

When to Explain Why or How It Happened: Tailoring Accounts to Fit Observers' Construal Level

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The justice literature suggests that providing accounts for negative organizational decisions can enhance observers' perceptions of fairness and positive views of the organization. However, prior research has yet to distinguish between why- and how-information contained within accounts. Drawing from construal level theory, we test whether accounts focusing on why a negative workplace decision occurred are more effective for observers at higher (more abstract) levels of construal, whereas accounts focusing on how the decision was implemented are more effective for observers at lower (more concrete) levels of construal. Examining the effects of both dispositional and situationally induced forms of construal, we randomly assigned observers to receive accounts of why a company layoff was made versus how it was implemented. Across two studies, we find that explaining why leads to greater perceived fairness and more positive company impressions among individuals at higher levels of construal. We also find in Study 2 that describing how layoff recipients were treated respectfully elicits more positive reactions among individuals at lower levels of construal. Our findings illuminate a cognitive mechanism for when different types of accounts ameliorate observers' reactions to an undesirable organizational event—accounts of why and how are more effective under conditions of construal fit.

Public Significance Statement

The current research identifies when providing accounts for an undesirable organizational decision such as a layoff mitigates negative reactions from observers of these events. The findings suggest that tailoring explanations of why versus how to match observers' mindsets enhances perceptions of decision fairness and positive impressions of the organization.

Keywords: construal level, managerial accounts, explanations, fairness, company impressions


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Organizational leaders often make “tough” decisions that negatively impact large numbers of employees (Molinsky & Margolis, 2005). Downsizing, in particular, has become a common occurrence in which hundreds, and even thousands, of employees can lose their jobs. While extensive, research examining individuals' reactions to negative organizational decisions such as layoffs has

been somewhat limited by assessing those directly affected, their coworkers, and other proximal stakeholders such as investors and industry experts. However, in today's increasingly connected world, organizational decisions have a much larger audience, and the perceptions of members of the general public following major company events, such as layoffs, can shape a firm's overall reputation and even future financial performance (Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009; Raithe & Schwaiger, 2015). As a result, company leaders should not only consider how their own employees may react to negative organizational decisions, but also the reactions of the observing public (Highhouse, Brooks, & Gregarus, 2009). In the current research, we investigate when observers react more or less positively following news of a particularly undesirable organizational decision—a massive company layoff.

We draw upon the justice literature, which focuses primarily on the reactions of direct recipients, to understand how *observers* gauge fairness and form company impressions in response to

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organizational decisions that negatively impact employees. Substantial research suggests that managers can enhance acceptance of negative decisions such as layoffs as well as boost support for the organization and organizational authorities by providing recipients with an account or explanation for the processes involved in the decision (i.e., by enacting informational justice; Brockner et al., 1994; Colquitt, 2001; Greenberg, 1993). The justice literature has identified many boundary conditions pertaining to *when* providing an explanation helps mitigate negative reactions. For example, recipients perceive more fairness when explanation gives cite external factors that are beyond their control for negative actions or when they claim altruistic (rather than selfish) motives (Shapiro, 1991; Shaw, Wild, & Colquitt, 2003).

Utilizing construal level theory (Trope & Liberman, 2010), we take a novel approach to identifying when providing an account will be more versus less likely to mitigate observers' negative reactions to an undesirable event such as layoffs. More specifically, we probe a possible relationship between the content of the account and the different cognitive modes through which individuals extract meaning from events. On one level, individuals can construe or understand a situation more abstractly—which leads them to be concerned with *why* it occurred. At a different level, individuals may construe a situation more concretely—which leads them to be more interested in *how* it unfolded (Liberman & Trope, 1998; Vallacher & Wegner, 1989). Thus, observers' reactions may be differentially affected by receiving an account of why a layoff occurred versus how it was implemented, as a function of their level of construal. This is the central idea we examine. We test whether observers perceive greater decision fairness and also form more positive impressions of the company when there is a greater fit between the type of information provided about the layoff and that which their level of construal makes more meaningful to them.

Background Theory and Research

Providing Accounts for Negative Organizational Decisions

Ample evidence from the organizational justice literature has shown that managers can enhance perceptions of fairness and support for decision makers by enacting informational justice, which can consist of providing accounts or explanations for negative organizational decisions (Bies, 1987; Bies & Moag, 1986; Brockner & Wiesenfeld, 1996; Colquitt, 2001; Greenberg, 1993; Lind & Tyler, 1988; Tyler & Bies, 1990). Moreover, studies have examined when accounts are more versus less likely to be effective. For instance, accounts are viewed more positively when they contain personalized information relative to when they do not (Gilliland, 1994; Ployhart & Ryan, 1997). In addition, accounts that contain more detailed and thorough information increase acceptance of undesirable workplace policies compared with those that are less thorough (e.g., Greenberg, 1990, 1993, 1994). Indeed, accounts lead to more positive effects, such as greater perceived fairness and company support, when they are perceived as clear and adequate (for a review, see Bobocel & Zdaniuk, 2005).

While this research largely focuses on direct recipients' reactions, we expect that observers will similarly respond more positively to a negative organizational decision such as layoffs when they receive an

account relative to when they do not. However, despite prior research examining factors that shape the efficacy of accounts, researchers have overlooked an important distinction between the kinds of information that may be included in the account (for an exception, see Bobocel & Debeyer, 1998). More specifically, when explaining an unfavorable decision, organizations can provide information about *why* the decision was made and/or *how* the decision was planned and implemented. This distinction may be important as individuals are differentially receptive to why and how information depending on their level of construal (Freitas, Gollwitzer, & Trope, 2004; Trope & Liberman, 2010). As a result, we explore the interactive effects of receiving a particular type of account (containing why or how information) and individuals' construal level on their perceptions of decision fairness and their overall impressions of the organization. In doing so, we aim to provide a more precise understanding of how observers gauge fairness and form company impressions following layoffs.

Construal Level and Construal Fit

Construal level theory distinguishes between two types of mental representations individuals may use to understand events (Trope & Liberman, 2010). Higher-level construals are relatively abstract, superordinate mental representations, whereas lower-level construals are more concrete representations that focus attention narrowly. People's construal levels can vary as a function of their dispositional tendencies to think more abstractly or concretely (e.g., Vallacher & Wegner, 1989). Construal level also can vary as a function of the situation (e.g., Bar-Anan, Liberman, & Trope, 2006). For example, when individuals are psychologically close to an event—socially, in time, or geographical space, for instance—they are more likely to construe at a more concrete level. Moreover, at greater psychological distance from the self, individuals instead construe events at a more abstract level (Trope & Liberman, 2010).

Research demonstrates that construal level affects the kind of information that is meaningful or relevant to people as they seek to understand events and actions. At higher levels of construal, individuals focus on the value of an action's end state—the *why* aspect of the action—whereas at lower levels of construal, individuals place greater consideration on the means used to reach an action's end state—the *how* aspect of the action (Freitas et al., 2004; Reyt & Wiesenfeld, 2015). Indeed, the same action—eating—can be understood more abstractly as “getting nutrition” or more concretely as “chewing and swallowing” (Vallacher & Wegner, 1989). When judging fairness and forming company impressions following unfavorable organizational decisions, then, individuals' level of construal may predispose them to assign significance differentially to why versus how information that may be contained within an account. Information about why a decision was made is more meaningful to individuals at higher levels of construal, whereas information about how a decision was made and implemented is more meaningful to individuals at lower levels of construal. As a result, accounts that contain why information may have a greater positive impact on the perceived fairness of a decision, and people's resulting impressions of the company, among individuals at higher levels of construal, whereas accounts that contain how information may have a greater positive impact among individuals at lower levels of construal.

