

**“Just a Little Respect”: Effects of a Layoff Agent's Actions on Employees' Reactions to  
a Dismissal Notification Meeting**

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Manuela Richter, Cornelius J. König, Marlene Geiger, Svenja Schieren, Jan Lothschütz, and  
Yannik Zobel

All from

Industrial & Organizational Psychology, Department of Psychology, Saarland University,  
Campus A1 3, 66123 Saarbrücken, Germany

Correspondence concerning this article should be addressed to Manuela Richter,

e-mail: [m\\_richter@mx.uni-saarland.de](mailto:m_richter@mx.uni-saarland.de)

**Abstract**

A layoff is a threatening yet common event which employees might face at some point in their working lives. In two scenario-based experiments (total  $N = 344$ ), we investigated which actions of a layoff agent (i.e., who delivers the layoff notice) during a dismissal notification meeting may contribute to laid-off employees' fairness judgments and negative attitudes toward the employer. In general, the extent to which layoff victims were treated with respect was consistently found to increase perceptions of interpersonal and procedural fairness and to mitigate negative attitudes toward the employer. Further results showed that layoff victims preferred to be given an adequate (vs. inadequate) explanation of the reasons for the layoff and to receive notice from the direct supervisor (vs. an external consultant). Relationships between the layoff agent's actions and layoff victims' negative attitudes toward the employer were mediated by perceptions of procedural fairness. In addition, delegating the layoff agent's task to an external consultant increased perceived psychological contract breach. Our findings have important implications for organizational justice research and for the managerial practice of implementing fair layoffs. In particular, small actions, such as treating employees with respect, might be of benefit both to humans and organizations.

## Introduction

Every year, thousands of employees around the world face the threat of falling victim to organizational downsizing. A layoff experience constitutes a serious or even traumatic break in the lives of most, if not all, of those who lose their jobs (i.e., layoff victims; e.g., McKee-Ryan et al. 2005; Paul and Moser 2009). However, it is also a stressful experience for everyone involved, be it the employee who survives a downsizing period and remains at the company (i.e., layoff survivors; e.g., Brockner et al. 1994; Brockner and Greenberg 1990) or the manager who conducts the layoff (i.e., layoff agent; e.g., Clair and Dufresne 2004; Parker and McKinley 2008).

Several studies have indicated that the perceived fairness during a downsizing process can reduce the negative impact of a layoff and the adverse reactions both of the layoff victims (Bies et al. 1993; Konovsky and Folger 1991; Wanberg et al. 1999) and the layoff survivors (Brockner et al. 1990; Konovsky and Brockner 1993; van Dierendonck and Jacobs 2012). Despite this research, it still remains rather unclear how such fairness can be achieved, and what exactly organizations should do to make layoffs as fair as possible. In particular, the dismissal notification meeting, which constitutes a face-to-face interaction between the layoff agent and the employee to be dismissed and is the prevailing method to communicate a layoff decision (Folger and Skarlicki 1998; Gilliland and Schepers 2003; Wood and Karau 2009), as well as the role of the layoff agent during this meeting have rarely been the focus of research. Nevertheless, the dismissal meeting should be an important instrument for organizations to deliver the bad news of a layoff in a personal, fair, and ethical way and, thus, to preserve or establish the image as a reliable and supportive employer (e.g., Datta et al. 2010; Skarlicki et al. 1998; Wanberg et al. 1999), not only to the leaving employees, but also to the remaining workforce, customers, or members of the public as a whole.

The present research therefore focused on the characteristics of the dismissal meeting and particularly explored the role of the layoff agent—the person who is responsible for the implementation of the layoffs—for creating fairness during this difficult interaction. The overall objective was to identify which actions of the layoff agent might have a positive impact on layoff victims' fairness perceptions and, as a result, on their emotional and behavioral reactions to their layoff. Given the severity of layoffs, we refrained from observing operational layoffs with true layoff agents and victims, but followed Wood and Karau (2009) by choosing a scenario approach to systematically vary a layoff agent's actions during a simulated dismissal meeting. In two experiments, we tested the impact of a layoff agent's respectful treatment of a laid-off employee, the explanation provided to this employee, and the position of the layoff agent him/herself within the company, meaning whether or not he/she was the direct supervisor.

### **The Organizational and Human Effects of Downsizing**

Although organizations primarily conduct downsizing with the intention of bringing a company back to health (Cameron 1994), downsizing has often been related to negative organizational outcomes such as decreased (long-term) profitability and financial performance (e.g., De Meuse et al. 2004; Guthrie and Datta 2008), impaired customer satisfaction (e.g., Williams et al. 2011), or damaged firm reputation (e.g., Flanagan and O'Shaughnessy 2005; Love and Kraatz 2009). Nevertheless, downsizing seems to be losing its negative connotations, as it has established itself as an institutionalized management practice (McKinley et al. 2000).

On the individual level, downsizing impacts a number of stakeholders, who suffer in some way from experiencing, witnessing, or conducting a layoff. The employees falling victim to a layoff often become unemployed, and meta-analytic studies have clearly demonstrated decreases in their psychological and physiological well-being (McKee-Ryan et

al. 2005; Paul and Moser 2009). After reemployment, employees with past layoff experiences have also been found to report higher job insecurity and turnover intentions (Moore et al. 2004). For the employees who witness their colleagues' layoffs and the managers who implement the layoff decisions, both remaining at the company, past research has similarly revealed increases in mental and physical health problems, job insecurity, and turnover intentions (Armstrong-Stassen 2005; Grunberg et al. 2001, 2006; Kets de Vries and Balazs 1997; Moore et al. 2004) as well as decreases in job performance and commitment (Armstrong-Stassen 2005; Luthans and Sommer 1999). Moreover, layoff agents have been found to distance themselves physically (Folger and Skarlicki 1998) and emotionally (Clair and Dufresne 2004) from their layoff task and from the employees losing their jobs. However, although distancing might limit a layoff agent's confrontation with the laid-off employee and mitigate feelings of emotional discomfort (Folger and Skarlicki 1998), it might also stimulate employees' perceptions of being treated in an insensitive manner.

Given these negative effects of downsizing, organizations should be motivated to implement layoff decisions in a way that minimizes the negative reactions of all involved and thus facilitates the establishment of an ethical layoff culture. An important determinant that may influence employees' attitudes and reactions toward the employer is their perceived fairness of a layoff, as we will explain below.

### **Fairness and its Impact on Employees' Responses following a Layoff**

A number of studies have demonstrated the beneficial effects of fairness at work in general (for an overview, see Cohen-Charash and Spector 2001; Colquitt et al. 2001) and in the context of layoffs in particular (e.g., Konovsky and Folger 1991; van Dierendonck and Jacobs 2012; Wanberg et al. 1999). According to organizational justice theories (e.g., Colquitt et al. 2001; Greenberg 1990), employees' fairness perceptions depend on their judgments of distributive, procedural, and interactional fairness. *Distributive fairness* describes the fairness

of the distributed outcomes and is strongly based on Adams' equity theory (Adams 1965), which calculates a person's outcomes relative to his/her inputs or contributions, such as performance relative to pay. With regard to layoffs, distributive fairness can be increased by providing support or compensation to the layoff victims, for instance in terms of severance pay or outplacement counseling (Blau et al. 2012; Brockner 1994; Sobieralski and Nordstrom 2012), and has been linked to layoff survivors' commitment to (van Dierendonck and Jacobs 2012) and layoff victims' persistent endorsement of the previous employer (Blau et al. 2012).

*Procedural fairness* refers to the procedures used to allocate outcomes or to implement allocation decisions, respectively (Thibaut and Walker 1975). According to Leventhal (1980), procedures are fair, for instance, if they are used consistently across persons and time and based on accurate information. In the context of layoffs, procedural fairness describes organizations' procedures used to make and implement the layoff decisions, for instance if employees are provided with an accurate explanation of the layoff reasons. This type of fairness has been consistently found to impact both layoff victims' and layoff survivors' attitudes and reactions toward the employer (e.g., Konovsky and Brockner 1993): It has been positively related to laid-off employees' willingness to support the former employer (Bies et al. 1993; Konovsky and Folger 1991; Wanberg et al. 1999) and to both layoff victims' and layoff survivors' future commitment to the employer (Spreitzer and Mishra 2002; van Dierendonck and Jacobs 2012). Under conditions of high procedural fairness, laid-off employees also reported fewer negative emotions toward the employer such as anger and hostility (Barclay et al. 2005) and fewer intentions to take legal action (Konovsky and Folger 1991; Wanberg et al. 1999).

*Interactional fairness* describes the social aspects or the quality of implementing the processes and of communicating the decisions (Bies and Moag 1986). According to Greenberg (1993), interactional fairness includes a polite, dignified, and respectful treatment

of people by an authority (*interpersonal fairness*) and the provision of information and adequate explanation for the decisions (*informational fairness*). In the workplace, interactional fairness usually refers to an exchange between a supervisor and an employee (Bies 2005; Cropanzano et al. 2002). Thus, when conducting layoffs, it should be particularly the layoff agent's actions that shape individuals' judgments of interactional fairness: Whereas interpersonal fairness should be improved by treating laid-off employees with respect, informational fairness should increase if they are provided with an adequate explanation of the layoff. With regard to employees' reactions, scholars have found that under conditions of high interactional fairness, laid-off employees reported higher commitment (Naumann et al. 1998) and fewer negative emotions toward the employer (Barclay et al. 2005). Similarly, studies also demonstrated favorable relationships between interactional fairness and layoff survivors' commitment and turnover intentions (Brennan and Skarlicki 2004).

