. Ross, 'Behavior in Escalation Situations: Antecedents, Prototypes and Solutions', <u>Research in Organizational Behavior</u>, Vol. 9, 1987, pp. 39-78

[50] <u>Ibid.</u>, p. 65

This paper is considered here the most detailed of Staw's entire research and, though the *list* of determinants and the models in the paper are superseded in his final paper, the *content* concerning the determinants that *are* covered, as well as the *heading specific models*, are used extensively in this chapter's summary of Staw's framework, below. The next series of texts build slightly upon the *Antecedents* paper, apropos new determinants and model structure, but tend not to include all the previously discovered determinants and are not 'intrinsic' to Staw's EoC behaviour research. Most importantly, in *Knowing When to Pull the Plug*,[51] Staw and Ross experiment with changing the category headings of their previous works. Although this reorganisation does not stick, it encourages the permanent name change of one category from 'Structural Determinants' to 'Organisational Determinants' in future texts. Determinants that have already been explored in previous research are categorised under the new headings[52] and further explanation for some of these are presented too.[53] The following paper[54] displays this 'Organisational Determinants' heading and again presents a modified phased model.

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[51] B. M. Staw and J. Ross, 'Knowing when to Pull the Plug', <u>Harvard Business Review</u>, Vol. 65, No. 2, 1987, pp. 68-74

[52] <u>Ibid</u>., pp. 69-71

[53] <u>Ibid</u>., p. 70

[54] B. M. Staw and J. Ross, 'Understanding Behavior in Escalation Situations', <u>Science</u>, Vol. 246, No. 4927, 1989, pp. 216-220

In 1992 Simonson and Staw[55] discuss further the importance of *information ambiguity* in EoC behaviour situations. Then, Ross and Staw[56] create a further phased temporal model and apply it to another case study: the Shoreham nuclear power plant. An important conclusion of this study is that it did not entirely fulfil the model, and questions are raised regarding whether it is feasible to create a model that can predict the *order* in which EoC behaviour determinants apply.

Ross and Staw also discuss a new determinant framework heading: 'Contextual Effects' (those determinants present outside of an organisation). Another, unrelated, comment is that an individual or organisation that executes *multiple and simultaneous*

[55] I. Simonson and B. M. Staw, 'De-Escalation Strategies: A Comparison of Techniques for Reducing Commitment to Losing Courses of Action', Journal of Applied Psychology, Vol. 77, No. 4, 1992, pp. 419-426

[56] J. Ross and B. M. Staw, 'Organizational Escalation and Exit: Lessons from the Shoreham Nuclear Power Plant', Academy of Management Journal, Vol. 36, No. 4, 1993, pp. 701-732

projects may keep an EoC behaviour situation going *indefinitely* by offsetting failure costs with overall profit margins.[57] In 1995, Staw and Hoang[58] apply an EoC behaviour determinant, the Sunk Cost Effect (SCE), discussed later, to another case study: player employability in the National Basketball Association (NBA) according to purchase price. This is followed, in 1997, by a further case study[59] which finds that the extension of a bad loan ceases when the manager who initially approved the loan leaves the organisation. It is however another 1997 text[60] which presents Staw's current opinion as to the nature of EoC behaviour. More determinants are added here, as well as an entirely new model, beyond the temporal, phased kind. Below then is a summary of Staw's contemporary interpretation of the behaviour, based upon the second 1997 text, with reinforcing information from his *Antecedents* and *Understanding* papers.

3.5   Summarising Staw's Contemporary Escalation of Commitment Behaviour Framework

Staw's later EoC behaviour definitions unsurprisingly differ from those of his earlier research. Initially, justification motives formed the basis of EoC behaviour and thus the definitions were built around the individual; personal responsibility, negative consequences and potentially recoupable costs and/or situation. Yet as justification motives are now joined by many other factors, particularly non-psychological ones, the need to be *personally responsible* for the initial act seems to become less of a *must* for the definition as a whole, particularly when *organisational* EoC behaviour is under discussion. This need could be argued to be predominantly limited to justification and other psychological motives.[61]

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[57] <u>Ibid.</u>, p. 725

[58] B. M. Staw and H. Hoang, 'Sunk Costs in the NBA: Why Draft Order Affects Playing Time and Survival in Professional Basketball', <u>Administrative Science Quarterly</u>, Vol. 40, No. 3, 1995, pp. 474-495

[59] B. M. Staw et al., 'Escalation at the Credit Window: A Longitudinal Study of Bank Executives' Recognition and Write-Off of Problem Loans', <u>Journal of Applied Psychology</u>, Vol. 82, No. 1, 1997, pp. 130-142

[60] Staw, 'The Escalation of Commitment: An Update…'

[61] B. M. Staw, <u>Personal Communication</u>, (Email, 23/07/05), "I originally used a dissonance/cognitive explanation of the phenomenon but later realized that the issue can be determined by many psychological and social processes."

EoC behaviour situations are now defined by Staw as:

> Predicaments where costs are suffered in a course of action,
> where there is an opportunity to withdraw or persist and where
> the consequences of persistence and withdrawal are uncertain[62]

And:

> A decision pathology…where losses have resulted from an
> original course of action, but where there is the possibility of
> turning the situation around by investing further time, money or
> effort…. The central phenomenon of interest is the tendency of
> individuals and organizations to persist in failing courses of
> action[63]

And:

> Predicaments in which things have not only gone wrong but in
> which corrective actions can actually deepen or compound the
> difficulty…a course of action is not working, multiple decisions
> are needed…they are not one shot affairs[64]

Thus, according to Staw's interpretation of EoC behaviour, EoC behaviour situations could be defined as:

> A course of action where negative feedback has been received,
> costs have been incurred, where one can withdraw or persist in
> the course of action; and where the consequences of both are
> uncertain

And thus EoC behaviour itself could be defined as when:

> One persists with this course of action

In Staw's latest interpretation of EoC behaviour then, the complete determinants of the behaviour are presented under the headings of: 'Project Determinants',

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[62] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 40
[63] Staw and Ross, 'Understanding Behavior…', p. 216
[64] Staw, 'The Escalation of Commitment: An Update…', p. 191

'Psychological Determinants', 'Social Determinants', 'Organisational Determinants' and 'Contextual Effects'. Staw further generates an entirely new model to explain the process of EoC behaviour; discussed below.

<div align="center">Project Determinants</div>

Project determinants are the "objective features of the project."[65] In cases of 'for-profit' projects, project factors that affect the financial value of persistence or withdrawal are involved. In non-profit contexts, variables will include objective factors that affect the overall utility of abandoning or continuing a project. Already discussed factors in this heading are the closely related issues of: <u>Clarity of Feedback</u>, <u>Whether the Setback is Judged to be Temporary or Permanent</u> and <u>Whether Further Investment is Judged Likely to be Efficacious</u>.

<u>Closing Costs and Salvage Value.</u> These linked determinants concern cases where it is recognised that the project is more costly to continue than the perceived potential gains, but it is judged[66] the costs of *terminating* the project will be greater than those of continuing. Similarly, projects that have large intangible costs (such as salaries) will have a lower *salvage value* than projects where costs are made in machinery where at least some refund can be made. Thus, low salvage value and high or positive net closing costs, Staw argues, encourage EoC behaviour.

<u>Timing of Rewards and Costs, Payoff Structures and the Nature of the Project.</u> Some projects involve irregular concentrations of rewards and costs during their lifetime (especially building and defence projects, where costs come first followed later by the rewards). It is argued that a DMU will be more likely to continue a project when costs are expected anyway first, *followed by* benefits at some future date, rather than in projects where "economic benefits closely follow cost expenditures";[67] since if the latter project type failed to deliver benefits soon after starting, the manager would be more likely to

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[65] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 44
[66] <u>Ibid.</u>, p. 47
[67] <u>Ibid</u>.

perceive a problem. Parallel to this situation is the project structure. If the project is structured as an investment situation (a situation where one's inputs are *directly* linked to the likelihood of the project succeeding), then negative outcomes are considered less alarming than if inputs are considered as *expenses*. Furthermore, if one does reexamine the project, then future success is more likely to be expected than if the project is set in a non-investment frame. Consider a person waiting for a bus.[68] The longer one waits, the more likely one is to achieve the goal of catching the bus; the waiting is an investment. If however, one waits on hold on a call line, if the computer is not under a first come first served algorithm, then waiting is no longer an investment but a cost, since the investment is no longer linked *directly* to success. It is important to emphasise here that treating the project as an investment has little relation to the 'investment context' discussed previously. All escalation situations are investment contexts, but treating costs as investments does not always occur. This phenomenon however is "more of a cognitive label than an economically defensible fact."[69]

Availability of Alternatives. If there is a choice of alternatives to pursue following negative feedback then EoC behaviour could be argued to be less likely to occur. However, if there is a lack of viable alternatives or if there has been too much investment for alternatives to now be afforded, then EoC behaviour is more likely to occur (compare this with 'Sunk Cost Effect' in the 'Psychological Determinants' heading).

The Future Expenditure Required to Reach the Payoff. This is also linked to Expectancy Theory. If marginal benefits (benefits that are expected yet to appear) exceed marginal costs (costs that are expected to be incurred), then it is entirely rational to continue the project, Staw argues. This facet is explored further under 'Sunk Cost Effect', in 'Psychological Determinants'. Furthermore, this factor can be contrasted with the 'closing costs' argument, above.

The figure below demonstrates how Staw believes project determinants can influence EoC behaviour.

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[68] Ibid., p. 46
[69] Ibid.

<u>Psychological Determinants</u>

These are determinants that move beyond the objective nature of project determinants. Some of these factors can induce errors in calculations, while others can *bind* an individual to a course of action. Already discussed factors present here are: <u>Self-Justification</u>, <u>Expectancy Theory</u> and <u>Reactance Theory</u>.

<u>Reinforcement Traps.</u> Reinforcement history affects EoC behaviour in several ways. If there has been previous success in the project or a similar project, then failure, the actor is more likely to continue than if there has only been failure. An irregular deterioration pattern of success and failure will further promote EoC behaviour. Staw also discusses the '<u>Invulnerability Trap</u>'[70] and '<u>Learned Helplessness</u>'. Furthermore, when benefits of a decision are able to be claimed by an individual yet costs are absorbed

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[70] Staw, 'The Escalation of Commitment: An Update…', p. 198

by a larger organisation, persistence is more likely to occur; this is known as the "Tragedy of the Commons".[71]

Self-Inference. Slightly different to self-justification, self-inference argues that an actor may escalate commitment because he cognitively views his own prior investment actions and then infers beliefs and values from them ("I obviously believe in the situation because I have previously invested in it!"). Thus, if an actor complies with a request to put a political party's sticker in his window, he is more likely to then agree to put a billboard in his garden because he accepts that the act agrees with his beliefs.[72] Staw argues[73] that six factors, similar to those that encourage self-justification, encourage self-inference: the act is explicit and unambiguous, the behaviour is irrevocable, the behaviour has been entered into freely, the act has importance for the actor, the act is visible to others and the act has been performed a number of times.

Information Biasing. Decision makers have an "uncanny ability"[74] to bias feedback to fit their beliefs. The ways in which actors do this are multifaceted and includes: the invention of exogenous failures and the ignorance of endogenous ones, the interpretation of ambiguous data as positive, the narrowing of their information searches to only find reinforcing data and the selection of only positive data from a mixed report. Socially, information may also be biased by other actors when delivering information to the manager; sometimes accidentally, but usually through fear of attack for being the bearer of bad news and because managers often attempt to discredit the source of the information in order to question the validity of the information itself.

Cognitive Scripting. This is very similar to Cultural Norms. However whereas the latter theory argues that the manager may continue so as not to appear weak and to gain the heroic status of a leader who continues through difficulty because of a prevailing

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[71] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 49

[72] Ibid., p. 52. When used aggressively, this phenomenon is known as the Foot-in-the-Door technique. Compare this with Low-Balling: when individuals are enticed into a false situation yet continue with the decision even when the truth is revealed.

[73] Ibid.

[74] Ibid., p. 53

culture, the 'turnaround script'[75] (that of believing 'failing situations will turn around in the end') can be so well learned by the actor that he may reinvest because the script makes him overly optimistic. This is related to the Invulnerability Trap, the difference being that the former involves the belief that *fate* will make 'all good', whereas the latter involves the actor believing *his own skills* are so good he will not fail.

Framing Effects. This factor concerns how the information the actor receives is 'framed' despite the usable information being identical. Staw argues that if a situation is perceived in terms of losses, the actor will be more willing to risk further investment. However if it is termed as a proportion of gains, the actor is more likely to avoid risking further investment. This is a quite basic view however since there is more to framing than how project information is *phrased*. Framing is a constituent of an important EoC behaviour hypothesis, discussed later under *Prospect Theory*.

The Sunk Cost Effect Discussed briefly in Staw's earlier works, this factor concerns an actor's failure to ignore costs that have previously been incurred and cannot be recovered (that is to say 'refunded', and directly linked to the original cost). All EoC behaviour situations involve sunk costs and rationally, it is argued, an actor should ignore sunk costs and only take on board marginal costs and gains when deciding a project's viability. However it has been shown that an actor is more likely to continue a project if large amounts of sunk costs have been incurred. The predominant motive behind sunk cost effects, Staw argues, is the actor's dislike of 'waste' (the actor continues in order to justify the sunk costs; not simply to justify the *decision* that was *facilitated* by the costs, as with psychological justification). However, the need to 'recoup' sunk costs no matter what (even if marginal costs exceed marginal benefits) and the mistaken association between the amount of sunk costs and the project's completion level also figure. Framing effects are also argued to influence one's accommodation of sunk costs, in terms of the situation *emphasising* losses. However, the SCE is more complex than Staw expresses. For example, the irrationality of considering sunk costs in *every* situation is disputed. Also, numerous variations of the SCE exist. Furthermore, the SCE is often deemed an

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[75] Ibid., p. 54

EoC behaviour *theory* on its own merits, against Staw's opinion of it being just an *explanation* for EoC behaviour. These important factors are discussed later in this chapter.

The figure below demonstrates how Staw believes psychological determinants can influence EoC behaviour.

Social Determinants

Whereas psychological determinants focus predominantly upon the actor and affect his view of the desirability and likelihood of success, social determinants recognise that many escalation situations are "multiparty events".[76] Determinants already discussed include: External Justification, Cultural Norms and Social Information Biasing.

External Binding. As self-inference dictates that an individual may infer beliefs and ideas of who he his from an action he undertakes and use these beliefs when deciding to continue the action, it is possible that outsiders can also bind an actor to a course of

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[76] Staw, 'The Escalation of Commitment: An Update…', p. 202

action. An actor's abilities and beliefs from the view of outsiders can become tied to the project's performance. Staw argues that an "administrator's social identity can become linked to the fate of a particular course of action…observers infer capabilities and motives to actors after watching their behavior."[77] Staw argues further that the external binding can even adopt the name of the actor undertaking it[78] (Reaganomics, Blairism and Thatcherism). Thus, an actor may continue in order to show or protect his *overall* competence rather than externally justify his choosing of the *current* project. The division between these phenomena however is ambiguous.

Modelling. When a decision maker mimics the actions of others in a similar situation to himself, he is modelling. If the actor's own situation is ambiguous and there is another situation similar enough, visible to the actor, then the actor may copy it as a function of "the desirability and similarity of the comparison other."[79] This effect is further increased if the comparison expresses satisfaction rather than regret for his actions and is pleasant rather than obnoxious. If the comparison withdraws then the actor may also withdraw, thus EoC behaviour may not always occur with modelling. Staw does not comment as to whether the actor can model a similar situation that has already been completed, but it seems reasonable to assume that if the 'stage' the actor is currently 'at' is located within the history of the other event then the decision maker may model it.

Competition. Staw recognises that EoC behaviour situations are not always structured as 'the individual versus the inanimate project'; they can be "infused with interpersonal conflict."[80] Staw argues that if competition is involved, continuance motives can include *beating* or even just *punishing* the opponent and this can be an *evolutionary* process (motives change in dominance over time), depending on the situation. Staw comments too that while it may seem irrational to continue some forms of competition-related behaviour, because *economically* the costs outweigh the benefits, such may be the *emotional* reward for beating the opponent that it may be rational for an

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[77] Ibid., p. 203
[78] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 56
[79] Ibid., p. 58
[80] Ibid., p. 57

actor to continue. This factor is related to works by Allan Teger and Joel Brockner and is important to the debate regarding the relationship between EoC behaviour and what is termed *conflict* or *traditional escalation* (escalation related to duopolistic, military conflict); discussed following the exposition of Staw's framework.

The figure below demonstrates how Staw believes social determinants can influence EoC behaviour.

<u>Organisational *or* Structural Determinants</u>

While the other headings expand upon the causes of EoC behaviour, they still focus seemingly upon the individual either inside his own psychology or interacting with others, in a number of contexts; usually within the organisation. Yet decisions *within the organisation*, Staw argues, can involve *context specific* determinants. It is necessary thus to "consider macro level variables"[81] when trying to understand EoC behaviour situations.

<u>Organisational Inertia.</u> Just as there is an imperfect relationship between an actor's beliefs and his behaviour, there is an even less perfect relationship between

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[81] Staw, 'The Escalation of Commitment: An Update…', p. 204

organisational goals and actions. Organisations are less sensitive to changes in their environment than smaller unitary actors; they have "imperfect sensory systems."[82] Thus, when negative feedback occurs, a project may continue; the decision making personnel having not detected or been told of the feedback because of bureaucracy. However, even when the feedback is detected and orders issued to counteract the situation, the organisation is generally slow to respond because of "difficulties mobilizing…[and] the necessity to alter long standing policies, rules and procedures."[83] This can cause further persistence. Sometimes, it is even deemed *easier* to continue failing than change behaviour.

Policy Resistance. Just as stakeholders in the company can resist a policy being undertaken, they can also resist a policy being "dismantled;"[84] especially if they are the project's employees. These individuals can cause delay in terminating the project and promote the generation of ambiguous feedback. This behaviour can be intensified by outsiders doing the same (see 'Contextual Effects').

Institutionalisation. Just as an individual can become bound to a project and allow himself to be represented by its success/failure, an organisation can too. As Reagan was linked to Reaganomics, a company and its products or projects can become inseparable. Pan Am, Staw argues,[85] was one such company; selling its profitable hotel/real estate portfolio instead of its airline because it could not reconcile the loss of its 'name'. Thus, a company's decision makers may refuse to abandon a losing product because they believe its demise will be linked to customers' views of the organisation's overall business prowess.

The figure below demonstrates how Staw believes organisational determinants can influence EoC behaviour.

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[82] Ibid.
[83] Ibid.
[84] Ibid.
[85] Ibid., p. 205

<u>Contextual Effects</u>

Sometimes EoC behaviour can be triggered by "forces larger than the organization itself."[86] Such factors include pressure from local businesses to continue a project that will benefit them, or government support or pressure for the failing project. Other 'effects' include *side bets*; a complex subject, meaning *fundamentally*, where other 'important factors' depend upon a project's outcome. Staw does not elaborate upon contextual effects.

As well as the framework, Staw considers the various temporal models of EoC behaviour posited in his previous research.[87] Ultimately, Staw concludes that there is not

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[86] <u>Ibid</u>.
[87] <u>Ibid</u>., pp. 207-208

much "empirical evidence"[88] to support temporal modelling and it is therefore a "useful conceptual tool rather than an accurate representation of reality."[89] EoC behaviour situations are rarely as uniform as temporal modelling suggests and so temporal modelling "shows an idealized sequencing of events that most escalation events can be expected to depart from."[90] Ironically, as a case study (Expo) encouraged temporal modelling, another, (Shoreham) led to its eventual abandonment when such modelling proved inaccurate.

In its place, Staw generates the 'aggregate model' (figure 3.13). This model is similar to the Shoreham phased model but without the temporal aspect. The model is a non-temporal representation that shows aggregate effects of determinants rather than the separation of behavioural forces over time. Project determinants are juxtaposed against the other determinants, which also impact separately, to create a 'biased perceived project economics' element to the model. This, in conjunction with the separate effects, determines commitment to the course of action. The "crucial assumption"[91] is that the behavioural forces must "match or exceed the strength of any negative data,"[92] to hold decision makers in a losing course of action. Staw argues that this model is the most representative of an EoC behaviour situation, since it can be "generalized"[93] to accommodate *any* phase order.

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[88] Ibid., p. 208
[89] Ibid.
[90] Ibid.
[91] Ibid., p. 209
[92] Ibid.
[93] Ibid.

3.6 <u>Highlighting the Limitations of Staw's Framework</u>

The above classification scheme summates Staw's EoC behaviour research. It is considered that Staw's complex research suffers from a multitude of problematic issues – primarily related to *ambiguity* and *self-conflict* – that would be served by further discussion. *Definitional ambiguity* is a particularly important issue. There are, for example, no definitions by Staw of *recoupable* costs and *refundable* costs, *failure* and *success* or *rationality*, which is a fundamental facet of EoC behaviour situations. It is considered too that Staw does not explore fully the concept of *the resource*, and numerous unanswered questions arise from this. For example, what exactly is a *resource*? What is the spectrum of *resources* available to invest in a situation; are *money* and *time* always the predominant resources in an EoC behaviour situation? What of concepts such

as *face*, *effort* and *manpower*? Do some resources interact? What is their relationship to 'costs' and 'rewards'?

Connected to these observations and especially important to this thesis, it is deemed that Staw does not specify clearly enough what *escalation*, in the realm of EoC behaviour, is. It is contended that confusion and uncertainty are particularly prevalent regarding this topic. Problematically, Staw does not define *escalation* at all throughout his research yet employs it in a number of senses. The first sense appears to mean the *overall continuance of a project or action* (despite negative feedback) and, in this sense, the word is usually paired with 'of Commitment'. The second way escalation is used is to describe a *form* of this continuance. From the separation of figure 3.1, Staw's interpretation of EoC behaviour constitutes either a 'tendency to maintain at same level' or a 'tendency to increase or escalate' (both following negative feedback). This would seem to be a clear proposition. However, if looked at from a semantic viewpoint, several complex, tautological problems arise. For example, if EoC behaviour means *continuance with a failing project*, surely *deescalation* (some sort of deintensification behaviour) is as equally appropriate as escalation and maintenance? Deescalation, after all, still constitutes *carrying on* the project.

If the deescalation issue is put aside for a moment however, more rudimentary problems can be argued to exist. Confusion arises when the form of escalation being implied in Staw's statements is ambiguous. Statements like 'he escalates his behaviour' or 'she escalates her commitment' can prove a puzzle as to whether Staw is talking of the general and more vague behaviour of EoC (which can comprise maintenance *or* intensification) or the more specific escalation (intensification) form. Staw's mention of *maintenance* EoC behaviour is no more efficient. Staw generally *does not specify* what form of the behaviour he is talking about.[94] Yet because Staw does not define escalation, even if it was made clearer what form he was discussing, there is no detail anyway concerning exactly how EoC behaviour in the *intensification* sense actually proceeds, how it is to be recognised or how it is different from *maintenance*; also not defined. Intuitively, *escalation* (in the second sense) appears to mean an *intensification* of a situation. It would seem then to involve an increase in the *quantity* of some existing value

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[94] This general lack of detail can be observed in all of Staw's work, including throughout <u>Ibid</u>.

in a situation, yet *maintenance* (and even deescalation) would also be expected to do the same, over time. Thus, over time, *escalation* would seem to be an increase over and above the expected increase, perhaps as a function of some kind of *rate* measurement (such as $/year, perhaps resulting in a percentage increase of investment). An obvious question here though, and moving beyond simply escalation to the wider issue of continuance, is 'what value is actually considered when deciding what form of continuance is taking place?' Moreover, how and why is this value chosen above others that may exist or, more significantly, is some kind of *statistical amalgamation* of values involved – with some intensifying values being negated by deintensifying values – to give a verdict on the *overall* form of continuance?

Notwithstanding the numerous uncertainties above, a question remains regarding whether this *numerical* description is all escalation, in the second sense, can ever mean. Surely the *nature* of a situation too can be escalated, with the adoption of some *new* value/tactic/method rather than just the quantitative intensification of *pre-existing* values. Yet what *exactly* does *nature* denote and does such a quantity/nature schism even exist? Moreover, surely 'nature change' can work in the opposite way too (causing deintensification) as well as being potentially multifarious in character, not just 'singular'. The issue also arises regarding how 'nature change' could be incorporated into the sort of amalgamated statistical/numerical equation of continuance hypothesised, since a *new* nature value would have no previous value and some values may be difficult to quantify. An issue also emerges regarding the range of measures available for gauging continuance. Many measurements can be envisaged – not just 'value/year' leading to a percentage measure of escalation – but many others that could 'meta-analyse' other measurements/values to deliver other outcomes. Most basically though, how are *values* recognised, created and selected anyway, when investigating continuance type, and can *all* EoC behaviour situations be intensified/deintensified? Clearly, the subject of escalation, in all its forms, is highly complex; numerous questions remain unasked and unanswered and deserve further examination. The immediate argument however is that Staw does not discuss the numerous multifarious nuances of escalation and this is a cause of concern apropos EoC behaviour research.

A further salient question that arises from the above discussion, not discussed by Staw, is how e*scalation* and *deescalation* (and perhaps even *maintenance* given the subjective understandings of all these terms) relate to the more general argument that EoC behaviour is the *continuance* of a course of action. This is fundamental to the entire understanding of EoC behaviour situations. An intuitive, recurring question, when puzzling over the ways in which one can *continue* with a course of action, is:

> Does changing the nature and/or rates of inputs of the investment mean that EoC behaviour *does not* occur because the previous effort has been abandoned and an *alternative* – nature and/or rates of inputs – course of action has been undertaken?

Instead of being complementary, the assumptive 'rate/nature change' interpretation of escalation, deescalation and maintenance sits somewhat uncomfortably with the more general *continuance* interpretation. A possible *lemma* – a preliminary conclusion, to aid further work – of Staw's work then is that a paradox exists regarding the relationship between *continuance*, *escalation*, *deescalation*, *maintenance* and the notion of *change*; where *continuance* appears to include methods that involve *change*. Owing to the subjectivity of many concepts important to the discussion however, this paradox may be a nonentity.

Moreover, it seems sensible to suggest now that, although not defined by Staw, the various concepts utilised in his research are *interrelated* in that the chosen meaning of one concept indirectly infers/implies the meaning of others. This issue too requires deeper investigation. Another important and much broader issue to emerge from the above discussion, which also requires exploration, is the uncertain theoretical relationship between EoC behaviour situations and what could be termed *traditional* escalation situations, commonly taken to mean duopolistic, intensifying, conflict escalation between nations/subnational politicised bodies.

Moving on from this complex semantic exploration, there is also an issue regarding Staw's understanding of what is termed *here* as the DMU. Clearly 'the individual' is key to Staw's work. Much of his early work is devoted to 'everyday situations' we, as individuals, may find ourselves in. Yet in later research and in his framework, Staw also

places importance upon 'the organisation'. It can be seen from Staw's work that project, psychological and social variables are applied to individuals in predominantly organisational contexts (even though the determinants are all applicable outside of an organisation too). Moreover, the 'Organisational Determinants' and 'Contextual Effects' framework headings are *only* applicable in an organisational setting, argues Staw. Yet serious clarity issues exist here.

Most notably, in some of his work Staw does not talk of the specific individual DMU. In some of his organisational examples, he talks vaguely of 'people', 'decision makers' and 'the organisation' making a decision.[95] Moreover, Staw argues that some organisational decisions cannot be pinned on one particular individual within the organisation.[96] There appears to be general uncertainty here regarding what DMUs Staw believes exist. It is uncertain whether Staw considers the organisation as a DMU or as a *context* in which, presumably, the 'individual' DMU is applied, or both.[97] Staw *appears* to apply the organisation in both modes.[98] Although these ideas may feel intuitively comfortable, this thesis' author finds it difficult to accept that 'an organisation' can be responsible for a decision and that a decision can be made without some kind of ultimate individual human responsibility.

Ameliorative to this situation is that (1) the use of 'organisation', as a DMU, as a word and as an illustrative context, (2) the use of 'people' and 'decision makers' and (3) the 'no ultimate individual responsibility' argument in Staw's work implies that DMUs other than the individual can figure in EoC behaviour situations. Intuitively, a *group* DMU could be placed here and would appear to be a suitable midpoint between Staw's polarised 'individual' and 'organisation'. Staw does not *explicitly* state however that he intends to imply a group DMU when he is vague regarding DMUs, or if a *group* is even a valid EoC behaviour DMU. Yet if this implication is extended, it appears rational to assume that the group DMU can be applied in multiple contexts and is subject to the same determinants as the individual DMU is argued to be. However, this argument does

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[95] Two particularly illustrative pieces of research are Ross and Staw, 'Expo 86...' and Ross and Staw, 'Organizational Escalation and Exit...'.

[96] Staw, 'The Escalation of Commitment: An Update…', p. 204

[97] Again, see Ross and Staw, 'Expo 86...' and Ross and Staw, 'Organizational Escalation and Exit...'.

[98] Ibid.

not clarify if Staw considers the organisation to be a 'genuine' DMU, or if this is even an acceptable argument.

It can be argued that the complex issues cited immediately above originate because of Staw's already demonstrated definitional *apathie* regarding his theory's 'basics'. The 'DMU' is not defined by Staw, neither is 'organisation'. Moreover, Staw's argument that contextual effects are only applicable in organisational settings is questionable. It is contended that the DMU omission undermines in multiple ways Staw's EoC framework, which is generally inclusive of other EoC behaviour research. Staw raises his own concerns for EoC behaviour research at the end of several of his texts. These issues and those highlighted above are discussed further, later in this thesis.

3.7 <u>Ancillary Escalation of Commitment Behaviour Literature</u>

Much research exists, beyond Staw's, that relates to EoC behaviour. The majority of this research investigates possible new EoC behaviour determinants. This research is present almost completely in the multifaceted field of social science. Indeed, many findings of this ancillary literature inform Staw's contemporary framework. However much of this ancillary research is performed under a wealth of rubrics other than Staw's *Escalation of Commitment*. Moreover, authors in the *same* or *different* rubrics appear to disagree regarding *what* determinants cause EoC behaviour, *how* some determinants affect EoC behaviour, the various situations in which EoC behaviour could occur and what 'conditions' are deemed necessary for EoC behaviour to be declared. Also, authors *misrepresent* the findings and opinions of other researchers in their own and other theories. Staw's opinions are often disagreed with or misrepresented by a number of ancillary authors. Despite, or perhaps because of, this level of external and internal disagreement regarding the rubrics, many authors find it acceptable to label some rubrics as *synonymous* with others. Furthermore, the ancillary literature also suffers from issues relating to conceptual accuracy and uniformity; particularly regarding *escalation*, *change*, *continuance*, *intensification* and *DMUs*. Predictably, there is too uncertainty concerning the relationship between EoC behaviour and what could be termed 'traditional escalation'. Ancillary EoC behaviour literature from several similar non-IR social science

disciplines (predominantly business psychology, decision making and economics) is now examined.

Conlon and Parks[99] are two authors who adopt Staw's EoC behaviour paradigm. Barton et al.[100] too, agree with much of Staw's EoC behaviour interpretation. Barton et al. though focus predominantly upon justification motives as EoC behaviour determinants, rather than wider organisational and contextual factors. They contend, vaguely, that escalation itself is "continued commitment."[101] They define commitment as "an individual's adoption of a stance of belief in the appropriateness of a course of action."[102] Biyalagorsky et al., with reference to Staw's statement that EoC behaviour situations are not one shot affairs, argue that EoC behaviour situations must have a minimum of two phases.[103] Escalation here is considered "sticking with"[104] the action. Northcraft and Wolf,[105] like Staw, argue that the structure and expectation of feedback patterns can influence continuance of a project. Bobocel and Meyer focus upon justification motives, both internal and external.[106] Bowen[107] argues that while Staw's work carries some weight, it is *ambiguity of feedback* (apropos the utility of continuance) that *principally* causes the Escalation of Commitment phenomenon. Yet Bowen argues simultaneously that such behaviour is not flawed;[108] and that EoC behaviour should *only* be labelled as such if there is continuance and *unequivocal* feedback that the action is failing and will continue to do so. Bowen's argument however is academically

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[99] D. E. Conlon and J. M. Parks, 'Information Requests in the Context of Escalation', <u>Journal of Applied Psychology</u>, Vol. 72, No. 3, 1987, pp. 344-350

[100] S. L. Barton et al., 'An Empirical Test of Staw and Ross's Prescription for the Management of Escalation of Commitment Behavior in Organizations', <u>Decision Sciences</u>, Vol. 20, No. 3, 1989, pp. 532-544

[101] <u>Ibid</u>., p. 532

[102] <u>Ibid</u>.

[103] E. Biyalagorsky et al., 'Stuck in the Past: Why Organizations Exhibit Escalation Bias', <u>Working Paper</u>, (Duke University, Durham, North Carolina, USA: 2001), p. 3

[104] <u>Ibid</u>.

[105] G. B. Northcraft and G. Wolf, 'Dollars, Sense and Sunk Costs: A Life Cycle Model of Resource Allocation Decisions', <u>Academy of Management Review</u>, Vol. 9, No. 2, 1984, p. 231

[106] D. R. Bobocel and J. P. Meyer, 'Escalating Commitment to a Failing Course of Action: Separating the Roles of Choice and Justification', <u>Journal of Applied Psychology</u>, Vol. 79, No. 3, 1994, pp. 360-363

[107] M. G. Bowen, 'The Escalation Phenomenon Reconsidered: Decision Dilemmas or Decision Errors?', <u>Academy of Management Review</u>, Vol. 12, No. 1, 1987, pp. 52-66

[108] Bowen's overall argument is that reinvestment in an ambiguous situation is performed to obtain more information on the likelihood of success of said situation.

problematic; discussed later in this thesis. Brickman et al.[109] argue that commitment to any project or action should only be considered commitment when the actor is faced with salient negative feedback. Davis and Bobko[110] argue that *low* responsibility can also trigger justification motives. Drummond argues that in addition to 'organisational inertia', there is also 'powerlessness'.[111] She also disagrees with the order of Staw's temporal models,[112] yet since Staw ultimately dismisses this process, this doubt is of little significance here. Finally, Drummond proffers that EoC behaviour situations will behave differently depending on whether they are "established" or "ad hoc."[113] Drummond also applies Staw's EoC theory to two case studies: A local city council study[114] and the Taurus IT venture.[115] Goltz[116] argues that reinforcement history is the prime motivator of EoC behaviour. Kanodia et al.[117] contend that external justification and cultural pressure are the major determinants; because the manager's skills and the information he is presented with are both private and so the only way he is judged by others is through his actions. Thus even though he may acknowledge the correct decision is to quit a situation, he may continue, to save his reputation, even if he is doomed to fail. This is supported by Lydon and Zanna.[118] Regarding ambiguity of information as a cause of EoC behaviour, Karlsson et al.[119] argue that even if complete information is presented, the individual may

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[109] P. Brickman et al., 'The Development of Commitment', in C. B. Wortman and R. Sorrentino (Eds.), Commitment, Conflict and Caring, (New Jersey, USA: Prentice Hall, 1987), P175.

[110] M. A. Davis and P. Bobko, 'Contextual Effects on Escalation Processes in Public Sector Decision Making', Organizational Behavior and Human Decision Processes, Vol. 37, 1986, pp. 121-138

[111] H. Drummond, 'Too Little too Late: A Case Study of Escalation in Decision Making', Organization Studies, Vol. 15, No. 4, 1994, p. 604. Drummond states that powerlessness is "where the capacity to effect change is non-existent." Drummond however fails to reconcile the theoretical juxtaposition of 'powerlessness' with 'coercion' and how choice is considered a necessary tenet by some author's for EoC behaviour to be considered 'active' (See Brockner's work in the following chapter).

[112] Ibid., p. 605

[113] Ibid.

[114] H. Drummond and J. A. K. Hodgson, 'Between a Rock and a Hard Place: A Case Study of Escalation', Management Decision, Vol. 34, No. 3, 1996, pp. 29-34

[115] H. Drummond, 'Are We Any Closer to the End? Escalation and the Case of Taurus', International Journal of Project Management, Vol. 17, No. 1, 1999, pp. 11-16

[116] S. M. Goltz, 'A Sequential Analysis of Continued Investments of Organizational Resources in Non-Performing Courses of Action', Journal of Applied Behavior Analysis, Vol. 25, No. 3, 1992, pp. 561-574

[117] C. R. Kanodia et al., 'Escalation Errors and the Sunk Cost Effect: An Explanation Based on Reputation and Information Asymmetries', Journal of Accounting Research, Vol. 27, No. 1, 1989, pp. 59-78

[118] J .E. Lydon and M. P. Zanna, 'Commitment in the Face of Adversity: A Value-Affirmation Approach', Journal of Personality and Social Psychology, Vol. 58, No. 6, 1990, p. 1040. Lydon and Zanna state that "people feel especially committed to those experiences that they see as diagnostic of their values."

[119] N. Karlsson et al., 'Escalation of Commitment with Transparent Future Outcomes', Experimental Psychology, Vol. 52, No. 1, 2005, p. 67. Karlsson et al. state that "it is indicated that people may escalate

continue a failing action for purely psychological reasons (such as to psychologically postpone the effects of failure). This argument is represented differently from Bowen's earlier statement however and is discussed later in this thesis. McFarlin et al.[120] mirror Staw's uncertainty regarding self-esteem and whether it causes or inhibits EoC behaviour. They argue that high self-esteem *prolongs* commitment to a task and this can *sometimes* produce eventual success. They argue further that past success actually raises one's self-esteem; mirroring Staw's reinforcement history argument. However the main argument is that individuals with high self-esteem, however generated, tend to persist beyond rationality. Whyte et al. support McFarlin et al.'s initial argument by stating that individuals with low self-efficacy[121] perceptions escalate less after failure. Finally, Fox et al.[122] argue that individuals escalate more if the failing project is related to their academic background; thus not only is familiarity relevant here, but also the pride of an actor not to fail in 'his area'.

Schoorman and Holahan develop a different take on EoC behaviour entirely.[123] They argue that only *choice* is required for EoC behaviour to occur,[124] contrary to Staw's choice, responsibility and negative consequences argument. They argue that in real life not all choices are implemented[125] (the actor is overruled and an alternative choice may be selected). When this occurs, they argue, EoC behaviour occurs in a negative direction (the *implemented* action is viewed negatively by the actor). In other words, the individual is still as committed to his chosen course of action whether this action is selected or not.[126] This is often to the detriment of the *selected* choice. Schoorman and Holahan term

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despite knowing that it will not make them economically better off. A more comprehensive understanding of escalation requires disentangling people's non-economic reasons for escalation."

[120] D. B. McFarlin et al., 'On Knowing when to Quit: Task Failure, Self-Esteem, Advice and Non-Productive Persistence', Journal of Personality, Vol. 52, No. 2, 1984, pp. 138-156

[121] G. Whyte et al., 'When Success Breeds Failure: The Role of Self-Efficacy in Escalating Commitment to a Losing Course of Action', Journal of Organizational Behavior, Vol. 18, No. 5, 1997, pp. 415-432

[122] S. Fox et al., 'Escalation Behavior in Domains Related and Unrelated to Decision Makers' Academic Background', Journal of Psychology and Business, Vol. 10, No. 2, 1995, pp. 245-259

[123] F. D. Schoorman and P. J. Holahan, 'Psychological Antecedents of Escalation Behavior: Effects of Choice, Responsibility and Decision Consequences', Journal of Applied Psychology, Vol. 81, No. 6, 1996, pp. 786-794

[124] Ibid., p. 786

[125] Ibid.

[126] Ibid., p. 787. They state that "participants whose original choices were not implemented were just as likely to be committed to the initial choice, often at the expense of the implemented alternative."

this phenomenon "negative escalation"[127] (termed *here* 'NEoC') and juxtapose it to Staw's "positive escalation"[128] ('PEoC'). They compare the two forms in figures 3.14 and 3.15.

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[127] <u>Ibid</u>.
[128] <u>Ibid</u>.

Schoorman and Holahan do question the meaning of 'feedback' however. While stating that individuals whose choices are implemented and who receive either negative or positive feedback, escalate commitment in both cases,[129] (attributed to Staw's basic premise and to reinforcement theory respectively); regarding the 'no responsibility' variable (choice not implemented), they are less certain of the results. While one's biased opinion of an implemented (but not preferred) action demonstrates NEoC, the introduction of external feedback concerning the implementation confuses matters. It is shown that having one's choice rejected and then receiving positive feedback on the implemented action causes greater NEoC. Schoorman and Holahan note that while the preferred action does not deliver feedback of any kind, positive feedback relating to the implemented action may be considered as negative feedback by an individual, (as it demonstrates the actor made the wrong choice) and this generates NEoC for the implemented action. Similarly, when the implemented choice receives *negative* feedback, the individual regards himself more highly than if he was a participant in the division that receives positive feedback for the implemented action, again strengthening (here, rationally, because the alternative is failing), his dislike for the alternative (similar then to PEoC in the responsible/positive frame). Thus feedback should be considered in a more "relative sense";[130] evaluating feedback in terms of the level of dissonance with the decision maker's original choice than simply 'good' or 'bad' results.

CEST (Cognitive Experiential Self Theory) is an element of EoC behaviour not discussed by Staw. CEST is not actually an EoC behaviour *determinant*, rather a *process* through which EoC behaviour determinants *act*. CEST argues that decisions are made by two, sometimes opposing, forces within the actor: a rational (logical) system and an experiential (emotional) system. This 'pre-conscious' decision making system can lead to EoC behaviour. Although Staw does not explicitly discuss CEST, there is similarity between CEST and Staw's contemporary framework, which shows that individuals do not rely solely upon project factors when making a decision. The main proponents of

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[129] Ibid., p. 792
[130] Ibid.

CEST are Denes-Raj[131] and Epstein.[132] Epstein presents a comparison of the rational and experiential systems qualities; shown in figure 3.16.

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[131] V. Denes-Raj and S. Epstein, 'Conflict between Intuitive and Rational Processing: When People Behave Against their Better Judgment', Journal of Personality and Social Psychology, Vol. 66, No. 5, 1994, pp. 819-829

[132] S. Epstein et al., 'Irrational Reactions to Negative Outcomes: Evidence for Two Conceptual Systems', Journal of Personality and Social Psychology, Vol. 62, No. 2, 1992, pp. 328-339

3.8 Prospect Theory

One EoC behaviour determinant, discussed briefly by Staw, which deserves further examination, is Prospect Theory. Prospect Theory was developed by Kahneman and Tversky[133] to demonstrate actors' attitudes to gains and losses. Here, an actor begins a situation at an *anchor*/reference point, representing the 'status quo' from which future events are judged in terms of gains and losses (figure 3.17).

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[133] D. Kahneman and A. Tversky, 'Prospect Theory: An Analysis of Decision under Risk', <u>Econometrica</u>, Vol. 47, No. 2, 1979, pp. 263-291

Prospect Theory has been discussed in detail by many authors, who present somewhat tailored and varied definitions.[134] But in a concise summary of Prospect Theory, Gonzalez et al. state:

> [With reference to figure 3.17] the value function yields the preference value assigned to outcomes, and is concave for gains, convex for losses, and steeper for losses than for gains. This functional form implies that decision makers are more sensitive to losses than to gains and exhibit diminishing marginal sensitivity to both[135]

Thus an actor will prefer to gamble if he is in a loss domain relative to his anchor point, yet would limit his risky behaviour if he found himself in the relative gain domain; choosing a certain gain. Thus, how the situation is *framed* will also affect an actor's behaviour, despite the objective information being identical (and arguably whether or not one is *actually* rather than *perceived to be* in the domain of gains or losses). An actor will tend to opt for "a sure alternative *perceived* as a gain rather than for a risky alternative of equal expected value, while the converse will hold true for perceived losses."[136] Thus if a situation is *framed* in terms of losses, an actor will be more risky and if perceived in terms of gains, he will play it safe. Both these points have implications for EoC behaviour. EoC behaviour situations have an inherent failure element, (the setback) and the individual is practically always in the domain of losses, thus he becomes more risk prone. Furthermore, EoC behaviour situations commonly present the possibility of reprieve in the form of the *potentially recoupable losses* and/or possible eventual 'success' but only through risky behaviour. Moreover, EoC behaviour situations are not just situated in a loss domain, they are often *framed* in terms of losses, making the situation sound direr than it perhaps is; increasing the pressure to persist more than a

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[134] For an encyclopedic definition of Prospect Theory, see N. Nicholson, 'Prospect Theory', in N. Nicholson (Ed.), Blackwell Encyclopedic Dictionary of Organizational Behavior, (London, UK: Blackwell, 1995), pp. 453-456.

[135] C. Gonzalez et al., 'The Framing Effect and Risky Decisions: Examining Cognitive Functions with FMRI', Journal of Economic Psychology, Vol. 26, No. 1, 2005, pp. 1-20. Gonzalez also puts forward *explanations* for Prospect Theory type behaviour. These explanations are based upon the perceived *effort* required by the individual to analyse positive and negative domains, (effort is greater to analyse risky gain than certain gain and effort is the same to analyse risky loss and certain loss), combined with motivational models.

[136] Ibid., p. 3

setback presented neutrally or positively would. For example, if the actor is told that he will 'save 50% of the budget by quitting' he will be more likely to quit than if he was told 'if you quit, you will lose 50% of the budget'. Prospect Theory, then, provides another explanation for EoC behaviour: in terms of the different impact losses have on the actor than that of gains and the *subjective* way in which both are perceived. Prospect Theory is often juxtaposed as a rival to the self-justification theory.[137] However, it is not really necessary to do this, since both theories can be complementary. An actor may engage in EoC behaviour because of a negative domain/frame *and* because he feels personally responsible for the loss. Here, the theories would tend to be cumulative. Prospect Theory antecedents however could occur alone, since personal responsibility is not essential for continuance in this way, only the presentation of the negative frame and the capability to invest more. However, once the risk is taken, the individual is then *responsible* and so justification may take hold. Ultimately, both theories present reasons for which an actor could continue a failing action but they are not necessarily mutually exclusive.

3.9 The Sunk Cost Effect

The complexity and volume of the literature concerning Prospect Theory is exceeded by that concerning what is broadly known as the Sunk Cost Effect. This theory has already been discussed briefly in Staw's framework. However, it is a much more complex, independent and diffuse subject than it first appears. Simply, the SCE is when an actor considers previously incurred, *immutable* costs when making a future decision yet even this simple definition is open to interpretation. One issue is that some authors only consider the irrevocable *conscious investments* made in a course of action to be sunk costs yet others consider *overall* irrevocable costs (conscious investments *and* other costs which may be incurred in a situation). More importantly, there is a multitude of SCE *variations*; and multiple *definitions* of these variations exist. Because of the latter point, it is suggested here, and later on, that not only is the SCE treated as an EoC behaviour *determinant*, in some cases it is also treated as an EoC behaviour *theory* in itself; *containing* other determinants. What most authors say however in relation to sunk costs is

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[137] For example, see http://www.bath.ac.uk/~ensab/Csp/quits.html, 09/04/05

that they fallaciously have *inclusion importance* and *effect importance*[138] on a given situation; sunk costs are often included in a person's decision making process and, moreover, often given high priority during this process. Fundamentally, people are prone to "honoring [their] sunk costs."[139]

It is sensible to illustrate exactly what sunk costs are argued to be before looking at what *effects* they can have on a decision maker. Again, multiple interpretations exist. According to Baumol and Willig, they are "those costs that in some short or intermediate run cannot be eliminated, even by total cessation of production. As such, once committed, sunk costs are no longer a portion of the opportunity cost of production."[140] Whyte states that sunk costs are an "irrevocable investment in a course of action."[141] Holcomb and Evans[142] add that sunk costs are "those costs which, once expended, cannot be recovered," while Guy[143] is more specific; dividing sunk costs into three strands: *setup costs* (irrevocable costs of an initial investment), *accumulated costs* (incurred by operational actions) and *exit costs* (when a project is abandoned or finished). Mycroft argues that *depreciation* is also a sunk cost;[144] and Garland and Newport,[145] as well as giving concrete examples of sunk costs – considered by them as "money, time or effort"[146] – argue that sunk costs should be divided into *relative* (expressed as a proportion of total resources) and *absolute* (the amount of sunk costs in absolute units) costs. They additionally argue that it is relative sunk costs which ultimately dictate a person's sunk cost behaviour.

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[138] H. T. Tan and J. F. Yates, 'Sunk Costs Effects: The Influences of Instruction and Future Return Estimates', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 63, No. 3, 1995, pp. 311-319

[139] J. W. Leland, 'Informal Reasoning in Decision Theory', in J. F. Voss et al. (Eds.), <u>Informal Reasoning and Education</u>, (New Jersey, USA: Erlbaum, 1991), p. 218

[140] W. J. Baumol and R. D. Willig, 'Fixed Costs, Sunk Costs, Entry Barriers and Sustainability of Monopoly', <u>Quarterly Journal of Economics</u>, Vol. 96, No. 3, 1981, p. 406

[141] G. Whyte, 'Diffusion of Responsibility: Effects on the Escalation Tendency', <u>Journal of Applied Psychology</u>, Vol. 76, No. 3, 1991, p. 409

[142] J. H. Holcomb and D. A. Evans, 'The Effect of Sunk Costs on Uncertain Decisions in Experimental Markets', <u>Journal of Behavioral Economics</u>, Vol. 16, No. 3, 1987, p. 59

[143] C. M. Guy, 'Exit Strategies and Sunk Costs: The Implications for Multiple Retailers', <u>International Journal of Retail & Distribution Management</u>, Vol. 27, No. 6, 1999, pp. 237-246

[144] Mycroft, 'Depreciation: Two Fallacies Re-Exposed', <u>Accountancy</u>, Vol. 81, No. 924, 1970, pp. 594-597

[145] H. Garland and S. Newport, 'Effect of Absolute and Relative Sunk Costs on the Decision to Persist with a Course of Action', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 48, No. 1, 1991, pp. 55-69

[146] <u>Ibid</u>., p. 55

However, while an interesting and useful argument, it is considered that the *absolute* and *relative* separation *itself* is problematic in several ways, discussed further later in this thesis, but including the contention that if sunk costs are argued to be *total* sunk costs incurred not just 'conscious' sunk investments, they cannot easily be expressed as 'relative to available investment', owing to the *nature* of some costs. Furthermore, issues related to the 'relative importance' of cost types are also felt to be present; in situations where more than one *type* of cost is incurred. More simply, some situations do not state what amounts of resources are *available* at the outset. Wang and Yang[147] discuss further the differences in the various definitions of sunk costs, yet the common element is that *sunk costs are costs that have been incurred and are irretrievable no matter how the actor behaves subsequently*. Although not explicitly stated, this would imply that sunk costs are non-refundable *and* can only be *recouped* in terms of the income from the finished action (and only if it is in an investment context, not a *compliance-type* context where the action *cannot* be continued). It should be noted that sunk costs are discussed independently of sunk cost *effects*; principally regarding entry and exit business situations. These situations have relevance to this thesis in that they state that sunk costs can pose an obstacle to beginning and, most importantly, *ending* a task.

The two principal SCE authors are Doug Walton and Hal Arkes. According to Arkes and Blumer, the SCE is "a greater tendency to continue an endeavor once an [non-refundable] investment in money, effort or time has been made."[148] It is, then, a maladaptive behaviour, borne of the actor's wish not to appear wasteful.[149] One of Arkes' best known experiments concerns theatre season tickets; sold at varying prices to a randomised group of people. Discounts were explained as a promotion by the theatre. It was discovered that an individual who bought a higher priced ticket used it significantly more often than an individual who bought a discounted ticket. Arkes concludes that individuals who bought tickets at face value 'appreciated' their sunk costs more readily than those who bought discounted tickets. Certainly, this study is an interesting and

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[147] X. Wang and B. Z. Yang, 'On the Treatment of Fixed and Sunk Costs in Principles Textbooks: A Comment and a Reply', Journal of Economic Education, Vol. 35, No. 4, 2004, pp. 365-370

[148] H. R. Arkes and C. Blumer, 'The Psychology of Sunk Cost', Organizational Behavior and Human Decision Processes, Vol. 35, No. 1, 1985, p. 124

[149] Ibid., p. 125

complex example of the SCE, and requires further investigation than can be performed here. The need *not to waste*[150] is *indeed* Arkes' main explanation for the SCE; he recognises that justification of sunk costs is a continuance motive.[151] Arkes and Blumer note that, normally, the SCE lasts approximately six months before deferring to normal cost/benefit conditions. When considering justification though, Arkes does not distinguish between justifying the sunk costs themselves, as a continuance motive, and justifying the *action* that *required* the sunk costs; rather he considers them *together* as part of the same phenomenon: the SCE.[152] Staw however does separate these two justification forms. In reality, both circumstances could be envisaged. An actor could be less concerned about the effects of failing a project than the sunk costs he has incurred from it. Thus, sunk cost justification makes him continue, not self- or external justification. Conversely, sunk costs may just *influence* the actor's sensitivity to self- and external justification following negative feedback.

Walton[153] looks at the 'Sunk Cost *Fallacy*' (SCF) or 'argument from waste', as opposed to the SCE rubric specifically. His main point is to challenge the notion that all sunk cost reasoning is, as Arkes and others would put it, 'maladaptive'. He argues that sunk cost reasoning is "fallacious in some cases but reasonable in other cases."[154] Basing his argument upon the questionable definition of rationality, Walton argues that sunk cost reasoning is rational when taken in terms of 'precommitment' and 'autoepistemic reasoning'.[155] According to Walton, the latter terms are a "species"[156] of the SCE. Furthermore, Walton argues that the SCE *should* be taught as a fallacy to the novice economist, but not to the expert economist; yet this is what is happening.[157] Walton draws upon the fictional example of Mary, who buys the most expensive exercise bike she can because she knows, autoepistemically, that she will likely grow tired of

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[150] H. R. Arkes, 'The Psychology of Waste', <u>Journal of Behavioral Decision Making</u>, Vol. 9, No. 3, 1996, pp. 213-224

[151] P. Ayton and H. Arkes, 'Call it Quits', <u>New Scientist</u>, Vol. 158, No. 2135, 1998, pp. 40-44

[152] H. R. Arkes and P. Ayton, 'Think Like a Dog', <u>Psychology Today</u>, Vol. 33, No. 1, 2000, pp. 10-11

[153] D. Walton, 'The Sunk Costs Fallacy or Argument from Waste', <u>Argumentation</u>, Vol. 16, No. 4, 2002, pp. 473-503

[154] <u>Ibid</u>., p. 474

[155] <u>Ibid</u>., p. 483. Autoepistemic reasoning, according to Walton, is "reasoning about one's own reasoning." Here, one is manipulating one's own failings (in this case, the Sunk Cost Effect), for the greater good.

[156] <u>Ibid</u>., p. 477

[157] <u>Ibid</u>., p. 500

exercising but her precommitment will force her to use the apparatus, knowing also that she hates waste from sunk costs;[158] she is 'meta-reasoning': reasoning about her own reasoning. Walton also rationalises sunk costs in another way. He argues that an actor can purposely sink resources into a competitive scenario (for example, an electronics firm that buys specific equipment suitable only for one task) to force rivals to recognise that he will not quit this scenario since he is now committed through his sunk costs and therefore it would be pointless to compete against him.[159] Walton argues finally that labelling sunk costs as fallacious or not "depends upon the context of use"[160] and that sunk costs "could rightly be judged to be relevant from one point of view on rationality, while at the same time, they could rightly be judged to be irrelevant from a different point of view."[161] He concludes by arguing that "dismissing all instances of argument from sunk cost as fallacious has definitely been ruled out."[162]

While Walton and Arkes could be considered the main authors concerning the SCE, numerous other authors also discuss the phenomenon. Elster is also a major contributor, regarding sunk cost precommitment.[163] He makes many of the same points as Walton, under the rubric of "passionate precommitment."[164] Elster though focuses upon the flaws[165] of precommitment using rational argument, which fall outside this thesis' scope. Elster however is not the only other precommitment theory contributor. Nozick is another[166] along with Nulden,[167] Kelly,[168] Weatherson[169] and Paraye.[170] And as Walton

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[158] Ibid., p. 483

[159] Ibid., p. 485. Walton calls this the "sunk cost strategy." Compare this with M. Grinfeld et al., 'A Probabilistic Framework for Hysteresis', Physica A: Statistical Mechanics and its Applications, Vol. 287, No. 3-4, 2000, p. 585 who state the *entrapping*, rather than the *strategic*, nature of sunk cost reasoning in the duopolistic (and in this case the *commercial*) arena. They state "that this case is non-trivial can be seen from a game-theoretic setting involving just two firms. Clearly, if both of them are in the market which cannot support the two of them, it makes no sense for any of the firms to leave it, thus relinquishing all the profits to the rival and losing the sunk costs as well." Compare Walton's argument also with the later discussion of deterrence and spiral conflicts.

[160] Ibid.

[161] Ibid., pp. 491-492

[162] Ibid., p. 500

[163] J. Elster, Sour Grapes, (Cambridge, UK: Cambridge University Press, 1983), J. Elster, Ulysses and the Sirens, (Cambridge, UK: Cambridge University Press, 1984) and J. Elster (Ed.), Rational choice, (Oxford, UK: Blackwell, 1986)

[164] J. Elster, Ulysses Unbound: Studies in Rationality, Precommitment and Constraints, (Cambridge, UK: Cambridge University Press, 2000), p. 19

[165] Ibid., p. 79

[166] R. Nozick, The Nature of Rationality, (Princeton, New Jersey, USA: Princeton University Press, 1993), p. 23. Similarly to Walton, Nozick argues that sunk cost consideration can be *autoepistemically* rational.

argues that sunk costs can be used to convince oneself to continue an unpopular exercise regime or show an opponent that we mean business, Cole[171] argues that government organisations can use the SCE in an underhand way to force through illegal projects, when a *third party* adjudicator is involved, by investing much public funds while an enjoining decision is looming, knowing the natural stance of adjudicators is to prevent wasteful public spending. Similarly, Kopf illustrates this tactic from the perspective of commercial organisations violating environmental laws.[172] In both cases, sunk costs are a "manifestation of the fait accompli tactic…a time proven strategy."[173] Diekmann et al.[174] observe the SCE during negotiations. They argue that it can be transmitted from one actor to another insofar as a buyer will acknowledge that a seller will take on board his sunk costs held in an item (for example, the *original* cost of a corporation), even if more recent

He states that "we can knowingly employ our tendency to take sunk costs seriously as a means of increasing our future rewards. If this is irrational it can be rationally utilized." He argues further that blanket ignorance of sunk costs as an autoepistemic tool is not an "appropriate general principle" in terms of avoiding *immediate but smaller gains*, not just the Waltonian gain/loss schism, because honouring sunk costs can "prevent us from choosing a more immediate but smaller reward because we will have invested in advance to prevent us from doing this and making us go the whole way." In other words, not utilising precommitment "deprives us of a valuable tool for getting past temptations of the moment." Nozick concludes that while the utility of honouring sunk cost is dependent upon the situation, "if someone offered us a pill that henceforth would make us people who never honored sunk costs, we might be ill advised to accept it." Nozick's arguments are disputed by D. R. Steele, 'Nozick on Sunk Costs', Ethics, Vol. 106, No. 3, 1996, pp. 605-620.

[167] U. Nulden, 'Failing Projects: Harder to Abandon than to Continue', Working Paper, (Goteborg University, Department of Informatics, Sweden: 1996), p. 2. Nulden states that "it is important to emphasize that when commitment induces a person to complete a difficult or unpleasant task that benefits him and others, then commitment is a good thing. Obviously, without commitment the hard work required will not be done."

[168] T. Kelly, 'Sunk Costs, Rationality and Acting for the Sake of the Past', Nous, Vol. 38, No. 1, 2004, pp. 60-86

[169] http://www.crookedtimber.org/archives/001517.html, 12/12/04

[170] R. Paraye, 'The Strategic Implications of Sunk Costs: A Behavioral Perspective', Journal of Economic Behavior & Organization, Vol. 28, No. 3, 1995, pp. 417-442

[171] D. E. Cole, 'Judicial Discretion and the 'Sunk Costs' Strategy of Government Agencies', Boston College Environmental Affairs Law Review, Vol. 30, No. 3, 2003, pp. 689-728

[172] J. S. Kopf, 'Steamrolling Section 7(d) of the Endangered Species Act: How Sunk Costs Undermine Environmental Regulation', Boston College Environmental Affairs Law Review, Vol. 23, No. 2, 1996, pp. 393-394. Kopf states that "the proponent foresees that development may violate some environmental laws.… To avoid costly compliance with environmental regulations…the developer employs a devious strategy…sinking money and resources into early and tangential phases of the project.... By the time opponents of the project can get a court to consider enjoining the project, the court faces a fait accompli. Much damage to the environment has already been done…. However the court faces tremendous practical pressures not to enforce the environmental laws…[to avoid] short term waste."

[173] Ibid., p. 393

[174] K. A. Diekmann et al., 'The Descriptive and Prescriptive Use of Previous Purchase Price in Negotiations', Organizational Behavior and Human Decision Processes, Vol. 66, No. 2, 1996, pp. 179-191

'value information' is available. Thus, a sunk cost aware buyer will choose a seller who incurred low sunk costs originally, to gain a financial hold on the negotiations. Ellingsen and Johannesson,[175] Carmichael and MacLoed[176] and Troger[177] also discuss sunk costs during bargaining and negotiation.

Many authors also express opinions about the antecedents of the SCE. Astebro and Simons[178] argue that *successful* actors *ignore* sunk costs when decision making. Bornstein and Chapman[179] argue that, in a losing situation, decision makers recognise their actions are suboptimal but they continue, in order to learn a lesson, suffer self-punishment for a bad decision and satisfy the desire to appear consistent to others. They also argue[180] that an actor is 'split' into two 'selves', a 'teacher' and a 'student', with the overall result of the actor behaving for long term utility (learning from mistakes), rather than acting for immediate utility. This is a somewhat esoteric interpretation of SCE determinants, yet should at least be acknowledged if only because it has wider utility for EoC behaviour overall. Wilson and Qing share some of Bornstein and Chapman's opinions, when they state that curiosity and the wish to learn about the phenomenon contributes to the SCE.[181] Laughhunn and Payne,[182] like the proponents of CEST, argue that individuals make sunk cost decisions because they rely not just on the economics of the situation (the minimal account) but also on the emotions of the situation (the psychological account). This thesis suggests however that Laughhunn and Payne's work may be better suited as a determinant of EoC behaviour as a whole rather than just the SCE. An already expressed, contentious, antecedent, from Garland and Newport, is that sunk costs can be divided into *absolute* and *relative* costs and it is *relative* costs which

[175] T. Ellingsen and M. Johannesson, 'Sunk Costs and Fairness in Incomplete Information Bargaining', Games and Economic Behavior, Vol. 50, No. 2, 2005, pp. 155-177

[176] L. Carmichael and W. B. MacLeod, 'Caring about Sunk Costs: A Behavioral Solution to Hold-Up Problems with Small Stakes', Journal of Law, Economics, & Organization, Vol. 19, No. 1, 2003, pp. 106-118

[177] T. Troger, 'Why Sunk Costs Matter for Bargaining Outcomes: An Evolutionary Approach', Journal of Economic Theory, Vol. 102, No. 2, 2002, pp. 375-402

[178] T. Astebro and K. L. Simons, 'Innovation Exit: Why Entrepreneurs Pull the Plug on their Innovations', Working Paper, (Toronto University, Rotman School of Management, Toronto, Canada: 2003), pp. 1-24

[179] B. H. Bornstein and G. B. Chapman, 'Learning Lessons from Sunk Costs', Journal of Experimental Psychology: Applied, Vol. 1, No. 4, 1995, pp. 251-269

[180] Ibid.

[181] R. M. S. Wilson and Z. Qing, 'Entrapment and Escalating Commitment in Investment Decision Making: A Review', The British Accounting Review, Vol. 29, No. 3, 1997, p. 285

[182] D. Laughhunn and J. W. Payne, 'The Impact of Sunk Outcomes on Risky Choice Behaviour', INFOR, Vol. 22, No. 2, 1984, pp. 155-181

trigger the SCE. Garland alone also argues this.[183] Beyond the 'relative' argument, Garland et al. argue that when negative feedback is directly informative of the project's outcome, the SCE will not occur.[184] This argument contrasts with other authors' viewpoints, stated earlier. These viewpoints are generally applied in the context of EoC behaviour rather than *solely* sunk costs however. Regarding the severity of the SCE and Garland and Newport's earlier *money, time and effort* comment, Guterman argues that the effect is more severe when *money* is the principal cost.[185] However, Guterman's statement is open to interpretation. Spending one's time on a failing project for example, could mean that profit from another venture is bypassed, or that one runs out of 'effort'.

As has already been observed, some authors subdivide their interpretations of sunk costs.[186] Yet some authors also subdivide their interpretations of the SCE. E. Fantino, S. Fantino and Navarro argue that there are two distinct versions of SCE;[187] the 'resource allocation version' (when an individual chooses one alternative over another [for example, one holiday over another when two holidays have been purchased but the dates clash] because it is worth more, not because the expected utility is higher) and the 'continuing to invest version' (when one reinvests in a situation because of sunk costs). This subdivision is supported by Keasey and Moon[188] and Garland and Conlon (under *adoption* and *progress*).[189] Eyster[190] similarly argues that there is a SC*F* (when one confuses average with marginal costs) and a SC*E* (which incorporates E. Fantino's, S. Fantino's and Navarro's interpretations). Eyster further raises the prospect of an *Unsunk*

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[183] H. Garland, 'Throwing Good Money after Bad: The Effect of Sunk Costs on the Decision to Escalate Commitment to an Ongoing Project', Journal of Applied Psychology, Vol. 75, No. 6, 1990, pp. 728-731

[184] H. Garland et al., 'De-Escalation of Commitment in Oil Exploration: When Sunk Costs and Negative Feedback Coincide', Journal of Applied Psychology, Vol. 75, No. 6, 1990, pp. 721-727

[185] J. Guterman, 'Don't Throw Good Money (or Time) after Bad', Harvard Management Update, Vol. 7, No. 5, 2002, p. 8

[186] Guy, 'Exit Strategies…'

[187] E. Fantino, 'Behavior-Analytic Approaches to Decision Making', Behavioural Processes, Vol. 66, No. 3, 2004, pp. 279-288, E. Fantino and S. Stolarz-Fantino, 'From Patterns to Prosperity: A Review of Rachlin's 'The Science of Self-Control'', Journal of the Experimental Analysis of Behavior, Vol. 78, No. 1, 2002, pp. 117-125 and A. D. Navarro and E. Fantino, 'The Sunk Cost Effect in Pigeons and Humans', Journal of the Experimental Analysis of Behavior, Vol. 83, No. 1, 2005, pp. 1-13

[188] K. Keasey and P. Moon, 'Sunk Cost Effects: A Test of the Importance of Context', Economics Letters, Vol. 66, No. 1, 2000, pp. 55-59

[189] H. Garland and D. E. Conlon, 'Too Close to Quit: The Role of Project Completion in Maintaining Commitment', Journal of Applied Social Psychology, Vol. 28, No. 22, 1998, pp. 2025-2049

[190] E. Eyster, 'Rationalizing the Past: A Taste for Consistency', Working Paper, (Oxford University, Nuffield College, Oxford, UK: 2002), pp. 1-48

Cost Effect; where an actor, in a two period investment scheme, invests *fewer* resources than is optimal in the second period to justify an overly low investment in the first.[191] Note that Eyster interprets the SCE predominantly in the mindset of justification and consistency motives for actions *and* their associated costs, instead of predominantly cost motives.[192] Johnstone[193] and Zeelenberg and Van Dijk[194] argue there is a *reverse SCE*, where one abandons a situation *prematurely* because of sunk costs. The suggested reasons this occurs are: one has been a victim of the *standard* SCE previously and is sensitised to it and poor mental budgeting may confuse one's perception of the marginal gains of persistence. Heath and Peterson support this argument.[195] Romanus et al.[196] also comment upon *sensitivity* to sunk costs. Kelly's[197] two SCE 'versions' include Johnstone's reverse model and the 'standard' effect of investing to avoid waste and justify costs.

