Title: Blame in delegated inventory decision making

Abstract: Behavioral biases in inventory decision making have been extensively explored. The majority of this behavioral work evaluates a decision maker who is compensated based on the cost/profit realized by the firm. In practice however, employees making inventory decisions are typically evaluated and compensated by managers rather than being owners of the firm. Additionally, employees often have access to more detailed information pertaining to their decision task as compared to the manager evaluating them. When such information asymmetry exists, managers can only imperfectly assess the quality of an employee's decision. In a controlled laboratory setting, we study how managers evaluate and compensate employees who are making an inventory order decision in the presence of demand uncertainty. We find evidence to support the notion that managers reward or punish the employee based on the outcome, even when the manager has sufficient information to evaluate the quality of the decision. Our findings have implications for managers mis-identifying good (and poor) performers in the workplace.