Although empirical research has widely demonstrated that fairness can reduce the harmful character of a layoff, it is less clear why fairness works. One explanation is provided by *uncertainty management theory* (Lind and van den Bos 2002; van den Bos and Lind 2002), a follower of *fairness heuristics theory* (Lind 2001), which suggests that individuals are particularly sensitive to fair or unfair treatment if they are confronted with uncertain situations. Specifically, uncertainty, for example in the face of job loss, threatens individuals' need for predictability of their self, their future, and their environment and thus constitutes an aversive state. Fairness, for example fair treatment by an authority, helps them to cope with the stressful situation because it reduces concerns about being exploited or excluded, thus guiding individuals' attitudes and behaviors (Lind and van den Bos 2002; van den Bos and Lind 2002). As a result, fairness, in contrast to unfairness, renders the situation and future events more predictable and reduces the likelihood of harmful behaviors (Judge and Colquitt 2004; Lind and van den Bos 2002; Thau et al. 2007; van den Bos and Lind 2002).

In a similar way, fairness can reduce uncertainty about social relationships. According to *group value model* (Lind and Tyler 1988), people are interested in long-term relationships to a social group and its authorities and care about fairness because it provides them with information about the quality of these relationships and their status within the group.

Fairness, for instance in terms of neutral procedures and respectful interpersonal treatment on the part of an authority, conveys the impression that individuals have a high status and are valued members of a relevant group (e.g., Lind and Tyler 1988; Tyler 1989), thus increasing their self-worth and having positive implications on the attitudes and behaviors directed toward the group and its authorities (Smith and Tyler 1997; Tyler et al. 1996). Unfairness, on the contrary, can impair individuals' self-esteem and result in negative reactions directed toward the perceived source of injustice (Cohen-Charash and Spector 2001; Jones 2009).

### **The Role of the Layoff Agent in Creating a Fair Layoff**

Within the counseling and coaching literature, there is a variety of how-to manuals and practical guides giving advice about best practices in conducting layoffs (for English guides, see Schwartz 1980; Shepherd 2011; for German guides, see Andrzejewski and Refisch 2015; Richter and König 2013). Nevertheless, little is known about effective practices in a dismissal meeting and specific actions of the layoff agent which reliably improve the perceived fairness and, as a consequence, reduce the negative attitudes of the laid-off employees. To our knowledge, only two studies have examined the impact of critical characteristics in a dismissal meeting (Sobieralski and Nordstrom 2012; Wood and Karau 2009). However, these studies largely focused on the formal and organizational characteristics such as third-party presence, exit mode, or severance pay and either disregarded the importance of fairness (Wood and Karau 2009) or its impact on employee attitudes and reactions (Sobieralski and Nordstrom 2012), thus failing to show the “big picture” of the relationships between a layoff agent's actions, fairness perceptions, and a layoff victim's reactions.



For example, Wood and Karau (2009) found that the presence of a third party aroused layoff victims' perceptions of disrespect; however, the relationships between disrespect during a dismissal meeting and employees' reactions afterward were not explored. In addition, the authors found that the presence of a security guard and a public escort out of the company increased layoff victims' feelings of anger; however, the mediating process was not tested, thus disregarding fairness perceptions as an important determinant of subsequent employee reactions. Sobieralski and Nordstrom (2012), by contrast, solely focused on fairness perceptions and found that the provision of a severance package during the meeting increased perceptions of distributive fairness; however, whether severance pay reduced, for example, laid-off employees' negative attitudes toward the employer remained unexplored.

The present research aims at addressing this gap by taking into account the layoff agent's specific actions on the one hand and the impact of such actions on layoff victims' fairness perceptions and attitudes toward the employer on the other. In contrast to previous studies, we particularly explore the role of the layoff agent because his/her behaviors may be crucial for the overall success of the dismissal meeting. A layoff agent, who is usually represented by a manager from the lower or middle management level, is both an authority figure and a role model (DeWitt et al. 2003; Grunberg et al. 2006). The way he/she enacts a layoff procedure as well as how he/she treats the laid-off employees determines judgements of procedural and interactional fairness (Bies 2005; Cropanzano et al. 2002; Richter et al. 2016) and, as a result, shapes the perceptions, attitudes, and behaviors of the subordinates following a layoff (DeWitt et al. 2003; Grunberg et al. 2006; Wiesenfeld et al. 2000).

In the following, we argue that fairness in a dismissal meeting and, as a result, employee attitudes and reactions can be influenced by three layoff agent-specific variables: whether the layoff agent treats the layoff victim with respect, provides an adequate explanation of the layoff reasons, and is represented by a valued authority.

### Respectful Treatment

One important antecedent of fairness, or interpersonal fairness in particular, is the respectful treatment an individual receives from an authority, or in the work context, the treatment an employee receives from the supervisor (Colquitt 2001; Greenberg 1993). Respect from others is a basic human need and one of the most important work values for employees (Quaquebeke et al. 2008; Quaquebeke and Eckloff 2009). In particular, respectful treatment provides information about the quality of relationships with social groups, which are important sources of self-validation, belonging, support, or material resources (Tyler 1989). The treatment by a group's authority informs individuals about their position, value, and social standing within that group (Lind and Tyler 1988; Tyler 1989, 1994; Tyler and Lind 1992): While respect shows individuals that they have a high status and are valued members of a social group, thus increasing their feelings of self-worth, disrespect demonstrates that they have a low status and are no longer considered as full-value members, thus creating the impression of being rejected or excluded.

In line with this, individuals contribute to groups in which they are treated with respect and fairness in order to maintain long-term and positive social relationships and withdraw from groups in which they are not (Colquitt et al. 2001; De Cremer and Tyler 2005; Quaquebeke and Eckloff 2009). In line with this, previous research found that employees answered fair and respectful treatment with positive attitudes and behaviors, for example in terms of commitment both to the supervisor (Liao and Rupp 2005) and the organization (Colquitt et al. 2001; Simons and Roberson 2003). In a similar way, employees being given layoff notice should respond less negatively if they are treated with respect, dignity, and politeness, for example in terms of lowered desire for complaints and legal action (Lind et al. 2000; Wood and Karau 2009), because continuous respectful treatment conveys the impression that employees' rights are still respected and that they are still valued for their

own sake. We therefore predict respectful treatment by the layoff agent to have a positive influence not only on layoff victims' judgement of interpersonal fairness (e.g., Colquitt 2001; Greenberg 1993), but also on employee attitudes and reactions following a layoff (e.g., Lind et al. 2000; Wood and Karau 2009). In addition, the quality of interpersonal treatment may also be considered as a part of the overall fairness of a layoff procedure (Bies et al. 1993, 1993; Tyler and Bies 1990); thus, we also expect a positive relationship between respectful treatment and layoff victims' judgments of procedural fairness. Considering respect as an antecedent of fairness (Bies 2005; Colquitt 2001) and given the positive effects of fairness on employees' reactions toward the source of fairness (e.g., Cohen-Charash and Spector 2001; Colquitt et al. 2001), we furthermore expect that fairness perceptions should mediate the positive relationships between a layoff agent's respect and a layoff victim's attitudes and reactions following a layoff.

**Hypothesis 1 (H1)** High respectful treatment increases layoff victims' perceptions of (a) interpersonal and (b) procedural fairness compared to low respectful treatment.

**Hypothesis 2 (H2)** High respectful treatment reduces layoff victims' negative attitudes toward the employer compared to low respectful treatment.

**Hypothesis 3 (H3)** The relationship between respectful treatment and negative attitudes will be mediated by layoff victims' perceptions of (a) interpersonal and (b) procedural fairness.

#### Adequate Explanation

A second antecedent of fairness, or informational fairness in particular, is the information and explanation provided by an authority (Colquitt 2001; Greenberg 1993). Particularly important seems to be the adequacy of an explanation—to what extent an explanation is clear, reasonable, and detailed (Shapiro et al. 1994; Shaw et al. 2003)—because providing a reasonable rationale for a decision helps individuals to understand and interpret an uncertain

situation (Lind and van den Bos 2002). In this regard, informational fairness in terms of an adequate explanation has been positively related to employees' job satisfaction, commitment, and cooperation (Colquitt et al. 2001; Shaw et al. 2003) and negatively related to retaliation and turnover intentions (Colquitt et al. 2001; Shaw et al. 2003).

With regard to layoffs, an explanation is considered adequate if it provides clear, detailed, and thorough information about the reasons for a layoff (Bies et al. 1993; Skarlicki et al. 1998; Wanberg et al. 1999). This might include giving information about the company's reasons and the selection criteria to identify the relevant employees. The nature of the reasons seems to be particularly critical in view of the finding that an organization's decision to downsize appeared to be more credible if it was due to external factors such as economic changes (Folger and Skarlicki 1998; Rousseau and Aquino 1993). Adequate explanations for layoffs have been associated with informational (Colquitt et al. 2001; Skarlicki et al. 2008) and procedural fairness (Bies et al. 1993; Skarlicki et al. 1998; Wanberg et al. 1999), and they have also been found to preserve layoff victims' persistent endorsement of the former employer and to reduce retributive intentions (Wanberg et al. 1999). Even layoff survivors reported more commitment and fewer turnover intentions if they had been provided with adequate explanations for the company's layoff decisions (Brockner et al. 1990). In line with previous research, we therefore predict an adequate explanation provided by the layoff agent to have a positive impact on layoff victims' judgments of both informational and procedural fairness. Given the favorable effects of explanations and, in further consequence, of both informational (e.g., Skarlicki et al. 2008) and procedural fairness (e.g., Skarlicki et al. 1998), an adequate explanation should also have a positive impact on layoff victims' attitudes toward the employer after their dismissal, and this relationships should be mediated by their fairness perceptions.

**Hypothesis 4 (H4)** An adequate explanation increases layoff victims' perceptions of (a) informational and (b) procedural fairness compared to an inadequate explanation.

**Hypothesis 5 (H5)** An adequate explanation reduces layoff victims' negative attitudes toward the employer compared to an inadequate explanation.

**Hypothesis 6 (H6)** The relationship between explanation and negative attitudes will be mediated by layoff victims' perceptions of (a) informational and (b) procedural fairness.

#### Position of a Layoff Agent

When conducting layoffs, the perceived fairness might depend not only on “what” is said or not said, but also on “who” delivers the bad news. Although counseling experts usually recommend that layoff notices are best delivered by the direct supervisor (Andrzejewski and Refisch 2015; Schwartz 1980), thus holding an internal position at the downsizing company, there is a growing organizational trend to hire external consultants to undertake the task of carrying out the dismissal meetings vicariously. Dubiecki et al. (2009) took up this issue in their motion picture *Up in the Air*, based on a novel by Walter Kirn, portraying a management consultant who is hired by various employers in the United States to conduct layoffs in place of the in-house supervisors. The story deals with the difficulties a layoff agent might face when delivering a layoff and the emotional outbursts of those losing their jobs, thus clearly illustrating why supervisors might try to distance themselves from both the layoff task and the laid-off employees (Clair and Dufresne 2004; Konovsky and Folger 1991).

Delegating the layoff task to agents in an external position might serve a self-protective function for the internal supervisors; however, it might be unethical and disrespectful to the employees to learn about their layoffs from a stranger. In particular, employees might perceive a breach or violation of the psychological contract when they feel that their employer fails to fulfill the reciprocal obligations of “good” employment relationships (Morrison and Robinson 1997; Rousseau 1989, 1995). Good employment, however, is

violated not only if the employer breaks its promise of job security, but also if “codes of conduct” (Rousseau 1989, p. 129) are violated. Learning about one’s dismissal from an external layoff agent (e.g., consultant) might constitute such a violation because it creates the impression that the employer, and its representative (i.e., the supervisor), is refraining from its responsibilities (Rousseau 1995).

We therefore expect that a dismissal meeting conducted by an external layoff agent should be perceived as both a breach of the psychological contract and as interpersonally unfair (Pate et al. 2003; Robinson and Rousseau 1994; Rousseau 1989). Given that Mansour-Cole and Scott (1998) also found greater fairness of the overall layoff procedure when the supervisors personally communicated the layoffs and did not use written announcements, we believe that external layoff agency should also be evaluated as procedurally unfair. Furthermore, similar to unfairness, psychological contract breach has been related to employees’ negative attitudes toward their employer such as anger or mistrust, job dissatisfaction, reduced commitment, or turnover intentions (Robinson and Rousseau 1994; Rousseau 1995; Zhao et al. 2007); thus, external layoff agency is also expected to provoke negative attitudes toward the employer on the part of the layoff victims, and this relationships should be mediated by perceptions of fairness and psychological contract breach.

**Hypothesis 7 (H7)** External layoff agency decreases layoff victims’ perceptions of (a) interpersonal and (b) procedural fairness and increases layoff victims’ perceptions of (c) psychological contract breach compared to internal layoff agency.

**Hypothesis 8 (H8)** External layoff agency increases layoff victims’ negative attitudes toward the employer compared to internal layoff agency.

**Hypothesis 9 (H9)** The relationship between layoff agency and negative attitudes will be mediated by layoff victims’ perceptions of (a) interpersonal fairness, (b) procedural fairness, and (c) psychological contract breach.

We conducted two experiments to test our hypotheses based on the scenario approach of Wood and Karau (2009). In Experiment 1, we manipulated the levels of respectful treatment and the adequacy of an explanation to test Hypotheses 1 to 6. In Experiment 2, we manipulated the level of respectful treatment and the position of the layoff agent as internal (i.e., supervisor) or external (i.e., consultant) to additionally test Hypotheses 7-9. A summary of all hypotheses is provided in Table 1.

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Insert Table 1 about here  
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## **Experiment 1**

### Method

#### *Participants*

The experiment was conducted in Germany. In total, 110 participants recruited at the campus of a medium-size German university completed our paper-and-pencil survey. The data of six participants were excluded due to missing data or failed manipulation checks for both manipulations. Hence, our final sample consisted of 104 participants (57 female, 47 male) with a mean age of 24 years ( $SD = 5.27$ ), and an age range from 18 to 49 years. The majority (95 %) were students in a bachelor's, master's, or doctoral program from different subject areas (41 % business and law, 24 % psychology, 14 % social science, 5 % educational science, 16 % another subject). Fifty-three of the respondents (51 %) worked at least part-time; 14 (13 %) reported that they had been laid off in the past, 46 (44 %) had close contacts who had been laid off (e.g., family), and 62 (60 %) had more distant contacts who had been laid off. Five participants (5 %) reported that they had already laid off someone else.

#### *Experimental Design and Procedure*

A scenario was created to manipulate the layoff agent's actions in a dismissal meeting using a 2 (respectful treatment: low vs. high)  $\times$  2 (explanation: inadequate vs. adequate) between-subjects design. Participants were randomly assigned to the four conditions.

The scenario contained a dismissal meeting between a supervisor and an employee, and was adapted from Wood and Karau (2009). Participants were asked to imagine themselves as the employee Alex Weber (a gender-neutral short form for Alexandra, a woman, or Alexander, a man), and to imagine the situation and Alex's emotions as if it was a real situation. In all conditions, participants received general information about Alex and the company as well as a basic scenario of the dismissal meeting (see Appendix A for scenario text). Alex Weber was described as a 27-year-old employee of a telecommunications company working in the sales department. Due to changing market conditions, the company has found itself suffering from a poor order situation and financial problems, resulting in rumors of downsizing and layoffs. On a usual working day, Alex is called to the supervisor's office, who informs Alex about his/her layoff. In the course of the dismissal meeting, Alex is shocked of this notice and receives either an adequate or inadequate explanation of the layoff reasons as well as either high or low respectful treatment by the supervisor.

In all conditions, Alex expresses that he/she cannot understand why he/she has to leave the company. In the "adequate explanation condition", participants then read:

*Mr. Brandt explains to you: "It was a difficult decision. After careful examination, we have found some departments to be 'bureaucratic monsters' that work inefficiently. The sales department is one of them. As a response, we will consolidate some independent work areas and, unfortunately, several positions in our company will therefore disappear. Based on our social selection criteria, you, among others, will be affected by the cut-backs. Our criteria were an age of less than 45 years, tenure of less than 10 years, and no maintenance obligations toward spouse or children. Due to the poor situation, I was not able to find an alternative position in our company for you."*

In the "inadequate explanation condition", participants read the paragraph below:

*Mr. Brandt explains to you: "It was a difficult situation. After careful examination, we have found that several positions in our company will disappear. Based on our social selection criteria, you, among others, will be affected by the cut-backs."*

Following this and addressing Alex' shock about the notice, participants in the "high respectful treatment" condition then read the following paragraph:



*Mr. Brandt realizes your shock and says: "I can see that you are hit hard by this message. I am sorry to dismiss you, but I assure you that the decision has nothing to do with your personal skills or your qualification. I will also acknowledge this in your employment reference letter. I enjoyed working with you, and I always appreciated your reliability and your commitment. You were a valuable member of our company."*

Alternatively, participants in the "low respectful treatment" condition read the sentence:

*Mr. Brandt realizes your shock, but remains silent.*

### *Measures*

Unless otherwise specified, all scales used 5-point Likert scales ranging from 1 = "strongly disagree" to 5 = "strongly agree." Cronbach's alpha reliability coefficients can be found in Table 2.

*Manipulation Check.* Using dichotomous scales (0 = "false", 1 = "true"), we applied two questions to examine the effectiveness of our respectful treatment and explanation manipulations. For respectful treatment, participants were asked whether: "My boss appreciated my work and said that he enjoyed working with me." For explanation, they were asked whether: "My boss explained to me the specific selection criteria that led to my dismissal." The percentages of correct answers in the respectful treatment and explanation conditions were 95 % and 88 %, respectively.

