Workplace Mistreatment and Employees' Labor Supply: Evidence from Retail

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Abstract

Mistreatment in the workplace is alarmingly prevalent. While severe forms of workplace mistreatment have been widely studied, milder forms have received less attention despite their potential to negatively affect employees' well-being and performance. This paper examines the impact of mild mistreatment, using the delayed delivery of birthday gifts as a proxy. Implementing a dynamic difference-in-differences model on detailed data from a national retail chain, we find that employees subjected to this mild mistreatment exhibit a 45% increase in sickness absence and a decrease of over two working hours per month. The findings further suggest that the emotional response plays a key role in explaining these declines in performance, while financial concerns associated with the value of the gift have a limited effect. This novel evidence, linking minor mistreatment to employee performance, demonstrates that even seemingly modest mistreatment can lead to negative workplace outcomes.

Keywords: workplace mistreatment, manager-employee interactions, interpersonal relationships, labor supply

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1 Introduction

Recent studies have emphasized the alarming prevalence of mistreatment in the workplace (Boudreau, Chassang, Gonzalez-Torres, & Heath, 2023; Pacheco, Cunha, Duarte, et al., 2016; Schilpzand, De Pater, & Erez, 2016), encompassing behaviors ranging from incivility and exclusion to bullying and even physical violence (Einarsen, Hoel, Zapf, & Cooper, 2020; Hershcovis, 2011; Hogh, Mikkelsen, & Hansen, 2011). Remarkably, 34% of employees have personally experienced mistreatment at work, and 44% of employees witnessed it (Dhanani, LaPalme, & Joseph, 2021). To date, research in economics has primarily focused on severe, physical forms of mistreatment such as sexual harassment and assaults (Adams-Prassl, Huttunen, Nix, & Zhang, 2024; Boudreau et al., 2023; Folke & Rickne, 2022). While milder forms of mistreatment are more frequent in the workplace (Dhanani et al., 2021; Kim, Cohen, & Panter, 2016), they have received less attention, despite their potential to harm employees' well-being and disrupt firm performance. This paper addresses this gap.

The limited research on the effects of milder mistreatment on employee outcomes can be attributed to the intangible nature of such behaviors, which make them difficult to define, document, and measure. Examples of these behaviors range from eye-rolling and ignoring emails to dismissive body language, interrupting or talking over others. Furthermore, a key conceptual challenge in studying the impact of mild mistreatment on employee performance is the endogenous evolution of interpersonal dynamics. Specifically, workplace mistreatment may be shaped by employee performance—deteriorating when performance is good and improving when it is poor.

To address this challenge and isolate the causal link between mild workplace mistreatment and employee outcomes we use a novel dataset sourced from a major national retail chain store. The mild mistreatment is based on a common practice to recognize an employee's birthday. In this chain, the recognition comes in the form of a birthday card with a modest gift certificate in it, which store managers are supposed to personally present employees on their birthday. In some cases, however, this presentation *unintentionally* occurs *after* the employee's actual birthday. While this is a modest offense, it is also one that is widely

recognized in society as violating prevailing norms.[1]

We leverage this delay, which *unintentionally* resulted from the manager, as a proxy for workplace mistreatment and examine post-delay employee performance. Crucially, employees are unaware that the delay was unintentional. Thus, this delay is useful in two key ways for the goals of this research: first, it is exogenous to employee performance because it was unintended by the manager; second, employees perceive it as intentional, as they expect to receive the gift on time and experience the delay as mistreatment. This allows us to use this unique case of slight mistreatment of receiving a late birthday gift to study a broader category of everyday situations where employees' expectations for basic treatment from their manager are unmet.

Our empirical strategy begins by studying the reasons behind an employee's delayed birthday gift delivery. When inquiring with store managers and human resource executives, we were told that the variation in delivering the birthday gift is accidental and typically the result of logistical issues: the manager was away that day, the card and gift certificate did not reach the manager on time, etc. To validate this claim, we examine the relationship between store operations that could disrupt the delivery to employees. We find evidence consistent with the claim that delays were not targeted at specific employees but rather occur sporadically due to organizational and operational matters. Nor were delays correlated with any other attributes we can observe such as employee demographics, professional characteristics, performance outcomes, managerial attributes, workplace environmental measures, and store characteristics. Most importantly, we can estimate effects within employees over time to help rule out unmeasured attributes as causes.

We examine the delay as a mild mistreatment event using a dynamic difference-in-differences (DiD) model. Our econometric model exploits information about employees' birth dates and the exact date of birthday gift delivery to form two groups: a control group consisting of employees who received their gift during a five-day window around their birthday,[2] and a treatment group consisting of employees who received their gift in the month

[1]Evidence of this comes from the fact that greeting card companies have an entire section of cards for customers who are apologizing for missing the actual date of the recipient's birthday.

[2]The analysis remains robust when alternative time windows are considered, including one day and up to one week around the employee's birthday.

following their birthday but outside the five-day window.[3] We incorporate these groups into models with store fixed effects, as well as birthday month fixed effects, thereby capturing time-invariant characteristics specific to each store or month-day birthday timing. We then estimate a model with individual fixed effects to control for time-invariant individual characteristics and mitigate concerns about unobserved individual heterogeneity.

The dynamic DiD approach allows us to gain insights into the temporal dynamics of the crucial yet intangible impact of workplace mistreatment on employee's labor supply. We examine two outcome variables: working hours and sickness absence. