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Wissen, wo das Wissen ist.



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A boo is louder than a cheer: How feedback on creative tasks affects misreporting in multi-task environments

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ABSTRACT

Employees increasingly operate in multi-task environments, managing both routine responsibilities and non-routine tasks, such as developing creative ideas. While employees' creative ideas can be very valuable for firms, resource constraints often entail that managers need to provide negative outcome feedback in the form of a rejection of an employee's proposed creative idea. This may have unintended consequences beyond the creative context in which it occurs. Drawing from reciprocity literature, we develop and test theory suggesting that when employees receive such negative outcome feedback on a creative, non-routine task, this spills over and increases employees' misreporting on a routine task. However, this negative spillover effect can be mitigated when managers provide explanatory feedback in addition to the outcome feedback. Evidence from a laboratory experiment as well as a supplemental scenario experiment supports our predictions. Consistent with our theorized argument, additional analyses also show that these effects are driven by employees' kindness evaluations. Our findings contribute to the misreporting literature by documenting the effects of feedback in multi-task environments and offer practical guidance for managers in identifying situations in which explanatory feedback is particularly beneficial.

1. Introduction

Employees are increasingly expected to manage both routine responsibilities and non-routine tasks in multi-task environments. A typical example of non-routine tasks in practice is having employees generate creative and useful ideas that can, for example, improve products, services or internal processes (e.g., Adler and Chen, 2011; Bol et al., 2023; Brüggén et al., 2018; Unsworth, 2001). To foster such creative contributions, for example, firms like 3M, Atlassian, and Microsoft provide dedicated time for side projects or organize structured innovation initiatives such as hackathons (3M, 2023; Price, 2022; Tabrizi, 2023).

While creative ideas can be of great value for firms, they often also carry personal meaning for employees. Yet, because firms can only implement a limited number of ideas, providing negative outcome feedback in the form of a rejection of an employee's proposed creative idea is often unavoidable and it may have unintended consequences beyond the creative context in which it occurs (Deichmann and van den Ende, 2014). In this study, we examine whether such negative outcome feedback on a creative non-routine task spills over to affect employees'

behavior during a routine task. Specifically, we investigate whether the provision of negative outcome feedback in the form of a rejection influences employees' tendency to misreport in a routine task and how the provision of explanatory feedback moderates this relation.

Employees often have incentives to misreport their private information as it helps them achieve self-interested goals such as creating slack in their budgetary reporting (e.g., Blay et al., 2019; Cannon and Thornock, 2019; Guo et al., 2020), inflating their performance reports (e.g., Church et al., 2014; Maas and Van Rinsum, 2013) or exaggerating the value of their proposed projects to get funding (e.g., Brüggén and Luft, 2011; Cardinaels, 2016). However, prior work shows that employees' incentives to misreport can be muted or amplified by situational factors (e.g., Altenburger, 2021; Davidson, 2019; Hobson et al., 2021; Holderness et al., 2022). Building on this idea, we propose that employees' misreporting behavior in routine tasks can be affected by their experiences in creative non-routine tasks. Specifically, we develop and test theory predicting that the degree to which employees misreport in a routine task is influenced by the outcome feedback they receive – positive (acceptance) or negative (rejection) – on an unrelated creative task. We further propose that providing explanatory feedback moderates these effects.

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We argue that when a manager provides negative outcome feedback in the form of a rejection of a creative idea, employees evaluate the kindness of this action to be lower than when the manager provides positive outcome feedback in the form of an acceptance. In line with theory of reciprocity (Falk and Fischbacher, 2006), we expect employees to respond to such a perceived unkind action with negative reciprocity. Hence, we predict in Hypothesis 1 that when explanatory feedback is absent, employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback. Importantly, we state our first prediction contingent on explanatory feedback being absent. Explanatory feedback refers to information provided by a superior that offers a causal account or justification for a decision, oftentimes aiming to clarify the decision-making process and enhance the recipient's understanding (Bonner, 2008; Kluger and DeNisi, 1996; Libby, 1999). Therefore, explanatory feedback can substantially affect how employees evaluate a manager's negative outcome feedback. Employees evaluate the kindness of a manager's actions and decisions not solely based on its consequences but also on the perceived underlying intentions (Falk and Fischbacher, 2006). The consequence of the manager's action remains more negative for employees when they receive negative outcome feedback in the form of a rejection, compared to when they receive positive outcome feedback in the form of an acceptance – even when accompanied by explanatory feedback. However, the presence of explanatory feedback likely leads employees to form a more positive impression of the manager's intentions. That is, the mere fact that the manager makes an effort to explain a decision can already be an indicator that the manager had a greater intention to treat the employee fairly compared to when no explanation at all is provided. Consequently, we expect that the extent to which employees perceive a manager's action to be less kind when the action is the provision of negative outcome feedback in the form of a rejection than when the action is the provision of positive outcome feedback will be mitigated when the manager provides explanatory feedback. In line with theory of reciprocity, we therefore predict in Hypothesis 2 that the extent to which employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback is mitigated when explanatory feedback is provided.

We test our predictions in two experiments. Our main experiment is a laboratory experiment where participants are randomly assigned to groups consisting of two employees and one manager. Each employee is tasked with developing a creative idea. Based on employees' creative performance, the manager provides negative outcome feedback (i.e., a rejection) on one idea and positive outcome feedback (i.e., an acceptance) on the other. Depending on the condition, the manager also provides (does not provide) explanatory feedback to the employees. After having received the feedback, employees perform a routine task in which they obtain private information that is valuable to the manager and are asked to report their private information to the manager but have a financial incentive to misreport this information. We measure employees' level of misreporting.

Our results are in line with our predictions. We find that when no explanatory feedback is provided, employees misreport more when they receive negative outcome feedback than when they receive positive outcome feedback. Moreover, we find that outcome feedback and explanatory feedback interact in a way that the increase in misreporting when outcome feedback is negative compared to when outcome feedback is positive is mitigated when explanatory feedback is provided. Supplemental analyses provide evidence that supports our underlying theory. Consistent with our arguments, we find that employees' perceived kindness mediates the effect of outcome feedback on misreporting, with this mediation being moderated by the provision of explanatory feedback. Moreover, a supplemental experiment replicates the laboratory experiment in a third-person framed scenario and shows the generalizability of our findings beyond some of our design choices in our laboratory experiment as well as the robustness of our results.

Our study contributes to the literature in several ways. Most studies

on misreporting examine how aspects of the reporting environment or the management control system affect employees' misreporting (e.g., Blay et al., 2019; Guo et al., 2020; Holderness et al., 2022; Lill, 2020). By focusing on a multi-task environment that is reflective of many settings in practice and potential spillover effects across tasks, we contribute to the literature by showing that the feedback received by employees on a creative non-routine task can influence their reporting behavior on an unrelated routine task. This finding also adds to research that investigates employees' behavior in multi-task environments (e.g., Hannan et al., 2019; Hannan et al., 2013), as we demonstrate that a manager's feedback can not only affect employees' effort and performance on other tasks, but can also influence their ethical behavior – specifically, their propensity to engage in misreporting.

Moreover, our study contributes to the literature by shedding more light on the drivers of employees' misreporting. Prior research shows that competition (e.g., Black et al., 2019; Young et al., 1993) or impression management (e.g., Westerman and Westerman, 2010) can explain how negative feedback influences various kinds of unethical or antisocial behavior. We highlight employees' perceptions of a manager's kindness in delivering negative outcome feedback as a key determinant, and further show how explanatory feedback can affect this mechanism by enhancing employees' kindness perceptions in such cases. In doing so, we also contribute to the feedback literature (e.g., Andiola et al., 2018; Erickson et al., 2022; Holderness et al., 2017; Loftus and Tanlu, 2018; Thomas, 2016) by demonstrating how different types of feedback interact in affecting employees' moral choices and reduce unethical responses such as misreporting.

Finally, our findings are also important for corporate practice. We inform practitioners that when delivering negative outcome feedback, managers benefit from offering explanatory feedback as it helps to prevent negative reactions and reduces potential spillover effects to tasks where they might not even expect it. Hence, insights from our study help managers identify situations in which providing explanatory feedback is particularly beneficial. Prior work indicates that managers are reluctant to give negative feedback and enjoy providing positive feedback (Bond and Anderson, 1987; Brown et al., 2016; Fisher, 1979; Geddes and Baron, 1997). Our findings suggest that managers should overcome this reluctance and exert effort to provide explanatory feedback when delivering negative outcomes to mitigate employees' adverse reactions. In addition, managers might assume that providing explanatory feedback on non-routine tasks has limited value, as such tasks often differ substantially and thus offer little opportunity for learning from past performances. However, our findings suggest that providing explanatory feedback is still important in such settings, as it can prevent unintended negative spillover effects to other tasks when employees perform multiple tasks (e.g., Brügger et al., 2018; Brügger, 2011; Hecht et al., 2012). This is particularly crucial when managers have limited direct control over some of employees' tasks because employees have an information advantage. Ultimately, we believe that insights from our study can help firms to balance the costs and benefits of providing feedback and develop more effective control systems that can reduce misreporting and thus increase firm performance.