The relationship between the SCE as an EoC behaviour *determinant* and the SCE as *an EoC behaviour theory in itself* is open to interpretation. Arkes' opening definition of the SCE could perhaps be taken as meaning the same as Staw's EoC theory for example (and, as demonstrated later, the SCE *often is* understood to be the same by some EoC behaviour authors). However, looking at the definitions above in greater detail, the SCE appears to describe a slightly different phenomenon: *including one's previously sunk costs on future decision making*, and it is *this* phenomenon that is a *determinant* of

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[191] Ibid., p. 4

[192] Ibid., p. 1. Eyster is basically arguing that *whether negative feedback occurs or not*, one will act in a consistent manner; basing future action upon the optimality of the initial decision. He states that "when past and present actions are strategic complements, then a past action higher than optimal leads to a present action also higher than optimal – the Sunk Cost Effect – and a past action lower than optimal leads to a present action also lower than optimal: an 'Unsunk Cost Effect'."

[193] D. Johnstone, 'The 'Reverse' Sunk Cost Effect and Explanations, Rational and Irrational', Working Paper, (Wollongong University, Department of Accounting and Finance, Wollongong, New South Wales, Australia: 2000), pp. 1-25

[194] M. Zeelenberg and E. Van Dijk, 'A Reverse Sunk Cost Effect in Risky Decision Making: Sometimes We have too Much Invested to Gamble', Journal of Economic Psychology, Vol. 18, No. 6, 1997, pp. 677-691

[195] C. Heath and M. A. Peterson, 'Premature De-Escalation in Response to Failed Investment: A Test of Escalating Commitment, Marginal Decision Making and Mental Budgeting', Working Paper, (Chicago University, Graduate School of Business, Chicago, USA: 2001), pp. 1-40 and C. Heath, 'Escalation and De-Escalation of Commitment to Sunk Costs: The Role of Budgeting in Mental Accounting', Organizational Behavior and Human Decision Processes, Vol. 62, No. 1, 1995, pp. 38-54

[196] J. Romanus et al., 'A Loss Sensitivity Explanation of Integration of Prior Outcomes in Risky Decisions', Acta Psychologica, Vol. 93, No. 1-3, 1996, pp. 173-183

[197] Kelly, 'Sunk Costs, Rationality…'

another behaviour: EoC behaviour. It has already been demonstrated that Staw chooses to treat the SCE as an EoC behaviour *determinant* by including the former *within* his EoC framework; being the product of *faulty heuristics of mental budgeting* and *justification for costs* motives. Even if the above attempts at definitional disambiguation are put aside, it is not just sunk cost justification/waste motives that make one continue under Staw's EoC theory anyway, but other factors such as the project economics and contextual and organisational factors that tend not to appreciate the individual's *wish* to continue or quit. Thus, comparing the SCE to Staw's EoC interpretation is perhaps misguided. However, as a later exploration of the SCE literature reveals, the issues of the SCE being or not being an EoC behaviour theory and the SCE meaning the same as Staw's EoC interpretation are complex and problematic; not least because some authors treat the SCE and Staw's EoC theory much differently from their initial or literal meanings. For now though it would seem prudent to simply question the similarity between one choosing to go to a theatre in a one-off choice to justify expense and one prosecuting an ongoing, complex situation for a number of psychological, social and organisational reasons.

A related theory to the SCE is the Concorde Fallacy. The Concorde Fallacy is principally a biological theory, yet is explored here owing to its similarity to the SCE and some authors' attempts to translate it into the social science and particularly the political field. Explained in this thesis' introduction, the fallacy, founded by Dawkins and Carlisle[198] in 1976 from a critique of Trivers'[199] 'Parental Investment Theory', relates to the supposed bias by animals and insects[200] to their past behaviour; namely their sunk costs. The fallacy is a disputed phenomenon however,[201] with authors, including Dawkins and Brockman, providing alternate explanations. Regarding the digger wasp case,[202]

[198] R. Dawkins and T. R. Carlisle, 'Parental Investment, Mate Desertion and a Fallacy', <u>Nature</u>, Vol. 262, No. 5564, 1976, pp. 131-133 and R. Dawkins, <u>The Selfish Gene</u>, (Oxford, UK: OUP, 1989)

[199] R. L. Trivers, 'Parental Investment and Sexual Selection', in B. Campbell (Ed.), <u>Sexual Selection and the Descent of Man</u>, (Chicago, USA: Aldine, 1972), pp. 136-179

[200] R. Dawkins and H. J. Brockman, 'Do Digger Wasps Commit the Concorde Fallacy?', <u>Animal Behaviour</u>, Vol. 28, No. 3, 1980, pp. 892-896

[201] R. M. Coleman and M. R. Gross, 'How to Rescue the Concorde Fallacy – Reply', <u>Trends in Ecology & Evolution</u>, Vol. 7, No. 5, 1992, p. 169, J. Jokela and T. Vuorisalo, 'How to Rescue the Concorde Fallacy', <u>Trends in Ecology & Evolution</u>, Vol. 7, No. 5, 1992, p. 169 and D. W. Winkler, 'Parental Investment Decision Rules in Tree Swallows: Parental Defense, Abandonment and the So-Called Concorde Fallacy', <u>Behavioral Ecology</u>, Vol. 2, No. 2, 1990, pp. 133-142

[202] R. Dawkins, <u>Personal Communication</u>, (Email, 02/11/04). In Dawkins' words, "if the wasps were fighting harder for better-stocked burrows, of course it would be sensible and non-concordian. But that is

some authors argue that the wasps may not be able to count the total amount of prey and simply treat *their* individual contribution as the total amount present, as a rule of thumb.[203] Some observations need to be made here though. That any of the wasps quit fighting at all puts some distance between the Concorde Fallacy and the SCE since sunk costs tend to be *cumulative* to a situation and contribute to an actor's future behaviour; not just his behaviour according to the original investment. Also, does it matter which wasp makes the nest? Dawkins and Brockman argue that it does not matter, that the digger wasp does not count the effort of building the nest when fighting, but surely nest building counts as a sunk investment too? The real relevance of the fallacy to this thesis however is its transfer to social science literature. All that really needs to be acknowledged is that the fallacy, when taken in non-life science terms, is synonymous with the general understanding of the SCE. Even Dawkins, with Brockman, makes some allusions to human application of the fallacy, calling it the "Our Boys Should Not Have Died in Vain Fallacy."[204] Arkes and Ayton claim to make the link between the fallacy and the SCE and argue[205] that the fallacy is simply the biological science version of the SCE. One should note then that as the SCE is often treated as a theory of the broader EoC behaviour, the fallacy is too. Arkes and Ayton's claims to be the innovators of such transference of terms – between the biological and social sciences – are however, dubious, when taken in the milieu of earlier research and this dubiousness deserves further scrutiny.

Also related to the SCE is the Project Completion Hypothesis (PCH). The basic PCH argues that the nearer a project is to completion the more likely an actor is to reinvest after negative feedback. While the PCH *is* a standalone EoC behaviour determinant, Staw discusses[206] project completion as a function of the SCE (in that individuals *believe* that many sunk costs, particularly when viewed *relatively*, indicate

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NOT what they were doing. Each was [sic] was fighting harder only for the contribution that she herself had made."

[203] Ibid., "It was as if she [the wasp] was blind to the contents of the nest, and knew only about her own contributions to it. Indeed, that is the suggestion we ended up making."

[204] Dawkins and Brockman, 'Do Digger Wasps Commit…', p. 892

[205] H. R. Arkes and P. Ayton, 'The Sunk Cost and Concorde Effects: Are Humans Less Rational than Lower Animals?', Psychological Bulletin, Vol. 125, No. 5, 1999, pp. 591-600 and Ayton and Arkes, 'Call it…'

[206] Staw, 'The Escalation of Commitment: An Update…', p. 202

that a project is nearly completed, when the two conditions *may* be unrelated). However, it is also argued that in certain cases where sunk costs have been blamed for EoC behaviour, the project completion level was actually the main responsible factor.[207] Where there is no 'project' however, project completion is not relevant opposition to the SCE. Like Prospect Theory and self-justification however, the PCH and the SCE do not necessarily need to be rival theories. Moon[208] attempts to reconcile the two theories under a mathematical model, where EoC behaviour is a function of the degree of project completion *and* the amount of sunk costs. Moon argues that project completion and sunk costs can exert simultaneous and *synergistic* pressures upon the individual, not just independent pressures. Related to the PCH, Fox and Hoffman[209] after combining Lewinian and Atkinson approaches,[210] argue that EoC behaviour can be caused by 'proximal closure', where completing the project is an end in itself, and by 'clarity of completion', where the more clear the steps or path to completing the goal are, the more effort an actor will 'invest'. Hence, this is related to *information*, where any feedback, even negative, can be argued to encourage continuance, since it provides information. This chapter has described the *origin* of EoC behaviour research and has introduced EoC behaviour research itself. Through this exploration, several 'issues' have been highlighted for further examination. Chapter four continues the EoC behaviour research exploration; in the milieu of IR.

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[207] D. M. Boehne and P. W. Paese, 'Deciding Whether to Complete or Terminate an Unfinished Project: A Strong Test of the Project Completion Hypothesis', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 81, No. 2, 2000, pp. 178-194, D. E. Conlon and H. Garland, 'The Role of Project Completion Information in Resource Allocation Decisions', <u>Academy of Management Journal</u>, Vol. 36, No. 2, 1993, pp. 402-413 and Garland and Conlon, 'Too Close to Quit…'

[208] H. Moon, 'Looking Forward and Looking Back: Integrating Completion and Sunk-Cost Effects within an Escalation-of-Commitment Progress Decision', <u>Journal of Applied Psychology</u>, Vol. 86, No. 1, 2001, pp. 104-113

[209] S. Fox and M. Hoffman, 'Escalation Behavior as a Specific Case of Goal-Directed Activity: A Persistence Paradigm', <u>Basic and Applied Social Psychology</u>, Vol. 24, No. 4, 2002, pp. 273-285

[210] For more information on these approaches, see D. Cartwright (Ed.), <u>Field Theory in Social Science: Selected Theoretical Papers</u>, (New York, USA: Harper, 1951)

4.0 International Relations Escalation of Commitment Behaviour Research

Escalation of Commitment (EoC) behaviour is researched predominantly in the realm of social science. However, *within* this broad field there is much EoC behaviour research in the disciplines of International Relations (IR) and, to a lesser extent, *political* decision making. This chapter reviews EoC behaviour research within these disciplines. The chapter begins with a historical study of two important EoC behaviour theories that are applied predominantly in the IR sphere: Joel Brockner's *Entrapment* and Allan Teger's *Too Much Invested To Quit* (TMITQ). Then, other political and IR based EoC behaviour relevant research that uses these EoC behaviour rubrics, previously undiscussed rubrics and rubrics already encountered is examined.

4.1 Entrapment and Too Much Invested To Quit

Brockner's *Entrapment* and Teger's *TMITQ*, like Staw's *EoC* theory, investigate EoC behaviour. However, although there is some crossover regarding subject matter, Staw's theory is applied mainly in business-centric, organisational contexts and Entrapment and TMITQ are applied predominantly to (often competitive), governmental, IR and political situations. The Entrapment concept was present in IR literature before Brockner became the principal author on the subject. At this time though, Entrapment literature was principally an *ancillary explanation* for what is known traditionally as 'conflict escalation' (taken here to mean broad *intensification* behaviour between two, usually international level opponents and predominantly in, or leading to, a hot military situation) rather than a 'standalone theory'. Shubik in 1971, for example, utilises Entrapment to explain why escalation occurs between nations. Shubik utilises the 'Dollar Auction', an application of Game Theory, in which multiple players bid for a dollar bill. The unique condition here is that the winner expends his bid and gains the dollar, while the runner up simply loses his bid. Thus, once only two bidders remain, a continuance motive emerges, of being unable to quit for fear of losing one's investment entirely. Each player thus increases his bid, provoking the same from his opponent. The final two bidders are essentially *entrapped*. The auction often ends with significantly more than

one dollar having been bid. Shubik claims that, despite the individual level of analysis, the auction is a "paradigm for escalation";[1] based upon sunk costs appreciation by participants. Immediately then there is an EoC behaviour 'feel' to Entrapment theory, but also a theoretical link between Entrapment (and thus EoC behaviour situations in general) and 'traditional' conflict escalation. The Dollar Auction is more complex than this brief explanation implies however and is discussed again, later in this chapter.

The true precursor to contemporary Entrapment theory occurs with Rubin's 1975 paper;[2] undertaken with Brockner. This paper is important in that it introduces the concept of *time* within Entrapment situations, (Entrapment as a passive, waiting situation not just a conscious investment situation) and the allusion that Entrapment does not always have to be applied to intensifying, duopolistic, IR/intra-nation conflict situations; but to a variety of *maintenance level*, subnational and individual 'everyday conflicts' too, and in non-competitive contexts. Following this paper, although Rubin continues to significantly contribute to the Entrapment discussion, Brockner becomes the most authoritative author concerning the theory. In 1979, Brockner et al. investigate Entrapment and state that "one particularly perplexing feature of certain escalating conflicts is their tendency to be self-perpetuating…entrapping in nature…in which a decision maker continues to expend resources at least in part to justify previous expenditures."[3] They state that Entrapment also requires a series of conditions in order to be considered.[4] These conditions state that costs are also considered by the actor as *investments* (insofar as the costs increase the likelihood of 'achievement'); a decision maker must have an alternative course of action to choose between (meaning here, being able to quit); the probability of achieving the goal is less than '1' and the motives for continuing an action change as the project proceeds. Brockner et al.'s progress model mirrors *somewhat* Staw's temporal models; proceeding from project factors through to psychological justification factors. Brockner et al. also distinguish between *passive* and

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[1] M. Shubik, 'The Dollar Auction Game: A Paradox in Non-Cooperative Behavior and Escalation', Journal of Conflict Resolution, Vol. 15, No. 1, 1971, p. 111

[2] J. Z. Rubin and J. Brockner, 'Factors Affecting Entrapment in Waiting Situations: The Rosencrantz and Guildenstern Effect', Journal of Personality and Social Psychology, Vol. 31, No. 6, 1975, pp. 1054-1063

[3] J. Brockner et al., 'Factors Affecting Withdrawal from an Escalating Conflict: Quitting Before it's too Late', Journal of Experimental Social Psychology, Vol. 15, No. 5, 1979, p. 493

[4] Ibid.

active Entrapment.[5] The former occurs when the actor does not need to act in order to continue a project, while the latter occurs when the actor consciously needs to reinvest in order to continue.

A recurring facet of Entrapment, according to Brockner, is that *time* is considered a resource, and *waiting* is a subject of study; in addition to the other resource types typically associated with EoC behaviour. The Entrapment definition is rephrased in 1981 when Brockner et al. state that Entrapment occurs when "individuals have made substantial unrealized investments in pursuit of some goal and feel compelled to justify these expenditures with continued investments, even if the likelihood of goal attainment is low…perhaps in part because of the individual's need to justify all that has been expended up to that point."[6] In 1984, Brockner et al. characterise Entrapment as the "tendency for individuals to make increasing commitments to some failing course of action, in large part to justify the appropriateness of previous investments made in that situation."[7] Entrapment, then, according to Brockner, can be summed up by the words of Rubin et al. It is a "class of escalating conflict"[8] where actors continue to invest in losing projects because they feel trapped; where "commitment begets commitment and investment begets investment."[9] "Entrapment is a monstrosity born of choice."[10]

Although Brockner uses journals to explore Entrapment theory, it is his book, with Rubin[11] where the majority of his work is undertaken. Here, they focus upon research from authors such as Shubik and EoC behaviour authors like Staw and Teger; drawing some comparisons between these theories. They then explore some of the determinants of Entrapment; revisiting experiments concerning sex differences,[12] (males are more likely

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[5] Ibid., p. 494

[6] J. Brockner et al., 'Face Saving and Entrapment', Journal of Experimental Social Psychology, Vol. 17, No. 1, 1981, pp. 68-69

[7] J. Brockner et al., 'The Role of Modeling Processes in the 'Knee Deep in the Big Muddy Phenomenon'', Organizational Behavior and Human Decision Processes, Vol. 33, 1984, p. 77

[8] J. Z. Rubin et al., 'Factors Affecting Entry into Psychological Traps', Journal of Conflict Resolution, Vol. 24, No. 3, 1980, p. 406

[9] Ibid.

[10] J. Z. Rubin, 'Caught by Choice: The Psychological Snares We Set Ourselves', Sciences, Vol. 22, No. 7, 1982, p. 22

[11] J. Brockner and J. Z. Rubin, Entrapment in Escalating Conflicts: A Social Psychological Analysis, (New York, USA: Springer-Perlag, 1985)

[12] Ibid., p. 65

to escalate commitment than females), personality facets like aggression and group dynamics.

4.2 'Escalating Conflicts' and More Limitations of Entrapment

A confusing discovery to emerge from Brockner's and Rubin's work is their treatment of the concept of 'escalating conflicts'. It has been shown above that Brockner et al. use this term somewhat sporadically; intertwining it with some definitions of Entrapment and Brockner and Rubin use the term in their book title. Based upon aspects of their work (some Decision Making Unit [DMU] types used and some of the 'everyday' Entrapment examples provided), it appears that Brockner and Rubin do not mean to apply 'escalating conflict' in, what is thought here to be, its most literal, intuitive or traditional sense: an intergovernmental, militaristic, intensifying, dyadic competition. What they do mean however is uncertain. Within some contexts of their work it is considered that the term 'conflict' means the psychological conflict that emerges from *within* the DMU when it is faced with a failing course of action, (regarding whether to continue or quit) and 'escalating' means the continuance of this action. Entrapment here then is considered as a cause of this continuance. A somewhat complementary view is that 'conflict' could be understood simply to mean any ongoing, problematic situation or project involving a DMU, with 'escalation', again, meaning continuance. Brockner and Rubin use the terms *social* and *non-social interaction* to describe competitive and non-competitive situations respectively.[13] Thus, 'escalating conflicts' here *appear* to refer to persisting, non-competitive *and* competitive situations. As an aside, Staw[14] also discusses *conflict situations*, again to describe the 'tugging' of emotions in different directions to continue or quit. Staw uses the term *interpersonal* to describe what Brockner and Rubin call *social interaction*. Staw uses the word 'social' to describe the context of 'other people', but not necessarily in a competitive sense.

Ultimately, like Staw, important concepts such as 'escalation', 'conflict escalation' and 'escalating conflicts' are simply not adequately defined by Brockner and Rubin, and

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[13] Ibid., p. 58

[14] B. M. Staw and J. Ross, 'Behavior in Escalation Situations: Antecedents, Prototypes and Solutions', Research in Organizational Behavior, Vol. 9, 1987, p. 71

are seemingly employed in a number of different senses. Above, other interpretations of 'conflict escalation' are given, yet the more traditional interpretation also appears to emerge when reading Brockner's and Rubin's work. While defining Entrapment in their book, Brockner and Rubin argue that:

> [Entrapment is] not identical to escalation, or even conflict escalation. Rather it is a particular type of conflict escalation, based on the individual's need to feel that their past commitment to a chosen course of action was not made in vain[15]

Reverting to the traditional, intuitive *intensification and versus* meaning of conflict escalation, the previous quotation in isolation strongly implies that Entrapment is *only* applicable to governmental, duopolistic, competitive situations that are intensifying; yet previously Brockner and Rubin imply that Entrapment can be applied too to many *non-social* aspects of life where non-governmental decision makers simply *maintain* an action. The use of the 'individual' in the above quote also serves to undermine the traditional conflict escalation meaning, as does the aforementioned terminological schism of 'social' and 'non-social' interaction. In short, while Brockner and Rubin use the words *escalation* and *conflict escalation*, they do not adequately define or contrast either term, which makes it difficult to establish a context within which Entrapment, and EoC behaviour in general, can be located. Currently, there are no clear answers to this dilemma.

Assuming that Entrapment here can best be considered loosely as *persistence in or continuance of a failing action*, (be it between opposing DMUs, or involving only a single DMU, involved in some project), no *explicit*, concrete statement is made in Brockner's and Rubin's work regarding what *continuance* means. Does it mean *maintenance* of the situation? Can it include *intensification*? Is *deescalation* applicable too? No definition of any of *these* terms is given throughout Brockner's and Rubin's work, but intuitive definitions are assumed in this chapter based upon ideas that emerged from the *continuance* discussion in chapter three. Similar to the conclusions of the previous discussion, very little information is given here regarding 'values' or the

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[15] Brockner and Rubin, <u>Entrapment in Escalating Conflicts…</u>, p. 6

measures/methods used to gauge 'continuance type'. Providing minor clarification, Brockner and Rubin do state in their book that "as [actors] escalate their commitment to a failing course of action…tactics tend to become more heavy handed, the number of issues and the number of parties…tend to increase."[16] This implies material intensification. Moreover, an email from Brockner[17] implies that Entrapment can include *maintenance*, but more importantly *numerical* intensification. Here, Brockner employs the 'rate measurement' suggested in chapter three; using a single value (dollar investment). It would seem then that Entrapment includes *maintenance* and both forms of *intensification* (material and numerical); and continuance type is represented by some combination of the rates of investment of values and the overall nature of the action.

Perhaps providing the most support for the inclusion of intensification, is that Entrapment, in Brockner's and Rubin's work at least, ironically does focus more on IR situations and, most importantly, the predominant context of the case studies is duopolistic and competitive, concerning 'hot wars', much like the commonly accepted meaning of conflict escalation. An immediate lemma then, based upon the predominant types of *examples* used by Brockner and Rubin, is that, although not *explicitly* stated in their work, intensification *can* be a form of Entrapment continuance.[18] However, many of the *same* social examples are periodically presented in *non-social*, *DMU versus project* terms too.

Several complex issues emerge when considering the inclusion of 'competition' in an EoC behaviour situation. For example, while the most common situation is a 'simplified' two player 'versus' situation (A versus B for control of X) – which is the predominant focus of the 'competitive' EoC behaviour literature, the predominant interpretation of 'competition' in this thesis and the predominant scenario when talking of 'conflict escalation' – other situations can be envisaged. Some examples could be, first, a 'race' between A and B to complete a project (such as a novel invention) or perform best at a counter game and, second, where A is engaged in a project that involves an opponent as a 'side issue' (such as trying to complete a bridge while the enemy attacks it). It is

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[16] Ibid., p. 258

[17] J. Brockner, Personal Communication, (Email, 15/07/05)

[18] Such an example is the El Salvador conflict, discussed in Brockner and Rubin, Entrapment in Escalating Conflicts…, p. 246 and discussed further below.

recognised too that there may be more than two DMUs with opposing motives in a situation. The specific *effects* of competition then (beating the opponent, revenge and punishment) which are suggested to contribute to EoC behaviour may not be present in their totality/intensity in *all* competitive situations.

In a simplified two player situation, the enemy's actions would appear to provide a further context against which continuation type could be measured. If the enemy's value investment increase is *considered* greater than the primary DMU in a time period for example, then could intensification still be argued even though the DMU *intensified* apropos his own previous actions? Bearing in mind the word *considered* above, the type of measure used could be argued to be more important when interpreting the continuance type undertaken by the DMU in a social context than in a non-social one, owing to statistical distortions for example.

Moreover, a DMU's *feedback* could be argued to be a function of the enemy DMU's, inverse, corresponding feedback. Intuitively, the enemy 'is' the project. Importantly, it could be argued that the primary DMU's investment level may be *dictated* by the enemy anyway. For example, where there is an option for deescalation or maintenance in *real* terms, this could result in the situation being forcefully finished (the enemy would take control of the situation). Thus intuitively, the enemy would have to undertake the same behaviour for the calming of investment to be feasible. An important qualifying point here is that, like the motivations of beating, punishment and revenge, the observations above concerning intensity measurements, the comparative gauging of feedback and coerced investment levels may not be as applicable in other more complex or differently structured competitive situations. This brief exploration however is based upon many subjective concepts and may therefore be prone to logical fallacies currently. Thus, these issues deserve further investigation.

The entire discussion above also raises issues such as the potential 'change/continuance paradox'. There is, in sum, a very similar set of problems here as when discussing Staw's 'figure 3.1'. Certainly, Entrapment, from the perspective of Brockner's and Rubin's work, not only has the conceptual problems discussed above, it does pose a difficult question regarding the theoretical 'ubiety' of itself, and EoC behaviour research in general, vis-à-vis traditional conflict escalation research.

Regarding the IR examples of Entrapment studied by Brockner and Rubin then; while acknowledging that the exploration of Vietnam is "beyond the scope" of their book[19] focus here is applied instead to the El Salvador conflict. They argue that the "escalated commitment of the US in El Salvador is a manifestation of Entrapment."[20] It is believed that this statement refers to the general continuance of the action rather than a more specific form of continuance. One could assume the form of continuance being discussed is intensification but the fact that Brockner and Rubin also talk of "small but steady investments"[21] in the El Salvador conflict implies too a maintenance approach. The above discussion concerning the effect of enemy involvement on continuance type makes this statement less clear cut still. Brockner and Rubin discuss the El Salvador study in terms of the conditions for Entrapment discussed above. They also discuss organisational and cultural factors, such as Reagan's reelection campaign creating pressure to succeed. They conclude that while the El Salvador conflict shows the symptoms of Entrapment, it is very difficult to *prove* that justification motives are responsible in *any* situation because the actor is reluctant to admit this motive.

Brockner and Rubin do briefly investigate the Vietnam Conflict. They argue that the conflict falls into the *active* Entrapment type, since "it was necessary for the United States' policy makers to decide consciously and deliberately to take an active step in order to increase their commitment."[22] How the commitment is increased is not discussed, but given the nature of the war, *intensification* of investment both numerically and in terms of 'nature' could be inferred. They also state that external justification was a reason for the US staying in Vietnam.[23] The issue of policy resistance (regarding action *commencement*) is also considered as a reason for the difficulty in withdrawing from Vietnam.

Brockner's Entrapment research, like Staw's EoC theory, changes and develops with time and Brockner expands the determinants of Entrapment from simple *profit and*

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[19] Ibid.
[20] Ibid.
[21] Ibid., p. 247
[22] Ibid., p. 43
[23] Ibid., p. 102. Brockner and Rubin state that "[The US found it extremely difficult to withdraw because] our nation's leaders were concerned with the appearance of the US government and military in the eyes of the American public and the world at large."

justification motives to include other measures, like self-esteem,[24] project completion issues,[25] and pride, punishment and revenge[26] (in competition). This expansion is exemplified by his definition of Entrapment in later texts, when he omits the suffix: *in large part to justify* and simply states that it "refers to the tendency for decision makers to persist with failing courses of action."[27] The justification motive, then, appears to be no longer of *sole* importance. However, as a comparative measure, Brockner's overall interpretation of Entrapment is generally less broad in terms of its determinants and focus than Staw's view of his EoC theory. Despite this, Brockner argues frequently that Entrapment is "also known as Escalation of Commitment, the Sunk Cost Effect, The Knee Deep in the Big Muddy Effect [after Staw] and The Too Much Invested to Quit Effect."[28] Given the statement immediately above, and the description of the SCE in chapter three, it would *immediately* seem absurd for Brockner to argue for this 'convergence'.

Another important issue regarding Brockner's Entrapment, is the nature of the DMU. Many similar issues exist regarding DMU usage by Brockner as those stated regarding Staw. Brockner talks explicitly of individuals. Yet some of Brockner's examples – here of a different kind: intergovernmental conflicts and hot wars – and his word choices like 'governments', 'actors', 'decision makers' and 'policy makers' (not to mention the vagueness regarding whether he intends to use these words as general plurals or as 'collectives' of individuals) imply strongly that other DMUs beyond 'the individual' are felt by Brockner to be subject to Entrapment too. Unlike Staw though, Brockner explicitly talks of groups in Entrapment behaviour in his book; but *largely* in relation to

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[24] For example, L. E. Sandelands et al., 'If at First You don't Succeed, Try, Try, Again: Effects of Persistence – Performance Contingencies, Ego Involvement and Self-Esteem on Task Persistence', <u>Journal of Applied Psychology</u>, Vol. 73, No. 2, 1988, pp. 208-216, J. Brockner et al., 'Self-Esteem and Reactions to Negative Feedback: Toward Greater Generalizability', <u>Journal of Research in Personality</u>, Vol. 21, No. 3, 1987, pp. 318-333 and M. H. Kernis et al., 'Self-Esteem and Reactions to Failure: The Mediating Role of Overgeneralization', <u>Journal of Personality and Social Psychology</u>, Vol. 57, No. 4, 1989, pp. 707-715.

[25] S. Nathanson et al., 'Toward the Reduction of Entrapment', <u>Journal of Applied Social Psychology</u>, Vol. 12, No. 3, 1982, pp. 193-208

[26] J. Brockner, 'The Escalation of Commitment to a Failing Course of Action: Toward Theoretical Progress', <u>Academy of Management Review</u>, Vol. 17, No. 1, 1992, pp. 39-61

[27] <u>Ibid</u>., p. 39

[28] J. Brockner et al., 'Escalation of Commitment to an Ineffective Course of Action: The Effect of Feedback Having Negative Implications for Self-Identity', <u>Administrative Science Quarterly</u>, Vol. 31, No. 1, 1986, p. 109

'group specific' determinants (determinants *only* applicable to groups). It is assumed then, but is not stated explicitly by Brockner, that some determinants discussed in his greater body of work, (without *explicit* mention of groups, only implicating examples), affect groups in the same way as they do individuals. In a limited, non-group specific context, Brockner does argue that some previously discussed determinants affect groups differently from individuals. Like Staw, Brockner does not define 'DMU' nor 'organisation' (or related terms such as 'government'). Entrapment theory, as employed by other authors, is discussed below, after Teger's TMITQ theory has been examined.

4.3 Too Much Invested To Quit

Very similar to Brockner's work is Teger's TMITQ paradigm. Teger discusses *escalation situations*. This term is not clearly defined, but in the context of Teger's literature, an escalation situation is assumed to mean a *situation in which a project has delivered negative feedback and the opportunity to continue the project, which entails further investment, exists*. Teger argues that escalation situations can cause the DMU to become trapped in a losing course of action. Like Entrapment, *justification motives* – both *emotional* and regarding *sunk costs* – are given as the predominant reasons such entrapment arises; as implied by the name of the paradigm. Other facets are also briefly discussed; mainly regarding gender differences and the male propensity to escalate.

Teger argues that TMITQ situations can be conflicting (involving opponents) or non-conflicting (not involving opponents).[29] These descriptive terms, although meaning the same, differ with Brockner's *social* and *non-social* and Staw's *interpersonal* labels. Moreover, Brockner, (it is argued), and Staw, (certainly), use *conflict* to mean the internal argument that occurs when the DMU is debating whether or not to proceed.[30] Like Brockner's Entrapment, the paradigm is applied to 'everyday situations' involving the individual in both competitive and non-competitive situations. However, the TMITQ paradigm principally concerns "how a nation can become trapped, by its own

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[29] A. I. Teger, Too Much Invested to Quit, (New York, USA: Pergamon, 1980), p. 2

[30] As discussed earlier, Brockner's intent with the word 'conflict' is only *inferred* from reading his work, while Staw specifically mentions his intent, such as in Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 71.

commitments, in a clearly unproductive military escalation."[31] Thus what Teger terms *conflict situations* are the primary concern here, but he does not define what he means by *escalation*. He may mean general continuance of military conflict or specifically *intensification* behaviour. Interestingly, a proportion of Teger's thesis is dedicated to examining non-IR TMITQ situations with the apparent purpose of drawing conclusions that can then be applied to IR ones.

Teger utilises the *Dollar Auction* to analyse TMITQ in conflict situations. Teger argues that, depending on each stage of the pricing situation, the motives for such escalation 'evolve' in dominance from simple *profit making*, to *reducing losses*, to *justifying previous investments/waste avoidance*, to *beating* and even just *punishing one's opponent regardless of cost or outcome*. This account holds stark similarity to Staw's – discredited – temporal process; in that project factors are superseded by psychological ones as the game proceeds. The auction however is complex and could represent several behaviour patterns, depending upon one's perspective and regardless of the accepted sunk costs motive. The auction could be taken in the context of a war and describe general *intensification* behaviour in terms of 'investment units', (not just money). The dollar represents the goal of overcoming the opponent, while the increasing bids – if they were taken as *separate* investments (a yearly investment, for example) – could be *materially harsher* tactics and/or greater intensity of *existing* tactics (including dollar investment). Yet the auction could also represent *maintenance* escalation behaviour in that the greater bids are the *total* amount of investment so far and are thus representative of *uniform* increases of investment, since even maintenance type escalation involves periodic reinvestment that increases the *total* amount invested. Here, the bids would need to increase by greater amounts in each episode for intensification to be considered. Although this immediate exploration leaves unexplored some complex aspects of the auction,[32] one conclusion is that it is a useful tool for representing EoC behaviour and traditional conflict scenarios using 'individual' examples.

Teger argues in his book that there is ample literature on the escalation of events *leading up* to hot conflict, but much less on the process of escalation *during* a war. His

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[31] Teger, <u>Too Much…</u>, p. xi

[32] For more information on the Dollar Auction see B. O'Neil, 'International Escalation and the Dollar Auction', <u>Journal of Conflict Resolution</u>, Vol. 30, No. 1, 1986, pp. 33-50.

thesis therefore aims to contribute to the latter, using Vietnam as a case study. Here, Teger seems to consider *escalation* to mean *intensification* (specifically, the *nature* of the conflict), since events must intensify in this way in order to reach the point of war. Yet during war, it can be argued that neither the nature nor the numerical/frequency investment of existing behaviours need to *intensify* but can instead be *maintained*. It is uncertain if Teger recognises this. Teger's discussion of the Vietnam Conflict is slightly more detailed than Brockner's. The conflict, like from Brockner's perspective, is treated in some places as a non-conflict scenario and in others as a conflict scenario (that is, *investments* are the focus at some points[33] and not the enemy). In places, the conflict is also treated as a *maintenance* scenario (Teger talks periodically of *reinvestment* rather than *intensification*). He does apply the motivation dominance changes discussed apropos the Dollar Auction in this conflict, by utilising the employment of *symbolism*[34] by the administration at the time; indicating that through more personal attacks on the enemy, the conflict became more personal than political. Teger's work contains many of the uncertainties that have been raised so far, including the uncertain use of 'escalation', the unexplored relationship between EoC behaviour and traditional escalation, uncertainty regarding how TMITQ actually proceeds and the ambiguous 'treatment' of DMUs; which is identical to Brockner's treatment.

Brockner's and Teger's work has significant relevance to this thesis. Although less developed in terms of determinants than Staw's EoC theory, their work does expand the *situations* and *contexts* in which EoC behaviour can occur and also expands the *resources* and *costs* associated with EoC behaviour situations. Brockner and Teger develop Garland and Newport's *money, time and effort* to include such facets as manpower, death, injuries, collateral damage and human abuses. Their use of the Dollar Auction is also beneficial, yet the auction discussion fails to include the numerous subtleties that can occur during conflict (*sharing the prize* and *negotiation*, for example). Importantly, Brockner's Entrapment and Teger's TMITQ highlight further the uncertain theoretical

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[33] Teger, Too Much…, p. 4

[34] Ibid., pp. 96-100. Teger discusses *positive symbols, negative symbols, commitment symbols and status symbols* to represent the changes of motivations (from winning to punishment) for prosecuting the war. The reason for bombing the North of Vietnam, for example, is given by Teger as the revenge motive in action.

ubiety between EoC behaviour and traditional conflict escalation theory and the resultant difficulty in establishing a boundary between the two subjects.

4.4 International Relations Escalation of Commitment Behaviour Literature Beyond Brockner and Teger

The majority of the remaining literature concerning EoC behaviour in IR follows a similar pattern – and contains similar issues – to that highlighted above. Furthermore, such literature invents yet *more* rubrics to describe the EoC phenomenon. Christopher Mitchell is a major contributor to Entrapment theory. Mitchell asks what "the overall process to ending a conflict"[35] actually constitutes; demonstrating, by implication, that Entrapment is principally a social and conflict based theory. "Choosing to negotiate," Mitchell argues, is the "essential first step"[36] in any form of conflict termination. He observes that many authors adopt an Expected Utility (EU) approach when looking at conflict termination, and argues that "their assumption is that decisions about conflict termination, like other human decisions, are the product of a rational process of choice and can thus be best understood by using a formal model of rational decision-making."[37] Yet Mitchell argues that there may be more useful ways of looking at the processes that "actually occur"[38] when attempting to end a conflict. Mitchell argues that conflict is divided into two modes. The first involves everyday war decisions and incremental resource allocation, the so-called "Incremental Continuation Mode"[39] (ICM). The second mode occurs when decision makers consider negotiation; the "Comprehensive Reconsideration Phase"[40] (CRP). This mode occurs after certain "trigger points"[41] in the first phase, (such as a battlefield defeat). While it may seem that examination of the ICM would be more prudent to this thesis, it is in fact what Mitchell proposes concerning the CRP that provides the most interest. Mitchell critiques the EU model and concludes that

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[35] C. R. Mitchell, 'Ending Conflicts and Wars: Judgement, Rationality and Entrapment', <u>International Social Science Journal</u>, Vol. 43, No. 1, 1991, p. 35
[36] <u>Ibid.</u>, p. 36
[37] <u>Ibid.</u>
[38] <u>Ibid.</u>
[39] <u>Ibid.</u>, p. 37
[40] <u>Ibid.</u>
[41] <u>Ibid.</u>

"actors do not always behave in a rational, utility maximizing fashion. A number of wars, strikes and even interpersonal disputes continue far beyond the point at which either adversary can hope to gain the equivalent of their losses in the struggle."[42] Mitchell divides factors that influence such irrational decision making in to "four broad headings."[43] These are 'Interparty Factors', 'Intra-party Factors', 'Intra-ally Factors' and 'Extra-conflict Factors'. These factors and headings bear much similarity to those in Staw's framework; particularly regarding leadership rivalry, personal interest (Agency Theory) and Low-Balling & Foot-in-the-Door techniques. Such similarity is compounded when Mitchell recognises the *dynamic* nature of the factors (expressed as the 'temporal model' by Staw). Mitchell also discusses the '–' and '+' values of each facet, like Staw. Entrapment here then is more similar to Staw's EoC theory than Brockner's interpretation.

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[42] <u>Ibid.</u>, p. 41
[43] <u>Ibid.</u>, p. 43

Regarding dynamism, Mitchell argues that:

> It is easy to say that such factors can all influence decisions about conflict termination, and that some may play a greater or lesser role in determining the utility of the outcomes as the conflict proceeds. It is less easy to determine those which might have a major influence at a given moment and, more importantly, how this degree of influence might change over time…. The central argument in this article is that judgements of the utility of alternative outcomes are dynamic, in the sense that not only the outcomes but also the factors which influence decision makers' evaluations change[44]

Mitchell uses sunk costs as an example for such dynamic properties of Entrapment. At the start of a conflict, sunk costs are regarded as investments, evaluation procedures and agents to increase the likelihood of an action coming about. However, Mitchell argues that at a certain point sunk costs begin to adopt the role of sacrifices and become reasons for continuing towards the goal in themselves. He suggests that this may occur when sunk costs are linked to project completion or when the ratio of costs to remaining resources becomes ever smaller. The crux of Mitchell's work is his "idealized"[45] Entrapment model, figure 4.2, which is very similar to Staw's abandoned EoC temporal models. Mitchell wishes to explain *why* he believes that certain factors' importance changes over time. He argues that it is because of the evolving motives of the decision makers. The model begins with reward pursuit, through to goal relinquishing.

While arguing that it is the "hurt itself [that], paradoxically, becomes a reason for continuing [in order to] justify both the psychological and political sacrifices already made,"[46] he argues that "ripeness"[47] is required for Entrapment to cease: a realisation that the action is not working and is likely to never succeed and that past costs are indeed "bygones."[48] The model also involves a *punishment* dominance stage, though Mitchell concedes not all Entrapment situations are competitive.

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[44] Ibid.
[45] Ibid., p. 49
[46] C. R. Mitchell, 'Cutting Losses: Reflections on Appropriate Timing', Working Paper No. 9, (George Mason University, Institute for Conflict Analysis and Resolution, Virginia, USA: 1996), p. 4
[47] Ibid., p. 5
[48] Ibid.

Maoz is also a major supporter of Brockner's ideas. In Paradoxes of War,[49] Maoz discusses four paradoxes that have relevance to this thesis. First, he discusses an arms race as an example of conflict escalation, under the 'parabellum paradox'.[50] Second, he discusses deterrence[51] as a cause of conflict. Third, he discusses crisis escalation.[52] These facets are discussed later in this thesis. However, it is his examination of sunk costs as a facet of Entrapment that is important here. Maoz, argues that not only do nations persist in wars because of sunk costs, but they will do this even if they know they are going to lose.[53] Maoz also examines the Vietnam Conflict to demonstrate sunk cost reasoning. Maoz argues that several factors must[54] be present if sunk cost reasoning is to be considered prevalent in a war.

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[49] Z. Maoz, Paradoxes of War: On the Art of National Self-Entrapment, (Boston, Massachusetts, USA: Unwin Hyman, 1990)

[50] Ibid., p. 31-64

[51] Ibid., p. 65-101

[52] Ibid., p. 103-134

[53] Ibid., p. 282. Maoz states that "actors usually do not admit that they are going to be defeated, even if they know that they are…and wish to get out of it but, for a variety of reasons, cannot do so."

[54] Ibid., p. 283. Maoz argues that there must be, firstly, an acknowledgement that the war cannot be won and may be lost. Second this realisation must emerge less than halfway between the beginning of the war and the end. Thirdly, the number of casualties at this point must be less than half of the total amount. Fourthly, it must be shown that there has been a goal modification process. These are indeed very specific conditions, yet worthy of note.

Ben Shimon[55] discusses *self-Entrapment* with regard to Vietnam; as a cause of the Domino theory. He argues, correctly, that while Vietnam is considered the epitome of entrapping conflicts, "surprisingly little"[56] research has been conducted on the conflict in this way and in IR as a whole. Labs effectively replicates Entrapment under his term "*Blood Price Hypothesis*;"[57] where the 'Blood Price' is equatable to sunk costs in terms of lives, injury and suffering. Monk examines the concerns of NATO regarding Entrapment and risk-management in the case study of Kosovo[58] and Taliaferro argues that Entrapment occurs because political leaders are "generally not sensitive to marginal costs and diminishing returns."[59] Von Hippel argues that sunk costs are "inherent in many irredentist disputes."[60] "Decisions based on sunk cost reasoning," he argues, "interfere with government policy making and direction, and subsequently render conflicts more intractable."[61] Sunk costs provide a possible explanation for "persistent US involvement in Vietnam and Central America, as a factor in Israel's 1982 invasion of Lebanon, the Argentine campaign in the Falkland Islands and Soviet intervention in Afghanistan."[62] Heipertz and Verdun[63] discuss sunk costs relating to problems European nations now face with the Stability and Growth Pact (SGP). Furthermore, Wallner

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[55] D. Ben-Shimon, 'Self-Entrapment and the Domino Theory', <u>Masters Thesis</u>, (The Hebrew University of Jerusalem, Israel: 2000)

[56] <u>Ibid.</u>, p. 3

[57] E. J. Labs, 'Integrating Offensive Realism and Domestic Politics: British War Aims after World War I', <u>Paper Presented at the 40th International Studies Association Annual Convention, Washington D.C., USA, 16-20th February, 1999</u>, pp. 1-24

[58] P. Monk, 'Entrapment and Escalation: Risk Management in Kosovo', <u>Quadrant</u>, Vol. 43, No. 5, 1999, p. 35

[59] J. W. Taliaferro, 'Quagmires in the Periphery: Foreign Wars and Escalating Commitment in International Conflict', <u>Working Paper No. 97-6</u>, (Harvard University, The Weatherhead Center for International Affairs, Cambridge, Massachusetts, USA: 1997), p. 1. Taliaferro states that "national leaders' aversion to perceived losses leads them to persevere in such conflicts far longer than a standard cost benefit analysis would suggest…. States at the top of the international hierarchy persist in fighting wars in strategically tertiary regions, despite the lack of any structural incentive for such behavior and in the face of mounting political and economic costs…. [Examples include] Vietnam, Afghanistan…France's war against independence movements in Indochina and Algeria in the 1950s, Great Britain's involvement in the Boer War and Imperial Japan's war against the Guomindang in China from 1937 to 1945."

[60] K. Von Hippel, 'Sunk in the Sahara: The Applicability of the Sunk Cost Effect to Irredentist Disputes', <u>Journal of North African Studies</u>, Vol. 1, No. 1, 1996, p. 95

[61] <u>Ibid.</u>, p. 96

[62] <u>Ibid.</u>, p. 97

[63] M. Heipertz and A. Verdun, 'The Dog that Would Never Bite? The Past and Future of the Stability and Growth Pact', <u>Working Paper</u>, (Max Planck Institute for the Study of Societies, Cologne, Germany: 2003), p. 20

comments upon an anticipatory sunk costs related price that applicants to the EU face.[64] Moreover, the precise difficulties that sunk costs present when switching to a new institution or set of rules are exemplified by Ikenberry[65] and Mayer.[66] Berman too states that political actors will persist in failing policies because of sunk costs,[67] as does Betts when examining America's fractious relationship with China, and the former's support for Taiwanese independence;[68] while Boutwell notes that Iran's commitment to nuclear fission is the result of sunk costs invested in the energy source in the past.[69] Clawson makes the same point about Iran.[70] However, while most authors present IR examples in which sunk costs have been honoured and the result is disastrous,[71] Dawes[72] instead draws our attention to cases (including the Bay of Pigs fiasco and Hirohito's surrender, following the atomic bombs) where sunk costs have been ignored and 'success' (prevention of probable ultimate failure) has prevailed; making the same point – that sunk costs are irrelevant – while also highlighting that sometimes decision makers *do* make the right choice. What many of the above authors are arguing here, in the words of Downs, is that the actor is "gambling for resurrection";[73] looking for a high payoff, despite low odds of success, while simultaneously incurring costs. Under the rubric of EoC, Bowen[74]

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[64] K. Wallner, 'Specific Investments and the EU Enlargement', Journal of Public Economics, Vol. 87, No. 5-6, 2003, p. 879. Wallner states that "EU specific anticipatory investments of private investors lower an applicant's outside option. The EU can take advantage of the increased dependency and extract more surplus through entrance conditions that benefit it but impose costs on applicants."

[65] G. J. Ikenberry, 'Distant Gains: When do States Make Choices for the Long Term?', Working Paper, (Pennsylvania University, Browne Center for International Politics, Pennsylvania, USA: 1997), p. 6

[66] F. W. Mayer, Interpreting NAFTA: The Science and Art of Political Analysis, (New York, USA: Columbia University Press, 1998), p. 21

[67] S. Berman, 'Ideas and Culture in Political Analysis', Paper Presented at the Ideas, Culture and Political Analysis Workshop, Princeton University, Princeton, New Jersey, USA, 1998, pp. 1-19

[68] R. K. Betts and T. J. Christensen, 'China: Getting the Questions Right', The National Interest, Winter, No. 62, 2000, p. 29

[69] J. Boutwell (Ed.), 'Middle East Security and Iran', Proceedings of the Pugwash Conference No. 288, Tehran, Iran, 6-8 September 2003, p. 7

[70] P. Clawson (Ed.), 'Considering the Options: U.S. Policy toward Iran's Nuclear Program', Proceedings of The Washington Institute for Near East Policy Conference, The Elizabeth M. and Walter P. Stern Library, Washington D.C., USA, 9th October 2003, pp. 1-77

[71] For example, D. Friedman et al., 'Searching for the Sunk Cost Fallacy', Working Paper, (California University, California, USA: 2004), pp. 1-33.

[72] R. M. Dawes, Everyday Irrationality: How Pseudo Scientists, Lunatics, and the Rest of Us Systematically Fail to Think Rationally, (Oxford, UK: Westview Press, 2001), p. 24

[73] G. W. Downs, 'The Lessons of Disengagement', in A. E. Levite et al. (Eds.), Foreign Military Intervention: The Dynamics of Protracted Conflict, (New York, USA: Columbia University Press, 1992), p. 287

[74] M. G. Bowen, 'The Escalation Phenomenon Reconsidered: Decision Dilemmas or Decision Errors?', Academy of Management Review, Vol. 12, No. 1, 1987, pp. 52-66

questions the legitimacy of using Vietnam as the classic case of EoC behaviour; questioning whether continuance occurred there *in light of the negative feedback received*.[75] While this is a legitimate point, Bowen then returns to his premise that all EoC behaviour situations *must* involve the actor continuing, despite *unequivocal* feedback that the project/action is doomed and applies this condition to further discredit the argument for Vietnam being the classic case. The main issue however is that Bowen does not just *argue* for unambiguous feedback as being the case for EoC behaviour, he actually infers and implies that this is what *Staw* argues too. This premise however is in direct contrast to Staw's interpretation of EoC behaviour which, Staw states, is *bound* to have some equivocal information within it. This misapplication certainly merits further examination.

Lipshitz discusses EoC behaviour with relevance to Operation Desert Storm. Lipshitz principally utilises his own 'Single Option Paradigm' of EoC behaviour to perform such analysis. The differences between this paradigm and other interpretations of EoC are complex, yet Lipshitz argues that EoC behaviour is "a necessary response to uncertainty…not a dysfunctional response to failure";[76] where options are chosen for a "variety of reasons"[77] including somewhat deontologically "how a person's values affect the utility of the action and not just the utility for the goal."[78] While Lipshitz' paradigm does indeed have merit, many of Lipshitz' key facets are in fundamental opposition to much of EoC behaviour research and so is deemed beyond the scope of this thesis.

Several authors[79] examine EoC behaviour with reference to national culture. Chow et al., Salter and Sharp all observe that national culture does indeed affect one's propensity for EoC behaviour. Greer and Stephens discovered that in a study between Mexican and US decision makers, while the Mexican subjects escalated more easily and

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[75] Ibid., p. 53
[76] R. Lipshitz, 'The Road to Desert Storm', Organization Studies, Vol. 16, No. 2, 1995, p. 243
[77] Ibid., p. 245
[78] Ibid.
[79] C. W. Chow et al., 'Escalating Commitment to Unprofitable Projects: Replication and Cross-Cultural Extension', Management Accounting Research, Vol. 8, No. 3, 1997, pp. 347-361, C. R. Greer and G. K. Stephens, 'Escalation of Commitment: A Comparison of Differences between Mexican and U. S. Decision Makers', Journal of Management, Vol. 27, No. 1, 2001, pp. 51-78, S. B. Salter and D. J. Sharp, 'Agency Effects and Escalation of Commitment: Do Small National Culture Differences Matter?', The International Journal of Accounting, Vol. 36, No. 1, 2001, pp. 33-45 and D. J. Sharp and S. B. Salter, 'Project Escalation and Sunk Costs: A Test of the International Generalizability of Agency and Prospect Theories', Journal of International Business Studies, Vol. 28, No. 1, 1997, pp. 101-121

with more confidence, it was the US decision makers who made much larger incremental investments when they were personally responsible for the failing decision.

Davis and Bobko[80] apply an EoC behaviour determinant – Prospect Theory – to explain why President Carter did not label the Iranian hostage debacle as a disaster but instead as an "incomplete success." Apart from the obvious face saving measure, such a statement, it is argued, not only self-justified his choice (the rescue attempt) in order to stave off cognitive dissonance (from the *irreversible* dead hostages) but also distorted the otherwise negative domain to one of a neutral or even positive domain; thus lessening the need to take further risks. Schultz also utilises Prospect Theory to examine political EoC behaviour; namely Eisenhower's decision making processes during Operation Market Garden.[81]

4.5 'National' Escalation of Commitment Behaviour Research

While it has been observed above that EoC behaviour is applicable to IR, there is a cloudy research area where EoC behaviour is applied to areas that, while still political and often conflict based, are not entirely international in nature. Before concluding the exploration of international EoC behaviour literature, a brief exploration of this national level literature should be explored. Sisk,[82] regarding *civil* wars, broadly supports Brockner's interpretation of Entrapment. Baird too discusses the difficulties of ceasing *ethnic* conflicts, in relation to sunk costs.[83] Moller supports Baird's view, using the Palestinian question.[84] Brand argues that international alliances can be strengthened by

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[80] M. A. Davis and P. Bobko, 'Contextual Effects on Escalation Processes in Public Sector Decision Making', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 37, 1986, p. 136

[81] J. V. Schultz, 'A Framework for Military Decision Making under Risks', <u>Graduation Thesis</u>, (Maxwell Air force Base, The School of Advanced Airpower Studies, Alabama, USA: 1997)

[82] T. D. Sisk, 'Peacemaking in Civil Wars: Obstacles, Options and Opportunities', <u>Working Paper</u>, (Notre Dame University, Joan B. Kroc Institute for International Peace Studies, Notre Dame, France: 2001), p. 4

[83] A. Baird, 'An Atmosphere of Reconciliation: A Theory of Resolving Ethnic Conflicts Based on the Transcaucasian Conflicts', <u>Online Journal of Peace and Conflict Resolution</u>, Vol. 2, No. 4, 1999, p. 13. Baird states that "grievances cannot be written away. Deaths and atrocities cannot be erased. Women have been raped, children killed, houses looted and burned. Seeds of mistrust and hatred have been sown deep between each group. Each side, however, must be convinced that 'sunk costs do not matter', that the past cannot be changed, and the future must not be held slave to the past. Each side must learn to forgive. To do this, an atmosphere of reconciliation must be developed."

[84] B. Moller, 'Three Futures for Israel and Palestine', <u>Working Paper</u>, (Copenhagen Peace Research Institute, Copenahgen, Denmark: 1999), p. 6. Moller states that "neither side will thus be able to defeat

the inclusion of sunk costs at a *national* level, citing the case of Syrian economic foreign policy and the Syrian's reluctance to break ties with economic partners, since Syrian plant investments would be wasted within the host country.[85] Similarly, Chisik applies sunk costs to free trade agreements with so-called "self-enforcing" relationships "increasing the costs of defection" at a national level; thus promoting successful relationships.[86] Sidak[87] observes the use of sunk cost reasoning by government regulators to restrict freedom of speech. Furthermore, Wei states that sunk cost 'blackmail' can be much less subtle when it comes to less industrialised nations.[88] Klair argues that sunk costs "drag against change"[89] in the context of armed forces and higher decision making procedures. As an example of this, Pierce[90] argues that the US navy's decision to continue with a Cooperative Engagement Capability network at the expense of a more advanced Tactical Component Network is due to the consideration of the sunk costs of the former. Carpenter[91] argues that *national* industrial strikes, are often perpetuated because of sunk costs; even when both sides are reaching agreement. Zisk[92] states that the reason many – otherwise insolvent – Soviet weapons factories continue to operate is

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the other decisively. Unfortunately, this does not mean that the conflicting sides realize the futility of their quest for victory. As long as victory seems achievable, if only as a dim prospect for the distant future, there will be a temptation to fight on, if only as a way of justifying the 'sunk costs' of previous years of (futile) struggle." Also, B. Moller, 'Ethnic Conflict and Postmodern Warfare: What is the Problem? What Could be Done?', <u>Paper Presented at the Anthropological Perspectives on the Roots of Conflict in the Eastern Mediterranean Conference, Malta University, Valetta, Malta, 4-5th October 1996</u>, p. 14

[85] L. A. Brand, <u>Jordan's Inter-Arab Relations: The Political Economy of Alliance Making</u>, (New York, USA: Columbia University Press, 1994), p. 155. Brand states that "at very least the benefits from the expanded economic relationship as well as the sunk costs would force Syria (or any other state for that matter) to think twice before attempting to cut all relations, as it had done in 1970."

[86] R. Chisik, 'Gradualism in Free Trade Agreements: A Theoretical Justification', <u>Journal of International Economics</u>, Vol. 59, No. 2, 2003, p. 367

[87] J. G. Sidak, 'An Economic Theory of Censorship', <u>Supreme Court Economic Review</u>, Vol. 11, No. 81, 2003, pp. 81, 124

[88] S. Wei, 'Corruption and Globalization', <u>Working Paper No. 79</u>, (The Brookings Institution, Washington D.C., USA: 2001), p. 4. Wei states that "once an investment is made, corrupt local officials, knowing that it cannot easily be withdrawn, may threaten to raise obstacles to that investment's success unless they are bribed."

[89] H. P. S. Klair, 'Force Structure for the Army and Higher Decision-Making', <u>Strategic Analysis</u>, Vol. 24, No. 4, 2000, p. 716

[90] T. C. Pierce, 'Sunk Costs Sink Innovation', <u>Proceedings of the United States Naval Institute</u>, Vol. 128, No. 5, 2002, p. 1

[91] J. Carpenter and M. Rudisill, 'Fairness, Escalation, Deference and Spite: Strategies Used in Labor-Management Bargaining Experiments with Outside Options', <u>Labour Economics</u>, Vol. 10, No. 4, 2003, pp. 427-442

[92] K. M. Zisk, <u>Weapons, Culture and Self-Interest: Soviet Defense Managers in the New Russia</u>, (New York, USA: Columbia University Press, 1997)

because of the reluctance of *national government* rather than private corporations to accept sunk costs. Two historic and esoteric examples of sunk costs in national behaviour come from Jansen and Schatz. Jansen et al. and Jansen and Scheffer[93] discuss sunk costs as contributing to the demise of ancient civilisations; illustrating a project that was continued to completion despite the damage it was causing to the community being known. Schatz[94] argues that because of "profound sunk costs…capital cities rarely move."[95]

4.6 Escalation of Commitment Behaviour in the Lead Up to War

As implied above, conflict, conflict escalation and EoC behaviour can occur in personal relationships and national level situations, where war is not on the table. However, there is an application here in relation to IR situations. As argued by Teger, conflict, conflict escalation and EoC behaviour exist not only in hot war but also in international conflicts where there is a *possibility* of war; where EoC behaviour considerations may *lead* to it. Several other authors examine this distinction of IR pre-war conflict. Maoz discusses the paradoxes of arms races, deterrence and crisis escalation, with relevance to Entrapment. However, Maoz's arguments are illustrated best by Fearon. Fearon[96] appears to take both a 'social trap' and a 'simulative' approach when exploring EoC behaviour in IR. Fearon argues that in the event of a nation *signalling* its foreign policy interests to an enemy, the nation can potentially sustain both audience costs – so-called "tying hands costs"[97] – and sunk costs. Audience costs involve the nation making threats about what it will do if an action is not undertaken by its opponent, yet at the time the threat is made, there is no real cost. Fearon comments that tangible costs only emerge if the enemy does not succumb to such threats and the aggressor backs

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[93] M. A. Janssen et al., 'Sunk-Cost Effects and Vulnerability to Collapse in Ancient Societies', Current Anthropology, Vol. 44, No. 5, 2003, pp. 722-729 and M. A. Janssen and M. Scheffer, 'Overexploitation of Renewable Resources by Ancient Societies and the Role of Sunk Cost Effects', Ecology and Society, Vol. 9, No. 1, 2004, pp. 6-20

[94] E. Schatz, 'When Capital Cities Move: The Political Geography of Nation and State', Working Paper No. 303, (Southern Illinois University, Illinois, USA: 2003), pp. 1-29

[95] Ibid., p. 2

[96] J. D. Fearon, 'Signaling Foreign Policy Interests: Tying Hands Versus Sinking Costs', Journal of Conflict Resolution, Vol. 41, No. 1, 1997, pp. 68-90

[97] Ibid., p. 70

down; and the nature of such costs are popularity and reputation.[98] Sunk costs, Fearon argues, are concrete costs invested regardless of whether the enemy complies or not and are thus only costly as they are made and have no cost later on. This distinction is somewhat hazy however. If a leader sinks costs and then backs down if his bluff is called, it is arguable that there will be audience type costs whether threats were made or not, since the threat was implicit. Furthermore, making threats against an enemy may damage the actor's relationship with another country's leadership that is opposed to the conflict. This damage 'cost' is instantaneous once the threat is made, whether war occurs or not. Regardless of this issue, Fearon calls the result of acting *because* of these costs as a "lock in"[99] effect. Although the situation here appears to represent more the 'social trap', the commitment could too be considered simulative[100] when taken in the context of the acting state committing costs to the issue to *purposely* make the opposing state think that it will act if its threat is ignored, *because* of these costs. Schelling[101] calls this approach a "trip wire in front of the enemy." This 'burning bridges' approach though can be dangerous, as shown by Fearon, where the enemy does not fold and the aggressor acts because of costs and *not* situational merit. The simulative context shows some similarity to Walton's simulative work and deserves further examination. One immediate observation concerning the above example, with Walton in mind, is that autoepistemic actions (incurring costs) could be engaged in deliberately to force the DMU itself to go to war, *knowing that the signalling would likely fail*, when it would otherwise hesitate when it came to declaring war. Patashnik celebrates all forms of precommitment type reasoning, arguing that "restraints can be liberating"[102] when alternative paths present themselves. Precommitment, he argues, ensures that the decision maker does not have to consider these alternatives when they emerge.

While Jervis explores conflict intensification and 'conflict spirals', he discusses the effects sunk costs have upon both the instigation of war and the problems of ceasing war.

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[98] J. D. Fearon, 'Domestic Political Audiences and the Escalation of International Disputes', <u>American Political Science Review</u>, Vol. 88, No. 3, 1994, pp. 577-593

[99] <u>Ibid</u>., p. 578

[100] Simulative reasoning means anticipating the future behaviour of another actor. The Prisoner Dilemma and Chicken are two games which involve simulative reasoning.

[101] T. C. Schelling, <u>The Strategy of Conflict</u>, (USA: Harvard University Press, 2003) , p. 6

[102] E. M. Patashnik, 'Unfolding Promises: Trust Funds and the Politics of Precommitment', <u>Political Science Quarterly</u>, Vol. 112, No. 3, 1997, p. 434

Like Fearon, Jervis argues that audience and sunk costs can play a part in promoting aggression during the run up to war, though he does not distinguish specifically between the two cost types and places less emphasis on signalling; rather just the sinking of costs in pre-war conflict. Although discussing wars here, it can be argued that threat making, the sinking of costs in preparation for action and simulative reasoning have utility as well for the everyday and national level situations discussed throughout this chapter, not to mention *during* military conflict, not just before it. Jervis also argues that when hot conflict *is* underway, sunk costs can also prevent cessation.[103] Jervis also examines political EoC behaviour (under the term *loss aversion*) from a Prospect Theory approach, where "losing ten dollars annoys us more than gaining ten dollars gratifies us."[104] Furthermore, Jervis reintroduces Agency Theory,[105] where the actor continues because the action is rational for himself (in terms of potentially saving his reputation) and not for the 'organisation' as a whole. This is very similar to the Tragedy of the Commons. Simon succinctly encapsulates Agency Theory when he argues that "statements of human goals usually distinguish between a 'we' for whom the goals are shaped and a 'they' whose welfare is not 'our' primary concern."[106] Moller also touches upon the theory when discussing ethnic conflicts.[107] Jervis also approaches *modelling* from an IR

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[103] R. Jervis, <u>Perception and Misperception in International Politics</u>, (Princeton, New Jersey, USA: Princeton University Press, 1976), p. 398. Quoting Prime Minister Tojo about Japan's continued action in China in 1941, Jervis states that "the war has cost us over 100,000 men dead and wounded, their bereaved families, hardship for four years and a national expenditure of several tens of billions of yen. We must by all means get satisfactory results from this."

[104] R. Jervis, 'The Political Implications of Loss Aversion', <u>Political Psychology</u>, Vol. 13, No. 2, 1992, p. 187. For more information on Loss Aversion, see E. Nielsen, 'Sunk Cost', <u>Region Focus Online</u>, Winter, 2005, p. 6.

[105] Jervis, 'The Political Implications…', pp. 188-190. Jervis states that "a leader who accepts even a limited defeat is likely to be punished at the polls…. Gambling by accepting a chance of a greater loss in return for a chance of no loss (or even a victory) might be irrational from the standpoint of the national interest, but rational from the standpoint of the power seeking politician…. [Thus] the refusal to accept a loss can be functional." Furthermore, Jervis, <u>Perception and Misperception…</u>, p. 135. With regard to Vietnam, and quoting a McGeorge Bundy memo to President Johnson, Jervis states that "even if it fails, the policy will be worth it. At a minimum it will damp down the charge that we did not do all that we could have done, and this charge will be important in many countries."