We also integrated three comprehension questions to ensure that participants had read the basic scenario thoroughly ("I have been working for the company for three years" [true], "The company produces television sets" [false], "I was dismissed because of the poor financial situation of the company" [true]). The vast majority (97 %) of participants answered all three questions correctly. In addition, we measured participants' self-reported perspective-taking ability with two items ("I was able to imagine the situation of the dismissal meeting", "I was able to empathize with the role of Alex Weber") on five-point scales. Participants' average perspective-taking ability was high with a mean of 4.03 ( $SD = 0.62$ ), thus confirming the usefulness of the layoff scenario.

*Fairness perceptions.* Participants' fairness perceptions of the dismissal meeting were measured with three scales addressing *procedural fairness*, *interpersonal fairness*, and *informational fairness*. Procedural fairness was addressed with four items based on Skarlicki et al. (1998), for example: "Generally, the procedure used in the dismissal meeting was fair." Interpersonal fairness was measured with four items (e.g., "My boss treated me with respect") and informational fairness with five items (e.g., "My boss explained the layoff decision thoroughly") based on scales developed by Colquitt (2001).

*Negative attitudes toward the employer.* Participants' negative attitudes after the dismissal meeting were operationalized in terms of negative emotions and behavioral intentions directed toward the former employer. We measured *anger* with four items (e.g., "I felt angry about the way I was terminated"), willingness to *complain* with four items (e.g., "I would complain to friends about this employer"), and willingness to take *legal action* against the employer with five items (e.g., "I would consider taking legal action"); all scales were taken from Wood and Karau (2009).

## Results

Means, standard deviations, and correlations among the variables are displayed in Table 2.

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### *Effects on Fairness Perceptions (H1, H4)*

A multivariate analysis of variance (MANOVA) on the three fairness measures revealed significant multivariate main effects of respectful treatment, Wilks'  $\Lambda = .90$ ,  $F(3,98) = 3.71$ ,  $p < .05$ ,  $\eta_p^2 = .10$ , and explanation, Wilks'  $\Lambda = .66$ ,  $F(3,98) = 17.05$ ,  $p < .001$ ,  $\eta_p^2 = .34$ .

Results of follow-up analyses are displayed in Table 3. As expected, the respectful treatment factor had significant effects on perceptions of interpersonal and procedural fairness, but not on the perception of informational fairness. In support of H1a and H1b, participants who

received high respectful treatment from the supervisor during the dismissal meeting perceived higher levels of interpersonal and procedural fairness than those who received low respectful treatment. Follow-up analyses also showed that the explanation factor had significant effects on informational and procedural fairness, but not on interpersonal fairness. As expected, an adequate explanation by the supervisor increased participants' perceptions of informational and procedural fairness compared to an inadequate explanation, thus also supporting H4a and H4b.

*Effects on Negative Attitudes toward the Employer (H2, H5)*

Regarding participants' attitudes toward the employer, MANOVA results revealed only a significant multivariate main effect of respectful treatment, Wilks'  $\Lambda = .86$ ,  $F(3,98) = 5.42$ ,  $p < .01$ ,  $\eta_p^2 = .14$ . Follow-up analyses indicated that the respectful treatment effect was significant for anger and complaints, but not for legal action (see Table 3). Specifically, high respectful treatment from the supervisor strongly reduced participants' feelings of anger and intentions to complain about the employer. However, the explanation factor did not influence layoff victims' attitudes toward the employer, Wilks'  $\Lambda = .98$ ,  $F(3,98) < 1$ , ns. Thus, whereas H2 was partially supported, H5 was not.

For all dependent variables, no significant interaction effects were found.

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Insert Table 3 about here  
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*Mediation analyses (H3, H6)*

Mediation analyses were conducted to test whether the significant relationships between respectful treatment and layoff victims' negative attitudes toward the employer (i.e., anger, complaints) were mediated by their interpersonal or procedural fairness perceptions. We used bootstrap confidence intervals (Preacher and Hayes 2008; Shrout and Bolger 2002) as a robust alternative to traditional causal steps analysis (Baron and Kenny 1986) and Sobel test

(Sobel 1982). To test the significance of the indirect mediation effect, we computed 5,000 bootstrap samples using an SPSS macro for multiple mediation provided by Preacher and Hayes (2008). A summary of the mediation analyses is presented in Table 4. Bootstrapping results indicated that respectful treatment had significant indirect effects on anger via procedural fairness, but not via interpersonal fairness. For complaints, by contrast, the indirect effect was mediated by interpersonal fairness, but not by procedural fairness. Sobel test results further confirmed these findings. Thus, H3a and H3b were both partially supported. Given the non-significant effects of explanation on attitudes toward the employer, no mediation analyses were performed, and H6a and H6b are therefore not supported.

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Insert Table 4 about here  
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## Discussion

The findings of Experiment 1 support our expectation that both respectful treatment and adequate explanation are effective actions of a layoff agent that improve laid-off employees' levels of perceived fairness during a dismissal meeting. Furthermore, both characteristics preceded the proposed and distinct dimensions of interactional fairness: Whereas respectful treatment increased the level of interpersonal fairness, explanation only improved informational fairness. Beyond this, the finding that both characteristics also contributed to judgments of procedural fairness indicates that layoff procedures are evaluated with regard not only to structural aspects, but also to social aspects (Cropanzano and Greenberg 1997). This finding, however, might also be due to the fact that the procedure used to implement the layoff decision (i.e., the dismissal meeting) was a social one.

Regarding layoff victims' attitudes toward the employer, it was solely the respectful treatment by the supervisor that mitigated the feelings of anger and the intentions to complain of those laid off. Although an adequate explanation made the layoff fairer, knowing about the rationale of the layoff decision was not sufficient to mitigate negative emotions or behavioral

intentions. Thus, being acknowledged (or not acknowledged) as a valuable person by a relevant authority seems to have a stronger and more emotional effect on those laid off than being informed (or not informed) about the reasons for a layoff. Furthermore, mediation analyses of the relationships between layoff agent-provided respectful treatment and layoff victims' negative attitudes toward the employer revealed different underlying mechanisms: Whereas procedural fairness mediated the relationship of respectful treatment with anger, interpersonal fairness mediated the relationship with complaints. Future research is needed to further examine whether the fairness dimensions have differential effects on emotions and behaviors.

Though Experiment 1 provided some evidence for the positive impact of a layoff agent's individual actions during a dismissal meeting, employees' responses might also depend on the person who fulfills the layoff agent's task. Experiment 2 was designed to manipulate the position of a layoff agent as either internal (i.e., direct supervisor) or external (i.e., professional consultant) and to test its impact on employees' fairness perceptions, perceived psychological contract breach, and attitudes toward the employer (Hypotheses 7-9).

## **Experiment 2**

### Method

#### *Participants*

The experiment was conducted in Germany. We developed an Internet-based survey that was promoted on various social media websites and via public mailing lists to recruit employees from diverse organizations and industries as well as students from various universities and disciplines. Short postings were used to arouse interest in our study, and participants received one-time access to the survey by assigning cookie session ids. They were assured that their data would be treated anonymously and used for scientific purposes only, and they were also informed that there would be no right or wrong answers to facilitate honesty. By suppressing

the “Next” button on the websites for 30 seconds, it was furthermore assured that participants read the layoff scenario and the inherent manipulations and thus to avoid careless responding. The functionality of the online survey was pretested on different computers and browsers.

A total of 255 out of 473 participants who accessed the website completed our questionnaire (54 % response rate). Following recommendations of Meade and Craig (2012) to identify careless responses in online data, we first controlled for participants' self-reported diligence (“It is crucial for scientific research that questionnaires are answered attentively and seriously. In your honest opinion, should we use your data in our analyses?”). We excluded two participants who answered “no” to this question. Second, we considered response time as an indicator of careless responses (Meade and Craig 2012). Computing percentile ranks, we identified participants who spent very little ( $PR < 1$ ) and a lot of time ( $PR > 99$ ) on the survey, additionally excluding five participants. Third, we excluded the data of eight participants who failed the manipulation check and were unable to identify the correct layoff agent (i.e., internal or external) in the scenario.

Our final sample consisted of 240 participants (129 female, 111 male) with a mean age of 28 years ( $SD = 7.92$ ), and an age range from 19 to 59 years. In terms of participants' highest level of education, 52 % had a high school degree, 23 % had completed vocational training, and 25 % had a university degree. Fifty-two participants (22 %) had already been laid off, and 117 (49 %) had close contacts (e.g., family) and 168 (70 %) more distant contacts who had been laid off. Fourteen (6 %) had laid off someone else.

