

When firms break promises, employees may 'pay it forward' to colleagues and clients



When organisations break their promises to their employees, who suffers the consequences and why? Intuition, and indeed research, tells us that those who are harmed seek to redress the balance by harming their perpetrator, with this being either one's organisation or one's boss, for example. However, in a three-study design within the medical field, our research finds this to be but half the story.

In order to understand the full picture, let's take a step back. Employers make a variety of promises to employees in the course of their relationship about pay, fringe benefits, type of work, training and developmental opportunities and in return, employees keep their side of the deal by doing their job, following the interests of the organisation and keeping their skills up to date. These promises may be explicit or implicit.

What happens when an employee perceives that their employer has broken a promise, for example, having misrepresented the type of work or refused to give a promised pay raise? Much prior research paints a picture of such an employee intentionally avenging their organisation in order to "even the score". However, employees can and will also exhibit negative behaviours towards **other innocent parties** such as co-workers and clients.

Our studies show that the reason for this is that broken promises drain employees' mental energy, with the effect of this triggering **unintentional** harm against others. It is not surprising that employees feel angry, disappointed, and betrayed when their organisations fail to make good on their promises. But since employees still have to continue to perform their duties, they must suppress their emotions and "carry on" – this process of emotion regulation and attention control has proved particularly resource depleting and tiring.

Moreover, as a negative experience, broken promises by employers also prompt employees to exert additional mental energy to understand, explain what has happened and make sense of it. Coping with angry feelings, trying to make sense of why it happened to me and repeatedly thinking about what happened all consume energy and thus deplete an employee's mental resources.

When employees are depleted of mental energy, they are programmed to prevent further loss in their resources. Employees usually are able to hold their temper in check when provoked by something trivial. But when they are mentally depleted, they may lash out and harm their co-workers who are an "innocent" party unconnected to the source of the mistreatment.

Resource depletion also motivates employees to take shortcuts when making work-related decisions. Making decisions with vigilance requires effort and energy but when such energy is not sufficiently available, employees will be reluctant to expend additional effort on energy-consuming decision-making processes.

So, a financial advisor may not systematically review an array of financial options for a client, nor thoroughly search for relevant information and evaluate the options in a careful manner before making their financial recommendation to the client. The client is therefore unlikely to receive the best possible advice from the advisor. Similarly, providing medical advice to a patient also involves choosing between alternatives and thoroughly processing information. Because a depleted doctor would be unable to execute vigilant decision-making, sub-optimal decisions may be made and the patient may suffer. The financial advisor or the doctor may not have the intention to deliberately undermine their client's best interests, but they unwillingly do so because depletion of their resources prevents them from performing at their best capacity.

So, what can employers do? The whole process is like a vicious circle in that broken promises create the first loss for employees (e.g., a denial of promised promotion), which triggers a second loss for them (mental energy), which further leads to a third loss for innocent third parties. Organisations should be mindful that promises are sometimes implicitly made and employees' perception of a broken promise may not correspond to organisational reality.

Managers should take steps to address the incongruent perceptions and "get everyone on the same page". When organisations find themselves in a position of being unable to fulfil its promises to employees, managers should try their best to clarify the situation and explain to employees why it happened and how it will be rectified in the future. Doing so may ease employees' negative emotions, help their sense-making of the event, consequently lowering the possibility of unintentional mistreatment toward innocent parties.



Notes:

- This blog post is based on the authors' paper [Beyond Reciprocity: A Conservation of Resources View on the Effects of Psychological Contract Violation on Third Parties](#), *Journal of Applied Psychology*
- The post gives the views of its authors, not the position of LSE Business Review or the London School of Economics.
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