[106] H. A. Simon, <u>Reason in Human Affairs</u>, (Stanford, USA: Stanford University Press, 1983), p. 9

[107] Moller, 'Ethnic Conflict and Postmodern Warfare…', p. 14. Moller states that "rationally, national leaders are faced with a growing problem of 'sunk costs', making war termination on terms less favorable than victory increasingly hard to justify. Since one can only justify unspeakable suffering with a really spectacular victory, leaders have an incentive to press on for the 'jackpot', even if the probability of winning rapidly approaches zero. Even though this may well be perfectly rational for individuals (or for groups such as political parties or ruling cliques) it is far from rational from the point of view of the community as whole."

perspective.[108] Succinctly, Jervis uses the adage "nothing fails like success"[109] to emphasise the sometimes superficial similarities between two case studies. For the sake of parsimony, it is enough to state also that Jervis, explores the fundamental tenets of self-justification and other forms of dissonance reduction, (principally information distortion).[110] More uniquely, Jervis appears to comment that, in a pattern very similar to self-inference, an actor who has undertaken a certain action will follow the values of that action in future decisions, not so much because of self-inference but to reduce dissonance from what he *could* have done/gained in the first instance[111] (for example, refusing a bribe); a form of Unsunk Cost Effect. Perhaps there is an autoepistemic element at play here too (deliberately avoiding a tempting situation at first, to not want to undertake it in the future, *because of the first denial*).

4.7 'Unfocussed' International Relations Escalation of Commitment Behaviour Research

While there are many situations, both IR and non-IR, in which EoC behaviour can occur, in terms of case studies the Vietnam Conflict is a common study that is referred to in both contexts. Yet authors who study the Vietnam in a historical context, with no particular focus on EoC behaviour, also mention EoC behaviour motives; usually when asking why it was such a fiasco. While it is not the place here to explore in depth such historical literature, some authors deserve particular reference. Apart from authors already mentioned, (including Staw, who was triggered to investigate EoC behaviour specifically *because* of his observations concerning Vietnam)[112] other, non-EoC behaviour, authors including Steinberg,[113] George,[114] Ball,[115] Berman,[116] Burke,[117]

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[108] Jervis, Perception and Misperception…, p. 278. Jervis states that "when a policy has brought notable success, actors are likely to apply it to a range of later situations. Seeing these cases as resembling the past one, the actor will believe that they are amenable to the policy that worked previously. If the attempt to use exiles to overthrow Arbenz in Guatemala in 1954 had failed, would the CIA have proposed a similar plan for the Bay of Pigs in 1961?"

[109] Ibid.

[110] Ibid., pp. 382-387

[111] Ibid., p. 392

[112] B. M. Staw, Personal Communication, (Email, 23/07/05). Staw states that "I started using the term to help explain the increase in U.S. commitment to the Vietnam War…."

[113] B. S. Steinberg, Shame and Humiliation: Presidential Decision Making on Vietnam, (Montreal, Canada: McGill-Queens University Press, 1996)

Werner,[118] Kearns,[119] Komer,[120] McNamara[121] and Neustadt[122] make relevant statements. These authors and their opinions are not investigated in detail here; needless to say they discuss justification and sunk cost determinants apropos Vietnam. Gelb and Betts[123] however make some unique points. They present justification motives as a noticeable tenet of America's involvement in Vietnam. They also argue that US war involvement did not escalate in relative terms as time progressed, involvement only intensified to *maintain* the same aims, in the face of growing Viet Cong activity. They lend less support to the 'Investment Trap' theory[124] (succinctly: sunk costs caused persistence). Again, that Vietnam, the *beau ideal* of 'traditional escalation situations', is discussed by EoC behaviour authors and non-EoC behaviour authors alike implies a deep connection between traditional conflict escalation and EoC behaviour in general.

4.8 <u>Conclusion</u>

Discussing EoC behaviour in the same breath as Vietnam, conflict spirals and Schelling's 'trip wires' means that either a point has been reached where the relationship between EoC behaviour and conflict escalation has been reconciled or the thesis is perilously close to falling into a trap of its own making: that of using both terms interchangeably. It is believed that there is an extremely complex, knitted relationship

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[114] A. L. George, <u>Presidential Decision-Making in Foreign Policy: The Effective Use of Information and Advice</u>, (Boulder, Colorado, USA: Westview Press, 1980)

[115] G. W. Ball, <u>The Past has Another Pattern: Memoirs</u>, (New York, USA: W. W. Norton, 1982)

[116] L. S. Berman, <u>Planning a Tragedy: The Americanization of the War in Vietnam</u>, (New York, USA: W. W. Norton and Company, 1982)

[117] J. Burke and F. I. Greenstein, <u>How Presidents Test Reality: Decisions on Vietnam 1954 and 1965</u>, (New York, USA: Russell Sage Foundation, 1989)

[118] J. S. Werner and L. D. Huynh (Eds.), <u>The Vietnam War: Vietnamese and American Perspectives</u>, (Armonk, New York, USA: M. E. Sharpe, 1997)

[119] D. K. Goodwin, <u>Lyndon Johnson and the American Dream</u>, (New York, USA: Harper and Row, 1976)

[120] R. W. Komer, <u>Bureaucracy at War: US Performance in the Vietnam Conflict</u>, (Boulder, Colorado, USA: Westview Press, 1986)

[121] R. S. McNamara and B. VanDeMark, <u>In Retrospect: The Tragedy and Lessons of Vietnam</u>, (New York, USA: Times Books, 1995)

[122] R. E. Neustadt, <u>Presidential Power: The Politics of Leadership from FDR to Carter</u>, (New York, USA: John Wiley, 1980) and R. E. Neustadt and E. R. May, <u>Thinking in Time: The Uses of History for Decision Makers</u>, (New York, USA: Free Press, 1986)

[123] L. H. Gelb and R. K. Betts, <u>The Irony of Vietnam: The System Worked</u>, (Washington D.C., USA: Brookings Institute, 1979)

[124] <u>Ibid</u>., pp. 192, 244

between these two concepts. Moreover, it should be clear that numerous other issues exist in IR EoC behaviour research; like those that were discussed in the previous chapter. While perhaps uncomfortable to bear, it is felt prudent that an issue discussed briefly already – namely the aforementioned DMU type/group EoC behaviour issue – be examined now before attempting to reconcile all that has been learned about EoC behaviour research.

5.0 <u>Exploring Escalation of Commitment Behaviour Decision Making Units and Group Escalation of Commitment Behaviour Research</u>

It has been suggested in the previous chapters that there is an 'elusiveness' in Escalation of Commitment (EoC) behaviour literature regarding which Decision Making Units (DMU) types are applicable to EoC behaviour. There are however many complex facets to this apparently straightforward statement and some clarifying statements need to be made immediately.

The first statement is that (1) *all* EoC behaviour research recognises explicitly the *individual* DMU. *Within* this body of research however a number of 'classifications' of author behaviour can be observed. (2) Some authors recognise only the individual DMU and focus specifically on individuals in individual level 'everyday' EoC behaviour situations, applying various EoC behaviour determinants. (3) However, other authors use examples and wording which *imply* DMUs other than the individual are subject to EoC behaviour (such as governmental/organisational situations) without *explicitly* discussing other DMU types. From this research, the reader is left to *create* subjective DMUs that he thinks apply to the situations portrayed and left too to assume that the determinants discussed apply to these subjective DMUs, in the same way as to the individual DMU. (4) Still others *do* explicitly recognise a DMU other than the individual and this other DMU is the *group*. Yet, in not discussing this DMU in isolation, some of *these* authors leave the reader to assume that the determinants they talk about apply equally to the group as to the individual DMU; and to the same effect. What remains of the research then consists first, (5) of authors who explicitly recognise the group DMU *and* make some attempt to discern whether or not the determinants they recognise as causing EoC behaviour in the individual DMU affect the group too and, if so, in the same way or not. Second, (6) the research includes authors who explicitly recognise the group DMU but, when discussing the group, examine *only* what can be termed 'group specific' EoC behaviour determinants. These are determinants that cannot – in their present form – be realistically applied to the individual DMU too. Again, in terms of the discussed *individual* determinants' effects on the group, the reader is left to wonder. Finally, (7) some authors do both (recognise the group DMU, make some attempt to discern whether

or not the determinants they recognise as causing EoC behaviour in the individual DMU affect the group too and, if so, in the same way or not *and* examine 'group specific' EoC behaviour determinants).

However, it is contended that the above scheme is somewhat *oversimplified*, as several issues exist here which complicate matters. (A) The first issue is that the classification scheme is somewhat idealised in that some authors can be argued to come under more than one category, depending upon *which* piece, or even which *part*, of their work is studied. In other cases, owing to clarity issues in the research, it is difficult to ascertain which category an author or piece of work comes under. Moreover, (B) research that *does* examine individual EoC behaviour determinants in relation to the group DMU appears limited in scope; predominantly involving justification and sunk cost motives. (C) Furthermore, regardless of how sophisticated it is, much research of this type does not discuss *all* the raised determinants discussed in the realm of the individual DMU in relation to the group (again, it is predominantly justification motives that are the focus); leaving the reader to assume that either the remainder of determinants do apply to the group, in the same way, or do not apply to the group at all. (D) A further issue is that, despite encompassing IR *and* the wider social science EoC behaviour literature, there is actually a very small amount of research which explicitly recognises the group DMU, relative to the size of the overall EoC behaviour body of literature. (E) Moreover, research that discusses 'group specific' EoC behaviour determinants tends to be the dominant type of group EoC behaviour research. In addition, (F) it is contended that this *specific* type of research has its own set of issues. The main issue is that it is deemed to be dominated by Groupthink theory, rather than being inclusive of other group specific determinants from wider, yet arguably less dominant and/or less obviously conceptually related, group dynamics research. As an aside, an issue that also emerges is that (G) a small amount of group EoC behaviour research discusses determinants of group EoC behaviour that are not particularly 'group specific', but could reasonably be applicable to the individual too. This chapter, then, aims to explore, expand upon and clarify the arguments above, all within the overarching aim of exploring EoC behaviour literature.

5.1 <u>The Main Escalation of Commitment Behaviour Authors' Group Research</u>

The 'big three' of EoC behaviour research (Staw, Brockner and Teger) contribute to the group dimension of EoC behaviour to varying degrees. Of the three, it is Staw who offers the *least* input on group dynamics EoC behaviour.[1] To avoid repetition, Staw's examples and syntax imply other DMUs exist than the individual, without *explicitly* discussing this issue further. Brockner, with Rubin, investigates further. They acknowledge in their book that "as of this writing, very little research has explored group decision making in entrapping dilemmas."[2] Thus, they proceed to meta-analyse the little EoC behaviour group dynamics literature which existed then, along with some *generic* group dynamics literature[3] to argue that the group dynamic *can* be subject to EoC behaviour and in ways different to the individual – and perhaps 'other' – DMU. One claim is that as Staw argues feelings of responsibility affect EoC behaviour, correspondingly, the group dynamic affects feelings of responsibility. Brockner and Rubin's principal group dynamics meta-analysis concerns literature by Teger and Janis, the latter of whom's work is explored in isolation later in this chapter. Although Teger makes many relevant contributions to EoC behaviour research, in the case of group dynamics at least Brockner and Rubin extract the finer tenets of Teger's own work than that of the author himself; since, here, Teger's work is meta-analysed in the context of *other* group dynamics literature. As has already been observed from earlier observations of Teger's work, males are more likely to escalate commitment than females in the individual condition. However, Brockner and Rubin note from Teger's work that in groups, it was females who escalated more than males. One explanation proffered for this anomaly is that males and females feel able to shed their stereotypical and enforced

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[1] Staw's most relevant ideas are found in B. M. Staw, 'The Escalation of Commitment to a Course of Action', <u>Academy of Management Review</u>, Vol. 6, No. 4, 1981, pp. 577-587.

[2] J. Brockner and J. Z. Rubin, <u>Entrapment in Escalating Conflicts: A Social Psychological Analysis</u>, (New York, USA: Springer-Perlag, 1985), p. 93

[3] Brockner and Rubin refer to J. M. Darley and B. Latane, 'Bystander Intervention in Emergencies: Diffusion of Responsibility', <u>Journal of Personality and Social Psychology</u>, Vol. 8, No. 4, 1968, pp. 377-383, C. Mynatt and S. J. Sherman, 'Responsibility Attribution in Groups and Individuals: A Direct Test of the Diffusion of Responsibility Hypothesis', <u>Journal of Personality and Social Psychology</u>, Vol. 32, No. 6, 1975, pp. 1111-1118 and P. G. Zimbardo, 'Pathology of Imprisonment', <u>Society</u>, Vol. 9, No. 6, 1972, pp. 4-8.

personas in group situations where their social identity and conspicuousness is blurred.[4] Overall, Brockner and Rubin's contribution to the group EoC behaviour field is a fairly sound one. Despite overlooking some pre-1985 EoC behaviour group dynamics literature, Brockner and Rubin recognise, correctly, that in 1985 there was a distinct lack of literature detailing the group dynamic and EoC behaviour. Furthermore, they generate ideas (mainly that group dynamics affects feelings of responsibility) that pave the way for future studies. However, weakness does exist in the forms of ambiguous DMU application in some areas (the question being "is the group [or some other] DMU being implied in this part of Brockner and Rubin's work or only the individual?"), the incomplete presence of *all* the *general* determinants in Brockner and Rubin's separate group analysis, the justification-centric focus of Brockner's Entrapment theory anyway and a predominant focus on *group specific* determinants. Brockner's group work post-1985 has been minimal. The same argument applies to Teger.

It is contended that other ancillary authors make a greater and more lucid contribution regarding the group EoC behaviour context than the main authors. Arguably, this should be expected, since it is rare for the *founders* of a behaviour to also lead the way concerning its many burgeoning applications. However, to call specifying the applicable levels of analysis in a theory as a 'burgeoning application' is arguably dubious in itself. Perhaps as a result of Teger's and Brockner's work however, group dynamics EoC behaviour research *did* increase in the late 1980s. Again, this research is subject to many of the aspects laid down in the 'classification scheme'.

5.2 <u>Other Escalation of Commitment Behaviour Authors' Group Research</u>

Whyte, has much to say on group EoC behaviour, but it is prudent to first elucidate on what he feels is responsible for *individual* EoC behaviour; under the rubric of Entrapment. First, he argues that *framing* the situation negatively as a choice between losses (certain loss if one quits now or a greater loss with the possibility of salvation later

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[4] Brockner and Rubin, <u>Entrapment in Escalating Conflicts…</u>, p. 96. Brockner and Rubin state that "males in groups are free to deviate from the macho, tough guy image whereas female teams are released from their socialized inhibitions against aggressive behavior."

on) encourages EoC behaviour in *individuals*.[5] Second, he states that justification motives are not *essential* in EoC behaviour situations. He is, then, restating Prospect Theory; where individuals make riskier decisions as they incur losses (when they are in the 'domain of losses' as opposed to 'gains'), but not necessarily for justification reasons. Whyte's understanding of Prospect Theory is represented in figure 5.1.

Whyte argues that individuals can pick up from where other decision makers left off and thus may not be personally responsible for the initial decision, yet they still escalate,

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[5] G. Whyte, 'Entrapment: Are Groups Less Susceptible?', <u>Working Paper</u>, (Toronto University, Faculty of Management, Toronto, Canada: 1990), p. 231

because of Prospect Theory. Thus, justification "does not appear to be a necessary condition for inappropriate escalation."[6] To support this argument, Whyte refers to President Johnson's decision to escalate the Vietnam Conflict, when his predecessors were responsible for the initial decision. However, Whyte fails to note that actors, especially in a political context, often come to power on the back of *promises* to 'sort things out', such as Nixon's 'peace with honour' and thus may still feel justification motives apropos the initial decision. Moreover, following the first personal *reinvestment* responsibility may be assumed anyway.

Now that Whyte's beliefs as to individual EoC behaviour have been established, his take on group EoC behaviour can be explored. As well as arguing that his above opinions regarding *individual* EoC behaviour apply mainly to groups too, Whyte argues that EoC behaviour in groups (1) will generally occur more frequently relative to individual decision making and (2) "will become stronger relative to individual decision making."[7] He explains this argument by utilising two group dynamic theories. First, he draws upon group polarisation: "the tendency for group discussion to *enhance* the point of view initially dominant in the group."[8] He argues that this "manifests the escalation tendency to an even greater degree than individual decision making;"[9] supporting proposition (2). This is a *form* of 'risky shift' behaviour. This argument could also imply that there is an *overly increased* level of *acceptable* risk in a group decision making process. Whyte also discusses group conformity pressures,[10] where discussion generates *pressure* on group members to conform to the majority opinion of the group, even if the majority is wrong and the minority knows this. Thus if the majority, (or perhaps even the dominant minority), support EoC behaviour, then the group will tend to escalate, supporting proposition (1). There does seem to be some connection between the two theories; the tendency for the group decision to mimic and intensify the initially dominant viewpoint could be a result of conformity pressures, for example. Although not considered essential, Whyte does acknowledge justification motives when exploring EoC behaviour. In

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[6] G. Whyte, 'Escalating Commitment in Individual and Group Decision Making: A Prospect Theory Approach', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 54, No. 3, 1993, p. 448

[7] Whyte, 'Entrapment: Are Groups…', p. 232

[8] <u>Ibid</u>.

[9] <u>Ibid</u>.

[10] <u>Ibid</u>.

individuals, Whyte argues, justification motives cause EoC behaviour. The same applies to groups, but in groups, Whyte argues, justification motives are considerably decreased anyway and thus *contrast* with the proposed *amplificatory* effects of the two theories discussed above. To explain his justification argument, Whyte discusses the moderating effect of group decision making upon feelings of responsibility. Whyte argues that when a decision is made by a group, which subsequently generates negative feedback, there may be less of a need for the group to escalate, owing to justification motives, since there is a "group diffusion of responsibility;"[11] where no single individual can be blamed for the decision and thus each person is less likely to feel the *need* to self-justify. He adds further that an individual would be less likely to subsequently escalate a failing decision *on his own* if a group, of which he was a member, made the *initial* decision, because of this 'responsibility' effect. However, Whyte does *not* mention how the individual's support or opposition for the ultimate group decision, in a majority decision rule context for example, would affect this argument. If the individual had supported the overall group decision, he may still feel as if he needs to justify the decision as if it was his own.

Bazerman et al.[12] however argue that reduced responsibility owing to group diffusion, correlates with a lack of *accountability*, and the latter is a fundamental antecedent of the risky shift phenomenon – in terms of undertaking more risky actions – thus *accentuating* EoC behaviour in groups. This is because *blame* cannot be placed as easily on group members as on the solitary individual. This may be linked to the 'Tragedy of the Commons', discussed earlier. Leatherwood and Conlon[13] also discuss the effects of *diffusibility of blame* regarding persistence in a project. Presumably then, if the group did not make the initial decision, accountability could be argued to be even less.

Nowakowski et al.[14] argue that in groups it is the level of project completion that predominantly influences groups to escalate their commitment. Nowakowski et al. also

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[11] G. Whyte, 'Diffusion of Responsibility: Effects on the Escalation Tendency', Journal of Applied Psychology, Vol. 76, No. 3, 1991, p. 408

[12] M. H. Bazerman et al., 'Escalation in Individual and Group Decision Making', Organizational Behavior and Human Performance, Vol. 33, No. 2, 1984, p. 143

[13] M. L. Leatherwood and E. J. Conlon, 'Diffusibility of Blame: Effects on Persistence in a Project', Academy of Management Journal, Vol. 30, No. 4, 1987, pp. 836-847

[14] J. M. Nowakowski et al., 'Does the Project Completion Effect Extend to Groups? The Effects of Group Structure, Sunk Costs, and Project Completion on Escalation and Unethical Behavior', Paper Presented at the 18th Annual Society for Industrial and Organizational Psychology Conference, Orlando, Florida, USA, 10-13th April, 2003, pp. 1-18

argue that the Sunk Cost Effect (SCE) is *not* a significant group EoC behaviour determinant. Instead, they argue that sunk cost *levels* can irrationally be considered as *correlative* to the level of project completion. Consequently, where the SCE is deemed responsible for EoC behaviour, it has in fact been the Project Completion Hypothesis (PCH). However, Nowakowski et al.'s opinions aside, the SCE and the PCH should not be considered 'mutually exclusive'; they *can* exist alone and simultaneously. Their opinion that sunk costs do *not* apply significantly to group dynamics is also disputed.

Smith et al.[15] disagree with Nowakowski et al., and argue that groups, like individuals, *do* take "dead losses" into account when reasoning – retrospectively – about their next move, as does Lambert.[16] Rutledge[17] supports framing as an antecedent of EoC behaviour in groups. Rutledge also argues that groups are more likely to escalate when they are responsible for the initial action, than if they are not; though a positive *frame* – a "decision maker's conception [of the situation]"[18] – can *reduce* this. Furthermore, Rutledge posits that though a group may withdraw from a failing project if it is not responsible for the initial decision, a negative frame can stimulate EoC behaviour despite the absence of such responsibility.[19]

Taliaferro posits that groups generally amplify individual EoC behaviour.[20] However he does accept that as the group dynamic can cause risky shifts, it can also generate a *cautious* shift, in that if the predominant thought in the group is to *decrease* commitment, group discussion may lead to support for total cessation, (presumably, conformity pressures will also act negatively here). Taliaferro does not expand upon the determinants of polarisation, arguing that such an examination would be beyond the scope of his paper. He states simply that "it depends on the circumstances [of the

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[15] C. M. Smith et al., 'Investment Decisions by Individuals and Groups in 'Sunk Cost' Situations: The Potential Impact of Shared Representations', <u>Group Processes & Intergroup Relations</u>, Vol. 1, No. 2, 1998, p. 188

[16] N. B. Lambert, 'Group Reactions to Failure: A Social Identity approach', <u>Masters Thesis</u>, (Pittsburgh University, Pittsburgh, USA: 2005)

[17] R. W. Rutledge, 'Escalation of Commitment in Groups and the Moderating Effects of Information Framing', <u>Journal of Applied Business Research</u>, Vol. 11, No. 2, pp. 17-24

[18] <u>Ibid.</u>, p. 20

[19] <u>Ibid.</u>, p. 23

[20] J. W. Taliaferro, 'Quagmires in the Periphery: Foreign Wars and Escalating Commitment in International Conflict', <u>Working Paper No. 97-6</u>, (Harvard University, The Weatherhead Center for International Affairs, Cambridge, Massachusetts, USA: 1997), p. 4

group]"[21] and suggests leadership factors as a possible cause. Framing is also deemed a likely factor.

Hartman and Nelson take a largely Prospect Theory group EoC behaviour approach, and acknowledge too that risky shift may mean "group decisions [are] often riskier than the prior private decisions of individual group members."[22] But they also recognise that the "ego involvement and self-identity issues"[23] present in many individual EoC behaviour cases *also* apply to group EoC behaviour and that they have the same – compounding – effect.

One interesting issue to emerge from the review of literature above is the relationship between responsibility, justification and accountability. Some authors argue that the group 'diffuses' responsibility, thus reducing justification EoC behaviour in a responsible situation, apropos the individual. However, other authors state that because of this lower responsibility level, group members will be less individually *accountable*; thus encouraging EoC behaviour to a *greater* extent than in the individual. Thus, not only are justification and accountability motives polarised, but their *effects* on the group in relation to the individual DMU are also polarised. In a non-responsible situation thus, justification motives could be argued to be equally low for both DMU types (there is no need to escalate because they were not responsible for the initial decision). Accountability motives too could be argued to be equally higher for *both* DMUs. This issue deserves further investigation. However, from this cursory and often conflicting review, it can be seen that two recurring themes, which are *group specific* in nature, are *group polarisation* and *group conformity*. Indeed, group *specific* EoC behaviour research is predominant in the greater body of group EoC behaviour exploration and polarisation and conformity issues are central. Crucially however, and not evident from the above review, the *majority* of group specific EoC behaviour research focuses 'cybernetically'[24] upon the somewhat coverall theory of *Groupthink*. This literature does not simply state that *Groupthink causes EoC behaviour*; it is more complex than this. Much of the

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[21] Ibid., p. 5

[22] S. J. Hartman and B. H. Nelson, 'Group Decision Making in the Negative Domain', Group & Organization Management, Vol. 21, No. 2, 1996, p. 149

[23] Ibid., p. 150

[24] *Cybernetic* is used here to mean 'blinkered' or 'pathologically focussed'.

research focuses on the *conceptual link* between the two theories. Before this complex literature is explored, it is considered prudent here to examine briefly what Groupthink *is*.

5.3 Exploring Groupthink Theory

Groupthink is "a complex psychological contagion"[25] and as it (and its many constituents in *isolation*) is argued by several authors to be the major effector of EoC behaviour in groups, it deserves a suitable level of exploration here. Groupthink then, according to Janis, is:

> A quick and easy way to refer to a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members' strivings for unanimity override their motivation to realistically appraise alternative courses of action[26]

He expands:

> Groupthink refers to a deterioration of mental efficiency, reality testing and moral judgment that results from in-group pressures[27]

Janis however does disabuse the reader of any assumptions that Groupthink is present in *all* poor group decisions and that Groupthink always causes poor decisions.[28] In his second examination of Groupthink,[29] Janis structures Groupthink in terms of its *antecedent conditions* and its *observable consequences*. Following an assumption of decision makers forming a *cohesive group*,[30] the antecedents of Groupthink are further subdivided into *structural faults of the organisation* and a *provocative situational context*.

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[25] I. L. Janis, 'Groupthink and Group Dynamics: A Social Psychological Analysis of Defective Policy Decisions', Policy Studies Journal, Vol. 2, No. 1, 1973, p. 21

[26] I. L. Janis, Groupthink: Psychological Studies of Policy Decisions and Fiascoes (2nd Ed.), (Boston, Massachusetts, USA: Houghton Mifflin, 1982), p. 9

[27] Ibid.

[28] Ibid., p. 11

[29] Janis' original Groupthink examination was undertaken in I. L. Janis, Victims of Groupthink: A Psychological Study of Foreign-Policy Decisions and Fiascoes, (Boston, Massachusetts, USA: Houghton Mifflin, 1972), though is generally considered to be superseded by Ibid.

[30] Janis does not provide a comprehensive definition of cohesiveness but it is understood, from L. Festinger, 'Informal Social Communication', Psychological Review, Vol. 57, No. 5, 1950, p. 274, to mean "the total field of forces which act on members to remain in the group."

These factors cause a *concurrence seeking tendency* (Groupthink), which cause the *observable consequences*. Observable consequences are subdivided into *symptoms of Groupthink* and, leading on from these symptoms, *symptoms of defective decision making*. Ultimately, the outcome is *a low probability of a successful outcome*. The factors themselves and their interactions are represented in figure 5.2. From figure 5.2 it could be argued that all the constituents of the *structural faults* and *provocative situational context* categories along with many of the two types of *symptoms of Groupthink* are also antecedents of EoC behaviour in groups. However, before attempting to theoretically solidify such connections, it is prudent to acknowledge that, like EoC behaviour, varied opinions exist as to the exact definition, causes and pathology of Groupthink.

As Kramer states, "Groupthink has not been uncritically accepted."[31] It can be argued that such disagreements between scholars concerning Groupthink are bifurcated between Janis' selective use of case studies to test Groupthink and the antecedent conditions and definitions of Groupthink which Janis describes. It is the latter 'disagreement set' that is of the most concern here. The main determinant of Groupthink, according to Janis is *group cohesiveness* and this too is where the bulk of disagreement among academics can be found. Cohesiveness, according to Janis is the "major [antecedent] condition." of Groupthink.[32] Janis states however that although cohesion is essential, "Groupthink is unlikely to occur to such an extent that it interferes with effective decision making, unless certain *additional* antecedent conditions are also present."[33] These include *group insulation from expert and critical opinion*, *lack of impartial leadership* and a *lack of methodological norms for decision making* (in other words, uncertain decision making rules).

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[31] R. M. Kramer, 'Revisiting the Bay of Pigs and Vietnam Decisions 25 Years Later: How Well has the Groupthink Hypothesis Stood the Test of Time?', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 73, No. 2/3, 1998, p. 237

[32] Janis, <u>Groupthink: Psychological Studies…</u>, p. 176

[33] <u>Ibid</u>.

Callaway and Esser[34] broadly support Janis' viewpoint that high cohesiveness coupled with poor decision contexts and overbearing leaders cause Groupthink and argue that medium cohesiveness with proper decision rules facilitate good decision making. Callaway et al. add in a later paper though[35] that although good decision making procedures do facilitate good decision making, they may not be as relevant to preventing Groupthink as previously thought or, to put it another way, poor decision rules may not be as great an antecedent of Groupthink as Janis proposes. Instead, Callaway et al. propose that *dominance* of the individuals in the group is negatively correlative to Groupthink; with groups containing a greater number of dominant members suffering less from Groupthink than groups with a smaller number. But not all authors consider cohesiveness to be so essential. Flowers[36] argues that "a revision of Janis's theory may be justified, one which would eliminate cohesiveness as a critical variable."[37]

Fodor and Smith[38] agree that cohesiveness may not be essential, but qualify their opinion by stating that Janis' interpretation of cohesiveness and other authors' viewpoints of it may not coincide. They state that "[a given study] operationally defined cohesiveness in a way that was different from the meaning Janis intended."[39] Janis' view of cohesiveness, according to Fodor and Smith, revolves around the members' close relationship with the *leader*, while many researchers view cohesiveness as members' respective relationships *with other members*. McCauley argues that group *size* is an important Groupthink determinant. He argues that "Janis does not give much attention to group size, and does not suggest any particular relation between group size and the likelihood of Groupthink."[40] He adds that "tentative"[41] extrapolation of the number of actors in Janis' case studies suggests that extremely small group size coupled with

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[34] M. R. Callaway and J. K. Esser, 'Groupthink: Effects of Cohesiveness and Problem-Solving Procedures on Group Decision Making', <u>Social Behavior and Personality</u>, Vol. 12, No. 2, 1984, pp. 157-164

[35] M. R. Callaway et al., 'Effects of Dominance on Group Decision Making: Toward a Stress Reduction Explanation of Groupthink', <u>Journal of Personality and Social Psychology</u>, Vol. 49, No. 4, 1985, pp. 949-952

[36] M. L. Flowers, 'A Laboratory Test of Some Implications of Janis's Groupthink Hypothesis', <u>Journal of Personality and Social Psychology</u>, Vol. 35, No. 12, 1977, pp. 888-896

[37] <u>Ibid.</u>, p. 895

[38] E. M. Fodor and T. Smith, 'The Power Motive as an Influence on Group Decision Making', <u>Journal of Personality and Social Psychology</u>, Vol. 42, No. 1, 1982, pp. 178-185

[39] <u>Ibid.</u>, p. 184

[40] C. McCauley, 'Group Dynamics in Janis's Theory of Groupthink: Backward and Forward', <u>Organizational Behavior and Human Decision Processes</u> Vol. 73, No. 2/3, 1998, p. 154

[41] <u>Ibid.</u>

cohesiveness generally leads to *less* Groupthink type behaviour. He adds, in a non-Groupthink literature context, that cohesiveness generally in larger groups causes the poorest decision making, though not through Groupthink, but rather social loafing (laziness) and deindividuation (an inattention to 'self'). Moorhead et al.[42] argue that *time* is also a neglected Groupthink determinant. Moorhead et al. acknowledge that Janis discusses time indirectly as a function of cohesion; in that time affects mental efficiency and judgement and ability to weigh up alternative courses of action. As a source of stress however, it *induces* cohesion. Moorhead et al. state that time pressures force self-censorship, lack of consultation of outside experts and avoidance of argument and thus cause concurrence seeking behaviour.

Tetlock is just one of several authors[43] who look at the case study 'angle' when critiquing Groupthink. Tetlock argues that Janis provides no quantitative evidence "bearing on the validity of foreign policy deliberations into the Groupthink and non-Groupthink categories."[44] He argues further that Janis's sources were prone to retrospective distortion and that Janis did not specify the criteria he used to include or exclude data.[45] From this, Tetlock states that a new method of determining the presence of Groupthink is by looking at the *integrative complexity* of the speeches made by the decision makers. He argues that simple speeches and announcements are symptomatic of Groupthink, owing to an oversimplification of the issues under discussion. Tetlock et al. also argue that multiple analyses of the same case studies are difficult to compare, while comparison between different case studies is virtually impossible.[46] Tetlock et al. suggest a methodology called the Group Dynamics Q Sort (GDQS) – which involves scaled verdicts of group qualities – and argue that GDQS supports the bipolar 'vigilant' and 'Groupthink' categories proposed by Janis. However a subsequent LISREL statistical analysis does not support Janis' causal model of Groupthink. 't Hart also questions the

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[42] G. Moorhead et al., 'Group Decision Fiascos Continue: Space Shuttle Challenger and a Revised Groupthink Framework', <u>Human Relations</u>, Vol. 44, No. 6, 1991, pp. 539-550

[43] See also Flowers, 'A Laboratory Test of Some Implications…' and Foder and Smith, 'The Power Motive…'.

[44] P. E. Tetlock, 'Identifying Victims of Groupthink from Public Statements of Decision Makers', <u>Journal of Personality and Social Psychology</u>, Vol. 37, No. 8, 1979, p. 1315

[45] <u>Ibid.</u>, p. 1316

[46] P. E. Tetlock et al., 'Assessing Political Group Dynamics: A Test of the Groupthink Model', <u>Journal of Personality and Social Psychology</u>, Vol. 63, No. 3, 1992, p. 404

legitimacy of the case study approach.[47] Specifically he questions the "selective interpretation of the case study material"[48] and he argues further that "reconstructive-analytical and evaluative approach is open to accusations of producing circular statements: Groupthink is inferred from policy failure and failure is explained in terms of Groupthink."[49] Longley and Pruitt discuss three principal problems with Groupthink. It is argued first that Janis' definition of Groupthink is "inadequate,"[50] because the definition refers to variables at three points in the "causal chain"[51] (group cohesiveness is an antecedent of strivings for unanimity, which is an antecedent of the failure to realistically appraise alternative courses of action). However, the definitional issue is alleviated by the inclusion of figure 5.2, in Janis' later work which adds "clarification of the causal sequences in Janis's thinking."[52] In the context of the flowchart, it can be seen that Groupthink is redefined as a *concurrence seeking tendency*. This leads on to the second problem discussed by Longley and Pruitt. They argue that a *negative* evaluation of Groupthink "pervades all of Janis's writings;"[53] with concurrence seeking argued to produce defective decision making. This assumption, they argue, is fallacious. Concurrence seeking is not *always* counterproductive to good decision making; it is actually a *fundamental* part of making a sound decision.[54] Longley and Pruitt utilise two ideas by Lawrence and Lorsch[55] to expand this issue. Here, decision making is divided between "differentiation" (proliferation of ideas and debate) and "integration" (efforts to achieve unity). Groupthink can be thought of as a decision process that involves too much integration and too little differentiation, but both processes are still necessary for any progress in decision making. Thus, Longley and Pruitt argue, Groupthink is better labelled as *premature* concurrence seeking (that is to say premature integration and too

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[47] P. 't Hart, 'Irving L. Janis' Victims of Groupthink', <u>Political Psychology</u>, Vol. 12, No. 2, 1991, p. 251. 't Hart states that "historians are bound to criticize the focussed and potentially superficial case accounts and interpretations…and experimentally inclined psychologists will point to empirical ambiguities and difficulties in pinpointing causality due to the post hoc nature of case study research."

[48] <u>Ibid.</u>, p. 268

[49] <u>Ibid.</u>

[50] J. Longley and D. G. Pruitt, 'Groupthink: A Critique of Janis's Theory', <u>Review of Personality and Social Psychology</u>, Vol. 1, 1980, pp. 74-93

[51] <u>Ibid.</u>, p. 75

[52] <u>Ibid.</u>

[53] <u>Ibid.</u>, p. 77

[54] <u>Ibid.</u>

[55] P. R. Lawrence and J. W. Lorsch, <u>Organization and Environment: Managing Differentiation and Integration,</u> (Homewood, Illinois, USA: Irwin, 1969)

little differentiation). Yet Longley and Pruitt continue by arguing that even when decision making *is* premature, it does not always have to be negatively construed, since the *type of task* is important to the effect of Groupthink. Longley and Pruitt refer to Katz and Khan's[56] *decision tasks* to illustrate this point. If the task is a *dilemma* (a novel task requiring innovation) then premature concurrence is definitely bad, yet if the task is a *problem*, (a simple, routine, repetitive task) it can be the most efficient course of action. However, it is contended in this thesis that *premature* is always bad and that it would seem Longley and Pruitt have confused the meaning of *premature* with *quick* regarding routine tasks. Premature means 'too soon' in every situation. The third problem relates to the classification of the symptoms of Groupthink compared to the antecedents of Groupthink. Longley and Pruitt argue that some supposed *symptoms* of concurrence seeking are actually *antecedents* of concurrence seeking.[57] Overall, Longley and Pruitt lament the "complexity and indefiniteness"[58] of Groupthink, the oversimplification of the theory, the poor definition of the phenomenon and the lack of definitions of its constituent parts[59] and the "many unclarities and gaps in statements about the relationships between variables."[60]

Thus not only is Groupthink related to EoC behaviour in terms of it being a potential antecedent of Group EoC behaviour; but the flaws of Groupthink theory itself also present some stark similarities to those already highlighted regarding EoC behaviour research. The upshot of this brief examination is that Groupthink is not a perfect theory and, according to many authors, it has major faults. Similarly, many authors have attempted to fix these problems. Beyond Longley and Pruitt's 'premature' prefix, 't Hart focuses[61] upon more complex 'pathways' for Groupthink (establishing linkages between the causal variables themselves) and bifurcating Groupthink into *Avoidance Groupthink* and *Optimistic Groupthink* (negatively viewed dilemma vs. positively viewed opportunity respectively); figures 5.3 and 5.4.

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[56] D. Katz and R. L. Kahn, <u>The Social Psychology of Organizations (2nd Ed.)</u>, (New York, USA: Wiley, 1978)

[57] Longley and Pruitt, 'Groupthink: A Critique…', p. 79

[58] <u>Ibid</u>., p. 81

[59] <u>Ibid</u>. Longley and Pruitt comment that "no definition of cohesiveness is provided."

[60] <u>Ibid</u>., p. 75

[61] P. 't Hart, <u>Groupthink in Government: A Study of Small Groups and Policy Failure</u>, (Baltimore, Maryland, USA: Johns Hopkins University Press, 1990)

Though it is clear that Groupthink is in 'theoretical' flux, this is not as important a consideration for *this* thesis as one may assume. Establishing a *connection* between Groupthink and EoC behaviour is the priority here, rather than establishing the most acceptable *form* of Groupthink to apply – beyond that of establishing an accepted model necessary for a working definition.

5.4 Literature Which Argues a Link between Groupthink and Escalation of Commitment
Behaviour

Having explored the *meaning* of Groupthink, it is now prudent to explore the literature that argues for a *link* between Groupthink and EoC behaviour. There exists literature that simply *assumes* a pre-existing link between the two,[62] (stating superficially that Groupthink is a determinant of group EoC behaviour) yet some authors believe that such an assumption is premature and attempt to firmly back up said assumption with investigations. Some of this literature also focuses upon the *conceptual* link between the two theories. Apart from Brockner and Rubin, who make some astute preliminary links,[63] authors who investigate EoC behaviour and Groupthink and attempt to explore any link in greater depth are: Janis, Kameda and Sugimori, Street and Anthony, Thompson et al. and 't Hart. Having just explored Janis' Groupthink theory, it would seem prudent to look first at what Janis has to say on the relationship.

To do this however, Janis' view on EoC behaviour in general is also required. Janis does not investigate explicitly EoC behaviour. Indeed, for much of his work, EoC behaviour research was either not in existence or was in its embryonic stages. However, what Janis does discuss is the general decision making process of a DMU and how various variables and determinants, including the receipt of negative feedback, can affect decision pathways. Thus, this research has relevance to EoC behaviour. Janis' research is deemed to be remarkably forward thinking, even when compared to today's EoC behaviour research. Given Janis' history, and the connection he makes between Groupthink and EoC behaviour – discussed below – it is clear that Janis recognises the group as a DMU. In much of his more general EoC behaviour relevant work however, Janis talks explicitly of the individual and not of the group. Thus, it is unclear in some of his work exactly which DMUs he is applying his purported EoC behaviour type determinants to. In some research, Janis talks *only* of individuals, yet at times he draws together individuals and groups in his EoC behaviour type analysis. Thus, the problems laid out in the introduction apply here; Janis as an EoC behaviour author cannot be easily

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[62] For example, Bazerman et al., 'Escalation in Individual…', p. 143 and D. McElhinney and T. Proctor, 'Concept of Entrapment and Decision-Making', <u>Management Decision</u>, Vol. 43, No. 2, 2005, p. 191.
[63] Brockner and Rubin, <u>Entrapment in Escalating Conflicts…</u>, pp. 97-99

'classified' regarding DMUs. It is assumed here that Janis is referring to both DMU types in most cases and that the word 'individuals' is used for simplicity or as a plural. Indeed, much of Janis' work can be applied to the larger level of analysis without much imagination. Janis' EoC behaviour relevant ideas here could be described as 'stress-centric'. That is to say, the level of stress an individual feels following negative feedback dictates his behaviour.[64] To this end, Janis creates the *Conflict Theory Model of Decision Making*.

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[64] I. L. Janis, Decision Making: A Psychological Analysis of Conflict, Choice and Commitment, (New York, USA: The Free Press, 1977), pp. 46-80

As can be observed from figure 5.5, the model argues that negative feedback is an 'assumed' condition. If the risks of not changing are not serious (such as an extremely gradual, drip-drip, loss) then stress is low and the actor escalates commitment in terms of continuance or *unconflicted adherence*. If the risks *are* serious if the actor does not change *and* the risks are serious if he does *and* there is *no realistic hope* of a better solution, then the actor experiences high stress, practices *defensive avoidance*, which again leads to a form of EoC behaviour under *some* circumstances (figure 5.6).

What must be reemphasised however is that figure 5.6 is not strictly a model of EoC behaviour, since the model is concerned primarily with what the *possible* options are in a negative feedback decision context, rather than focusing on continuing or quitting or asking *why* someone continues with a failing action. Yet this model does open up new avenues for the origins of EoC behaviour. Janis also discusses more familiar aspects of EoC behaviour as reasons for some decision pathways including self-inference,[65] self- and external justification,[66] (the latter as "social commitment"), autoepistemic behaviour,[67] ambiguous information,[68] Agency Theory,[69] cognitive scripting[70] and punishment of an opponent.[71] Factors not normally linked to EoC behaviour though are also discussed. Janis talks of manipulation[72] (including the Foot-in-the-Door technique) and also coercion[73] which *could* be considered an EoC behaviour determinant, depending upon what conditions are deemed necessary for EoC behaviour to occur. Brockner, for example, would *not* allow coercion, or the 'No Realistic Hope' condition for that matter, since he believes the actor *must* have options. Janis talks also of "gut feelings"[74] 'guiding' one to follow an action and also the 'Illusion of No Choice'[75] (known also as the *Eichmann Effect*), where the actor believes, or is told, he has no choice but to continue, when in fact there are choices. 'Emotional Inoculation'[76] is discussed too, relating to the effects of warnings of *possible* negative feedback an actor receives *prior* to

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[65] Ibid., p. 292 and I. L. Janis, Crucial Decisions: Leadership in Policy Making and Crisis Management, (New York, USA: The Free Press, 1989), p. 65. Janis states that "sometimes [actors] end up convincing themselves that the justifications they give to others are the real reasons."

[66] Janis, Decision Making…, pp. 280-283

[67] Ibid., p. 283

[68] Ibid., p. 83. Janis examines this under "Bolstering."

[69] Janis, Crucial Decisions…, pp. 46, 66. Janis examines this theory under the "Cover Your Ass" rule, where the individual (the agent) agrees with the superior (the principal) for personal gain over the good of the principal (for example, the organisation, the contractor or presumably even the group he is a member of) and under the "Personal Aggrandizement" rule, where the individual "looks at the policy problem mainly from the standpoint of *what's in it for me*?" In a group context, both rules differ from Groupthink in that the individual is behaving to protect himself *over* group harmony. Agency Theory could also arguably be applied to an entire group's actions (behaving as an agent unit). It is uncertain if Janis means to imply this.

[70] Ibid., p. 76. Janis examines this under the "Can Do" rule.

[71] Ibid., p. 73. Janis examines this under the "Retaliate" rule.

[72] Janis, Decision Making…, pp. 287-308. Janis talks of Foot-in-the-Door manipulation using the terms "Slippage" and "Entrapment" (the latter term being entirely separate from Brockner's *Entrapment* theory).

[73] Ibid., p. 226

[74] Janis, Crucial Decisions…, p. 71

[75] Janis, Decision Making…, p. 268

[76] Ibid., pp. 155, 388

making a commitment, though inoculation is presented by Janis in the context of making the actor *more* stable in decision making; rather than in the possible context of irrational persistence because the actor *expects* negative feedback anyway. Finally, Janis discusses beneficial and hazardous *personality characteristics* concerning general decision making, but not *specifically* under negative feedback conditions.[77] Janis' work then, although not 'EoC behaviour specific', certainly has relevance for the subject.

In establishing a link between Groupthink and EoC behaviour, Janis, first, observes more sharply the fundamentals of contemporary EoC behaviour; including external justification, distortion of endogenous and exogenous factors and the uncertainty of future actions and proceeds to apply these factors *explicitly* to the group.[78] Janis then observes how a *cohesive group context* can either disrupt the natural tendency to justify an action or reinforce it, depending on the group's norms and other factors; expanded in the footnote.[79] In other words, Janis is arguing that Groupthink can *accentuate* the justification urge, while 'good cohesion' (medium cohesion with positive norms, if we accept Callaway and Esser's[80] interpretation) can prevent it. However, Janis' argument can also be understood to mean that specific 'parts' of Groupthink, not just the Groupthink 'product' as a whole, can also trigger EoC behaviour in groups.

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[77] Janis, Crucial Decisions…, p. 203

[78] Janis, Groupthink: Psychological Studies…, p. 113. Janis states that "we know that individuals become heavily ego involved in maintaining their commitment to any important decision for which they feel at least partly responsible. Once a decision maker has publicly announced the course of action he has selected, he is inclined to avoid looking at evidence of the unfavorable consequences. He tries to reinterpret setbacks as victories, to invent new arguments to convince himself and others that he made the right decision, clinging stubbornly to unsuccessful policies long after everyone else can see that a change is needed. Each policy maker, whether he has made the crucial decisions by himself or as a member of a group is thus motivated to perpetuate his past errors; provided, of course, that his nose is not rubbed in inescapable evidence"

[79] Ibid. Janis states that "like attitudes of detachment and derogatory stereotypes, the tendency to recommit oneself to prior decisions can be greatly augmented by social pressures that arise within a cohesive group. From time to time, setbacks induce a policy maker to doubt the wisdom of past decisions in which he has participated. But what a man does about his doubts, if he is a member of an in-group of policy makers, depends in large part on the norms of the group. If the members agree that loyalty to their group and their goals requires rigorous support of the group's primary commitment to open minded scrutiny of new evidence and willingness to admit errors (as in a group committed to the ideals of scientific research), the usual psychological tendency to recommit themselves to their past decisions after a setback can give way to a careful reappraisal of the wisdom of their past judgments. The group norm in such a case inclines them to compare their policy with alternative courses of action and may lead them to reverse their earlier decisions. On the other hand, if, as often happens, the members feel that loyalty to the group requires unwavering support of the group's past policy decisions, the usual psychological tendency to bolster past commitments is reinforced."

[80] Callaway and Esser, 'Groupthink: Effects of Cohesiveness…'

It is Kameda and Sugimori, Thompson et al., Street and Anthony and especially 't Hart however who explore the conceptual link between Groupthink and EoC behaviour to the greatest depth; with *specific* mention of EoC behaviour and EoC behaviour rubrics. Kameda and Sugimori compare "collective Entrapment"[81] (Entrapment in groups) and Groupthink and argue that their "conceptual proximity"[82] means there are "important similarities between the two phenomena."[83] Kameda and Sugimori qualify their position by stating that collective Entrapment shares unique similarities with Groupthink *that individual Entrapment does not.*

Their broad argument – assuming the reader can look beyond the obvious similarity of the group DMU in collective Entrapment *and* Groupthink – is that in collective Entrapment, social costs are more readily felt by the group after failure, and social and interpersonal considerations are more tangible, than in individuals, and this is a facet shared by Groupthink. Thus, a group may continue not only to justify, but to protect the group ego. While, as a broad argument, this may be correct, further reading reveals that Kameda and Sugimori *appear* to be arguing that *individual* Entrapment contains *no* psychological justification element at all.[84] This argument is thought to be fundamentally incorrect and more similar to a SCE argument than an Entrapment argument. Kameda and Sugimori make further mistakes when, after misinterpreting the first of Janis' two quotes (footnote 78), they argue that "Groupthink and Entrapment are both characterised by the perpetuation of the ongoing course of action in face of objectively negative feedback."[85] There are a number of apparently obvious faults with this statement. Not only is Entrapment generally assumed to be undertaken after *ambiguous* rather than

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[81] T. Kameda and S. Sugimori, 'Psychological Entrapment in Group Decision Making: An Assigned Decision Rule and a Groupthink Phenomenon', <u>Journal of Personality and Social Psychology</u>, Vol. 65, No. 2, 1993, p. 283

[82] <u>Ibid.</u>, p. 291

[83] <u>Ibid.</u>, p. 283

[84] <u>Ibid</u>. Kameda and Sugimori state that "we think that Entrapment in its collective form may share unique key features with Groupthink that do not exist in individual decision making. [Apart from the obvious similarity of the group in group Entrapment *and* Groupthink,] what seems to make group Entrapment particularly distinct from individual Entrapment is that the prior investments at stake in a group context may not necessarily be limited to physical costs such as money, time, energy, and so forth. When a group faces an unfavorable outcome resulting from a previously chosen policy, the group needs to consider not only the accumulating physical costs, but also social and interpersonal outcomes associated with abandoning the ongoing plan…that is, proposing a change may cause loss of face for some member, may violate group harmony, and so on. In other words, group solidarity is also at stake in this case and this aspect makes the notion of collective Entrapment particularly parallel to Groupthink."

[85] <u>Ibid</u>.

unequivocal feedback (in that, although negative, feedback is also usually ambiguous as to whether continuation will succeed or not), but Groupthink can take place in one-shot scenarios, thus not necessarily *after* negative feedback; as in the Bay of Pigs fiasco for example.

The Bay of Pigs illustrates a further major schism between Groupthink and EoC behaviour. Kameda and Sugimori, (referring to Vietnam), argue "it is perhaps more than a coincidence that the same historical fiascos have been referred to as examples of both Groupthink and collective Entrapment."[86] However, while the Bay of Pigs fiasco is the archetype of Groupthink, it is one example where Entrapment, after failure, has *not* occurred. Thus, Entrapment can occur without Groupthink and visa versa. Furthermore, though Vietnam is often cited as an example of EoC behaviour, only President Johnson's 'Tuesday Group' has been examined in detail, vis-à-vis Groupthink, *not* the Vietnam Conflict as a whole, under all administrations. In conclusion, Kameda and Sugimori argue that Entrapment should be considered a "central subset"[87] of Groupthink. While this conclusion has some merit, 't Hart takes a more cautious view.

't Hart argues that "groups are just as susceptible to becoming prisoners of past decisions and actions as individuals".[88] He continues this acknowledgement by stating that "[group] Entrapment is [a] type of Groupthink."[89] He clarifies this apparently concurring statement, apropos Kameda and Sugimori, by stating that:

> It is hypothesized that Groupthink is one of the modes of decision making that produce [group] Entrapment. In turn, [group] Entrapment is viewed as one of the possible outcomes of a Groupthink decision process. In other words, [group] Entrapment is a specific pattern of defective decision making resulting from Groupthink[90]

Here then, the subset issue is less relevant than the issue of how similar the two phenomena are and how one phenomenon leads to the other. 't Hart continues by

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[86] Ibid.
[87] Ibid. 'Subset' means set A is a subset of set B if all of the members of A are also members of B, 'members' here meaning 'facets'.
[88] 't Hart, Groupthink in Government…, p. 94
[89] Ibid., p. 95
[90] Ibid., p. 96

highlighting a number of similarities between Groupthink and Entrapment in general, not just in terms of one being a group level determinant of the other. Firstly, 't Hart states that "both concepts are associated with defective decision making and policy failure: Groupthink describes how failure may arise, Entrapment describes a specific pattern of failure. The two concepts fit nicely."[91] However, he adds a condition to Groupthink and notes a conceptual weakness in the Entrapment literature: "yet it should be reminded that Groupthink may result in other types of failure and that at this point, Entrapment is still very much an individual level phenomenon."[92] He continues his study, regarding accurately the similarities of the antecedent conditions of both phenomena, but also talking of Staw's EoC as well as Entrapment.[93] An interesting point here is that 't Hart appears to treat EoC as synonymous with Entrapment. As a final point, 't Hart notes the similarities in the *functions* of both Groupthink and Entrapment: emotional protection.[94]

From 't Hart's perspective then, it can be understood that both theories share several similarities, including their antecedent conditions (the structural and social origins of each phenomenon), their individual relationship to failure (Groupthink causes failure, Entrapment is a reaction to failure), their joint relationship to failure *and* each other (Groupthink *may* cause the *initial* failure (the first negative feedback), *and with* the negative feedback it then contributes to the prevailing Entrapment tendency of the group by preventing adequate discussion and reconsideration of the action) and their basic function (psychological protection). 't Hart attempts to represent figuratively this *symbiotic* (or more aptly, *parasitic*) relationship, related to his earlier 'three path' reinterpretation of Groupthink (figure 5.7).

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[91] Ibid.
[92] Ibid.
[93] Ibid., p. 97
[94] Ibid.

Thompson et al.,[95] while not specifically exploring a relationship between Groupthink and EoC behaviour, do explore a link between *respect*, *cohesiveness* and group EoC behaviour. Although Thompson et al. raise many complex points in their work, their interest can be argued to rest in two types of dilemma: a social dilemma (a *group* Agency Theory situation where an individual's interest within the group and

[95] L. Thompson et al., 'Cohesion and Respect: An Examination of Group Decision Making in Social and Escalation Dilemmas', Journal of Experimental Social Psychology, Vol. 34, No. 3, 1998, pp. 289-311

overall group interest clash) and an EoC behaviour situation. Thompson et al. here do not make the link between Agency Theory and EoC behaviour, only the effect of cohesiveness and respect on both situations. Thompson et al. assert that friends are more likely to cooperate (avoid the temptation to put self-interest over group interest) than a group of strangers; thus the group prospers in an Agency situation. Yet, such high cohesiveness, coupled with low respect from outsiders *does* contribute to group EoC behaviour situations, through a Groupthink type process. This raises the prospect of "the very factors that lead to rational decision making in one circumstance [being] the ones that fuel the fires of group disaster in another."[96] Thompson et al.'s work though, by implication, emphasises better many other points of interest; most notably, the *separate* impacts of Groupthink *variables* on group – and perhaps even non-group – EoC behaviour (contended here to be investigated less than the Groupthink 'whole'), the presence of Agency Theory in relation to the *group dynamic* and how very high or very low group cohesiveness, and thus very low or very high Agency motives, will impact upon other EoC behaviour variables and group EoC behaviour as a whole. Respect is also raised as a valid group EoC behaviour determinant here, and is arguably applicable to an individual DMU in an EoC behaviour situation too.

It is Street and Anthony[97] however who undertake a *specific study* to establish a link between EoC behaviour and Groupthink. Staw's EoC model is the focus of Street and Anthony's attentions here and, incidentally, they appear to argue that the variables discussed by Staw in his model apply equally to groups as individuals. Street and Anthony begin with the somewhat inconsistent argument that many case studies illustrating Groupthink also illustrate EoC behaviour.[98] They use this dubious lemma however to state correctly that "in sum, studies such as these lend support to the idea that the two concepts may be related;"[99] arriving ultimately, like 't Hart, at the greater assertion that "groups suffering from Groupthink will engage in escalating commitment

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[96] Ibid., p. 291

[97] M. D. Street and W. P. Anthony, 'A Conceptual Framework Establishing the Relationship between Groupthink and Escalating Commitment Behavior', Small Group Research, Vol. 28, No. 2, 1997, pp. 267-293

[98] Ibid., p. 267

[99] Ibid., p. 268

behaviors to a greater extent than will groups not suffering from Groupthink."[100] Street and Anthony state that four *assumptions* are needed before any *propositions* relating Groupthink and EoC behaviour can be discussed.[101]

First, related to Groupthink, Street and Anthony redefine *cohesion*. While accepting that cohesion, as defined by some authors, comprises of three elements – interpersonal attraction within the group, pride in the group (both positively correlated to Groupthink) and task cohesion (the extent to which group members are attracted to the group as a function of their mutual desire to accomplish the task at hand; and negatively correlated to Groupthink) – Street and Anthony remove task cohesion since they are studying cohesion as a *positive* correlate of Groupthink.[102]

Assumption two dictates that:

> For each of the three propositions, the group is assumed to be cohesive in the sense of assumption one and suffers from one of the other two sets of antecedent conditions in the Groupthink model before it is exposed to an escalation situation[103]

However Street and Anthony complicate matters when they also state that:

> Much more plausible is the situation in which a cohesive group is hindered by the presence of a smaller number of other antecedent variables…Groupthink can emerge with as few as one additional antecedent variable in the model being present[104]

The third assumption, "Escalation of Commitment [behaviour] can and does occur at group level"[105] is self-explanatory. The final assumption is important in that it adds an EoC behaviour determinant:

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[100] Ibid., pp. 268-9
[101] Ibid., p. 276. Street and Anthony state that "inasmuch as the ensuing propositions attempt to link the two models together, four assumptions important to the theoretical foundation from which the propositions derive will be presented at this point. These assumptions are listed in decreasing order of importance."
[102] Ibid.
[103] Ibid., p. 277
[104] Ibid.
[105] Ibid., p. 278

Group cohesion, as defined earlier, also plays a role in increasing the [group] tendency to escalate commitment to a losing course of action[106]

Street and Anthony continue with three bifurcated propositions, based upon the assumptions. The first proposition is complex, and is aimed at:

Rendering a relationship between the provocative situational context variables in the Groupthink model and the psychological and social commitment variables in the [Staw's] escalation model[107]

This proposition builds upon 't Hart's proposition that Groupthink *may* cause the initial failure *and* interferes with reconsiderations, thus Entrapment results owing to the pressures for concurrence and thus poor discussion norms. Street and Anthony argue that a cohesive group (as per assumption one) suffering from provocative situational variables described in the Groupthink model, prior to an EoC behaviour situation, will experience pressure for concurrence (Groupthink). They posit escalation situations "will exacerbate the levels of stress and feelings of low self-esteem…thereby compounding the pressure for concurrence seeking among group members."[108] Furthermore, Street and Anthony argue that in a circular way "the group will respond to this situation by escalating commitment to the previously incorrect decision path."[109] The discussion supporting proposition one is complex, but centres on EoC behaviour situations being perceived as an 'external threat' and thus they cause Groupthink. Ultimately though, Street and Anthony declare that:

Cohesive groups operating under conditions of high stress or low levels of self-esteem are more likely to engage in escalation behavior when exposed to an escalation situation than cohesive groups not operating under conditions of high stress or low levels of self-esteem when exposed to an escalation situation[110]

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[106] Ibid., p. 279
[107] Ibid., p. 280
[108] Ibid.
[109] Ibid.
[110] Ibid., p. 282

Proposition two repeats proposition one, this time with the structural faults in the Groupthink model:

> Rendering a relationship between the structural faults variables in the Groupthink model and the psychological and social commitment determinants in [Staw's] escalation model[111]

This proposition is more straightforward than the previous one and presents several new determinants of group EoC behaviour. Briefly, Street and Anthony argue that the structural faults all contribute to poor information processing, information distortion, poor reconsideration of a failing project and thus EoC behaviour. They state:

> Cohesive groups operating under conditions consistent with the structural faults category of antecedent conditions in the Groupthink model are more likely to engage in escalation behaviors when exposed to an escalation situation than are cohesive groups not operating under conditions consistent with the structural faults category of antecedent conditions in the Groupthink model when exposed to an escalation situation[112]

Proposition three is a summation of the preceding two propositions; exploring "Groupthink leading to escalation."[113] Street and Anthony posit that:

> Cohesive groups characterized by the presence of all Groupthink antecedent conditions are more likely to engage in escalation behaviors when exposed to an escalation situation than are cohesive groups not characterized by the presence of all Groupthink antecedent conditions when exposed to an escalation situation[114]

Street and Anthony's propositions are represented in figure 5.8. Their analysis is indeed complex and deserves further study. It is not without problems however. First, Street and Anthony argue that "a theoretical foundation proposing a relationship between

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[111] Ibid.
[112] Ibid., p. 285
[113] Ibid., p. 286
[114] Ibid.

the models does not currently exist."[115] While recognising work by Kameda and Sugimori they ignore the work already undertaken by 't Hart. This absence of literature is problematic in itself yet, it is difficult to understand how the statement was ever made given that Kameda and Sugimori are referenced. Kameda and Sugimori's work, although arguably less advanced, is underplayed here by Street and Anthony. Moreover, Street and Anthony bifurcate the *important* and *unimportant* parts of Groupthink *and* Staw's EoC model. Regarding Groupthink, they argue that the *symptoms of Groupthink* category "although important to the overall Groupthink model," does not contribute to "the conceptual linking of Groupthink and escalation situations."[116] This is wholly wrong, since at least one symptom of Groupthink, 'Illusion of Invulnerability', most definitely links in with EoC behaviour. Indeed it is a fundamental cause of EoC behaviour according to Staw, when related to reinforcement history. It is considered appropriate here to argue that all aspects of Groupthink may cause EoC behaviour, not just the antecedent aspects. Regarding EoC behaviour, Street and Anthony omit two facets of Staw's framework from analysis: project and structural (organisational) determinants. They justify this decision by arguing that "these two variables…relate to objective aspects…[and] though important to the overall escalation model, do not contribute to the conceptual joining of the Groupthink and escalation situation frameworks."[117] While this omission is perhaps more justified than the omission of the symptoms of Groupthink, (because project factors are indeed the *most rational* aspects), Street and Anthony fail to explain fully why these factors are removed. They fail to state why the *rational* nature of these variables should preclude them from comparative analysis with the *irrational* nature of Groupthink.

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[115] Ibid., p. 268
[116] Ibid., p. 272
[117] Ibid., p. 276

Finally, Street and Anthony's model (figure 5.9) of Staw's EoC is actually an adapted model of one previously proffered by Staw which Staw *modifies* in his later work to generate the aggregate model. While the two models are similar, the 'Contextual Effects' heading is not included in Street and Anthony's "currently accepted [EoC] model"[118] and such misunderstanding of the *accepted* form of Staw's EoC model could undermine future progress.

The analysis of Street and Anthony's paper concludes the investigation of the relationship between Groupthink and EoC behaviour, the broader analysis of group EoC behaviour research and the analysis of EoC behaviour research DMU treatment. The analysis also concludes the tri-chapter preliminary exploration of EoC behaviour and its research. It has been argued in this troika of chapters that EoC behaviour is a real and powerful phenomenon in contemporary decision making theory. Yet this study has also demonstrated that numerous issues exist concerning EoC behaviour research which deserve detailed investigation. Chapter six investigates further the issues raised in this preliminary study. It also analyses *hitherto undiscussed* issues that are argued to exist within EoC behaviour research.

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[118] Ibid., p. 273

6.0 <u>Identifying the Issues of Escalation of Commitment Behaviour Research</u>

In this chapter it is contended that many other Escalation of Commitment (EoC) behaviour research issues exist than those highlighted previously. This chapter describes and analyses further the new issues and previously highlighted issues respectively. Exploring the *causes* and *effects* of these issues is not a *core* aim of this chapter – this occurs in chapter seven – but several *preliminary* links *are* made throughout in order to aid understanding of some issues. Including here an *accompanying explanation* for each issue and an *examination* of its effects, would be counterproductive and repetitious in the immediacy, for several reasons. First, recall that while the proposed issues themselves are chiefly evidence based, their proposed *causes and effects* are largely hypothetical and indicative. Thus, such hypothetical reasoning would clash with the more *empirical* descriptions in *this chapter*. Second, the *complexity* of the proposed causes and effects would *detract* from the important issues raised here. It is suggested that (1) many of the issues interact directly with one another apropos their causes and effects; (2) a number of what could be termed *intermediate* issues exist that are causative of many of the *immediate* issues discussed here, and (3) several *overriding* issues exist that first caused these *intermediate* and *immediate* issues. Ultimately it is suggested that there exists a complex staged, temporal *history* through which all the issues developed.

This chapter's examination begins with some *new* issues that were *implied* in previous chapters. These issues are discussed immediately in order to give the reader an introduction to the *type* of issues that are contended to pervade EoC behaviour research. Following this, the main three concerns of the chapter, *multiple rubrics*, *claims of synonymy* and *Multiple Incongruent Definitions*, are explored. Following further *definitional* issues, an exploration of more 'conceptual' issues occurs. Then, the predominantly negative author viewpoint of EoC behaviour is explored and the treatment of Decision Making Unit (DMU) types by EoC behaviour authors is reinvestigated, in conjunction with a further critique of group EoC behaviour research. Finally, an argument is made regarding the large amount of currently *unexplored* potential determinants and applications of determinants pertinent to EoC behaviour.

6.1 <u>Two Indicative Issues from the *Satellite Literature*</u>

If Staw's own core literature is bypassed for the immediacy, what remains is the *ancillary* or *satellite* literature; research which exists in *relation* to Staw's work and studies EoC behaviour under many different rubrics. Specifically such terms are misnomers, since *satellite literature* conveys the image of related works orbiting, in harmony, the central core, when in fact such research, it is contended here, often collides with each other and with the central core. However, for the purpose of illustrating the schism of *relative importance* between Staw's and others' works, it is deemed an acceptable metaphor. The first two, closely connected, issues occur in the satellite literature and are considered representative of the *species* of issues that pervade EoC behaviour research.

The first issue regards what can be termed *erroneous claims*. Some literature makes claims, typically of some new discovery or new relationship when in fact, the claims are flawed or the claim is in fact *not* original. The previous chapters looked at the Sunk Cost Effect (SCE) and its many 'versions'. Connected to the SCE is the Concorde Fallacy: the *biological version* of the SCE. The previous chapters demonstrate that great effort is made by Arkes and Ayton in two papers concerning the SCE to convey that no research existed, prior to their own, that tied the two forms together. It is they, they argue, that establish the link.[1] Even a cursory examination of sunk cost and Concorde literature however reveals that several texts *prior* to Arkes and Ayton's work not only investigate human applications of the Concorde Fallacy, but also link the SCE to the Concorde Fallacy and reference works of both theories in the same piece of research. McLean, for example, discusses the Concorde Fallacy apropos "digger wasps…[and] policy makers."[2] Colman also refers to the Concorde Fallacy in the non-biological context,[3] as does Curio[4]

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[1] P. Ayton and H. Arkes, 'Call it Quits', <u>New Scientist</u>, Vol. 158, No. 2135, 1998, p. 41 and H. R. Arkes and P. Ayton, 'The Sunk Cost and Concorde Effects: Are Humans Less Rational than Lower Animals?', <u>Psychological Bulletin</u>, Vol. 125, No. 5, 1999, p. 591

[2] I. McLean, 'Concorde Fallacy', in I. McLean (Ed.), <u>Oxford Concise Dictionary of Politics</u>, (Oxford, UK: OUP, 1996), pp. 95-96

[3] A. M. Colman, <u>Game Theory and Experimental Games: The Study of Strategic Interaction</u>, (Oxford, UK: Pergamon, 1982), p. 144

[4] E. Curio, 'Animal Decision-Making and the Concorde Fallacy', <u>Trends in Ecology & Evolution</u>, Vol. 2, No. 6, 1987, pp. 148-152

and Von Hippel;[5] the latter of who specifically references Concorde literature in his bibliography of what is a SCE paper. Even Dawkins, who co-founded the Concorde Fallacy, refers to Vietnam when attempting to portray the theory.[6] Although such an oversight by Arkes and Ayton could be deemed innocuous and a result of academic over exuberance, the fact that Dawkins' work – the central core in relation to the Concorde Fallacy – is overlooked in relation to its human application of the Concorde theory is ominous. Such claims convey poor background reading and serve to undermine the sound conclusions that ultimately emerge from Arkes and Ayton's research. Arkes and Ayton are not the sole culprits of overlooking previous research in this manner, merely one of the most representative.

The next author, Gerritt,[7] exemplifies what can be described as the *issue of repetition* or *no new research*. While the previous chapters of this thesis could be considered somewhat oversaturated with EoC behaviour literature, such an impression disguises the significant literary culling that occurred, *without* a significant loss of unique research. It is contended that such repetitious research leaves the reader with no new significant information for his efforts. This issue is particularly relevant to research that was laid down by the pioneers of EoC behaviour concerning such core facets as responsibility, social conditions and feedback, which have been duplicated profusely. Gerritt's paper then, while delivering some slight additional insight, does not represent research almost twenty years removed from Staw and the other founders.

One possible reason for this issue, and linked closely to the first issue, is that there is not enough *background reading and comprehension* taking place, consequently the author in question is unaware of existing research and thus replicates it. Alternatively, the replicating author may observe similar duplication in other EoC behaviour literature and may deem such repetition 'acceptable practice', or he may just want to repeat the

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[5] K. Von Hippel, 'Sunk in the Sahara: The Applicability of the Sunk Cost Effect to Irredentist Disputes', Journal of North African Studies, Vol. 1, No. 1, 1996, p. 95. Von Hippel states that "in biology, King Hassan's reasoning would be called the Concorde Fallacy; in economics and psychology, the Sunk Cost Effect. In all these disciplines, it means the same thing…." Von Hippel also references numerous pieces of Concorde literature in his bibliography.

[6] R. Dawkins and H. J. Brockman, 'Do Digger Wasps Commit the Concorde Fallacy?', Animal Behaviour, Vol. 28, No. 3, 1980, p. 892

[7] A. Gerritt, 'Entrapments in Risky Investments', Journal of Socio-Economics, Vol. 24, No. 3, 1995, pp. 447-462

research. However, it is deemed sufficient at this point in the chapter to simply be aware of the issues rather than the reasons behind them. Three chief concerns regarding EoC behaviour research are now addressed.

6.2 A *Multiplicity* of Theories

There are a very large number of theories, in a number of disciplines, that deal with the broad notion of why a DMU continues with an action that has delivered negative feedback. Below is a list of these theories and in parentheses are examples of authors who refer to each particular label. References are included for authors who do not feature in the literature review of the previous chapters:

Escalation of Commitment (Staw, Greer and Stephens, Lipshitz)

Entrapment (Brockner)

Too Much Invested to Quit (TMITQ) (Teger)

The Sunk Cost Effect (Arkes and Ayton, Bornstein, Guterman)

The Sunk Cost Fallacy (SCF) (Ayton and Arkes)

Sunk Cost Strategy (Cole)

Caring About Sunk Costs (Carmichael and MacLoed)

Honouring Sunk Costs (Leland)

The Concorde Fallacy (Dawkins and Carlisle, Coleman and Gross, Colman)

The Concord (sic) Fallacy (S. Fox and Hoffman)

The Concorde Effect (Arkes and Ayton)

The Blood Price Hypothesis (BPH) (Labs)

The Dead Loss Effect (C. M. Smith et al.)

The 'Our Boys Should Not have Died in Vain' Fallacy (Dawkins and Brockman)

Escalation Bias (Armstrong et al.,[8] Biyalagorsky et al.)

Escalation (Bazerman et al., S. Fox and Hoffman)

Self-Entrapment (Ben-Shimon, Maoz)

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[8] J. S. Armstrong et al., 'Escalation Bias: Does it Extend to Marketing?', <u>Journal of the Academy of Marketing Science</u>, Vol. 21, No. 3, 1993, pp. 247-253

Escalation Phenomenon (Ghosh,[9] Bowen)

Knee Deep in the Big Muddy (Staw)

Gambling for Resurrection (Downs)

Lock In (Fearon)

Escalation Situations (Bobocel and Meyer)

Collective Entrapment (Kameda and Sugimori)

Escalation Error (Kanodia et al.)

Runaway Project (Sabherwal et al.)

Escalation Behaviour (Schoorman and Holahan)

Avoidable Over-Commitment (McElhinney and Proctor)

There are at least twenty seven titles that deal with EoC behaviour. This is a very large number of theories which, specifics aside, attempt to *explain* the same phenomenon; relative to, for example, *Groupthink* which has three titles: *concurrence seeking*, *premature concurrence seeking* and *Groupthink*. The *quantity* of titles that exist within EoC behaviour research has significance for the other definitional issues discussed.

6.3 Claims of Synonymy

Some authors deem it acceptable to argue that one EoC behaviour label is representative of another. Bornstein and Chapman for example, make the most common assumption when they state "decision makers display the sunk cost (or escalation) effect…."[10] Brockner also makes sweeping assumptions when he declares "[Escalation of Commitment is] also known as: Entrapment, Sunk Cost Effect, 'The Knee Deep in the Big Muddy Effect', and the 'Too Much Invested to Quit Effect'."[11] It is important to realise here that not only is Brockner implying that Staw's EoC is the same as the other

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[9] D. Ghosh, 'De-Escalation Strategies: Some Experimental Evidence', Behavioral Research in Accounting, Vol. 9, 1997, p. 88

[10] B. H. Bornstein and G. B. Chapman, 'Learning Lessons from Sunk Costs', Journal of Experimental Psychology: Applied, Vol. 1, No. 4, 1995, p. 251

[11] J. Brockner et al., 'Escalation of Commitment to an Ineffective Course of Action: The Effect of Feedback Having Negative Implications for Self-Identity', Administrative Science Quarterly, Vol. 31, No. 1, 1986, p. 109

named theories, but he is also implying, through a form of *conversational implicature*,[12] that the theories are the same as *each other*; that all the theories are in effect subject to the *indiscernability of identicals* principle.[13] Similarly, Dawkins and Brockman treat the Concorde Fallacy as the 'Our Boys Should Not have Died in Vain' Fallacy.[14] Ghosh equates EoC with both "Escalation Phenomena"[15] and "The Sunk Cost Fallacy."[16] Kanodia et al. argue that "[the Sunk Cost Effect] is also known as Escalation Error."[17] Karlsson et al. state "the sunk-cost effect…or escalation [of Commitment]."[18] "Entrapment," according to McElhinney and Proctor, is also "Avoidable Over-Commitment."[19] Simonson and Staw argue that EoC behaviour is studied "under the rubrics of Sunk Cost Effects, Entrapment, Too Much Invested to Quit and Escalation of Commitment,"[20] with *no* subsequent dissection of any *specific* characteristics. Similarly, Smith et al. draw together "[the] Sunk Cost Effect, Entrapment and the Dead Loss Effect."[21] Walton states that the "Sunk Cost Fallacy [is the same as] 'Argument from Waste'."[22] Whyte states that "[EoC behaviour] has several names: Too Much Invested To Quit, The Sunk Cost Effect, The Dead Loss Effect and Entrapment."[23] Finally, Staw and Ross independently observe that EoC is also known as "Entrapment, the Sunk Cost Effect

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[12] S. Blackburn, 'Conversational Implicature', in S. Blackburn (Ed.), <u>Oxford Dictionary of Philosophy</u>, (Oxford, UK: OUP, 1996), pp. 188-189. Conversational implicature here can be taken to mean when a person communicates one thing and thereby communicates something else in addition.

[13] S. Blackburn, 'Indiscernability of Identicals', in S. Blackburn (Ed.), <u>Oxford Dictionary of Philosophy</u>, (Oxford, UK: OUP, 1996), p. 191. This principle states that if two or more objects are in fact identical, there can be no property held by one and not by the others.

[14] Dawkins and Brockman, 'Do Digger Wasps Commit…', p. 892

[15] Ghosh, 'De-Escalation Strategies…', p. 88

[16] D. Ghosh, 'De-Escalation Strategies of the Sunk Cost Effect: Some Experimental Evidence', <u>Paper Presented at the Accounting, Behavior and Organization Research Conference, San Antonio, USA, 1994</u>, pp. 1-4

[17] C. R. Kanodia et al., 'Escalation Errors and the Sunk Cost Effect: An Explanation Based on Reputation and Information Asymmetries', <u>Journal of Accounting Research</u>, Vol. 27, No. 1, 1989, p. 60

[18] N. Karlsson et al., 'Impact of Decision Goal on Escalation', <u>Acta Psychologica</u>, Vol. 111, No. 3, 2002, pp. 309-310

[19] D. McElhinney and T. Proctor, 'Concept of Entrapment and Decision-Making', <u>Management Decision</u>, Vol. 43, No. 2, 2005, p. 189

[20] I. Simonson and B. M. Staw, 'De-Escalation Strategies: A Comparison of Techniques for Reducing Commitment to Losing Courses of Action', <u>Journal of Applied Psychology</u>, Vol. 77, No. 4, 1992, p. 419

[21] C. M. Smith et al., 'Investment Decisions by Individuals and Groups in 'Sunk Cost' Situations: The Potential Impact of Shared Representations', <u>Group Processes & Intergroup Relations</u>, Vol. 1, No. 2, 1998, p. 177

[22] D. Walton, 'The Sunk Costs Fallacy or Argument from Waste', <u>Argumentation</u>, Vol. 16, No. 4, 2002, p. 473

[23] G. Whyte, 'Escalating Commitment in Individual and Group Decision Making: A Prospect Theory Approach', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 54, No. 3, 1993, pp. 430-431

and Too Much Invested to Quit."[24] The frequency of this type of statement belies the fact, *based upon definitions from the founding authors of these theories*, that these comparisons are fundamentally erroneous. Most of the theories, despite all of them researching behaviour following negative feedback, have unique characteristics; again, based upon the definition of the *founding author*.

6.4 <u>Testing the Validity of Claims of Synonymy</u>

The observations above state that some authors treat one or a number of EoC behaviour theories as synonymous. The most obvious exemplar to illustrate this is Staw's EoC theory. Several authors determine the SCE to be the same as EoC. If the statement that 'EoC is also known as the SCE' is explored using two definitions of the SCE from the founding SCE authors then it *should* be possible to match the SCE with what Staw considers his EoC to be; but *only* if the synonymy claim is valid. Arkes and Blumer define the SCE as:

> A greater tendency to continue an endeavor once an investment in money, effort or time has been made. The prior investment, which is motivating the present decision to continue, does so despite the fact that it objectively should not influence the decision[25]

Ayton and Arkes state it as:

> The human tendency to judge options according to the size of previous investments, rather than the size of the expected return[26]

From the viewpoint of the above statements, the interpretation of Staw's theory then would be that *sunk costs* are considered as the *essential* and *predominant* component of

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[24] B. M. Staw and J. Ross, 'Understanding Behavior in Escalation Situations', <u>Science</u>, Vol. 246, No. 4927, 1989, p. 216

[25] H. R. Arkes and C. Blumer, 'The Psychology of Sunk Cost', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 35, No. 1, 1985, p. 124

[26] Ayton and Arkes, 'Call it…', p. 40

Staw's EoC theory. Although sunk costs *are* important in Staw's EoC, Staw emphasises that sunk costs are not *always* the linchpin for continuance; rather they are just one, albeit important, issue of many and that sunk costs are not *always* considered when an agent decides to prolong a failing decision. This is demonstrated by Staw including the SCE as simply an *ingredient* of the 'Psychological Determinants' heading which is but an ingredient of his framework. Yet the authors who make comparisons between the SCE and EoC give the impression that money and costs, and the consideration of these in a limited *economic* way, are *solely* responsible for EoC behaviour according to Staw's EoC; based upon the founding authors' definitions of the SCE.

An intuitive criticism of this argument however could be that such comparisons are arguably time sensitive, in that they should perhaps be looked at in the context of what was the *generally accepted definition* of each of the theories in question when the comparison was made. It can be argued that there is little *immediate* justification for using only the founding authors' definitions in the above analysis. In fact, it is potentially fallacious to argue that a claim of synonymy is incorrect if the definitions of each theory used to argue such invalidity are from any different historical points in the theory's history, relative to when the comparison was made. There are two distinct elements to this argument.

First, if a comparison statement between two theories is looked at using a definition of each theory from the *same* future or the past era, relative to when the comparison was made, then the comparison may be untrue because at this point in time, the theories may have been, or be, different from each other. It can be argued that theories take time to converge and may also *diverge* in the future. The second element is that not only could the definitions of the theories be older or younger relative to the date of comparison, but they could also be older or younger relative to each other as well as to the comparison. Thus, a null hypothesis, that the claims of synonymy are *not* invalid, would *appear* to be the most legitimate opinion, until the claims are tested using the *contemporary* (in its most literal meaning) definition of each theory, relative to both the definitions and the comparison itself. However, this issue is made more complex by another suggested EoC behaviour research issue: Multiple Incongruent Definitions (MIDs).

6.5 Multiple Incongruent Definitions

It is contended in this chapter that for *most* EoC behaviour rubrics, *multiple incongruent definitions* exist. MIDs here means a number of things. Before the term is investigated, it is felt that the basic term *definition* should be explored. *Definition* here means the description of a theory; the major features of the description being: what the theory is about (glibly, *continuing after bad feedback*), what *conditions* are deemed necessary for the behaviour to be considered, in what situations the theory could be applied, how various *concepts* important to the theory are defined and finally, what determinants affect such behaviour.

It is acknowledged that *conditions required* and *concepts* are vaguely described here and these are discussed shortly. However now that *definition* has been generally explored, what does it mean if *multiple, incongruent definitions* exist for most rubrics? What must be done immediately, for the sake of clarity, is to consider this question in terms of just *one* generic EoC behaviour rubric, *not* in the context of any actual rubric. It is contended here that the definitions within most EoC behaviour rubrics differ in a number of complex ways. First, they differ in the *amount* of determinants included in the definition. If several definitions were compared, some would have a greater amount of determinants than others. Second, the *treatment* of these determinants differ too in that some definitions treat a given determinant as an intensifier of EoC behaviour while others treat the same determinant as a moderator. The existing *forms* of some determinants also differ. The extent of the *situations* in which EoC behaviour is thought applicable also differs between definitions. These applicable elements, include facets like, the type of DMUs that can engage in EoC behaviour, whether an initial choice actually *needs to be made* or not and whether it is just the actor who made the *initial* decision that commits EoC behaviour or if others can too.

The *conditions* required for EoC behaviour to be considered also differ between definitions of a given rubric. The *conditions* that differ include elements such as whether the feedback must predict *definite* future failure or whether the feedback is *ambiguous* and whether the actor has a *choice* to quit or not. The distinction between *potential*

applications of EoC behaviour and *conditions* required for EoC behaviour consideration is considered here to be subjective; the latter term is thought to be of a more *compulsory* 'either/or' and permanent nature while the former is considered more experimental, 'complementary' and progressive and similar to the nature of EoC behaviour determinants. This view is indeed subjective however, and both facets could perhaps be expected to change or remain constant over time. The understandings of *concepts* used *within* the definitions differ too. The concepts and how they are interpreted are discussed later in this chapter, but include *success*, *resource*, *failure*, *feedback*, *continuance*, *escalation* and *commitment* and *DMU*.

Again, an intuitive *temporal* criticism of this argument could be that multiple definitions of an EoC behaviour rubric, or of any theory for that matter, are *bound* to exist because this signifies research progress. The criticism would continue; that the founding author's definition will *always* exist but it will, and should, be replaced *in terms of its use* by the most *accepted* interpretation of the theory at the time; illustrating a *progression* of research. The latest definition in a single piece of research should generally incorporate the previous research on the subject, including the founding authors work. A suitable analogy could be of the piece of research as a snowball.

The snowball starts small at the top of the mountain. As it rolls downhill, it gathers all the contributions of snow from elsewhere and grows bigger, more complex than at the beginning and, ultimately, accommodative of the other inputs. The snowball that existed previous to the latest addition of snow no longer exists in isolation but is *incorporated* within the larger body. The implication of this criticism is that all definitions of a theory will *always* exist, but in a historical sense only, with only one or two definitions actually *used* by contemporary researchers. However, this criticism is a straw man response against the *real* meaning and intent of the MIDs argument. Several clarifications are needed here to dismantle this straw man. What is actually being suggested with MIDs is that:

1. Multiple definitions of a given EoC behaviour theory, in the manner described above, exist *concurrently*, not just linearly or historically. That is to say, multiple definitions of a theory exist together at the same time.

2. The dispersal of determinant amount/treatment, situational applications and conditions/concept description between current pieces of research is as that between current research and past research. Thus:

3. The distribution of the multiple definitions' content between concurrent research and past research is *non-linear*. That is to say, not only are concurrent definitions more or less complex than, and in conflict with, each other but the complexity and conflict of definitions from different times is *irregularly dispersed* relative to what would be expected. Thus, some far earlier definitions of a theory are considered to be *more* complex and less conflicting than much later ones. Intuitively, it might be expected that later definitions of any theory be generally *more* complex than earlier ones and contain *less* conflict of conditions and concepts.

4. Some research includes, *within its starting definition*, determinants, situational applications and condition/concept descriptions that are not present in any previous research of the rubric.

5. No single definition discusses *all* the determinants/situational applications of *previous* research in the rubric.

The above description has been discerned from chronological background reading in chapters three, four and five and it is suggested that a similar reading technique from the reader would result in the same conclusions. However, some *preliminary* examples to support the above description are considered immediately useful. Barton et al.[27] for example deliver a definition of *EoC*. The properties of their definition however are *basic*; being closer to Staw's starting definition of EoC, despite the 1987 *antecedents* framework being available at the time of Barton et al.'s publication. As a somewhat coverall example of the main arguments; from chapters three, four and five it can be seen

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[27] S. L. Barton et al., 'An Empirical Test of Staw and Ross's Prescription for the Management of Escalation of Commitment Behavior in Organizations', <u>Decision Sciences</u>, Vol. 20, No. 3, 1989, p. 532. Barton et al. state correctly that "Escalation of Commitment is defined as a decision maker's continued commitment to a specific course of action despite information that suggests the course of action is failing." Yet Barton et al. choose an *old* description of the phenomenon when they state that "the reasons why decision makers escalate has to do with the psychological mechanism of commitment…where negative feedback leads to justification and/or self-justification…to save reputation, face and role performance."

that Staw's *Escalation of Commitment* rubric has been updated in many ways including by Staw himself. It has already been argued in the previous chapters exactly what *Staw* believes EoC to be; depicted by his 1997 categorised framework. Moreover, it has already been established that several authors' EoC works disagree with Staw and each other about particular *conditions* of EoC or make significant *determinant* or *application* additions to it. Such elements constitute: how many phases EoC occurs in,[28] the weighting of each variable of EoC,[29] whether it is ambiguous or unambiguous feedback which is a necessary precursor of EoC,[30] the role of responsibility in EoC,[31] the role of choice and the rationality of EoC[32] and whether it is *only* a *possible* choice which is the necessary component of EoC.[33] New *determinants* include self-esteem,[34] self-efficacy,[35] national culture,[36] area of expertise[37] and the type of EoC project that can exist.[38] Yet it is the case that these *determinants* and *applications* of EoC do not appear summarised *together* as background information in later EoC research. Exploring *why* the proposed conditions exist, and their implications, is largely hypothetical. Some possible reasons are explored below, with more examples from the literature to support the basic propositions.

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[28] E. Biyalagorsky et al., 'Stuck in the Past: Why Organizations Exhibit Escalation Bias', <u>Working Paper</u>, (Duke University, Durham, North Carolina, USA: 2001), pp 1-59

[29] D. R. Bobocel and J. P. Meyer, 'Escalating Commitment to a Failing Course of Action: Separating the Roles of Choice and Justification', <u>Journal of Applied Psychology</u>, Vol. 79, No. 3, 1994, pp. 360-363, S. M. Goltz, 'A Sequential Analysis of Continued Investments of Organizational Resources in Non-Performing Courses of Action', <u>Journal of Applied Behavior Analysis</u>, Vol. 25, No. 3, 1992, pp. 561-574 and Kanodia et al., 'Escalation Errors…'

[30] M. G. Bowen, 'The Escalation Phenomenon Reconsidered: Decision Dilemmas or Decision Errors?', <u>Academy of Management Review</u>, Vol. 12, No. 1, 1987, pp. 52-66 and N. Karlsson et al., 'Escalation of Commitment with Transparent Future Outcomes', <u>Experimental Psychology</u>, Vol. 52, No. 1, 2005, pp. 67-73

[31] M. A. Davis and P. Bobko, 'Contextual Effects on Escalation Processes in Public Sector Decision Making', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 37, 1986, pp. 121-138

[32] R. Lipshitz, 'The Road to Desert Storm', <u>Organization Studies</u>, Vol. 16, No. 2, 1995, pp. 243-263

[33] F. D. Schoorman and P. J. Holahan, 'Psychological Antecedents of Escalation Behavior: Effects of Choice, Responsibility and Decision Consequences', <u>Journal of Applied Psychology</u>, Vol. 81, No. 6, 1996, pp. 786-794

[34] D. B. McFarlin et al., 'On Knowing when to Quit: Task Failure, Self-Esteem, Advice and Non-Productive Persistence', <u>Journal of Personality</u>, Vol. 52, No. 2, 1984, pp. 138-156

[35] G. Whyte et al., 'When Success Breeds Failure: The Role of Self-Efficacy in Escalating Commitment to a Losing Course of Action', <u>Journal of Organizational Behavior</u>, Vol. 18, No. 5, 1997, pp. 415-432

[36] Among others, C. R. Greer and G. K. Stephens, 'Escalation of Commitment: A Comparison of Differences between Mexican and U. S. Decision Makers', <u>Journal of Management</u>, Vol. 27, No. 1, 2001, pp. 51-78.

[37] S. Fox et al., 'Escalation Behavior in Domains Related and Unrelated to Decision Makers' Academic Background', <u>Journal of Psychology and Business</u>, Vol. 10, No. 2, 1995, pp. 245-259

[38] H. Drummond, 'Too Little too Late: A Case Study of Escalation in Decision Making', <u>Organization Studies</u>, Vol. 15, No. 4, 1994, pp. 591-607

6.6 Suggesting *why* the Multiple Incongruent Definitions Situation Exists and Proposing some Implications

The introduction and conclusion to the *intuitive criticism* paragraph above is indeed a straw man response against this chapter's contention: that multiple definitions of an EoC theory do exist *concurrently*, not just *linearly* or *historically*. However, the *content* of the *intuitive criticism* paragraph – describing *how* a theory progresses or *should* progress – provides suggestions as to why this *concurrent* situation is the case. It is suggested that in the current situation, during background reading of a given theory, a given author not only (1) *adopts* just one previous definition, or takes into account a relatively small number of previous definitions, but also (2) tends to be sporadic regarding *which* definition(s) he chooses; meaning that very old or newer definitions alone or *combined* are adopted. The author then performs his research; usually creating a further[39] modification to the definitions(s) with a new determinant or application. *This* piece of research and definition then enters the academic domain. This process is termed here as *poor intra-theory communication*, but could equally be understood as *poor background reading technique*.

Before this explanation is taken further, it must be reiterated that *most* authors in an EoC behaviour rubric are suggested to follow this pattern of behaviour. Thus, it is suggested that the concepts, the conditions considered necessary for EoC behaviour and the number and types of applications/determinants present in the definition adopted in a piece of research depend upon *how many* and more importantly *what* research texts were selected for reading. Selecting just one – older or more contemporary – piece of research for example may give a detailed account of determinants if the author of *this* selected text performed a large amount of research and/or picked detailed text(s) for his own research, again regardless of whether *these* texts were older or newer. Indeed it must be restated that the terms *newer* and *older* research should be understood with caution here and *not* taken to be concomitant with 'complexity of the definition' as perhaps they could be with other theories. It is suggested that in Barton et al.'s case, they may have chosen background reading such that it conveyed only the *basics* of the theory.

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[39] *Further* if multiple background research already creates a new *composite* definition.

By implication of the argument that authors only select one or two definitions, old or new, it can be argued that older definitions of a given theory, regardless of complexity, *remain in use in isolation*, instead of becoming obsolete by being engulfed by other definitions. It is contended that they may be adopted, used to create a new definition – by *combination* if more than one definition is used, and/or through a new finding that is subsequently generated, for example – and then may be used again *in their original form* by other authors to create a different definition still. The same situation can be argued to apply to the definitions *that were created from them.*

Furthermore, again by implication of the main argument, it is contended that a finding of a piece of research can *become lost* or dispersed through time amidst the body of research of one EoC behaviour theory; it is ignored for a while, only to reemerge in a later definition or, instead, become forever *hapax legomenon*. There is then no uniform pattern or accurate prediction as to *when* it will eventually be *picked up* by future research. Thus, an addition to condition three is that some concurrent definitions, when taken as a whole in a given time frame, may have more or less determinants as a whole than earlier definitions but may also be *missing* determinants/applications that are present in the earlier ones.

The above exploration gives some degree of explanation for the MIDs situation of a given EoC behaviour theory. Indeed, the explanation for the MIDs situation – poor background reading or *poor intra-theory communication* – appears to reinforce why the first two issues discussed at the start of this chapter (*erroneous claims* and *repetition of research*) may have come about too. However, several important points have *not* been tackled here. One aspect of the situation that has not been questioned is that the *conditions* and treatment of *concepts* set out for a given definition of a theory may be different compared to another definition. It is believed here that conditions and concepts *should* generally be *standardised* throughout each rubric's research and *not* be different, though this is merely the opinion of this thesis' author. Conditions and concept understandings should generally remain constant over time, since it is contended they form the 'guts' of the theory. Such difference thus is considered abnormal and has serious implications for the theory. When a *combination* of previous definitions is used to make a new definition, it is possible these definitions may *conflict* in terms of a *condition* or

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concept understanding. Yet it is also the case that *very few authors actually discuss such disagreement*. Thus, it is assumed here that if the texts used do indeed conflict then the author merely adopts *one* view of the conflict. This means that the determinants that are *created* under the abandoned condition are now *adopted* under another. Another feasible possibility is that, if *multiple* conflicting elements are present, no one particular definition is given preference and adopted in full from those being read, but a mixture of the definitions is generated. This would appear to cast doubt upon the validity of *any* experimental findings in a given EoC behaviour theory, since the exigent question would be "would the determinants have still emerged under the new conditions/understandings of concepts?" It should be apparent that the same argument could arguably apply to those determinants merely copied from the summaries of said research pieces, yet some of these may also have suffered the same 'experimental fate' as what has just been described. As an aside, disagreement regarding the *nature* of a given determinant is rarely mentioned either. A similar 'adoption effect' as above could be assumed to be at least partially responsible for this. Yet the question as to *why* different versions of conditions/concepts exist *in the first place* has still to be answered. Furthermore, issue four, that *determinants, applications, conditions and concepts appear in starting definitions of a theory that were not present previously*, has also not been addressed. Another question awaiting an answer is "why claims of synonymy occur if multiple concurrent definitions of a given theory exist?" In other words, it appears fallacious to argue that an undefined theory is the same as another undefined theory. How then can claims of synonymy possibly be made if the *measure* of synonymy – the description of both definitions being the same – is missing? It is suggested here that the answers to these questions – and moreover a *contributing factor* to the entire MIDs situation – lies in the kind of relationship that exists between authors of *different* EoC behaviour theories.

6.7 Suggesting a Relationship between Escalation of Commitment Behaviour Theories

What must be restated immediately is that the term "*a given EoC theory*" was only used in the above discussion of MIDs for simplification purposes. It is contended here that this MIDs situation occurs in *most* of the EoC behaviour rubrics. Let us now explore

the claims of synonymy issue. *Why* claims of synonymy are made between rubrics, even when *multiple* concurrent definitions exist in both, is a difficult issue to isolate. Simply, it is fair to say that an author makes a claim of synonymy when he considers two or more theories to be the same. An obvious argument could be that an author looks at one or a number of the multiple *contemporary* definitions of two or more theories and makes a statement of synonymy if they, singularly or summatively, match. Another explanation is that the author performs detailed historical research on the theories and makes his own *contemporary* definition. However, bearing in mind the authors' proposed questionable *intra-theory* research behaviour detailed in the above lemma, it is suggested here to be more likely that an author undertakes other EoC behaviour theory research as he does his own theory; this could be called poor *intertheory* communication. Essentially, it is suggested that an author identifies one or a number of definitions from *both* theories, in the atemporal[40] manner described above, and if they match, singularly or summatively, then he may make a claim of synonymy, such as "theory x = theory y." This situation is also argued to occur when an author makes multiple comparisons, for example "x = y, z and a."

A complementary view could be that some authors simply look at the theories from a much more general point of view than specified above. They may disregard the variance in the complexity of determinants and applications between definitions of different theories and make claims of synonymy simply because they notice that the theories investigate *behaviour following negative feedback*. For example, one of Brockner's later definitions of Entrapment is that it "refers to the tendency for decision makers to persist with failing courses of action."[41] This *definition* is identical to the essence of Staw's *definition* of EoC. Thus we have a theory that in terms of its definition is identical to Staw's EoC. Yet upon examination of its *properties*, Brockner's Entrapment is still far less developed than Staw's EoC. This approach could still be argued to be a legitimate method of research however, since the *core description* of each theory could be argued to be the same when the determinants and applications research of each is stripped away. Yet the variance in *conditions* within and between EoC theories

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[40] *Atemporal* means here 'not considering the factor of time'.

[41] J. Brockner, 'The Escalation of Commitment to a Failing Course of Action: Toward Theoretical Progress', <u>Academy of Management Review</u>, Vol. 17, No. 1, 1992, p. 39

may undermine this legitimacy, since it can be argued that the *conditions* go some way to forming the core description of a theory.

Thus it is up to the researcher, it would seem, as to what degree of similarity is necessary before claims of synonymy are made. He may be rigorous and include determinant and application complexity and conditions; solely consider the conditions of the theory or simply look *superficially* at several theories and notice that there is a vague descriptive similarity and so make a claim of synonymy. Some element of Edwardian *redefinition*[42] appears to exist here then; with synonymy claims being correct or incorrect relative to the subjective level of definitional analysis selected. Finally, although not essentially a *cause* of claims of synonymy, it could be argued that an author may simply *include* a claim of synonymy from other research, in his own. Based upon this argument it is contended that a new claim of synonymy may be created if the author notices two claims that "theory x = theory y" and "theory x = theory z" and thus may create a new claim that "theory y = theory z." Similarly, an author may make the statement that "theory x = y, z and a" because he has witnessed separate claims in other research. It seems reasonable to suggest that the author may also perform the reverse and *separate* multiple claims and make singular ones in his own research.

The above description suggests how claims of synonymy may originate. However, it does not answer how such claims of synonymy are treated once they are in the academic domain. It is suggested that the consideration of claims of synonymy impacts upon several elements of the MIDs situation above. It is suggested here that an author may observe, atemporally, a claim of synonymy (such as "x = y") and with this claim in mind, *transfer* aspects of one theory and use them under another theory. Again, given that most theories are argued to suffer from the same problems, the aspects that are transferred are reliant upon the research of the other EoC behaviour theory that the author reads. This description may explain to some degree too issue four: how some aspects of research of a given EoC behaviour theory *suddenly appear*. It may also explain the

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[42] Redefinitions relate to the defining of terms more or less 'tightly' (containing more [High] or less [Low] conditions and detail) to make them true or false in a given situation. For more information on redefinitions see A. Flew, How to Think Straight: An Introduction to Critical Reasoning, (New York, USA: Prometheus Books, 1998), pp. 49-61.

variances in the conditions and concepts of a theory, since the *conditions* from one theory too may be transferred to another.

An example of point four is research by Abdel-Khalik. Abdel-Khalik[43] under the rubric of the SCE paraphrases Staw's 1997 framework. Thus, somehow Staw's EoC determinants and applications have emerged in the SCE without any of these aspects of the situation emerging previously. The SCE is actually a unique EoC behaviour rubric since it is a *determinant* of EoC behaviour according to some rubrics, yet is also considered as a standalone EoC behaviour theory. Thus it is subject to the research behaviour described above. Paradoxically then, from Abdel-Khalik's example, it can be seen that the SCE can adopt the description of a theory that includes the SCE as a determinant of it! As a research quality issue, the trend of determinants of a theory also representing the theory itself is also unique; and perplexing to the unfamiliar researcher. It is suggested that the same 'condition amalgamation' problems exist when taking facets of one theory to another as when definitions of the *same* theory are exploited. This is because the definition of the other theory that is examined – and aspects of it taken – may indeed utilise conditions that are *different* from that of the final created definition of the chosen theory. From the arguments above, an initial conclusion could be that there is some kind of cyclical contributory relationship between synonymy claim *making* and some elements of the MIDs situation: intuitively, it is suggested that claims of synonymy contribute to multiple concurrent definitions by the transference of aspects of one EoC behaviour theory to another, and many varying definitions could, depending upon author behaviour, spark claims of synonymy if they are deemed to match.

6.8 <u>Partial Synonymy</u>

Some authors *distinguish between* EoC behaviour rubrics, as opposed to stating that they are synonymous. This could be termed *partial synonymy*.[44] Bowen for example

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[43] R. Abdel-Khalik, 'Sunk Costs', in R. Abdel-Khalik (Ed.), <u>Blackwell Encyclopedic Dictionary of Accounting</u>, (London, UK: Blackwell, 1997), pp. 272-275

[44] This term 'partial synonymy' is used because it is the opposite of synonymy and means 'different but not opposite' and is *not* intended to suggest the idea of an author measuring the qualities of two theories, in a comparative fashion, as it may imply. The word 'antonymy' was *not* used since it means the 'opposite of a concept', which is impossible in this context.

makes a *division* between EoC and Entrapment, stating that Entrapment is merely "related research"[45] and that "in contrast to escalation research, subjects in Entrapment situations typically incur small continuous losses as they wait to seek a goal…as a simple function of time."[46] Bowen closely replicates an earlier statement by McCain which states "Entrapment is a process similar to Escalation…. The major operational difference has been that Entrapment studies have made increasing investment a strict function of waiting time, whereas Escalation studies have made the amount of investment an independent decision."[47] Von Hippel[48] argues Entrapment and the SCE are different too when he states they are "similar psychological phenomena;" but he does not expand explicitly on this argument. Moreover, DeNicolis and Hantula separate the SCE from Staw's EoC theory, treating the former as an explanatory determinant of the latter,[49] while investigating the SCE in the NBA league (as Staw and Hoang did in 1995). Camerer and Weber also isolate the SCE (but as *Fallacy*) for follow up research on Staw and Hoang's NBA data.[50]

Complication unsurprisingly occurs then when partial synonymy claims are in *direct conflict* with claims of synonymy. Moreover, if a partial synonymy claim is made between 'x' and 'y', and a synonymy claim is made between both 'x' and 'z' and 'y' and 'z', this presents confusion as to the true nature of 'z' owing to a form of *inconsistent*

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[45] Bowen, 'The Escalation Phenomenon Reconsidered…', p. 53

[46] Ibid.

[47] B. E. McCain, 'Continuing Investment under Conditions of Failure: A Laboratory Study of the Limits to Escalation', Journal of Applied Psychology, Vol. 71, No. 2, 1986, p. 280

[48] Von Hippel, 'Sunk in the Sahara…', p. 114

[49] J. L.DeNicolis and D. A. Hantula, 'Sinking Shots and Sinking Costs? Or, how Long Can I Play in the NBA?', Academy of Management Executive, Vol. 10, No. 3, 1996, p. 66. Here, the theory Escalation of Commitment is defined as "the tendency to become entrenched in a losing course of action, or to continue to invest in a situation that is likely to fail." DeNicolis and Hantula separate the SCE from EoC behaviour by stating that "o*ne explanation* [my italics] for Escalation of Commitment suggests that the resources initially expended in a course of action (sunk costs) affect subsequent commitment to that action."

[50] C. F. Camerer and R. A. Weber, 'The Econometrics and Behavioral Economics of Escalation of Commitment: A Re-Examination of Staw and Hoang's NBA Data', Journal of Economic Behavior & Organization, Vol. 39, No. 1, 1999, p. 60. Camerer and Weber state that "Escalation of Commitment and the Sunk Cost Fallacy are essentially the same phenomenon: both lead decision makers to exaggerate investments following previous commitment of resources. One distinction is that escalation may be associated with forms of commitment other than previous expenditures of economic resources, or sunk costs. For instance, it is possible for a decision maker to escalate following a verbal commitment. This implies that escalation is a more general phenomenon which *includes* escalating commitment to sunk costs." Although the *reasoning* behind this distinction can be argued to be not entirely correct, (EoC is the *act* of reinvesting in a previous action, it does not *lead* to it) the schism does lend some credibility to Camerer and Weber.

triad.[51] It is contended here that partial synonymy claims are generated in a similar but inverse way as standard claims of synonymy. However, the facet of a *noticed difference* between theories implies some aspect of meticulousness among these authors. Yet, the close similarity between Bowen and McCain's statements raises the prospect that as synonymy claims may be superficially copied from one author to another without examination, so perhaps can claims of partial synonymy.

6.9 Interdisciplinary Communication and the *Translation* of Escalation of Commitment Behaviour Theories

There is a further element to consider regarding the poor intra- and inter theory communication proposed above. EoC behaviour is researched in many *disciplines* as well as under many rubrics; with some rubrics only existing in some disciplines. Based upon, and relative to, the proposed *intra*-disciplinary (*intra-disciplinary* intra- *and* inter theory) behaviour, it is suggested that communication between EoC behaviour rubrics of *different* disciplines is arguably even *less effective*, owing to academic dissimilarity, or *academic distance*, between disciplines. Moreover, such interaction may improve the closer, *academically*, the two disciplines are. The rubrics are not 'rigidly isolated' according to discipline however. Claims of synonymy for example do arise between interdisciplinary theories, and it is feasible that a theory definition could be used in a theory of another *discipline* because of such claims.[52] A further observation is that some rubrics have been *translated* ('adopted') from one discipline to another (research under a given rubric is undertaken in an environment or discipline other than the original). Yet it is suggested here that a translated theory in another discipline develops in near isolation from its namesakes, in the original/other disciplines. It is contended that some authors consult cross disciplinary literature when studying a theory and some do not.[53] This issue *may*

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[51] T. Mautner, 'Inconsistent Triad', in T. Mautner (Ed.), The Penguin Dictionary of Philosophy, (London, UK: The Penguin Group, 2000), pp. 271-272. An inconsistent triad consists of three propositions of which at most two can be true at any one time.

[52] Intuitively, a definition from one theory could even end up back in the same discipline from which it came, owing to it 'travelling' by synonymy claims.

[53] For example, D. Walton, Personal Communication, (Email, 24/10/04). Walton states that "as far as I know, nothing hasbeen [sic] done on the foreign policy aspects of sunk costs argumentation, but it would

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contribute to *the repetition of research* and *erroneous claims* issues. Moreover, the earlier argument, that there is poor communication between authors studying the *same* theory in the *same* discipline, is suggested to also apply to translated theories. Thus not only is there poor communication between authors of the same theory in different disciplines but also between authors studying the same *translated* theory *within* a discipline.[54]

6.10 Semantic Errors

It is suggested here that another possible cause of varying applications, conditions and concepts within a theory lies with a theoretical construct labelled here as *semantic errors*. Semantic errors mean here slight shifts in word usage when a definition is copied or made, irrespective of how. An illustration of the *potential* pervasiveness of this phenomenon is Proctor.[55] Proctor here, presents a definition of Entrapment. He states "a responsible individual increases a commitment to an ineffective course of action to justify the previous allocation of resources." One could argue that numerous semantic issues could exist here, or have already occurred, that would change the meaning of the theory. Proctor's "responsible individual" could turn into just "individual" and his "to justify" could turn into "*in large part* to justify." Conversely, Proctor may have *already* made semantic errors when making this definition from elsewhere: Brockner, for example, uses "in large part to justify." The resultant definitional, semantic *nuances* are potentially multitudinous. Moreover, such semantic differences may promote claims of synonymy/partial synonymy where they may not have otherwise occurred. As an aside, semantic errors made when creating a definition may cause adopted determinants to be 'invalidated', since an altered condition/concept is now part of the definition.

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be a very good topic for research. Maybe I am overlooking something, because I am not expert in political science or foreign policy matters. There is material on it in economics (quite a bit)…."

[54] For example, I. McLean, Personal Communication, (Email, 21/10/04). McLean reveals an uncertain amount of *communication* when he states that "I borrowed the term from Richard Dawkins. Despite my efforts it has not been much used in political science." While the claim that it has not been used much in political science is true, and he does state that Dawkins founded the theory, he does not mention the texts raised in the earlier part of this chapter (when critiquing Arkes and Ayton), that *do* mention the Concorde Fallacy in the political sphere.

[55] A. Proctor, 'Strategic Windows and Entrapment', Management Decision, Vol. 31, No. 5, 1993, p. 55

6.11 Quality Based Issues Related to Multiple Rubrics, Multiple Incongruent Definitions
    and Synonymy Claims

If the core issues of the above debate are relegated momentarily, a number of *quality based* issues also exist which involve *multiple rubrics*, *multiple incongruent definitions of each theory* and *synonymy claims between theories*. One such issue is that some authors change their terminology of a chosen theory within one piece of research (for example, in one paper, Whyte changes his chosen theory of EoC to Entrapment).[56] Moreover, some authors change their view, *between* research texts, concerning the level of synonymy between particular EoC behaviour theories, *without explanation*. In the first of two papers, Janssen et al. label the terms SCE and EoC as synonymous.[57] Yet in the latter paper, Janssen and Scheffer comment that "Escalation of Commitment is *very similar* [italics mine] to the Sunk Cost Effect"[58] and *do not explain* this change of opinion. Some authors also change their *definition* of a chosen rubric between research pieces. For instance, in earlier definitions, Brockner argues that *Entrapment* is the "tendency for individuals to make increasing commitments to some failing course of action, in large part to justify the appropriateness of previous investments made in that situation."[59] However, in a later paper, *without explanation*, Brockner removes the 'justify' element. Here, Entrapment "refers to the tendency for decision makers to persist with failing courses of action."[60] The change/absence of just part of a definition, then, can drastically shape one's interpretation of a theory. The most important point here however is that the definition changes *without explanation*.

Finally, in some instances, an author's chosen definition of a theory appears to *contradict* itself. A paper by Paraye appears to demonstrate this and, additionally, includes a change in terminology *mid-text*. Regarding the SCE, Paraye states "by letting

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[56] G. Whyte, 'Escalating Commitment to a Course of Action: A Reinterpretation', Academy of Management Review, Vol. 11, No. 2, 1986, p. 318

[57] M. A. Janssen et al., 'Sunk-Cost Effects and Vulnerability to Collapse in Ancient Societies', Current Anthropology, Vol. 44, No. 5, 2003, p. 722

[58] M. A. Janssen and M. Scheffer, 'Overexploitation of Renewable Resources by Ancient Societies and the Role of Sunk Cost Effects', Ecology and Society, Vol. 9, No. 1, 2004, p. 11

[59] J. Brockner et al., 'The Role of Modeling Processes in the 'Knee Deep in the Big Muddy Phenomenon'', Organizational Behavior and Human Decision Processes, Vol. 33, 1984, p. 77

[60] Brockner, 'The Escalation of Commitment to a Failing…', p. 39

go of the project, it will be difficult for the manager to escape the feeling that the resources previously committed have been wasted."[61] Two errors are then made. First, Paraye states that "the sunk cost phenomenon…entails psychological costs of switching that exceed purely economic switching costs"[62] yet later states that "*Escalation of Commitment* [italics mine] is justified on purely economic grounds."[63] Here then there is not only a change in terminology within the paper, but the definition appears to *self-conflict* too.

6.12 The Lack of Research Sharing

Most EoC behaviour theories have a degree of utility regarding their specialisms or research findings that would be useful or applicable to *another* EoC behaviour theory (e.g. Bornstein et al. give some novel facets to *their* understanding of the *SCE* that could also apply to *EoC*[64]). Yet, overall, such aspects are *not* shared between theories. This is suggested to be the fault of another kind of poor intertheory communication, related to *ignorance* of other work. This argument may seem to contradict the previous arguments that synonymy claims allow aspects of one theory to be 'expressed' by another. However, the argument *here* concerns the lack of *purposeful* and *explicit* intertheory aspect transference.

6.13 The Lack of Research Direction

The analogy of the snowball earlier in this chapter can be expanded by arguing that the all-encompassing snowball doesn't just roll downhill, it often *changes direction* in that it gathers research based upon a particular *aspect* of the theory. The Groupthink snowball for example has recently focussed upon questioning how necessary *group cohesion* is for triggering Groupthink. It is argued here that the EoC behaviour snowball

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[61] R. Paraye, 'The Strategic Implications of Sunk Costs: A Behavioral Perspective', Journal of Economic Behavior & Organization, Vol. 28, No. 3, 1995, p. 418
[62] Ibid., p. 419
[63] Ibid.
[64] B. H. Bornstein et al., 'Rationality in Medical Treatment Decisions: Is there a Sunk-Cost Effect?', Social Science & Medicine, Vol. 49, No. 2, 1999, pp. 215-222

whether as a whole or apropos particular theories has no such direction; a number of vastly different determinant and application directions seem to occur simultaneously, with little sense of common purpose. This aspect of EoC behaviour research is important, not least because it relates to a general lack of focus and also a lack of 'attachment' between both intra- and inter theory authors.

6.14 Escalating Commitment and Becoming Entrapped

Another issue is that 'Escalation of Commitment' and 'Entrapment' are not only the names of theories, but they are also verbs. One can *escalate commitment* simply as a verb, when one reinvests purely because of sunk costs, regardless of Staw's named theory. Similarly, one can become *entrapped* in both EoC and the SCE theory because one wants to stave off losses, however with no relevance to the theory of Entrapment.[65] This argument *may* explain some of the examples of interchangeable theories between texts and mid-text cited above, and *some* of the synonymy claims. Yet it should at the same time be acknowledged that it does not excuse the changing of definitions and properties within or between pieces of research, without explanation. Moreover, criticism can still be levelled at the authors in question for *not* making this point themselves, knowing that confusion may be caused to authors who have taken the time to familiarise themselves with the many names, nuances and subtleties of EoC behaviour theories.

6.15 Looking Again at the Twenty Seven Escalation of Commitment Behaviour Rubrics

It has been argued above that twenty seven theories exist which describe EoC behaviour. It is contended here that *usage* issues exist with some of these theories. For instance, many of the theories are used once only: by the *theory's inventor* (e.g. the 'Our Boys...' Fallacy, 'Lock In', the 'BPH' and the 'Dead Loss Effect'). TMITQ *could* be considered here too but, in mitigation, it was one of the first EoC behaviour theories in conflict escalation literature. Furthermore, some theories in the list consist of a slight

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[65] One example of this proposed phenomenon could be J. Brockner and J. Z. Rubin, Entrapment in Escalating Conflicts: A Social Psychological Analysis, (New York, USA: Springer-Perlag, 1985), p. 6.

variation in terminology (e.g. the SCF, Honouring Sunk Costs, the Concorde Effect, the Concorde Fallacy and the Concord Fallacy [no E]). Finally, some theories are not even *defined* (e.g. the 'Our Boys...' Fallacy; used as a comparison for the Concorde Fallacy). The large number of labels *could* be a reaction to a, largely unspecified, *recognition* that *multiple incongruent definitions* of the established theories exist, and a *quasi clean break* is sought through a new label. However, undermining this argument, claims of synonymy with the established theories are usually made. It is unlikely that ignorance of every form of prior EoC behaviour research is responsible either, since even a cursory investigation will produce a large amount of such research. The benefits numerous labels bring to EoC behaviour theory are uncertain. One *limitation* is clear however: unnecessary complexity. A new label, the substitution of *effect* with *fallacy* or the absence of an '*E*' may seem unimportant, yet as EoC behaviour is suggested here to be *pathologically* complex and disjointed, *further* complexity is undesired. Even if the decision is an *unconscious* one, changing the name of a theory or inventing a new name, suggests a questionable research practice as does the absence of a letter in the word that is the focus of one's essay through a *typographical error*. The issue of semantic errors then may also figure with this issue. In sum, through examination of all the theories, it is suggested that – even at their most radical – they are still just variations of one of the following: EoC theory, Entrapment, TMITQ, the SCE and the Concorde Fallacy. Theory disputes/differing interpretations and new definitions/discoveries could, should, and *in some sense* already do, reside within the established theories; such aspects are made no more valid by making new labels to accompany them.

6.16 Misrepresentation of Previous Research by Escalation of Commitment Behaviour Authors

It is suggested here that some authors *directly misinterpret* founding or other authors when criticising them; a form of *ignoratio elenchi*,[66] or a straw man argument. It should be emphasised here what is *not* being criticised: valid criticism and modification

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[66] Literally meaning 'misconception of the refutation', *ignoratio elenchi* means arguing against something that the other party has not proposed.

that is well signposted. Many authors validly carry out their critique of Staw for example. Lipshitz modifies Staw's EoC concept with what he labels as the Single Option Paradigm (SOP). While it is considered that the SOP is somewhat saddled with over-complexity, Lipshitz does not *misinterpret* Staw's own concept and this is to be commended. However, other authors are not so accommodating. Bowen for example, argues that Vietnam is not a perfect example of EoC behaviour because it involved ambiguous information regarding the utility of continuance, instead of unambiguous information, which Bowen attributes as one of *Staw's* conditions. However, Staw specifically states that *ambiguous* feedback *is* a condition of EoC. It would have been more acceptable for Bowen to *argue* for unambiguous information to be the condition, instead of misinterpreting Staw.[67] Staw responds to Bowen's straw man argument, but does not seem to explicitly recognise the misrepresentation.[68] Hartman and Nelson also talk of "Staw's notions of Entrapment,"[69] when looking at EoC behaviour in group dynamics. Such misinterpretation confuses matters in that, first, valid modifications or suggestions can be made to a theory but these are then undermined by awareness among the readers that there has been an acute misreading of the original theory by the author. Second, such work could be easily adopted by a researcher who is meta-analysing a theory and who takes the misinterpreted information as a given.

6.17 Issues Relating to the *Concepts* of Escalation of Commitment Behaviour

It was suggested at the start of this chapter that important concepts utilised within EoC behaviour rubrics are not properly entrenched. Indeed, some concepts are not even defined or explored, in *any* EoC behaviour theory. Many concepts are, to use Dumbrell's

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[67] Bowen, 'The Escalation Phenomenon Reconsidered…', p. 53. With relevance to Staw's framework, Bowen states "for an escalation explanation to be appropriate, decision makers must have had unequivocal feedback that their reinvestments in the war would fail to bring victory." This refutation, as demonstrated in the previous chapters, is incorrect.

[68] B. M. Staw, 'The Escalation of Commitment: An Update and Appraisal', in Z. Shapira (Ed.), Organizational Decision Making, (Cambridge, UK: Cambridge University Press, 1997), p. 193. Staw states "meeting with such a high hurdle has generally been resisted. Few doubt that escalation effects would disappear if the decision maker is confronted with clear cut information that persistence will lead to disaster."

[69] S. J. Hartman and B. H. Nelson, 'Group Decision Making in the Negative Domain', Group & Organization Management, Vol. 21, No. 2, 1996, p. 151

words, "poorly defined and vacuous."[70] EoC behaviour concepts *should* be defined and entrenched *throughout*, not just among *singular*, EoC behaviour theories, since these concepts form the backbone of the entire behaviour. The previous chapters investigate several of these issues comprehensively. However, some issues *do* need to be revisited. The issue of a *resource*, for instance, is dubious. No author defines what a resource 'is', in terms of nature, classification and function. Regarding *instances* of a resource, some authors only recognise *money*; others recognise *time*, *energy* and *lives*. The resource 'idea' though is perhaps dependent upon the *discipline* the author inhabits. An important implication here is that just because some resources are *not* considered as resources in certain theories or, if considered, not *investigated* in certain studies *within* these theories, does *not* mean that they are not resources and that they do not cause EoC behaviour. Moreover, it is contended that some resources are present in *every* EoC behaviour situation, notably *time* and *energy/effort*. EoC behaviour authors do not recognise this argument. Nor do they recognise that some resources are implicitly *connected*, so that if one resource is employed, another will be also (for instance, when *time* is expended *money* is typically concomitant). A complete, uniform definition and a classification scheme of resource types would be useful, but both are absent from EoC behaviour research.

The concept of a resource also figures with the concepts of *recoupability*, *refundability*, *costs* and *sunk costs*. Sunk costs *could* be considered simply as invested, non-refundable resources: dead money is non-refundable, dead soldiers cannot be resurrected, time cannot be regained. Sunk costs however could be argued to be potentially *recoupable*. If the project has some rewards at the end (even following a net loss), then the sunk costs can be argued to have been *recouped* (for instance, the money it cost to build machinery is recouped as income on the objects it manufactures). Although recoupability could just be seen as benefits *detached* from sunk costs, recoupability could be argued to be linked to sunk costs since benefits *would not* arise if it was not for their initial investment. Some sunk costs though are felt never to be recoupable, notably *time* and *life*. Instead, it is suggested that non-recoupable sunk resources are *converted* to other

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[70] J. Dumbrell, 'Unilateralism and 'America First'? President George W. Bush's Foreign Policy', The Political Quarterly, Vol. 73, No. 3, 2002, p. 286

resources, in the rewards domain (e.g. soldiers' lives could be argued to be converted to political *face*, following successful military action). And, as some resources are implicitly connected, some rewards may be too (e.g. a profitable project will also likely produce a gain in *face*). If face is considered a sunk cost, then the SCE may actually contain significant justification motives after all, since not wanting to 'waste invested face' is arguably equatable to justifying ones actions. However, that face can even be considered as a resource is deemed questionable. Zeelenberg and Van Dijk[71] do distinguish between behavioural and non-behavioural sunk costs. A complex observation emerges when looking at sunk costs: some resource types can be invested and refunded – and thus are not sunk costs – *unless a particular action occurs*. For example, soldiers can be *withdrawn* from combat *unless* they are KIA. The apparent sunk costs associated with *living* soldiers then are actually *money* (for feeding/equipment/salaries). *Resources*, *costs*, *sunk costs*, *recoupability* and *refundability* require much further examination than the mere *possibilities* outlined above.

It has also been demonstrated that disagreement exists regarding *how* EoC behaviour *proceeds* and what EoC behaviour *means*. Authors generally do not state what *escalation* means beyond vague 'continuance'. In some cases, *escalation* and/or *continuance* appear to comprise *maintenance and intensification*, yet *escalation* is often used to describe *intensification* too, creating considerable confusion regarding what form of escalation is being discussed. Important issues related to this discussion (deescalation, defining and separating maintenance and intensification, numerical and nature perspectives, the meaning and adoption of values and measures, and competition contexts) are explored in the critique of Staw's and Brockner's work; the argument *here* however is that these observations are *generally* applicable to *all* EoC behaviour research.

As *Escalation* is a dubious term, so too is *Commitment*. Staw, Brockner, Teger nor Arkes provide a definition of what it is to be committed and/or to have commitment. Understanding of commitment, in EoC behaviour research, comes from 'subsidiary'

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[71] M. Zeelenberg and E. Van Dijk, 'A Reverse Sunk Cost Effect in Risky Decision Making: Sometimes We have too Much Invested to Gamble', <u>Journal of Economic Psychology</u>, Vol. 18, No. 6, 1997, p. 682

authors.[72] Understanding also comes from non-EoC behaviour research (particularly by Festinger). These interpretations, though, conflict. Another – related – issue involves the concept of *change* and the apparent paradox that exists between the *continuance* nature of EoC behaviour and the *proposed* 'changes' that may occur when one escalates commitment. Furthermore, the relationship between EoC behaviour and what is termed 'traditional escalation' has also been shown to be dubious; warranting further investigation.

Success is also a problematic, and arguably subjective, term. It is not stated in EoC behaviour research *how* one determines whether or not an action has been successful, or if one should feel gratified by the outcome. The 'solution' could be deemed obvious and undeserving of articulation: *measure success in terms of completed goals*. Yet goals may be *ambiguous*, and attaining even a precise goal could still be interpreted as unsuccessful; if significant costs were incurred in the process, for instance. This discussion has implications for other poorly defined concepts like *negative* and *positive feedback*, *failure* and *rationality*. For instance, an outsider could view a feedback episode as positive, while the actor may view it as negative; for reasons *related* to those outlined above (including *feedback ambiguity and interpretation* and *incurred cost information availability and interpretation*). There is also the matter of correctly interpreting the *likelihood of success* associated with feedback. The outsider may therefore believe that the actor is behaving rationally by continuing, whereas he is actually committing *irrational* EoC behaviour. There is then an overriding issue of how one can *objectively* determine success and failure *and* discern *rational* from *irrational* reinvestment. It would also seem that the terms 'failure' and 'success' are reliant upon the outcome of the 'change' discussion above, since if an action is deemed to have *changed*, then it could also be argued that it is no longer occurring. This issue in particular requires much further exploration. Schoorman and Holahan's interpretation of EoC behaviour also has relevance to 'feedback'. Linking the outcomes of selected and unselected choices however is deemed problematic and tenuous; just because an alternative performs well, for instance, does not mean that the *unselected* choice would have performed badly/worse. Another important,

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[72] For instance, Barton et al., 'An Empirical Test of Staw and Ross's Prescription…' and McElhinney and Proctor, 'Concept of Entrapment…'.

but hitherto undiscussed, aspect of feedback concerns how it is measured and what values are used to gauge it. Moreover, a *competitive* situation could potentially complicate one's interpretation of feedback and success/failure.[73] Overall, *negative and positive feedback*, *success*, *failure* and *rationality* are deemed complex terms that are poorly entrenched in EoC behaviour literature.

A further conceptual problem concerns the use of *conflicting* terminology among authors. Staw, Brockner and Teger use differing terminology to express competitive, non-competitive and solitary situations. One could argue that *founding* authors are entitled to employ differing terminology in *their* theories and that only authors who make or use synonymy claims *between* theories need to explain any terminological differences. Yet founding authors, like 'non-founding' authors, often *do* make comparisons without mentioning terminological differences or suggesting *terminological priorities*. There is also the issue of some authors using differing terminology *within* existing theories.

Another concept in EoC behaviour research is the DMU. Problematically, no author defines what a DMU 'is' or states the *range* of DMUs that exist, irrespective of whether or not they believe these apply to EoC behaviour. The nature of the DMU and the range of DMUs that exist are 'implied' by authors when they describe what DMUs they believe can commit EoC behaviour and/or in the language they use. The DMU issue however is more complex than as expressed here and is explored further below.

6.18 The Negative and Neutral Treatment of Escalation of Commitment Behaviour

There is an assumption by virtually all EoC behaviour authors that EoC behaviour is either a negative or neutral phenomenon;[74] where the main question is whether continuing after negative feedback is either rational or irrational, with a focus on the

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[73] As previously stated, competition can emerge in various forms and it is suggested that although the duopolistic, head-to-head form is the dominant 'species' in terms of literature covered, the focus of this thesis and the nature of 'conflict escalation', other forms *do* exist and the argued *determinant effects* (beating/punishment), *coercion of reinvestment levels* and *additional feedback and intensity measures* may not be as prevalent or suitable in some forms of competition as others.

[74] The general treatment of EoC behaviour, apropos sunk costs at least, is summed up neatly by R. Jervis, 'The Political Implications of Loss Aversion', <u>Political Psychology</u>, Vol. 13, No. 2, 1992, p. 188. Jervis states simply that "it is not rational to be influenced by sunk costs."

latter. While authors like Nozick, Elster and Diekman et al.[75] argue that a *conventionally irrational* determinant of EoC behaviour – sunk cost reasoning – *may* be beneficial, it is contended that only Walton argues explicitly and in detail for the *utility* of suffering from the SCE, through autoepistemic reasoning. What Walton's work serves to do is inform the readership that escalating commitment in this way may not only be rational but, more importantly, *optimal* and can be brought on by deliberate *meta-reasoning*. That is to say, there may be times when obeying sunk costs does not necessarily mean an opening of the "normative descriptive gap."[76] The EoC and Entrapment theories predominantly deal with situations where the actor would *probably* be better off quitting and try to explain why this does not occur, by discussing determinants such as sunk costs. Yet Walton's autoepistemic reasoning deals with the actor *deliberately* considering this conventionally irrational facet to overcome negative feedback, in a situation where the *greater*, *optimal* good is served (for example, an *anticipated* aversion to exercise is blocked by purchasing an expensive treadmill). Examined literature, for instance the electronics firm example in chapter three and Fearon's 'lock in' tactic in chapter four, also concerns using sunk cost reasoning against others, in competitive situations.

This however is only one side of the coin. One could reason further and envisage a predicament where the autoepistemic actor has 'deliberately' over-invested resources (the expensive treadmill) but then carries on despite *unexpected* feedback (e.g. suffering an injury) because of such over-investment. Thus, autoepistemic reasoning could be argued to trigger what could be termed the *Autoepistemic Sunk Cost Effect* and 'irrational' behaviour. Similarly, regarding the electronics firm example, when this *simulative* signalling manoeuvre fails, a *Simulative Sunk Cost Effect* could be suggested; where continuance occurs because of the sunk costs invested. Thus the firm is trapped in an unprofitable venture. In Fearon's example too, the actor may continue because of the *simulatively* invested costs. It was also argued when looking at Fearon's example in

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[75] R. Nozick, <u>The Nature of Rationality</u>, (Princeton, New Jersey, USA: Princeton University Press, 1993), p. 23, J. Elster, <u>Ulysses Unbound: Studies in Rationality, Precommitment and Constraints</u>, (Cambridge, UK: Cambridge University Press, 2000), p. 19 and K. A. Diekmann et al., 'The Descriptive and Prescriptive Use of Previous Purchase Price in Negotiations', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 66, No. 2, 1996, pp. 179-191.

[76] P. A. Klaczynski, 'Framing Effects on Adolescent Task Representations, Analytic and Heuristic Processing and Decision Making: Implications for the Normative/Descriptive Gap', <u>Journal of Applied Developmental Psychology</u>, Vol. 22, No. 3, 2001, p. 290

chapter four that *autoepistemic* reasoning can be undertaken in competitive situations. One could also argue that the costs could serve a *dual* autoepistemic/simulative purpose here; not only in priming the actor to act when the time comes, but also in letting the enemy know the actor is serious; perhaps ironically avoiding a war that the actor was actually willing to fight.

However, sunk costs are only one part of EoC behaviour. The question that needs to be asked is could other elements of Staw's framework (for example) be used in a *utilitarian* sense and in the examples above? Fearon already talks of 'audience costs', which could be translated into 'external justification/face' motives; already in Staw's framework. In the *autoepistemic* exercise example, Mary could *deliberately* tell others of her intentions to lose ten pounds in weight, knowing in advance that when she falters, she will carry on so as not to lose face. 'Side bets' too (a diffuse factor, meaning something slightly different from Becker's[77] original intent, but taken for now to indicate *other factors which are reliant upon the outcome of the situation under investigation*) may also serve some utility here, with the actor *deliberately* linking the action under investigation to 'other actions'; which are dependent upon the outcome of said action. It is reasonable to assume here that side bets could be applied to simulative reasoning events too. Both determinants could of course be applied in autoepistemic or simulative examples when the actor really should quit.

Other non-autoepistemic/simulative determinants also deserve consideration in this discussion though. Pressure to continue from stakeholders for example may be utilitarian if the decision maker is weak. The question that is inevitably begged[78] however is: does this consideration invalidate the purpose of EoC behaviour research as a whole? On a simpler note, EoC behaviour when feedback is good is arguably rational, yet inclusion of this in the EoC behaviour concept is dubious, since *negative* feedback is the focus of EoC behaviour. All these issues certainly need more analysis as to their validity and their applicability to EoC behaviour. However, some Groupthink literature authors have already cited the *utilitarian* effects of Groupthink; renaming standard Groupthink as

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[77] For more information on side bets, see H. S. Becker, 'Notes on the Concept of Commitment', <u>American Journal of Sociology</u>, Vol. 66, No. 1, 1960, pp. 32-40.

[78] This phrase is used here in the contemporary sense, rather than the traditional, *petitio principii*, sense.

premature concurrence seeking. Such advancement has not occurred with EoC behaviour research; even though it may be possible and beneficial to do so.

6.19 The Treatment of the Decision Making Unit and Group Dynamics in Escalation of Commitment Behaviour Research

Numerous issues exist in EoC behaviour literature regarding DMUs. Not only is 'DMU' left undefined, but there is also ambiguity regarding *which* DMU types are considered applicable to EoC behaviour. Even when DMU types are *explicitly* suggested, further issues are argued to exist. Recall the classification scheme – points 1-7 and A-G – from chapter five. Although it is not the intention here to *explain* the issues outlined there, it is deemed prudent to expand upon several of them. As stated in points six and F, there is indeed a *cybernetic* focus[79] of group EoC behaviour literature upon the Groupthink phenomenon. One possible reason for this could be the *obviousness* of the link between EoC behaviour and Groupthink. Another reason could be that most contemporary group dynamics literature in general also focuses cybernetically upon Groupthink. Kramer, for example,[80] states that "Groupthink has acquired the status of a metaphor for organizational and group decision making." 't Hart argues the same apropos foreign policy making.[81]

Finally, 't Hart states that "Groupthink theory is in danger of becoming an all purpose label stuck on flawed policies...."[82] However, a fact which undermines this argument is that recent post-Groupthink research *has* occurred in group dynamics theory, which, moreover, suggests many facets that are potentially applicable to group (and perhaps even *individual*) EoC behaviour research. Indeed much of the new research is created by the same authors who criticise the cybernetic Groupthink focus of group

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[79] To clarify, 'cybernetic' is considered to be the best word to represent the 'pathological blinkeredness' argued to be in existence.

[80] R. M. Kramer, 'Revisiting the Bay of Pigs and Vietnam Decisions 25 Years Later: How Well has the Groupthink Hypothesis Stood the Test of Time?', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 73, No. 2/3, 1998, p. 267

[81] P. 't Hart et al., 'Foreign Policy-Making at the Top: Political Group Dynamics', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making</u>, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), pp. 11-12

[82] P. 't Hart, <u>Groupthink in Government: A Study of Small Groups and Policy Failure</u>, (Baltimore, Maryland, USA: Johns Hopkins University Press, 1990), p. 129

dynamics research. Importantly, this approach has *not* been replicated in group EoC behaviour research. The issue then would appear to be not that group EoC behaviour literature is dominated by Groupthink per se, but that it has not *moved on* with other group dynamics research. It is suggested that since Groupthink dynamics have been argued to influence group EoC behaviour, this post-Groupthink research also has potential utility and it would be beneficial for it to be explored and, if applicable, assimilated into EoC behaviour research.

It should also be noted that the word 'group' is not defined anywhere in EoC behaviour literature; any definitions of what a group is come from group dynamics literature. It appears to be assumed in EoC behaviour literature that the reader is already knowledgeable of group dynamics, even though, given the minority nature of group EoC behaviour research within the greater EoC behaviour research body, this is not likely to be the case. In addition to the classification scheme, there are also secondary issues to consider. For instance, group EoC behaviour literature suffers from *erroneous/false claims*, discussed in chapter five apropos Street and Anthony, who also exclude parts of Groupthink and Staw's EoC when exploring both theories and employ an older model of EoC. Given the embryonic state of Groupthink/EoC behaviour research it is considered premature here for researchers to preclude parts of both behaviours from comparison. Although some of the issues raised in this classification study may be intuitively explained by the other issues raised in this chapter, it is considered that the reasons some other DMU/group issues exist are not clear and require further exploration.

6.20 The Many Unexplored Facets of Escalation of Commitment Behaviour

As has been argued throughout this thesis, it is considered that a very large number of unexplored determinants and applications of determinants exist which may have utility for EoC behaviour. This argument can be summed up using two highly specific arguments and one 'condition'.

First, based upon EoC behaviour and non-EoC behaviour literature, the author posits that a large number of entirely new and unexplored DMU specific and non-DMU specific determinants of EoC behaviour exist. Second, it is posited that many existing

facets from non-EoC behaviour literature may have utility for EoC behaviour research. As a *condition* it is considered that *existing* EoC behaviour and non-EoC behaviour determinants, where deemed applicable, can be applied to other DMUs than those stated.

To clarify these points, some potential facets relate, for example, to the flip side of EoC behaviour research, that of *prevention* and *mitigation*. It is thought that measures deemed to prevent or limit EoC behaviour may actually *encourage* it. Importance is also placed here upon certain EoC behaviour determinants that have only been explored in one DMU type and the *adaptation* of more generalised determinants to create *complementary* DMU *specific* determinants.

6.21 <u>Conclusion</u>

This chapter has explored what are considered to be important issues concerning EoC behaviour. The following chapter explores further *why* these issues exist. Importantly, it suggests some *overriding* causes and, moreover, presents a *temporal* process through which the issues under discussion may have *originated*. Based upon the issues above *and* their hypothesised causes, an informed judgement is then made regarding the current *state* of EoC behaviour research. Finally, the chapter prescribes the actions which may *improve* the state of EoC behaviour research.

7.0 <u>Exploring Further the Causes and Effects of the Issues Discussed; Illustrating the State of Escalation of Commitment Behaviour Research and Prescribing Measures to Improve it</u>

The previous chapter demonstrated that many issues exist which have relevance to contemporary EoC behaviour research. The issues were explored as to their nature, frequency and, in some cases, most obvious causes and effects. This chapter expands upon this analysis. The first aim of this chapter is to explore further the causes and effects of the issues discussed previously. It is suggested that the causes and effects of the issues are very difficult to separate; as one issue is often the *effect* of another and interactions are frequently thought to be extremely complex and in some cases potentially self-perpetuating. Those issues which cause other issues are labelled as *intermediate issues*, and those which do not are labelled as *immediate issues*. It is then argued that the *overall* genesis of the immediate *and* intermediate issues is the result of less obvious, more insidious and more powerful causative factors, called *overriding issues*. It is argued that these issues too may interact both with each other and with the immediate and intermediate concerns. Complementing this argument, it is contended that a powerful *temporal* dynamic once existed that dictated by what process and in what order the issues under discussion originated.

Following this study, the second aim of this chapter is applied: to settle on the current *state* of EoC behaviour research. The judgement is a *summative* reflection of the issues' natures, supposed rates of occurrence, causes and effects. Ultimately, the judgement is based upon the proven or falsified hypothesis that *the current state of EoC behaviour research is extremely poor*. Once the *state* of EoC behaviour research has been announced, the final aim of this chapter, to prescribe measures that would *improve* the state of EoC behaviour research, is performed.

7.1 <u>Suggesting Further Causes and Effects of the Issues</u>

Chapter six argued that *some* of the issues discussed may actually be responsible for other issues, and in complex ways (recall particularly poor intra- and intertheory

communication, claims of synonymy and semantic errors). Additionally, here, the usage of some determinants as standalone theories also could be the fault of poor intertheory communication. Several of the listed DMU/group issues could be blamed on background reading issues too, since DMU types, it is suggested, fall under 'applications' in the MID situation. Thus, issues like *the relatively small body of literature that explicitly recognises the group DMU* and *the Groupthink-centric focus of group specific research* could be explained through the process of poor communication; perhaps through lack of recognition of new, relevant research. Similarly, semantic errors could be held responsible for some instances of *ambiguity* regarding which DMUs are being referred to in a piece of work.

Overall, then, it is suggested above that many of the issues have some likely and straightforward origins, if the reader applies these issues to the research situation described in chapter six. However, to discuss here each possible cause, and form and degree of interaction would be counterproductive. Instead, two more important issues need to be discussed. The first is to explore the reasons for which the proposed *intermediate issues* that have *not* been given a cause exist in the first place. The second is to hypothesise what causes exist to explain the immediate issues that have had *no* proposed origin up to now. It is suggested that *overriding issues* exist that answer best the remaining questions. These issues are labelled *overriding* because it is thought that they were the first steps in the 'interactive situation' that many of the EoC behaviour research issues are argued to be in; they are the cause of the issues that have been given no proposed origin and they help *maintain* the current situation. As implied here, there is considered to be a temporal aspect to this situation that suggests *in what order* all issue types came about.

7.2 Exploring the Overriding Issues

It is contended that the main overriding issue concerning EoC behaviour research issues is the nature of EoC behaviour itself: namely its *scope*. Two elements of scope are implied here. First, EoC behaviour can be applied hypothetically to many, vastly

different, situations[1] and disciplines. The second aspect of scope is that a *multitude* of complex determinants can be argued to cause EoC behaviour *within* these varying situations.

Scope then, at its most basic, can be argued to contribute *somewhat* to the large number of rubrics related to EoC behaviour. At this point, it is felt that the other effects of *scope* should be explored in a progressive *temporal* context. The temporal element is a *fuzzy logic* suggestion of what *may* have occurred at the genesis of EoC behaviour research to cause the current situation. It is contended that, initially, a small number of similar but unique, highly complex EoC behaviour theories existed in isolation to one another; such isolation engendered by the research 'distance' between disciplines. The *unique* aspects thus were predominantly dependent upon the theories' respective disciplines. The theories in question originated at approximately the same time (the late 1970s through early/mid 1980s).

However, it is suggested that each of the theories possessed a number of *similar* initial errors; mainly *conceptual* ones. There was also a general *vagueness* regarding the circumstances where EoC behaviour was considered applicable and where it was not. Following this, it is contended that several important events occurred. First, other authors beyond the founding authors began researching the existing EoC behaviour theories in their respective disciplines. The theories were still researched in isolation however with respect to *other* theories and disciplines. Then, the vast scope of the theories created two effects. First, as the theories were highly complex, minor *semantic errors* – meaning here slight variations in existing definitions, properties or explanatory theories but not new discoveries or valid comments – between authors studying the same theory had greater significance here than with most other theories. This is because adding to, changing or modifying said facets of an EoC behaviour theory, no matter how slight, gave new meanings that in turn could be misinterpreted by other authors, who may indeed add

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[1] Literature that illustrates this variance in subject matter includes D. Kimberg, 'Thinking Outside the Box', Card Player Magazine Online, Vol. 17, No. 25, 2004, p. 1, J. A. Aloysius, 'Rational Escalation of Costs by Playing a Sequence of Unfavorable Gambles: The Martingale', Journal of Economic Behavior & Organization, Vol. 51, No. 1, 2003, pp. 111-129, H. Cheng-Suang et al., 'De-Escalation of Commitment in Software Projects: Who Matters? What matters?', Information & Management, Vol. 41, No. 1, 2003, pp. 99-110 and R. L. Leahy, Overcoming Resistance in Cognitive Therapy, (New York, USA: Guilford Publications, 2003), p. 17.

semantic errors to these, akin to a game of 'Chinese Whispers'.[2] Thus it is contended that multiple EoC behaviour rubrics and *some* aspects of the MIDs situation, as well as new *versions* of the already vague concepts, were promoted in this way.

The second effect of scope was that a vast *quantity* of research was produced in a very short space of time. Indeed, the *current* scope and quantity of EoC behaviour literature should not be understated. The quantity of research produced was so vast because so many aspects of EoC behaviour could be researched and also because EoC behaviour as a whole was ill defined and not adequately *ringfenced*. Furthermore, such was the nature of EoC behaviour research that unrelated research carried out decades before now had some relevance to the phenomenon. This "long stream"[3] of research further increased the quantity of research under evaluation.[4] The quantity of produced literature, it is argued, compounded the semantic errors because it increased the frequency of variations of the theories; it also perpetuated and disseminated *existing* errors and differences. Thus the generation of multiple labels and elements of the MIDs

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[2] The insidiousness of semantic ambiguity cannot be overemphasised, and is found in almost every opinion and statement of EoC behaviour. Consider for example, N. Karlsson et al., 'Impact of Decision Goal on Escalation', Acta Psychologica, Vol. 111, No. 3, 2002, p. 309. Karlsson et al. state that escalation is "the irrational tendency to choose to continue to invest money, time or effort following unsuccessful investments." This sentence could imply to some that only money, time *or* effort, (not combinations of all three), are valid inputs for escalation. Furthermore, it could imply that no other resource is allowed, such as manpower. Also, "to choose to continue to," instead of just "to continue to" could imply that only the choice is made and not the continuance action itself. Finally, here, escalation is only an "irrational tendency," not a potentially rational one. Consider also S. Nathanson et al., 'Toward the Reduction of Entrapment', Journal of Applied Social Psychology, Vol. 12, No. 3, 1982, p. 194. They state that "in the process of justifying already committed resources, the individual can be drawn into an extremely costly or even irrational course of action." Surely based upon the belief of the irrationality of recognising sunk costs the decision to justify them will always be irrational? Furthermore, A. Proctor, 'Strategic Windows and Entrapment', Management Decision, Vol. 31, No. 5, 1993, p. 55 also brings to the fore the complexities of semantics in EoC behaviour in his definition of Entrapment. He states that "a responsible individual increases a commitment to an ineffective course of action to justify the previous allocation of resources." In the milieu of semantics then, is it just 'responsible' individuals who escalate, or those who take over the job? Moreover, is it only the individual and not a group of individuals? Must the action be totally ineffective or can it be scaled? And is it 'to justify' or 'to largely justify' (the latter opening the floodgates to other determinants)? Finally, consider E. A. Thames, 'The Sunk-Cost Effect: The Importance of Context', Journal of Social Behavior and Personality, Vol. 11, No. 4, 1996, pp. 817-827, paying attention to the so-called *attainability* of entrapping situations.

[3] I. Simonson and B. M. Staw, 'De-Escalation Strategies: A Comparison of Techniques for Reducing Commitment to Losing Courses of Action', Journal of Applied Psychology, Vol. 77, No. 4, 1992, p. 419

[4] For example, beyond Festinger's work in the 1950s, other authors also investigated escalation tendencies such as N. T. Feather, 'The Study of Persistence', Psychological Bulletin, Vol. 59, No. 1, 1962, p. 94 who talks of "temporal persistence." C. A. Kiesler et al., 'The Effect of Commitment to Future Interaction on Reactions to Norm Violations', Journal of Personality, Vol. 35, No. 4, 1967, pp. 585-599 discuss the notion of commitment. C. A. Kiesler, The Psychology of Commitment, (New York, USA: Academic Press, 1971) also discusses the notions of *strength of attack* and *implications of change*.

situation were expedited. This in turn increased the *complexity* of the situation, but in a different, more 'pathological' way.

Most importantly, it is suggested that sheer *quantity* of literature restricted researchers from performing *adequate background reading*, meaning there was, in effect, *poor intra-theory communication*. It is contended here that this situation caused further the MIDs situation, duplication of research, erroneous claims and a general poor research direction.[5] Add to this situation a further event: some researchers began to make links *between* theories, both within and between disciplines. Claims of synonymy occurred, owing to poor intertheory communication; encouraging the irregular, unrecognised, transference of facets of one theory to another. It should be borne in mind however that each EoC behaviour theory in question is argued to have been in the same state and mode of behaviour as described above, thus any transferred elements were 'fed into' the prevailing situation. Theories were also *translated*, and fell into the situation of poor intra- and inter theory communication and also poor interdisciplinary communication and, thus, the problems *these* are argued to create. The above *fuzzy logic* description gives *some* hypothetical indications as to *why* the proposed situation exists. However, it is considered that the overriding factors of *scope*, *quantity* and *complexity* are key to understanding the underlying fragility of EoC behaviour research.

The above description however is not to say that genuine, unmitigated, poor research technique has no part to play in the current situation; EoC behaviour researchers are not merely the 'victims of circumstance'. It is contended that poor research technique has a large part to play. For example, the use of an EoC behaviour determinant as a standalone theory that proceeds to transfer definitions from other EoC behaviour theories that paradoxically treat *it* as a determinant, is poor technique. Poor technique can also be argued to be responsible for the creation of multiple rubrics by missing letters off theories as well as authors not using common sense to include research under *existing* rubrics in a

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[5] Janis also discusses the problematic effects quantity of literature in I. L. Janis, <u>Groupthink: Psychological Studies of Policy Decisions and Fiascoes (2nd Ed.)</u>, (Boston, Massachusetts, USA: Houghton Mifflin, 1982), p. ix. He states that "I was repeatedly reminded of George Bernard Shaw's remark that when an historian had to rely on one document he was safe, but if there were two to be consulted he was in difficulty, and if three were available his position was hopeless." Indeed the situation becomes hopeless from a historical vista because of the effects of quantity on reliability and bias, whereas hopelessness emerges apropos EoC behaviour research, it is posited, principally through the effects of quantity on definitional stability.

discipline. The changing claims of synonymy/partial synonymy between texts of the same author, changing the theory label mid-text, using internally conflicting definitions, poor verb usage, misrepresentation of other authors' opinions and the lack of entrenchment of key conceptual terms and conditions in the beginning of the EoC behaviour research lifespan also suggest poor research technique. Poor technique could also be attributed to the treatment of condition/concept differences in a created definition – leading to the adoption of determinants into a definition that does not share the same 'conditions scenario' – and to the treatment of conflicting accounts of some determinants' natures. Some DMU/group issues like DMU ambiguity, the *assumption* of some group DMU recognising authors that their recognised determinants apply equally to groups as to individuals, the trend of group researchers to focus on group *specific* determinants (it is arguably more logical to research group DMU applications of existing individual DMU determinants first) and the *dominance* of Groupthink as a group specific determinant can all be argued to be the fault of poor research technique also. It is argued further that the *poor intra-theory and intertheory communication* was not *always* the fault of the high quantity of research preventing adequate research. It is considered that in some cases research was just not performed in an in depth and consistent manner, particularly when authors make and apply claims of synonymy, atemporally. The rarity of the *conscious* recognition and sharing of determinants and applications of different EoC behaviour theories is also problematic. Duplication of research may also have some more direct 'poor technique' related causes. Overall, it is argued that poor research technique like this *still* takes place but, such is the state of EoC behaviour research, it is not clear how significant the *effect* of said poor research technique is now, nor if it is possible to distinguish between *hindered* research technique and *poor* research technique. One argument is thought to be clear however: that another *species* of poor research practice is responsible for *allowing* this entire situation to *emerge*; and to *perpetuate*.

7.3 <u>Perpetuating the Situation</u>

Such is the prevalence of the research issues discussed throughout this chapter that it is felt to be obvious, even through the most cursory of research, that serious problems

exist with EoC behaviour research and have done for a significant period of time. Yet little *recognition* of the issues occurs in the general body of EoC behaviour literature. It is argued here that the current severe situation, in terms of the amount of issues and their prevalence, has emerged *because* issues have not been recognised and have been allowed to perpetuate; to the point where EoC behaviour research overall is considered to be unworkable.

It is suggested here that several issues discussed, especially the prevailing negative/neutral slant on EoC behaviour, the large number of new potential determinants and applications of determinants of EoC behaviour, the relatively small amount of literature that explicitly mentions the group DMU and the dominance of Groupthink in group specific EoC behaviour research could signify a kind of 'stagnation' of research; where authors cannot move on with the research because it has become so unworkable. Yet no real efforts have been made to fix this situation. At the same time, theories like group dynamics and Groupthink *have* moved on, thanks to the works of 't Hart and Fuller and Aldag.[6] The former theory has moved beyond the stranglehold of Groupthink and authors in the latter theory have recognised that Groupthink theory has errors. It is felt that the varying degrees of recognition of the issues discussed above by EoC behaviour authors should now be examined in order to highlight the level of ignorance that is argued to exist but also, ironically, to provide some validity to this entire thesis: that *problems do exist with EoC behaviour research*. Biyalagorsky et al. represent a microcosm of the level of recognition of the issues by most EoC behaviour authors when they state, somewhat glibly, that some accounts of EoC behaviour are "complementary [and] some [are] competing."[7] Even 't Hart, who can be considered a non-EoC behaviour author, shows an apparent greater understanding than most EoC behaviour authors when he states "[Escalation of Commitment behaviour] has been identified in many variants and…has been given many names."[8]

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[6] S. R. Fuller and R. J. Aldag, 'Challenging the Mindguards: Moving Small Group Analysis Beyond Groupthink', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making</u>, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), pp. 55-94

[7] E. Biyalagorsky et al., 'Stuck in the Past: Why Organizations Exhibit Escalation Bias', <u>Working Paper</u>, (Duke University, Durham, North Carolina, USA: 2001), p. 2

[8] P. 't Hart, <u>Groupthink in Government: A Study of Small Groups and Policy Failure</u>, (Baltimore, Maryland, USA: Johns Hopkins University Press, 1990), p. 87

It is Staw and Ross though who discuss most the issues from an overall EoC behaviour standpoint. However, despite some interesting input regarding these issues, most issues discussed in *this* thesis are *not* covered. During a paper in 1986, Ross and Staw make an interesting statement regarding EoC behaviour research following Staw's original texts on EoC behaviour in the 1970s:

> Later research…[by other authors has] added a large number of potential determinants of commitment, moderating variables and some conflicting findings. As the volume of empirical studies has grown, the literature on escalation has become increasingly difficult to summarize and integrate. Escalation research has not only become increasingly complex but it has increasingly become more and more detached from its object of study: how commitment builds up over time[9]

They continue, stating that there has been little effort made to distinguish between the 'potency' of the proposed determinants; that only the strong determinants should be analysed, lest the research will be pulled off track and eventually be made indistinguishable from other research.[10] Furthermore, Ross and Staw argue that the type of research regarding EoC behaviour overall is methodologically one-sided. They argue that for a phenomenon that emerged out of 'real world' situations, too much EoC behaviour research is determined in the laboratory. They state that many determinants of EoC behaviour cannot be found in the laboratory since real world examples provide the 'milieu' where EoC behaviour can thrive.[11] The basis of *this* argument could be

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[9] J. Ross and B. M. Staw, 'Expo 86: An Escalation Prototype', <u>Administrative Science Quarterly</u>, Vol. 31, No. 2, 1986, p. 275

[10] <u>Ibid</u>., p. 279

[11] <u>Ibid</u>., p. 278. Ross and Staw state that "many of the problems facing escalation research stem from the fact that most of the empirical studies of this phenomenon have been laboratory based…. Laboratory studies were probably appropriate for the early development of theory in the escalation area. As opposed to more traditional behavioral research areas where theories are first formulated and then applied to field events, escalation research stemmed from an issue that was faced by individuals and organizations for which little theoretical explanation existed. Laboratory studies therefore sought to find causes for escalation behavior by manipulating variables associated with the development of commitment in decision situations…. Some obvious problems with the laboratory approach stem from the possibility that variables chosen for manipulation as well as the contextual elements held constant in these studies may not parallel real world situations. For example, most escalation experiments have tested individual level variables in attempting to explain persistence in or by organizations. Thus processes such as institutionalization have been virtually ignored in the literature, even though they may underlie many organizational examples of escalation. In addition, most laboratory studies have manipulated variables in

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interpreted as a kind of 'anti-syncretic' conflict between inductive and deductive approaches to research. Their final statement summates their above criticisms:

> It should be apparent that escalation research is now at something of a crossroads, suffering from several problems often associated with maturing streams of work[12]

While the above critique may seem a very astute recognition of the issues discussed in this chapter, numerous caveats exist. Overall, Ross and Staw do not state *explicitly* the issues that are contended – in this thesis – to exist. Despite this being a comparatively 'early' paper (1986) the issues discussed here were able to be potentially discerned at this time. The *complexity* Ross and Staw recognise is argued to be just an undeveloped recognition that *there are many determinants of EoC behaviour*. Ross and Staw's 'solutions' to this recognition are interesting, but also arguably counterproductive, and further demonstrate their ignorance regarding the *real issues* of the current situation.

Ross and Staw appear to *actively discourage* research; and in two ways. First, they argue that only the anticipated strongest determinants of EoC behaviour should be investigated. This is considered to be incorrect in two ways. The first reason is a rhetorical question: "how does an author *know* if one variable is stronger that another if it is not tested?" Second, Ross and Staw simply do not justify *why* only strong variables should be chosen for research, at the expense of weaker ones. They state only that such research makes the behaviour hard to summarise and will "pull us off track."[13] Yet the difficulty in summarising the behaviour is not owing to the number of weak variables, since they have as much right to be included as strong ones. The difficulty in summarising the behaviour is because the behaviour is a complex and problematic one and no *substantial* framework is in existence to cope. No researcher should actively discourage research of any type, since even if hypotheses chosen for EoC behaviour

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single instances or over short periods of time, whereas actual escalation situations can evolve gradually or involve more time dependent processes. Determinants of commitment could vary in strength as a situation ages, with some sources of escalation affecting others over time. We might, for example, find that psychological and social bases of commitment evolve into more structural determinants of escalation as a situation unfolds. Yet, these temporal and cross level processes are exactly the type of forces that are not likely to be uncovered using the laboratory methods now practiced in escalation research."

[12] Ibid.

[13] Ibid., p. 279

research turn out to be null, they at least serve to discount a future line of wasteful research. One could argue that this discouragement contributes to the duplication of research of primary determinants, and also to the large amount of remaining determinants still to be researched.

The second way Ross and Staw discourage research is to argue that laboratory research should be researched *less* and real world situations *more*. Regarding laboratory research, Ross and Staw do make a valid point: some EoC behaviour variables can only really be investigated in the field and this is not being done to the same level as lab work. Yet they do not state with similar fervor that laboratory work has its own unique benefits. Such work is useful in terms of fairness and isolation of variables. Ross and Staw appear to argue the converse; that isolation of variables is not really useful in EoC behaviour research. Some EoC behaviour determinants can *only* really be researched with confidence in a laboratory. Furthermore, Ross and Staw do not mention the expense and difficulty that can be involved in observing real life situations in situ and not in a lab; nor do they state the human bias that can be observed if *record based/historical* case studies are used to *reduce* said expense of 'live experiments'. Alas, Ross and Staw's solution to this issue is to perform a case study of Expo '86. Again, this discouragement could have the same effects as those described above.

The most interesting 'solution' however, is that Ross and Staw summarise the large body of EoC behaviour research and create the forerunner to Staw's main 1997 EoC behaviour framework. Importantly, the framework is an amalgamation of work from *different* theories and disciplines. The framework is, then, an attempt also to solve the problems – as Ross and Staw see them here – of the behaviour as a whole; through a form of *integration*. This is to be applauded as a motive. Yet numerous limitations apply. First, because Ross and Staw do not recognise the 'real' issues, the authors' works they integrate are not *qualified* by Ross and Staw. That is to say, first, the flaws the framework may have *inherited* are not stated. Furthermore, by integrating findings from research without stating the 'conditions differences' present – in relation to Ross and Staw's theory, and to the other research – the framework in effect treats all the research from which the determinants emerge as the same and arguably invalidates itself. It is noted in previous chapters of this thesis that Staw's understanding of EoC behaviour becomes less

specific over time, regarding the conditions 'necessary' for EoC behaviour to be recognised. Perhaps this is an attempt to be more integrative and is also a form of recognition that definitions of, and conditions 'required' for, EoC behaviour vary; though this approach is thought not to solve the issue discussed. Another issue however is that because Ross and Staw do not recognise the problems discussed in this thesis, they do not *specify them to their readers*. This means that readers are not made aware of the dangers of EoC behaviour research and the potential utility of using just one integrated framework; thus the framework has become just another definition to be modified and affected by the issues described. Additionally, because Ross and Staw do not recognise the effects of quantity and also the poor communication between and within disciplines and theories, the framework, while of significance, has ultimately 'gotten lost' in the quagmire of already existing research. It can also be argued that the framework does not include *all* the facets of EoC behaviour situations and variables present at the time anyway, such as the then embryonic group research, idiographic research such as sex and age determinants, the detailed duopolistic competition research performed by Brockner and Teger and also the plethora of minor discoveries that were emerging, including the multiple versions of some determinants and the conflicting opinions regarding some determinants' effects.

The reasons this omission of research, from an apparently coverall framework, occurs may be because important research was difficult to come by (through quantity) or that research technique was just 'poor', but it may also be because Ross and Staw argue in the same text that research variables should be limited to the most 'obvious' situations. Thus variables and situations deemed *unimportant* by Ross and Staw were perhaps ignored. This is considered here to be counterproductive; a framework should not be incomplete in order to compensate for complexity, it should be inclusive and, if necessary, better designed. Not including all research in a comprehensive integrated framework of any theory could certainly cause duplication of research since authors would look at the framework (and its subsequent claim to encapsulate existing research) and see a 'gap' that doesn't really exist. Specifically, by not including the totality of EoC behaviour research Ross and Staw made it difficult for the framework to serve as the 'hub' where future EoC behaviour research could be *added*. Where would an author

interested in idiographic or group dynamics EoC behaviour research at this time, for example, put his findings? He could add a 'Group' or 'Idiographic' heading to the framework, which may also *become lost* owing to the issues discussed, but he could just as easily ignore the framework as too much effort or, recognising the absence of past idiographic or group research, treat the framework, undeservedly, as *totally* useless and, again, ignore it. The final point regarding the framework is that it has not been significantly updated since its inception in 1986. Staw updates the framework alone in 1997, but not only does he still not recognise the problems discussed in this chapter, he still does not include *all* research observations and findings available, including idiographic research and the, now larger, amount of group EoC behaviour research.

A point worth remaking here, and which has relevance to the paragraphs above, is that Staw is not explicit in his employment of DMU types.[14] He talks of 'individuals' and *perhaps* the *group* and the *organisation*, but important to this immediate discussion is that *at no point* does Staw talk explicitly of EoC behaviour in 'the group'. Intuitively, the organisation as a DMU is considered, by this thesis' author, to be a dubious assumption. Another important criticism is that Staw sometimes contradicts statements he makes at an earlier time. During his research with Ross for example, he states vaguely that:

> One must be very cautious in claiming that any particular set of effects has been fully supported within the commitment research area…because of a lack of clear cut research[15]

Perhaps because of this belief, he also states that "piggybacking"[16] EoC behaviour research onto unrelated research is acceptable. This is despite his argument with Ross, in 1986, that EoC behaviour research should be focussed and specific. He repeats the same

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[14] For more information on Decision Making Units, see R. K. Beasley et al., 'People and Processes in Foreign Policy Making: Insights from Comparative Case Studies', International Studies Review, Vol. 3, No. 2, 2001, pp. 217-250, M. G. Hermann, 'How Decision Units Shape Foreign Policy: A Theoretical Framework', International Studies Review, Vol. 3, No 2, 2001, pp. 47-81 and U. Nulden, 'Failing Projects: Harder to Abandon than to Continue', Working Paper, (Goteborg University, Department of Informatics, Sweden: 1996), pp. 1-9.

[15] B. M. Staw and J. Ross, 'Commitment to a Policy Decision: A Multi-Theoretical Perspective', Administrative Science Quarterly, Vol. 23, No. 1, 1978, p. 40

[16] F. V. Fox and B. M. Staw, 'The Trapped Administrator: Effects of Job Insecurity and Policy Resistance upon Commitment to a Course of Action', Administrative Science Quarterly, Vol. 24, No. 3, 1979, p. 470

contradictory argument, again with Ross, in 1987.[17] Although the argument itself is dubious, a logical explanation for this apparent contradictory approach could be that the calls for extra research are made in the late seventies, at the start of EoC behaviour research, and the observations that there is too much EoC behaviour research are made a decade later; after the research body has grown dramatically. Thus both statements are valid (chronologically, not necessarily academically) when looked at in this light. However, Staw does not mention anywhere in his later texts that he may be responsible for the situation which he now condemns! In a later text, Staw comes close to recognising that multiple concurrent definitions of the same theory exist.[18] Yet there is no mention of multiple concurrent definitions explicitly nor any of the other issues that have been recognised in this thesis.

A final source of criticism of EoC behaviour comes from personal communication between myself and EoC behaviour authors. In communication with Staw,[19] he states only that "you're [myself] right in questioning some of the definitions…."[20] He adds, "Brockner's usage of 'Entrapment' is also a bit narrower than my [Staw's] usage of 'Escalation'."[21] This is despite him implying in an earlier text that his EoC theory and Brockner's Entrapment theory are synonymous. Regarding the uncertain relationship between EoC behaviour and Conflict Escalation and what it means to escalate, Staw argues that "the escalation of conflict literature is a bit different…although Tegar's [sic] work is a sort of bridge between decisional and conflict escalation."[22] Although this is the summation of personal communication with Staw, he did kindly provide a working chapter from an unpublished work on the history and historiography of his EoC theory and EoC behaviour. Regarding the *translation* of theories from one discipline to another, Staw does not seem to recognise that this occurs. Nor does he appear to recognise the

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[17] B. M. Staw and J. Ross, 'Behavior in Escalation Situations: Antecedents, Prototypes and Solutions', Research in Organizational Behavior, Vol. 9, 1987, pp. 41-42

[18] B. M. Staw, 'The Escalation of Commitment: An Update and Appraisal', in Z. Shapira (Ed.), Organizational Decision Making, (Cambridge, UK: Cambridge University Press, 1997), pp. 192, 196, 211

[19] B. M. Staw, Personal Communication, (Email, 23/07/05)

[20] Ibid.

[21] Ibid.

[22] Ibid.

effects of poor communication.[23] The chapter also reinforces Staw's dislike of the 'overproduction' of variables.[24] The unpublished chapter also *appears* to recognise that old definitions of Staw's EoC theory are being simultaneously used with newer ones. It does *not* recognise however that other theories also suffer the same fate and that the cause of this phenomenon is principally *poor intra-theory communication* compounded by *quantity of literature*.[25] In addition to Staw, Brockner was also contacted.[26] His main input regards 'continuance' and 'escalation' in EoC behaviour and the meaning of 'conflict escalation'. Brockner states:

> I would view conflict escalation as descriptive, (that conflicts are getting more intense), whereas Entrapment is designed to be more explanatory of why or how that is happening[27]

He argues that escalation can be captured by measures such as *intensification*. He states:

> If I spend $20m of additional funds in persisting with a previous course of action, versus $10m, I am escalating in both cases just more intensely in the case of $20m than $10m[28]

To finish, Brockner adds:

> I also agree that escalation refers to the continuance of the previous course of action[29]

Numerous points are considered to be unclear with this email correspondence. Broadly, these points reflect the discussion of Brockner's written research, in chapter four and Staw's research in chapter three. Thus, to avoid both repetition *and* pre-emption of the discussion in the following chapter, these uncertainties are not examined here.

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[23] B. M. Staw, 'The Escalation of Commitment: Steps Toward an Organizational Theory', <u>Working Paper</u>, (California University, Haas School of Business, Berkeley, California, USA: 2004), pp. 6-7
[24] <u>Ibid</u>., p. 8
[25] <u>Ibid</u>., p. 11
[26] J. Brockner, <u>Personal Communication</u>, (Email, 15/07/05)
[27] <u>Ibid</u>.
[28] <u>Ibid</u>.
[29] <u>Ibid</u>.

7.4 The Current State of Escalation of Commitment Behaviour Research

Even a most cursory and skeptical examination of this thesis up to this point leads one, it is argued, to the conclusion that *the current state of EoC behaviour research is extremely poor*. In short there is:

(1) Little direction or consistency concerning EoC behaviour research.

(2) No real *division* between EoC behaviour theories owing to multiple definitions of each theory, claims of synonymy and the transferring of definitions and properties between them.

(3) Poor *communication* within and between EoC behaviour theories, leading to multiple, simultaneous understandings of the same theory.

(4) Numerous interactive feedback cycles concerning the issues discussed; which are predominantly caused by *scope*, *quantity* and *complexity*, but compounded by poor research technique and ignorance of the issues; as well as by misguided attempts to solve issues, where recognition has occurred.

(5) Many conceptual issues and uncertainties underlying EoC behaviour research.

(6) No effective central *hub* in which researchers of EoC behaviour from all disciplines can gain accurate background knowledge of EoC behaviour research, be made aware of the numerous potential pitfalls posed by the current state of EoC behaviour research and place their research in a uniform manner once it is completed. Thus, EoC behaviour research in all disciplines is missing out upon information that would be potentially useful to its advancement.

7.5 Prescribing for Escalation of Commitment Behaviour Research

It is contended that the mere comprehension of this thesis will assist EoC behaviour researchers regarding the propositions above in that it may not only *confirm* any *pre-existing* doubts over the research, but may also provide *awareness* of the faults in the first instance, or both. It may also, therefore, guide researchers as to preventing *perpetuation* of the current situation, by making them *aware* of the dangers of current research

patterns; the importance of semantic errors and the utility of *not* making unqualified claims of synonymy, for example. It may also encourage researchers to study further the issues raised in this chapter and in chapter six, to discover other origins for them and to discover new issues altogether. Indeed, if researchers can perpetuate this thesis' *recognition* of the flaws of EoC behaviour research in their work, through warnings or through actual research on the issues – and, ideally, referencing the thesis and recognising the valuable effect of such recognition and perpetuation – *instead of perpetuating the flaws themselves*, they may reduce further its poor state. Such perpetuation is deemed essential here since this thesis is unlikely to completely reach the target audience *directly*.

However, even this effect is deemed not enough. Such is the nature of the situation, it is argued that along with a *recognition* of the problems, researchers do in fact need a mutual, concrete and "theoretically neutral, systematic,"[30] framework with which to work and ultimately perpetuate. What is required then is a three pronged solution of *prescription*, *integration* and *direction* because, as Anderson argues, "we must approach every problem with a general rule or principle in mind"[31] and as 't Hart argues "good theory specifies the conditions under which it applies…. [It must] have clearly defined boundaries and domains of validity. If these are lacking, risks of overgeneralization and misapplication loom large…."[32]

A good starting point then would be to *prescribe* for the many core conceptual and definitional difficulties that face EoC behaviour. A "convergent approximation"[33] of concepts is required, from a discussion of *all existing interpretations*. In other words, a *summative* and *syncretic* solution to these concepts will emerge that is broadly acceptable to all versions of pre-existing EoC behaviour understanding.[34] The discussion of these multiple understandings under each concept heading prepares the reader for what he may

[30] K. R. Hammond et al., Human Judgment and Decision Making: Theories, Methods, and Procedures, (New York, USA: Praeger, 1980), p. 7

[31] C. W. Anderson, 'Political Judgment and Policy Analysis', Public Administration Quarterly, Vol. 11, No. 4, 1988, p. 451

[32] 't Hart, Groupthink in Government…, p. 129

[33] N. Rescher, Realistic Pragmatism: An Introduction to Pragmatic Philosophy, (Albany, New York, USA: State University of New York Press, 2000), p. 122

[34] Where such pre-existing understanding exists, as some concepts have *never* been explored and thus the opinions of the author of this thesis are used.

encounter in further reading and suggests that there is an opportunity for further research; assisting future research direction.

In harmony with this "conceptual mating,"[35] it is contended that utility would arise from a *truly integrated* framework which includes *all* existing EoC behaviour *determinants*, from *all* EoC behaviour theories in *all* disciplines. The framework appreciates two important facets, not generally appreciated in EoC behaviour research. First, it appreciates variations in opinion as to the *nature* of each determinant; (the SCE for example has many interpretations). It also appreciates variations in opinion as to determinants' *effects* on EoC behaviour. Ultimately, a summative, syncretic *working* description is delivered as to the nature and effects of each determinant. Again, the discussion of multiple understandings of determinants not only prepares the reader for what he may encounter, but stimulates future research and thus research direction.

It is recognised that a collective of determinants formed from research that appreciates differing definitional and conceptual interpretations of EoC behaviour, both to each other as well as to the summative framework of this thesis, is problematic. The framework could simply be argued to suffer from the same weaknesses as Staw's integrated framework, for example. However, it is contended that the *recognition* of the variations, absences and ambiguities of EoC behaviour concepts and definitions, coupled with a *summative* interpretation of each, provides some legitimacy and sets this framework apart from Staw's. Yet in reality, this summative approach *does* question the authority of *every* EoC behaviour finding, when looked at through the *filter* of the framework's concept definitions; since said findings were not generated under these conditions. This is likely to stimulate much new research, though, unfortunately, not necessarily research *focus*. Another argument against creating a 'completist' framework is that it would dilute the research and make it too complex. Ross and Staw believe that researching the minutiae of variables of EoC behaviour leads to, in Gellner's words, "boundless, unconstrained and undisciplined"[36] research. This thesis argues that boundless and unconstrained research should be promoted and sought after. Furthermore, it is contended that EoC behaviour research is only undisciplined because first, no author

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[35] M. D. Street and W. P. Anthony, 'A Conceptual Framework Establishing the Relationship between Groupthink and Escalating Commitment Behavior', <u>Small Group Research</u>, Vol. 28, No. 2, 1997, p. 290

[36] E. Gellner, <u>Reason and Culture: New Perspectives on the Past</u>, (Oxford, UK: Blackwell, 1992), p. 31

recognises the true issues that contribute to such disorderliness and, second, EoC behaviour authors have not effectively created a truly integrated framework because they want to limit its complexity like "cognitive misers."[37]

A wholly summative, "multiple lens"[38] solution is deemed appropriate now since it is considered that it is too late to attempt to separate the EoC behaviour theories again, back to their core, unique constituents owing to the level of intermixing of the theories over time. The summative solution is deemed the best way to not only represent logically the behaviour as it stands today, but the best way to proceed for the future. It is uncertain that there is actually an alternative choice, short of listing every different version of every different EoC behaviour theory and concept. And this would not serve any notable purpose for the future, save sounding the death knell of reliable EoC behaviour research and ultimately placing the theory itself in what Dumbrell would term "history's dustbin."[39] The new framework, then, serves all disciplines by *completely* sharing the foundation of EoC behaviour and also sharing new discoveries as they occur.[40]

The framework itself is based heavily upon Staw's categorised framework, but with some noticeable differences. First, the new framework includes variables that existed at the time of Staw's last framework (1997) but were not included in Staw's work. Second, it includes variables that have emerged since Staw's framework was created, thus functioning as an 'update'. Third, the framework includes so-called *new facets*. The new facets are based upon the 'ideas' by this thesis' author and are bifurcated; yet, additionally, tied to a *condition*. The new facets involve (1) entirely new DMU and non-DMU specific determinants from the author, inspired by background reading of EoC behaviour and non-EoC behaviour literature, (2) *existing* determinants of non-EoC

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[37] I. Simonson and P. Nye, 'The Effect of Accountability on Susceptibility to Decision Errors', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 51, No. 3, 1992, p. 417

[38] R. M. Kramer, 'Revisiting the Bay of Pigs and Vietnam Decisions 25 Years Later: How Well has the Groupthink Hypothesis Stood the Test of Time?', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 73, No. 2/3, 1998, p. 268

[39] J. Dumbrell, 'The US-UK 'Special Relationship' in a World Twice Transformed', <u>Cambridge Review of International Affairs</u>, Vol. 17, No. 3, 2004, p. 437

[40] Janis, <u>Groupthink: Psychological Studies…</u>, p. x. As well as acknowledging the problems of quantity, discussed earlier, Janis appears to appreciate too the utility of sharing discoveries, when he states that "this book is obviously at an intersection of three disciplines: social psychology, political science, and history. I hope that the interpretations and theoretical conceptions suggested…will add something to the thinking of scholars in each of these disciplines."

behaviour theories that may apply to EoC behaviour and (3) new DMU *applications* of existing EoC and, where applicable, non-EoC behaviour determinants.

The 'new facets' serve an important purpose here in that not only do they provide new potential determinants and applications of determinants of EoC behaviour, they also provide future *direction* for EoC behaviour research; something that has been sorely lacking in recent history. Direction is deemed important to rescuing EoC behaviour research because it provides focus to a behaviour which previously had none. Janis' reasoning during the construction of his Groupthink theory has significant similarities with the intended goals of the new facets in the proposed framework. Janis states in his first Groupthink books that the "purpose of hypothesis construction…[is the] stage of inquiry with which this book is concerned"[41] and that the reader "must be willing to make some inferential leaps"[42] in relation to his theory. This is precisely what it is hoped the new facets will achieve: a *guided spark for future scholarly study*.[43]

The framework also modifies Staw's original 'Project', 'Psychological', 'Social', 'Organisational' and 'Contextual Effects' headings. This is for several reasons. First, it is suggested that modified headings accommodate better both the *new facets and* the existing EoC behaviour factors not placed by Staw through ignorance, deliberate omission or because they were discovered after 1997. At a more basic level however, it is suggested that some of the headings are simply not necessary. This is because some determinants under Staw's headings can be 'expanded' to several situations and, once expanded, belong better elsewhere. This leaves a category empty and defunct. The 'Contextual Effects' heading is such an example. The proposed headings are also a reflection of the exploration of the DMU issue. The framework represents fully the DMUs acknowledged in the proposed conceptual examination. It is anticipated that the modified headings will also encourage and facilitate *future* EoC behaviour research by making it easier for new determinants to be included in the framework. The following chapter then executes this plan of action; beginning with an exploration and subsequent working model of the conceptual issues, followed by a truly *integrated* framework of all of the determinants of EoC behaviour.

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[41] Ibid., p. ix
[42] Ibid.
[43] Street and Anthony, 'A Conceptual Framework…', p. 269

8.0 Implementing Improvements to Escalation of Commitment Behaviour Research

This chapter puts into practice the recommendations of chapter seven. The first action of this chapter is to investigate the many vague concepts related to EoC behaviour and to create a working, summative definition of each. Some concepts however have not *ever* been discussed and thus are explored solely from the perspective of this thesis' author. Once the *concepts* of EoC behaviour have been suitably defined, a new, truly integrated, EoC behaviour determinant framework is constructed, which includes *all* existing EoC behaviour determinants, from *all* EoC behaviour theories in *all* disciplines to date. In addition to the explanation of the framework, made in chapter seven, an important point that needs to be made here is that the framework takes into account a specific construct to emerge from the concept discussion, termed 'goal conditions'. Effectively, this means that discussion points related to several determinants in the framework are analysed immediately *before* the framework is set out, in order to preserve overall clarity. This issue too presents a research opportunity of a kind for readers. The implications of 'goal conditions' are discussed in greater detail during the framework introduction, while the nature of the construct itself is explained below. Following the integrated framework, the overall findings of this chapter are discussed.

8.1 The Concepts of Escalation of Commitment Behaviour

8.1.1 Escalation of Commitment Behaviour, Escalation and Continuance

The subtitle above implies, correctly, that several of the concepts under discussion in this chapter are interrelated. It is felt prudent here to discuss these concepts together immediately as well as in isolation, and in greater detail, later on. It is argued that the overriding conceptual issue in this section and indeed in this chapter is how EoC behaviour *proceeds*; despite EoC behaviour itself and its constituent parts not yet being fully defined here. Indeed, the 'process' discussion leads one on, logically, to these concepts.

It is contended here that EoC behaviour consists of three possible actions: *maintenance*, *intensification* and *deescalation* of a behaviour in the face of negative feedback. These three possible behaviours are all covered under the terms *continuance* and *escalation*. The first issue to clarify is that *escalation* means here *continuance* and not *intensification* of behaviour. It was noted in chapter three that Staw appears to be ambiguous regarding what forms of escalation he is referring to in his work: *continuance* (which constitutes all three behaviours) or, specifically, *intensification*. It was argued to be uncertain if Staw even recognises *deescalation* in his work. Thus, utilising the word *intensification* – instead of *escalation* in two simultaneous ways – it is contended, removes such ambiguity.

What remains now is a discussion as to *how* one continues with an action and how each of these particular behaviours is identified, and what distinguishes them from each other. *Investment* is key to performing an action as well as *continuing* an action, and investment *levels* are important when deciding what *form* of continuance is occurring. Investment, it is argued, is determined by actions or *values* which, in turn, utilise *resources*; discussed in detail later. *Time*, as a measurement, is also an important factor here. It is contended that investment is gauged by a flat *rate* measurement: '(value) per uniform time period'. An example of a value would be 'dollar investment', using the resource of 'money'. With the time measurement, the value would be expressed as '\$/year'. Given that, in an EoC behaviour situation, one is *reinvesting* following feedback, the investment levels can be *listed*, over uniform time periods. As long as overall, cumulative, investment is increasing, the situation can be argued to be continuing. Naturally, another measurement, one which *compares* investment levels over time periods would be useful here too. A measure such as 'value increase on previous year' would seem prudent. Using the dollar example, if the figure was positive, this figure would represent intensification. If neutral (0) it would represent maintenance and if negative, but not an absolute cessation of investment, then it would demonstrate deescalation. This would appear to be an effective and easy way of establishing what form of EoC behaviour is occurring. Yet several intricate concerns exist.

The data presented above is measured only in the most basic of terms (value per year and increase/decrease on previous year). However there exist a large number of

ways in which the data could be measured, applied and analysed and these measures could argue for conflicting forms of EoC behaviour. A very basic example would be that of the measure of '*percentage increase* on previous year'. If the flat amount of the value was to increase year on year, the flat increase amount would be positive and so too would the percentage increase, signifying intensification. However, if the flat level *of increase* did not keep up proportionally with the flat level *of the value* then the percentage increase, although remaining positive, would decline. One could argue therefore that the situation although escalating in real terms was deescalating in terms of the *percentage increase*. The inverse argument could be expected from a flat amount *decrease*. Numerous other measures could be imagined to exist, including ones that 'meta-analyse' and interpret *other* analytical measures, ad infinitum. A question emerges therefore as to what *statistical measurement* takes priority when deciding what form of EoC behaviour is occurring.

A further complication is that *singular* values are not the norm in EoC behaviour situations. This observation is twofold. First, it can be argued that virtually every EoC behaviour situation involves several discrete values that have starkly different characteristics, yet occur *simultaneously*. Though 'dollars spent' could be expected to be the predominant value in most EoC behaviour situations, in a war for example other values involving troop and aircraft deployment could be applicable. More generally, *effort spent* and even '*time spent*' (even though it is also the measure used to gauge investment) could also be present. Second, it is apparent that almost every given discrete value can be subdivided and framed to the point where a massive amount of 'subvalues' could be argued to exist (for example, total ordnance used [per year], aerial bombs dropped [per year], bomb type [per year]). It could even be argued that an infinite amount of new values could be created from the *interaction* of values and subvalues present in a situation (such as \$/man/year, bombing runs/aircraft stationed/year or incendiary bombs dropped/total bombs dropped/year). Crucially, both the larger values and their *subvalues*, would not necessarily follow the same pattern (e.g. not a uniform increase trend across the board of values, different rates of increase and some may *decrease* too). Conversely, it can also be argued that the values may *influence* each other too (if dollar investment

decreases, certain reliant actions may also decrease and if some values increase more money may be invested).

The question then, regardless of the *statistical measure* which is adopted, is to decide which *value* takes priority when deciding continuance type. Alternatively, should some kind of *amalgamation* of values be used, to create a mean continuance type based upon *all* values? If the latter is taken as the optimal choice, numerous, subjective, complications are then created. Apart from a larger dilemma of deciding what is and what is not a valid value, these complications include, most simply, deciding how to represent each value in a compatible way, regardless of the value being measured. The earlier 'percentage increase/decrease' measure would appear to be helpful here. Another complication arises from deciding if each value is considered equal, or *weighted* in terms of its relative importance to the situation. If adopted, how is this weighting decided and implemented? Moreover, since each given value and subvalue impacts on the overriding trend of continuance type, all values would need to be represented fairly, to an equal level of detail. *Just what specificity level is optimal?*

To make things even more complex, a still further variable is considered to exist when deciding continuance type. Not only can the rates and quantities of *existing* values change, but the *nature* of the overall action can too. Aside from rates of existing values, the DMU can escalate commitment by introducing entirely *new* values or subvalues (e.g. the introduction of bombing raids into a troop war). The DMU could also *eliminate* some *pre-existing* values, by reducing investment by 100%. An interesting aside here is that as long as a value is not reduced by 100% from the previous time period, then it is continuing owing to a kind of *dichotomy paradox*.[1] This 'nature' inclusion however raises many new issues. How, for example, can *new* values be integrated into the hypothesised amalgamated rate equation above, if no previous measurement information exists? Again, there is also a 'subjectivity' dilemma regarding what constitutes a worthy

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[1] S. Blackburn, 'Zeno's Paradoxes', in S. Blackburn (Ed.), <u>Oxford Dictionary of Philosophy</u>, (Oxford, UK: OUP, 1996), pp. 404-405. The d*ichotomy paradox*, one of a number of *Zeno paradoxes*, states that for a distance to be travelled, the midpoint must always be reached first. Thus, it is argued that the distance will never be travelled fully since the midpoint between two points will always exist, becoming incrementally smaller. Thus, in an escalation context, if investment is decreased as a percentage less than 100, investment will always exist.

new value or subvalue. This issue represents a kind of heap paradox,[2] where the heap would represent the 'new value' threshold. And still further issues remain. How would the *weighting* of certain values affect matters, for example? Moreover, an overriding question remains as to how some values can even be measured at all. Invading a third party country during a war is *intensification*, but how could this action be effectively *measured*? Furthermore, since this value in particular would not be likely to happen in the following time period how would this affect any calculation of escalation? It is considered that *some* values should perhaps remain as a 0% value rather than a -100% decrease, even if they do not reoccur, since they have a 'lasting effect' (they/their effects are still occurring). It can be argued that showing a -100% decrease for some given values, although perhaps *technically* correct in a mathematical equation, would distort the situation.

But can some values, even if they are quantitatively increasing or newly introduced, even be considered as *intensifying* a situation? 'Negotiation' during battle could be considered an additional method aimed at a goal but does it really 'intensify' the situation? Kissinger negotiated with the NVA[3] while simultaneously bombing North Vietnam, but do historians consider these tactics to be 'travelling in the same direction?' Thus, do *contradictory* values exist, where some values have an ameliorative impact – *reducing* the intensification level in an amalgamated hypothetical calculation – when these are increased or introduced? It is contended here that in an EoC behaviour situation, every value is positive, even ones that are intuitively considered as *deintensifying* a situation. The thinking behind this is that all values are aimed at the goal of the project and are thus intensifying the *effort* to achieve this goal, regardless of the ameliorative impact. However, this description is perhaps somewhat simplistic and overlooks several complexities; especially some related to *traditional escalation*.

Another unanswered issue could be framed as 'is continuance type gauged from the 'settings' at the *beginning* of the task/project or just the previous time period?'. It is argued here that it is more useful for the decision to be gauged from the previous time

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[2] The sorites or, more commonly, 'heap' paradox commonly means the difficulty and subjectivity that is present when deciding if one value has become another through graduation. Here it means deciding when one action is worthy of separation from another. The phalakros (bald man) variant of the paradox is also considered relevant to this thesis.

[3] J. H. Willbanks, <u>The Battle of An Loc</u>, (Indiana, USA: Indiana University Press, 2005), pp. 166-172

frame, but it may be beneficial for *some* values to be judged from the *beginning* of the action; to ensure accurate gauging of continuance type (this is related to values unlikely to reoccur but which have a 'legacy value', like invading a third party country). More generally, do all EoC behaviour situations involve multiple, measurable values anyway? In some EoC behaviour situations, it may be difficult to find more than one value, and even subvalue, to measure (such as waiting on a telephone line). This also raises the issue as to whether or not a DMU always has a full range of choices as to what form of continuance it will engage in. It can be argued that some situations may dictate what form of continuance can occur (how does one *intensify* the above waiting situation, for example?). Moreover, some situations may demand a *minimum* level of reinvestment (certain solitary and duopolistic situations for example) or failure would otherwise occur. This does not necessarily mean intensification, because *investment levels*, not *rates*, are the keyword here; so as long as the demanded investment is met, this can constitute all three continuation types.

What the previous point also raises is that some EoC behaviour situations involve an opponent. Enemy investments could be argued to impact upon a decision regarding what form of continuance a DMU is enacting. Even if a DMU's selected value and measurement calculation shows intensification, for example, if the enemy is intensifying equally or further, then maintenance or deescalation respectively *could* be suggested; the opponent's actions could serve as a lens; a filter through which continuance type can be gauged. However, a DMU could invest a much larger flat amount of resources in the action and still be considered as deescalating, because the *previous* amount was much larger for the DMU than the enemy too (and so percentage increase measurements would be less for the DMU). Caution needs to be taken here therefore. This issue should also be considered in light of the earlier point; where enemy behaviour may also dictate what level of reinvestment *must* be undertaken by the DMU. Finally, does the above rates/nature discussion even represent *all* the forms of gauging continuance anyway? Assuming, for now, that the rates/nature discussion does encompass all forms of gauging continuance, it is believed that some kind of mathematical equation, which is beyond the scope of thesis, needs to be created; and it needs to be sophisticated enough to be able to consider all of the above points; most of which are subject to human bias.

Something which has not been discussed here is the contribution of EoC behaviour authors to this complex discussion. Some comment has been made in earlier chapters as to the ambiguity of EoC behaviour authors regarding *how* the behaviour proceeds and what *strains* of the behaviour exist. These comments centred predominantly on Staw, Brockner and Teger. As can be seen from the previous discussions, aside from the ambiguous forms of EoC behaviour outlined, there was even less comment upon such issues as how EoC behaviour is measured, what values are adopted and how the ambiguous verdicts of continuance 'type' were arrived at. Moreover, few authors beyond Staw et al. have commented upon the *process* of EoC behaviour. Again, they seem to prefer instead the adoption of a safer yet ambiguous coverall concept of EoC behaviour meaning simply the *continuity of a course of action*. Two authors who *have* made further headway are Sabherwal et al. and Dietz-Uhler. Yet limitations exist within both these analyses, similar to those of Staw et al. and these limitations can be seen when comparing the above complex discussion with the arguably basic discussions outlined now.

Sabherwal et al.[4] argue that escalation in EoC behaviour constitutes either *maintenance* of investment or *intensification* of investment. While apparently more advanced than what has just been stated regarding author sophistication, they do not use the words maintenance or intensification (merely "A" and "B"), do not appear to consider *deescalation* as EoC behaviour escalation, nor do they comment in detail upon *how* continuance is actually calculated. It appears that a single value and measurement is the norm for Sabherwal et al. They create a graph to demonstrate what is and what is not EoC escalation (figure 8.1). Perhaps a separated *geometric* axis – as opposed to an arithmetic one – would have been more useful when talking of escalation A.

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[4] R. Sabherwal et al., 'Escalating Commitment to Information System Projects: Findings from Two Simulated Experiments', <u>Working Paper</u>, (Missouri University, Missouri, USA: 2000), pp. 1-46

Dietz-Uhler, recognises that there are "problems with much of this [EoC behaviour] research"[5] when regarding research on how EoC behaviour proceeds. She proceeds to discuss all three types of EoC behaviour, though under slightly different rubrics. She also observes that as long as *some* investment is occurring, then the action is continuing. Moreover, the importance of *time* in gauging the types of escalation is implied.[6] She also argues that escalation type can be measured *as a function of available resources*. Thus, even if the amount of actual investment is reduced from the previous time period, if this

[5] B. Dietz-Uhler, 'The Escalation of Commitment in Political Decision-Making Groups: A Social Identity Approach', European Journal of Social Psychology, Vol. 26, No. 4, 1996, p. 612

[6] Ibid., pp. 612-613. Dietz-Uhler states that "a related problem with research on the escalation of commitment involves defining and operationalizing escalation. Escalation requires a cumulative increase in investment over time. Anyone who does not completely abandon a failing project is thus escalating his or her commitment to it. However, there are several types of escalation that can be identified, depending on the size of the investment made at each point in time. One type of escalation, which could be called 'strong escalation', occurs when the size of the investment increases at each point in time. A second type of escalation, which could be called 'moderate escalation' or 'maintenance', occurs when the size of the investment is the same at each point in time. Finally, 'weak escalation' occurs when the size of the investment at each point in time decreases." Dietz-Uhler also recognises here some other problems – raised in the previous chapters of this thesis – including the ubiquity of lab research, the paucity of EoC behaviour group research and the nature of time as a resource, though does not recognise any *underlying* issues for the poor state of EoC behaviour research.

investment is an increase relative to the available resources then intensification escalation has also occurred.[7] Separately, little mention is made of multiple *values* and nature change and the related complications.

8.1.2 Continuance and Change: A Paradox

What must be discussed now is an issue that was labelled as 'a paradox' in earlier chapters: the concept of *change*. This concept is no less complex or subjective than the above discussion and so undoubtedly will require further analysis beyond that which is performed here. *Change* is also heavily related to many of the concepts contained within the earlier discussion. One major difference here is that the concept of change in EoC behaviour is *not* discussed by any EoC behaviour authors[8] and so is developed here from scratch.

As stated throughout this thesis there appears to be an inherent paradox relating to the core of EoC behaviour: *the continuance of a course of action*. If one continues with a course of action, how can one simultaneously *intensify* or *deescalate* it? The concept of continuance contains a 'self-destructive' element. Ultimately, the question is how to solve this apparent paradox of self-contradiction. The paradox may actually be a nonentity, as there is an intrinsic assumption here as to the relative importance of what can be termed the *ends* and the *means* in EoC behaviour situations, as well as subjectivity concerning what a *course of action* actually consists of. It can be argued that it does not matter, with regard to EoC behaviour, that the *means* (the methods/rates of methods to achieve the goal) change within or during a situation as long as the *ends* (the *goal* of the project, perhaps with certain *goal conditions* like 'dollar profit margins', for example) remain unchanged. Using this interpretation, it is solely the *ends* of the project that are the focus of EoC behaviour situations and the context in which determinants of the behaviour are applied. Thus, there is no paradox and, as long as *ends* remain the same, the – EoC behaviour – situation is still occurring.

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[7] <u>Ibid.</u>, p. 613

[8] It is T. Van Assche, 'Sequential Decision Making: The Effects of Prior Choices on Change in Foreign Policy Crisis Decision Making', <u>Working Paper</u>, (Syracuse University, Campbell Public Affairs Institute, The Maxwell School, New York, USA: 2005), pp. 1-43 who comes closest to recognising the inherent lack of norms concerning what is considered change and what is not in EoC behaviour.

However, this argument is based on a somewhat simplistic assumption. It can be envisaged that, in certain situations, the DMU's methods (the means conditions outlined above) chosen to *achieve* the goal are a *fundamental* part of the overall EoC behaviour situation; as fundamental as the goal itself, and thus will have significance when considering whether EoC behaviour is still occurring or not. The *means* chosen may have significant importance to the DMU here and, accordingly, be subject to EoC behaviour determinants themselves (especially, it is surmised, external and self-justification). Did US presidents during the Vietnam Conflict really feel no embarrassment as Kissinger opened negotiations[9] with the North while scaling back troop levels? How did Donald Rumsfeld reconcile talks with Sunni Insurgents in 2005 with previously dismissing such actions as unwarranted?[10] The difference in importance between *ends* and *means* then is not clear cut but is instead *indefinite*, based upon the warp and weft and 'framing' of each particular situation.

To put this argument more clearly, it is contended that the complexity of 'background information' provided in a given situation can affect whether 'unacceptable change' can be argued (by a spectator, observer, critic, stakeholder, reader or researcher, for instance) to have occurred or not. If a situation argues, for example, that "goal x must be accomplished by means a, b and c," then by a DMU using new means or abandoning some required means, the action may be argued to have changed *unacceptably*. Some situations however will not provide so much information and complexity, but simply outline the goal of the project, providing no such information regarding the *means* to be employed. Thus, failure (owing to *unacceptable change*) can be argued in one case but not the other, based upon *information*. There are then *acceptable* and *unacceptable* forms of change which shift in nature according to situation type and the framing of the situation. What can be argued immediately though is that if the ends (goal) change or if the means change (in opposition to a statement regarding the importance of the means conditions in the brief) then the EoC behaviour has changed unacceptably and the situation has failed and has 'ceased to be' an instance of EoC behaviour; even if in reality the situation may be seen to 'continue' in some highly similar form. Yet numerous

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[9] P. Asselin, <u>A Bitter Peace: Washington, Hanoi and the Making of the Paris Agreement</u>, (North Carolina, USA: The University of North Carolina Press, 2002)

[10] <u>http://www.washingtonpost.com/wp-dyn/content/article/2005/06/26/AR2005062600096.html</u>, 23/06/07

caveats and differing interpretations of this theoretical situation exist and need to be discussed.

It can be argued that *regardless* of background information complexity, the changing of the means in a situation *always* represents unreasonable change since means are *always* intrinsic to an EoC behaviour situation. Here, once again, the argument would be that the DMU has *recognised* that the situation, as the DMU initially tried to solve it, has failed and so the DMU changes it. With the focus here apparently only on material means, the above discussion implies that *material means* changes, *ends* changes but not *rate of means* changes have importance to the 'change' discussion (and too that rates may not count in the above 'continuance' discussion after all, only the more 'material' means). The discussion also appears to imply that 'rate change' is not only used to escalate commitment to the *ends* but also to the 'material' means *initially* selected; as a result of determinants acting upon the DMU.

From this last point in particular, it can be envisaged that the *means* of a course of action may even be the *primary* concern in EoC behaviour situations anyway. Many EoC behaviour authors' works can be looked at in a different light; where *material means conditions* are the *primary* concern regarding EoC behaviour determinants not the ends; as authors do not define what a *course of action* 'is'. Schoorman and Holahan's work[11] for example, discusses an actor who makes a choice regarding a course of action but is overruled by the manager and another choice is undertaken. Relevant to this argument, the *choice* could be interpreted as relating to the selection of *means* to the *same* course of action, rather than competing, separate projects.

Yet returning to the situation at hand, even a rate change, regardless of the complexity of background information, *could* be interpreted as an unacceptable change (the act has changed; the losing situation has been recognised). Given that rate change is considered to be the most basic form of change, under this situation *any* form of change would certainly be paradoxical as there would be no available, acceptable type of change remaining.

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[11] F. D. Schoorman and P. J. Holahan, 'Psychological Antecedents of Escalation Behavior: Effects of Choice, Responsibility and Decision Consequences', Journal of Applied Psychology, Vol. 81, No. 6, 1996, pp. 786-794

It is clear then that this situation is multifaceted and requires a working, workable statement of understanding. It is argued that *information* is all important in an EoC behaviour situation when deciding acceptable and unacceptable change. It is contended that the goal/goal conditions of a situation must never change, and where the means conditions of the situation are made implicit in the background information they must be followed. Means conditions can include rates (an unlikely condition to include in a brief though) as well as the 'material' means to be used; but it all depends upon the complexity of the information. If the information is minimal then changing the means during an action is deemed acceptable.

This opinion is the middle ground of *acceptable change*. Intuitively, some consistency in EoC behaviour situations needs to be retained otherwise the behaviour would become indefinable and arguably useless if nothing needed to remain constant for EoC behaviour to be considered. This opinion is subjective too though and much more relaxed conditions could be considered the norm by some authors when deciding *acceptable* and *unacceptable* change (another sorites paradox perhaps brought on by multiple redefinitions of 'change'). Yet it is contended here that an 'anchor point' to the original situation is needed for the concept of 'continuance' to be reasonably argued for.

Several caveats exist here too however and most of these relate to how change is *measured*. First, consider that a change in means is determined largely by the 'values' one adopts. In turn, these values are decided *subjectively*. Thus, if the DMU does not *feel* that a 'new' action is worthy of a new value or subvalue, for example, then change has not occurred, unacceptable or otherwise. One could also argue that adopting a new value or ceasing a value may not be unacceptable change, even in a situation with means conditions, as it could be deemed by the DMU to be inclusive of the conditions set out, though a spectator may still view this as unacceptable change nonetheless, because he subjectively views a new action as beyond the means set out and/or he believes any change in means when an action has started is unacceptable anyway. Related in part to the previous point, it is argued that unacceptable change is also subject to the exact syntax and phrasing of the information (must use, can use, etc.). Again, this is subject to personal interpretation. Additionally, 'rate' changes are determined by the *measures* used. Thus a different measure may deliver a different opinion as to whether change has

occurred or not. Regarding all these points, an observer with a 'Parmenides'[12] outlook would be in stark contrast with an observer who is more logically strict with the word 'change'. The heap paradox thus is relevant to this discussion.