2. Theory and hypotheses development

2.1. Setting

To investigate our research question, we use a setting in which employees and managers interact with each other. Similar to most jobs nowadays, employees face an environment with multiple tasks (Brügger et al., 2018), where they are expected to handle both routine and non-routine work, such as to develop creative ideas. In our setting, employees sequentially perform these different tasks while working for the same manager. First, they perform a creative non-routine task, then they perform a routine task. In the creative task, employees generate a creative idea which is then evaluated by the manager, who decides whether to

implement their idea (or not) and gives the respective positive (negative) outcome feedback to the employee. This situation represents the common case in practice where managers have some discretion in assessing their employees' creative work and in deciding whether to implement their ideas. Next, in the routine task, employees work on a task where their output depends on how well they perform. By performing that task, employees acquire private information, which is relevant to the manager, but may also be exploited by employees to extract rents at the expense of the manager's profits. After performing the routine task, employees are asked to reveal their private information to the manager. However, employees benefit when they misreport and keep the information to themselves. We employ a single-period setting, where managers never learn the private information of the employees, giving employees strict financial incentives to misreport. This way, we are also able to control for social pressure, reputation, and multi-period effects, which have been shown to affect misreporting in prior studies (Stevens, 2002; Young, 1985).

2.2. Background

Misreporting is an individual's intentional (Schrand and Zechman, 2012), selfish act (Church et al., 2012) of withholding and/or misrepresenting information that violates a firm's applicable norms (Maas and Van Rinsum, 2013). Prior literature shows that employees' misreporting of private information heavily affects participative budgeting (e.g., Abdel-Rahim and Stevens, 2018; Blay et al., 2019; Cannon and Thornock, 2019; Guo et al., 2020; Guo et al., 2017; Libby, 2003), performance reporting (e.g., Church et al., 2014; Maas and Van Rinsum, 2013), and capital budgeting (e.g., Brügggen and Luft, 2011; Cardinaels, 2016), and thereby entails negative consequences for firms. To prevent and reduce such misreporting, it is important to understand its driving forces and the underlying processes.

Prior research has already studied the effects of negative feedback on employees' unethical or antisocial behavior. However, results in this line of research are mixed. While some studies find that negative feedback leads to various forms of immoral behavior (e.g., Belschak and Den Hartog, 2009; Westerman and Westerman, 2010), there is also evidence that negative feedback increases employees' moral actions (e.g., Black et al., 2019; Young et al., 1993) and often also induces positive performance effects (e.g., Chan, 2018; Thomas, 2016; Young et al., 1993). In contrast to prior literature, in this study, we examine whether the outcome feedback on a non-routine task and the provision of explanatory feedback for this outcome *spill over* to influence employees' misreporting on an unrelated routine task.

Providing outcome feedback tells individuals how they performed on a given task by indicating, for example, whether their solution to a task was correct, or how successful they were on a task overall (Bonner, 2008; Kluger and DeNisi, 1996). This type of feedback does *not* explain why the outcome occurred (Kluger and DeNisi, 1996). In the context of our study, where employees' non-routine task is to develop a creative idea, outcome feedback therefore refers to the sole communication of whether an employee's creative idea is accepted (i.e., a positive outcome for the employee) or rejected (i.e., a negative outcome for the employee) by a manager that evaluated the idea.

In addition to providing such outcome feedback, managers can also provide explanatory feedback to employees. Explanations are "a causal account or justification provided by the superior" (Bies, 1987; Bies and Shapiro, 1988; Libby, 1999, p. 126). This type of information is commonly referred to as explanatory feedback, highlighting its function in clarifying decision-making processes and fostering a deeper understanding on the part of the recipient (Bonner, 2008; Kluger and DeNisi, 1996). In many settings, the primary goal of such feedback is to promote learning on the part of the employee (e.g., Farrell et al., 2012; Holderness et al., 2020; Thornock, 2016). However, this is not always the case in practice. For example, non-routine tasks can vary so significantly that feedback given on one task may have little or no effect on an employee's performance in another task. For instance, a manager's explanatory

feedback on an employee's idea for a new product is unlikely to improve his/her performance when working on a different non-routine task, such as developing suggestions for improving internal workflows. And although providing explanatory feedback typically entails substantial opportunity costs for managers, as they must spend time and effort on searching for and processing information to explain and communicate a decision that they could have used otherwise (e.g., Dalla Via et al., 2019), providing explanatory feedback can be important in such settings as well, as we will theorize below.

Our predictions are grounded in theory of reciprocity, which contributes much to explaining employees' misreporting behavior (e.g., Davidson, 2019; Douthit and Stevens, 2015; Schatzberg and Stevens, 2008; Zhang, 2008). Reciprocity describes an individual's response to perceived kindness or unkindness (Falk and Fischbacher, 2006; Fehr et al., 1997; Rabin, 1993). According to Falk and Fischbacher (2006), individuals evaluate the kindness of an action based on its consequences and an actor's underlying intentions.¹ That is, when individuals perceive the consequences or intent of an action as unfair (fair), they classify that specific action to be unkind (kind). Based on these evaluations, individuals derive positive utility when they respond to kind actions with kindness (positive reciprocity) and to unkind actions with unkindness (negative reciprocity) (Cox and Deck, 2005; Rabin, 1993). Regarding negative reciprocity, employees can fall back on different forms of punishment such as lack of effort, withholding information, or absenteeism (Greco et al., 2019). In practice, misreporting is a conceivable action for employees to punish unkind behavior because lying or withholding information is not easy to discover as employees often have an informational advantage over their managers and thus there is a limited risk of being punished on their part. Moreover, rather than being a reaction to isolated behaviors, reciprocal responses can be directed toward the person as a whole and thus reflect broader social judgments (Gouldner, 1960). This person-focused nature of reciprocity implies that it can extend beyond single interactions and influence behavior across multiple tasks (Fehr and Schmidt, 2004).

2.3. Hypotheses development

2.3.1. How negative outcome feedback on a creative idea affects misreporting when explanatory feedback is absent

We first develop a hypothesis suggesting that when explanatory feedback is absent, individuals misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback. As outlined above, theory of reciprocity suggests that employees evaluate the kindness of a manager's actions and decisions based on both its *consequences* and the perceived underlying *intentions* (Falk and Fischbacher, 2006). From a psychological perspective, negative outcome feedback on a creative idea in the form of a rejection is an "acute social experience" (Gerber and Wheeler, 2009, p. 468) that can evoke negative emotions and feelings in individuals (Leary et al., 2006). For example, rejections can threaten employees' sense of competence and self-esteem (Blaine and Crocker, 1993; Erickson et al., 2022; Holderness et al., 2017). In line with that, the performance evaluation literature also implies that receiving an unfavorable evaluation leads to negative

¹ Falk and Fischbacher (2006) argue that, for a manager to convey the intention behind a decision, two conditions must be met: (1) the decision context must allow for both a fair and an unfair choice, and (2) the manager must have control over the decision. Regarding the first, employees in settings such as the one we examine likely perceive that managers could have made a fairer choice (e.g., accept their idea instead of another), because what employees perceive as fair and unfair is often subject to self-serving fairness bias (e.g., Arnold et al. 2018). As for the second, employees likely attribute control to managers even when external constraints somewhat limit their discretion, as literature on attribution bias suggests (e.g., Feichter, 2023; Jones and Harris, 1967; Libby and Rennekamp, 2012).

emotions and perceptions of unfairness (e.g., Bol, 2011; Hannan et al., 2013; Reppenning et al., 2022). The latter reaction can further be explained by the fact that employees often engage in self-serving fairness assessments of performance evaluation outcomes, particularly when the manager responsible for the evaluation could have evaluated them more positively compared to a colleague (e.g., Arnold et al., 2018). We thus expect that receiving negative outcome feedback in the form of a rejection of a creative idea is perceived by employees as a negative and unfair consequence. When managers provide no explanatory feedback in addition to their outcome feedback, employees' evaluations of the kindness of the manager's actions are likely *primarily* driven by these consequences, which are perceived as more unfair in the case of negative outcome feedback than positive outcome feedback, as outlined above.²

Although we argue that kindness evaluations are likely primarily driven by the consequence of the manager's decision in the absence of explanatory feedback, some employees might also form beliefs about the manager's underlying *intentions* based on what they observe (Christ, 2013; Pronin, 2008). Specifically, to some employees, a missing explanation may convey a lack of effort by the manager, which employees may interpret as poor interpersonal treatment (Bies and Moag, 1986; Bies and Shapiro, 1987; Muir et al., 2022). As individuals generally expect respectful and considerate treatment (Bies and Moag, 1986), such interpretations can undermine employees' perceptions of the manager's *intention* to treat them fairly. This would lead to an even more negative evaluation of the kindness of the manager's action when the manager provides negative outcome feedback without explanatory feedback.

In sum, our argument implies that when explanatory feedback is absent, employees will classify negative outcome feedback on a creative idea in the form of a rejection as an unkind action by the manager. In turn, we expect that they respond with negative reciprocity (Falk and Fischbacher, 2006). That is, employees will punish the manager for the unkind action by misreporting more when the manager provides negative outcome feedback in the form of a rejection compared to when the manager's outcome feedback is positive. We formally state this as our first hypothesis.

H1. When explanatory feedback is absent, employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback.