Consistent with our reasoning, previous research has demonstrated that providing information that better fits with individuals' construal level produces more positive reactions. Berson and Halevy (2014) examined the impact of managers' enactment of abstract and concrete communication at varying levels of hierarchical distance between managers and their subordinates. In this context, construal fit occurred when managers at greater social distance provided abstract information and when those at closer distance provided concrete information; misfit occurred when managers at greater social distance provided concrete information and when those at closer distance provided abstract information. In line with the notion that more positive reactions are obtained in instances of construal fit rather than misfit, Berson and Halevy (2014) showed that employees reported greater job satisfaction when direct supervisors (psychologically close) provided them with concrete feedback and when hierarchically distant leaders (psychologically far) shared their abstract vision. Indeed, employees' needs for the kind of information that was relevant to them were met under conditions of construal fit but not under conditions of misfit, which, in turn, shaped downstream consequences. Building on this work, we evaluate another circumstance in which construal fit may lead to more positive reactions, in particular, when, why, and how information provided within an account for an unfavorable organizational decision influences perceptions of fairness and company impressions as a function of observers' level of construal.

Our research seeks to extend Berson and Halevy's (2014) work in three respects. First, the elements comprising degree of fit differ; whereas Berson and Halevy examined the effect of construal fit between two features of the communicators (their distance from the audience and the framing of their message), we examine the interactive influence of a feature of the communication (the content of the message) and a dimension of the audience (their tendencies to construe abstractly or concretely). Second, Berson and Halevy evaluated reactions of employees and direct decision recipients, whereas we examine how construal level fit influences third-party observers. In doing so, we hope to extend the generalizability of the previous findings to another important constituent affected by negative, large-scale organizational events such as layoffs. In addition, given that participants in the present studies are not personally affected by, and therefore may be less engaged than direct recipients with, the events to which they respond, it arguably makes for a more conservative test of the construal fit hypothesis. Third, while Berson and Halevy investigated the impact of construal fit on job satisfaction, organizational commitment, and collective action intentions, we examine the effects of fit on a different downstream consequence—company impressions—and, more importantly, assess whether these effects are mediated by the more proximal judgment of decision fairness.

Current Studies

Overview and Hypotheses

Our central thesis is that accounts will elicit perceptions of greater decision fairness and as a result, more positive company impressions when they communicate information that *fits* observers' level of construal: why information is more relevant to (and hence will enhance positive reactions more among) observers at

higher, more abstract levels of construal, whereas how information is more relevant to (and hence will enhance positive reactions more among) observers at lower, more concrete levels of construal. Furthermore, in the present studies we operationalize construal level as an individual dispositional tendency and also via an experimental manipulation. In Study 1, the experimental manipulation of construal level was indirect, in that we varied temporal distance. In Study 2, we directly manipulated construal level. We predict that both dispositional and situationally induced construal level will moderate the impact of why and how accounts on reactions to an unfavorable organizational decision such as layoffs. More specifically, we hypothesize the following:

Hypothesis 1: Receiving an account of why a negative organizational decision was made will enhance perceived fairness and positive company impressions more among observers with higher, more abstract levels of construal.

Hypothesis 2: Receiving an account of how a negative organizational decision was carried out will enhance perceived fairness and positive company impressions more among observers with lower, more concrete levels of construal.

Hypothesis 3: Perceived fairness will mediate the relationships between construal fit and positive company impressions set forth in H_1 and H_2 .

We tested these predictions in two studies. In both studies, individuals in the role of observer read and reacted to an unfavorable organizational decision involving a company layoff, indicating their perceptions of fairness and company impressions after receiving a particular type of account. In the first study, we measured construal level as a stable disposition as well as attempted to manipulate it indirectly by varying temporal distance. In the second study, we measured dispositional construal and also situationally induced it more directly.

Study 1

Method

Our final sample¹ included 328 adults in the United States (172 male, $M_{\text{age}} = 36.55$, $SD_{\text{age}} = 11.88$) who were recruited through

¹ We posted the study for 375 participants expecting to exclude 10–20% of our sample due to missed attention and manipulation checks based on previous online studies in our labs. Prior to conducting any data analysis, we excluded those participants who failed an attention check, those who failed a manipulation check, and those who rushed through the survey, i.e., completed it in less than 5 min. Nine participants failed our attention check. The distribution of participants who failed the attention check by temporal distance condition was as follows: one (far) and eight (near). The distribution of participants who failed the attention check by account condition was as follows: two (why), four (how), and three (no account). Thirty-three participants failed the temporal distance manipulation check. The distribution of participants who failed this manipulation check by temporal distance condition was as follows: 22 (far) and 11 (near). The distribution of participants who failed this manipulation check by account condition was as follows: 14 (why), 11 (how), and eight (no account). Twenty-five participants completed the survey in less than 5 min. The distribution of participants who did so by temporal distance condition was as follows: 19 (far) and six (near). The distribution of participants who failed the total time criteria by account condition was as follows: six (why), seven (how), and 12 (no account). There was some overlap between participants who failed the various checks.

Amazon's Mechanical Turk website (Buhrmester, Kwang, & Gosling, 2011). The manipulated independent variables were temporal distance (near or far) and type of account (why, how, and a no-account control condition). Participants' dispositional construal level was assessed as an additional independent variable.

Procedure. Participants were told that we were interested in how members of the general public perceive company layoffs. All participants read a description of "an unprecedented company layoff" in which 18,000 employees were set to lose their jobs. This description was presented as a headline that ostensibly came from a database of news articles about company layoffs (the page was constructed to appear like a newspaper, thereby enhancing mundane realism). Participants then read additional information about the layoff depending upon their assigned account condition. After reading about the layoff, participants indicated the extent to which they knew why the layoff was done and how it was implemented (checks of our account type manipulations) as well as the degree to which they perceived the layoff to be fair and their impressions of the company involved (our main dependent variables). We measured participants' dispositional construal level at the end of the survey (see the Measures subsection). Additional measures collected for exploratory purposes as well as full scale items, the attention check, and temporal distance manipulation check are available in the [online supplemental materials](#).

Temporal distance manipulation. Participants were randomly assigned to either the near temporal condition or far temporal condition. Before reading about the layoff, those in the near condition were told that based on the day's date, the article they were going to read described a layoff that took place in an organization fairly recently, that is, 2 weeks ago. Those in the far condition were told that the layoff took place in an organization a while ago, that is, 2 years ago.

Account type manipulation. All participants then read the following news headline: "Unprecedented Layoff: 18,000 people to lose jobs at [Unnamed Company]." They read additional information as follows, as a function of their experimental condition.²

In the no-account control condition, they read that:

[Unnamed Company] announces massive 14% reduction of their workforce.

In the why condition, participants read:

Scott Brown from [Unnamed Publication] was given the first official interview with CEO, Bob Flanagan. Scott asked Flanagan to explain why this controversial decision was made. Flanagan explained why his company made the decision. "We had several reasons for making the cuts. The move will enable us to focus on breakthrough innovations, enlivening our products. The cuts will also increase the productivity of our teams allowing them to have more impact, and will flatten the company helping to accelerate information flow. In short, that's why we made the layoff decision," explained Flanagan.

In the how condition, participants read:

Scott Brown from [Unnamed Publication] was given the first official interview with CEO, Bob Flanagan. Scott asked Flanagan to describe how they implemented the controversial decision. Flanagan described how his company implemented the decision. "The senior management team met to develop an implementation plan; that is, who would be laid off, when the layoffs would occur, and so on. Personnel cuts were rolled out in three stages, and direct supervisors went to employees'

offices to tell them they were being let go. In short, that's how we implemented the layoff," described Flanagan.

Measures.

Manipulation check: Why knowledge. We assessed participants' knowledge of why the layoff decision occurred with three items, for example, "To what degree do you understand why the decision was made?" ($\alpha = .94$).

Manipulation check: How knowledge. Participants' knowledge of the steps involved in the layoff decision's implementation was measured with three items, for example, "To what extent do you know how the layoff decision was implemented?" ($\alpha = .89$).

Layoff fairness. Participants indicated their perceptions of layoff fairness with the following five items, "To what extent is the occurrence of this layoff . . . unfair (reverse scored), legitimate, acceptable, negative (reverse scored), and severe (reverse scored)"; $\alpha = .81$. All items for the account type manipulation checks and layoff fairness scale were answered on a 7-point scale, from 1 = *not at all* to 7 = *very much*.

Company impressions. Participants indicated their impressions of the involved company with two items, "In general, what is your impression of the company discussed in the news story?" and "How attractive is this organization as a place to work?" ($\alpha = .88$), from 1 (*very unfavorable/unattractive*) to 7 (*very favorable/ attractive*).

Dispositional construal level. We measured participants' dispositional construal level with Reyt and Wiesenfeld's (2015) workplace construal scale. Participants were asked to imagine themselves performing a set of work activities and to indicate the description that best applied to how they thought of the activity. Participants completed 18 items ($\alpha = .87$) using a 6-point scale in which 1 represented a low construal level description and 6 represented a high construal level description. A sample item was "Using a computer" (1 = *Typing on a keyboard* to 6 = *Processing information*).

Results

Manipulation checks. For knowledge of why the layoff occurred, a 2×3 (Temporal Distance \times Account) analysis of variance (ANOVA) revealed a highly significant main effect of account type, $F(2, 372) = 73.16, p < .001$. As expected, participants in the why condition reported greater knowledge of why the layoff occurred ($M = 4.15, SD = 1.63$) relative to those in the how ($M = 2.35, SD = 1.43; t(212) = 8.62, p < .001, d = 1.17$) and no-account conditions ($M = 1.86, SD = 1.34; t(216) = 11.43, p < .001, d = 1.53$). There also was a smaller but still significant main effect of temporal distance, $F(1, 372) = 4.03, p = .046$. Participants in the far temporal condition reported greater knowledge of why the layoff occurred ($M = 2.94, SD = 1.83$) relative to those in the near temporal condition ($M = 2.57, SD = 1.67$). The interaction effect was not significant.

For how knowledge, a 2×3 (Temporal Distance \times Account Type) ANOVA revealed only a main effect of account, $F(2,$

² In all conditions, the text referring to the name of the company involved in the layoff and/or the text referring to the name of the publication for which the CEO interview about the layoff was conducted appeared to be redacted with black ink in an attempt to bolster the appearance of the story as factual.

327) = 104.73, $p < .001$. Participants in the how condition reported greater knowledge of how information ($M = 4.76$, $SD = 1.44$) relative to those in the why ($M = 2.60$, $SD = 1.55$; $t(212) = 10.60$, $p < .001$, $d = 1.44$), and no-account conditions ($M = 2.17$, $SD = 1.27$; $t(222) = 14.30$, $p < .001$, $d = 1.91$).

Dispositional construal. Given that dispositional construal was measured at the end of the study, we evaluated whether participants' responses were influenced by the experimental manipulations. A 2×3 (Temporal Distance \times Account Type) ANOVA showed that participants' dispositional construal level was unaffected by the manipulated independent variables (neither the main effects nor the interaction was significant; $ps > .13$).

Tests of hypotheses. Means, standard deviations, and correlations among the studied variables are reported in Table 1. We hypothesized that receiving a why account will enhance positive reactions more among individuals with higher (vs. lower) levels of construal (H_1). Likewise, we predicted that receiving a how account will enhance positive reactions more among individuals with lower (vs. higher) levels of construal (H_2). As noted earlier, we measured dispositional construal level directly and attempted to manipulate it indirectly via temporal distance (temporal distance is an antecedent of construal level). As such, construal fit should occur when individuals with higher dispositional construal and those in the far condition receive a why account, and when individuals with lower dispositional construal and those in the near condition receive a how account. We also predicted that perceived fairness would mediate the relationship between construal fit and impressions of the company (H_3).

Why account. We first examined the effects of receiving a why account relative to no account on perceived fairness and impressions of the company. To do so, we conducted hierarchical regression analyses separately for decision fairness and impressions of the company with main effects entered for temporal distance ($far = 1$, $near = 0$), account type ($why = 1$, $no = 0$), and dispositional construal level as a continuous variable. In the first

step we entered the three main effects, in the second step we added the two-way interaction effects to the terms entered in the first step, and in the third step we added the three-way interaction to the terms entered in the second step. In support of H_1 , we found a significant two-way interaction between dispositional construal level and account type for both decision fairness ($B = .34$, $t(217) = 2.19$, $p = .030$) and company impressions ($B = .40$, $t(217) = 2.44$, $p = .015$) in the expected direction. Individuals with higher dispositional construal level indicated more positive reactions following an account of why the layoff occurred (Figure 1). Contrary to expectations, the two-way interaction between temporal distance and account type was nonsignificant for both dependent variables. The three-way interaction between temporal distance, dispositional construal, and account type was also nonsignificant on both measures (all $ps > .23$).

How account. We next examined the effects of receiving a how account relative to no account on perceived fairness and company impressions. We conducted a similar set of hierarchical regression analyses separately for decision fairness and company impressions with main effects entered for temporal distance ($near = 1$, $far = 0$), account type ($how = 1$, $no = 0$), and dispositional construal level, as well as their two-way and three-way interaction terms in Steps 2 and 3, respectively. Contrary to expectations, neither the two-way interaction between dispositional construal level and account type nor the two-way interaction between temporal distance and account type was significant for either dependent variable. The three-way interaction between temporal distance, dispositional construal, and account type was also nonsignificant for both dependent variables (all $ps > .13$).