Within the overall sample, 135 (56 %) were employees and 105 (44 %) were students. In the student subsample, the mean age was 23 years ( $SD = 3.39$ ); 51 % studied psychology, 12 % business and law, 8 % medicine, 7 % educational science, and 22 % another subject (e.g., architecture, engineering) in a bachelor's, master's, or doctoral program at multiple German universities. Thirty-five students (33 %) worked at least part-time; 12 % had been

laid off, and 41 % had close contacts and 56 % more distant contacts who had been laid off. 3 % had laid off someone else. In the employee sample, the mean age was 31 years ( $SD = 8.78$ ). The average job tenure with the current employer was about seven years, and ranged from less than one month to nearly 35 years. The most frequent industry types were health (33 %), manufacturing (7 %), administration (7 %), and information and communication technology (5 %). In the employee sample, 29 % had been laid off, and 55 % had close contacts and 81 % more distant contacts who had been laid off. 8% had laid off someone else.

### *Experimental Design and Procedure*

We used a 2 (respectful treatment: low vs. high)  $\times$  2 (layoff agency: internal vs. external) between-subjects design to manipulate the layoff agent's characteristics in the dismissal meeting scenario. Participants were again randomly assigned to the four conditions.

The general information about Alex Weber, the company, and the basic scenario were the same as in Experiment 1. In both the "internal layoff agent condition" and the "external layoff agent condition", Alex Weber was called to the supervisor's office. In the "internal layoff agent condition", the dismissal meeting was conducted by the direct supervisor, Mr. Brandt, identical to Experiment 1. In the "external layoff agent condition", all references to the direct supervisor were replaced by an external consultant, for instance:

*A stranger is sitting at the conference table, who introduces himself: "Good morning, Mr. / Ms. Weber, my name is Manfred Hofmann from the business consultancy Hofmann & Company in Munich. Your supervisor has asked me to conduct this meeting with you today."*

In the "external layoff agent condition", the content of the meeting remained exactly the same as in the "internal layoff agent condition", with the exception that the external consultant always referred to "the company" instead of "we" or "our company." For the respectful treatment manipulation, participants read the corresponding paragraphs of Experiment 1. In the "external layoff agent condition", however, participants received high or

low respectful treatment vicariously from the external consultant. For instance, the external consultant remarked that the supervisor had enjoyed working with Alex.

### *Measures*

We used the same scales as in Experiment 1 to measure participants' fairness perceptions (procedural, interpersonal, informational) and negative attitudes toward the employer (anger, complaints, legal action). Cronbach's alpha reliability coefficients can be found in Table 5. In addition, we used a single-item global assessment of psychological contract breach based on Robinson and Rousseau (1994) to examine how well the supervisor had overall fulfilled obligations toward the laid-off employee (i.e., "My supervisor fulfilled his obligations toward me") using a 5-point scale from 1 = "strongly disagree" [very poorly fulfilled] to 5 = "strongly agree" [very well fulfilled]. For the subsequent analyses, the item was recoded so that higher values indicated higher psychological contract breach.

The manipulation check for the respectful treatment manipulation was also identical to Experiment 1; 91 % of participants identified the correct respectful treatment condition. For the layoff agent manipulation, participants were asked to answer the following question on a dichotomous scale (0 = "false", 1 = "true"): "I was dismissed by an external consultant." All participants in the final sample identified the correct layoff agency condition. Similar to Experiment 1, 99 % gave the correct answers to the three comprehension questions about the dismissal meeting scenario. The average perspective-taking ability was high with mean of 4.14 ( $SD = 0.63$ ) on a 5-point scale.

### Results

Means, standard deviations, and correlations among the variables are displayed in Table 5.

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Insert Table 5 about here  
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We conducted all analyses adding the group variable (employees vs. students) to test whether participants' fairness perceptions or attitudes toward the employer would differ according to their status as an employee or student. We did not find any significant effects, indicating that there were no differences between employees' and students' ratings of the dependent variables. In the following, we therefore only report the results for the overall sample.

*Effects on Fairness Perceptions (H1, H7a and 7b)*

For participants' fairness perceptions, MANOVA results revealed significant multivariate main effects of respectful treatment, Wilks'  $\Lambda = .85$ ,  $F(3,234) = 14.06$ ,  $p < .001$ ,  $\eta_p^2 = .15$ , and layoff agency, Wilks'  $\Lambda = .79$ ,  $F(3,234) = 21.27$ ,  $p < .001$ ,  $\eta_p^2 = .21$ . Results of the follow-up ANOVAs are displayed in Table 6. Similar to Experiment 1 and in support of H1a and H1b, the respectful treatment factor had significant effects on both interpersonal and procedural fairness. Thus, participants who received high respectful treatment during the dismissal meeting perceived higher levels of interpersonal and procedural fairness than those who received low respectful treatment. Surprisingly, respectful treatment also had a significant positive effect on informational fairness in this experiment.

With regard to the layoff agency factor, the effect on interpersonal fairness did not reach significance ( $p = .052$ ); however, descriptive results indicated that external layoff agency was evaluated as more interpersonally unfair ( $M = 4.05$ ,  $SD = 0.64$ ) than internal layoff agency ( $M = 4.20$ ,  $SD = 0.66$ ), thus providing some evidence in favor of H7a. We also found a significant effect on procedural fairness: If the dismissal meeting was conducted by an external rather than an internal layoff agent, participants perceived lower procedural fairness, thus supporting H7b.

ANOVAs also revealed a significant respectful treatment  $\times$  layoff agency interaction effect on procedural fairness,  $F(1,236) = 4.86$ ,  $p < .05$ ,  $\eta_p^2 = .02$ . Interaction patterns are

displayed in Figure 1(A). Paired comparisons showed that internal layoff agency increased participants' evaluations of procedural fairness compared to external layoff agency in both the high,  $F(1,236) = 38.74, p < .001, \eta_p^2 = .14$ , and the low respectful treatment conditions,  $F(1,236) = 10.89, p < .01, \eta_p^2 = .04$ . For internal layoff agents, procedural fairness was also higher in the high compared to the low respectful treatment condition,  $F(1,236) = 23.38, p < .001, \eta_p^2 = .09$ ; however, this effect was not significant for external layoff agents.

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Insert Table 6 about here  
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#### *Effects on Psychological Contract Breach (H7c)*

As expected, layoff agency significantly predicted psychological contract breach (see Table 6 for results). Layoff victims perceived higher psychological contract breach if the dismissal meeting was conducted by an external rather than an internal layoff agent, thus supporting H7c. We also found a significant respectful treatment  $\times$  layoff agency interaction,  $F(1,236) = 7.16, p < .01, \eta_p^2 = .03$ . Paired comparison showed that perceived psychological contract breach was higher for external than for internal layoff agents in the high,  $F(1,236) = 143.39, p < .001, \eta_p^2 = .39$ , and low respectful treatment conditions,  $F(1,236) = 75.95, p < .001, \eta_p^2 = .25$ . Participants also perceived higher psychological contract breach if the internal layoff agent treated them with low rather than high respect,  $F(1,236) = 7.75, p < .01, \eta_p^2 = .03$ . For external layoff agents, respectful treatment did not influence levels of perceived psychological contract breach, which was equally high. Patterns are displayed in Figure 1(B).

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Insert Figure 1 about here  
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#### *Effects on Negative Attitudes toward the Employer (H2, H8)*

Regarding participants' negative attitudes toward the employer, MANOVA results revealed a marginally significant multivariate main effect of respectful treatment, Wilks'  $\Lambda = .97$ ,

$F(3,234) = 2.33, p = .075, \eta_p^2 = .03$ , and a significant multivariate main effect of layoff agency, Wilks'  $\Lambda = .75, F(3,234) = 26.52, p < .001, \eta_p^2 = .25$ . Results of follow-up analyses are shown in Table 6 and indicate that the respectful treatment factor only had a significant effect on anger, but not on complaints and legal action. Thus, in partial support of H2, participants who received high respectful treatment were less angry than those who received low respectful treatment. With regard to the layoff agency factor, there were significant effects on anger and complaints, but not on legal action. Thus, in partial support of H8, being dismissed by an external layoff agent strongly increased participants' anger and their intentions to complain about the employer compared to being dismissed by an internal layoff agent.

We found no significant interactions for layoff victims' attitudes toward the employer.

#### *Mediation Analyses (H3, H9)*

Similar to Experiment 1, we conducted mediation analyses of the significant relationships between respectful treatment and layoff victims' anger as well as between layoff agency and layoff victims' anger and complaints. We treated interpersonal (H3a, H9a) and procedural fairness (H3b, H9b) as possible mediators; for the layoff agency-related relationships, we additionally tested mediation by psychological contract breach (H9c).

As in Experiment 1, bootstrapping results indicated that respectful treatment had significant indirect effects on anger via procedural fairness, but not interpersonal fairness, thus providing support for H3b, but not for H3a. Procedural fairness, but not interpersonal fairness, was also a significant mediator of the relationships between layoff agency and anger and complaints, respectively, thus providing support for H9b, but not for H9a (see Table 7 for a summary of the mediation analyses). In addition, we also found that the relationship between layoff agency and anger, but not that between layoff agency and complaints was

mediated by psychological contract breach, thus also partially supporting H9c. Sobel test results further confirmed these findings.

