

# Consider Apologizing to Employees

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Medical practices sometimes make mistakes regarding their employees that cause some or all employees to react with negative attitudes and behaviors. This is a *psychological contract breach* and is associated with many negative outcomes. A significant way to reverse these negative effects is to apologize correctly. An apology requires leadership skills to: (1) recognize the problem; (2) craft an apology; and (3) deliver it correctly for the apology to be effective. Three leadership skills in particular are used in this apologizing process: inclusion, respect, and rewards.

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When an organization “changes its mind” about a promise made to its employees, bad things can happen. Changes such as how bonuses are calculated, how vacation days are allocated, or which employees can work from home may affect one or many employees in medical practices. If the change is viewed negatively by any employee, then negative attitudes and behaviors result. Social scientists call the negative changes a *psychological contract breach*.<sup>1</sup> Good leaders try to avoid this problem, but management mistakes happen.

Psychological contract breaches have been linked to negative outcomes, including voluntary turnover, absenteeism, lower productivity, on-the-job drug and alcohol abuse, lower morale, and less organizational citizenship such as volunteerism. Collectively these outcomes can be devastating to an organization. A wise leader will find ways to stop the deterioration of employee relationships attributable to a psychological contract breach and work to resolve the problems the breach caused. Breaches can occur between a leader and follower or between an employee and their organization. Both situations can be remedied similarly, albeit on a larger scale and requiring top management action in the latter situation.

The solution is based on asking for forgiveness.<sup>1</sup> There is some support for the idea that asking for forgiveness may be the wrong tack to take. The offended employee may respect the medical practice more if told to, “Suck it up; that’s the way it is.” The more commonly recommended, approach, though, is to ask for forgiveness. Forgiveness occurs when the offended employee voluntarily chooses to drop their internal antipathy toward the offending leader

or organization (or both). Forgiveness is not reconciliation. There may still be a difference in how the employee feels about the offending person or their organization post-forgiveness. There may be emotional distancing and reduced trust. The good relation existing before the breach has not yet returned. Reconciliation occurs when the good feelings and trust that were present before the psychological contract breach are restored.<sup>1</sup>

The first step in asking for forgiveness is to identify which parts of the offending action are transactional and which are relational. *Transactional* breaches are effects that are monetarily valued or similarly quantified. Common examples are changes in pay structure, working conditions, and career path possibilities. The employee believes the leader or the organization has modified their “employment contract” even absent a formal agreement. The employee understood the work agreement and the offender has broken that agreement. The other type of breach is relational. *Relational* breaches affect the subjective elements of the work environment. Common breaches are management fighting unionization, changes in strategic direction, and leadership turnover. These affect the core feelings the employee has for the organization or leader. With a large affected population, such as might occur in a hospital setting, there will be varying degrees of psychological contract breach among employees, along with varying combinations of transactional and relational breaches. This variance creates complexity in crafting the appropriate apology.

The second step is crafting the apology. The apology has three tests to determine likely effectiveness.

The first test is the timing of the apology. An apology should be crafted and communicated as soon as the

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psychological contract breach is identified. Although speed of response will not affect the strength of the initial psychological contract breach effect, it may slow growth of the breach and avoid greater negative outcomes. The longer the situation is allowed to fester, the worse attitudes become and the more likely they are to be actualized into lower productivity, and so on.

The second test is that the apology must come from as high a level as possible in the management structure that made the change that caused the psychological contract breach. If the breach was caused by the immediate supervisor of the employees affected, then the supervisor is the right person to issue the apology. Of course, the action and after-effects may have cost the supervisor their job, in which case whoever exercised authority over the supervisor can be the replacement. If the organization made the change, then someone high in the chain of command who was involved in the decision should apologize for the decision. In all cases, the point of this second element is for the offended party to know that those responsible are taking responsibility. Sometimes the apology comes in the form of blaming a third party—so it is possible to apologize and say, “But upper management made me do this . . . Sorry!” and have the apology be accepted.

The third test of an effective apology is the sincerity perceived by the offended. Having the right person deliver the apology goes along with whether the apology is believable. Sincerity will be judged based on whether the right problem is being addressed and whether the leaders take responsibility for the breach. It must be clear what is being apologized for and who did it. These three parts of the apology—speed, who makes the apology, and the subject of the apology—all blend to form a good start, but there is more to consider.

It also is necessary to consider whether the apology will right the wrong. Restitution is a tool that can add power to an apology.<sup>1</sup> Although it is not necessary for resolving a psychological contract breach event, “making the employee whole” may lead to better outcomes, perhaps even reconciliation. Restitution may come as simply a reversal of the offending action, something not required of an apology, or may involve separate actions or the offer of something of monetary value. For example, if the transactional breach was changing and employee classification from non-exempt to exempt, then changing them back is restitution. Alternatively or additionally, leaders could add to the employee’s package (e.g., larger expense account, travel benefits, a company car) to offset the ill-will from the change in status. Restitution is not as easily designed for relational breaches but should be considered: “We know your plans were disrupted and this hurt our relationship with you. We hope that adding two days to your vacation benefit will at least show our sincerity in apologizing.”

Another way to potentially strengthen an apology is to blame a third party.<sup>1</sup> A third party can be internal, such as

“upper management”; it can be an external person or organization, such as the government; or it may be an external force, such as a recession causing layoffs. Blaming a third party must be grounded in reality and communicated with sincerity. It is necessary to be able to back up the claim, because forgiveness is the goal.