Mediation analysis. Finally, we conducted mediation analysis for the effect in which construal level significantly interacted with type of account to influence impressions of the company, using the bootstrapping method outlined by Preacher and Hayes (2004). Specifically, we tested whether the interactive effect of individuals' dispositional construal level with receiving a why (vs. no)

Table 1
Means, Standard Deviations, and Pearson's Correlations Among Measured and Manipulated Variables (for Both Studies)

Variable	<i>M</i>	<i>SD</i>	1	2	3
Study 1 ($n = 328$)					
1. Layoff fairness	3.08	1.12	(.77)		
2. Company impressions	2.42	1.23	.62**	(.89)	
3. Dispositional construal level	3.80	1.05	.05	.06	(.87)
4. Near vs. far temporal distance			.10	.05	-.08
5. No vs. why account ($n = 218$)			.11	.12*	-.07
6. No vs. decisional-how account ($n = 224$)			.07	.05	-.10
Study 2 ($n = 373$)					
1. Layoff fairness	3.35	1.03	(.81)		
2. Company impressions	2.95	1.36	.61**	(.88)	
3. Dispositional construal level	3.74	1.11	-.07	-.03	(.87)
4. Concrete vs. abstract situational construal			-.01	.08	.00
5. No vs. why account ($n = 188$)			.22**	.16*	-.05
6. No vs. decisional-how account ($n = 188$)			.14*	.23**	-.16*
7. No vs. interpersonal-how account ($n = 187$)			.28**	.49**	-.06

Note. Scale reliability coefficients are shown in parentheses. Temporal distance is coded as $near = 0$ and $far = 1$; account is coded as $no = 0$ and $why = 1$; $decisional-how = 1$; $interpersonal-how = 1$; situational construal is coded as $concrete = 0$ and $abstract = 1$.

* $p < .10$. ** $p < .05$. *** $p < .01$.

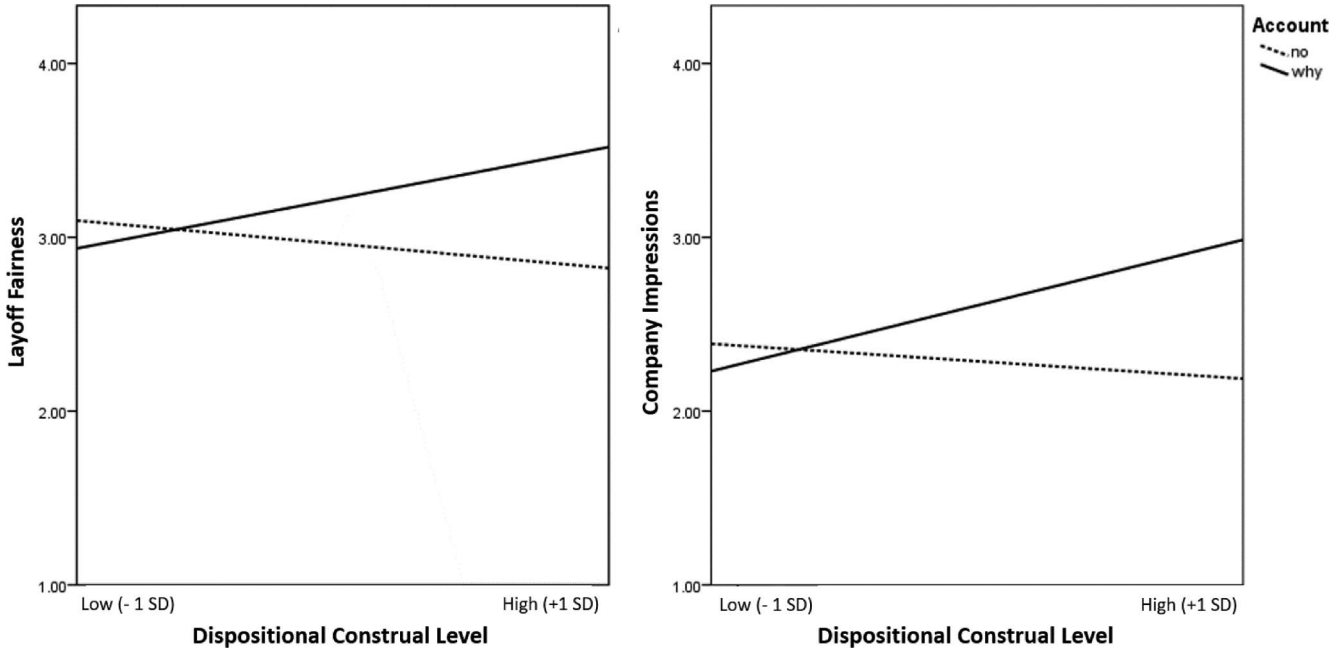


Figure 1. (left) Study 1 interaction between account type (why vs. control) and dispositional construal level on layoff fairness (1–7), plotted at ± 1 SD around the means on the continuous predictor. (right) Study 1 interaction between account type (why vs. control) and dispositional construal level on company impressions (1–7), plotted at ± 1 SD around the means on the continuous predictor.

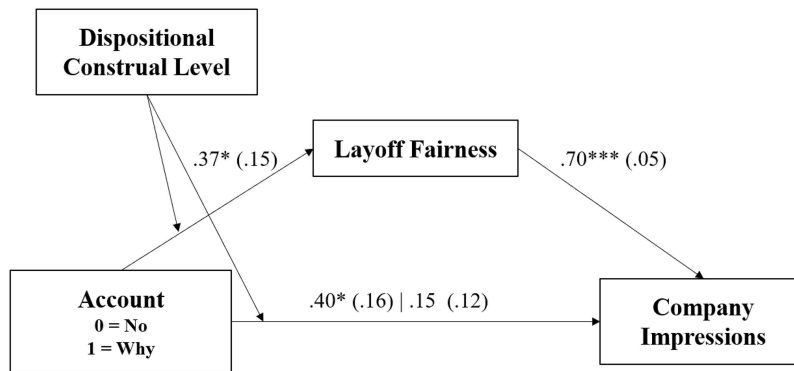
account on company impressions was mediated by perceptions of decision fairness. We used the SPSS macro designed by Hayes (2012) for mediated moderation bootstrapping analyses (Model 8), creating 5,000 bootstrap samples by randomly sampling observations with replacement from the original data set.

We then calculated a 95% confidence interval (CI) of the indirect effect of this interaction on company impressions. The results suggested that perceptions of decision fairness mediated the interactive effect of type of account and dispositional construal level on company impressions, 95% CI [.11, .78], in support of H_3 . Furthermore, the direct effect of the interaction of dispositional

construal level and account type was no longer significant after controlling for perceived fairness ($p = .21$; Figure 2).

Discussion

In Study 1, we found partial support for our hypotheses. More specifically, we found evidence for the positive effects of construal fit for individuals higher in construal level receiving a why account leading to more positive company impressions by enhancing perceptions of layoff fairness. However, this finding only emerged when construal level was measured as a dispositional variable



indirect effect = .43, SE = .17, CI₉₅ = .11, .78, using 5,000 bootstrap samples

Figure 2. Study 1 mediated moderation whereby account type (why vs. control) interacts with dispositional construal level to predict company impressions through perceptions of layoff fairness. Coefficients are unstandardized, and standard errors are shown in parentheses. * $p < .05$. *** $p < .001$.

rather than when it was manipulated indirectly through temporal distance. In addition, we did not find evidence for the proposed effects of construal fit for those lower in construal level receiving a how account, regardless of how construal level was operationalized. It could be that within the current experimental context in which we examine the reactions of already distal observers, our manipulation of temporal distance may not have been strong enough to elicit the predicted reactions to different types of accounts. Furthermore, our how account may not have communicated processes that were relevant to outside observers in forming assessments of fairness and impressions of the company. These and other possibilities are discussed further in the General Discussion section.