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Insert Table 7 about here  
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## Discussion

Experiment 2 again investigated the effects of respectful treatment provided by the layoff agent while delivering the layoff notice and confirmed the results of the first experiment: Expressing respect verbally improved layoff victims' perceptions of interpersonal fairness as well as perceptions of the overall dismissal meeting procedure and also reduced their feelings of anger. The finding that respectful treatment was also related to informational fairness, however, might have resulted from the absence of any clear explanation. This issue might have prompted participants to use the information in the respectful treatment manipulation to deduce the reasons for their layoffs (e.g., that the decision had nothing to do with their skills).

In addition, Experiment 2 particularly addressed the question of whether it is important who delivers the layoff notice and thus fulfills the layoff agent's task. Our results support previous suggestions that layoffs should be implemented by the direct supervisor and not by other sources (Andrzejewski and Refisch 2015; Mansour-Cole and Scott 1998): A personal discussion with the supervisor particularly improved the perceived fairness of the procedure of the dismissal meeting. Given our findings that the presence of an external layoff agent increased not only perceptions of procedural unfairness, but also of psychological contract breach and that both perceptions evoked layoff victims' negativity toward the employer (i.e., anger, complaints), delegation to third parties such as external consultants might indeed contradict employees' ideas of good employment (Rousseau 1989). Moreover, in view of the significant interaction, calling in an external layoff agent seems to constitute a breach of the psychological contract and a violation of procedural fairness regardless of whether or not he/she displayed respect. Even for an internal layoff agent, we found evidence of an implicit

obligation to respectful treatment, given the findings that perceptions of psychological contract breach increased and procedural fairness decreased if an internal agent failed to show respect. These results are in line with previous research arguing that respectful treatment by an authority of the ingroup, such as a supervisor, should be more important than treatment by a member of the outgroup, such as an external consultant (Smith et al. 1998; van den Bos and Lind 2002). Employees care about positive relationships with relevant groups and valued authorities (Lind and Tyler 1988) and are therefore sensitive to violations of the psychological contract as committed by the supervisor (Morrison and Robinson 1997; Rousseau 1989). This might be a reason why a lack of respect on the part of the supervisor might be more serious than a lack of respect on the part of a stranger.

### **General Discussion**

The overall aim of our research was to examine what organizations and their managers can do to make layoffs as fair as possible and, thus, to mitigate negative employee reactions. In two experiments, we addressed individual actions of a layoff agent in a dismissal meeting and manipulated whether the layoff victim was treated with high or low respect, provided with an adequate or inadequate explanation of the layoff reasons, or confronted with an internal (i.e., supervisor) or external (i.e., consultant) layoff agent. In contrast to previous studies, which either disregarded the importance of fairness or its impact on employee reactions (Sobieralski and Nordstrom 2012; Wood and Karau 2009), we were able to illuminate the “big picture” of the relationships between a layoff agent's actions, fairness perceptions, and a layoff victims' reactions.

All practices considered had an impact on layoff victims' fairness perceptions. In line with previous research (e.g., Bies et al. 1993; Wanberg et al. 1999), layoff victims perceived higher levels of interpersonal and procedural fairness if they had been treated with high as opposed to low respect during the dismissal meeting, and they also perceived more

informational and procedural fairness if they had been provided with an adequate rather than inadequate explanation of the reasons for the layoff. Furthermore, our results demonstrated that the question of who undertook the layoff agent's task and delivered the bad news was not irrelevant to the laid-off employees (Andrzejewski and Refisch 2015; Mansour-Cole and Scott 1998): Layoff victims perceived less procedural fairness if an external consultant rather than the direct supervisor delivered the layoff notice, thus emphasizing the importance of being in contact with a valued authority (Smith et al. 1998; van den Bos and Lind 2002).

However, only the level of respectful treatment and the position of the layoff agent, but not the adequacy of the explanation influenced laid-off employees' negative attitudes toward the employer and, thus, had implications on the behavioral level: Layoff victims reported less anger and fewer intentions to complain if they had been treated with high rather than low respect, and they felt more psychological contract breach and reported more anger and intentions to complain if they had been laid off by an external rather than an internal layoff agent. Thus, providing a rationale for a layoff decision seems to be of lower importance than showing respect for a person's rights and offering personal contact with a valued authority. Furthermore, procedural fairness has been found to be particularly important for the mitigation of negative attitudes toward the employer after a dismissal meeting (Barclay et al. 2005; Konovsky and Folger 1991; Wanberg et al. 1999), given its significant mediations of almost all relationships between the layoff practices considered and the outcome variables.

Nevertheless, neither respectful treatment nor explanation nor the position of the layoff agent influenced layoff victims' intentions to take legal action in either study. Given that desire for litigation was generally low, participants might have had difficulties to imagine taking legal action after having read a fictitious scenario. It is also deemed possible that this kind of behavioral reaction requires some time to develop—until employees have assimilated the bad news and start planning for the future. Thus, variables need to be considered that

more directly relate to future behaviors, such as organizational support measures that help employees to manage a critical financial situation and to find a new job.

#### Theoretical Implications

The present findings enhance our understanding of interpersonal and informational fairness, at least in the layoff context, and contribute to the idea of a four-factor model of organizational justice that consists of distributive, procedural, interpersonal, and informational dimensions of justice (Bies 2005; Colquitt 2001). We found evidence that the dimensions of interpersonal and informational fairness, although theoretically combined to interactional fairness (Greenberg 1993), exhibited distinct antecedents: Respectful treatment has been consistently found to predict interpersonal fairness, whereas an adequate explanation was associated with informational fairness. Our results also highlight that procedural fairness is both an important and complex construct. Although we identified a unique predictor (i.e., the procedure was perceived as particularly fair if the meeting was conducted by the direct supervisor), antecedents of interpersonal and informational fairness also contributed to individuals' perceptions of procedural fairness. These results give rise to the suggestion that procedural fairness, at least in our experiments, might constitute a higher-order fairness dimension that is composed of a set of characteristics.

Our findings have also implications for research on employee reactions to unfavorable work outcomes (e.g., negative performance feedback, disciplinary warning, layoff decisions) and highlight the importance of improving the quality of the interpersonal exchange between the employer and the employee in everyday working life (Bies 2005; Cropanzano et al. 2002). Disrespectful treatment by a valued authority might be responsible not only for provoking adverse reactions following bad news, such as counterproductive work behavior (Jones 2009), but also for impairing a company's image and reputation as an employer. Respectful treatment, by contrast, seems to be important for reducing employees' negative

responses after having received an unfavorable outcome at work. Furthermore, our findings contribute to understanding the mutual obligations of both parties and particularly emphasize the importance of relational aspects for the purpose of fulfilling the psychological contract (Robinson et al. 1994; Rousseau 1989). In particular, considering our results, psychological contract breach can be avoided if a valued authority delivers an unfavorable outcome or bad news in a respectful way. Nevertheless, although exchanging respect can be considered as an important good to maintain positive relationships, more research is needed to compare the contributions of relational (e.g., respectful treatment of the employees to be dismissed) and transactional aspects (e.g., financial or professional support of the employees to be dismissed) to the psychological contract.

#### Managerial Implications

Our results also have important implications for human resource management in general and managers in particular. Empirical evidence indicates that, when implementing downsizing decisions, organizational unfairness impairs laid-off employees' and their surviving colleagues' commitment with the company (Brennan and Skarlicki 2004; Naumann et al. 1998; van Dierendonck and Jacobs 2012) as well as layoff victims' attitudes toward the employer (Konovsky and Folger 1991; Wanberg et al. 1999; Wood and Karau 2009). Given these detrimental effects, our findings emphasize the importance of the dismissal meeting as an important means to increase the fairness of a layoff and to mitigate retributive actions. In particular, our studies provide important insights into the critical role of the layoff agent, or more specifically of the leaders and supervisors, for shaping employees' attitudes toward their employer. First, it is essential that the layoff agent's task is not delegated to sources other than the direct supervisor, including members of the HR team, even though supervisors might have concerns about delivering bad news to their employees and being confronted with their emotions (Clair and Dufresne 2004; Folger and Skarlicki 1998). Employees expect their



supervisors to fulfill their obligations toward them (Rousseau 1989), and this might include retaining personal contact and showing respect in hard times. Intentionally breaching the psychological contract by calling in an external layoff agent, by contrast, might be equivalent to accepting negative employee reactions. Second, our results indicate that small actions can have great effects. Showing respect and being honest and reasonable in communicating the reasons for the layoff seem to be a low price to pay in order to cause less harm to those suffering from a job loss. Third, our findings suggest that organizations should invest in managers' training in order to improve their ability to deliver bad news in a fair way, not only with respect to layoffs, but also regarding other critical leader-member interactions (Richter et al. 2016). Furthermore, organizations should endeavor to enable their leaders to enact fairness in all aspects of their work in order to promote ethical leadership, an ethical organizational climate, and its positive effects on employees' job satisfaction, performance, or commitment (Brown et al. 2005; Demirtas and Akdogan 2014; Ng and Feldman 2015; Zoghbi-Manrique-de-Lara and Suárez-Acosta 2013). There is already empirical evidence that leaders' fairness can be trained (Richter et al. 2016; Skarlicki and Latham 2005), and future training should more specifically address how concrete actions such as respect and sensitivity can be displayed.