Regarding *goal/goal conditions*, and, crucially, including here the inclusion of any *'means' conditions*;[13] then an obvious way in which one can change these is by altering the statements of intent and background information provided. However, it is contended that the DMU's *already subjective interpretation* of this information can also change over time, despite the *real* information remaining the same. This can include, for example, what one deems a particular goal to mean or what a particular mean 'value' can consist of or what the instructions (must use, can use) relating to these values actually convey. Thus, semantics and interpretation and the face saving cover they often provide can disguise actual change. It is contended that change in this way can be determined best by the *internal* interpretation in the mind of the DMU as to what the background information 'means' to it. Thus any internal *alteration* in interpretation over time could be considered as 'change'. This discussion clearly has relevance to ambiguous briefings as well as the success/failure discussion later in this chapter.

An important element of the current discussion is that measuring change is argued here *not* to be the same as measuring continuance type. Regarding the *continuance* measurement, bypassing some uncertainties, each value in a course of action is measured, then is shown to have intensified, been maintained or deescalated; according to a 'percentage change from previous time' measure (this could be termed a meta-measure since it reinterprets the original raw data). This percentage measure is positive, neutral or negative. Any new values are given a token percentage (perhaps 100%), since no previous measure is available and values which are ceased are given a -100% value

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[12] http://www.evans-experientialism.freewebspace.com/parmenides.htm, 23/06/07. Parmenides was a pre-Socratic philosopher who denied change existed. Change was instead a nonentity. "What exists is now, all at once, one and continuous…. Nor is it divisible, since it is all alike; nor is there any more or less of it in one place which might prevent it from holding together, but all is full of what is. And it is all one to me. Where I am to begin; for I shall return there again."

[13] This is considered a complex yet crucial point because *means* can not only be monitored as to whether they (1) change 'in the field' but also (2) if they change as part of the explicit information statement and (3) as part of internal information reinterpretation. The changing of the heap levels needed for a new value may have particular relevance here.

(except a certain few with a 'legacy'[14] value). These values are then amalgamated, (percentages totalled, positive and negative percentages cancelled out and then the remainder value is divided by number of values), perhaps with some element of *weighting*[15] for certain values, and an *overall* picture of continuance type is delivered.

However, change cannot simply adopt the continuance percentage value. If this was the case, then any amount of change could occur in a situation, yet if it balanced itself out to create a maintenance value (0%), 'no change' could be argued. This is felt to be an incorrect way of determining change, yet it is a subjective decision of the author as this 'no change' verdict would be related to 'mathematical change' rather than 'actual change'. Instead, it is argued that when deciding change, all percent measurements should have a *positive* percent value and the rest of the equation is the same as the continuance equation. This modification recognises that change occurs whether the situation, or parts of the situation, are decreasing or increasing in intensity. Thus a change percentage could still be registered on situations that are argued to have been maintained at 0% using the continuance equation, as well as with situations that have intensified and deescalated.

It is considered that *acceptable* change and *unacceptable* change could be observed in both methods by looking at exactly what parts of the situation have changed with respect to the information provided. However one crucial benefit of the *preferred* measure is that if a 0% change value is given, then it is known instantly that the situation has not changed at all. This would be useful for a situation with numerous values and subvalues. More simply, a further disadvantage of 'mathematical change' is that it would be awkward arguing for change on one hand while simultaneously arguing for no change on the other. This could not occur with the preferred method.

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[14] To recap, a legacy value here is one where although the action has not been repeated it still is occurring (e.g. the invasion of a third party country is still occurring, if the country is still occupied, but the act of invading a third party country has not been repeated).

[15] *Weighting* here is considered to be a concept that is both difficult to pinpoint and is subjective, but is thought to be necessary to give some kind of *emphasis* to particular values. It is considered that not only should the *significance* of the value be taken into account with weighting (the subjective meaning of value importance relative to other values) but also the impact of raw data, which may be otherwise distorted by a percentage representation (two values may increase by 25% yet one value may be extremely low and so has increased by a low raw amount and another may be extremely high and so the same percentage increase means more raw investment has occurred). It is contended that some kind of recognition of these elements would be beneficial. These two forms of weighting could also be foreseen to interact.

The reader should be aware by now that the earlier statement that continuance type is determined only by *nature* and *rate* changes is actually incomplete. The above discussion states that change and continuance are actually two sides of the same 'measurement coin' (the only difference being the reversing of negative values). However, the change examination also discusses how the *goal* of the situation can change in addition to the nature and rates of the values used to attain the goal. Thus, it can now be argued that the goal can also be part of the continuance equation and thus contribute to the decision as to whether the *overall* situation can be argued to have intensified, been maintained or deescalated. Moreover, not only can the actual goal be intensified, maintained or deescalated, but any *associated goal conditions* (such as the 'dollar profit margin') too. The background information conditions regarding allowable means can also be expanded/maintained/shrunk. Finally, the *internal* interpretation of the goal, goal conditions and means conditions can also be argued to be able to intensify, be maintained or deescalate, though fitting this in the equation may be difficult.

However, changing a documented goal and any goal conditions or means conditions is still a form of unacceptable change as is changing one's internal interpretations, and if these actions occur then the EoC behaviour situation is felt to have ceased, even if the course of action itself 'continues' in some new and highly similar format. Moreover, it is pointless to argue for intensification, owing to a background information goal/means conditions/internal expansion, if *real* investment in the action ceases, since although goal expansion can be argued to intensify the situation for example, goals are intangible and are not related to investment in real terms. Thus it can be argued that goal expansion only figures in the continuance equation if there is real investment to accompany it; even if this real investment decreases sharply.

At this stage, both the *continuance* and *change* discussions have reached a point where little more new input can be provided without causing unnecessary complication. Indubitably, further research is required regarding these multifaceted, subjective topics. Yet the work above has provided at least the *groundwork* for an accepted understanding of both concepts as well as delivering enough immediate understanding to the reader for him to apply the concepts within the subsequent framework and within the discussions of some of the other concepts below.

One required final discussion here however comprises first of a clarification, necessary to aid understanding of the analysis above, and, second, of several relevant peripheral 'ideas', which may benefit from further exploration. The clarification regards what have been termed 'means conditions' and 'goal conditions' and the presumption here of a difference between them. It is implied above that the means conditions can cause unacceptable change in three ways: by changing the means 'in the field' in a way that violates the conditions, by explicitly changing the means conditions themselves as part of the background information provided and by *internally* changing the significance of the means conditions. The goal conditions however are contended to cause unacceptable change in only *two* ways: by explicitly changing in background information and by internally changing. Yet the goal conditions can still be violated during a course of action, so why is this instance not considered as 'unacceptable change'? Means are felt to be changed or violated *consciously* by the DMU, through choice, while the occurrence of goal conditions being violated during the course of action is deemed to be an outcome of the situation; largely out of the hands of the DMU and often as a result of the use of *means*. It is a highly subjective schism between means conditions and goal conditions however, and some authors might perhaps decide a means condition is actually a goal condition, or others may argue that all goal conditions should be treated the same as means conditions or vice versa, creating one 'combined conditions' category with or without the 'in the field' category. Although the choice made in the analysis above is considered to be optimal, especially since it aids in the success/failure discussion below, a change in perspective is thought to be by no means unjustified.

Now let us look briefly at some peripheral ideas that may hold future benefit for the continuance and change analyses.

- An additional, discrete, *means condition* could be termed 'resource types adopted'; in addition to the 'values adopted' condition. Although already implicit in 'values adopted' and perhaps synonymous with some values (like 'troops' and 'dollars spent'), other values, like 'bombing runs', can be conducted using many types of resource. Thus, recognising this extra potential condition may help the change equation, by making it simpler and 'more sensitive'. It is thus also useful

to the continuance equation in the same way. It may be subject to *shifts* and *subjectivity* too however.

- To what extent do DMUs escalate commitment in order to justify the *means* not just the *ends* of the project? Does an actor need to have specified the means during the brief for this to occur, or can 'means justification' occur anyway, or develop over time?

- Although any change is deemed here to be unacceptable regarding the goal/goal conditions and means/means conditions as well as internal change, perhaps instead of saying all other forms of change are acceptable regardless of magnitude, there could be some form of graduated change where 'margins' of change would decide if change was acceptable or unacceptable. A change above a certain percentage margin limit could be deemed too much and thus unacceptable. Some issues here would include whether single values would be the focus here, groups of values (rates, means) or the entirety of values. Some authors may also wish to include here the aforementioned unchangeable elements which are considered intrinsic to the change decision; though this is considered to be incorrect here.

- Is change measured from the start of the project or from the previous time period? Like continuance, the measure is thought to be most appropriate from the previous time period. However, the arguments for measuring from the start of the project are *more valid* for the change discussion, especially when taking into account *internal interpretations* and perhaps the margin limits argument.

- Should the same measure type be used for continuance as for change? It is suggested that the measure type *should* be the same throughout both analyses and *remain* the same. Indeed, *internal change* may involve measure change.

- Can all situations actually be *changed* (especially waiting situations)?

- Can one's broader interpretation of what is acceptable and unacceptable change (for example, a transition from 'anything is allowed to change' to 'everything must remain the same') ironically also alter over time?

- What one person may view as a 'goal' can also be interpreted as a 'mean' for a still wider goal. An example of this would be to view the goal of 'victory in Iraq'

as simply a means for the goal of 'a successful US foreign presence' which could be viewed as a means for a 'strong US'. Goals tend to get more abstract when looked in this way. This issue may have some relevance for future research in deciding what unacceptable change is.

8.1.3 The Relationship between Escalation of Commitment Behaviour and 'Traditional Escalation'

The relationship between EoC behaviour and traditional escalation is considered here to be an intangible and subjective one, not least because 'traditional escalation' is an invented label; used throughout this thesis to describe how the concept of escalation has *traditionally* been, and still is, treated and defined in research. Let us immediately restate some of what has been laid down about EoC behaviour. EoC behaviour constitutes *intensification*, *maintenance* or *deescalation* by a DMU in the face of negative feedback within a multitude of scenario types. These multiple 'varieties' of behaviour are encompassed under the terms *continuance* and *escalation*. It has been stated already how such forms of continuance are decided upon. Now let us look at the intuitive meaning of traditional escalation. If we look beyond the 'dictionary definition' of escalation, then throughout this thesis the concept of traditional escalation has been related to a particular *trend* of behaviour concomitant with *competitive*, *duopolistic*, *conflict* – predominantly between armies and states – with events generally considered to be *getting worse* and *increasingly intractable* in terms of "words and deeds."[16] If we examine now literature which has informed this intuitive description we can see that the concept has a much more uniform description that EoC behaviour has.

Kriesberg describes escalation as "an increase in the severity of coercive inducements [and in the] scope of participation."[17] He also contends that the measures used to calculate such intensification include: persons killed or incidents of direct

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[16] M. Shubik, 'On the Study of Disarmament and Escalation', <u>Journal of Conflict Resolution</u>, Vol. 12, No. 1, 1968, p. 95

[17] L. Kriesberg, <u>Constructive Conflicts: From Escalation to Resolution</u>, (Lanham, Maryland, USA: Rowman & Littlefield Publishers, Inc., 1998), p. 151

violence per month or year.[18] While the latter measure is considered to be a legitimate, though vague, indicator, it is felt instinctively that the number of deaths is not, since death may just be caused by poor tactics than an actual increase in hostility. However, it is enough to note that severity within a usually governmental or military conflict is the key characteristic of traditional escalation here. Maoz, links the notion of traditional escalation to concepts such as *arms races*, *deterrence* and *crises*;[19] all with negative, *worsening*, connotations. Schelling[20] too discusses traditional escalation in the realms of spiralling conflicts, as do Holsti,[21] Jervis[22] and Heifetz and Segev.[23] Kahn argues that there are three factors that constitute traditional escalation: an increase in intensity, a wider area of conflict and 'compound' escalation[24] (figure 8.2).

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[18] Ibid.

[19] Z. Maoz, Paradoxes of War: On the Art of National Self-Entrapment, (Boston, Massachusetts, USA: Unwin Hyman, 1990), pp. 31-134

[20] T. C. Schelling, The Strategy of Conflict, (USA: Harvard University Press, 2003), p. 6

[21] O. R. Holsti, Crisis, Escalation, War, (London, UK: McGill-Queen's University Press, 1972)

[22] R. Jervis, Perception and Misperception in International Politics, (Princeton, New Jersey, USA: Princeton University Press, 1976), pp. 58-78. Jervis argues that there are two opposing models of traditional escalation: deterrence and the spiral model. The former model argues that the state is obliged to stock weaponry and adopt dominant stances in international politics because "great dangers arise if an aggressor believes that the status quo powers are weak in capability or resolve." Furthermore, Jervis states that "this belief will lead the former to test its opponents, usually starting with a small and apparently unimportant issue. If the status quo powers retreat, they will not only lose the specific value at stake but, more important in the long run, will encourage the aggressor to press harder. Even if the defenders later recognize their plight and are willing to pay a higher price to prevent further retreats, they will find it increasingly difficult to convince the aggressor of their new-found resolve. The choice will then be between continuing to retreat and thereby sacrificing basic values or fighting…. [Actors must] display the ability and willingness to wage war." However, "[the states] may not be able to ignore minor conflicts or to judge disputes on their merits. Issues of little intrinsic value become highly significant as indices of resolve…[to the point where] even civility is dangerous." Jervis opposes the deterrence model with the spiral model which argues that such posturing, even if no aggressive intentions are meant, can signal danger to the opponent and thus provoke similar posturing, leading eventually to war. Thus, because of a "correct appreciation of living in a Hobbesian state of nature…most means of self-protection simultaneously menace others." Deterrence and the spiral model then give "opposite answers to the central question of the effect of negative sanctions."

[23] A. Heifetz and E. Segev, 'Escalation and Delay in Protracted International Conflicts', Mathematical Social Sciences, Vol. 49, No. 1, 2005, pp. 17-37

[24] H. Kahn, On Escalation: Metaphors and Scenarios, (New York, USA: Praeger, 1965), p. 4

Kahn also presents a *ladder* that describes the possible pathways of escalation (figure 8.3). Furthermore, Kahn discusses escalation in relation to nuclear brinkmanship and potential thermonuclear conflict scenarios.[25] Of all the early traditional escalation authors, it is Kahn who explores best escalation to a nuclear level.

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[25] H. Kahn, <u>Thinking about the Unthinkable</u>, (London, UK: Weidenfeld and Nicolson, 1962)

Details aside, it is clear that 'traditional escalation' focuses upon competitive, duopolistic, intensifying and predominantly international and military, situations. Interestingly, it can be seen that traditional escalation is measured in similar ways (values

and measures) as those put forward in the main discussion of establishing continuance type in EoC behaviour. Yet the relationship between the two concepts has still not been cemented. An immediate, if somewhat cryptic, statement is that "EoC behaviour and traditional escalation can exist simultaneously in a carefully defined situation yet in other situations can be diametrically opposed." This is because of the scope and flexibility of each concept. A suitable metaphor would be a Venn diagram, figure 8.4. Where the circles of each concept overlap (representing a mutually acceptable situation) they can occur simultaneously. Yet where the circles diverge, they exist in mutually exclusive situations.
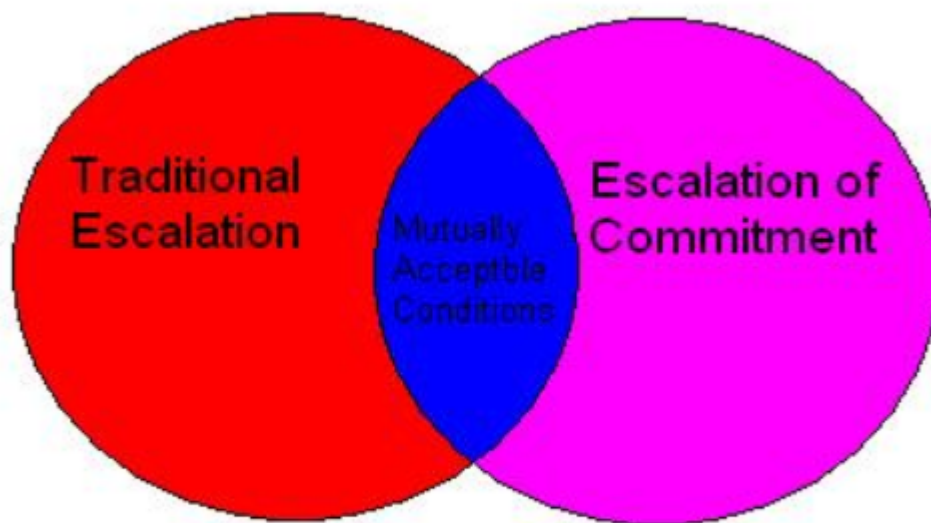
Figure 8.4: The Proposed Relationship between EoC Behaviour and Traditional Escalation

Thus what are the *common* qualities of each concept that make for a mutually acceptable situation? EoC behaviour occurs within a situation where negative feedback has been received and the DMU *reactively* escalates by intensifying, maintaining or deescalating its behaviour; taking into account the goal and 'conditions' information within the background briefing. The situation can be solitary or competitive[26] and can be

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[26] It has already been recognised that competition scenarios do not necessarily occur in a head-to-head type scenario nor are they always duopolistic (two player), but this is the interpretation of traditional escalation literature, EoC behaviour literature and of this thesis. It has been previously stated that the other forms of competition may affect a number of points made throughout this thesis concerning

applied to a wide variety of scenarios: from divorces, to strikes, to waiting for a bus. Traditional escalation occurs when a DMU intensifies its behaviour to a competitive, duopolistic, predominantly international and military scenario. Little importance is placed upon the sanctity of the *goal* of or *conditions* for the behaviour, nor of the need for negative feedback to be the antecedent for the action, nor for the action to be any form of reaction anyway (traditional escalation can be proactive too). Thus EoC behaviour and traditional escalation become "wedded conceptually"[27] in a competitive, duopolistic, military situation where negative feedback has been received and the DMU reacts by instigating *intensifying* behaviour which does not unacceptably change the *goal*/*goal conditions* or means/means *conditions* of the situation. There is then a plethora of literature which *exemplifies* this close relationship between EoC behaviour and traditional escalation (literature which analyses traditional escalation in the realm of EoC behaviour). Literature which represents what could be termed the 'blue ellipse effect'[28] includes research by Brockner, Rubin and Teger.

Unacceptable change is considered to be a difficult issue to reconcile between EoC behaviour and traditional escalation. Although a goal, certainly, and *goal conditions and means conditions*, possibly, are present in a traditional situation, it does not matter, it seems, if they are violated/changed *unacceptably*; much less consideration is paid to unacceptable change. Certainly, this issue requires further research. It is apparent however that it is equally difficult to assess 'change' in traditional situations as EoC behaviour situations. What this discussion does raise is that, in traditional escalation, the goal and any conditions can be part of the escalation equation and are *acceptably* changed or violated. To carry this argument to its logical conclusion, taking into account the *differences* between both concepts outlined above, (the many forms of EoC behaviour compared to the one form of traditional escalation, the multiple levels of analysis of EoC behaviour compared to the solely competitive duopolistic level of traditional escalation, the negative feedback related reactive nature of EoC behaviour compared to the negative

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competition and enemy behaviour; namely the enemy as a measure and as a dictator of reinvestment levels and the motivations for continuance in competitive scenarios.

[27] To use out of context a term by L. J. Carlson, 'A Theory of Escalation and International Conflict', <u>Journal of Conflict Resolution</u>, Vol. 39, No. 3, 1995, p. 512.

[28] This thesis' specific neologism could realistically be applied to *any* theories which occupy the same 'theoretical space' in some situations while also being incompatible in others. Consider EoC behaviour and Groupthink for example.

and positive, reactive and proactive nature of traditional escalation) it can be argued that the schism between the theories is most polarised when an EoC behaviour situation involves a DMU engaging in non-competitive, non-military or political *deescalation* EoC behaviour as a *reaction* to *negative feedback*. In terms of a *traditional* situation, the schism would be most clear during a proactive, goal and conditions busting, competitive, duopolistic, military action. Two interesting points to finish this section are, first, an observation that a situation that is both traditional and EoC in nature can shift to just traditional or EoC or neither in the following time phase, depending upon behaviour (the latter would occur, for example, if the goal and/or various conditions are unacceptably altered and the situation also declines in a *deescalating* manner). Second, it is reasonable to suggest that the motives behind traditional escalation have relevance to EoC behaviour situations. Similarly, some EoC behaviour determinants may also have relevance to traditional escalation.

8.1.4 A Case Study of the Vietnam Conflict to Illustrate the Above Arguments

It is deemed useful here to illustrate the complex theoretical issues discussed above through a real life, retrospective, case study. It is important to realise that the purpose of this study is not to comprehensively discuss and apply itself to every aspect of this thesis, rather it is to apply itself specifically to the issues discussed in this chapter up to this point and, as demonstrated later, to assist in the analysis of one other aspect addressed later in this chapter. The Vietnam Conflict is considered to be the most suitable study for this 'focussed' purpose. It has, for instance, been utilised as a model of *traditional* escalation *and* EoC behaviour. The conflict also illustrates the concept of *continuance* and the related concepts of *intensification*, *maintenance*, *deescalation*, *values* and *measures*. The fluid concepts of *change* (both *acceptable* and *unacceptable*), *means* and *ends* are also discussed in terms of the conflict. Relevant historical literature regarding the Vietnam Conflict, including literature outlined in previous chapters of this thesis, is used in conjunction with a *timeline* approach – which underlines key moments in the conflict – to achieve the 'limited' goals of the study.

The Vietnam Conflict illustrates *both* forms of escalation; traditional and EoC behaviour. Moreover, in particular periods it is contended that the conflict illustrates both forms *simultaneously* while at other stages demonstrates only one form. Thus, it is argued here that as the conflict progresses, the form of escalation which it best conveys (EoC behaviour, traditional escalation or both) changes. In terms of *traditional* escalation, the conflict was certainly competitive and duopolistic; essentially between two groups of countries with polarised ideologies; West and East, Capitalist and Communist.[29] On one side was a South Vietnam (officially the Republic of Vietnam, [RoV] incorporating the Army of the Republic of Vietnam [ARVN])/US and allies coalition and on the other,[30] the North Vietnamese Army (NVA), Viet Cong (VC), the USSR and the *ChiComs*.[31] The goal (*end*), from the US perspective, was to save South Vietnam from communist rule, with the larger aim – as illustrated by the Pentagon Papers – of preventing a domino effect[32] to the rest of Asia; all within the larger context of the Cold War.[33] Moreover, the conflict also *intensified* for much, *but not all*, of its duration.[34] Crucially, from the perspective of EoC behaviour, *negative feedback* was an inherent feature of the war too[35] with regular, bloody, setbacks for the US. However, as demonstrated by the discussion made before this case study, the very terms used when discussing the forms of escalation are not as straightforward as they first appear and need to be illustrated from the perspective of the Vietnam Conflict too. Let us look at two important values in the conflict: troop numbers[36] and the dollar investment in the war, per year. Figure 8.5 illustrates US troop levels from 1959 to 1968.

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[29] D. C. Hallin, The "Uncensored War": The Media and Vietnam, (New York, USA: OUP, 1986), pp. 50-57

[30] The countries involved on both sides are discussed by T. Findlay, 'Turning the Corner in Southeast Asia', in M. E. Brown (Ed.), The International Dimensions of Internal Conflict, (Massachusetts, USA: The MIT Press, 1996), p. 178.

[31] *ChiCom* are Chinese Communists as described by R. H. Johnson, 'Escalation: Then and Now', Foreign Policy, No. 60, 1985, p. 135.

[32] M. Gravel, The Pentagon Papers (Gravel Edition) Volume 1, (Boston, USA: 1971, Beacon Press), p. 84

[33] M. H. Hunt, Lyndon Johnson's War: America's Cold War Crusade in Vietnam 1945-1968, (New York, USA: Hill and Wang, 1997), p. 128

[34] Intensification of the conflict is discussed by N. Chomsky, Rethinking Camelot: JFK, the Vietnam War and US Political Culture, (Massachusetts, USA: South End Press, 1993), pp. 38, 48, 51, 70, 83, 85, 94.

[35] For instance, G. M. Kahin, Intervention: How America Became Involved in Vietnam, (USA: Knopf, 1986), p. 236.

[36] More detailed information on troop investment patterns can be found in G. Warner, 'Lyndon Johnson's War?', International Affairs, Vol. 79, No. 4, 2003, pp. 829-853.

Note first how the value of troop investment is represented using the measurement of uniform time periods. Now note how a crude calculation of 'current year – previous year' can deliver a verdict as to if the action is intensifying, being maintained or deescalating. This can then be turned into the preferred percentage value, which aids uniformity of calculation in the *overall* amalgamation of values. It can be seen then that the troop levels from 1959 to 1968 *intensified*. If the dollar investment of the war is now considered, the process can be repeated. One should note however that data regarding this value is difficult to locate and what data is available is highly subjective. Some authors deliver an *overall* value for a given time period,[37] (which is useless for measuring continuance type) while others *separate* the years.[38] Moreover, the data relating to separated years was found to be incomplete; representing only *selected* years of the conflict. This is thought to be because all the available *separated* data was calculated during the war itself, not from a historical standpoint. The chosen data, for example, is only recorded from 1965 up to 1971. The *overall* cost data too was often incomplete and

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[37] For example, L. Bilmes and J. E. Stiglitz, 'The Economic Costs of the Iraq War: An Appraisal Three Years after the Beginning of the Conflict', <u>Working Paper</u>, (Harvard University, Cambridge: Massachusetts, USA: 2006), p. 34. Bilmes and Stiglitz state that the Vietnam War cost $494 billion.

[38] For example, Foreign Affairs Division Congressional Research Service (FADCRS), 'Impact of the Vietnam War', <u>Committee on Foreign Relations, United States Senate, Committee Print</u>, (Washington, USA: 1971), pp. 1-41.

gathered *during* the conflict. Furthermore, *this* data, especially when compiled after the war had ended, often did not state what the time period for the measurements was anyway,[39] perhaps signifying an ambiguity as to when the 'situation' began and ended; indeed, as addressed by Statler, the US was 'involved' in Vietnam from at least the 1950s; assisting the French to retake their colony following their defeat in World War Two.[40]

Regarding all calculations, there are also multiple interpretations of what the dollar investment was in the war anyway, owing to what data particular authors include in their calculations. Some authors include aspects such as aid packages to the south, rebuilding grants, interest payments on war loans, loss of domestic productivity, drug[41]/injury rehabilitation costs and unemployment/disability benefits paid to veterans,[42] while others include only 'bullets and bombs' costs. Some authors do not even state *what* values were included to calculate the dollar investment. Thus, the separated years data could not be mixed and matched to create a larger time frame.

This knowledge begs an important question. When calculating dollar investment to find continuance type, should *all* dollar costs be taken on board? While costs like *interest costs*, *drug rehab costs* and *disability benefits* could be argued to be relevant when looking at the *overall* costs of the Vietnam Conflict, are they really relevant when deciding the pattern of dollar investment aimed at *fulfilling* the action; that is, *investment aimed at accomplishing the goal*? The answer is a subjective one. The above costs are not really *investments* in achieving the goal; rather they could be considered as *incidental* costs emerging from the action. Dollar costs that are also *investments* are considered to be those that are used in actions that actively seek to attain the goal. Separating these costs however is considered to be reliant upon one's interpretation as to what is contributing towards the goal and what is not. Something which has already been stated in the

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[39] For example, Bilmes and Stiglitz, 'The Economic Costs…'

[40] K. C. Statler, <u>Replacing France: The Origins of American Intervention in Vietnam</u>, (Kentucky, USA: The University Press of Kentucky, 2007)

[41] Kolko describes the widespread drug use as "the GI's anodyne for the minutes and days of terror and boredom" in G. Kolko, <u>Vietnam: Anatomy of a War 1940-1975</u>, (London, UK: Allen and Unwin, 1986), p. 363.

[42] FADCRS, 'Impact…', p. 6. It is stated here that "in principle, a figure for the total cost of the Vietnam war should encompass not only direct military spending on the war, but also indirect costs…economic assistance…reconstruction aid…benefits to American veterans…[and] inflationary impact of the war on the US economy."

discussion earlier is that many, if not most, values considered pertinent to goal attainment that are not *explicitly* dollar related have an impact upon the overall dollar investment value anyway, and vice versa, (troop deployment, for example).

This investment/cost issue applies to other EoC behaviour situations. It can be argued that in some situations not *all* dollar expenditure is investment *towards the goal*; rather some expenditure is just to deal with *attendant* costs. Moreover, these incidental costs can be argued to be not just limited to money but other resources too and, perhaps, not limited to definable resources at all, but including what could be termed 'non-resource' costs as well (e.g. general destruction). Even these costs may have a simultaneous dollar cost however. Yet *all* costs, it can be argued, do have an impact on the DMU when it is acting because of the SCE. These issues are more complex than outlined here and are discussed in greater detail under the *resource* subheading. Returning to this case study, it is uncertain when looking at some data if the dollar amount takes into account *inflation* to the year of publication. Also important is that the dollar investment data is often applied using a meta-measure called the *incremental* dollar investment: "the net difference between wartime and peacetime needs."[43] What is presented here then is just one representation; a token set of values for illustrative, rather than informative, purposes. Let us look now at an example of a *budgeted* annual dollar investment for the Vietnam Conflict: "the military personnel (deployed and backup) added for Southeast Asia…and the costs of equipping and supporting forces in Southeast Asia."[44]

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[43] Ibid.
[44] Ibid.

Using the same process as with troop numbers, it can be argued that up to 1969, financial investment in the war intensified; or, to borrow an analogy from Dumbrell, the kite of investment was being flown ever higher and to the ever increasing howls of failure.[45] This comment is only *subjectively* correct however, owing to the ambiguities noted above. The aid budget, for example, located in the same document was not included in this calculation of dollar investment.

Even here however, an *incremental* value could be taken into account, since aid would have been given to the Vietnamese even if the war had not taken place. Financial aid to an ally is considered here as part of the means to achieve the goal.

Moving on now from the focus upon 'existing' values, it is also argued in the theoretical discussion above that the *nature* of the course of action can change too; with the addition or removal of particular values and actions aimed at accomplishing the goal. Regarding *intensification* of the *nature* of the Vietnam Conflict, landmark dates can be a useful tool; though some landmarks which may *seem* indicative of new values could, it is suggested, be included as quantitative increases in pre-existing values (especially major bombing campaigns, battles and troop offensives). Moreover, some events may be difficult to put into the form of a *measurable* value at all. Some landmarks marked below are not related to *US* intensification – such as the Tet Offensive – but instead *opponent intensification*. This is to remind the reader that in conflict situations, continuance, and all the complications this brings, occurs in relation to both sides.

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[45] J. Dumbrell, 'Strengthening the Legislative Power of the Purse: The Origins of the 1974 Budgetary Reforms in the U.S. Congress', <u>Public Administration</u>, Vol. 58, No. 4, 1980, p. 492. In its original form, the kite represents "fiscal irresponsibility."

Janis describes the Vietnam Conflict in terms of "aerial bombardment, harassment and interdiction, artillery fire, defoliation and population displacement…whatever violent means necessary."[46] Furthermore, Janis argues that each worsening act constitutes "major escalation decisions."[47] Nature intensification certainly occurred from the early 1960s to 1968, mainly from the US; from what William Bundy – CIA agent and Foreign Affairs Adviser – called "pin pricks...pretty small potatoes" to, in the words of the US Saigon Ambassador Henry Cabot Lodge, "mak[ing] them scream."[48] Westheider, for instance, describes how, on January 12th 1962, Operation Chopper[49] saw US troops being involved for the first time in combat operations; flying helicopters for the South Vietnamese Army. Then, intensification in the form of defoliant usage under Operation Ranch Hand – spraying 12 million gallons of 'Rainbow Herbicides', most notably Agent Orange – occurred, also in 1962.[50] 1963 saw the battle of Ap Bac, where a superior US adviser/RoV force was defeated by the VC; their first major victory.[51] A major intensification, discussed – and criticised – by Logevall, was the Tonkin Resolution in 1964,[52] which gave carte blanche to the US president to wage undeclared war upon North Vietnam. This followed an NVA 'attack' upon the USS Maddox in neutral waters in early August of the same year. This reality of this attack however was, and remains, dubious.[53] A further escalation emerged *outside* the Vietnam sphere. In October 1964 China tested its first A-Bomb, as a tacit warning to the USA concerning its ever intensifying actions against North Vietnam.[54] 1965 saw Operation Rolling Thunder,

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[46] I. L. Janis, Groupthink: Psychological Studies of Policy Decisions and Fiascoes (2nd Ed.), (Boston, Massachusetts, USA: Houghton Mifflin, 1982), p. 98

[47] Ibid., p. 104

[48] E. E. Moise, Tonkin Gulf and the Escalation of the Vietnam War, (North Carolina, USA: The University of North Carolina Press, 1996), p. 22

[49] J. E. Westheider, The Vietnam War, (Connecticut, USA: Greenwood Press, 2007), p. 10

[50] G. Lewy, America in Vietnam, (New York, USA: OUP, 1978), pp. 263-265, 349

[51] D. M. Toczek, The Battle of Ap Bac, Vietnam: They Did Everything but Learn from it, (Connecticut, USA: Greenwood Press, 2001)

[52] According to F. Logevall, Choosing War: The Lost Chance for Peace and the Escalation of War in Vietnam, (Los Angeles, USA: University of California Press, 1999), p. 193, the Gulf of Tonkin Resolution was "rammed through Congress...giving it carte blanche to 'take all necessary steps' to defend South Vietnam."

[53] A detailed analysis of the mystery attack is made by R. J. Hanyok, 'Skunks, Bogies, Silent Hounds and the Flying Fish: The Gulf of Tonkin Mystery, 2-4 August 1964', Cryptologic Quarterly, Vol. 19, No. 4 and Vol. 20, No. 1, 2000 and 2001, pp. 1-55.

[54] L. B. Johnson, The Vantage Point: Perspectives of the Presidency 1963-1969, (USA: Holt, Rinehart and Winston, 1972), p. 469

described by McNamara et al. as a three year relentless bombing campaign of North Vietnam by US B-52 bombers.[55] Further landmarks include the Tet Offensive of January 30th 1968, orchestrated by the NVA and VC[56] – a strategic loss, but a propaganda victory for them – and the My Lai massacre of March 16th 1968, carried out by US troops in which up to 504 civilians were murdered.[57]

The traditional concept of escalation then – a growing sense of *competitive*, *duopolistic intensification* and *intractability* – certainly was present in the Vietnam Conflict. Furthermore, such intensification was coupled with negative feedback for the US and a tacit knowledge among all players that the US campaign was failing.[58] Thus, EoC behaviour was present in the conflict too. Yet, if we now look at the other side of the coin, it can be argued that the Vietnam Conflict also illustrates a type of escalation that is not akin to the traditional form yet is still suitable for EoC behaviour. From 1968 to 1973, US troop levels in Vietnam *deescalated*, as demonstrated in figure 8.8.

Similarly if one looks again at the indicative dollar investment (figure 8.6) it can be seen that dollar investment *deescalated* from 1969. Furthermore, the *physical nature* of

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[55] R. S. McNamara et al., <u>Argument Without End: In Search of Answers to the Vietnam Tragedy</u>, (New York, USA: Public Affairs, 1999), pp. 173, 189, 335-337, 347

[56] G. M. Kahin and J. W. Lewis, <u>The United States in Vietnam (2nd Ed.)</u>, (New York, USA: Dial Press, 1969), p. 371

[57] S. M. Hersh, <u>My Lai 4: A Report on the Massacre and its Aftermath</u>, (USA: Cooper Square Publishers, 2004) and D. L. Anderson (Ed.), <u>Facing My Lai: Moving Beyond the Massacre</u>, (Kansas, USA: University Press of Kansas, 1998).

[58] Various forms of failure are discussed by R. S. McNamara and B. VanDeMark, <u>In Retrospect: The Tragedy and Lessons of Vietnam</u>, (New York, USA: Times Books, 1995), pp. 108, 185, 294, 322-323.

the conflict also deescalated. The Paris Peace Talks began in 1968.[59] From November 1st of the same year, Operation Rolling Thunder ended, to stimulate these talks.[60] In 1971, the defoliant programme, Operation Ranch Hand, ceased. Under the Nixon administration, a ceasefire was subsequently declared on January 27th 1973.[61] The adoption of 'negotiation' in the Vietnam Conflict causes some difficulty in relation to EoC behaviour. On one hand, negotiation is an extra value aimed at a goal, thus it is intensifying the situation. Yet on the other hand, it has an indubitable ameliorative 'feel'. In terms of traditional escalation, one would be hard pressed to argue that negotiation is concomitant with this behaviour. Thus what is the solution? The answer is subjective, based upon the type of escalation one is studying. Yet one interesting point is that negotiation is often totemic of goal modification (usually shrinkage). Thus, while acceptable if it is aimed at achieving the *stated* goal, negotiation may be symbolic of an imminent goal change or shift and thus a subsequent *cessation* of EoC behaviour.

This leads the case study on to *acceptable* and *unacceptable* change. It can be argued that there were no *explicit* conditions applied to the Vietnam Conflict, regarding the *means permitted*. That said however, negotiating with the VC/NVA was probably not considered acceptable in the *internal* mindset of the US cabinet before the conflict became hot. Thus it can be argued that some form of 'unconscious' *internal change* to the means conditions occurred, even though no means conditions were made explicit. However, the *goal* of the action is considered the focus *here*, when deciding if

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[59] Exactly when negotiations between the US and North Vietnam began is uncertain. President Johnson sought negotiations with the North from 1965, http://www.wilsoncenter.org/coldwarfiles/index.cfm?thisunit=3&fuseaction=events.list, 02/09/08. His efforts were ultimately sabotaged by the Republican candidate Richard Nixon who encouraged the RoV Junta to walk out of negotiations talks on the eve of the US election in 1968, ensuring him victory, C. M. Clifford and R. C. Holbrooke, Counsel to the President: A Memoir, (New York, USA: Random House, 1991), p. 582. The Paris Peace Talks resumed in 1969. However, secret Paris talks involving Henry Kissinger and, principally, Le Duc Tho occurred sporadically throughout the war; and from as early as 1967 under the rubric of the 'Pennsylvania Negotiations' according to J. Hanhimaki, The Flawed Architect: Henry Kissinger and American Foreign Policy, (New York, USA: OUP, 2004), p. 14.

[60] R. B. Frankum Jr., 'Swatting Flies with a Sledgehammer: The Air War', in A. Weist, Rolling Thunder in a Gentle Land: The Vietnam War Revisited, (New York, USA: Osprey Publishing, 2006), pp. 218-220

[61] Officially, the document declaring the ceasefire was called the Paris Peace Accords, P. Alexander, Man of the People: The Life of John McCain, (New Jersey, USA: John Wiley, 2003), pp. 73-74. It is acknowledged here that the accords only occurred after the 'Linebacker' operations, which resumed intensive bombing over North Vietnam to 'encourage' it government to return to the negotiating table, O. Schwab, A Clash of Cultures: Civil-Military Relations During the Vietnam War, (Connecticut, USA: Praeger, 2006), pp. 80-81

unacceptable change occurred or not. Although arguably a simplistic verdict, it is contended that the goal of keeping the south free did *not* change during the lifetime of the course of action. This belief can be argued to be the case as, ultimately, a ceasefire was reached with the NVA, with the proviso that democratic choice would decide the fate of the country.[62] Furthermore, President Nixon declared that he had secured *peace with honour*, and *success*.[63] However, the inclusion of a *democratic vote* could be seen as a compromise to the espoused goal of keeping the South *anti-communist at all costs*. Thus, the vote issue flanking Nixon's trumpeting of 'success' could be interpreted as an internal goal shift on Nixon's part. To reinforce an earlier point, this vote was brought about by *negotiation*. Regardless of this possible goal shift however, the verdict as to whether the war was a *success* or *failure* is, historically, a patent one. Vietnam is commonly accepted to be the archetype of military disaster.[64] Thus, a conflict is apparent here. However, the concepts of *success* and *failure* have not yet been explored. As concepts, they are considered more complex than they may at first appear. Numerous, subjective, determinants are thought to be influential when deciding if a course of action has been a success or not. Although one may deem it unnecessary, it is felt prudent that the relative success or failure of the Vietnam Conflict be examined in the *success/failure* header below. Not only is this an end in itself, it will also enable real life illustration of some complex theoretical arguments related to success and failure. Moreover, the Vietnam War has some unique qualities that are considered to be particularly appropriate for the success/failure discussion.

Let us now look briefly at the effect the type of *measure* selected to gauge continuance type can have upon the continuance verdict arrived at. From the discussion above, 'absolute value per time period', 'absolute change from previous time period' and

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[62] The two most notable sections of the Paris Peace Accords state that "[t]he South Vietnamese people shall decide themselves the political future of South Viet-Nam through genuinely free and democratic general elections under international supervision" and that reunification shall be "carried out step by step through peaceful means", G. Katsiaficas (Ed.), <u>Vietnam Documents: American and Vietnamese Views of the War,</u> (New York, USA: M. E. Sharpe, 1992), pp. 174-175.

[63] R. M. Nixon, <u>Peace with Honor,</u> (Radio, 23/01/73)

[64] D. M. Goldstein, <u>The Vietnam War: The Story and Photographs,</u> (New York, USA: Brassey's, 1997), p. x. Goldstein argues that "the Vietnam War was arguably the most traumatic experience for the United States in the twentieth century. That is indeed a grim distinction in a span that included two world wars, the assassinations of two presidents and the resignation of another, the Great Depression, the Cold War, racial unrest and the drug and crime waves."

'percentage increase/decrease from previous time period' were the preferred measures for gauging continuance type.[65] However using a meta-measure which represents the difference between the current and previous *percentage* value, the action can be argued to be deescalating if the *rate* of percentage increase is becoming less. Applied to Vietnam, the troop levels from 1959 to 1968, despite increasing absolutely, also *deescalated* relative to the *rate of intensification*, since some years involved a greater percentage increase in troops than the previous year. Owing to the self-analytical nature of the measures employed then, there is an infinite number of measures available, ad absurdum. This knowledge, coupled with the ad libitum nature of data analysis, gives credence to Disraeli's *lies, damn lies and statistics* quote.

As argued earlier, the behaviour of the enemy can be used as a 'filter'; through which continuance type can be viewed. Data concerning NVA/VC numbers is difficult to locate,[66] and so little analysis can be performed. However, it can be argued hypothetically that if the NVA/VC rate of increase matched that of the US troop rates of increase, then the US was only *maintaining* its behaviour apropos troop investment. This analysis could be expanded to other values too, to portray overall continuance type. At the conclusion of chapter four, mention is made of a form of this phenomenon by Gelb and Betts who argue that the US intensified various investments simply to maintain its position in the conflict.[67] However, percentage increase can disguise the *raw investment* that is occurring. A low raw increase of a value for the NVA/VC for example, would appear as a large percentage increase owing to a low base level, yet a much larger investment would be needed for the US to create an equally high percentage value. This is a situation where weighting would be useful. Borrowing a previously discredited value from Kriesberg, the number of US troop deaths *per year* may give some indication of enemy activity, numbers and most importantly, *rate* of increase and decrease over a given time period. Figure 8.9 illustrates US troop deaths from 1962-1973.

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[65] *New* values would possess the first two measures on their first appearance, and would be given a token percentage for the third measure; possibly with weighting. Some new values (perhaps "invading a third party country") would possess 'versions' of the first two measures, would be given a token third measure for their first appearance and then a *legacy* value (0%) until the actions were reversed or ceased. Again, weighting may have relevance here.

[66] P. B. Davidson, <u>Vietnam at War: The History 1946-1975</u>, (Novato, California: OUP, 1991), pp. 401-403

[67] L. H. Gelb and R. K. Betts, <u>The Irony of Vietnam: The System Worked</u>, (Washington D.C., USA: Brookings Institute, 1979), pp. 192, 244

From this data, one could estimate vaguely the investment patterns of NVA/VC troop numbers. However, factors such as US troop numbers, tactics, and what could be

termed as the *kill rate*[68] of the NVA/VC would need to be taken into account to obtain any sense of NVA/VC troop investment patterns. Overall, it is suggested that conclusions based upon this calculation would be prone to error. At this point, it is felt that the Vietnam case study should be concluded later in this chapter and that several more 'straightforward' concepts be investigated now; to lay the necessary foundations for more complex issues that have yet to be examined.

8.1.5 <u>Risk</u>

Much of EoC behaviour research is based upon the actor's attitude to risk. It is essential here thus to devise a working definition of risk that is suitable for EoC behaviour research. An appropriate definition of risk comes from outside of EoC behaviour literature. Vertzberger defines risk as:

> The likelihood of the materialization of validly predictable direct and indirect consequences with potentially adverse values, arising from exogenous events, self-behavior, environmental constraints, or the reaction of an opponent or third party[69]

He proceeds to divide risk into three subheadings:[70] *Real Risk*, *Perceived Risk* and *Acceptable Risk*. Real Risk constitutes the actual risk level whether the decision maker is aware of the risk or not. Perceived Risk is the level of risk attributed to the action by the decision maker. Finally, Acceptable Risk constitutes the level of risk deemed acceptable by the decision maker.

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[68] For more information on kill rates, see C. L. Barnhart, <u>The Barnhart Dictionary of New English Since 1963</u>, (London, UK: Harper and Row, 1973), p. 243.

[69] Y. Y. I. Vertzberger, 'Collective Risk Taking: The Decision-Making Group', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making</u>, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), p. 276

[70] <u>Ibid</u>., p. 277

8.1.6 <u>Commitment</u>

There is no widely accepted view *in EoC behaviour research* regarding commitment[71]. Barton et al., in the EoC behaviour field, describe commitment as "an individual's adoption of a stance in the appropriateness of a course of action."[72] This could be used as the definition of commitment for EoC behaviour, yet it is contended here that the actor may not always believe his actions *are* the most suitable later on in a project yet may continue with it because of outside pressures or simply to *postpone* failure. Using Barton et al.'s definition, escalating commitment would indicate that the actor is increasing his *belief* that his actions are appropriate. This is not necessarily correct.

Moreover, in this thesis commitment is actually considered to reflect more the *investment* of resources and a tying of hands, not just one's *belief*. Thus another definition, from a pre-EoC behaviour author, is deemed more appropriate. Kiesler defines commitment as "the pledging or binding of the individual to behavioral acts."[73] Indeed, this definition implies the *investment of resources*. It also implies that the situation is predominantly a non-refundable condition, through the word "binding." Finally, it does *not* explicitly refer to the actor's state of mind, and this is preferable since an increase in the investment of resources is not always paired with a positive mindset. It also fits well with the three possible forms of escalation discussed above in that there can be a *maintenance, intensification or deescalation of the pledging or binding of the individual to behavioural acts*. One minor issue is that Kiesler discusses commitment in relation to the *individual*. EoC behaviour is argued to occur in more than just the individual DMU, thus the definition needs to be modified to make it more appropriate. Commitment then is: *the pledging or binding of the DMU to behavioural acts*.

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[71] D. McElhinney and T. Proctor, 'Concept of Entrapment and Decision-Making', <u>Management Decision</u>, Vol. 43, No. 2, 2005, p. 190 and F. Luthans et al., 'Organizational Commitment: Analysis of Antecedents', <u>Human Relations</u>, Vol. 40, No. 4, 1987, p. 220

[72] S. L. Barton et al., 'An Empirical Test of Staw and Ross's Prescription for the Management of Escalation of Commitment Behavior in Organizations', <u>Decision Sciences</u>, Vol. 20, No. 3, 1989, p. 532

[73] C. A. Kiesler, <u>The Psychology of Commitment</u>, (New York, USA: Academic Press, 1971), p. 30

8.1.7 <u>The Decision Making Unit</u>

It has been argued throughout this thesis that there is much uncertainty and lack of consistency in EoC behaviour research concerning the DMU. The fundamental issue here however is that although the term DMU has been used in previous chapters when referring to particular EoC behaviour authors' works, very few authors actually use the term 'Decision Making Unit', even though they are referring to DMUs throughout their work. 'DMU' is instead used by the author of this thesis as a kind of 'artifice', to aid reader understanding when making points about certain pieces of research. The upshot of this is that there is no definition of what a DMU is and no explicit discussion concerning what types of DMU exist (applicable to EoC behaviour or not), anywhere in EoC behaviour research. There is a kind of intuitive treatment by EoC behaviour authors concerning what levels of analyses 'are' and what levels of analyses EoC behaviour can occur within.

Regardless of DMU 'types', a definition of what a DMU is is needed immediately here. There are actually few definitions of 'DMU' available, and of those that do exist, many have nuances that are not applicable to EoC behaviour situations; particularly related to *marketing*. *All* definitions of a DMU however come from outside EoC behaviour research. The American Marketing Association, the Westburn Online Marketing Dictionary and Barron's Dictionary all define the DMU.[74] From these definitions, a DMU is, predictably, taken to mean *a unit that makes a decision*. Yet, although useful, these definitions cannot be used as working definitions for EoC behaviour, primarily because they all seem to be focussed upon buying decisions, when such decisions are not always the case in EoC behaviour situations. Something less specific is needed. A suitable, working definition of a DMU in relation to EoC behaviour comes from Abiola. Abiola states that a DMU is:

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[74] http://www.marketingpower.com/mg-dictionary-view747.php, 26/09/07, http://www.westburnpublishers.com/marketing-dictionary/d/decision-making-unit-(dmu).aspx, 26/09/07 and http://www.answers.com/topic/decision-making-unit?cat=biz-fin, 26/09/07.

> An individual or a group of individuals who are participants in a decision making process, who share a common goal or goals which the decision will hopefully help them to achieve[75]

Yet beyond a working definition of the function of a DMU, the *types* of DMU that exist also need to be settled. The predominant types mentioned by the authors above are the *individual* and the *group*. Staw[76] possibly considers the *organisation* to be a DMU type. This is deemed here to be a fundamentally false argument. The types of DMU that exist are argued here to be *only* the *individual* and the *group*. Moreover, it is argued that both types of DMU are applicable to EoC behaviour. The organisation is considered *not* to be a DMU because it does not actually *make decisions*; it is argued to be merely a *context* within which real DMUs may make decisions. However, a broad working definition of an organisation should be put forward (from the author):

> A organisation is a context within which a collection of interacting DMUs work towards a common goal or goals

A *possible third* DMU may exist and this is *the pair*: two individuals working together. This suggestion however is too embryonic to be included any further in *this* thesis and requires further research.

8.1.8 The Group

In all existing EoC behaviour group literature, what constitutes a *group* is not fully defined. Rather, it appears to be assumed that the reader either has independent group dynamics knowledge, or that the intuitive understanding conveyed by the word *group* is enough. Such beliefs are fallacious, since the term *group* can convey several intuitive meanings. A working definition is necessary. A *group* according to Handy is "any

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[75] R. O. Abiola, 'Decision Making Unit (DMU) in Purchasing of Capital Equipment by Manufacturing Organisations in Nigeria', Working Paper, (Federal University of Technology, General Studies Department, Akure, Nigeria: 2000), p. 2

[76] Two illustrative pieces of research are J. Ross and B. M. Staw, 'Expo 86: An Escalation Prototype', Administrative Science Quarterly, Vol. 31, No. 2, 1986, pp. 274-297 and J. Ross and B. M. Staw, 'Organizational Escalation and Exit: Lessons from the Shoreham Nuclear Power Plant', Academy of Management Journal, Vol. 36, No. 4, 1993, pp. 701-732.

collection of people who perceive themselves to be a group."[77] *Perception* is an important concept here then. An EoC behaviour author may believe that group research is being undertaken, when it may just be a random collection of individuals who are "happy to remain so."[78] Such research may be disregarded by others therefore who do not believe that the individuals *perceive* themselves to be a group. However, Handy's definition alone is not detailed enough. A suitable definition for EoC behaviour research then is a summation of both Handy's and M. and C. W. Sherif's[79] definitions. A group is "a collection of people who perceive themselves to be a group" and have:

1. Common motives and goal(s);
2. An accepted division of labour, i.e. roles;
3. Established status relationships;
4. Accepted norms and values with reference to matters relevant to the group

8.1.9 Resources, Non-Resources, Costs, Benefits and Outcomes

The concept of the *resource* is treated 'instinctively' by EoC behaviour authors. There appears to be an assumption by these authors that the reader's *intuitive* grasp of the term is enough. There is no definition of what a *resource* 'is', in EoC behaviour research, nor is there a definitive classification of resource 'types'. From reading EoC behaviour research, resources are taken to mean *things which can be used during a course of action*. Moreover, authors' portrayals of resource types differ; some authors recognise many resources, others only a small number. Even those authors who *do* recognise a number of resources often do not consider some of these resources in case studies in which said resources are actually being employed. Resource consideration also seems to be to be limited by whatever discipline the research is carried out in.

Yet, crucially, it is posited that these limitations are merely symptomatic of the superficial treatment of a larger, more important *process* which concerns not only *resources* but *non-resources*, *costs*, *sunk costs*, *rewards*, the *overall process of EoC*

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[77] C. Handy, Understanding Organizations (4th Ed.), (London, UK: Penguin, 1999), p. 151
[78] Ibid.
[79] M. Sherif and C. W. Sherif, An Outline of Social Psychology, (New York, USA: Harper and Brothers, 1948), pp. 143-180

behaviour and, vitally, *deciding success and failure*. This important process must be treated in detail here, rather than in the 'instinctive' fashion it has been to date. Let us first characterise 'the resource'. A resource here is deemed to be *a feature of the physical environment that people value and use to meet a need*. Now let us move on to the 'process' under discussion. The process can be argued to begin with the investment of resources in a course of action. These investments could be termed 'investment costs' and are represented as *values*; *used to attain a goal*. The resources under discussion here consist of things like *money*, *bombs*, *equipment* and *men* and these are used in *values* such as *ground assaults* and *bombing raids*. Yet as noted above when looking at dollar investment in the Vietnam War, there are also what could be termed *incidental costs*. These are argued to be costs that, while sustained during the course of action, are not really costs sustained from values *aimed at completing the goal*; a subtle, yet important, difference. Moreover, incidental costs are considered to constitute *resource costs* and *non-resource costs*, rather than just the former. In terms of *resources*, incidental costs are considered to be things like money, dead troops and destroyed equipment. In terms of *non-resources*, incidental costs are things like general destruction, famine, instability of the economy, civilian deaths, mental damage, suffering and torture. However, this *process* is applicable to non-war situations too, yet war situations do provide greater clarity here. It is recognised that a number of observations need to be discussed in relation to the discussion so far. Yet, it is suggested that these concerns be put aside for the moment, to allow the discussion of the *process* to conclude.

It is contended now that the constituents of both types of costs (investment and incidental) fall into the categories of either *refundable* or *non-refundable* (sunk). Refundable means here that the costs can be directly refunded 'like for like', even after they have been 'used'; while non-refundable means that they cannot be directly refunded once they have been incurred. They are 'sunk' costs. It is contended that only *resource costs* are eligible to be classed as potentially refundable, not *non-resource costs*. Moreover, *incidental* resource costs are considered to be non-refundable (dead troops, for example). Thus, only *investment* costs are considered as potentially refundable. Even here however, only *some* resources can be counted as potentially refundable (living troop investment, for instance) and this depends upon the situation that is occurring. Moreover,

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some resources are *always* non-refundable (time investment, for example). However, *all* costs (including investment and incidental and the subtypes) are considered to be potentially *recoupable*. 'Recoupability' is a theoretical concept invented in this thesis to aid understanding of the *complete path* of a project. 'Recoupable' is intended here to convey that costs can be *potentially* recouped in the form of *outcomes*; *primarily*[80] at the *end* of a project (the 'end' occurs when investment costs cease totally).

Fundamentally, *outcomes* can be in the form of (1) the goal itself, (2) a condition (if present), (3) resources and (4) non-resources (depending on the situation, it could be argued that an attained goal 'includes' or 'is made up of' some or all of the resources and non-resources delivered). This description however is considered to be an incomplete and potentially misleading picture regarding outcomes. Importantly, it should be understood that outcome *costs* may be sustained at the end of a project too, not *just* various *benefits*. This point conveys too that costs are not exclusively sustained *during* a course of action. The subject of 'outcomes' is indeed an important, multifaceted topic which needs expanding.

At this time however several broad interconnected points are made. First, it is contended that outcomes can be arranged into a multitude of, subjectively created, 'types'; just as there are 'types' of cost preceding the outcome stage. Second, a number of these outcome types are thought to be 'optional' and do not occur in every situation. Third, and related to the former point, it is argued that the 'forms' (essentially, positive and negative) in which most of these 'outcome types' can occur are dependent upon the 'end state' (most basically, the goal/condition attainment level) of the situation. Finally, most of these outcome types are considered to be *unique* to the end of a project; *not* occurring at any other point in the situation. A great deal more detail is necessary here for this discussion to be truly meaningful. However it is felt more prudent to provide such an expansion within the success/failure discussion below and, for now, leave the reader with an *intuitive* understanding of the process. Instead, in concluding this section, a series of brief *observations* are made concerning what has been discussed above.

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[80] It is recognised that rewards can occur *during* an action too, not just at the *end*, but *these* rewards are generally classed here as being *received* or 'counted' at the end, along with other rewards, to assist with the discussion.

One issue that emerges from the discussion concerns the subjective nature of what one considers as 'resources' and 'non-resources'. This issue influences, to some extent, the equally subjective issue of how 'deep' one goes when looking at what resources and non-resources are actually being used in a course of action. Both of *these* issues, it is contended, relate to a further, much broader issue of deciding how *far* one goes when deciding what *costs* are incurred in an action, as well as what *beneficial outcomes* are received from an action. Another point of friction is that, during a course of action, it is arguably difficult to decide if a recognised cost should be considered as an *investment* cost or as an *incidental* cost (a suicide bomber for example). More generally, there may also be difficulty in deciding if something is 'non-resource' or 'resource'; clearly, this is related to what one *considers* as resources and non-resources.

An additional observation is that some resources are present in *every* situation. One of these resources is 'time', another could be considered as 'energy'. Some *non-resources* could also be considered to be present in every situation (such as *pleasure* and *pain*, or equivalent terms). Another comment is that, during a course of action, whether investment or incidental costs, some resources are 'connected', in that if one resource is used then another is used too. Similarly, some incidental non-resource costs are connected to incidental resource costs, and some non-resource costs are connected to other non-resource costs (wide scale generalised destruction and mental trauma, as an example of the latter). An important facet to emerge from this observation is that the dollar (representing here money in general) is often a 'hidden', complementary component of other costs (troops need to be paid, building destruction needs to be paid for and bombs cost money). One could further suggest that, where appropriate, similar relationships are also present when talking of 'outcomes'. This entire consideration is important to the wider discussion above which argues that there is considerable subjectivity regarding what one considers as *resources*, *non-resources*, *costs* and *benefits*. This observation also has importance to a dispute regarding how *refundable* costs can *also* be considered as *recoupable*.

If we travel to the end of the process momentarily, it has been argued that all costs expended *during* a course of action are *potentially* recoupable, in the form of beneficial outcomes. While it may seem odd that those costs that are classed as *refundable* costs

should still be considered as potentially recoupable (because they are generally 'taken back' by the DMU), the reasons they are is that, first, they still *contribute* to the potential rewards of the situation and, second, refundable costs may still incur sunk costs, owing to various 'hidden relationships', described above. It is correct however to argue that refundable costs should not be considered the same as other costs. In a hypothetical 'cost/benefit equation' for example, they would not be counted as 'costs sustained' unless they were not refunded. And if they are refunded, these refunds would not be considered as 'rewards'. This observation may have logical implications for one of the framework components: *salvage costs*.

An interesting observation regarding refundable and sunk costs is that some refundable costs can change from refundable to non-refundable, and, sometimes simultaneously, from investment costs to incidental costs. Troops are refundable until they die. They are also considered as investment costs until they die; when they turn into incidental costs (a soldier being killed is not conducive to fulfilling a goal here; though this could be disputed; conversely a bomb is always non-refundable and is always an investment cost, since being destroyed is its 'purpose' – if a bomb is *not* used then it is *not* counted). If we stay with the end of the process, then a final observation is that most non-resource costs and some resource costs are *not* available in the 'form' of beneficial outcomes. If these costs are considered *during* a course of action, then to 'balance' the theoretical, input/output equation, it can be argued that such costs are 'converted' into other 'permitted' beneficial outcomes. Conversely, it could be argued that some beneficial outcomes are not available in the 'form' of costs.

This concludes the main discussion relating to resources, non-resources, costs, benefits and outcomes. This discussion is based only upon the subjective opinions and observations of this thesis' author and several conflicting opinions may exist regarding what has been set out. Furthermore, the discussion below concerning feedback, success and failure is felt to be 'resources, non-resources, costs, benefits and outcomes: part two', since the two discussions cannot be realistically separated.

8.1.10 <u>Success, Failure, Feedback and Goals</u>

Success and *failure* are contended here to be complex and highly subjective concepts. This assertion applies to non-EoC behaviour situations yet even more so to EoC behaviour situations. No EoC behaviour author fully explores *success* and *failure*; instead, the reader's *instinctive* understanding of such terms is relied upon. Moreover, there is little general literature that examines critically the two concepts. The discussion below thus again represents the opinions and judgements of the author of this thesis. Furthermore, this discussion refers back to several arguments and discussion points raised within earlier headings.

First, let us look again at one form of 'failure' that has already been discussed. When a situation undergoes what has been termed 'unacceptable change', failure can be argued to have occurred. It was argued above that if a goal and any possible 'goal conditions' (profit margins or amounts of particular costs to be incurred, for example) change either *explicitly in the information statement* or *internally*, then the action, *as an EoC behaviour situation*, has 'ended' and 'failed'. Similarly, if any 'means conditions' are violated, either *in the field*, *in the information statement* or *internally* then, again, 'unacceptable change' type failure has occurred. This entire form of failure however may actually now be better described not as real failure, but rather 'quasi-failure', given the discussion below. Let us now look at a second, more relevant, form of failure.

It can be argued that in a given 'end situation', there has been no 'unacceptable change' – that is to say, there has been a definite end and no new 'similar and connected' situation has begun – but failure still occurs because the goal *has not been met*. *Goal not met* actually means either (1) neither the goal nor any conditions have been met or (2) the goal has been met but all or some accompanying conditions have not. The scenario in which (1) occurs involves the action ending (recall, this means *investment* costs cease) usually 'voluntarily' (the DMU could have continued the action but chose not to) or, less commonly, 'by force' (the project or the enemy, if present, *dictates* no option for continuance). The scenario in which (2) occurs is that the action ends, again, predominantly voluntarily, with the goal being met but all or some conditions that are present are not met. As an aside, in some situations, it is obvious that a condition has

been breached even though the action has not ended (e.g. *time allowed* for the project). Before discussing the arguments above, let us immediately move on to what *success* can be argued to mean. Success can be argued to be *no unacceptable change and the goal and all conditions (if present) being met*. So far, it seems a simple procedure for deciding success and failure. However, several *subjective elements* apply when deciding success and failure which are not tackled above and the description above is just one of a number of what could be termed *perspectives* on success and failure anyway. Both the *subjective elements* and the *perspectives* concern predominantly the topics of *information*, *costs* and *benefits*. It is felt that the reader needs to be made aware of both the *subjective elements* and the *perspectives*. To begin this discussion, let us recall and add some contextual flesh to the bones of the previous *resource process* discussion. One important way of looking at outcomes is to view them as either 'positive' (reward/benefit) or 'negative' (cost). The most obvious outcome from a situation is a *goal* and perhaps an adjoining *condition*, they are always positive outcomes, though are not *guaranteed* to appear. They are situationally dependent. *Resources* and *non-resources* are two further, and more complex, examples of outcomes, yet these could be classed as either positive *or* negative in nature, depending upon *how* they are delivered (as *benefits* or *costs*). It can be argued that resources and non-resources may occur as 'semi-separate entities' from the goal and possible condition (whether these are met or not) as miscellaneous 'extra' benefits and 'extra' costs; in addition to costs already incurred *during* the action. There is some *intuitive* likelihood however that if a goal is met then any 'extra' resources and non-resources will be in the form of *positive benefits* rather than negative costs. The contrary would also intuitively be true, where a failed goal would likely render 'extra' resource and non-resource *costs*.

It would be more beneficial however for the reader to treat resources and non-resources as the 'raw materials' or 'building blocks' of the various outcome 'types' to be discussed now, rather than as *things that occur in isolation*. For example, it is argued that there exist what could be termed 'inevitable costs' and, perhaps, 'inevitable benefits'. These are outcomes delivered at the end of a project *irrespective of the end situation*. These are generally *anticipated* costs and benefits and relate to things like compensation costs for residents for noise pollution, which would occur whether a bridge construction

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was completed or abandoned. Somewhat ironically, given their name, it is contended that inevitable outcomes do not *always* have to be present in a situation.

Yet, as it has been argued, *most* outcomes *are* deemed reliant upon the end state of a situation. Consider now what are termed by Staw as 'closing costs'. These are argued by Staw to be 'objectively relevant' costs that are incurred when a DMU quits an action, though closing costs *here* are expanded slightly to include costs that are incurred when a DMU fails to reach, principally, (1) a goal, but also (2) a condition and (3) not necessarily just by *quitting* the action. In short, here closing costs are the *objective* costs of failure. In a war, closing costs could include a *loss of territory*. In a building project, they may include *redundancy packages* and *contractual fines*. Every situation is different, but would likely contain some form of closing costs. It is suggested that these costs would likely be *less* severe if the goal was met but a condition was not, though this is situationally dependent.

Importantly, another outcome type could be described very broadly as 'cognitive outcomes'. Consider that some of the main motives Staw details as causing EoC behaviour are psychosocial in nature; it stands to reason thus that there are psychosocial benefits and costs that could emerge at the end of an action. Most simplistically, it can be argued that the DMU will likely experience non-specific or 'unclassifiable' pleasure and pain at the end of an action and, in turn, these feelings are largely dependent upon what 'state' the situation ends in. Yet more *specific* and more *complex* cognitive benefits and costs can also be argued to emerge.