2.3.2. The mitigating effect of explanatory feedback

We next develop a hypothesis to predict that the extent to which employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback is mitigated when explanatory feedback is provided. When managers provide explanatory feedback, they convey (explicitly or implicitly) more information than just the outcome of their decision whether or not to implement a creative idea. As a result, employees are in a better position to not only evaluate the kindness of the manager's action based on its consequences but also to evaluate it based on the manager's underlying intentions.

There are various ways in which a manager can explain the negative outcome when rejecting a creative idea. Prior research implies that the different features an explanation typically entails, such as an inherent justification or a reference to the procedure, can matter for how the explanation is perceived (Ployhart et al., 1999; Shaw et al., 2003). For example, it has been shown that explanations that contain procedural information on the decision-making process can have a positive influence on employees' fairness perceptions and their performance (Libby, 1999). However, irrespective of the specific features of a manager's

² In fact, based on prior literature (e.g., Vousem et al., 2016), it can even be expected that the stronger employees' creative self-belief, the greater the extent to which they perceive negative outcome feedback in the form of a rejection of their creative ideas to be unkind than positive outcome feedback.

explanation, the simple fact that the manager actually made an effort to explain a decision can already be an indicator that the manager had a greater intention to treat the employee fairly compared to when no explanation at all is provided. Specifically, the manager's effort to explain a decision helps employees to put the negative outcome of having their ideas rejected into perspective. Instead of leaving employees to speculate about the manager's intentions, the provision of an explanation conveys that the manager has invested effort into communicating the reasoning behind the decision (Bies and Moag, 1986; Bies and Shapiro, 1987; Muir et al., 2022). This visible effort signals an appropriate interpersonal treatment, suggesting that the manager takes an employee's contribution seriously (Piezunka and Dahlander, 2019). As a result, employees are more likely to assess a manager's decision to be made with fair intentions toward the employee. Hence, not only specific features of an explanation, but the sole fact that a manager made an effort and there is an explanation can cause employees to form a more positive impression on the manager's intentions when s/he provides negative outcome feedback on a creative idea in the form of a rejection.³

When the manager provides additional explanatory feedback, the *consequence* of the manager's action is likely still perceived more negatively and unfair by employees when the manager provides negative outcome feedback in the form of a rejection than when s/he provides positive outcome feedback in the form of an acceptance. However, as the explanatory feedback causes employees to form a more positive impression of the manager's intentions, the extent to which employees evaluate a manager's action to be less kind when the action is the provision of negative outcome feedback in the form of a rejection than when the action is the provision of positive outcome feedback will be mitigated when the manager provides explanatory feedback. In turn, consistent with theory of reciprocity (Falk and Fischbacher, 2006), we expect that employees will be less inclined to punish the manager by misreporting. We formally state this interaction as our second hypothesis.

H2. The extent to which employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback is mitigated when explanatory feedback is provided.

3. Method

3.1. Experimental design

3.1.1. Task overview

To test our predictions, we use a 2 × 2 between-subjects design in which we vary two factors.⁴ The first factor is outcome feedback, varied at two levels (positive vs negative). The second one is explanatory feedback, again varied at two levels (absent vs present).

In our experiment, participants are randomly assigned to groups consisting of two employees and one manager. The group composition remains constant throughout the experiment. Each group forms a virtual restaurant. The employees perform two tasks: a creative non-routine task and a routine task. The manager's task in our experiment is to evaluate the outcome of employees' creative task and provide feedback

³ While we focus on the presence of an explanatory feedback per se, certain features of an explanatory feedback thus likely amplify or mitigate the moderating effect we predict. Moreover, we acknowledge that when explanatory feedback appears to solely contain strawman arguments and the manager has not made a genuine effort to explain his/her decision or the content of the explanatory feedback causes employees to conclude that the manager's decision-making process was actually unfair, employees might *not* evaluate the manager's action as kinder due to the explanatory feedback – or the effect may even reverse. We leave this interesting boundary condition to our theory for future research to investigate.

⁴ Both experiments in our paper received Institutional Review Board approval for research ethics.

to them.

More specific, the first task of the employees is the non-routine creative task, which is to develop a creative idea for opening up a new restaurant. Using a creative task is a design choice which reflects the common case in practice that rejection (acceptance) decisions are especially relevant for creative ideas. This is because employees are likely to experience negative emotional reactions when managers provide them with negative outcome feedback on their creative ideas (e.g., Amabile et al., 2005; Amabile, 1983), especially when employees invested substantial personal effort and time in the development of the idea. To ensure that all participants have the same understanding of creativity, drawing from previous work (Amabile, 1996; Chen et al., 2012), we define a creative idea as one that is original and potentially implementable. Our creative task is similar in structure to that of Cardinaels et al. (2025). However, unlike prior work dealing with creativity (e.g., Cardinaels and Feichter, 2021; Kachelmeier et al., 2019), employees in our study need only to develop one single creative idea, for which they are allotted ten minutes of time, reflecting the fact that this is a non-routine task. In addition, this design choice likely increases employees' attachment to their developed idea. For completing the task, each employee is rewarded with a fixed bonus of 1350 Lira, our experimental currency.

Subsequently, the manager evaluates the creativity of the ideas submitted by his/her employees. Based on the evaluations, the manager decides which idea to reject and which to accept. This design choice reflects corporate practice in that managers are often limited in their resources and can only accept a subset of their employees' ideas. The experimental software ensures that the manager can only reject (accept) one idea and accept (reject) the other.⁵ Within a group, it is common knowledge that one idea is rejected and one idea is accepted. For the employee whose creative idea is rated lower by the manager, the manager provides negative outcome feedback (i.e. a rejection) as outlined in more detail below. In contrast, for the employee whose creative idea is rated higher by the manager, the manager provides positive outcome feedback (i.e. an acceptance). Depending on the experimental condition, the manager also provides explanatory feedback to the employees.⁶

⁵ Assessing the creativity rating and the subsequent decision to accept or reject the ideas followed a two-step process. In Step 1, the manager was shown both ideas and was asked to rate their creativity on a Likert scale ranging from 1 (very uncreative) to 7 (very creative). In Step 2, the manager had to decide which idea to accept and which to reject. In the explanatory feedback absent condition, the manager was presented with two feedback versions – one conveying positive outcome feedback (the acceptance) and one conveying negative outcome feedback (the rejection). In the explanatory feedback present condition, the manager was presented with the same two feedback versions (negative and positive outcome feedback), but each was supplemented with explanatory feedback. The manager now had to choose which employee would receive which version. However, the software ensured that the provision of feedback was consistent with the creativity ratings given in Step 1. Specifically, the manager could not assign the negative outcome feedback to the employee whose idea had received the higher creativity rating and the other way around. In cases where both ideas had received the same creativity rating in Step 1, the manager was required to make a final decision about which idea they considered more creative in comparison. Importantly, employees were never informed of the numerical creativity ratings assigned by the manager.

⁶ As expected, our results show that managers' creativity ratings are, by design, significantly higher in the positive outcome feedback condition than in the negative outcome feedback condition ($p < 0.01$, two-tailed) and there is no significant difference between the explanatory feedback absent condition and the explanatory feedback present condition ($p = 0.91$, two-tailed). Managers were instructed to base their evaluations on creativity alone. In line with this, we do not find that managers' creativity ratings are driven by the sole effort that employees exerted (proxied by the numbers of characters of employees' creative ideas) ($\beta = -0.00$, $p = 0.58$, two-tailed). Moreover, the numbers of characters of employees' creative ideas also does not differ across experimental conditions ($p = 0.74$, two-tailed).

Each employee only receives the feedback concerning his/her own idea. Before employees can proceed with the experiment, each of them must confirm that s/he has read the feedback. The manager receives a fixed bonus of 1350 Lira for evaluating the creative ideas and providing feedback.

The second task of the employees is to perform five rounds of a routine task. Each round, employees serve virtual guests by memorizing their orders and then reproducing them. To this end, employees have been allowed to use a notepad. If a guest is served correctly, the respective employee receives a tip. If a mistake is made during that process, the employee does not receive a tip. After the last round, each employee is privately informed about the total amount of his/her tips earned. It is common knowledge to all participants that tips are randomly selected each serving round from the following set of equally-like tips $\{0, 1, \dots, 600\}$. The tips have been randomly determined in advance of the experiment. However, the sequence and content of the orders as well as the associated tips are identical for all employees. As a result, each employee who served all guests correctly receives 2475 Lira in tips. Using the routine task instead of just allocating tips to employees represents a conservative design choice with respect to our predictions. First, serving guests acts as distractor task, thus reducing the influence of pure affective responses (Blay et al., 2019; Ilies and Judge, 2005). Second, prior work shows that reciprocity becomes weaker over time (e.g., Chuan et al., 2018; Gneezy and List, 2006). Both of these effects bias against finding support for our predictions. Moreover, making employees earn the tip represents the scenario, common in practice, in which employees need to exert effort to gather private information (Haesebrouck, 2021).

After the five rounds of the routine task, employees are asked to report the total amount of tips they have earned to the manager. The manager automatically receives one third of the tips reported by an employee, while the employee keeps the rest.

