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## AN EMPIRICAL TEST OF THE EFFECT OF OUTSIDE BOARD MEMBERS ON ESCALATION OF COMMITMENT IN PRIVATE FAMILY BUSINESSES (INTERACTIVE PAPER)

Jeremy Woods

*University of Cincinnati*, woodsj9@mail.uc.edu

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≈ INTERACTIVE PAPER ≈

**AN EMPIRICAL TEST OF THE EFFECT OF OUTSIDE  
BOARD MEMBERS ON ESCALATION OF COMMITMENT  
IN PRIVATE FAMILY BUSINESSES**

*Jeremy A. Woods, University of Cincinnati, USA*

**Principal Topic**

Owner-managers of private family businesses are vulnerable to escalation of commitment, which can lead to costly failure. In an effort to help private family businesses reduce such costs and contribute to the resource dependence literature, I extend prior research on escalation of commitment (Staw, 1981; Woods, Dalziel, & Barton, 2012) to include two additional hypotheses, then test this model using a mixed sample of 125 students and 40 small business owners.

**Results and Implications**

Results of MANCOVA and logistic regression analyses suggest that the use of outside board members has a direct effect on escalation of commitment, but no direct effect on the antecedents of escalation of commitment. The results also indicate that age, gender, ownership status, involvement level, risk and uncertainty tolerance levels, firm size, and the involvement of family members in the business exert important influences on the antecedents of escalation of commitment, both in interaction with the use of outside board members and independently.

**CONTACT:** Jeremy Woods; woodsj9@mail.uc.edu; (T): 213-400-0829; (F): 513-556-5499; University of Cincinnati, 3222 Bishop St. Apt. 3, Cincinnati OH 45220.