Self-justification, internal binding (defined in the framework below), external justification, external binding, beating an enemy, punishing an enemy, being consistent and *all going down together* (known as the Towering Inferno Effect in the framework) are considered to be the most relevant elements of this discussion, though the reader may envisage *more* contributory elements. It is contended that these elements can all potentially contribute cognitive costs and benefits in a situation. One could argue that these elements are fairly predictable regarding what costs and benefits they create and under what circumstances they emerge. However, the situation regarding some of these elements is considered to be more complex than this argument portrays.

Self-justification and internal binding are fairly predictable in that they will produce cognitive pleasure and pain depending upon how the situation ends. One could argue that benefits are produced if a goal (and potential condition) is met but costs are produced if a goal is not met or a goal is met but a condition is not. The same argument could be applied to the external facets. Here though, *face* would be the most logical reward or cost, not merely cognitive pleasure or pain. Face is an important concept here, although it is recognised to be not strictly *cognitive* in nature. Face relates to *reputation* or *kudos*, and is delivered in a positive or negative form. One *could* argue that face may also be received as a benefit even if the DMU *quits* an action; because outsiders recognise that the DMU has *appreciated* the situation.

Beating an enemy arguably follows a different format from the previous elements. A goal could be met (which would likely be 'beating the enemy') and a condition may or *may not* be met, yet the DMU may still feel pleasure because the enemy was beaten. 'Extra' cognitive costs would likely be received if an enemy was *not* beaten. The punishment of an enemy could also be argued to present counterintuitive results. A goal could be missed or met with an adjoining condition being missed or met too, but pleasure may still be received by the DMU as long as it felt that it had *prolonged* the situation in order to punish an enemy. The *typical* situation however would be of an action being forcefully halted by an enemy (it wins), when the DMU could have quit beforehand. The Towering Inferno Effect relates to the small group and the members' wish to 'stick together' to the 'bitter end', despite overall goal failure being *inevitable*. Thus, if the goal fails through 'force', the group DMU may feel some cognitive pleasure associated with the failure. *Consistency* is also important when looking at cognitive costs and benefits. It can be argued that consistency benefits may be received, externally and internally, if a DMU finishes an action in *any* end state, except where it has *voluntarily* quit the action, since the DMU has remained consistent and steadfast. Even if the DMU quits however, consistency benefits may be received if a DMU spends a long time involved in the action before quitting.

A final outcome type is termed here as side bets. The concept of 'side bets' is a fluid one but, traditionally, according to Becker,[81] side bets are those facets of a situation which are usually built up over time and encourage commitment because if a situation was to 'end' these facets would cause costs. Staw includes side bets in his discussion of closing costs and this does have some utility. However, given that the closing cost definition was redefined to relate to the 'objective costs of failure', it is felt useful here to change too the definition of side bets to argue that while side bets *can* cause costs and *are* dependent upon the outcome of a situation, they now relate to those costs *and benefits* that are considered *not* directly intrinsic to a situation. It is contended that side bets in their new form – particularly regarding their potentially beneficial nature – cover the remaining outcome type that, it is argued, has not been previously covered: that of non-situationally intrinsic, non-cognitive costs and benefits. Side bets here then are things like *a promotion*, *a salary raise* or *set of new contracts*, or conversely, *demotion*, *getting fired* or *the loss of already held contracts*. Side bets are not compulsory to every situation, but it is contended that they can exist in both forms simultaneously with only one form being realised; dependent upon the 'end state'. It is contended that a goal and condition (if one is applicable) needs to be met for *positive* side bets to be realised, and a failure in any of these would result in *negative* side bets.

It is hoped that this expansion of the resource process clarifies at least some of the points made under that heading. However it is recognised that a great deal more clarity is still needed. It is also recognised that the impact this discussion has on the success/failure debate is unclear. Let us move on therefore to discuss another element of the debate which will ultimately demonstrate the relevance of what has just been examined. It is contended now that there could exist a situation where the action ends and a goal is argued to have been met, yet another observer argues that, based upon the information given, he feels the goal has *not* been met and thus failure is claimed. A complicated addition to this example is *cost related*. First, an observer could argue in the same situation that the goal has indeed been met but because of the *perceived* level of overall costs sustained, the course of action is actually a failure. If goal conditions are added to

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[81] H. S. Becker, 'Notes on the Concept of Commitment', <u>American Journal of Sociology</u>, Vol. 66, No. 1, 1960, pp. 32-40

this hypothetical situation, things become greatly more complex. Most simply, an observer could argue that (a) the goal and the condition (usually cost related, such as 'amount of cost type x to be incurred') have been met and declare success. Yet, another observer could argue that (b) the goal and condition were *not* met; declaring failure. Another may argue that (c) the goal has been met but the *condition* has not, declaring failure. Finally, an observer could argue that (d) the goal has been met but the costs sustained are too high *and* either the condition is met or (e) not met; declaring failure in both cases. Although immediately difficult for the reader to isolate and recognise, *opposing perspectives* on the success/failure debate have been conveyed above, as well as a number of subjective facets *that apply to all perspectives set out*. The first conclusion is that sometimes a goal or condition being met or not met is subjective. Certainly, some situations will be more obvious than others, based upon the *nature* of the situation and the *behaviour* of the DMU. The DMU could 'admit defeat' publicly, for example, or a condition could be very obviously breached (e.g. time allowed). Interestingly, one may observe that side bets and/or face are delivered as either costs or benefits and so this would help to inform the observer as to whether the goal (and condition, if present) was deemed 'not met' or 'met' respectively. If a condition *is* present, then the presence of side bets and face costs may be less useful since it could be that only the condition was deemed 'not met' and not the goal. Consider however that these outcomes are not intrinsic to every situation. Several other points, discussed below, also question the utility of gauging success and failure by this 'cost observation'. There is however an important reason that goal *conditions* are often the most subjective facets of a decision.

Consider now the argument that the goal and any conditions being met, if present, are essential to declare success. Consider too however that that this is not the only aspect that must be considered. It is contended here that overall *cost* and *benefit* levels are essential too, when considering success or failure, including those sustained *during* the action. Namely, if the *overall* costs outweigh the gains, failure is the verdict, even if goals and any present conditions are deemed 'met'.

What is now crucial to take on board however is that costs and benefits are very subjective concepts in terms of what could loosely be termed *breadth*, *depth* and *perspective*. This is essentially why the *condition* of a goal was argued above to be often

the most subjective facet of a decision procedure, since *goal conditions* are predominantly cost/benefit related in origin (though goals themselves may also be, infrequently). The ways in which costs and benefits are subjective are considered to be too complex to discuss exhaustively here. However, important considerations involve the ideas raised in the *resource process* section. You will recall that the *process* header, on page 242 of this chapter discussed "the subjective nature...from an action." The process section also discusses complementary or *hidden* costs and benefits that occur owing to relationships between certain resources and non-resources. Fundamentally, it is contended to be entirely subjective as to *what one counts as costs and benefits* and how *deep* one goes when looking at the *amounts* of costs and benefits received. This is crucial when judging success and failure and, more specifically, when judging whether a certain goal condition has been met or breached. Another important aspect includes subjectivity regarding what each type of cost and benefit is 'worth', since they are non-uniform or 'non-compatible' in nature. How much in dollars, for example, is a dead soldier worth? And, if the goal is deemed 'met', just how much is goal x 'worth'? How much is face or a particular side bet 'worth'? Also, what dictates *how much* of some outcomes/costs/benefits are received on a given occasion? And what of *projected* costs and benefits? Just because a course of action ends, this does not mean that costs and benefits related to the course of action will not still occur, long into the future. Soldiers will still draw pensions and require rehabilitation and Germany and Austria-Hungary paid war guilt long after the end of The Great War. *When* does one stop? Another potential issue, regarding *conditions* in particular, is whether the observer counts gross costs or net costs apropos a particular facet. An equally subjective, condition related *and* more general, is whether one considers investment costs, incidental costs or both, during cost/benefit calculations.

This investigation into subjectivity of costs and benefits could carry on. However, it is felt immediately that the discussion should move on, with regard to arriving at a conclusion. In summary of just *one* perspective then, a goal or a goal and condition must be deemed 'met' *and* overall benefits must be deemed to have exceeded *overall* costs for success to be declared. Conversely, failure occurs when (1) a goal is not met, (2) a goal (and by default, an accompanying condition) is not met or (3) a goal is met but not a

condition. Yet failure also occurs when (4) a goal or (5) goal with condition is met but overall costs exceed overall benefits. This is not the only way costs and benefits are important however.

It is now contended that when success or failure has been declared as above, it is the cost/benefit final calculation which decides what could be termed the 'hierarchy' of situations in each discrete group (discrete group meaning 'success' or 'failure'). Thus, a given goal and condition success situation is more of a success than another goal and condition success situation when the former has a greater amount of net benefits than the other. Somewhat counterintuitively, it is also contended that a goal 'met', failure situation (failure because of net costs) could be termed as a greater failure than a situation where the goal was *not* met. This could occur if the latter situation had a more favourable cost/benefit calculation than the former.

In conclusion, it has been iterated throughout this section that success and failure are concepts that are prone to innumerable subjectivities and perspectives, and the author has attempted to represent just two of these perspectives (first, success and failure based on goal attainment and, second, success and failure based on the *additional* cost/benefit calculation) with additional mention of *some* of the relevant subjectivities. There *are* indeed limitless ways in which the success/failure debate can be manipulated. These manipulations rest primarily on two questions. First, 'how are success and failure decided?' and, second, 'how, when and where are outcomes, costs and benefits awarded?'. In answering these multifaceted and interacting questions, the reader could create a 'mix and match' situation, where *every* element and step of the discussion can be *tailored* to personal preference.

Consider for example the prevailing argument that the concepts of success and failure are based upon the *overall* costs and benefits of a situation and not solely the achievement of a goal. One could argue that *only* the achievement of the goal (and condition, if applicable) is necessary for success, regardless of costs and benefits. As an aside, this view is considered to be wrong, not least because Staw not only considers costs and benefits in his framework for continuing an action, but the framework is arguably 'cost- and benefit-centric' in that costs and benefits have primacy when deciding whether to continue an action, not merely the goal being still potentially

attainable; the goal is, in effect, 'translated' into a benefit value. Thus costs and benefits *are* important here.

Yet in the discussion above, *overall* costs and benefits are used to declare success or failure, whereas Staw, in his framework, focuses upon the 'situationally relevant' and 'objective' facets only; leaving aspects such as cognitive values outside of the 'rational' equation when deciding continuation of a course of action. Thus, the approach adopted by the author could be argued to be too broad and inclusive and, in turn, to be in conflict with Staw's framework, in that it gives a 'rational' aspect to cognitive and other non-situationally relevant elements of said framework. This is a sound argument yet paradoxically it is considered to be *intuitively acceptable* to adopt this approach when deciding success and failure but adopt only the *rational* cost/benefit approach when looking at the framework continuation mode. What the issue does create however is a suggestion that two additional *outcome types* are 'situationally relevant' and 'non-situationally relevant', even here however there is likely to be a dispute as to what is relevant and what is not (it may be difficult to argue that some side bets are non-relevant, for example). This overall observation opens up another perspective however; where only *objective* costs and benefits are taken as pertinent when deciding success and failure, even if both types (objective and cognitive/other) are awarded as outcomes, for example. Another perspective is that only what are termed currently as *non-relevant* costs and benefits are taken as important. Mutually acceptable, diverging views of success or failure could be envisaged thus; depending upon what is the subject of the investigation: crudely, *the situation*, *the DMU* or a *combination of both*. An issue which should be made explicit here is that the above discussion also has relevance to *costs* incurred *during* an action. There is an innate link too between what is discussed above and what can be termed *personal* and *professional* interests during a course of action, which are in turn related to Agency Theory and the Tragedy of the Commons. Overall, it is considered that it would be more difficult to separate personal and professional interests and situation-centric and DMU-centric costs and benefits in personalised, individual DMU situations, where the goal is 'directly related' to the individual than when the DMU is part of a large organisational project, for example. Another, complex, issue is that in a group DMU, group members could perhaps be viewed as 'separate entities' when considering and

calculating success and failure and personal costs and benefits respectively. All these considerations could impact upon the structure of the framework itself; most plainly: 'what determinants are included and where' not to mention undermining one of the foundations of EoC behaviour: predominantly irrational behaviour.

Another issue that is just 'assumed' here is that non-situationally relevant outcomes are generally reliant upon the end state of the situation, as to their natures and presence. It may be that they are reliant upon some other aspects such as the situational costs and benefits (in that a negative balance results in negative non-situational outcomes) in isolation or in various combinations with the goal end state. Perhaps, both the goal state *and* the situational cost/benefit analysis need to be positive, for example, before positive cognitive/social benefits can be received. It is, however, difficult to see how some cognitive/social costs and benefits can be subject to anything other than the goal/condition end state of the situation. There may also be a subdivision between the *goal* and *goal condition* state as to what benefits and costs are received. *How* the situation ends is also important in that some costs and benefits are argued to be awarded only if the situation was 'quit' or only if the situation was 'forced'. Deciding what is awarded in what circumstance could be subjective, as could *deciding* if a situation was actually quit or forced. More generally, there may also be dispute as to the outcome types success and failure actually produce (one could argue for example that a given outcome type emerges from failure rather than success, in a positive or negative form). A still further issue is that the cost/benefit situation may be *all important* when considering success and failure; more important than whether the goal/condition is met or not.

Some final points of 'clarification' now. First, personal aspects like pleasure and pain are not always limited to non-situational considerations, since some EoC behaviour situations involve love and other emotional, non-material aspects as *part* of the goal and closing costs. Second, EoC behaviour literature talks of continuance primarily because the DMU 'does not want to lose' a particular 'value', whereas in reality the situation could be framed as the DMU continuing 'in order to gain' a particular value, since outcomes do tend to exist in positive *and* negative forms. Given that EoC behaviour situations do revolve around failure and a generally negative frame however, the negative connotation may indeed be the most suitable.

Third, concerning unacceptable change and failure, there is possibly a theoretical conflict which, along with the proposed solution, needs to be repeated. It is argued earlier that if a situation 'changes unacceptably', then it has *ended* and *failed* as an instance of EoC behaviour. Yet, if *failure* occurs then one could argue that the resultant process of outcomes, as described in this section, *should* occur too. Although this is an attractive conclusion, when *unacceptable change* is argued to have occurred the outcome process is thought *not* to occur, though minor costs may occur as a result of this unacceptable change. The answer to this problem has already been implied: that the action is *still continuing in a new but similar form*, despite it having ended *as an instance of EoC behaviour*, hence the label: *quasi-failure*. This provides some satisfaction, yet another issue exists. The crucial issue here concerns deciding when an action has ended *completely* and another, *totally new* one has begun, *regardless of the EoC behaviour context*. This is a subjective, heap, concept. It does have some relevance to EoC behaviour in that an action may have changed and *may* or *may not* have changed *unacceptably*, according to the criteria set out earlier, but it may have changed to such an extent that observers view the action to have ended completely and a totally new one begun anyway; effectively instigating the success/failure outcome process. There is a dilemma then in deciding between *change* of a situation – incorporating acceptable and unacceptable change, in relation to EoC behaviour – and the *real end* of a situation, which could impact the validity of many of the arguments made throughout this thesis. This entire discussion requires further research, not least because logical conflicts may exist that have not been recognised by this thesis' author, especially concerning the *simultaneously existing* types of 'failure' and 'end of situations' that are argued to occur. Fourth, the already subjective actions of counting costs and benefits as well as deciding what each is 'worth' could theoretically *shift* internally over time, revisiting the issue of unacceptable change. It should also be reiterated that the standard (goal and mean) internal shifts could indicate success when in fact failure has occurred. Fifth, a project or an enemy action could dictate that a particular amount of reinvestment is needed for continuance, yet this reinvestment will violate a goal condition. This would result in 'failure' or 'unattainability' either way. Finally, more than one goal condition may exist in a situation.

The combinations of possibilities regarding *success* and *failure* and *costs* and *benefits* form a melting pot of perspectives and subjectivities and only a fraction of these have been discussed here, despite the arguably 'tautological' approach. Such 'tautological' reasoning here however is important; more important than the arguments themselves, in that such reasoning *expresses* well the complexity of the situation. Such reasoning has particular relevance to three aspects of EoC behaviour: *defining rational behaviour*, *the structure of the EoC behaviour framework* and *the raison d'être for EoC behaviour.*

Moving on now from the theoretical focus of this heading, a question posed earlier concerned whether the Vietnam War was a success or failure. Historians would deem this question to be an irrelevance; that the conflict was a dismal failure for the USA. McMaster, for example, introduces his book with the words "the disaster of the Vietnam War would dominate America's memory of a decade that began with great promise."[82] It may or may not be the case that the war was a disaster. However, as an aid for applying some of the complex points raised here, continuing the case study now is deemed useful.

It can be argued that the goal of the Vietnam War was, as a broad generalisation, *to keep the South free from communist rule*. Although not discussed explicitly above, history demonstrates that this goal ultimately failed.[83] However, if we change history for a moment[84] and argue that the war carried on until 1986 ending in a *victory* for the USA, could the course of action now be declared a success? It is suggested that given that costs are considered to be important to a course of action being declared a success or failure, the action would still have been a failure, owing to the net cost of the situation. Even if the war had been won in 1973, one could argue the same. Yet aside from this discussion, an interesting point raised earlier is that Nixon claimed he *had* secured success and *peace with honour*;[85] a view in conflict with history's view of the war. Why then does such a

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[82] McMaster is just one of many authors who take this view, H. R. McMaster, <u>Dereliction of Duty: Lyndon Johnson, Robert McNamara, The Joint Chiefs of Staff and the Lies that Led to Vietnam</u>, (New York, USA: HarperCollins, 1997), p. 1.

[83] Following the peace accords, conflict resumed between North and South Vietnam. Saigon fell to the North on April 30th 1975; see R. D. Shulzinger, <u>A Time for War: The United States and Vietnam 1941-1975</u>, (New York, USA: OUP, 1997), pp. 305-327.

[84] This is an accepted historiographical approach, called the counterfactual or "what if?" perspective. A typical example is R. Cowley (Ed.), <u>What if: Military Historians Imagine What Might have been</u>, (London, UK: Pan Books, 2001).

[85] Nixon, <u>Peace with Honor</u>...

conflict exist? The obvious explanation is that the *peace with honour* declaration occurred *before* the fall of Saigon. For the sake of making a theoretical point however, one *could* argue that Nixon felt that the course of action *ended* when the, ultimately violated,[86] peace treaty was signed. Thus the goal *was* met. History paints a different picture. The Column of Tears,[87] the White Christmas Evacuation[88] and Operation Frequent Wind[89] portrays *failure* of the US goal. However it is a matter of semantics, one could argue, as to whether the goal was met or not; based upon the perceived *end point* of the action. The *end point* is yet another subjective aspect of success and failure thus. However, even if one takes the *theoretical* view of the action ending at the treaty, the action could still be argued to be a failure owing to the costs sustained. The – broken – promise of military intervention if the North violated the treaty also figures in this debate, insofar as suggesting that the US action did *not* end at the treaty.[90] Another facet of this discussion, perhaps more relevant to the first part of this case study, is that the renewed military action following the treaty – although not involving the US – was a form of *intensification* behaviour, following a period of *deescalation*; for the sake of differentiation, this could be termed *reescalation*. Further illustrating some of the theoretical points in the main discussion, it can be argued that the US suffered heavily from face and side bet costs. How the US lost face is self-explanatory.[91] In terms of side bets, one can argue it lost the willingness of other countries to assist it in other campaigns against the USSR, since the US was seen to 'cut and run'.[92] The reader could reasonably apply several other points made in the main discussion to the Vietnam Conflict. However

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[86] R. T. Childress and S. J. Solarz, 'Vietnam: Detours on the Road to Normalization', in C. R. Nelson and K. Weisbrode, <u>Reversing Relations with Former Adversaries: U.S. Foreign Policy after the Cold War</u>, (Florida, USA: The University Press of Florida, 1998), p. 91

[87] J. Pimlott, <u>Vietnam: The Decisive Battles</u>, (Michigan, USA: Macmillan, 1990), p. 183

[88] J. E. Lee and T. Haynsworth (Eds.), <u>White Christmas in April: The Collapse of South Vietnam 1975</u>, (New York, USA: Peter Lang, 1999)

[89] L. H. Addington, <u>America's War in Vietnam: A Short Narrative History</u>, (Indiana, USA: Indiana University Press, 2000), p. 157

[90] P. E. Haley, <u>Congress and the Fall of South Vietnam and Cambodia</u>, (New Jersey, USA: Associated University Presses, 1982)

[91] "Humiliation" is the predominant word here. For instance, P. R. Breggin, <u>Beyond Conflict: From Self-Help and Psychotherapy to Peacemaking</u>, (New York, USA: St. Martin's Press, 1992), p. 213, S. Brown, <u>The Crises of Power: An Interpretation of United States Foreign Policy During the Kissinger Years</u>, (USA: Columbia University Press, 1979), p. 49 and J. Meher, <u>America's Afghanistan War: The Success that Failed</u>, (India: Kalpaz, 2004), pp. 83, 123.

[92] J. A. Fry, <u>Debating Vietnam: Fulbright, Stennis, and their Senate Hearings</u>, (Lanham, Maryland, USA: Rowman & Littlefield Publishers, Inc., 2006), p. 160

it is deemed more prudent here to conclude the Vietnam case study now and move onto another subject related to success and failure: *feedback*.

Feedback is information relating to the *progress* of a course of action; a 'transitory report' delivered to the DMU. Feedback can be in many 'forms', but it is delivered in two types: positive and negative. Feedback contains two important components. The first is whether the news is good or bad (positive or negative) and the second is related to the utility of continued future investment (glibly then, the nature of the feedback and the likelihood of ultimate success). Examples of feedback would be things like opinion polls, military victories/setbacks and cost under/overruns. *Negative* feedback is the main focus of an EoC behaviour situation, since negative feedback is where EoC behaviour starts. It is considered as beneficial to treat negative feedback as that which is *unexpectedly* negative (as opposed to *everyday costs*). Conversely, positive feedback is considered to be *both* what is expected *and* what is unexpectedly positive (above expectations). In competitive situations feedback delivered to a DMU is predominantly reliant upon and is the 'opposite of' the feedback delivered to the enemy DMU. Feedback is rarely clear cut; regarding its type and severity but particularly the forecasted outcome of reinvestment. Crucially, feedback *interpretation* is argued here to be subjective. It could be argued that a DMU could *interpret* a given feedback episode with 'known' facets as negative but with good, unknown, poor or no prospects or even adopt similar prospect predictions but with a *positive* feedback interpretation. Crucially there also exist *information biasing* factors. These can also have similar effects on DMU feedback interpretation. Theoretically then, this argument could mean that a DMU engages in EoC behaviour, from an 'unbiased' perspective, but, from its *own* perspective, it is not doing so, or, conversely, that it is committing EoC behaviour because of *perceived* negative feedback but the feedback is 'actually' positive. This issue, particularly the latter part – is complex and is a digression from this thesis' aims; but it should be accepted that *perception* is an important facet when observing EoC behaviour.

Finally, the previous chapters observe that some authors treat feedback in different ways; to the point where it may not even be necessary, in its most understood form, in considering EoC behaviour; recall Schoorman and Holahan[93] for example. It is contended

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[93] Schoorman and Holahan, 'Psychological Antecedents of Escalation Behavior…'

that while Schoorman and Holahan's work has merit, it should not be considered as standard EoC behaviour – or perhaps not even as an *offshoot* of EoC behaviour – since it is in essence basic cognitive dissonance reduction behaviour and it ignores Staw's intentions when he envisaged the EoC behaviour hypothesis. EoC behaviour primarily deals with the real reactions of *implementing a preferred* choice – not just preferring one choice to another – and receiving *genuine negative feedback*; not *pseudo-feedback* as Schoorman and Holahan espouse. This thesis determines *preference*, *implementation* and *real negative feedback* to be essential components in virtually every EoC behaviour situation. As stated in earlier chapters, it is contended that Schoorman and Holahan's overall premise is dubious anyway. A 'course of action' is ill defined here too. It is uncertain at points in their research if they are talking of *different projects* or *the same project but competitive methods*.

8.1.11 Rationality

One particularly relevant concept apropos EoC behaviour research concerns what it means to be *rational*. Rationality has a plethora of definitions but few exist in EoC behaviour research. Intuitively, the term evokes ideas of sensibility; things or actions making sense and actions being appropriate in accordance with some acknowledged goal such as "aiming at truth or aiming at the good."[94] Conversely, *irrationality* evokes images of passion, superstition, insanity and emotion overriding reason. Weber[95] provides a basis for much of the contemporary work on rationality; discussing multiple types of rational behaviour: *Zweckrational* (mathematical/logical/expectancy), *Wertrational* (belief systems/ethics/religion), *affectual* (emotional) and *habitual* (learned or systematic); where the final two types are subtypes of the first two. In contemporary research, Chase et al.[96] argue that while the enlightenment era's emphasis on *mathematical probability* remains important, other factors including *bounded rationality*, *social norms*, *altruism* and *heuristics* also play a part; behaviour cannot be judged as

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[94] S. Blackburn, 'Rationality', in S. Blackburn (Ed.), Oxford Dictionary of Philosophy, (Oxford, UK: OUP, 1996), p. 319

[95] H. H. Gerth and C. W. Mills, From Max Weber: Essays in Sociology, (USA: OUP, 1958)

[96] V. M. Chase et al., 'Visions of Rationality', Trends in Cognitive Science, Vol. 2, No. 6, 1998, pp. 206-214

rational or irrational in isolation from the human making the decision or the social environment in which the decision takes place. Sacrificing one's life for another, for instance, is *ecologically* irrational but *morally* praiseworthy and eating the last dessert on the tray, while *biologically* rational for procuring energy, would be *socially* irrational. Smith too explores the addition of social norms in mathematical and economic models of rationality, ultimately asking "is it [still] rational to be rational?"[97] It is no longer enough, Smith argues, to know that the actor is *logical*, we must also know what social pressures are playing upon the actor's mind, and the workings of the actor's mind itself, to determine true rationality. Other authors who explore rationality, still outside EoC behaviour but in the realms of IR, include Voss,[98] Quattrone and Tversky[99] and Streufert and Streufert.[100] The latter argue for two distinct types of rationality, apropos leaders of nations: the *rational* view (the leader acts based upon logic and what is best for the nation) and *psychological* rationality (the leader incorporates what is best for *himself* in the decision making process). Agency Theory reemerges here then.

Simply put, mathematical and Darwinian interpretations of rationality often clash with *broader* understandings of it. However, even if emotional and social inputs are included, no-one but the individual truly knows his own reasoning processes, nor the amount/composition of information he possesses or takes on board. Thus, *from this perspective*, one could argue that what the individual *deems* rational *is* rational.

Maoz expresses several interpretations of rationality. *Individual rationality* (when a decision "maximizes the subjectively expected utility of the decision maker"),[101] *group rationality* (the extent to which a procedural, comprehensive and open analysis of all possible options results in a choice which reflects "a weighted aggregate of individual

[97] V. L. Smith, 'Rational Choice: The Contrast between Economics and Psychology', <u>Journal of Political Economy</u>, Vol. 99, No. 4, 1991, p. 888

[98] J. F. Voss, 'Informal Reasoning and International Relations', in J. F. Voss et al. (Eds.), <u>Informal Reasoning and Education,</u> (New Jersey, USA: Erlbaum, 1991), pp. 37-58

[99] G. Quattrone and A. Tversky, 'Contrasting Rational and Psychological Analyses of Political Choice', <u>American Political Science Review</u>, Vol. 82, No. 3, 1988, pp. 719-736

[100] S. Streufert and S. C. Streufert, 'The Development of Internation Conflict', in W. G. Austin and S. Worchel (Eds.), <u>The Social Psychology of Intergroup Relations</u>, (Monterey, California, USA: Brooks/Cole Publishing Company, 1979), pp. 136-152

[101] Z. Maoz, 'Framing the National Interest: The Manipulation of Foreign Policy Decisions in Group Settings', <u>World Politics</u>, Vol. 43, No. 1, 1990, p. 82

preferences")[102] and *outcome rationality* ("a decision is judged in terms of its outcome, not on...how it was made").[103] Maoz's final perspective relates to Janis' argument that not all Groupthink decisions produce flawed results. Groupthink decisions are rational, using *outcome* reasoning; but *only* when a situation succeeds.

An obvious question that remains however is: "is EoC behaviour rational or irrational?" There is apparent certainty among EoC behaviour authors regarding this question: the behaviour can be *both*, depending upon the situation and what is *considered* when continuing with an action. However, it is actually deemed impossible here to declare *decisively* if any *single* instance of EoC behaviour is rational or irrational. Indeed the problems of deciding *rationality* in EoC behaviour situations share much with the problems of defining *escalation*. Both terms are subjective as a function of the values, measures and perspectives adopted, by both the *observer* and the *DMU* itself. From the exploration of a number of the concepts above, it can be argued that the rationality of EoC behaviour is determined by many subjective, 'optional' indices; including mathematical/economic logic, social and ethical considerations, self-interest, costs/benefit accounting perspectives and *depth*, possible 'autoepistemic type' behaviour, coercion, feedback perception and *attitude to risk*. Ultimately, declarations of rationality or irrationality are considered here to be futile because such subjectivity abounds. This does not excuse EoC behaviour authors from not acknowledging this situation however. Yet, for the sake of an intuitive, working understanding, behaviour here is argued to be *rational* when it conforms to what can be termed loosely as 'common sense' and reasonable, long term profitable actions; where emotional security and personal considerations are acknowledged but take second place to more *common* goals and practices.

8.1.12 The Utility of Escalation of Commitment Behaviour

The majority of EoC behaviour authors investigate EoC behaviour in terms of it being rational or irrational, with a focus upon examples which demonstrate the latter

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[102] Ibid.
[103] Ibid.

condition, using *conventionally irrational determinants*. Walton however, as described in chapters three and six, argues in detail that some instances of EoC behaviour are not merely rational but also *optimal*, when related to the concepts of autoepistemic reasoning, simulative reasoning and precommitment. Fearon also figures in this discussion. These concepts treat the DMU as rational when it deliberately meta-reasons about its own or another's future reasoning for the greater good; and in this context, using a determinant of EoC behaviour that is generally considered to be *conventionally irrational*: sunk costs.

Whether these precise forms of behaviour are relevant to EoC behaviour or not is uncertain. However, autoepistemic and simulative behaviour *should* be considered in EoC behaviour, though not as presented in Walton's arguments. It is contended that EoC behaviour should only really count when *unexpected* negative feedback is encountered. Every PhD student and athlete alike knows *before* the regime begins that at points in their careers they will want to quit; the athlete in the cold winter months and the PhD student toward the end of the thesis. However, Walton's arguments are certainly not redundant. Athletes *should* quit following a serious injury and students should quit when the project is falling apart. However, in cases where actors have initiated *autoepistemic sunk cost reasoning* before the unexpected setback, disaster may occur. They may continue with a genuinely failing/physically dangerous scenario, not just an *anticipated* difficulty, precisely *because* of their autoepistemic sunk cost behaviour. Therefore, autoepistemic reasoning should be considered as another EoC behaviour determinant, when a scenario arises were autoepistemic behaviour contributes to one continuing with a genuinely failing action. The athlete who continues to use a treadmill despite an injury *because of* autoepistemically invested sunk costs, not just *standard* sunk cost reasoning is a victim of the Autoepistemic Sunk Cost Effect (ASCE). Similarly, regarding the electronics firm example, when this *simulative* signalling manoeuvre fails, a *Simulative Sunk Cost Effect* could be suggested; where continuance occurs because of the sunk costs invested. In Fearon's example too, the actor may continue because of the *simulatively* invested costs, even though the objective situation argues for withdrawal. Motive is an important facet in this situation, in that deciding why the DMU invested sunk costs in the first place (as a normal investment action or to purposely, psychologically, destabilise the enemy) may be

difficult. As an aside, autoepistemic reasoning could be *hybridised* to act in tandem with simulative reasoning, in competitive situations, as discussed in chapter six.

So far however, only sunk costs have been included in this discussion. It is argued in chapter six that two other 'conventionally irrational' determinants of EoC behaviour could be included in the discussion of autoepistemic and simulative reasoning. These are *external justification motives* and the fluid concept of *side bets*. The framing schism of the DMU continuing so as 'not to lose' or simply 'to gain' does recur here though. Crucially, it is argued that both these facets *do* occur in the non-utilitarian form, not just the utilitarian form and thus should be included as EoC behaviour determinants under the umbrella subject of autoepistemic and simulative reasoning. The reader could conceive of more autoepistemic and simulative applications of determinants in future research. Something which has not yet been discussed is that autoepistemic and simulative precommitment behaviour *may* have an unconscious element attached to it. Not only could a DMU consciously consider its own or others' weaknesses before undertaking an action, it could also act in what it believes is a 'conventional' manner while it is *unconsciously* acting autoepistemically or simulatively. This argument may be connected to the *hybridised* point raised above.

8.1.13 Defining Escalation of Commitment Behaviour

Although both *escalation* and *commitment* have been explored in this chapter, it is contended here that, put together, they still do not convey fully what it is to *escalate commitment*. It is considered impossible to create a definition that reconciles all the intricacies of the various interpretations of EoC behaviour. Thus, it is prudent to create a working definition of EoC behaviour, based upon the constituent concepts above, that is as attuned as possible without sacrificing the functionality and purpose of the research. Certainly, one can escalate commitment following *positive* feedback. However, EoC behaviour is based on the continuation of a project that is returning *negative* feedback, whether it is perceived or not. The likelihood of future success is *fully* considered in the definition because it has been demonstrated in chapters three and four that some authors only acknowledge EoC behaviour when continuance occurs despite there being *no*

chance of goal attainment following reinvestment while other authors only argue for EoC behaviour when there is at least the prospect of goal attainment. Yet it is contended here that *all* these conditions should apply simultaneously in the definition. It is considered here too that the DMU can be responsible *or* non-responsible for the *initial* action since most determinants apply to *both* situations. No mention is made of the DMU being 'able' to quit the action since it is thought here that in some cases the DMU simply *cannot* quit; either literally or because of the devastating consequences of doing so; yet chapters three and four demonstrate that many authors feel that the DMU *must* have an option to quit. The term *unexpected* is used in the definition to distinguish between a DMU continuing because it knows the negative feedback was to occur – as per autoepistemic reasoning, for example – and a DMU reacting to genuinely unexpected disappointment. The definition does not include the motives – or *determinants* – for the continuation as some definitions do. Nor does it comment upon the relative *rationality* or *irrationality* of the continuation. Ultimately then:

> *Escalation of Commitment behaviour occurs when a responsible or non-responsible Decision Making Unit continues with a course of action that is delivering unexpected negative feedback and there is either some or no prospect of eventual goal attainment*

8.2 The Integrated Escalation of Commitment Behaviour Framework

Now that the conceptual issues related to EoC behaviour have been explored and a suggested working understanding of each has been established, it is feasible now to implement the integrated EoC behaviour framework. To reiterate the historical context of this framework, there have been no other real attempts at an integrated framework following Staw's 1997 effort. Some authors[104] have tried to include multiple

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[104] E. Biyalagorsky et al., 'Stuck in the Past: Why Organizations Exhibit Escalation Bias', Working Paper, (Duke University, Durham, North Carolina, USA: 2001), pp. 1-59, J. Morrison, 'Against Better Judgment' Masters Thesis, (Royal Roads University, B. C., Canada: 2002), Sabherwal et al., 'Escalating Commitment…', R. M. S. Wilson and Z. Qing, 'Entrapment and Escalating Commitment in Investment Decision Making: A Review', The British Accounting Review, Vol. 29, No. 3, 1997, pp. 277-305 and S. J. Hartman and B. H. Nelson, 'Group Decision Making in the Negative Domain', Group & Organization Management, Vol. 21, No. 2, 1996, pp. 146-162

determinants of EoC behaviour in a summary, like Staw, but suffer many similar problems as him (discussed in chapters three, six and seven).

The integrated framework of *this* thesis, then, possesses several important characteristics and serves a number of vital purposes, discussed already in chapter seven. Let us revisit one issue however, related to the *structure* of the framework. Recall that the framework is *based upon* Staw's 1997 framework but with some notable differences. One difference is that the 1997 framework headings are modified here. One reason for this is that some headings are considered to be simply not necessary, because determinants contained with them can be 'expanded' to 'less specific' situations. This is the case with the *'Contextual'* header. This argument ultimately reveals that each heading has a 'level of specificity'; where some headings are applicable to every situation but other headings, while complementary to the more common ones, are only applicable in more specific situations. For example, the *'Physiological Determinants'* header is applicable to every situation, but the *'Organisational Determinants'* header is only applicable when the DMU is part of an organisation. Moreover, the *'Group Determinants'* header is only applicable when the DMU is a group, whether part of an organisation or not. The proposed headings also reflect the exploration of the DMU issue, above. The modified headings allow *all* recognised forms of DMU to be represented evenly. The modified headings of the integrated framework then are as follows, with a visual guide regarding how 'specific' each heading is:
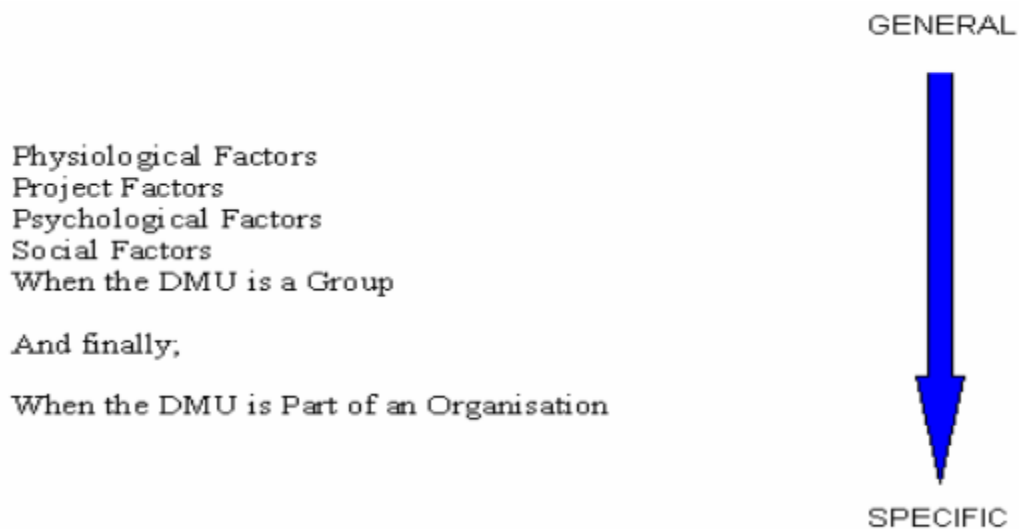

Figure 8.10: The Modified Framework Heading List and Corresponding Specificity Level

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An important issue needs to be discussed now; *before* the framework is set out. The framework is designed to function best in what is deemed the 'most common' form of EoC behaviour situation: a goal-centric scenario where ultimate goal attainment is still potentially possible. Nevertheless, a situation can arise where there is *no* chance of a goal being attained, yet some form of investment is still possible. This is a multifaceted and complex situation, with implications for the structure of the framework. Importantly it is argued that EoC behaviour situations can include a hypothetical construct known as 'goal conditions'. It is not the place here to delve into the meaning of these conditions again, except to say that goal conditions are considered to be relatively uncommon in EoC behaviour situations and include 'conditions' like 'dollar profit margins' and 'time limits'. What *does* need to be understood however is exactly *how* the EoC behaviour definition and, most importantly, the framework treats goal conditions, particularly in relation to a feasible situation where the core goal itself remains potentially attainable (e.g. the completion of a bridge), following a feedback episode, but a goal condition (e.g. the estimated time limit) is not, (and thus the 'overall goal', in its broadest sense, is unattainable).[105]

First, the use of the word 'goal' in both the *framework* and the EoC behaviour *definition* is *generally* commensurate with the term 'goal and goal conditions present'. So, the *definition's* meaning, when the probability of ultimate goal attainment is argued to be zero, applies to situations where (a) the goal itself is unattainable (irrespective of whether conditions are present or not; as they are deemed to be irrelevant in this circumstance[106]) or (b) where it is possible that the goal itself can still be met but an adjoining goal condition cannot be met. Crucially however, it should be understood that in the *framework* below, only the *main goal itself* nuance (statement a) is implied when

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[105] One could argue that a further situation – where goal attainability is perceived to be *certain* following reinvestment – is relevant to the framework. This may be the case. However, it is deemed prudent to focus upon combining already posited situations for now and reserve exploring the utility of the 'guaranteed success' condition for future research. It is argued that this inclusion would make more complex, among other things, the issue of goal conditions; since a further *axis* of behaviour would be present in a situation on top of being 'potentially attainable' or 'not attainable'.

[106] It could be argued that goal conditions can be 'met' even in circumstances of main goal failure, (e.g. a main goal failed and ended in less than the time specified in a goal condition, or goal conditions are still potentially attainable in an ongoing situation where the main goal is deemed unattainable) but this is not argued to be the case here. Goal conditions are deemed to be irrelevant when the main goal is considered to be unattainable.

the goal is discussed *in terms of being unattainable*, unless otherwise stated. To justify these apparently asymmetrical applications of the word 'goal', consider again how one could integrate clearly, into a framework, said situation where the main goal is potentially attainable but not a goal condition; and thus the *overall* goal is unattainable.

It is contended that a number of determinants in the framework have what could be termed 'manifold levels of discussion': variable meanings dependent upon the EoC behaviour situation type being applied to the framework. In other words, it is considered that most determinants in the framework potentially apply *only* when there is a prospect of entire goal attainment. However, other determinants potentially apply (a) when the entire goal is potentially still attainable or when the entire goal is unattainable because the main goal itself is not attainable (recall that any conditions are considered irrelevant in this circumstance), (b) when the main goal is not attainable or when the main goal is potentially attainable but a condition is not, (c) when the entire goal is potentially attainable or when the entire goal is not attainable because the main goal itself is potentially attainable but a condition is not and (d) when the entire goal is potentially attainable or when the main goal is unattainable or when the main goal is potentially attainable but a condition is not.

Most determinants in the framework are self-explanatory as to which circumstance they apply to. However, where it is *not* thought to be clear, explanation is given. Some important qualifications are need here though. The first is that some readers may consider differently, in terms of 'situation applicability', some of the determinants. They may also consider new 'combinations' of applicability than those outlined above. *Future* framework determinants may also be subject to the same effects. The second and more relevant qualification revisits the reason for the exploration of the possible applications in the first place: in the framework below, only the *main goal itself* is implied when the goal is discussed in terms of *being unattainable*. While goal conditions are deemed a valid addition to EoC behaviour from this thesis, they are not included in the relevant determinants *in the framework itself*, under conditions of an unattainable goal, for several reasons.

As stated earlier, the framework is best suited for situations where there is at least the prospect of complete goal attainment. Yet, while it is deemed acceptable to allow into

the framework the 'less compatible' situation of goal attainment potential being zero owing to the *main* goal being unattainable, including the situation where goal attainment potential is zero owing to the goal *conditions* being unattainable would make the framework too unwieldy and repetitive, relative to the limited positive impact that would be felt. Overall, the relative rarity of goal conditions in a situation, not to mention the circumstance where a condition is both present *and* unattainable, does *not* justify the added complexity that would be created if goal conditions were to be included in the framework under conditions of 'goal unattainability'.

One situation which is also feasible is where the main goal is unattainable because there are what could be termed 'absolute limits' on the goal conditions of a particular situation. To expand, above it is suggested that goal conditions can always be violated. However the point here is that it is possible that a situation could exist where the goal conditions simply cannot be violated. Examples would be absolute timetables (Expo '86 or the 2012 London Olympics) or inviolable budgets (organisational/governmental coffers). One could therefore envisage a situation where the goal is considered unattainable because the goal conditions *cannot* be modified, though it is acknowledged that the goal could also be unattainable anyway (whether the violation was allowed or not). Importantly however, by expansion this situation would also imply that not only is the goal *unattainable*, but that failure is effectively *inevitable* because the margins of the conditions cannot be fudged. Enemy behaviour could also present a type of inevitability of failure too (in a war for example). Although it is stated above that goal conditions are not included in the framework as part of the goal being unattainable, this 'non-violation and failure inevitability' situation *is* included in the framework because it is viewed as part of the main goal being unattainable rather than being 'condition-centric'.

To return to the main discussion, the determinants deemed applicable, when the goal is unattainable owing to goal conditions, are outlined now. However, this discussion is not definitive; rather it is the author's opinion and so represents a further research opportunity for the reader, not only regarding the addition of more determinants to *this* discussion but in terms of including 'unattainability owing to goal conditions' in the

framework in a way that reduces the unjustifiable complexity that would occur.[107] The number of applicable determinants where goal attainability potential is zero owing to goal conditions is sizeable. For greater understanding, the reader is advised to identify the nature of each of these determinants from the framework first and *then* return to the *'no condition' specific* points made here.

To begin, one could argue that a DMU would continue with a course of action despite the goal being unattainable, *owing to goal conditions*, because, most basically, the marginal gains of goal achievement – even with a condition not being met – exceed the marginal costs of the same course of action. However, even when the marginal costs of goal achievement without the condition exceed the marginal gains of the same, the additional costs of quitting the main goal may exceed the net marginal costs of achieving the goal without the condition, thus encouraging continuation. Overall, this is a greatly more complex equation than the equation which deals solely with the *entire* goal being potentially attainable. Closing costs are a crucial factor to consider here, as perhaps are *some* types of side bet, especially concerning the *division* of any closing penalties related to the main goal and the goal condition. Comments made in the main framework concerning marginal gains and costs may also relate to this goal condition discussion.

Clarity of feedback also is an important determinant here, as is the *availability of alternatives*, an *inability to quit*, whether investment is *passive or active* and the *amount of time available* to make the escalation decision. Aside from the more 'rational' economic motives, other determinants include: psychological determinants (*self-inference*, *internal binding*, *cognitive scripting*, *information biasing*, *Illusion of No*

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[107] A still further yet important complexity which applies to both the *main framework* and to the *goal condition situation* involves a less likely but still possible situation where (a) the goal *has already been* attained and a goal condition is still potentially attainable, thus the situation *as a whole* is still potentially attainable and (b) where the goal *has already been* attained but the goal condition is not thought to be attainable, yet investment continues (in other words, in both cases investment does not *necessarily* need to cease after main goal attainment as is perhaps implied in this introduction to the framework). This is a subtle complexity, and although not included *explicitly* in this discussion, (some minor conflicts with what has been stated above do exist, especially related to statements a and b concerning what an unattainable situation is, statements a-d concerning determinant applicability arrangements, and the condition related determinant list above), it is believed that without great difficulty, situation (a) of this footnote can generally be applied to the framework situation already and, with a little more alteration, situation (b) can generally be applied to the conditions introduction presented here. More study is required however, to include these situations *intrinsically* in this discussion. The reasons why these situations have not been included to the level of other considerations is that it is thought that yet more added complexity would damage the discussion greater than any added utility.

Choice, *consistency and learning motives*, *postponement of failure*, *PCH effects* and some elements of *Prospect Theory*), social determinants (*external binding*, *social information biasing*, some elements of *manipulation*, *competition and conflict*, *pressure and resistance*, *inertia*, *the Saboteur Effect* and *cultural norms*), group determinants (intra-group manipulation, *group conflict*, *group pressure and resistance*, *group norms*, *group inertia*, *group conformity pressures*, *Towering Inferno Effect*, *Newgroup Syndrome*, *communication structure*, *social loafing*, *group size* and *leadership style*) and organisational determinants, (some *limitation techniques*, *Agency Theory*, and *institutionalisation*). Finally, it is contended that the moderators/intensifiers (e.g. age) described throughout the framework, also apply in 'goal conditions unattainability' situations. One final point before examining the framework regards the likelihood of some determinants being *related* to other determinants in various ways. This is not discussed in depth in the framework and thus is yet another research opportunity. The kind of relationships between determinants may include those such as *moderating* and *intensifying* effects, *synergistic* effects, the need for one determinant being present in order for another to be present and the presence of one determinant excluding another. Let us now move immediately on to the integrated framework itself.

8.2.1 <u>Physiological Determinants</u>

The physiological category refers to the physical and biological characteristics of the DMU or constituent parts of the DMU in the case of a group. These determinants are present in *every* situation. These 'determinants' however could perhaps be better considered as intensifiers or moderators of several *other* determinants in the framework, in multiple 'situations' (regarding possibility of ultimate success), rather than as 'standalone' EoC behaviour determinants.

<u>Age of the DMU</u>

It is suggested here that the age of the DMU, or the aggregate age for a group, is a key but unresearched EoC behaviour determinant. It is contended that as the age of the

DMU increases, certain forms of 'irrational', psychologically motivated, EoC behaviour will decrease; for several reasons. First, it is suggested that age tends to be concomitant with *work experience*, deemed here to be a positive psychological determinant too. It is suggested that greater age also reduces the felt need for the DMU to prove itself, as a younger DMU might feel expected to do. However, in a group scenario, it is argued that although aggregate age is important, the age of the leader and the dominant members matter too, since *they* will have a disproportionate effect on proceedings. Conversely, it could be argued that older DMUs, especially if they are experienced, may feel as if they are expected to 'be a success' and thus feel *obligated* to escalate commitment *more than* younger, inexperienced DMUs.

Gender of the DMU

Brockner and Rubin[108] argue that the individual DMU is more likely to escalate based on 'irrational' motives when he is male, owing to predominant behavioural differences between the sexes regarding risk treatment and justification motives. However, in a group scenario, Brockner and Rubin argue that it is females who 'irrationally' escalate more than males owing to a reversal of sexual identity. In a group therefore, it is suggested that the effect of gender on EoC behaviour is a combination of the numbers of males and females and what genders hold the most dominant positions within the group.

National Culture of the DMU

Although there are several different cultural determinants of EoC behaviour, such as the small group culture and the culture of the organisation, there is also an overriding cultural effect that is related to the DMU's nationality. Chapter four discusses authors[109]

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[108] J. Brockner and J. Z. Rubin, Entrapment in Escalating Conflicts: A Social Psychological Analysis, (New York, USA: Springer-Perlag, 1985), p. 96

[109] C. W. Chow et al., 'Escalating Commitment to Unprofitable Projects: Replication and Cross-Cultural Extension', Management Accounting Research, Vol. 8, No. 3, 1997, pp. 347-361, S. B. Salter and D. J. Sharp, 'Agency Effects and Escalation of Commitment: Do Small National Culture Differences Matter?', The International Journal of Accounting, Vol. 36, No. 1, 2001, pp. 33-45, D. J. Sharp and S. B. Salter,

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who argue that national culture affects one's propensity for EoC behaviour. In a group context, it is suggested that the national culture effect is an aggregate effect of the members' nationalities, the nationalities of the more dominant or powerful members and the country in which the group is operating. The final condition would arguably also apply to the individual DMU. Overall, different nationalities are likely to encourage EoC behaviour to various degrees.

8.2.2 <u>Project Determinants</u>

Of all the categories, the project determinants could be considered to be the most 'objective' and 'rational' factors in causing EoC behaviour.

<u>Clarity of Feedback, Exogenous or Endogenous Reasoning and the Efficacy of Further Investment</u>

Finlay et al. argue that "decisions based on less than perfect knowledge are unavoidable."[110] While arguably not true for *every* situation, it is agreed here that the clarity of any feedback is indeed a *crucial* EoC behaviour determinant. Feedback (in a negative sense) has two dimensions: how bad the setback is and what the chances are of ultimate goal attainment following reinvestment. Staw's research argues that the clearer the negative feedback is that reinvestment will or will not succeed, the more likely it is that the DMU will act for maximum utility, or at least be less subject to justification motives. However, more ambiguous information will cause the opposite effect. As part of this calculation, Staw further argues that[111] whether the setback is deemed exogenous or endogenous will help determine whether the project is continued or not. If further investment is deemed by the DMU to be efficacious then EoC behaviour will be more likely to occur than if it is deemed wasteful. This reasoning is certainly prospective in

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'Project Escalation and Sunk Costs: A Test of the International Generalizability of Agency and Prospect Theories', <u>Journal of International Business Studies</u>, Vol. 28, No. 1, 1997, pp. 101-121 and C. R. Greer and G. K. Stephens, 'Escalation of Commitment: A Comparison of Differences between Mexican and U. S. Decision Makers', <u>Journal of Management</u>, Vol. 27, No. 1, 2001, pp. 51-78

[110] D. J. Finlay et al., <u>Enemies in Politics</u>, (Chicago, USA: Rand McNally, 1967), p. 96

[111] B. M. Staw, 'The Escalation of Commitment: An Update and Appraisal', in Z. Shapira (Ed.), <u>Organizational Decision Making</u>, (Cambridge, UK: Cambridge University Press, 1997), p. 197

nature. However, feedback *interpretation* is considered to be *subjective* and it may further be skewed by *information biasing processes*; reiterating the argument that *perception* is a crucial consideration here. Bowen believes that reinvestment in potentially attainable situations is rationally founded[112] and only reinvestment in non-attainable situations should be classed as EoC behaviour; in opposition to Staw in several ways.[113] Other authors argue that EoC behaviour can apply in *both* potentially attainable *and* non-attainable circumstances and this thesis prefers this view. Expectancy Theory investigates these issues further.

The Future Expenditure Required to Reach the Payoff

This determinant, from Staw,[114] is linked to Expectancy Theory. If predicted marginal benefits (those benefits that are yet to appear) exceed predicted marginal costs (those costs that are expected to be incurred) regarding a potentially attainable project, then it can be argued to be entirely 'rational' to continue a course of action. This determinant can be contrasted with the continuance of a project *despite* predicted marginal costs exceeding predicted marginal benefits because the costs of *quitting* the project are higher than the net costs of carrying on. It can be argued, using this reasoning, that in some cases goal failure may be preferable to success because some rewards have already been received and the DMU has a positive cost/benefit ratio, and if the DMU continues, even though it is predicted to complete the goal with a positive balance, the cost/benefit balance may not be as great as if it quit the project now. However, most situations have the gains at the end and any other situations would likely contain heavy closing costs as a deterrent against such behaviour. This facet is discussed when sunk costs are explored later.

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[112] 'Potentially attainable' means that the situation is also equivocal. The DMU 'rationally' reinvests to obtain more information about the situation, according to Bowen.

[113] Staw clearly conveys in his research that EoC behaviour situations predominantly involve *equivocal* information (they are rarely definitive as to predicted outcome) and that they are certainly not *always* rationally extended.

[114] Staw, 'The Escalation of Commitment: An Update…', p. 197

Closing Costs and Salvage Value

These closely connected determinants concern cases where it is recognised that the costs of continuing to a potentially attainable goal (or perhaps even that the project is unattainable or even failure-inevitable) are likely to be greater than the perceived potential gains, but it is judged too that the overall *closing costs*, received from terminating the project (redundancy payments, clauses, decommissioning a partially built nuclear plant, lost territory in a war) will be greater than those of continuing (or perhaps continuing for a very long time in the case of an unattainable or failure-inevitable course of action). Similarly, projects that have large intangible costs such as salaries and insurance payments will have a lower *salvage value* than projects where costs are invested in machinery, where at least *some* refund can be made. Thus, low salvage value and high closing costs, according to Staw,[115] encourage EoC behaviour. The consideration of salvage value however is deemed here to be a potentially irrational determinant of EoC behaviour rather than a rational one. There is a sunk cost 'feel' to considering the salvage value of a situation when deciding whether to continue or not, since the DMU is looking *back* at what it has invested. Perhaps what should also be considered here is the *modified interpretation* of side bets (in the success/failure discussion). Although argued to be a DMU-centric determinant of EoC behaviour, side bets could be argued to have some *situational* relevance in some circumstances, such as the award of new contracts upon success, or loss of existing contracts after failure. However for uniformity, side bets should be considered, for now, as a psychological determinant. Another consideration is the issue of costs sustained *during* an action *that are not situationally relevant or objective*. Finding a place to put these costs is difficult in the current framework. They are not thought to be considered when calculating marginal costs and gains, but they are arguably more than mere psychological considerations. Moreover, there is a perhaps a case for the consideration of a further, hypothetical set of equations labelled here as 'closing gains': *the benefits of a DMU quitting and/or failing an action*; if only to complete the 'set' of equations presented. Furthermore, there may be some very subtle cost/gain differences in equations depending upon whether a DMU

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[115] Ibid.

considers *failing* or *quitting* an action, but this is an embryonic argument. In truth however, closing gains would likely be only psychosocial in nature. Indeed, as argued earlier, some psychosocial elements such as *external justification*, *punishment* and *consistency* are potentially *positively* awarded after failure and/or quitting.

Timing of Rewards and Costs and the Project Structure

Many projects involve irregular concentrations of rewards and costs during their lifetime. It is argued[116] that a DMU will be more likely to continue a project when costs are expected first anyway, *followed by* benefits at some future date. A likely reason for this is this structure would more likely present a positive cost/benefit ratio upon reconsideration, regarding a potentially attainable goal. Perhaps EoC behaviour, more generally, is more likely too because there is very little to distinguish between a genuinely failing project and expected upfront costs. This situation is less likely in situations where benefits closely follow cost expenditures, since if this project type failed to deliver benefits soon after starting, the manager would be more likely to perceive a problem.

Running parallel to this situation is the *project structure*. If the project is structured as an *investment situation* (a situation where one's inputs are *directly* linked to the likelihood of the project succeeding), then negative outcomes are considered less alarming than if inputs are considered as *expenses*. Furthermore, if the DMU does reexamine the project, then future success is more likely to be expected than if the project is set in a non-investment frame.[117] This discussion raises the issue that there are several subtle *types* of investment. The first is investment which is *aimed at* achieving the goal but *may* not definitely do so, and the second is investment which is not only aimed at achieving the goal but is *directly linked* to the goal being achieved in a mathematical way (increasing investment directly increases the completion 'level' of the project). Both of these types are separate from the *investment context*; the basis of an EoC behaviour situation. Another issue regarding costs, benefits and project structure regards a situation

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[116] B. M. Staw and J. Ross, 'Behavior in Escalation Situations: Antecedents, Prototypes and Solutions', Research in Organizational Behavior, Vol. 9, 1987, p. 47

[117] Ibid., p. 46

where there is a possibility of goal completion following a setback but the marginal costs of continuing to the goal exceed the marginal gains and the costs of quitting immediately are less than the net costs of the DMU carrying on to goal completion. However the project may be 'staged' in such a way where the DMU may be able to continue to a *certain point* in the project, (but before the *end* of the project) where gains exceed costs up to this stage. This particular issue could *perhaps* be applied too to situations where there is no chance of goal completion or where the goal *conditions* cannot be met.

Availability of Alternatives

Staw suggests[118] that if there is a choice of alternative courses of action to pursue following negative feedback in a still potentially attainable action then EoC behaviour is less likely to occur. However, if there is a lack of viable alternatives or there have been too many costs incurred already for others to be afforded, then EoC behaviour is more likely to occur.

Inability to Quit

It can be argued that the DMU escalates commitment to a course of action following negative feedback because it is physically, legally or bureaucratically unable to quit. This inability can be related to many aspects of life from drug addition and blackmail to contractual obligations. In reality however it is suggested that a DMU, unless being held hostage, can practically *always* quit an action and that it is the *consequences* of quitting that makes the DMU *believe* it cannot quit. This distinction however is ambiguous. Although the DMU may be physically able to quit an action, it can be argued that disastrous consequences may *make* the action effectively inexorable. The Illusion of No Choice explores this distinction more. It is argued that an inability to quit applies to potentially attainable and unattainable situations alike.

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[118] Staw, 'The Escalation of Commitment: An Update…', p. 197

<u>Passive or Active Reinvestment</u>

Brockner et al.[119] argue that if the method of reinvestment following a setback is *passive* rather than *active*, then EoC behaviour is more likely to occur since DMUs tend to avoid changing the status quo of a situation; either consciously or through neglect. It could be argued that this determinant could apply to both potentially attainable and unattainable situations.

<u>Time Availability</u>

It is suggested here that the *length of time available to make an EoC behaviour decision* can affect behaviour. If there is little time to decide, information may be processed/viewed incorrectly, encouraging EoC behaviour. More simply, it is suggested that if time is short, EoC behaviour will be the choice since the DMU does not want to quit without considering all the options and so will continue in order to obtain more time to consider these options. This situation may become cyclical where there will never be a situation where the DMU has enough time to properly consider its choices. This determinant could arguably apply to all attainability situations.

8.2.3 <u>Psychological Determinants</u>

These are determinants that move beyond the objective nature of the project and are reliant upon the nature of the DMU itself. These factors tend to be predominantly less 'rational' and more egocentric in nature. As has already been mentioned, generalised cognitive pleasure and pain can inform a decision whether to escalate or not, yet more specific facets exist here. Side bets *may* also be relevant here.

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[119] J. Brockner et al., 'Factors Affecting Withdrawal from an Escalating Conflict: Quitting Before it's too Late', <u>Journal of Experimental Social Psychology</u>, Vol. 15, No. 5, 1979, p. 494

<u>Self-Justification</u>

Following a setback, Staw[120] argues that self-justification motives may occur, when the goal is still potentially attainable. These motives originate if the DMU made the original decision (or perhaps just continued with an *adopted* action) because the DMU does not wish to admit that it has made a mistake and that the action is failing. Thus the 'solution' is to invest more and carry on with the failing project and to hopefully prevail, so as to prove to *itself* that the initial choice was ultimately correct.

<u>Expectancy Theory</u>

This is deemed a highly prospective and thus potentially rational tool for deciding whether to escalate commitment or not following a setback. Expectancy Theory is represented using the formula MF=EIV, detailed on page 35 of this thesis. Thus, using Expectancy Theory correctly, according to Staw and Ross,[121] it is likely that EoC behaviour in a badly failing project will cease. The problem with Expectancy Theory however is that it can be skewed by other psychological factors, such as information biasing. This is because the measures used in the theory are highly subjective and based upon the notion of sound information and emotional detachment, which is rarely the case.

<u>Reactance Theory</u>

Although a moderator of 'irrational' EoC behaviour, this theory is related to Expectancy Theory in that it is also a prospective reasoning technique. The theory argues that following a setback, the DMU will strive to improve its degree of rational, prospective reasoning. This process can involve the more prudent selection of

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[120] B. M. Staw, 'Knee Deep in the Big Muddy: A Study of Escalating Commitment to a Chosen Course of Action', <u>Organizational Behavior and Human Performance</u>, Vol. 16, No. 1, 1976, p. 29

[121] B. M. Staw and J. Ross, 'Commitment to a Policy Decision: A Multi-Theoretical Perspective', <u>Administrative Science Quarterly</u>, Vol. 23, No. 1, 1978, pp. 43-45

information sources and an attempt to become more emotionally detached from the project.[122]

Reinforcement Traps

Staw and Ross[123] argue that various reinforcement traps can encourage EoC behaviour following a setback in a still potentially attainable situation. If the history of the project has been mostly positive, then the DMU may continue owing to a belief that the current setback is an anomaly; which may indeed be true. If the history has been highly positive, then the DMU may fall victim to an *Illusion of Invulnerability*, where the setback is ignored altogether. If negative feedback is predominant in the history, then the DMU may fall victim to *Learned Helplessness*, where the DMU believes its actions have no bearing upon the results produced. Finally, if the history of setback and success is *staggered*, then the action may continue for a long time before it is ceased.

Self-Inference

Self-inference dictates that DMUs may escalate commitment following negative feedback because they cognitively view their own *prior* investment actions and then infer beliefs and values from them. If a DMU invests in a situation, then it infers from this action that it believes the action is sound and so must invest further in it. Self-inference applies to potentially attainable situations, but it could be argued that it applies to unattainable situations too.

The Gambler's Fallacy

The Gambler's fallacy occurs when the gambler (DMU) believes that previous negative feedback in an action means that the action is more likely to succeed in the

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[122] Ibid., p. 45
[123] Ibid., pp. 41-45

future, because the DMU is *due a win*.[124] However, unless the sunk costs are also the 'direct relation' form of investments, this belief is fallacious. This factor, then, is linked to both the *project structure* and the *SCE*.

The Sunk Cost Effect

The broad definition of the SCE dictates that the DMU will reinvest in a potentially attainable situation in order to justify and prevent the wastage of previously incurred, sunk, costs. Garland[125] argues that it is the *relative* quantity of sunk costs that determines the severity of the SCE rather than the *absolute* level of costs.

The Autoepistemic Sunk Cost Effect

It is argued here that autoepistemic reasoning – an act argued by Walton[126] to be a positive decision making tool for unpleasant decisions – may backfire when combined with sunk costs to create what could be termed the ASCE. This effect occurs when a DMU deliberately invests a large amount of sunk costs into an unpleasant project, predicting that in times of weakness it will knowingly and willingly fall victim to the SCE and so carry on; not wanting to waste its very large investments. However when an *unexpected* negative feedback episode occurs, the DMU continues with a potentially attainable situation precisely *because* of these autoepistemic sunk costs. Thus, a useful psychological tool may backfire to encourage EoC behaviour in what could be an 'irrational to reinvest' project. The ASCE is more complex than this, however the complexity that requires mention here is that other factors may also be 'utilised' in an autoepistemic manner and thus fall victim to the Autoepistemic Effect (AE).