If that is what makes a good apology, how do practice leaders go about the process of crafting and delivering effective apologies? Leadership skills are critical to confronting and solving the problem caused by the breach. This is a complex employee relations process that can easily go awry. Three particular skills are combined in an effective process *inclusion, respect, and reward*.<sup>2</sup> These leadership skills are useful even while everything is going right and definitely should be applied to solve the psychological contract breach problem. Perhaps if the skills were used before the action that caused the breach, either the action would never have been taken, or, if taken, the effect would not have been negative. These skills are part of the leader-member exchange (LMX) model of organizational behavior. This model focuses on the trust relationship built between a leader and a follower. Because a psychological contract breach is a loss of trust by the employee at its heart, these LMX-based skills are needed.

### ***Leadership skills are critical to confronting and solving the problem caused by the psychological contract breach.***

Practice leaders use inclusion to solve the breach problem by ensuring each affected member is involved in the discussion of how to get to a solution. Inclusion is the practice of including team members in decisions affecting their work life. Leaders trained in using the principles of LMX might have already used inclusion and avoided the problematic action in the first place, or they now use inclusion to soften the blow of the action and apologize.

One-on-one communication is the key to inclusion as a leadership skill in discovering what elements are needed to form an effective apology.<sup>2</sup> The leader discusses their perception of the action that caused the psychological contract breach with individual team members, identifies who the employee holds responsible, and figures out what might make it right. This frank discussion should avoid the scenario in which an apology is crafted only to fail. This inclusion discussion also can clear up misunderstandings and even start the apologizing process. Inclusion is two-way communication on a personal level to create and maintain trust, trust that might now be in danger of disappearing. Discussion using inclusion as a leader behavior may not cure the problem, but if the trusting relationship is maintained or re-earned through skillful leadership, the

apology-based solution will be much easier to design and implement. The offended party is not in charge but will feel part of the team, and this avoids many negative outcomes.

The apology process affects each harmed individual. The leadership skill called *respect* is based on the leader recognizing the individuality of each employee and fits the needs of this process.<sup>2</sup> Respecting behaviors shown by the leader combine with the inclusion skill, because respecting an employee's opinions and empathizing with their feelings enhances the discussion. Respecting is a leader behavior that does not have to be "touchy-feely" but does need to be human-to-human. Respect acknowledges the importance of the individual employee and confirms their value to their team and their leader. Someone who feels respected is much more likely to participate in a frank discussion about their feelings and about what might resolve the problem resulting from the psychological contract breach.

The leader behavior known as *reward* is the skill used to design and implement objective and subjective motivators for employees.<sup>2</sup> This skill is used to design restitution. The goal of restitution is to have the employee feel whole, on either a transactional or relational level, or both. Having a respectful, inclusive discussion about rewards includes discovering what the right reward would be for the employee to deem the goal as having been met. This is a proactive leadership action to avoid compounding the existing problem. For example, a leader may believe that offering additional cash compensation would be a valued reward that would provide for restitution, when in reality the employee would rather have extra days off. The leader could learn of this preference through a respectful discussion with the employee and provide for this appropriate reward.

### *An important dimension of an acceptable apology is the sincerity of the apology.*

If a third party is going to be blamed, nothing changes in terms of the need for inclusive, respectful discussion, with or without rewards. An important dimension of an acceptable apology is the sincerity of the apology; if blaming a third party, therefore, is not viewed as genuine or is not a significant shift of responsibility for the breach to the third party, then the apology will fail. Discussing the culpability of the third party will help gain acceptance of that part of the apology. The goal is for the employee to change their internal emotions about what happened, which is de facto personal. Knowing whether they will accept that "the other guy did it" and to what extent that mitigates the situation for them is good intelligence to have before fully committing to apologizing using the blame strategy.

These leadership skills are much easier to understand and apply when the breach is with a small group of individuals or just one employee in a practice. When extrapolated to an organizational breach with many affected employees, exceptional organizational leadership is required to extend these behaviors throughout the offended group. The fact that there are many employees does not diminish the importance of the one-on-one nature of LMX-based leadership skills. Ameliorating the situation that the psychological contract breach is causing in an organization requires recognition that the problem is a collective of the feelings and actions of individuals. The goal is to achieve resolution of the problem with a sufficient number of individuals to avoid what management deems an intolerable level of negative outcomes. Some employees may still quit, some may act out, and so on, but as a whole, the level of resolution is acceptable to management. Resolution is much more likely to reach the acceptable threshold if the apology and restitution are crafted to meet individual needs as much as is practical. In many cases, the individual needs are similar across cohorts, so this is not as complex as it may seem, but leaders will not know that unless they ask. Making assumptions can cause problems in the forgiveness process.

In summary, leadership skills are necessary for a practice to reverse a likely self-caused psychological contract breach crisis. Problem resolution begins with understanding that a problem exists. The process should start soon, but not so soon that fixing the problem exacerbates it. Practice leaders must take the time to ask questions of affected employees and carefully discern the problem and its effects. This will lead to a respectful solution.

The solution starts with an apology unless the "no apology" route is taken. The apology must be sincere, appropriate to the action that caused the problematic breach, and communicated by the right people in the organization. If restitution is considered appropriate, then ensure the reward offered with the apology also is sincere and well-thought-out through customization to the offended party(s). The same goes for blaming a third party. Have the blame be sincere and authentic. The apology, restitution, and blame must come from someone seen as an authority and must be supported consistently throughout the organization. Psychological contract breach is real, and solutions can be just as real, provided practice leaders act with skill. ■■

## REFERENCES

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