

The effect of image compatibility and escalation of commitment on decision performance

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Abstrak

This study aims at empirically examining the extent to which Image Theory, initially developed as a theoretical basis for selecting a strategy or a decision, can be a theoretical basis for predicting a decision performance in two opposite frames: positive and negative. Image compatibility are employed to operationalize such a theory and the decision under study is progress decision represented by escalation of commitment. Thus, this study also empirically examines the connection between image compatibility and escalation of commitment as well as escalation of commitment as a mediator of the relationship between image compatibility and decision performance. The research context is Indonesia Stock Exchange (IDX) that suffered from crisis in the past year (negative frame) yet has been recovered recently (positive frame). The respondents are 229 individual investors in IDX. They are involved in day-to-day decision making (progress decision making) with regard to their investment portofolio. The results of this study show that high image compatibility tends to lead to better decision performance in both frames. However, image compatibility may only positively affect the escalation of commitment in positive frame.