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Learning to de-escalate: The effects of regret in escalation of commitment ☆

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Abstract

The current research investigates whether and how individuals are able to learn from one escalation situation to another, hypothesizing that post-escalation regret will reduce subsequent escalation. In Experiment 1, individuals participated in an escalation task after escalating their commitments in a first escalation situation. In Experiment 2, participants' regret was manipulated by asking them to imagine engaging in an escalation situation. The experiments expand our theoretical and practical understanding of how to prevent escalation of commitment by demonstrating that escalation-specific regret—either experienced from an earlier escalation or primed through imagining an escalation scenario—reduced subsequent escalation in a different context. The discussion focuses on the theoretical and practical impact of regret and emotions in general in escalation of commitment.
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Research on escalation of commitment has repeatedly demonstrated that after investing time, energy, money, or any important resource, many individuals feel a need to justify and retrospectively rationalize their poor decisions. They become psychologically committed to and reinvest in their initially-chosen (failing) course of action (Arkes & Blumer, 1985; Brockner & Rubin, 1985; Staw, 1976; Teger, 1980). Surprisingly, failures and negative feedback often do not reduce these commitments, nor do they lead to alternative action plans (Staw & Fox, 1977; Teger, 1980). Instead, many individuals stubbornly stay their original course, driven by the hope and belief that things will improve. Indeed, escalation of commitment has been implicated in diverse settings, from multi-million dollar organizational decisions (Hietala, Kaplan, & Robinson, 2003; Ross & Staw, 1986, 1993) to performance appraisals (Bazerman, Beekun, & Schoorman, 1982; Schoorman, 1988), from the amount of time basketball players have on court (Staw & Hoang, 1995) to the Vietnam War (Staw, 1976). Despite numerous examinations of what causes escalation and how it can be prevented (Brockner, 1992; Ross & Staw, 1986; Staw & Ross, 1987), instances of escalation of commitment continue to abound among individuals, organizations, and society (e.g., Hietala et al., 2003; Holstege, 2007; Murnighan, 2002).

In hopes of finding additional means of improving decision making and decreasing escalation of commit-

ment, the current paper considers whether individuals are able to learn from one escalation episode to the next. Specifically, it considers individuals' post-escalation affective reactions, examining whether feelings of regret may reduce subsequent escalation. Since regret can be a powerful motivating force that prompts individuals to change their behavior (Gilovich & Medvec, 1995; Zeelenberg & Beattie, 1997; Zeelenberg, Inman, & Pieters, 2001; Zeelenberg & Pieters, 1999), post-escalation regret may provide a useful means of learning to de-escalate.

Escalation of commitment

In escalation of commitment, decision-makers allocate an original pool of resources (money, time, or intangibles such as self-identities) to further a particular goal, after which they receive negative feedback, suggesting that, at best, the goal has not been obtained. Individuals often respond to this ambiguous future by increasing their commitment and investing more (Brockner, 1992; Ross & Staw, 1986; Rubin & Brockner, 1975; Staw & Ross, 1989; Teger, 1980). They invest "too much to quit" and become "entrapped" (Teger, 1980). Unfortunately, these reinvestments are irrational responses to sunk costs, violating the notion that individuals should be prospectively rather than retrospectively rational (Fox & Staw, 1979; Staw, 1981; Staw & Ross, 1978).

Researchers have examined numerous determinants of escalation, including project, organizational/contextual, social, and psychological factors (see Brockner, 1992; Brockner & Rubin, 1985; Ross & Staw, 1986, 1993; Staw & Ross, 1987, 1989 for thorough reviews). Project variables include objective features of a project that affect the perceived utility of a course of action, such as whether a specific budget is set (Heath, 1995), as well as whether feedback is negative (McCarthy, Schoorman, & Cooper, 1993; Staw & Ross, 1978), repeated (Hantula & DeNicolis Bragger, 1999; McCain, 1986; Staw & Fox, 1977; Teger, 1980), ambiguous or clear (Bowen, 1987; Garland, Sandefur, & Rogers, 1990; Hantula & DeNicolis Bragger, 1999; Staw & Fox, 1977), and exogenous or endogenous (Staw & Ross, 1978). In general, escalation can occur across multiple rounds of negative feedback and is more likely to occur when negative feedback is ambiguous (suggesting that turning the project around is still possible) or when individuals have not defined a budget beforehand.

Organizational and contextual factors can also fuel escalation. For instance, when organizations make complex initial investments that prompt smaller expenditures (e.g., hiring planners when the focal decision is building a plant), the investments become increasingly institutionalized within the organization (Zucker, 1983), resulting in a greater likelihood of escalation. Similarly, power struggles within an organization (Salancik & Pfeffer, 1977) and with external institutions (e.g., vested governmental parties, Zucker, 1983) may result in political forces pushing for or against the initial investments.

Additionally, social factors such as requiring individuals to justify their choices (Bobocel & Meyer, 1994; Fox & Staw, 1979), competing with others (Brockner & Rubin, 1985; Ku, 2004; Ku, Malhotra, & Murnighan, 2005; Rubin, Brockner, Small-Weil, & Nathanson, 1980; Teger, 1980), and cultural norms that favor "sticking to one's guns" (Staw & Ross, 1980) can also increase escalation of commitment.

Finally, numerous psychological determinants have been shown to affect escalation. For instance, loss frames (Arkes & Blumer, 1985; Bazerman, 1984; Whyte, 1986), overconfidence (McCarthy et al., 1993), as well as individual differences such as high self-monitoring, low duty, and high achievement striving (Brockner & Rubin, 1985; Caldwell & O'Reilly, 1982; Moon, 2001) have been found to increase escalation. Additionally, sunk costs are physiologically arousing, which can impair clear and rational decision making (Ku, 2004; Ku et al., 2005). Unfortunately, individuals who are less able to anticipate this alluring and arousing nature of sunk costs are more likely to escalate their commitments (Ku, 2007).

Despite this array of psychological determinants, the most empirically-supported and examined psychological explanation for escalation focuses on individuals' need to justify their initial investments (e.g., Arkes & Blumer, 1985; Bazerman, Guiliano, & Appelman, 1984; Brockner, 1992; Teger, 1980 for thorough reviews). In escalation situations, psychological discomfort results when individuals receive negative feedback about a previously-chosen alternative, and additional investments are a readily available means to rationalize and justify losses—by escalating their commitments, individuals can vindicate their choices. Thus, individuals who are personally responsible for an initial, negative decision escalate more than those who are not initially responsible (Davis & Bobko, 1986; McCarthy et al., 1993; Schoorman, 1988; Staw, Barsade, & Koput, 1997). Further evidence that justification is a critical mechanism of escalation is found in the fact that people tend to request more retrospectively- rather than prospectively-oriented information (Conlon & Parks, 1987). Additionally, individuals with domain-relevant expertise are more likely to escalate than novices since experts are more personally invested in their initial decisions (Fox, Schmida, & Yinon, 1996). Finally, Bobocel and Meyer (1994) found that justification, private or public, is a necessary antecedent of escalation. In sum, escalation of commitment is a complex decision-making bias, resulting from a host