Study 2

Method

Study 2 sought to conceptually replicate and extend the results of Study 1. The conceptual replication consisted of evaluating whether those with higher levels of construal would perceive the layoff as more fair and develop more positive impressions of the company when they received a why account. The extension consisted of evaluating whether a different type of how account would be particularly influential among those with lower levels of construal. Furthermore, given the nonsignificant effects of the temporal distance manipulation (which was an indirect way of operationalizing construal level), in Study 2 the experimental manipulation of construal level was more direct: we varied construal level with a method used successfully in previous research.

With respect to examining a different type of how account, we distinguished between two types of how information that may be introduced when accounting for negative organizational decisions. In the one used in Study 1, managers described the steps of how the decision was planned and implemented. However, the justice literature construct of interpersonal fairness suggests that another relevant form of how information is the way in which decision recipients were interpersonally treated during the decision's implementation (Colquitt, 2001). In other words, how accounts may provide information about decision processes and/or about interpersonal processes. As a result, in Study 2, we tested the effects of both types of how accounts relative to no account to examine whether we would observe the proposed effects of construal fit for those lower in construal level.

Participants and design. Our final sample³ included 373 adults in the United States (180 male, $M_{\text{age}} = 37.52$, $SD_{\text{age}} = 11.98$) who were recruited through Amazon's Mechanical Turk website. The manipulated independent variables were construal level (high or low) and type of account (why, decisional-how, interpersonal-how, and a no-account control condition). Participants' dispositional construal level was assessed as an additional independent variable.

Procedure. Participants were again told that we were interested in how members of the general public perceive company layoffs. Ostensibly, to simulate the real-world experience whereby individuals often read news articles between other tasks, participants were instructed that they would complete a simple cognitive task before reading about a company layoff. The cognitive task allowed us to manipulate construal level. Afterward, and as in

Study 1, all participants read a description of "an unprecedented company layoff" in which 18,000 employees were set to lose their jobs. Participants read additional information about the layoff depending upon their randomly assigned account type before completing account manipulation checks and indicating their perceptions of layoff fairness, company impressions, and finally, dispositional construal level.

Construal-level manipulation. Participants were randomly assigned to either an abstract (high construal level) condition or a concrete (low construal level) condition using Henderson's (2013) validated category/exemplar task. Specifically, participants were presented with 36 objects. For each object, two options were presented: one an example of the object and the other a category to which the object belongs. For example, in all instances the object "soda" was presented with two options: "a bottle of Mountain Dew" (example) and "liquids" (category). In the abstract mindset condition, participants were instructed to select the category that each object belongs to (e.g., soda belongs to the category of liquids); in the concrete mindset condition, participants were instructed to select the example of each object (e.g., Mountain Dew is an example of soda).

Account type manipulation. All participants then read the same news headline with additional information provided based on their experimental condition as in Study 1. The why account was the same as the one used in Study 1, and the how account from Study 1 was identical to the decisional-how account in Study 2. In the newly added interpersonal-how condition, participants read:

Scott Brown from [Unnamed Publication] was given the first official interview with CEO, Bob Flanagan. Scott asked Flanagan to describe how they communicated the controversial decision to affected personnel. Flanagan described how his company implemented the decision. "Supervisors kept their work groups informed of updates throughout the process; for example, when the layoffs might occur. Supervisors also took time to meet with their teams to discuss the layoff decision, respectfully answer employees' questions, and express their regret for the decision. In short, that's how we implemented the layoff," said Flanagan.

Measures. Why knowledge ($\alpha = .91$), decisional-how knowledge ($\alpha = .92$), layoff fairness ($\alpha = .77$), company impressions

³ We posted the study for 500 participants expecting to exclude 10–20% of our sample due to missed attention and manipulation checks based on previous online studies in our labs. We received a total of 504 responses initially, however, prior to conducting analyses, we excluded participants who failed an attention check and who did not complete the 36-item construal-level manipulation correctly. Using these two exclusion criteria resulted in excluding 26% of the sample, including four participants who completed the survey in less than 5 min. Twenty participants failed our attention check. The distribution of participants who failed the attention check by construal condition was as follows: 15 (abstract) and five (concrete). The distribution of participants who failed the attention check by account condition was as follows: seven (why), three (decisional-how), three (interpersonal-how), and seven (no account). One hundred twenty-two participants failed to complete our construal condition manipulation completely correctly. The distribution of participants who failed this manipulation check by construal condition was as follows: 63 (abstract) and 59 (concrete). The distribution of participants who failed this manipulation check by account condition was as follows: 32 (why), 35 (decisional-how), 31 (interpersonal-how), and 24 (no account). There was some overlap between participants who failed the various checks. Importantly, all exclusion decisions were made prior to any data analysis.

($\alpha = .89$), and dispositional construal level ($\alpha = .87$) were all measured using the same items as in Study 1. In addition, interpersonal-how knowledge was assessed with three items, for example, "To what extent do you know how respectfully supervisors interacted with employees during the layoff?" ($\alpha = .92$).

Results

Manipulation checks. For knowledge of why the layoff occurred, a 2×4 (Situationally Primed Construal Level \times Account) ANOVA revealed only a significant main effect of account, $F(3, 372) = 42.79, p < .001$. Participants in the why condition reported greater knowledge of why the layoff occurred ($M = 4.29, SD = 1.40$) relative to those in the decisional-how ($M = 2.42, SD = 1.56; t(184) = 8.59, p < .001, d = 1.26$), interpersonal-how ($M = 2.66, SD = 1.62; t(183) = 7.30, p < .001, d = 1.08$), and no-account conditions ($M = 1.93, SD = 1.34; t(186) = 11.76, p < .001, d = 1.72$).

For decisional-how knowledge, a 2×4 (Situationally Primed Construal Level \times Account) ANOVA also revealed only a main effect of account, $F(3, 372) = 67.80, p < .001$. Participants in the decisional-how condition reported greater knowledge of decisional-how information ($M = 4.64, SD = 1.46$) relative to those in the interpersonal-how ($M = 4.16, SD = 1.42; t(183) = 2.26, p = .025, d = .33$), why ($M = 2.42, SD = 1.53; t(184) = 10.10, p < .001, d = 1.48$), and no-account conditions ($M = 2.13, SD = 1.42; t(186) = 11.95, p < .001, d = 1.74$).

Finally, for interpersonal-how knowledge, a 2×4 (Situationally Primed Construal Level \times Account) ANOVA also revealed only a main effect of account, $F(3, 372) = 64.57, p < .001$. Participants in the interpersonal-how condition reported greater knowledge of interpersonal-how information ($M = 4.62, SD = 1.30$) relative to those in the decisional-how ($M = 3.13, SD = 1.73; t(183) = 6.58, p < .001, d = .97$), why ($M = 2.06, SD = 1.48; t(183) = 12.44, p < .001, d = 1.84$), and no-account ($M = 1.90, SD = 1.38; t(185) = 13.83, p < .001, d = 2.03$) conditions. Taken together, these results confirm that our manipulation of account type was successful.