In summary, the earnings of employees and managers are computed as follows:

$$\text{Manager's earnings} = \sum_{i=1}^2 \text{Tip reported employee}_i \times \frac{1}{3}$$

$$\text{Employee's earnings} = \text{Tip received employee}_i$$

$$- \text{Tip reported employee}_i \times \frac{1}{3}, \quad i = 1, 2$$

3.1.2. Outcome feedback

We vary between subjects whether an employee received positive outcome feedback on his/her creative idea in the form of an acceptance or negative outcome feedback in the form of a rejection. In each group, one participant takes on the role of the manager who provides the rejection (acceptance) to the employees. In order to provide a stronger test of our underlying theory, we avoid relying on a "hypothetical" manager or the creation of a virtual manager. As a result, the decision to reject (accept) an idea is not randomly determined. Nevertheless, varying outcome feedback as the result of employees' creative performance plus some random error in managers' judgement reflects the selection process in most firms (Cardinaels et al., 2025; Loftus and Tanlu, 2018).

3.1.3. Explanatory feedback

We manipulate explanatory feedback between subjects at two levels: absent vs present. In the explanatory feedback absent condition, employees are only provided with the manager's outcome feedback, which is either positive or negative. In the explanatory feedback present condition, employees additionally receive an explanation for the outcome of the manager's decision on the employees' creative idea. We designed the explanation used in the experiment by drawing on existing literature. Specifically, the development of the explanation was guided by the conceptualization of explanations as "a causal account or justification

provided by the superior” (Bies, 1987; Bies and Shapiro, 1988; Libby, 1999, p. 126). To clarify the decision-making processes and thus improve the understanding of the recipient (Bonner, 2008; Kluger and DeNisi, 1996), we crafted the explanation to begin with a statement that the manager had made an informed decision by carefully reading and evaluating the proposed ideas, thereby clearly indicating that the manager exerted effort in the process. Next, consistent with the framework outlined by Ployhart et al. (1999), the explanation provided by managers includes three key components. First, procedural information is provided, detailing the nature of the decision-making process. Specifically, it is stated that the ideas submitted were evaluated through a pairwise comparison based solely on their level of creativity. Additionally, the concept of creativity is mentioned again. Second, justification information is provided to justify the manager’s decision. In this regard, the explanation highlights the resource constraints faced by the manager and emphasizes the considerable amount of time and deliberation invested in the decision-making process by the manager. Third, the explanation includes personal information, presenting a personalized rationale for the decision. It makes clear that the idea that the manager him-/herself found more (less) creative is the one s/he accepted (rejected).

Importantly, other than referring to the manager’s effort in the process, we only provide information in the explanatory feedback condition that we already provided to all participants in the instructions. This is a conservative design choice as it works against finding our predicted results because providing additional information would likely cause even stronger reactions (Ployhart et al., 1999; Shaw et al., 2003). Appendix A provides the wording of the feedback per condition.

3.1.4. Measurement of variables

Our primary dependent variable used to test our hypotheses is *Misreporting*. We draw on Evans et al.’s (2001) measure that has been frequently used in prior literature (e.g., Abdel-Rahim and Stevens, 2018; Lill, 2020; Maas and Van Rinsum, 2013). Specifically, we asked employees to report the tips they earned during the entire routine task to their manager (*TipReported*). The reported tip for each employee could range between 0 Lira and 2475 Lira, but the experimental software ensured that no tip was reported that exceeded the tip an employee actually earned (*TipEarned*). In line with Evans et al. (2001), employees’ misreporting is calculated as the result of dividing the “payoff claimed” by the “payoff available”.⁷⁸

In summary, we calculate misreporting according to the following formula:

$$\text{Misreporting} = \frac{\text{payoff claimed}}{\text{payoff available}} = \frac{\text{TipEarned} - \text{TipReported}}{\text{TipEarned}}$$

As a result, *Misreporting* can take values between zero and one, where zero means no misreporting and one represents the maximum level of misreporting.

Because misreporting is a socially sensitive issue from both the perspective of the profession as well as from the perspective of the general public, we also measure social desirability bias (Jidin and

Monroe, 2018). To this end, we follow prior literature (e.g., Chung and Monroe, 2003) and pose a direct and an indirect question related to the tips earned during the routine task. In direct questioning, we asked employees to report the tip earned to the manager (*TipReported*) as outlined above. Following this, we pose the indirect questioning by asking employees to indicate what amount another person would have reported to the manager (*TipReportedOther*). With regard to the indirect questioning, in our setting, employees know that if their idea was rejected (accepted), the idea of the other employee has been accepted (rejected). Therefore, if an employee whose idea was rejected (accepted) is asked about how another person would have reported in the same situation, s/he might have considered the situation of the other employee of the restaurant whose idea was accepted (rejected). To rule out this possibility, we carefully phrased the question and additionally provided the following piece of information to each employee: “Hint: “Another person” does not refer to the other employee of the restaurant, but generally to another person who is in your specific situation”. Social desirability bias is computed as the difference in *TipReported* and *TipReportedOther*, in line with prior literature (e.g., Cohen et al., 2001; Dunn and Shome, 2009; Jidin and Monroe, 2018; Kaplan et al., 2015, 2010).

3.2. Participants and procedures

Participants are 192 students from a large European university. Their participation was voluntary and anonymity was preserved both during and after the experimental sessions. Our main analyses consider the data of the 128 participants assigned to the role of an employee. The remaining 64 participants are in the role of a manager. On average, participants are 25 years old and 45 % are female. There are no significant differences across experimental conditions for age or gender (both p ’s > 0.10, two-tailed).

We conducted each session in a computer lab using oTree software (Chen et al., 2016). At the start of each session, participants read instructions detailing the experiment, and the instructions were additionally read aloud by the experimenter. Then, participants completed a short quiz to foster their understanding. The experiment did not begin until all participants had correctly answered all questions. The actual experiment started with the creative task for the employees. Employees had ten minutes to finish the task before their ideas were automatically forwarded to their manager. The manager then evaluated the ideas and sent the corresponding feedback to each employee. Employees then read the feedback provided to them and moved on to the routine task. After having served virtual guests for five consecutive rounds, employees reported the tip they have earned during that task to the manager. Finally, participants completed a post-experimental questionnaire, received their cash payments and were dismissed. Participants’ cash earnings are determined by summing the Lira from both tasks and converting them into cash at the rate of 750 Lira per 1 EUR. Participants earned on average 11.86 EUR including an 8 EUR show-up fee. Total compensation varied between 9.80 EUR and 13.10 EUR. Participation in the experiment took 45 min on average.

3.3. Experimental design choices

We want to highlight three specific features of our design. First, other than prior experimental studies on misreporting (e.g., Brügger and Luft, 2011; Guo et al., 2020; Maas and Van Rinsum, 2013), we employ two coherent tasks in a restaurant environment where we measure misreporting via employees’ reported tips instead of using a participative (capital) budgeting or performance reporting task. Our intention with this design choice is threefold. First, it allows us to test the effect of outcome feedback on a creative idea in a setting where no wealth effects are associated with the feedback. This is a conservative design choice with regard to our predictions because tying negative outcome feedback in the form of a rejection to a monetary loss likely would have

⁷ Evans et al. (2001) focus on honesty, which they define as one minus the level of misreporting. In contrast, our analysis centers directly on misreporting, so we do not include the ‘one minus’ component in our calculations, consistent with prior work on misreporting using the Evans et al. (2001) measure (e.g., Lill, 2020; Maas and Van Rinsum, 2013).

⁸ For example, when an employee actually earned a tip of 2475 Lira but reports only a tip of 1000 Lira, the payoff claimed is 1475 Lira. The payoff available is the full amount of tip an employee earned (i.e., *TipEarned*, which the employee could fully keep to him-/herself when reporting to have earned zero tip). In the above example, the payoff available is 2475 Lira (*TipEarned*) and *Misreporting* thus equals to 0.6 (1475 Lira [payoff claimed] divided by 2475 Lira [payoff available]).

strengthened employees' negative reciprocal actions. Second, employing a restaurant setting with two coherent tasks approximates many multi-task settings in the real world, where employees have multiple duties and responsibilities (e.g., routine work, developing creative ideas) within a specific area of a firm (Tate, 2012). Third, in order to ensure that our participants have the knowledge to perform the creative task (Brüggen et al., 2018), we asked them to develop a creative idea for opening up a new restaurant. We chose this setting because most people can relate to it based on their personal experiences.

The second feature relates to the outcome feedback and the corresponding rejection rate in our experiment. In line with prior research (e.g., Cardinaels et al., 2025), we adopt a 50 % rejection rate which is known to all participants. We acknowledge that, in practice, rejection rates may differ and can be both lower and higher, for example, when more than two employees submit ideas of which only one can be implemented, or multiple ideas can be considered. However, this design choice provides a strong setting for observing the development of negative reciprocity when employees' ideas are rejected. Moreover, this design feature facilitates managers' comparison of creative ideas (Cardinaels et al., 2025) and helps to obtain equally sized groups.

Finally, we use a multi-agent setting instead of a single-agent setting. Employing a multi-agent setting more closely reflects real-world scenarios in which employees compete with other employees when generating creative ideas and managers having multiple alternatives to choose from.

4. Results

4.1. Descriptive statistics

Table 1 reports the means, standard deviations, and cell sizes across experimental conditions on our main dependent variable *Misreporting*. As reported in Table 1 and graphed in Fig. 1, *Misreporting* is higher in the negative outcome feedback condition than in the positive outcome feedback condition when explanatory feedback is absent (means: 0.55 vs 0.44). This difference alleviates when explanatory feedback is present (means: 0.42 vs 0.46).

4.2. Hypotheses tests

We test Hypothesis 1 and 2 jointly in a regression model. We regress *Misreporting* on an indicator variable *Outcome Feedback* (equal to 1 (0) for negative (positive) outcome feedback), an indicator variable *Explanatory Feedback* (equal to 1 (0) for explanatory feedback present (absent) and the interaction of both variables, controlling for social desirability bias (*SDB*).⁹

The results of this regression are reported in Table 2. The coefficient of *Outcome Feedback*, which reflects the effect of outcome feedback when explanatory feedback is absent, is positive and significant ($\beta = 0.14$, $p = 0.05$, one-tailed).¹⁰ This provides support for Hypothesis 1 and suggests that when explanatory feedback is absent, employees misreport

⁹ In line with Piercey (2023), we include *SDB* as a covariate to increase the power of the test of treatment effects. Data shows that *SDB* is significantly negatively correlated with *Misreporting* ($r = -0.41$, $p < 0.01$) but does not interact with our independent variables (p 's of all interaction terms > 0.1). Furthermore, it does not differ across conditions ($p = 0.85$) and is thus evenly distributed across conditions. In such a case, the inclusion of the covariate "in the model does not significantly alter the model's estimated marginal means by experimental condition (i.e., the covariate-adjusted means will approximately match the unadjusted means by condition). Thus, it does not affect the systematic between-cells variation of the manipulations, but it does explain an extraneous source of variance in the dependent variable and, in so doing, reduces the sum of square error" (Piercey, 2023, p. 197).

¹⁰ In this paper, p -levels are one-tailed for directional expectations and two-tailed otherwise.

more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback. In addition, the interaction effect is negative and significant ($\beta = -0.19$, $p = 0.06$, one-tailed). This provides support for Hypothesis 2 and suggests that the extent to which employees misreport more when they receive negative outcome feedback on a creative idea than when they receive positive outcome feedback is mitigated when explanatory feedback is provided. In fact, a follow-up simple effect indicates that when explanatory feedback is present, negative outcome feedback does not lead to more misreporting than positive outcome feedback ($\beta = -0.05$, $p = 0.56$, two-tailed). Additionally, the simple effect test shows that in line with our theory, when outcome feedback is negative, explanatory feedback leads to less misreporting ($\beta = -0.17$, $p = 0.03$, one-tailed). Taken together, these results support both hypotheses.¹¹

4.3. Supplemental analyses of underlying kindness process

In our theory development, we argued that absent explanatory feedback, when negative outcome feedback in the form of a rejection is provided, employees will perceive the negative outcome feedback to be an unkind act by the manager, which leads to a higher level of misreporting. Moreover, we argued that the link between the outcome feedback and employees' perceived kindness is dependent on the provision of explanatory feedback.

To measure employees' perceived kindness (*Kindness*) of the manager's decision, we rely on Falk and Fischbacher's (2006) theoretical framework. We determine employees' perceptions of the fairness of the consequences of the manager's actions and the fairness of his/her underlying intentions via two Likert scale questions ranging from 1 (strongly disagree) to 7 (strongly agree). Employees are asked to indicate their agreement with the following two statements "I felt the manager's decision concerning my restaurant idea was fair" (*Consequences*) and "The manager had the intention to make a fair decision" (*Intention*). Table 1 reports the means, standard deviations, and cell sizes across experimental conditions on *Kindness*, which is the average of *Consequences* and *Intention*. Responses show that *Kindness* is lower in the negative outcome feedback condition than in the positive outcome feedback condition, both when explanatory feedback is absent (means: 3.72 vs 5.83) and when explanatory feedback is present (means: 4.95 vs 5.56). However, when explanatory feedback is present, the difference becomes smaller, in line with our theory.

We next report the results of a moderated mediation model (Hayes, 2022) linking outcome feedback and misreporting. In this model, perceived kindness mediates the relationship between outcome feedback and misreporting. Further, explanatory feedback moderates the link between outcome feedback and perceived kindness. Fig. 2 and Table 3 report the results of our moderated mediation analysis.

First, we regress the mediator *Kindness* on both the independent variable *Outcome Feedback* and the moderator *Explanatory Feedback* as well as the interaction of both variables controlling for *SDB*. The coefficient of *Outcome Feedback*, which captures the association between employees receiving positive outcome feedback versus receiving negative outcome feedback when explanatory feedback is absent, is negative and significant ($\beta = -2.11$, $p < 0.01$, one-tailed). This indicates that when no explanatory feedback is provided, employees who receive negative outcome feedback tend to perceive it as less kind than positive outcome feedback. This pattern is consistent with the theoretical reasoning underlying Hypothesis 1. An untabulated simple effect suggests that when explanatory feedback is provided, employees still perceive negative outcome feedback to be unkind than positive

¹¹ Our results also hold when running a robust regression. When excluding *SDB* as a covariate, our results become weaker and are only directionally consistent with our predictions but not significant at conventional levels of significance (H1: $p = 0.11$, one-tailed; H2: $p = 0.11$, one-tailed).

Table 1
Descriptive statistics for *Misreporting* and *Kindness* per experimental condition.

		DV: Misreporting			DV: Kindness		
		Explanatory Feedback		Total	Explanatory Feedback		Total
		Absent	Present		Absent	Present	
Outcome Feedback	Positive	0.44 (0.38) n = 32	0.46 (0.42) n = 32	0.45 (0.40) n = 64	5.83 (1.04) n = 32	5.56 (1.29) n = 32	5.70 (1.17) n = 64
	Negative	0.55 (0.39) n = 32	0.42 (0.32) n = 32	0.49 (0.36) n = 64	3.72 (1.51) n = 32	4.95 (1.43) n = 32	4.34 (1.59) n = 64
	Total	0.49 (0.38) n = 64	0.44 (0.37) n = 64	0.47 (0.38) n = 128	4.77 (1.67) n = 64	5.26 (1.39) n = 64	5.02 (1.55) n = 128

Notes: The table displays the means and standard deviations for *Misreporting* and *Kindness* as well as the number of participants per experimental condition. *Outcome Feedback* is varied (between-subjects) at two levels: positive vs negative. In the positive condition, an employee is informed by the manager that his/her idea is accepted by the manager. In the negative condition, an employee is informed by the manager that his/her idea is rejected by the manager. *Explanatory Feedback* is manipulated (between-subjects) at two levels: absent vs present. In the absent (present) condition, the employee does not receive (receive) explanatory feedback in addition to the manager's outcome feedback. *Misreporting* is computed as $(TipEarned - TipReported) / TipEarned$, where *TipReported* is an employee's reported tip to the manager and *TipEarned* is the tip an employee actually earned. *Kindness* is measured as the average of participants' agreement with the following two statements (1) "I felt the manager's decision concerning my restaurant idea was fair" and (2) "The manager had the intention to make a fair decision" (on a Likert scale from 1 to 7).

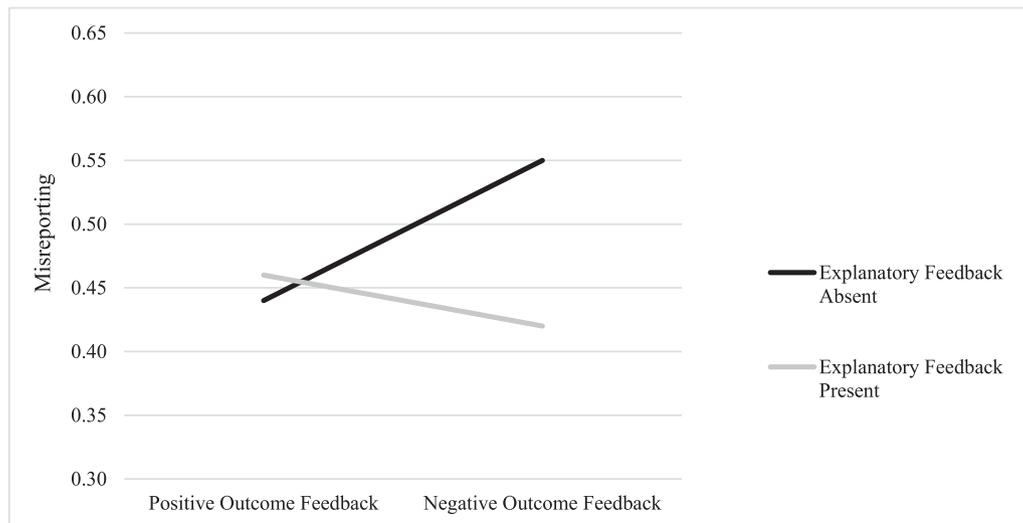


Fig. 1. Effect of outcome feedback and explanatory feedback on *Misreporting*. *Outcome Feedback* is varied (between-subjects) at two levels: positive vs negative. In the positive condition, an employee is informed by the manager that his/her idea is accepted by the manager. In the negative condition, an employee is informed by the manager that his/her idea is rejected by the manager. *Explanatory Feedback* is manipulated (between-subjects) at two levels: absent vs present. In the absent (present) condition, the employee does not receive (receive) explanatory feedback in addition to the manager's outcome feedback. *Misreporting* is computed as $(TipEarned - TipReported) / TipEarned$, where *TipReported* is an employee's reported tip to the manager and *TipEarned* is the tip an employee actually earned.

outcome feedback ($\beta = -0.61, p = 0.07$, two-tailed). However, this is less the case when explanatory feedback is provided, as the regression is positive and significant interaction term in the regression suggests ($\beta = 1.50, p < 0.01$, one-tailed). An additional simple effects test (untabulated) shows that when employees receive negative outcome feedback, perceived kindness is higher when explanatory feedback is present than when it is absent ($\beta = 1.23, p < 0.01$, one-tailed). These results are consistent with our theoretical arguments for Hypothesis 2.