#### Limitations and Directions for Future Research

One issue that needs to be addressed is the use of a scenario approach in order to realize the layoff situation. Participants did not lose their jobs in reality, but rather had to imagine they were doing so. Nevertheless, our data showed that participants were able to take the perspective of the employee losing his/her job fairly well, that a consistently large number of participants in all experiments had had some kind of layoff experience, and that there were no differences between students' and employees' reactions to the scenario (see Experiment 2). Furthermore, the purpose of our studies was to investigate the impact of specific layoff

characteristics on layoff victims' fairness perceptions and their emotional and behavioral reactions. In order to test these causal hypotheses, an experimental design, like in other layoff studies (Folger and Skarlicki 1998; Skarlicki et al. 1998; Wood and Karau 2009), was deemed appropriate. Given the severity of layoffs, due to ethical reasons we refrained from instructing true layoff agents to show or omit respect or to provide or withhold an adequate explanation, for instance, in an operational dismissal meeting.

A second issue relates to the use of self-reports in order to address participants' reactions to the dismissal meeting. We believe that information about individual perceptions can best be provided by the target persons themselves; however, similar to Wood and Karau (2009), we only measured behavioral intentions to complain about or to take legal action against the employer, and did not measure actual behavior. The abstract nature of these intention scales might have been one reason why we consistently failed to find significant effects on the legal action measure. Future research should include measures that are closer to actual behavior, also because complaining or suing might be later responses to a layoff.

Last but not least, a dismissal meeting is a very complex social interaction between the layoff agent and the employee to be dismissed, which might be influenced by many more parameters and their interactions than those assessed in the present study. For example, organizational support measures, such as severance pay or outplacement counseling, might more directly influence employees' behaviors after their layoff. Furthermore, there are apparently more nuances of respectful treatment than valuing a person's work on the one hand and simply saying nothing on the other. The latter is probably not equivalent to disrespect, and there are likely to be individual differences in what people feel is enough respect to satisfy their claims of fair treatment. A layoff agent's actions also are not restricted to variations of respectful treatment or explanation, and future studies should expand the parameters of interest.

## Conclusion

Downsizing and layoffs are common phenomena within present-day society, and communicating a layoff is therefore a regular task for supervisors. Nevertheless, only a very limited number of studies have addressed effective practices during a dismissal meeting (Wood and Karau 2009), particularly on the part of the layoff agent, which might increase fairness perceptions and mitigate laid-off employees' negative attitudes. In our studies, we demonstrated that small actions can have considerable impact on emotional and behavioral outcomes and therefore be of benefit to both humans and organizations. Apart from this, respect is the least an employee should expect at work, especially when he/she experiences bad and hard news.

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**Appendix**

*Instruction, background information and basic scenario text common to all experimental conditions in all studies, based on Wood and Karau (2009) and translated from German.*

*Instruction*

Read the discussion between a superior and an employee below carefully. Try to imagine yourself as this employee, Alex Weber. Please try to imagine the role and the emotions of Alex as if it was a real situation and imagine how you would feel in this situation.

*Background Information*

You are Alex Weber, 27 years old and single. You are currently an employee of a medium-sized telecommunications company. Since your graduation in business economics three years ago, you have been at your current position in the sales department. You are happy with your tasks and you enjoy working for this company.

Your company specializes in fiber optic communications equipment and has suffered from decreased sales during the past years. Increasing utilization of wireless technology has left the company scrambling to produce innovative products that will return it to profitability. However, the turnaround efforts have yet to produce new revenue streams (using the same company description as Wood and Karau 2009, p. 531). For some time, rumors of cost savings in personnel and associated layoffs have been circulating throughout the company.

About two weeks ago, the works council announced the decision of the management board at the general staff meeting: Due to the weak order situation, downsizing is inevitable. For one week, it has been rumored that cut-backs in your department are likely.

*Basic Scenario Text*

It is Monday, September 28th. The day starts off as usual, until about 9:00 a.m. After checking your e-mails, you receive a call from your boss, Mr. Brandt, to report to his office



immediately. You get up from your desk, leave your office and take the elevator to go up one floor to your boss's office. You knock on the door and Mr. Brandt asks you to come inside.

[Experiment 2: Insert *layoff agent manipulation* here and replace "Mr. Brandt with the external consultant "Mr. Hofmann"]

Mr. Brandt thanks you for coming and asks you to please have a seat at the small conference table. You sit down and wonder what this might be all about.

Mr. Brandt then starts talking: "I have asked you to this meeting today because I have bad news for you. I'm sure you are aware of the company's weak order situation and the loss of sales during the last business year. In response to this, we have to make some staff cut-backs, and your department is strongly affected by this. I am sorry to inform you that your position at the company has been cut off. This is why I have to give you notice of your layoff in due course by the end of the year."

Although you have been aware of the rumors about possible staff cut-backs, you are shocked by this notice. You cannot understand why you, as a good salesman, have to leave the company.

[Experiments 1: Insert *explanation manipulation* here]

You are upset and you do not know what to say. After all, you have served the company well for three years!

[Experiments 1, 2: Insert *respectful treatment manipulation* here]

Your boss offers you to go home for the rest of the day. You would like to take up the offer because you can no longer concentrate on the office work. You decide to go home to get over this news. Mr. Brandt then hands you the formal dismissal notice, asks you to read it thoroughly and to contact him in case of any further questions. He says goodbye and shakes your hand while seeing you to the office door.

**Table 1**

Overview of hypotheses and results

		Results	
		Exp. 1	Exp. 2
Respectful treatment (high vs. low)			
H1a	Interpersonal fairness	Confirmed	Confirmed
H1b	Procedural fairness	Confirmed	Confirmed
H2	Attitudes toward employer	Confirmed <sup>a</sup>	Confirmed <sup>b</sup>
H3a	(via) Interpersonal fairness (on)      Attitudes toward employer	Confirmed <sup>c</sup>	Rejected
H3b	(via) Procedural fairness (on)      Attitudes toward employer	Confirmed <sup>b</sup>	Confirmed <sup>b</sup>
Explanation (adequate vs. inadequate)			
H4a	Informational fairness	Confirmed	n/a
H4b	Procedural fairness	Confirmed	n/a
H5	Attitudes toward employer	Rejected	n/a
H6a	(via) Informational fairness (on)      Attitudes toward employer	Rejected	n/a
H6b	(via) Procedural fairness (on)      Attitudes toward employer	Rejected	n/a
Layoff agency (internal vs. external)			
H7a	Interpersonal fairness	n/a	Confirmed
H7b	Procedural fairness	n/a	Confirmed
H7c	Psychological contract breach	n/a	Confirmed
H8	Attitudes toward employer	n/a	Confirmed <sup>a</sup>
H9a	(via) Interpersonal fairness (on)      Attitudes toward employer	n/a	Rejected
H9b	(via) Procedural fairness (on)      Attitudes toward employer	n/a	Confirmed <sup>a</sup>
H9c	(via) Psychological contract breach (on)      Attitudes toward employer	n/a	Confirmed <sup>b</sup>

n/a = Not addressed in this experiment. H3a-b, H6a-b, H9a-c describe the mediation hypotheses; H3a, for example, indicates the expected effect of respectful treatment on attitudes toward the employer via interpersonal fairness. Attitudes toward employer were operationalized in terms of anger, intentions to complain, and intentions to take legal action. There were no significant effects on intentions to take legal action in both experiments.

<sup>a</sup> Supported for anger and intentions to complain. <sup>b</sup> Supported for anger. <sup>c</sup> Supported for intentions to complain.

**Table 2**

Means, standard deviations, and zero-order correlations (Experiment 1)

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8
1. Respectful treatment	0.50	0.50	—							
2. Explanation	0.49	0.50	-.06	—						
3. Procedural fairness	3.48	0.79	.27**	.19	(.82)					
4. Interpersonal fairness	3.99	0.58	.28**	-.05	.59**	(.65)				
5. Informational fairness	2.82	0.74	.12	.54	.44**	.29**	(.79)			
6. Anger	3.20	0.83	-.29**	-.10	-.63**	-.49**	-.32**	(.82)		
7. Complaints	3.01	0.89	-.36**	-.02	-.44**	-.51**	-.33**	.66**	(.85)	
8. Legal action	2.49	1.01	-.17	-.03	-.48	-.40**	-.31**	.63**	.52**	(.91)

*N* = 104. Respectful treatment: 0 = "low", 1 = "high"; explanation: 0 = "inadequate", 1 = "adequate"; all other measures used 5-point scales (1 = "strongly disagree" to 5 = "strongly agree"). Cronbach's alpha coefficients are displayed in parentheses where applicable. Low Cronbach's alpha for the interpersonal fairness measure may be due to the fact that the original item 4 (i.e., "Has [he/she] refrained from improper remarks or comments?") developed by Colquitt (2001) has been reverse-coded for the German translation (i.e., "Has [he/she] used improper remarks or comments?"; for the German translation, see Maier et al. 2007). Excluding this item would have raised reliability to  $\alpha = .73$ . As later results did not change, however, we decided to keep all items of the original scale.