Dispositional construal. We again assessed whether participants' responses were influenced by the experimental manipulations. A 2×4 (Situationally Primed Construal Level \times Account) ANOVA showed that participants' dispositional construal level was unaffected by the manipulated independent variables (neither the main effects nor the interaction was significant; $ps > .11$).

Tests of hypotheses. We predicted that individuals would react more positively to accounts under conditions of construal fit. In other words, participants with higher levels of construal would indicate greater decision fairness and more positive company impressions after receiving a why account (H_1) while participants with lower levels of construal would do so after receiving a how account (H_2). Furthermore, we expected perceived fairness to mediate the relationship between construal fit and company impressions (H_3). Of special note in Study 2, we operationalized construal level by manipulating it directly, as well as by measuring it dispositionally (as we had in Study 1). We also added the interpersonal-how account to see if it would be more beneficial to those at lower levels of construal.

Why account. We first examined the effects of receiving a why account relative to no account on perceived fairness and

company impressions. To do so, as in Study 1 we conducted hierarchical regression analyses separately for decision fairness and company impressions with main effects entered for situationally primed construal level (*abstract* = 1, *concrete* = 0), account type (*why* = 1, *no* = 0), and dispositional construal level, as well as their two-way and three-way interaction effects in the second and third steps, respectively. Both dispositional and situationally induced construal level moderated the influence of receiving a why account in support of H_1 . This finding manifested itself as a three-way interaction between situationally primed and dispositional construal level, and account type for both decision fairness ($B = .60, t(187) = 2.28, p = .024$) and company impressions ($B = .62, t(187) = 1.98, p = .049$). The pattern of this three-way interaction suggests that individuals reacted more positively following an account of why the layoff occurred when they were at higher levels of both situational and dispositional construal (Figure 3).

Interpersonal-how account. We next examined the effects of receiving an interpersonal-how account relative to no account, entering main effects for situationally primed construal level (*concrete* = 1, *abstract* = 0), account type (*interpersonal-how* = 1, *no* = 0), dispositional construal level, and their two-way and three-way interaction terms, into separate hierarchical regressions for decision fairness and company impressions. Both dispositional and situationally induced construal level moderated the influence of receiving an interpersonal-how account in support of H_2 . Furthermore, this pattern was revealed through a three-way interaction between situationally induced construal level, dispositional construal level, and account type which was marginally significant for decision fairness ($B = -.46, t(186) = 1.76, p = .081$) and significant for company impressions ($B = -.80, t(186) = 2.31, p = .022$). The nature of these three-way interactions suggests that individuals reacted more positively following an interpersonal-how account when they were at lower levels of both situational and dispositional construal (Figure 4).

Decisional-how account. To examine the effects of receiving a decisional-how account relative to no account, we conducted a similar set of hierarchical regression analyses separately for decision fairness and company impressions with main effects entered for situationally primed construal level (*concrete* = 1, *abstract* = 0), account type (*decisional-how* = 1, *no* = 0), and dispositional construal level, as well as their respective two- and three-way interaction terms. Consistent with the results of Study 1, neither form of construal level moderated the influence of receiving a decisional-how account on the two dependent variables (all $ps > .25$).

Mediation analyses. Finally, we examined whether the significant effects of construal fit for the why and interpersonal-how accounts on company impressions were mediated by decision fairness. We again used the SPSS macro designed by Hayes (2012) for mediated moderation bootstrapping analyses (Model 12), creating 5,000 bootstrap samples. For both types of construal fit, perceptions of decision fairness mediated the interactive effect on company impressions, 95% CI [.39, 1.65] for fit between a why account and higher levels of construal and 95% CI [.14, 1.25] for fit between an interpersonal-how account and lower levels of construal, in support of H_3 . The direct effects of the interaction between situationally primed and dispositional construal level, and

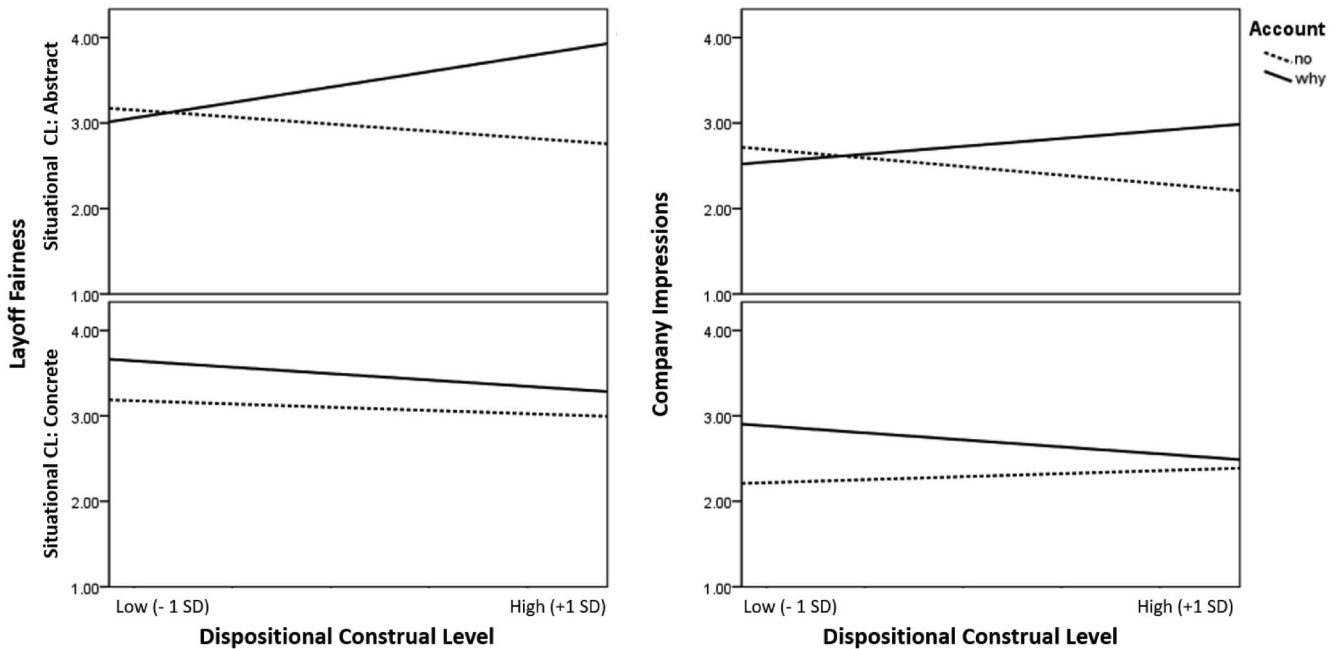


Figure 3. (left) Study 2 interaction between account type (why vs. control) and dispositional construal level on layoff fairness (1–7) in the abstract (top) and in the concrete (bottom) situational construal level conditions, plotted at ± 1 SD around the means on the continuous predictor. (right) Study 2 interaction between account type (why vs. control) and dispositional construal level on company impressions (1–7) in the abstract (top) and concrete (bottom) situational construal level conditions, plotted at ± 1 SD around the means on the continuous predictor.

account type on company impressions were no longer significant after controlling for perceived fairness ($ps > .12$; Figures 5 and 6).