Second, we regress *Misreporting* on the independent variable *Outcome Feedback* and the mediator *Kindness* controlling for *SDB*. The regression shows a significant negative coefficient of *Kindness* ($\beta = -0.05, p < 0.01$, one-tailed), indicating that higher kindness perceptions are related to lower levels of misreporting. However, we find no significant direct effect of *Outcome Feedback* on *Misreporting* ($\beta = -0.03, p = 0.68$, two-tailed). Next, using a bootstrapping approach with 10,000 repetitions

(Hayes, 2022), we calculate the indirect effects of *Outcome Feedback* on *Misreporting* for the different levels of the moderator *Explanatory Feedback*. We find a significant indirect effect when explanatory feedback is absent (effect = 0.12, 95 % CI: 0.02 – 0.21), but not when explanatory feedback is present (effect = 0.03, 95 % CI: -0.02 – 0.08). Finally, we calculate the index of moderated mediation (Hayes, 2015) employing the same bootstrapping approach (index = -0.08, 95 % CI: -0.16 – -0.00). This result implies that our moderated mediation model is significant. In summary, our results suggest that employees' perceived kindness mediates the relationship between outcome feedback and misreporting. Further, the relationship of outcome feedback and perceived kindness moderated by whether managers provide explanatory feedback or not.

To further support our underlying theory, in untabulated analyses, we next examine the individual components of *Kindness*, which are

Table 2
Effects of outcome feedback and explanatory feedback on *Misreporting*.

Coefficient (Standard error) p-level	<i>Misreporting</i>
Outcome Feedback (0/1)	0.14 (0.09) 0.05**
Explanatory Feedback (0/1)	0.03 (0.09) 0.75
Outcome Feedback × Explanatory Feedback	-0.19 (0.12) 0.06*
SDB	-0.00 (0.00) < 0.01***
Constant	0.43 (0.06) < 0.01***
Simple effect Outcome Feedback when Explanatory Feedback = 1	-0.05 $p = 0.56$
Simple effect Explanatory Feedback when Outcome Feedback = 1	-0.17 $p = 0.03^{**}$
R ²	0.20
N	128

Notes: The table reports results of an OLS regression. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$, p-levels are one-tailed for directional expectations and two-tailed otherwise.

Outcome Feedback is an indicator variable equal to 1 (0) when outcome feedback was negative (positive).

Explanatory Feedback is an indicator variable equal to 1 (0) when explanatory feedback was present (absent).

SDB is a continuous variable that represents participants' social desirability bias. It is computed as $TipReported - TipReportedOther$, where *TipReported* is an employee's reported tip to the manager and *TipReportedOther* is an employee's expectation about the tip another person would have reported to the manager. *Misreporting* is computed as $(TipEarned - TipReported) / TipEarned$, where *TipReported* is an employee's reported tip to the manager and *TipEarned* is the tip an employee actually earned.

employees' perceptions of the consequences of the managers' actions (*Consequences*) and their underlying intentions (*Intention*). First, in developing Hypothesis 1, we argued that employees' kindness evaluations are driven by their perception of negative outcome feedback in the form of a rejection to be an unfair consequence, with this effect, however, likely also persisting regardless of the presence of explanatory feedback. To test this effect, we regress *Consequences* on *Outcome Feedback* and find a negative and significant effect ($\beta = -1.81, p < 0.01$, one-tailed). In Hypothesis 2, we argued that providing explanatory feedback likely reduces the negative effect on employees' kindness perceptions, as such explanatory feedback increases employees' perception that the manager intended to make a fair decision. To analyze this effect, we regress *Intention* on *Outcome Feedback*, *Explanatory Feedback* and the interaction of both variables. Results show that the coefficient of the *Outcome Feedback* variable which reflects the effect of employees receiving positive outcome feedback versus receiving negative outcome feedback when explanatory feedback is absent, is negative and significant ($\beta = -1.72, p < 0.01$, one-tailed). This finding suggests that when managers provide no explanatory feedback, employees perceive the managers' intentions to be less fair when employees receive negative outcome feedback than when they receive positive outcome feedback. The regression also shows that the interaction term is positive and significant ($\beta = 1.63, p < 0.01$, one-tailed), consistent with our theory. Follow-up simple effect tests suggest that when outcome feedback is negative, explanatory feedback has a positive effect on employees' perceived intentions ($\beta = 1.5, p < 0.01$, one-tailed). In fact, when explanatory feedback is provided, we no longer observe a significant difference in employees' perceived intentions between the outcome feedback positive and negative condition ($\beta = -0.09, p = 0.79$, two-

tailed).¹²

4.4. Supplemental experiment

4.4.1. Method

To show the generalizability of our findings beyond some of our design choices in our laboratory experiment and give us some more comfort in the robustness of our results, we conduct an additional experiment. Specifically, we run a scenario experiment with 298 participants recruited from Prolific.¹³ Participants are on average 44 years old and have 22 years of work experience. 53 % of them are female.¹⁴ The experiment took about 17 min, and participants received a fixed payment of 2 GBP for their participation.

We present the scenario in the third person, which is a common approach in the literature to deal with topics that can lead to social desirability bias (e.g., Hobson et al., 2021; Maas and Shi, 2024). Participants are confronted with an employee named Robin that works in a restaurant. Employees of the restaurant share their tip with Charlie, the manager, by reporting the tip they earned at the end of a shift. Participants then read that the manager gives the task of developing a creative idea for redesigning the restaurant to employees and informs that the most creative idea will be selected at the manager's discretion.¹⁵ Given the theory-consistent results on employees' creative self-belief of our laboratory experiment, we create a strong setting for testing our theory by outlining that the employee spent considerable effort on this task and is convinced of having developed a very creative idea.

In a 2×2 between-subjects design, we again manipulate outcome feedback (positive vs negative) and explanatory feedback (absent vs present). In the positive (negative) outcome feedback condition, participants are informed that the manager accepted (rejected) the idea. In the explanatory feedback absent condition, participants read that the manager simply communicated the outcome of the decision without further explanation as to why this decision was made. In contrast, in the explanatory feedback present condition, participants read that the

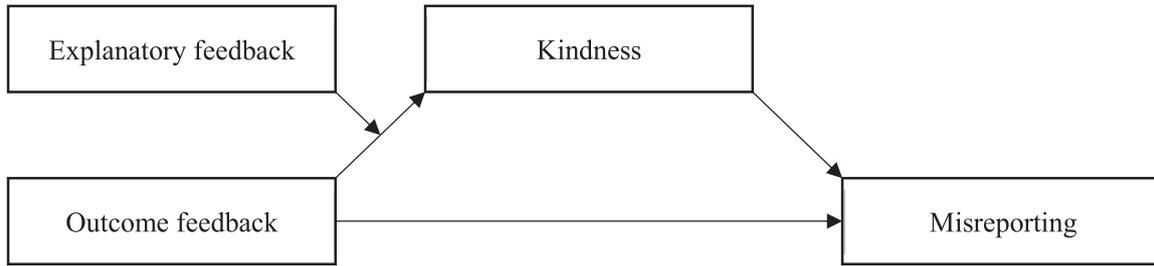
¹² In our theory development, we also reasoned that, the stronger employees' creative self-belief, the greater the extent to which they perceive negative outcome feedback to be unkind than positive outcome feedback. We measure the strength of creative self-belief with three consecutive questions that we ask during the experiment while the managers evaluated the employees' creative ideas. Specifically, using seven-point Likert scales, the questions are (1) I am confident that I have developed a creative restaurant idea, (2) How would you rate the creativity of your own restaurant idea, and (3) How likely is it that the manager will accept your restaurant idea. Employees' answers to these questions are highly correlated (Cronbach's $\alpha = .86$). We take the average of employees' responses to these questions as our measure for strength of employees' *creative self-belief* and mean-center the variable to make it easier to interpret. We regress *Kindness*, measured as outlined below, on *Outcome Feedback*, *creative self-belief* and the interaction of both variables. Unsurprisingly, the coefficient of *Outcome Feedback* is negative, indicating that employees' kindness evaluations are lower when the manager provides negative outcome feedback than when s/he provides positive outcome feedback at mean levels of *creative self-belief* ($\beta = -1.36, p < 0.01$, one-tailed). Moreover, the interaction is significantly negative, indicating that the more employees are convinced of their own idea, the greater the extent to which they perceive negative outcome feedback to be unkind than positive outcome feedback ($\beta = -0.37, p = 0.05$, one-tailed), in line with our argument.

¹³ As the rather modest results from our laboratory experiment could, among others, be driven by the sample size being quite low, we recruited a substantially larger sample for the supplemental experiment. We recruited 300 participants and obtained 298 complete observations.