\*  $p < .05$ . \*\*  $p < .01$ .

**Table 3**

Results of univariate ANOVAs for participants' fairness perceptions and negative attitudes toward the employer as a function of respectful treatment and explanation manipulations (Experiment 1)

Dependent variable	Respectful treatment				Explanation										
	Low ( <i>n</i> = 52)		High ( <i>n</i> = 52)		Inadequate ( <i>n</i> = 53)				Adequate ( <i>n</i> = 51)						
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>F</i> (1,100)		$\eta_p^2$		<i>M</i>		<i>SD</i>		<i>F</i> (1,100)		$\eta_p^2$
Fairness perceptions															
Interpersonal fairness	3.82	0.62	4.15	0.50	8.98**	.08	4.01	0.57	3.96	0.63	0.09	.00			
Informational fairness	2.73	0.78	2.90	0.70	3.20	.03	2.43	0.64	3.22	0.61	42.98***	.30			
Procedural fairness	3.26	0.83	3.69	0.70	8.72**	.08	3.33	0.80	3.63	0.77	4.69*	.04			
Attitudes toward employer															
Anger	3.44	0.90	2.96	0.69	9.90**	.09	3.28	0.77	3.11	0.90	1.60	.02			
Complaints	3.33	0.91	2.69	0.75	15.23***	.13	3.02	0.83	2.99	0.96	0.18	.00			
Legal action	2.66	1.03	2.33	0.97	2.92	.03	2.53	1.05	2.46	0.97	0.17	.00			

\*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

**Table 4**

Results of Experiment 1 tests for indirect effects of respectful treatment with negative attitudes toward the employer through interpersonal and procedural fairness

	Bootstrap results						
	Effect	SE	95% bias-corrected CI		Sobel test		
			LL	UL	Effect	SE	Z
Indirect effect: Anger							
Interpersonal fairness	.08	.06	-.02	.25	.08	.05	1.44
Procedural fairness	.22	.10	.07	.46	.22	.09	2.44*
Indirect effect: Complaints							
Interpersonal fairness	.17	.08	.05	.36	.17	.08	2.17*
Procedural fairness	.09	.06	-.01	.25	.09	.06	1.43

$N = 104$ . If bootstrapped 95% confidence intervals (CI) do not include zero, indirect effects are significant. We computed mediation analyses if the direct relationships between the predictors and the dependent variables were significant.

\*  $p < .05$ . \*\*  $p < .01$ .

**Table 5**

Means, standard deviations, and zero-order correlations (Experiment 2)

Variable	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	7	8	9
1. Respectful treatment	0.48	0.50	—								
2. Layoff agency	0.53	0.50	.01	—							
3. Psych. contract breach	3.35	1.36	-.06	.69**	—						
4. Interpersonal fairness	4.12	0.65	.38**	-.11	-.32**	(.77)					
5. Informational fairness	2.82	0.79	.15*	.04	-.17**	.33**	(.80)				
6. Procedural fairness	3.19	0.93	.27**	-.38**	-.55**	.64**	.39**	(.85)			
7. Anger	3.59	0.86	-.15*	.49**	.55**	-.32**	-.19**	-.54**	(.81)		
8. Complaints	3.29	0.92	-.09	.27**	.37**	-.33**	-.22**	-.49**	.68**	(.85)	
9. Legal action	2.50	1.00	-.08	.12	.20**	-.27**	-.19**	-.39**	.41**	.42**	(.89)

*N* = 240. Respectful treatment: 0 = "low", 1 = "high"; layoff agency: 0 = "internal", 1 = "external"; all other measures used 5-point scales (1 = "strongly disagree" to 5 = "strongly agree").

\*  $p < .05$ . \*\*  $p < .01$ .

**Table 6**

Results of univariate ANOVAs for participants' perceived psychological contract breach, fairness perceptions, and negative attitudes toward the employer as a function of respectful treatment and layoff agency manipulations (Experiment 2)

	Respectful treatment				Layoff agency											
	Low ( <i>n</i> = 125)		High ( <i>n</i> = 115)		Internal ( <i>n</i> = 112)				External ( <i>n</i> = 128)							
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>	<i>F</i> (1,236)		$\eta_p^2$		<i>M</i>		<i>SD</i>		<i>F</i> (1,236)		$\eta_p^2$	
Psychological contract breach	3.42	1.30	3.26	1.43	1.93	.01	2.34	0.98	4.23	0.99	227.50***	.49				
Fairness perceptions																
Interpersonal fairness	3.88	0.69	4.37	0.50	40.83***	.15	4.20	0.66	4.05	0.64	3.82	.02				
Informational fairness	2.70	0.80	2.94	0.77	6.22*	.03	2.78	0.76	2.85	0.82	0.32	.00				
Procedural fairness	2.95	0.88	3.45	0.91	23.59***	.09	3.57	0.81	2.86	0.90	45.91***	.16				
Attitudes toward employer																
Anger	3.71	0.88	3.46	0.82	6.79**	.03	3.15	0.72	3.98	0.78	74.76***	.24				
Complaints	3.37	0.88	3.20	0.96	1.83	.01	3.03	0.87	3.52	0.90	17.79***	.07				
Legal action	2.57	1.04	2.41	0.95	1.37	.01	2.37	0.98	2.61	1.00	3.46	.01				

\*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .

**Table 7**

Results of Experiment 2 tests for indirect effects of layoff agency with negative attitudes toward the employer through fairness perceptions and psychological contract breach

	Bootstrap results						
	Effect	SE	95% bias-corrected CI		Sobel test		
			LL	UL	Effect	SE	Z
Respectful treatment: low vs. high							
Indirect effect: Anger							
Interpersonal fairness	.03	.05	-.07	.13	.03	.05	0.56
Procedural fairness	-.26	.07	-.42	-.14	-.26	.07	-3.79***
Layoff agency: internal vs. external							
Indirect effect: Anger							
Psychological contract breach	.26	.11	.06	.50	.26	.09	2.77**
Interpersonal fairness	.00	.02	-.02	.04	.00	.02	0.22
Procedural fairness	.22	.07	.10	.36	.22	.06	3.62***
Indirect effect: Complaints							
Psychological contract breach	.16	.13	-.10	.43	.16	.11	1.45
Interpersonal fairness	.01	.02	-.02	.06	.01	.02	0.41
Procedural fairness	.27	.08	.14	.44	.27	.07	3.71***

$N = 240$ . If bootstrapped 95% confidence intervals (CI) do not include zero, indirect effects are significant. We computed mediation analyses if the direct relationships between the predictors and the dependent variables were significant.

\*  $p < .05$ . \*\*  $p < .01$ . \*\*\*  $p < .001$ .



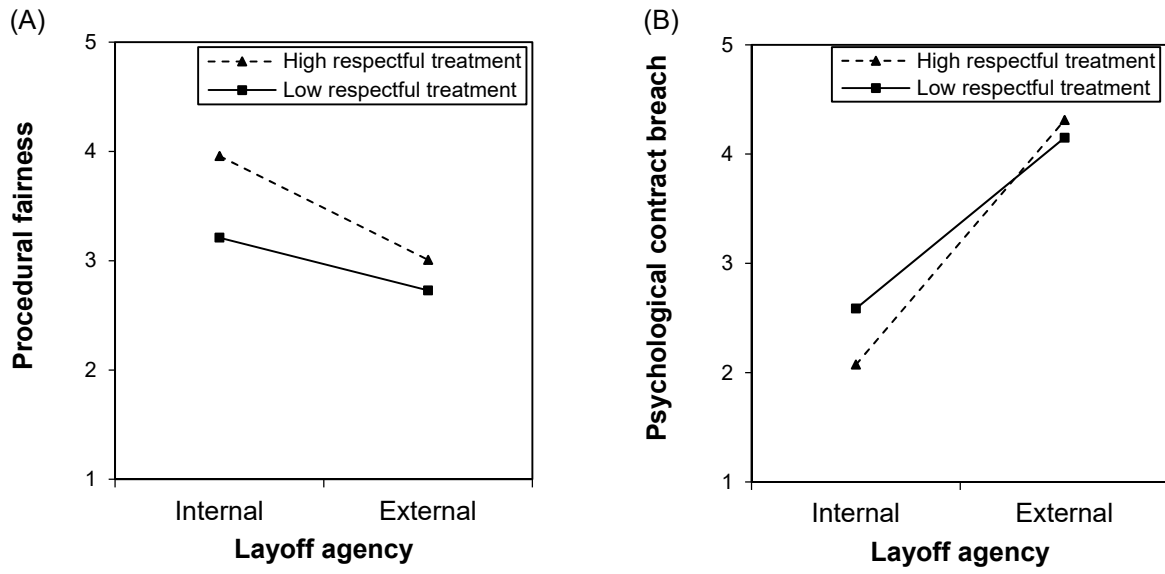


Figure 1. Respectful treatment  $\times$  layoff agency interactions on layoff victims' perceptions of procedural fairness (A) and psychological contract breach (B) in Experiment 2.