Discussion

In Study 2, we tested the impact of an additional type of how account—one that described how organizational leaders treated decision recipients interpersonally—and manipulated construal level directly in addition to measuring individuals' dispositional tendencies to construe at a higher or lower level. We found support for all three of our hypotheses. Individuals at higher levels of construal (dispositionally and situationally) responded more positively to a why account, whereas individuals at lower levels of construal (dispositionally and situationally) responded more positively to an interpersonal-how (but not decisional-how) account. Moreover, the positive effects of construal/account fit on company impressions were mediated by perceptions of layoff fairness at both higher and lower levels of construal.

General Discussion

The present studies extend prior research on reactions to negative organizational decisions by examining how observers perceive fairness and form company impressions following the announcement of a large-scale layoff. In doing so, we draw from multiple literatures on managerial accounts, fairness perceptions, and the impact of construal fit to predict that individuals will form more positive impressions when the information communicated within

an account matches the way in which they construe a given situation.

We find support for our predictions across two studies. More specifically, we show that the potential for accounts of why or how to enhance observers' perceptions of fairness and positive impressions of the organization following a company layoff depends on observers' level of construal. Given that individuals at higher levels of construal mentally represent situations in terms of why they occur, these individuals were most influenced by a why account. In contrast, individuals at lower levels of construal mentally represent situations in terms of how they occur. Thus, they were most influenced by a how account. Furthermore, we showed different effects of manipulating construal level directly versus indirectly through temporal distance, and between the influence of an interpersonal-how and a decisional-how account. We discuss each of these findings below.

Theoretical Contributions and Future Directions

By examining reactions of observers to a negative organizational decision and integrating construal level theory and justice research, our research offers insights into both literatures. For one, we find that the power of providing accounts to mitigate negative reactions following bad organizational news extends to external stakeholders who are not directly affected by the unfavorable decisions. Indeed, these accounts can shape observers' judgments of fairness, as well as how they view the company. This is critical for organizations as these individual impressions aggregate to

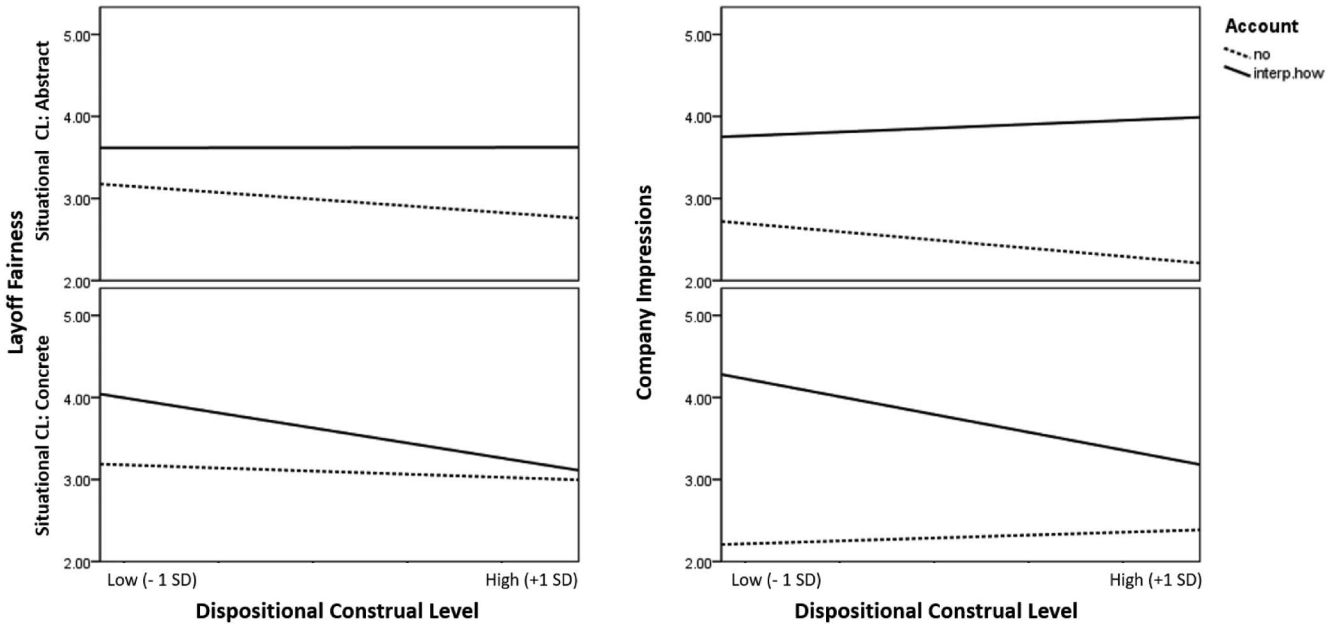


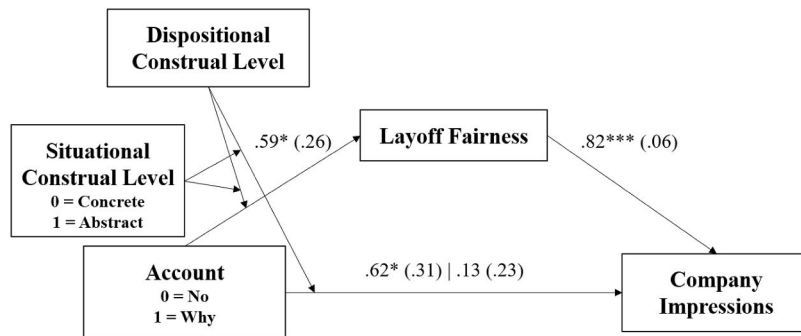
Figure 4. (left) Study 2 interaction between account type (interpersonal-how vs. control) and dispositional construal level on layoff fairness (1–7) in the abstract (top) and in the concrete (bottom) situational construal level conditions, plotted at ± 1 SD around the means on the continuous predictor. (right) Study 2 interaction between account type (interpersonal-how vs. control) and dispositional construal level on company impressions (1–7) in the abstract (top) and concrete (bottom) situational construal level conditions, plotted at ± 1 SD around the means on the continuous predictor.

shape companies’ overarching reputations which could ultimately influence future profitability and success.

Furthermore, while construal level theory highlights people’s different sensitivities to why versus how information, this important distinction as it pertains to the content of accounts has been overlooked in justice research. We demonstrate that why and how information influences observers’ reactions differently depending on their level of construal. More generally, the current studies also provide yet another example of the recent shift among justice researchers to examine the antecedents of fairness (Brockner, Wiesenfeld, Siegel,

Bobocel, & Liu, 2015). Having convincingly shown the pervasive consequences of fairness (Colquitt, Greenberg, & Zapata-Phelan, 2005), justice scholars have more recently taken to examining fairness as a dependent—and in our case as a mediating—rather than independent variable. Furthermore, our work contributes to the burgeoning literature utilizing construal level theory in organizational psychology and organizational behavior research more widely (Wiesenfeld, Reyt, Brockner, & Trope, 2017).

In line with a recent investigation of the positive effects of construal fit in organizational contexts, namely, fit between man-



indirect effect = .97, SE = .32, CI₉₅ = .39, 1.65, using 5,000 bootstrap samples

Figure 5. Study 2 mediated moderation whereby account type (why vs. control) interacts with dispositional construal level and situational construal level (abstract vs. concrete) to predict company impressions through perceptions of layoff fairness. Coefficients are unstandardized, and standard errors are shown in parentheses. * $p < .05$. *** $p < .001$.