¹⁴ There are no significant differences in age, work experience, or gender across conditions (p 's > 0.10 , two-tailed).

¹⁵ We deliberately refrained from informing participants on the number of employees that work in the restaurant. This design choice ensures that there is ambiguity as to the ex-ante idea acceptance likelihood and that our findings generalize beyond a specific acceptance rate.

Panel A: Conceptual diagram



Panel B: Statistical diagram

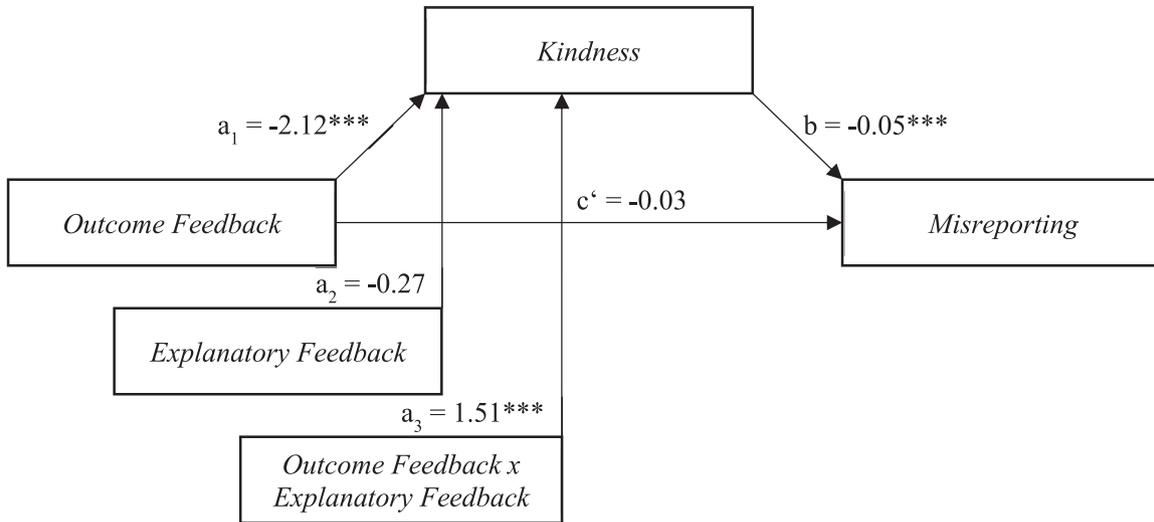


Fig. 2. Moderated mediation model. Notes: The figure visualizes our test of the moderated mediation model controlling for SDB. * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$, p-levels are one-tailed for directional expectations and two-tailed otherwise. *Outcome Feedback* is an indicator variable equal to 1 (0) when outcome feedback was negative (positive). *Explanatory Feedback* is an indicator variable equal to 1 (0) when explanatory feedback was present (absent). *Kindness* is measured by asking participants’ agreement with the following two statements (1) “I felt the manager’s decision concerning my restaurant idea was fair” and (2) “The manager had the intention to make a fair decision” (on a Likert scale from 1 to 7). *SDB* is a continuous variable that represents participants’ social desirability bias. It is computed as $TipReported - TipReportedOther$, where $TipReported$ is an employee’s reported tip to the manager and $TipReportedOther$ is an employee’s expectation about the tip another person would have reported to the manager. *Misreporting* is computed as $(TipEarned - TipReported) / TipEarned$, where $TipReported$ is an employee’s reported tip to the manager and $TipEarned$ is the tip an employee actually earned.

manager not simply communicated the outcome of the decision but made an effort to provide a clear and comprehensive explanation as to why this decision was made. We thereby deliberately refrained from integrating various features of explanatory feedback but focus on the mere fact that the manager made an effort to explain the outcome.

Participants then read that after this feedback and the end of the shift, the employee needs to report the earned tip to the manager. We ask participants to give their assessment about the amount of tip the employee would report on a scale from 0 (no tip earned) to 100 (the exact amount of tip earned).

4.4.2. Results

Table 4 presents descriptive results for *Misreporting* and *Kindness* in our supplemental experiment. Similar to our laboratory experiment, *Misreporting* represents the ‘payoff claimed’ and is computed by dividing the percentage that participants indicate the employee would not report divided by 100.¹⁶ *Kindness* is calculated as the mean of participants’

answers to the following two statements (1) “Charlie’s decision regarding Robin’s restaurant idea was fair” and (2) “Charlie had the intention to make a fair decision” (on a Likert scales from 1 to 7). Consistent with H1 and H2, as graphed in Fig. 3, the results show that *Misreporting* is higher in the negative outcome feedback condition than in the positive outcome feedback condition when explanatory feedback is absent (means: 0.41 vs 0.20). This difference alleviates when explanatory feedback is present (means: 0.23 vs 0.15).

We again test H1 and H2 jointly in a regression model. We regress *Misreporting* on an indicator variable *Outcome Feedback* (equal to 1 (0) for negative (positive) outcome feedback), an indicator variable *Explanatory Feedback* (equal to 1 (0) for explanatory feedback present (absent)) and the interaction of both variables. Table 5 presents the results. The coefficient of *Outcome Feedback*, which reflects the effect of outcome feedback when explanatory feedback is absent, is positive and significant ($\beta = 0.21, p < 0.01$, one-tailed). This provides support for Hypothesis 1. In addition, the interaction effect is negative and significant ($\beta = -0.13, p = 0.03$, one-tailed), providing support for Hypothesis

¹⁶ We divide the value by 100 to have our main dependent variable again range from zero to one. We do not take ‘payoff available’ into account like in our laboratory experiment because there is no variation in the available tip in our scenario experiment.

Table 3
Moderated mediation analysis.

Panel A: Regression results with <i>Kindness</i> as dependent variable				
		Coefficient	Std. Error	p-value
Outcome Feedback (0/1)	a1	-2.12	0.33	< 0.01***
Explanatory Feedback (0/1)	a2	-0.27	0.33	0.43
Outcome Feedback × Explanatory Feedback	a3	1.51	0.47	< 0.01***
SDB		0.00	0.00	0.59
Constant		5.83	0.24	< 0.01***
R ²				0.28
N				128

Panel B: Regression results with <i>Misreporting</i> as dependent variable				
		Coefficient	Std. Error	p-value
Outcome Feedback (0/1)	c'	-0.03	0.07	0.68
Kindness	b	-0.05	0.02	< 0.01***
SDB		-0.00	0.00	< 0.01***
Constant		0.75	0.13	< 0.01***
R ²				0.21
N				128

Notes: The tables display results of OLS regressions. * p < 0.1; ** p < 0.05; *** p < 0.01, p-levels are one-tailed for directional expectations and two-tailed otherwise. *Outcome Feedback* is an indicator variable equal to 1 (0) when outcome feedback was negative (positive).

Explanatory Feedback is an indicator variable equal to 1 (0) when explanatory feedback was present (absent).

Kindness is measured as the average of participants' agreement with the following two statements (1) "I felt the manager's decision concerning my restaurant idea was fair" and (2) "The manager had the intention to make a fair decision" (on a Likert scale from 1 to 7).

SDB is a continuous variable that represents participants' social desirability bias. It is computed as *TipReported* - *TipReportedOther*, where *TipReported* is an employee's reported tip to the manager and *TipReportedOther* is an employee's expectation about the tip another person would have reported to the manager.

Misreporting is computed as (*TipEarned* - *TipReported*) / *TipEarned*, where *TipReported* is an employee's reported tip to the manager and *TipEarned* is the tip an employee actually earned.

Table 4
Descriptive statistics for *Misreporting* and *Kindness* per experimental condition in supplemental experiment.

		DV: <i>Misreporting</i>			DV: <i>Kindness</i>		
		Explanatory Feedback		Total	Explanatory Feedback		Total
		Absent	Present		Absent	Present	
Outcome Feedback	Positive	0.20 (0.27) n = 74	0.15 (0.25) n = 73	0.17 (0.26) n = 147	4.92 (1.36) n = 74	6.28 (0.97) n = 73	5.60 (1.36) n = 147
	Negative	0.41 (0.34) n = 76	0.23 (0.30) n = 75	0.32 (0.33) n = 151	3.57 (1.40) n = 76	5.78 (1.53) n = 75	4.67 (1.83) n = 151
	Total	0.31 (0.32) n = 150	0.19 (0.28) n = 148	0.25 (0.31) n = 298	4.23 (1.53) n = 150	6.03 (1.30) n = 148	5.02 (1.55) n = 128

Notes: The table displays the means and standard deviations for *Misreporting* and *Kindness* as well as the number of participants per experimental condition. *Outcome Feedback* is varied (between-subjects) at two levels: positive vs negative. In the positive (negative) outcome feedback condition, participants are informed that the manager accepted (rejected) the employee's idea.

Explanatory Feedback is manipulated (between-subjects) at two levels: absent vs present. In the explanatory feedback absent condition, participants read that the manager simply communicated the outcome of the decision without further explanation as to why this decision was made. In contrast, in the explanatory feedback present condition, participants read that the manager not simply communicated the outcome of the decision but made an effort to provide a clear and comprehensive explanation as to why this decision was made.