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[124] Staw, 'Knee Deep…', p. 30
[125] H. Garland, 'Throwing Good Money after Bad: The Effect of Sunk Costs on the Decision to Escalate Commitment to an Ongoing Project', Journal of Applied Psychology, Vol. 75, No. 6, 1990, p. 728
[126] D. Walton, 'The Sunk Costs Fallacy or Argument from Waste', Argumentation, Vol. 16, No. 4, 2002, pp. 473-503

Postponement of Failure

Based on work by Karlsson et al.,[127] it is suggested here that even when feedback dictates that *further investment will not attain the goal*, or that, arguably, other indices dictate that quitting a potentially attainable goal is 'rational', EoC behaviour may still be the DMU's preferred option in order to *postpone* the dissonance associated with goal failure. Politicians may utilise this technique in order to choose the least damaging time to admit failure – far from elections – perhaps even choosing to end the project as they leave office. It is suggested here however that such postponement techniques may lead to the right time to quit never actually appearing; thus the action, where possible, may drag on indefinitely. An indefinite situation, where applicable, may actually be preferred; where losses are *absorbed* by other activities of the DMU and no dissonance is felt. Overall then, depending on the situation, it can be argued that a DMU may continue an unattainable or perhaps even an 'irrational but attainable' situation indefinitely, until it voluntarily stops, until the situation dictates it (reinvestment is no longer acceptable because of an absolute limit of some kind or an approaching enemy army) or, paradoxically, it actually completes the goal, all *in order to postpone failure*. Although not strictly a postponement of failure, consider the case of the Vietnam War; where Nixon supported a 'decent interval', in order to save his political reputation when the South ultimately imploded.[128]

Levels of Self-Esteem

McFarlin et al.[129] argue that if the DMU possesses high self-esteem, then it is more likely to escalate commitment to a goal that is potentially attainable following a setback

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[127] N. Karlsson et al., 'Escalation of Commitment with Transparent Future Outcomes', <u>Experimental Psychology</u>, Vol. 52, No. 1, 2005, pp. 67-73

[128] J. Hanhimaki, 'Selling the 'Decent Interval': Kissinger, Triangular Diplomacy and the End of the Vietnam War, 1971-73', <u>Diplomacy & Statecraft</u>, Vol. 14, No. 1, 2003, pp. 159-194

[129] D. B. McFarlin et al., 'On Knowing when to Quit: Task Failure, Self-Esteem, Advice and Non-Productive Persistence', <u>Journal of Personality</u>, Vol. 52, No. 2, 1984, pp. 138-156

than if it is less confident in its own abilities. Whyte et al.[130] suggest the same relationship using the term *self-efficacy*.

Relevance of Academic Background to the Task

Fox et al.[131] suggest that if the DMU's academic background is linked to the course of action then it will be more likely to escalate a potentially attainable situation following a setback. There is argued to be an *exaggerated* belief within the minds of specialist DMUs; where in-depth knowledge causes the DMU to believe that it is greatly more able to reverse the situation than a non-specialist DMU. This situation may be linked to the *social binding* determinant, discussed below; where the DMU believes that the state of the action reflects its own *overall* prowess. However, it is suggested that the academic background determinant is lessened by two other factors: *age* and *work experience*. Thus, a learned DMU which is starting out in the field of its chosen discipline is more likely to escalate commitment than an older, more experienced DMU.

The Need to Appear Consistent at all Costs, Learning about Escalation of Commitment Behaviour, Long Term Utility and Self-Punishment

Bornstein et al.[132] suggest that a DMU escalates commitment following a setback for several psychological reasons that rest upon its desire for *long term utility*. It can be argued that as well as wanting to appear consistent to others at any cost, the DMU escalates a situation in which there is either no chance of goal attainment or where the goal can potentially be attained but more 'rational' reasoning recommends quitting, in order to punish itself for a bad decision and to learn a lesson for the future. What is more unusual is that Wilson and Qing[133] argue that the DMU escalates in order to learn more about the phenomenon it is a victim of: namely EoC behaviour. It is suggested here that

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[130] G. Whyte et al., 'When Success Breeds Failure: The Role of Self-Efficacy in Escalating Commitment to a Losing Course of Action', <u>Journal of Organizational Behavior</u>, Vol. 18, No. 5, 1997, pp. 415-432

[131] S. Fox et al., 'Escalation Behavior in Domains Related and Unrelated to Decision Makers' Academic Background', <u>Journal of Psychology and Business</u>, Vol. 10, No. 2, 1995, pp. 245-259

[132] B. H. Bornstein et al., 'Rationality in Medical Treatment Decisions: Is there a Sunk-Cost Effect?', <u>Social Science & Medicine</u>, Vol. 49, No. 2, 1999, pp. 215-222

[133] Wilson and Qing, 'Entrapment and Escalating Commitment…'

Bornstein et al.'s and Wilson and Qing's arguments are paradoxical in that the only DMU that would escalate for the reasons these authors prescribe is the DMU that is not primarily concerned about the action's outcome; which is not concomitant with an EoC behaviour situation.

The Illusion of No Choice

Janis[134] suggests that a DMU may continue a course of action because it is under the *erroneous* impression that it cannot do anything else, even quit the action. To advance this effect further, the DMU may escalate because it deems itself to be physically, legally or bureaucratically unable to quit but also because it knows it is able to quit but is unwilling to do so because of an *assumption* of the disastrous consequences that await. What is distinctive about the Illusion of No Choice however is that the DMU *is* either physically able to quit the action but doesn't know it or that it knows it can quit but believes, erroneously, that quitting the action will cause disastrous consequences. This effect is linked to the Eichmann Effect; denoting a DMU's apparent inability, or unwillingness, to disobey orders. Although obeying instructions and legalities are considered to be important facets of this effect, it is suggested *here* that in some cases the effect may be unconsciously self-induced in order to stave off cognitive dissonance. If a DMU believes that it has no means to quit or disobey an action – that it is escalating under duress – it can justify more easily it escalating an action. This determinant could apply to both potentially attainable and unattainable courses of action.

Experience

It is suggested in this thesis that *experience* is an important EoC behaviour determinant. It is contended that experience (which is different from *academic study*) in the area of the project will reduce 'conventional irrationally motivated' EoC behaviour following a setback, because the DMU is more able to deal with many psychological

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[134] I. L. Janis, <u>Decision Making: A Psychological Analysis of Conflict, Choice and Commitment</u>, (New York, USA: The Free Press, 1977), p. 268

effects that may arise. However, it may be the case that a more experienced DMU may actually feel *obligated* to succeed more than less experienced DMUs. Experience is often concomitant with age. Like age, gender and nationality then, experience could be looked on as an intensifier/moderator of many 'irrational', psychological determinants of EoC behaviour, in several 'attainability' situations.

One Giant Project

It is suggested here that a DMU undertaking more than one course of action simultaneously may be unable to separate them completely. Several possible relationships can emerge from this inability to separate, it is argued. For example, if two projects have received negative feedback, the DMU may press the justification needs of one project onto the other, especially if only one is still potentially attainable. The DMU may also treat the marginal cost/benefit equation of both attainable projects as 'one'. Thus a project that would be unprofitable to continue on its own would be continued because the other would absorb some of the losses and make an, albeit less, profitable result in total. Another possible relationship is that in two failing situations, the DMU may decide to escalate one project just because it is more likely to succeed than the other even though both should be *independently* studied. Here, the DMU is weighing up the merits and costs of each project, not on the future utility, but on their merits *relative to each other*. One could anticipate a large number of potential applications of this determinant that deserve further research.

The Project Completion Hypothesis

Some authors suggest that EoC behaviour is caused by how close a, still potentially attainable, project is to completion when the setback is encountered. Boehne and Paese,[135] Conlon and Garland[136] and Garland and Conlon[137] argue that the closer the

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[135] D. M. Boehne and P. W. Paese, 'Deciding Whether to Complete or Terminate an Unfinished Project: A Strong Test of the Project Completion Hypothesis', <u>Organizational Behavior and Human Decision Processes</u>, Vol. 81, No. 2, 2000, pp. 178-194

project is to completion, the more likely the DMU is to escalate commitment. It is suggested too that the amount of costs already incurred can trick the DMU into thinking the project is near completion, when in fact these may have no bearing on the completion level. Boehne and Paese, Conlon and Garland and Garland and Conlon also state that in some cases where the SCE has been blamed for EoC behaviour, it is the level of project completion that is responsible. Moon[138] argues however that sunk cost and project completion factors are both valid determinants of EoC behaviour and are not mutually exclusive causes. He contends further that the SCE and PCH can together influence a DMU to escalate commitment, both simultaneously and synergistically. Related to the PCH, Fox and Hoffman[139] argue that EoC behaviour can be caused by the need for *proximal closure*, where completing the project is an end in itself, no matter what the cost/benefit or other considerations. Although vanity motives can be a driver for this argument, completing the project irrespective of costs and benefits implies that moral obligations and fulfillment of promises may too be important determinants of both EoC behaviour and so-called *rational* behaviour, beyond a cold cost/benefit analysis. *Clarity of completion* is also deemed an important determinant of EoC behaviour according to Fox and Hoffman; where the more clear the steps, or path, to completing the goal are, the more effort the DMU invests. This determinant is related to *information*, thus *any* feedback, even negative, may be argued to encourage continuance, since it provides information and clarity.

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[136] D. E. Conlon and H. Garland, 'The Role of Project Completion Information in Resource Allocation Decisions', <u>Academy of Management Journal</u>, Vol. 36, No. 2, 1993, pp. 402-413

[137] H. Garland and D. E. Conlon, 'Too Close to Quit: The Role of Project Completion in Maintaining Commitment', <u>Journal of Applied Social Psychology</u>, Vol. 28, No. 22, 1998, pp. 2025-2049

[138] H. Moon, 'Looking Forward and Looking Back: Integrating Completion and Sunk-Cost Effects within an Escalation-of-Commitment Progress Decision', <u>Journal of Applied Psychology</u>, Vol. 86, No. 1, 2001, pp. 104-113

[139] S. Fox and M. Hoffman, 'Escalation Behavior as a Specific Case of Goal-Directed Activity: A Persistence Paradigm', <u>Basic and Applied Social Psychology</u>, Vol. 24, No. 4, 2002, pp. 273-285

Prospect Theory and Framing Effects

According to Kahneman and Tversky,[140] Prospect Theory dictates that a DMU is more sensitive to losses than gains. Thus, in the domain of losses the DMU is more likely to engage in risky behaviour to avoid accepting a certain loss (where gain is possible but so is greater loss) than if it was in the domain of a certain gain (and greater gain is possible but so is loss). DMUs in EoC behaviour situations are practically always in the loss domain (owing to costs sustained and few rewards) and so prone to risky EoC behaviour, where the situation is still potentially attainable. Moreover, Prospect Theory is intensified by how the information the DMU receives is *framed, despite the objective information being the same*. Staw and Ross[141] argue that if a situation is portrayed in terms of losses, the DMU will be even more willing to risk further investment in the project. However if it is termed as a proportion of gains, the DMU is more likely to avoid risking further investment. However, it is suggested here that if the information is phrased in an *overly* positive manner then the DMU may feel as if the project is going better than the facts reveal, causing EoC behaviour anyway. Prospect Theory and Framing could perhaps be considered as a quasi-form of *information biasing*.

Information Biasing

Staw and Ross[142] argue that DMUs tend to bias information so that it fits with their beliefs. Thus if a DMU believes that the project will be lucrative, feedback information will be interpreted to reinforce this belief.[143] DMUs bias information by: the invention of exogenous failures and the ignorance of endogenous ones; the interpretation of ambiguous data as positive data; the narrowing of their information searches to only find reinforcing data; and the selection of only positive data from a report with mixed

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[140] D. Kahneman and A. Tversky, 'Prospect Theory: An Analysis of Decision under Risk', Econometrica, Vol. 47, No. 2, 1979, pp. 263-291

[141] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 54

[142] Ibid., pp. 53-54

[143] D. Bar-Tal and N. Geva, 'A Cognitive Basis of International Conflicts', in S. Worchel and W. G. Austin (Eds.), Psychology of Intergroup Relations (2nd Ed.), (Chicago, USA: Nelson-Hall, 1986), p. 124. Bar-Tal and Geva call this behaviour "freezing," where belief is treated as fact and other information is thus discredited or ignored.

feedback. It is suggested here that justification motives may exacerbate the level of information biasing by the DMU. Information biasing is also expressed in social ways, discussed under the 'Social Determinants' header. It is considered that information biasing could apply to a number of objective 'attainability' scenarios. Moreover, it is contended that information biasing can effectively dictate what the *perceived* situation (feedback type/severity/attainability) is taken to be by the DMU.

Cognitive Scripting

Staw and Ross argue that so well learned is the societal *turnaround script*[144] that the DMU believes that no matter what appears to be happening with the project, it will succeed in the end, *owing to fate*. The DMU therefore escalates commitment. This factor is linked to both *Learned Helplessness* and the *Illusion of Invulnerability* effect. It is suggested that the turnaround script may have some impact even in unattainable situations.

Internal Binding

As well as *external binding*, discussed below, it is suggested *here* that binding can also occur *internally*; where the DMU itself *believes* that its performance on a given project is reflective of its *entire* competence and so continues with a potentially attainable project, to demonstrate its *overall* competence.

8.2.4 Social Determinants

In many circumstances, the DMU does not perform an action in isolation. Rather, the project is a multiparty event, with assistants, colleagues, managers and spectators observing the DMU's actions and even *opponent* DMUs seeking to achieve goals that are in opposition to the DMU's own.

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[144] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 54. The turnaround script has a number of meanings but it means here the innate belief prevalent in society that *everything will be okay in the end*.

Modelling

According to Staw and Ross, following a setback, and if the DMU is made aware of another situation similar to its own, then it may copy the actions of the *comparison* DMU as a function of "the desirability and similarity of the comparison other."[145] However, if the comparison DMU withdraws then the original DMU may also withdraw. Staw and Ross do not comment as to whether the DMU can copy a similar situation that has already been *completed*, but it seems reasonable to suggest that if the DMU can locate the *stage* it is at within the history of the other event then it will model its own behaviour upon it. It is suggested that in this *historical* sense, modelling would only encourage EoC behaviour if the historical action turned out to be a success. Questions remain however as to whether the *means* used would need to be similar for modelling to occur. It can be argued too that even if the action is doomed to unattainability (or perhaps even if there is *goal condition responsible* unattainability), modelling may still encourage EoC behaviour, through a form of what could be termed *blind mimicry*.

Social Information Biasing

Clarity of feedback is an important EoC behaviour determinant. If the feedback is terrible and is predictive of no chance of ultimate success then EoC behaviour is unlikely to occur. It is argued here that information may be *socially* distorted when other actors, such as messengers, deliver information to the DMU. This may be accidental, such as the use of an inappropriate frame on the data or the inclusion of semantic errors as the information travels through departments, which creates the wrong impression. Information may also be deliberately *spun* as it travels up the chain of command for two very similar reasons based upon *fear*. First, a messenger is afraid to be the bearer of bad news to his immediate superior simply because he may be blamed or victimised for delivering such information, thus he distorts the information. Second, the DMU at the top of the chain of command may discredit the *source* of the information in order to discredit the negative information itself and this source may not be the immediate messenger.

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[145] Ibid., p. 58

Information is again distorted in *anticipation* of the reaction of the DMU. Social information biasing is also discussed under the *manipulation* heading. Again, it is deemed that this determinant has utility to a number of attainability scenarios and that it can effectively dictate what the *perceived* situation (feedback type/severity/attainability) is taken to be by the DMU.

External Justification

Here, a DMU may continue a potentially attainable action following a setback to prove to *others*, such as spectators, rivals or critics, that it did not make a mistake in initiating (or, perhaps, continuing) the action This, Staw and Ross argue,[146] is a form of *face saving*. They argue further that external justification motives are intensified when the original action faced *policy resistance before* it was undertaken.

External Binding

Staw and Ross[147] argue that in a social setting the *perceived* competence of a DMU can become tied to the fate of one action. Thus, the DMU may continue a potentially attainable action to demonstrate its *overall* competence as a DMU rather than to simply externally justify its competence regarding the *current* project.

Respect Levels

Thompson et al.[148] argue that DMUs which are highly respected will be less likely to 'irrationally' escalate towards a potentially attainable goal than less respected DMUs following negative feedback. The highly respected DMU may feel less of a need to impress and will realise that, even after overseeing an isolated failure, it will still be

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[146] Ibid., p. 55

[147] Ibid., p. 56

[148] L. Thompson et al., 'Cohesion and Respect: An Examination of Group Decision Making in Social and Escalation Dilemmas', Journal of Experimental Social Psychology, Vol. 34, No. 3, 1998, pp. 289-311. Although applied to groups by Thompson et al., this determinant can be expanded to more general DMUs.

respected by others. Less respected DMUs however may escalate to *earn* respect, because they have little respect to lose or because they feel indifferent to the needs of others. This factor is linked to external justification, but deals more closely with how much face the DMU has at the *start* of a project, which in turn determines the DMU's need to externally justify its behaviour. Alternatively, it is possible that a DMU that is highly respected but perhaps unsure of the stability of such respect may escalate to *maintain* its respect levels.

Cultural Norms

Linked to the *national culture* of the DMU are the cultural norms of the society in which the DMU operates. The *society* here is taken to be the spectators, investors and advisors that surround the DMU and, if applicable, the organisation in which the DMU operates. Recall in chapter three that Staw talks of the *norm for consistency* as an example of a cultural norm.[149] Cultural norms could conceivably be applied to situations where the goal is unattainable (and perhaps even where failure is inevitable). Cultural norms are also linked to the *turnaround script*.

Competition with an Enemy DMU

The DMU's goal often relies upon defeating an opposing DMU (DMU2) which is striving for equal and opposite goals. Certainly, 'competition' can exist in many forms but the 'duopolistic/versus' situation is thought to be the most common. Competition provides a number of complex motives for EoC behaviour. Brockner[150] and Teger[151] both suggest that an opposing DMU2 is likely to encourage the DMU (DMU1) to want to 'beat' the enemy, regardless of more 'rational' indicators (and assuming the goal is potentially attainable). Punishment and revenge motives in DMU1 are also likely. It is suggested here that these latter motives can occur whether the goal is unattainable,

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[149] B. M. Staw, 'The Escalation of Commitment to a Course of Action', <u>Academy of Management Review</u>, Vol. 6, No. 4, 1981, p. 579. See also: D. T. Campbell, 'Reforms as Experiments', <u>American Psychologist</u>, Vol. 24, No. 4, 1969, pp. 409-429

[150] J. Brockner, 'The Escalation of Commitment to a Failing Course of Action: Toward Theoretical Progress', <u>Academy of Management Review</u>, Vol. 17, No. 1, 1992, pp. 39-61

[151] A. I. Teger, <u>Too Much Invested to Quit</u>, (New York, USA: Pergamon, 1980), p. 96

(including failure being *inevitable*) or perhaps even when the goal is still potentially attainable. Thus, depending upon the situation, DMU1 may continue (either indefinitely, until it voluntarily stops, it is victorious or it is 'forced' to stop through limitations or defeat) in order make the opposition pay an overly high price for its victory or merely its persistence, but at DMU1's own expense too.

However, it is suggested *here* that several other determinants of EoC behaviour emerge when a DMU is in competition with another. One possible determinant is related to *precommitment*. The DMU may invest to make the other DMU believe that any opposing investment will be wasted (simulative reasoning). Yet a *simulative* fallacy can emerge if the opponent calls the original DMU's bluff and invests in the situation anyway. Such investment therefore may trigger EoC behaviour *because* of the *simulatively invested* sunk costs.

Emotions certainly appear to play a large part in EoC behaviour in duopolistic situations, yet it is suggested here that *lack* of emotion, which would *seem* to be a beneficial state, may be equally dangerous. If the enemy is dehumanised in the eyes of the DMU, then although this perception may encourage EoC behaviour to cease at the point at which the project is deemed 'irrational', it may too encourage an action to *continue* up to this point, where it would otherwise have been ended on ethical grounds. *Humanitarian and emotional considerations* then are important and may actually present a reason for quitting, not just escalation.

Although not strictly a social determinant, it is suggested here too that just because an opponent does not exist does *not* mean beating/revenge motives will not be present in an EoC behaviour situation. It is suggested that a DMU may still anthropomorphise inanimate objects, concepts, beliefs or situations and continue in order to *win* or *seek revenge* (e.g. a roulette wheel).

Finally, it is suggested that EoC behaviour of the DMU is also dictated by the nature and behaviour of the enemy DMU; most notably how prone the enemy DMU *itself* is to escalating commitment. Being a DMU, it is suggested that the enemy's behaviour is determined by all the determinants detailed in this framework, paradoxically including the *nature of the enemy DMU* determinant (DMU1). Because the enemy DMU's behaviour is suggested to be a determinant of the other DMU's EoC behaviour, an

autopoietic or, rather, a cyclical determinant is also suggested to be present; where the DMU that acted or is *perceived* to have acted first dictates the future intensity of the EoC behaviour of both DMUs.

Emotional Inoculation

Janis[152] suggests that DMUs should be warned of possible negative feedback before they begin an action, to avoid panicking the DMU and to prevent premature quitting. However, it is suggested here that such an action is potentially damaging to the DMU. Vague, unspecified warnings of negative feedback may make the DMU more relaxed and willing to escalate commitment following a heavy setback. The solution would be to provide the DMU with a more detailed, possibly quantitative, value of expected negative feedback.

Manipulation

Often, genuine attempts to aid a DMU during a project or to limit its EoC behaviour may backfire and cause EoC behaviour. However, it is suggested in this thesis that EoC behaviour can be caused by *deliberate* manipulation of these and other factors; including determinants of EoC behaviour. Related to the *Illusion of No Choice* for example, a DMU may be deliberately swayed by another agent into believing that it has no choice but to continue an action. The manipulator may also utilise *Emotional Inoculation* by implying that a *very* high level of negative feedback is normal and to be expected. Some limitation strategies involve setting a limit for expenditure, where the project is *halted* after this limit is reached. If the manipulator sets this limit, it may set it extremely high to keep the project going and to give a false sense of success.

Information too may be *deliberately* biased or filtered before it reaches the DMU in order to encourage EoC behaviour. This information may also be *framed* in an overly positive or negative way which, it is suggested, also encourages EoC behaviour. The manipulator can use *Low-Balling* too when delivering information, discussed in chapter

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[152] Janis, <u>Decision Making…</u>, pp. 155, 388

three. The manipulator may also use the Salami tactic against the DMU. Here the DMU, whilst rejecting a very large escalation, may agree to a smaller one. Thus, the manipulator simply breaks his demands up into very small slices and gets the DMU to escalate the whole way anyway, just over a longer time period. The Salami tactic is linked to the *Foot in the Door technique*, discussed in chapter three.

The final form of manipulation is set under the broad heading of *rigging*. Rigging[153] involves the manipulation of the settings in which decisions are made. The manipulator may choose meetings where the location or times of the meetings are awkward for advisors who disagree with the manipulator, but convenient for advisors who agree with him. The manipulator may also only notify the *enemy* of meetings at the last minute, reducing preparation time. Less subtle rigging would include giving less time for *enemies* to talk during meetings than for *allies* and providing more resources for the latter than the former. Manipulation is linked to Agency Theory, though here, the DMU could be described as the *principal* and the manipulator as the *agent* and manipulation can arguably occur for many reasons. Manipulation is also possible *within* the Group DMU. Elements of manipulation could reasonably be applied to a number of attainability scenarios.

Task Inertia

When the DMU relies upon other actors to receive information, perform tasks or enact its decisions, *inertia* may occur. If negative feedback is received by said actors it may not actually reach the DMU for a long time, because of the bureaucratic channels the information has to pass through. Thus the action may persist. Even when the negative information is delivered, and an order is issued by the DMU to quit the action, bureaucratic procedures may again make difficult the demobilisation of long standing procedures such as funding allocations and employee assignment. Therefore, the failing action may be continued long after the order to quit is issued. Inertia is, according to Staw

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[153] I. L. Janis, Crucial Decisions: Leadership in Policy Making and Crisis Management, (New York, USA: The Free Press, 1989), pp. 55-56

and Ross,[154] predominantly an organisational EoC behaviour determinant, but it is suggested here that it may also occur when the DMU is not part of an organisation but uses outsiders (outsourcing) to fulfil a task. Inertia can also doubly occur when the DMU is also considered to be part of an organisation *and* also uses outsiders. Inertia could feasibly be applied to a number of attainability scenarios. It may also be considered as a form of *information biasing*.

Pressure and Policy Resistance

Pressure and policy resistance are two similar determinants of EoC behaviour. Following negative feedback, the DMU may come under pressure to continue a task, from inside an organisation, (if applicable), and/or from outsiders. If *part of* an organisation, pressure is likely to come from superiors. *External* pressure may come from local businesses that stand to gain from the action or government departments, keen to promote a symbolic event. A group DMU may experience pressure from members *within* the group too. Although situationally specific, some generalised arguments can be expressed here concerning pressure. Pressure can be in the form of verbal appeals; lacking in any tangible value. However, pressure could feasibly also take the forms of *threats*, *immediate benefits* and *promises*. Threats could take the form of proposed legal action, withdrawal of other unrelated contracts, cuts in government funding or political support for future projects, demotion and even just the loss of friendship; all *if the action is ended*. Conversely, 'extra' benefits could also be promised to the DMU if it continues with the action; delivered when the course of action 'ends', but not if it is *quit*. These benefits could feasibly be promised regardless of the eventual outcome and thus be offered even if the goal is considered unattainable, though a successful outcome, and thus potential attainability, would be a most likely condition for the extra benefits to be delivered. Benefits could also be delivered *immediately* to the DMU if it continues with the course of action. Some of these considerations, then, could be considered loosely as *ad. hoc* side bets and closing costs. This discussion has relevance to: the marginal costs

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[154] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 61

and gains discussion; the input/output discussion; the success and failure debate and the question regarding professional versus personal interests.

Policy *resistance* may occur when the DMU decides to quit the action. Both outsiders and those within an organisation, if applicable, may resist the order because the action ending will adversely affect them. Such resistance may appear in the form of deliberate generation of ambiguous or false positive feedback, strikes, 'accidentally' ignoring demobilisation orders or encouraging others to express their displeasure. In the case of a group DMU, policy resistance may occur from group members too. It is suggested that *resistance* could be applied to both potentially attainable and unattainable scenarios; although more likely the former.

The Saboteur Effect

This hypothetical effect is related to policy resistance, yet is deemed here to be more destructive, focussed, secretive and sudden in nature. Even if a policy change by a DMU following negative feedback is accepted and resistance declines, a powerful individual either *within* (in the case of a group) or *external* to the DMU (potentially an organisation member or an outsider) may object. Though overruled, this individual proceeds to force the situation to continue or escalate by using powers and methods that are beyond his mandate (ultra vires). The individual, though officially on the side of the individual or group that is aiming to tackle the problem is generally considered to be a loose cannon who is effectively outside of the DMU's control and circle of trust and who is constantly at odds with the DMU. Yet, the sabotage action still comes as a surprise and is overt yet surgical in nature. One recent example occurs in warfare and, though thwarted, demonstrates the potential danger of the saboteur. During the Korean conflict, General Douglas MacArthur of the UN taskforce disagreed with President Truman concerning the limited strategy of defence of the South and often greeted his superior's orders with open defiance.[155] MacArthur had advocated the use of nuclear weapons against the Chinese in North Korea, supported the use of Taiwanese nationalists in

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[155] MacArthur's most widely recognised act of defiance occurred on October 15th 1950 when 'Brass Hat MacArthur' greeted his commander in chief, the president, with a handshake rather than a salute.

combat and issued briefings to the press that were hostile to Truman. More seriously, MacArthur also issued an aggressive ultimatum to the Chinese Government to subvert Truman's own embryonic attempts to call for a ceasefire. It was an open secret that Truman did not trust MacArthur to obey presidential policy and it was felt to be a possibility that MacArthur could have attempted to destabilise peace on the battlefield.[156] MacArthur was removed by the Joint Chiefs before his actions could destabilise Truman's plans still further. It is suggested that the Saboteur Effect could apply to both attainable and unattainable situations.

8.2.5 When the Decision Making Unit is a Group

It is contended here that when the DMU is considered to be a group, *additional* EoC behaviour determinants come into play. For example, it has already been seen that the role of *gender* is *reversed* in a group situation. As well as including *existing* group EoC behaviour determinants however, this header includes entirely new, hypothetical group ideas from the author, based upon EoC and non-EoC behaviour reading. It also includes some existing group determinants from non-EoC behaviour literature.

Member Feedback Interpretation, Member Acceptable Risk, Member Decision and Member Differentials

It is felt prudent here to specify that feedback interpretation – encompassing the *subjectivity* and *information biasing factors* already discussed – also applies to *individual members* of a group DMU – not just to the group DMU taken as a 'unit' – and that such interpretation can *vary* between members. It is also argued here that *acceptable risk* levels (as discussed by Vertzberger[157]) may also vary between group members. Logically then, acceptable risk levels may also apply, as an EoC behaviour determinant, to individual DMUs and when viewing group DMUs as whole 'units'. It can be inferred that acceptable risk levels relate to already discussed factors like culture, age, experience and

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[156] The Truman/MacArthur affair is documented well in R. Lowitt, <u>The Truman-MacArthur Controversy</u>, (Chicago, USA: Rand McNally, 1967).
[157] Vertzberger, 'Collective Risk Taking…'

gender but also simply to 'individual personality'. What is crucial to understand however is that group members may *differ* in their wishes to continue or quit an action (based somewhat on said feedback interpretation and acceptable risk levels) and that the *motives* to continue an action (again related to feedback interpretation and acceptable risk levels) can vary too. This means that a group DMU unit could continue an action because of a vast amount of different motives – expressed throughout this framework – felt by *particular* group members. Perception then is, again, an important factor of EoC behaviour. All of these factors should be considered when looking at the determinants below, especially in relation to leader and dominant member focussed determinants, decision making procedures and group conflict.

Polarisation, Conformity Pressures and Groupthink

Whyte[158] argues that groups are subject to polarisation; where the initially dominant viewpoint in a group is *intensified* following discussion. Thus, he argues, a group DMU will be more likely to *intensify* their efforts following a setback (risky shift) if the majority want to continue (this argument could perhaps also relate to the most *dominant members*). The cautious shift may also occur however if the dominant view is to *deescalate* behaviour (leading to cessation).[159] Whyte[160] also discusses *conformity pressures* within the group that can force members to adopt the opinions of the dominant view (or, again, the most dominant members). Although Whyte talks of these determinants in the sphere of equivocal, Prospect Theory situations (implying a pre-existing tendency to continue), it can be argued that in *unattainable* situations too, EoC behaviour may intensify and occur respectively because of these determinants. A much more subtle, *voluntary* and 'group encompassing' form of coercion however is Groupthink (figure 8.11).

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[158] G. Whyte, 'Entrapment: Are Groups Less Susceptible?', Working Paper, (Toronto University, Faculty of Management, Toronto, Canada: 1990), pp. 231-235

[159] For more information on polarisation, see J. A. Zuber et al., 'Choice Shift and Group Polarization: An Analysis of the Status of Arguments and Social Decision Schemes', Journal of Personality and Social Psychology, Vol. 62, No. 1, 1992, pp. 50-61.

[160] Whyte, 'Entrapment: Are Groups…'

It has already been demonstrated that Street and Anthony,[161] Kameda and Sugimori[162] and 't Hart[163] all argue that there is a relationship between EoC behaviour and Groupthink. What exactly this relationship is however is unclear. Based upon the

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[161] M. D. Street and W. P. Anthony, 'A Conceptual Framework Establishing the Relationship between Groupthink and Escalating Commitment Behavior', <u>Small Group Research</u>, Vol. 28, No. 2, 1997, pp. 267-293

[162] T. Kameda and S. Sugimori, 'Psychological Entrapment in Group Decision Making: An Assigned Decision Rule and a Groupthink Phenomenon', <u>Journal of Personality and Social Psychology</u>, Vol. 65, No. 2, 1993, pp. 282-292

[163] P. 't Hart, <u>Groupthink in Government: A Study of Small Groups and Policy Failure</u>, (Baltimore, Maryland, USA: Johns Hopkins University Press, 1990), p. 94

available research, it is suggested in this thesis that many facets of Groupthink, at *different stages* of the Groupthink cycle can *independently* and *cumulatively* cause EoC behaviour in groups. It is deemed premature to exclude any Groupthink categories from comparison with EoC behaviour in future research. With this in mind, figure 8.11 could be represented as figure 8.12 below:
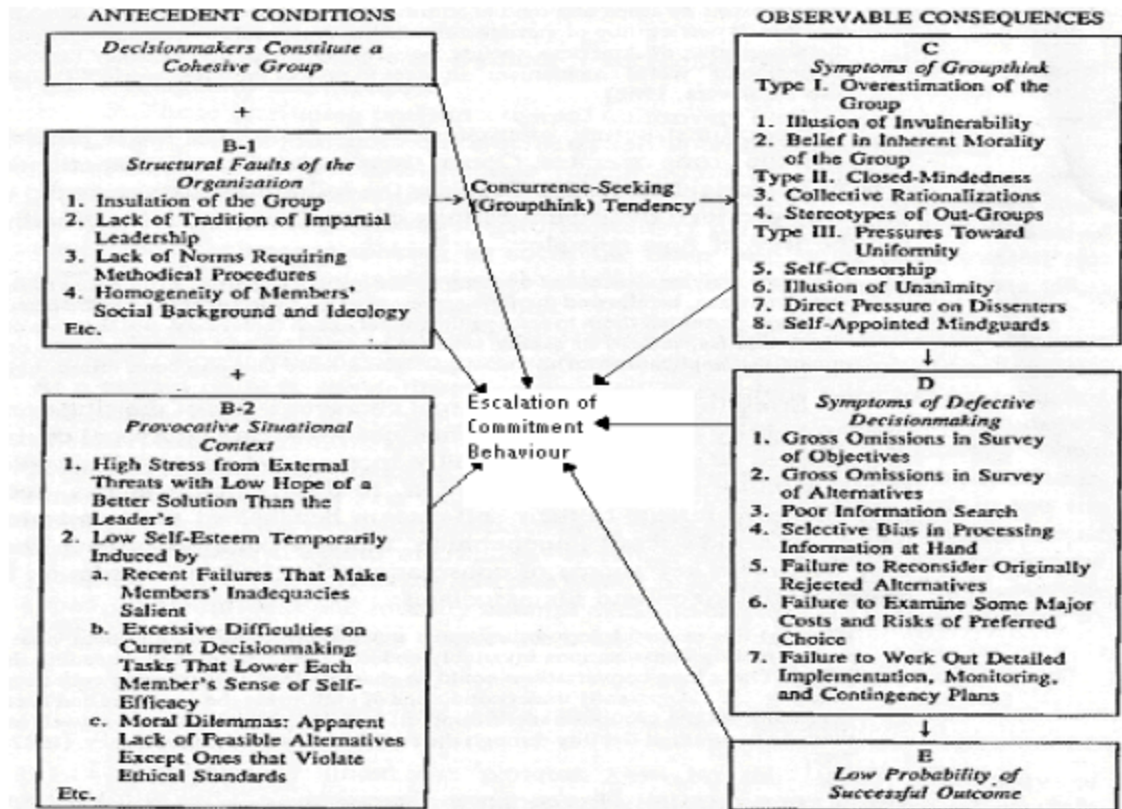

Figure 8.12: A Hypothesised Groupthink/EoC Behaviour Causative Relationship

It is contended here too that some Groupthink determinants could be applied to *individual* EoC behaviour, not *specifically* to group DMUs. It is argued further that a number of Groupthink facets that are suggested to cause EoC behaviour could be elaborated upon. *Lack of norms requiring methodical procedures* for example is a complex subject which deserves further investigation. Some suggested subheadings for this category are outlined below as separate EoC behaviour determinants. Several authors suggest *further* Groupthink determinants than those which are included in the most

accepted model.[164] McCauley[165] argues that the *size* of the affected group is important. He contends that a very small group would be less likely to suffer from Groupthink tendencies. It is contended here that a *very large* group would also be less likely to suffer from Groupthink, owing to a lower probability of homogeneity of its members. Moorhead et al.[166] argue that time pressures also accentuate the concurrence seeking tendency in the group. These determinants too may have an effect on EoC behaviour. It has already been argued that time pressures can cause EoC behaviour, and it is suggested below that the size of the group can also affect the escalation tendency. Conversely, some suggested group determinants of EoC behaviour may deserve inclusion in a Groupthink framework. Again, Street and Anthony's arbitrary exclusion of some EoC behaviour determinants as potential determinants of Groupthink is deemed premature apropos the state of EoC behaviour/Groupthink research.

Newgroup Syndrome

The dynamics of a group are not fixed. One factor which can change the group dynamics is the *stage* at which the group is at. Tuckman and Tuckman & Jensen argue that groups travel through five stages, each with their own specific dynamics: Forming, Storming, Norming, Performing[167] and Adjourning.[168] Stern[169] argues that newly formed groups may have ambiguous norms and procedures, which may encourage various group pathologies. It is suggested here that both the ambiguous norms and procedures *and* their symptoms may lead to both EoC behaviour, following a setback, and to Groupthink behaviour. Figure 8.13 shows a suggested pathology of Newgroup Syndrome.

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[164] C. A. Kiesler, 'Attraction to the Group and Conformity to Group Norms', Journal of Personality, Vol. 31, No. 4, 1963, pp. 559-569. One pre-Groupthink contribution of voluntary group conformity is how *attractive* the group is to individual members.

[165] C. McCauley, 'Group Dynamics in Janis's Theory of Groupthink: Backward and Forward', Organizational Behavior and Human Decision Processes Vol. 73, No. 2/3, 1998, pp. 142-162

[166] G. Moorhead et al., 'Group Decision Fiascos Continue: Space Shuttle Challenger and a Revised Groupthink Framework', Human Relations, Vol. 44, No. 6, 1991, pp. 539-550

[167] B. W. Tuckman, 'Developmental Sequence in Small Groups', Psychological Bulletin, Vol. 63, No. 6, 1965, pp. 384-399

[168] B. W. Tuckman and M. A. C. Jensen, 'Stages of Group Development Revisited', Group and Organization Studies, Vol. 2, No. 4, 1977, pp. 417-427

[169] E. K. Stern, 'Probing the Plausibility of Newgroup Syndrome: Kennedy and the Bay of Pigs', in P. 't Hart et al. (Eds.), Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), pp. 153-190

This thesis suggests that the group is also likely to fall into an EoC behaviour pattern if it is *too* established and *set in its ways*, even if procedures are more established (this could be termed as an *Oldgroup Syndrome*). Members may be so familiar with each other that they avoid discussion of relevant information or doubts over a course of action in order to avoid any harm to their friendships. Moreover, a suggestion to escalate may go unchallenged. This is also suggested to be a Groupthink determinant.

Related to both the Newgroup and 'Oldgroup' syndromes, Stern[170] argues that the *predicted duration* of the group may affect group performance from the start. If the *Shadow of the Future* is short, members will be more likely to disagree and speak their minds. If the shadow is long, members may be more concerned about long term comfort and good relations and so will be unwilling to engage in discussion that may lead to bad blood. It is suggested here that the latter condition is conducive to *both* Groupthink *and* group EoC behaviour. It is contended that many of these group facets could cause EoC behaviour whether the goal is potentially attainable or unattainable.

Intra-Group Manipulation

The same forms of manipulation that occur in the social setting against group and individual DMUs can also be argued to occur *within* a group setting. The main difference however is that the DMU is turning on itself; the manipulator is a group member, not an outsider. Like the social form of manipulation, many reasons can be responsible for a

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[170] Ibid., p. 164

group member causing manipulation. Hoyt and Garrison[171] categorise group manipulation under three headings: *Structural* (membership manipulation, inclusion of members and exclusion of members), *Procedural* (framing, agenda setting manipulation, favourable or unfavourable meeting times and locations) and *Interpersonal* (lies, threats, use of political whips, leaks, threats of leaks, bluffing, bribery, blackmail, coalition building and use of expertise as leverage). Manipulation within a group is also a form of intra-group conflict, discussed below. It is argued that elements of group manipulation may apply in multiple attainability situations.

<u>Intergroup and Intra-Group Rivalry and Conflict</u>

Kaarbo and Gruenfeld[172] argue that rivalry and conflict between groups[173] and also rivalry and conflict *within* groups are important group interactions. It has already been argued that rivalry between the group *or* individual DMU and spectators or critics can cause EoC behaviour. Similarly, duopolistic conflict has also been argued to cause EoC behaviour in DMUs, including groups. It is suggested here however that *intra-group* rivalry and conflict could also cause EoC behaviour in a group DMU. Intra-group rivalry and conflict may promote EoC behaviour in that information processing may be skewed or ineffective and manipulation may be rife. Types of intra-group rivalry and conflict range from *faction formation* and *information withholding* to *manipulation* and *nay saying*.[174]

More complexly, Kaarbo and Gruenfeld suggest that intergroup rivalry and conflict *decrease* intra-group rivalry and conflict, because members feel as though they should

[171] P. D. Hoyt and J. A. Garrison, 'Political Manipulation within the Small Group: Foreign Policy Advisers in the Carter Administration', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making</u>, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), pp. 249-274

[172] J. Kaarbo and D. Gruenfeld, 'The Social Psychology of Inter- and Intra-Group Conflict in Governmental Politics', <u>Mershon International Studies Review</u>, Vol. 42, No. 2, 1998, pp. 226-233

[173] Realistically, this discussion could be applied if just one DMU in the interconflict condition is a group, not necessarily all. Other DMUs could be individuals, but only the group DMU would be subject to the *specific* rivalry/conflict effects discussed, it is contended.

[174] E. K. Stern and B. Sundelius, 'Understanding Small Group Decisions in Foreign Policy: Process Diagnosis and Research Procedure', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group Dynamics and Foreign Policy-Making</u>, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), p. 129

stick together. While this may seem beneficial, Kaarbo and Gruenfeld also argue that "intra- and inter-group dynamics do not function completely independently. Not only can inter-group rivalry create in-group solidarity, but consensus within groups on strategies and goals can generate hostility towards out-groups."[175] Brewer argues the same.[176] If this information is looked at in the context of Groupthink, it could be argued that such cohesion would *promote* Groupthink, as it is a very similar facet to the *external threat* determinant already in the model. The examination of *friendly rivalry* would appear to be a useful consideration in this entire discussion, both in relation to Groupthink and EoC behaviour.

Conscious attempts to limit conflict and rivalry within a group may make EoC behaviour more likely too. Blake and Moulton[177] suggest that there are five ways to diffuse such conflict: *smoothing*, *confrontation*, *splitting the difference*, *withdrawal* and *suppression*. Figure 8.14 shows the various methods through which rivalry and conflict can be resolved. In this thesis, only *confrontation* is deemed beneficial since the others could promote factors such as information withdrawal, biasing, manipulation or suppression.

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[175] Kaarbo and Gruenfeld, 'The Social Psychology…', p. 231

[176] M. B. Brewer, 'The Role of Ethnocentrism in Inter-Group Conflict', in S. Worchel and W. G. Austin (Eds.), <u>Psychology of Intergroup Relations (2nd Ed.)</u>, (Chicago, USA: Nelson-Hall, 1986), p. 88

[177] R. R. Blake and J. S. Moulton, 'From Theory to Practice in Interface Problem Solving', in S. Worchel and W. G. Austin (Eds.), <u>Psychology of Intergroup Relations (2nd Ed.)</u>, (Chicago, USA: Nelson-Hall, 1986), pp. 67-87

Stern and Sundelius summarise the main group interaction patterns described above as *conformity*, *conflictual* or *hybrid* group interaction patterns; figure 8.15.

It is suggested here that group based conflict and rivalry effects may cause EoC behaviour in both potentially attainable and unattainable courses of action, *directly* and *indirectly*. It is suggested that numerous autopoietic and cyclical relationships involving the EoC behaviour determinants discussed here could be envisaged, with important implications for EoC behaviour.

Diffusion of Responsibility

Whyte argues[178] that a group may be *less* likely than an individual to escalate its commitment following a setback, regarding a potentially attainable goal, because its feelings of responsibility for initiating the action, or continuing it after 'taking over', are

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[178] G. Whyte, 'Diffusion of Responsibility: Effects on the Escalation Tendency', <u>Journal of Applied Psychology</u>, Vol. 76, No. 3, 1991, pp. 408-415

diffused among the group members. The 'irrational' need to justify therefore is lessened. However, Bazerman et al.[179] state that the absence of individual responsibility *triggers* risky behaviour because there is less *accountability* for each group member. EoC behaviour thus is argued to be *more* likely and, arguably, more severe and in unattainable situations too. Being 'not initially responsible' is also important here, in that the motivational effects are arguably intensified.

Group Inertia

It is suggested here that a sufficiently large group can also suffer from *internal* inertia for the same reasons as when inertia is external. Internal inertia could cause EoC behaviour in potentially attainable and unattainable situations.

Group Pressure and Group Policy Resistance

Pressure to escalate can be placed onto a DMU from outsiders. Yet feasibly, such pressures could occur from members of a group onto other members of the *same* group. Furthermore, members of a group may also resist the order or consensus to end a project. Overall then, a course of action, even an unattainable one, may stumble on for a long time owing to these factors.

Leadership Style, Dominant Personalities and the Decision Process

Most groups have an obvious, designated leader. If not, then they have an elected supervisor or chairman who controls proceedings and records votes. It is suggested here that the nature of the leader has relevance to many other group determinants in this framework and thus also to the EoC behaviour tendency in groups. Preston describes how the leader's nature influences the group as the "leader-group nexus."[180] Although there is

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[179] M. H. Bazerman et al., 'Escalation in Individual and Group Decision Making', <u>Organizational Behavior and Human Performance</u>, Vol. 33, No. 2, 1984, pp. 141-152

[180] T. Preston, 'Following the Leader: The Impact of U. S. Presidential Style upon Advisory Group Dynamics, Structure and Decision', in P. 't Hart et al. (Eds.), <u>Beyond Groupthink: Political Group</u>

a plethora of leadership factors, the most obvious leader characteristic is how authoritative his style is. In figure 8.16 Handy summarises several studies which together argue that the leader can be classified on a sliding scale of *autocratic* to *democratic*.

It is suggested here that *polarised* leadership strategies (highly authoritative or overly democratic) may encourage EoC behaviour. An overly authoritative leader will engage in selective membership of his allies and yes men, penalise criticism, be open to manipulation and choose which information to take note of (biasing). Yet an overly democratic leader may lead the group into impasses and trigger intra-group conflict. A middle ground is therefore required, where the leader is willing to take criticism but is also able to take control in the event of a group dispute.

Dynamics and Foreign Policy-Making, (Ann Arbor, Michigan, USA: University of Michigan Press, 1997), p. 192

A crucial determinant, related to leadership, is *how a decision is arrived at*. Handy[181] argues that there are five possibilities: decision by *authority*, *majority*, *consensus*, *minority* and *no response*. It is suggested in this framework that all options have the capacity to encourage EoC behaviour following a setback, but *authority* and *no response* are the most likely, owing to the preferences of the leader being enacted without adequate questioning.

How well the leader gets on with his members may also influence EoC behaviour. A well respected leader will generally trigger more effort from his subordinates than if he is not respected.[182] More effort generally equates to more information being turned up following a setback and greater attempts by members to solve the problem. Less respected leaders may cause members to shirk their duties and not engage fully in group information discussion, arguably making EoC behaviour more likely.

The qualities of the group *members* are also important. Members of the group who are passive for example may be coerced into following the opinions of the more dominant members, and these opinions may include EoC behaviour. Too many dominant members however and intra-group conflict may ensue, again triggering EoC behaviour. Passivity and dominance aside however, Belbin[183] argues that a group should consist of particular member *types* in order to operate efficiently. It could be argued that without a balance of roles in a team, or in the absence of a particular role, then EoC behaviour may be more likely to occur. In summary, Preston discusses many leadership and group member qualities – in the context of the president and his relationship to an advisory group – that, it is suggested here, may affect the EoC behaviour tendency; figures 8.17, 8.18 and 8.19.

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[181] Handy, <u>Understanding Organizations…</u>, p. 173
[182] <u>Ibid</u>., p. 169
[183] R. M. Belbin, <u>Team Roles at Work</u>, (Oxford, UK: Biddles, 1999), p. 87

It is argued that several facets discussed in this header, particularly leadership facets, can encourage EoC behaviour in multiple attainability situations.

Group Culture

Cultural pressures that are argued above to affect the DMU may also be at work *within* a group DMU to a greater or lesser extent. The group may also have its own local culture that is different from the wider social environment. Thus even if the turnaround script is not prevalent in the wider social situation, for example, it may be prevalent within the group. Moreover, a group that is made up of a particular ethnic group may have a vastly different cultural outlook on the situation than the society in which it is operating. This may encourage or moderate EoC behaviour depending upon the cultural makeup of the group; in a number of 'attainability' situations.

Group Communication Structure

Handy[184] argues that the communication layout of a group affects its decision making quality. It is suggested in this thesis that EoC behaviour too, in a number of attainability situations, is accentuated or moderated dependent upon the communication structure of the group. Handy states that there are three main communication structures (figure 8.20). Each structure has advantages and disadvantages. Preliminary research is needed to determine how group communication structure affects EoC behaviour.

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[184] Handy, Understanding Organizations…, p. 174

<u>Social Loafing</u>

It is suggested here that in a group setting it is easier for members to avoid work. Group dynamics allows for a greater amount of anonymity than for an individual DMU. Such loafing could encourage EoC behaviour, in a number of attainability situations, if, for example, members of the group or the authoritative leader argued for escalation, as there would be few opposing voices.

<u>Group Size</u>

It is suggested *here* that large group size encourages EoC behaviour. An overly large group may suffer from a form of group inertia and may also encourage social loafing. A large group may suffer too an overly large drop in feelings of responsibility. It is uncertain however whether such a large drop would encourage or limit EoC behaviour. The 'group size' facet could arguably apply to several attainability situations.

<u>Towering Inferno Effect</u>

Moller argues[185] that, in war, combatants may continue with a conflict because they have grown accustomed to living on the edge and all the bonding this involves. The soldiers would find it difficult to live a normal life[186] after such excitement and thus continue their, often fruitless, battles. In this thesis, it is suggested that small groups may suffer from the same problem, to varying degrees of similarity. For example, the group may enjoy the emotions attached to *all going down together* (if goal failure is *inevitable*, not simply the goal being *unattainable*) and so stick it out until the end. To a lesser degree, the group may simply not want to end prematurely a situation in which members feel comfortable, even if costs, benefits, probability and other factors argue that it should be ceased. Some groups are task oriented and thus will dissolve when the task is

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[185] B. Moller, 'Ethnic Conflict and Postmodern Warfare: What is the Problem? What Could be Done?', <u>Paper Presented at the Anthropological Perspectives on the Roots of Conflict in the Eastern Mediterranean Conference, Malta University, Valetta, Malta, 4-5th October 1996</u>, p. 14

[186] For comparison, consider the psychological readjustment of Vietnam veterans following the war, C. R. Figley (Ed.), <u>Stress Disorders Among Vietnam Veterans</u>, (New York, USA: Brunner-Routledge, 1978).

completed or written off. Members may continue with a course of action therefore in order to maintain friendships that would otherwise come to an end. Again, it can be argued that the group may continue indefinitely, until it voluntarily stops, until it is forced to stop or until it is 'successful'. The *Adjournment* stage of group formation therefore could be as problematic as the *Forming* stage.

Suggestions for Future Group EoC Behaviour Research

Although many new possible determinants of EoC behaviour in groups have been discussed in this framework, owing to the complexity of group dynamics, many more factors are likely to exist. The best way to discover these new determinants is to explore literature that deals with the determinants of effective group performance and, preferably, represents these determinants in causal frameworks. One example of literature dealing with effective groups comes from Fuller and Aldag who *graphically represent* their suggested antecedents to effective group decision making (figure 8.21).

However, what also needs to be done is to test the determinants discussed in *this* heading which remain hypothetical at the moment, as well as establish whether or not the less specific, partially untested and untested determinants, discussed in the *other* headings of this framework, actually apply to the group DMU, and/or the individual DMU or neither (the latter, if entirely untested).

8.2.6 When the Decision Making Unit is Part of an Organisation

Inversion of Limitation Strategies

Much EoC behaviour literature explores ways to *limit* EoC behaviour. Main and Rambo,[187] Kroll,[188] Nathanson et al.,[189] Barton et al.[190] and Simonson and Staw[191] all discuss such 'limitation strategies'. These strategies include: *limit setting*: where a limit is put on the amount of costs the DMU will incur from the project before it quits; *removing the initial decision maker(s) immediately after the decision is made*, so as to lessen justification motives; *reducing the price of goal failure* for the DMU as long as the decision-making procedures were prudent; *changing the frame in which information is reported*; and *improved procedures for both the reporting of negative feedback and predicting the likelihood of future success*. While improving procedures is likely to be beneficial for EoC behaviour situations, some of the recommendations may make the situation worse.

Setting an arbitrary limit has no rational merit in decision making since escalation decisions should be based upon future gains, costs and the likelihood of success, not how much is left to spend. It would be irrational to quit a failing project just because of an arbitrary limit set *before* the project began. Moreover, limit setting may encourage the DMU to spend to the limit even when it is apparent long *before* this point that the project

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[187] D. Main and R. G. Rambo, 'Avoiding Entrapment', <u>CPA Journal</u>, Vol. 68, No. 3, 1998, pp. 24-28

[188] K. M. Kroll, 'Rising Above Sunk Costs', <u>Industry Week</u>, Vol. 249, No. 14, 2000, p. 19

[189] S. Nathanson et al., 'Toward the Reduction of Entrapment', <u>Journal of Applied Social Psychology</u>, Vol. 12, No. 3, 1982, pp. 193-208

[190] Barton et al., 'An Empirical Test of Staw and Ross's Prescription…'

[191] I. Simonson and B. M. Staw, 'De-Escalation Strategies: A Comparison of Techniques for Reducing Commitment to Losing Courses of Action', <u>Journal of Applied Psychology</u>, Vol. 77, No. 4, 1992, pp. 419-426

should be ceased; because the DMU feels it is *allowed* to. Removing the DMU from the decision context after it has made the initial decision may also increase the likelihood of EoC behaviour in that because the new DMU feels less responsible for the initial decision, and thus less accountable for its result, it may become *more* reckless in its decision making choices than the original DMU would behave in justifying the original decision. However, a group DMU may react differently in this situation. What is more interesting to consider is that if the new DMU chooses to escalate commitment, rationally or recklessly at least once, it would now inherit some of the responsibility for the action continuing. This would engender genuine justification motives in the new DMU and may defeat the goal of changing the DMU initially. One solution may be to change the DMU after *each* choice to escalate commitment. This could cause a loss of *connection* with the project, its employees and stakeholders as well as a potential loss of information during each transition. Reducing the price paid for unavoidable failures that occurred despite a DMU following procedures *would* likely reduce more 'irrational' EoC behaviour. Removing too much punishment however, and putting the emphasis strictly on obeying procedures, may make the DMU uninventive in the face of a setback and too willing to quit. Framing that is skewed too positively or negatively may make the DMU escalate. Attempting to present feedback neutrally is to be praised. However, converting overly positive or negative framed information too far the other way in an attempt to reduce EoC behaviour may be as bad as if the information was left alone.

Although limitation strategies are predominantly applicable to this heading, some limitation techniques like *limit setting* and *framing* may occur even when the DMU is *not* part of an organisation. Moreover, at least some limitation strategies could encourage EoC behaviour in unattainable situations as well as potentially attainable ones. Limitation strategies form an important building block of EoC behaviour research. Although the strategies have been used here to illustrate only how they may *backfire* to actually *encourage* EoC behaviour, they do deserve further study and research in their own right. Although beyond the scope of this research, these strategies may be subject to several of the issues discussed in chapters six and seven, including the probability that further, undiscovered, limitation strategies may exist. It is hoped that this thesis will encourage discovery of new strategies as well as sparking dialogue regarding *how well* the existing

strategies actually work. It is also contended that these actions will then proceed to further promote dialogue regarding *this* thesis.

<u>Agency Theory</u>

Agency Theory dictates that the DMU (the *agent*) may commit an action when it serves its *own* goals despite harming the larger organisation. It is suggested here then, that the DMU may *escalate commitment* when such escalation serves the DMU's goals, despite it damaging the organisation (the *principal*). This could occur in several 'attainability' scenarios. There is also the issue of Agency Theory being active *within* a group DMU.

<u>Institutionalisation</u>

Like *external binding*, according to Staw and Ross,[192] organisations too can become bound to a particular project, believing that the project represents the organisation to the outside world. The loss of such a project, the DMU feels, would damage the organisation's reputation and influence. Thus, the DMU may feel internally pressured, or *come under* pressure, to continue with a failing, possibly even terminal, project *because it specifically represents the ethos of the organisation.*

<div align="center">8.3 <u>Conclusion</u></div>

Two prescriptive arguments have been explored here in response to the issues outlined in chapters six and seven: an investigation of the interpretations of concepts important to EoC behaviour, with input from this thesis' author, culminating in a working definition of each, and a 'summative' determinant framework, again with input from the author. It is contended that these two approaches will assist in improving the state of EoC behaviour research in a number of ways. Aside from the obvious benefits of a working definition of important concepts and a *complete* summary of all EoC behaviour research,

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[192] Staw and Ross, 'Behavior in Escalation Situations: Antecedents…', p. 62

one of the most obvious ways is by promoting and assisting future research and future research direction. (1) *Personal opinions and multiple understandings of concepts and framework determinants*, (2) *new facets*, (3) *the existence and effectiveness of limitation techniques*, (4) *the possible relationships between some determinants*, (5) *goal conditions*, (6) *the proposed 'situational applicability' of each determinant*, (7) *the numerous potential 'likelihood of success' conditions under which EoC behaviour can be applied*,[193] and (8) *the framework structure* for example, will all hopefully promote future research. More usefully however, they will also hopefully promote research *direction*; that is EoC behaviour authors all researching *similar* aspects of EoC behaviour. It is hoped thus that a *research nexus* will be created so that academics will all be researching similar elements of EoC behaviour. This is felt to be important for the future prosperity of EoC behaviour research. The following chapter investigates further the utility of these prescriptive techniques, in the larger context of the *overall* findings of this thesis.

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[193] An aspect of this situation which has not been *explicitly* examined in this chapter is how resource investment levels correspond to the 'attainability status' of a situation. That is to say, it should be inferred in this chapter that the attainability status of a situation is the 'best case scenario' and applicable only if reinvestment is at or above the level needed for said attainability status. However, one could envisage a situation where, depending upon *differing* reinvestment levels, the attainability of a situation could shift gradually. This would be especially true if 'time' was a goal condition and low reinvestment levels meant that an action could not be completed in the given time condition. Thus the goal would not be attainable in the sense of the goal condition of time not being met. This is a complex situation, and not explained easily in a footnote, and deserves the future scrutiny of EoC behaviour researchers.

9.0 Conclusion

This chapter discusses the core findings of the hypotheses, objectives and research question and through this process evaluates their 'validity'. The *effectiveness* of the research approach is also reflected upon here, leading to an examination of aspects of the approach which, with hindsight, would have been changed. Finally, the priorities for *future* Escalation of Commitment (EoC) behaviour research are addressed.

9.1 The Findings of Hypothesis One, Objectives One and Two and Hypothesis Two

The preceding study has demonstrated that EoC behaviour research does indeed suffer from a number of 'issues'. For the sake of presenting these issues in a fresh light here; it could be argued that each issue, according to its nature, belongs in a particular 'category'. This is an especially useful viewpoint to take when addressing the issues' *causes and effects*. Chapter seven uses the 'category perspective' by labelling each issue as *immediate*, *intermediate* or *overriding*. However, given that these labels are discussed there in terms of what could be termed their 'causative strength', 'tier' would be a better term here, to demonstrate the *hierarchical* purpose of the labelling, where – expressed simplistically here – the overriding issues at the top *trickle down* their consequences, *causing* the intermediate and immediate issues. Yet, these issues are not only classified in *plain hierarchical* terms; a strong *chronological* aspect is argued to exist regarding issue cause and effect in the *history* of EoC behaviour research too, in chapter seven. Thus, the issues can not only be viewed in terms of their *atemporal* hierarchical position, but also their *chronological* hierarchical position.

But what of the *nature* of the issues beyond their 'causative strength'? Again, for the purpose of presenting the issues in a fresh light, the *underlying* nature of *all* the issue types can be understood by looking at the overriding issues. Chapter seven describes the *scope* and *complexity* of EoC behaviour theory and the *quantity* of EoC behaviour research as overriding issues. Yet perhaps the most serious and controversial overriding issue is 'poor quality research technique'. This issue gives this thesis a somewhat reproachful tone; where other EoC behaviour authors are argued to be responsible for the

theory's problems. Yet, this is simply the conclusion the evidence lends itself to: the issues recognised in the thesis *include*, *and are the products of*, scope, complexity, quantity and poor author research technique. Yet, what of authors' efforts to recognise the current situation and prescribe for it? Again – and representing another form of poor research technique – it is argued that a lack of recognition and prescription – or faulty versions of both, where they do occur – have allowed the current severe situation to emerge and perpetuate. Given what is argued above, it is the – possibly unnecessary – conclusion of this thesis that the state of EoC behaviour research and the theory itself is indeed 'extremely poor'.

9.2 <u>Addressing the Research Question</u>

Given the stark conclusions of this thesis' critical analysis section, a powerful prescriptive response was deemed necessary. The response could be divided into four core facets. The first element is a 'passive' one, insofar as it is suggests that the thesis will significantly assist EoC behaviour authors, simply by being acknowledged by them, in that it will generate *recognition* – meaning *entirely new awareness*, *confirmation* or a *combination of both of these* – of the issues raised here. Consequently, it is suggested that this passive element may also guide authors as to the prevention of the *perpetuation* of the current situation, through making them aware of the hazards of current research patterns, as well as encouraging them to research the issues further, to discover new origins for these issues and to discover new issues entirely. An essential component of this passive measure is the requirement of EoC behaviour researchers to *perpetuate this thesis' recognition of the issues of EoC behaviour research in their work*, through in-text warnings and/or actual studies on the issues themselves. Clearly, this requirement exploits and manipulates the *current* EoC behaviour author trend of *issue* perpetuation. This component is 'essential' because this thesis' findings will not reach their target audience directly and so must be disseminated *virally* by research that directly references the thesis *and* acknowledges the valuable effect of such recognition and perpetuation. Yet this passive response was deemed inadequate in isolation; recovery of EoC behaviour research would not be 'automatic' in reply to merely presenting the facts and waiting.

Indeed it was determined that EoC behaviour research stood the best chance of recovery through a further 'three edged' response, represented by the terms *prescription*, *integration* and *direction*. These three approaches are tiered insofar as they work from the ground up.

The *core conceptual difficulties* discovered in the study were tackled first, by discussing each concept and its various interpretations; ultimately arriving at a *prescribed*, summative, mutually acceptable definition. Regarding some concepts however, no exploration has occurred previously and thus only the author's perspectives, opinions and definition were explored. The next approach – *integration* – involved creating a summative EoC behaviour framework nucleus which gathered together *all* determinants from *all* EoC behaviour research to date and presented the *multiple understandings* of some determinants, where they existed. Yet crucially, 'new facets' were also introduced in this framework; basically, ideas by the author for new determinants or 'differently applied' existing ones. The framework also restructured Staw's framework, upon which it is based, to accommodate, among other things, the new facets and the new understanding of the Decision Making Unit (DMU) types at work in EoC behaviour situations. These two approaches taken together will, it is argued, produce benefits typical to those provided by working definitions and complete frameworks and research histories and, specifically, *will improve the state of EoC behaviour research*. Crucially however it is contended that the two approaches will also 'produce' the final restorative approach: *direction*; insofar as encouraging and assisting *future research* and *future research direction*; the latter meaning EoC behaviour authors all researching *similar* aspects of EoC behaviour contemporarily; something which is felt to be key for the future prosperity of EoC behaviour research.

9.3 <u>Reflecting on the Research Approach</u>

Both the lex parsimoniae methodology and the structure adopted to fulfil the aims of the thesis worked well. In particular, the logical structure of the thesis permitted a complex analysis to be suitably set out and expressed. Certainly, both elements would be used again. However, the author is not without regrets, and it is deemed a requirement

here – given the criticism of *other* authors in this thesis – to discuss these. Aside from the *limitations* of the thesis, there is one element that would be *changed* if the study was to be repeated: the *level of analysis* that was undertaken in some areas of the thesis. It was always the intention of this thesis to balance *information* with *clarity*. Chapter seven, for example excluded the examination of the complex hypothetical connections between the issues – which was 'doable' and was actually performed in earlier thesis drafts – to concentrate on presenting more clearly the *importance* of the overriding issues. However, in chapter eight, for example, although the analysis is deemed useful, it is thought that some aspects should have been left at a more superficial level in order to aid overall understanding. As a mea culpa, the reasons this did not occur are related to vanity and the desire not to leave unwritten, arguments that could be made by other authors in the future. As an aside, the limiting of the entire *hypothetical relationship examination* – which created a framework of the relationship types (including cyclical, direct, indirect and single and multiple cause/effect issues) – generated a large amount of cognitive dissonance, given the significant amount of sunk costs that were invested in the research (approximately six weeks of work). However, it is hoped that this, and other excluded analysis, could be presented in post-doctoral research.

9.4 <u>Conclusion</u>

The overall conclusion of this thesis is that both hypotheses have been proven, both objectives have been explored effectively and the research question has been adequately addressed. Clearly, numerous issues remain to be investigated, including many concerning the framework and the concepts exploration but also the actual *validity* of the solutions – in terms of their *overall approach* – that ultimately emerged, as well as numerous investigative avenues regarding the proposed issues which precipitated such solutions in the first place. However, this 'concentrated' thesis has reached its investigative limit; owing not only to time, space and methodological practicality (especially relevant to the 'historiographical' elements) but also to significant 'consensus gaps' and 'success measurement factors' that can *only* be bridged by *future research* (especially relevant to elements of the solutions proposed and to *validating* the very

solution approach adopted). Thus, it is the responsibility of practitioners of future EoC behaviour research, including this author, to 'carry the torch'.

With particular regard to future EoC behaviour historiographical research; authors should, as a priority, *examine further* and *attempt to establish empirically* the hypothesised relationships between the proposed *immediate*, *intermediate* and *overriding* issues. This process would, however, be lengthy, laborious and arguably subjective. In tandem with this approach, future research should also measure if and by how much EoC behaviour research has *improved*; specifically in relation to the *uptake* of this thesis among EoC behaviour authors in their future works. If both theoretical improvement *and* recognition of this thesis are observed then this would suggest that the prescriptive techniques put forward here are on the right track; although this lemma would depend strongly upon the *context* of how this thesis was *used* in this future research. *Uptake* is a subjective term here, given that this thesis argues for other authors to *spread* the message spelt out in this study, not just to *adopt this thesis in isolation* as the 'bible' of how to fix EoC behaviour research. Furthermore, such improvement – coupled with said uptake – could be agued to support, or 'indirectly validate', a number of *other* arguments made in this thesis, including those which shaped the 'format' of the solutions.

Overall, this thesis has both built significantly upon existing *empirical* EoC behaviour research and provided a solid base upon which both *future* historiographical *and* empirical EoC behaviour research can be located. EoC behaviour research has moved on appreciably since it was first envisaged[1] and it is hoped that this thesis will be considered as a 'paradigm shift' in this interminable evolution.

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[1] C. Perelman and L. Olbrechts-Tyteca, <u>The New Rhetoric</u>, (Notre Dame, France: University of Notre Dame Press, 1969), p. 279

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