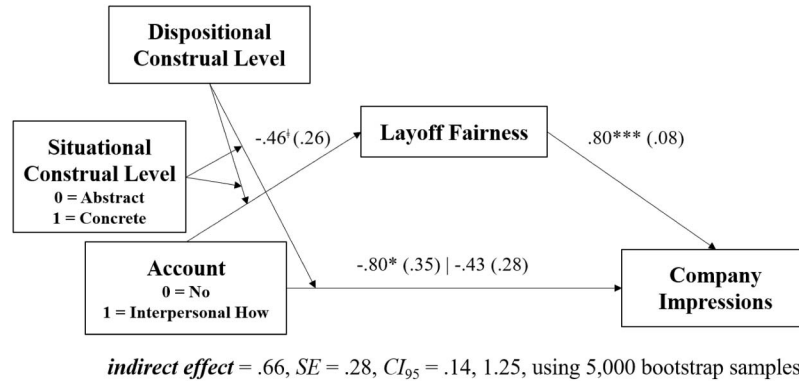


Figure 6. Study 2 mediated moderation whereby account type (interpersonal-how vs. control) interacts with dispositional construal level and situational construal level (abstract vs. concrete) to predict company impressions through perceptions of layoff fairness. Coefficients are unstandardized, and standard errors are shown in parentheses. $^{\dagger} p < .10$. $^* p < .05$. $^{***} p < .001$.

agers communicating more abstractly or concretely to subordinates at varying levels of hierarchical distance (Berson & Halevy, 2014), we identify an additional type of construal fit, namely, between explaining why or how, and observers' construal level. Interestingly, while the previous investigation found positive effects of construal fit between an antecedent of construal level—social distance—and concrete/abstract communication, we found that temporal distance did not moderate the impact of providing different types of information within accounts. Instead, in our studies, only individuals' construal level—either measured as a disposition or directly manipulated—shaped the impact of why and how accounts.

The disparate effects of varying temporal distance versus construal level directly may have emerged for a number of reasons. One possibility could be that the manipulation of temporal distance was not strong enough given the context of our study. While a layoff that occurred 2 weeks ago is much more recent than one from 2 years ago, in the context of reading an article online in which news is constantly updated, both may have actually been perceived as events from which people felt rather distant. Another possibility could be that by examining the reactions of outside observers (rather than direct recipients), who are already socially distant from the company event, we may have negated the effects of an additional form of psychological distance. Indeed, previous research has shown that experiencing distance on one dimension reduces sensitivity to other forms of distance (Maglio, Trope, & Liberman, 2013). Future research may disentangle these possibilities by directly comparing the reactions of direct recipients with those of outside observers following the receipt of different types of accounts and by testing the influence of other forms of psychological distance within this context.

Interestingly, when dispositional and situationally induced construal level were examined (in Study 2), they combined interactively (in a three-way interaction) rather than additively (in the form of separate two-way interactions between type of account and each of dispositional and situationally manipulated construal). This is particularly of note, given individuals' dispositional construal level moderated the influence of a why account when construal level was not directly manipulated in our first study. While addi-

tional research is needed to better understand why the effect of construal fit manifested itself in this way, it may suggest that in the context of outside observers forming company impressions, person variables are particularly important. Without any direct external influence, individuals' dispositional tendencies to understand situations more abstractly versus more concretely shaped their reactions to different types of accounts. Furthermore, even a direct manipulation of construal level was not enough to independently shape reactions to why and how accounts. Instead, this situational prime either enhanced the influence of individuals' dispositional tendencies (in the case of construal fit) or diminished them (in the case of lack of fit).

In addition, our work contributes to theory by examining the effects of different types of how accounts. Whereas construal level theory recognizes that people are more attuned to how-information when they have a lower-level construal, the present studies suggest a meaningful distinction among different forms of how information that may be contained within a managerial account—those that communicate decision processes and those that communicate interpersonal processes. Although individuals at lower levels of construal level reacted more positively to an account that communicated positive interpersonal treatment than individuals at higher levels of construal, the same was not true for an account that communicated how the decision was planned and implemented.

One possible explanation of the different effects elicited by the interpersonal-how and decisional-how accounts is that the former may have reflected greater care and concern for the affected employees, and thus was seen as more authentic on the part of the decision implementers. Indeed, in a subsequent post hoc analysis, a direct comparison between the decisional-how and interpersonal-how conditions on the measure of perceived fairness showed that the interpersonal-how account led to greater perceptions of layoff fairness than the decisional-how account ($p < .05$). It could be that a decisional-how account might be more effective for individuals at lower levels of construal if it contained information that demonstrated the organizational justice construct of procedural fairness (Colquitt, 2001). More specifically, a decisional-how account that assured observers that organizational authorities adhered to fair decision criteria—for example, by considering accurate informa-

tion, applying consistent procedures, and soliciting input from decision recipients (Leventhal, 1980; Thibaut & Walker, 1975)—may have been more effective in enhancing perceived fairness than the present decisional-how account among those at lower levels of construal. In fact, a decisional-how account that included high procedural fairness information may be equally effective as an interpersonal-how account because it too may reflect concern for employees.

Another possibility for the differential influence of the decisional- and interpersonal-how accounts could stem from our choice to investigate the reactions of outside observers. It could be the case, for instance, that a decisional-how account that included procedural fairness information would be more relevant to, and influential for, direct decision recipients or other members internal to the company, whereas the interpersonal-how account is more relevant to, and influential in shaping perceptions for, individuals observing from a more external vantage point. In any event, further research is needed to explore these possibilities to explain why the interpersonal-how account led to greater perceptions of fairness and more positive company impressions for those at lower levels of construal whereas the decisional-how account did not.

Limitations, Practical Implications, and Conclusion

The current research is limited in that we examined reactions to only one type of negative organizational decision (a company layoff). Moreover, we relied solely on online participant samples. Nevertheless, our findings may help to explain why there can often be wide-ranging reactions among external observers in response to news of many types of unfavorable organizational decisions. Depending on observers' level of construal—stemming from dispositional tendencies and/or situational factors—the same information that is provided by a company to account for undesirable outcomes, such as layoffs, may lead to vastly different perceptions of fairness and impressions of the involved company. As organizational actors manage public opinions regarding such decisions, our research suggests that they should consider the cognitive mindsets of observers. Just as marketers provide targeted ads that are tailored to match individual consumers, organizational leaders may also need to shape the content of their accounts to the observing public in order to enhance their general reputations. Knowing whether certain publications draw readers who tend to be higher or lower in their dispositional construal level, for instance, may be one way to target accounts. Indeed, as our second study suggests, it may not be enough simply to prime individuals with a particular construal level, as doing so may only serve to enhance or diminish their own tendencies to understand situations more abstractly or more concretely. Another way forward may instead be to provide accounts that include both why and how information in order to more effectively reach a broad audience. Future research is needed to explore these and other strategies for creating effective accounts for a variety of negative organizational decisions.

In conclusion, it is inevitable that organizational leaders will continue making tough decisions that are witnessed not only by their own employees but also by outside observers. Given the importance of organizational reputation, how managers account for these decisions is critical. Our research suggests that fairness perceptions and positive company impressions can be enhanced by

tailoring the content of an account to fit observers' level of construal.

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