Misreporting represents the 'payoff claimed'. We ask participants to give their assessment about the amount of tip the employee in the scenario would report to the manager on a scale from 0 (no tip earned) to 100 (the exact amount of tip earned). *Misreporting* is the percentage that participants indicate the employee would not report divided by 100.

Kindness is measured is the average of participants' agreement with the following two statements (1) "Charlie's decision regarding Robin's restaurant idea was fair" and (2) "Charlie had the intention to make a fair decision" (on a Likert scale from 1 to 7).

2.¹⁷

Further consistent with our laboratory experiment, untabulated results show that *Outcome Feedback* and *Explanatory Feedback* interact to affect *Kindness* ($\beta = 0.85, p < 0.01$, one-tailed) and *Kindness* is

negatively associated with *Misreporting* ($\beta = -0.06, p < 0.01$, one-tailed). Applying the procedure of Hayes (2015), we again find evidence for a significant moderated mediation (index = -0.05, 95 % CI: -0.9 - -0.01, untabulated).

5. Conclusion

This paper reports the results of an experimental investigation of whether receiving negative outcome feedback in the form of a rejection

¹⁷ Results do not change in direction or significance when we control for social desirability bias measured with the SDS-17 scale (Stöber, 2001) or run a robust regression.

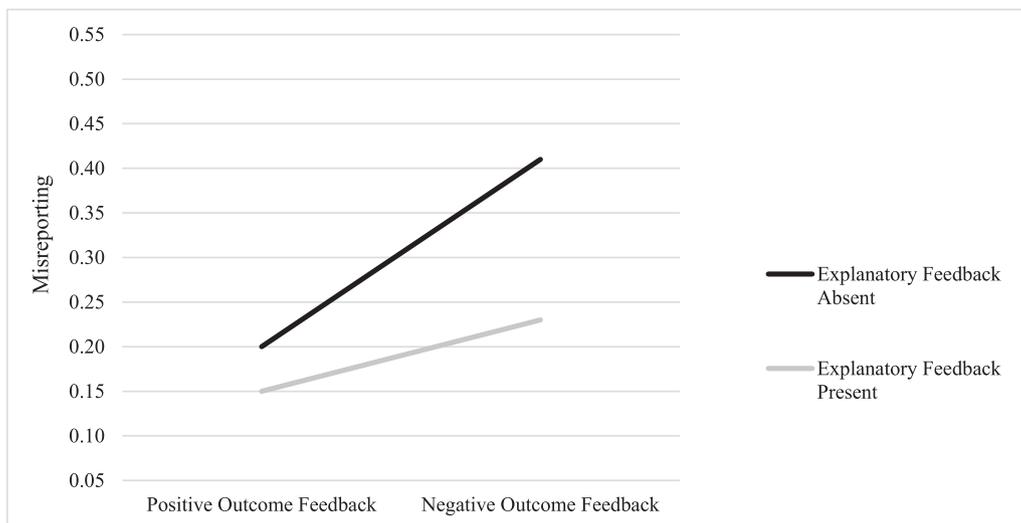


Fig. 3. Effect of outcome feedback and explanatory feedback on *Misreporting* in supplemental experiment. *Outcome Feedback* is varied (between-subjects) at two levels: positive vs negative. In the positive (negative) outcome feedback condition, participants are informed that the manager accepted (rejected) the employee’s idea. *Explanatory Feedback* is manipulated (between-subjects) at two levels: absent vs present. In the explanatory feedback absent condition, participants read that the manager simply communicated the outcome of the decision without further explanation as to why this decision was made. In contrast, in the explanatory feedback present condition, participants read that the manager not simply communicated the outcome of the decision but made an effort to provide a clear and comprehensive explanation as to why this decision was made. *Misreporting* represents the ‘payoff claimed’. We ask participants to give their assessment about the amount of tip the employee in the scenario would report to the manager on a scale from 0 (no tip earned) to 100 (the exact amount of tip earned). *Misreporting* is the percentage that participants indicate the employee would not report divided by 100.

Table 5

Effects of outcome feedback and explanatory feedback on *Misreporting* in supplemental experiment.

Coefficient (Standard error) p-level	<i>Misreporting</i>
Outcome Feedback (0/1)	0.21 (0.05) < 0.01***
Explanatory Feedback (0/1)	-0.05 (0.05) 0.26
Outcome Feedback × Explanatory Feedback	-0.13 (0.07) 0.03**
Constant	0.20 (0.03) < 0.01***
Simple effect Outcome Feedback when Explanatory Feedback = 1	0.08 p = 0.09*
Simple effect Explanatory Feedback when Outcome Feedback = 1	-0.19 p < 0.01***
R ²	0.11
N	298

Notes: The table reports results of an OLS regression. * p < 0.1; ** p < 0.05; *** p < 0.01, p-levels are one-tailed for directional expectations and two-tailed otherwise.

Outcome Feedback is an indicator variable equal to 1 (0) when outcome feedback was negative (positive).

Explanatory Feedback is an indicator variable equal to 1 (0) when explanatory feedback was present (absent).

Misreporting represents the ‘payoff claimed’. We ask participants to give their assessment about the amount of tip the employee in the scenario would report to the manager on a scale from 0 (no tip earned) to 100 (the exact amount of tip earned). *Misreporting* is the percentage that participants indicate the employee would not report divided by 100.

of a creative idea in a non-routine task spills over to influence employees’ misreporting in an unrelated routine task. We predict and find that when no explanatory feedback is provided, employees perceive negative outcome feedback in the form of a rejection to be an unkind act

and thus misreport more when they receive negative outcome feedback than when they receive positive outcome feedback. In line with our predictions, our results also show that when managers do provide explanatory feedback, employees’ tendency to engage in misreporting when receiving negative outcome is less pronounced.

Our study has important implications for both research and practice. We contribute to the literature on misreporting (e.g., Blay et al., 2019; Guo et al., 2020; Holderness et al., 2022; Lill, 2020; Maas and Van Rinsum, 2013) by examining a multi-task setting and showing that feedback on a creative, non-routine task can influence employees’ misreporting behavior on an unrelated routine task. We also demonstrate that feedback not only affects effort and performance across multiple tasks (e.g., Hannan et al., 2019; Hannan et al., 2013) but also has implications for employees’ moral behavior. Moreover, our findings provide insights into how managers can prevent negative spillover effects in multi-task environments and thus contribute to literature on how managers can positively influence employee behavior in such situations (e.g., Brüggén et al., 2018; Brüggén, 2011; Hecht et al., 2012). Although it is not pleasant to provide negative outcome feedback to employees, our results suggest that managers should take the time and provide explanatory feedback, even if it does not enhance employees’ learning for future tasks, as it mitigates the adverse effects of negative outcome feedback on employees’ misreporting.

Our results also provide ample avenues for future research. For example, our primary interest lies in the effect of providing explanatory feedback per se, that is, whether managers make an effort to provide any explanation at all. Prior research, however, shows that explanations can vary in their content, for example by including justifications or procedural information (e.g., Ployhart et al., 1999; Shaw et al., 2003). Future research could explore how different content-related aspects amplify or alleviate the effectiveness of explanatory feedback in mitigating the negative effects that we document.

Additionally, future research can explore how different rejection rates influence employees’ response to a rejection. In practice, there are many situations where only one idea can be implemented. One example is when employees are invited to contribute ideas for designing a client presentation or pitch deck. Although multiple suggestions may be

submitted, only one version will be used in the final presentation. However, there are also situations in practice in which multiple ideas can be pursued simultaneously. For example, this is often the case with employee suggestion systems (Fairbank and Williams, 2001), where employees submit ideas that, for example, contribute to operational efficiency – for instance, reducing material waste in a workshop. For the purpose of our study, we chose a setting in which only one idea can be implemented. Consequently, future research could explore how outcome and explanatory feedback on creative ideas affect misreporting under such varied conditions.

Appendix A – Feedback versions

Rejection/Outcome feedback

"Thank you for your proposal and detailed presentation of your interesting restaurant idea. I have decided to reject the proposal you submitted and therefore not to implement it."

Rejection/Explanatory feedback

"Thank you for your proposal and detailed presentation of your interesting restaurant idea.

I have taken a lot of time to read and evaluate the proposals from you and your colleague. However, I can only implement one of the two proposals because I have a limited investment budget at my disposal.

In my decision, the central evaluation criterion was the creativity of the proposals submitted. For me, an idea is creative if it is original and implementable at the same time. On this basis, I compared the proposals submitted and concluded that your proposal is less creative in comparison. For the above reasons, I have decided to reject the proposal you submitted and therefore not to implement it."

Acceptance/Outcome feedback

"Thank you for your proposal and detailed presentation of your interesting restaurant idea. I have decided to accept the proposal you submitted and therefore to implement it."

Acceptance/Explanatory feedback

"Thank you for your proposal and detailed presentation of your interesting restaurant idea.

I have taken a lot of time to read and evaluate the proposals from you and your colleague. However, I can only implement one of the two proposals because I have a limited investment budget at my disposal.

In my decision, the central evaluation criterion was the creativity of the proposals submitted. For me, an idea is creative if it is original and implementable at the same time. On this basis, I compared the proposals submitted and concluded that your proposal is more creative in comparison.

For the above reasons, I have decided to accept the proposal you submitted and therefore to implement it."

Data availability

Data will be made available on request.

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