

ABSTRACT

This study is intended to examine the influence of negative framing and adverse selection to manager's decision for continuing a failing project (escalation of commitment) and influence of job rotation to manager's decision for discontinuing a failing project. Prospect and agency theory are used for explaining this study.

This experiment was using factorial design 2 x 2 with instrument like cases given for 160 respondents. Hypotheses in this study were analyzed by using two ways ANOVA to find out the main effect and joint effect between two variables.

The results show that negative framing has significance influence to manager's decision for continuing a failing project. On the other hand, interactive effect between negative framing and adverse selection to manager's decision for continuing a failing project has no significance influence. This study also shows that there is significance influence between job rotation to manager's decision for discontinuing a failing project. However interactive effect between job rotation and adverse selection to manager's decision for discontinuing a failing project has no significance influence.

Key words: Negative framing, adverse selection, job rotation, escalation of commitment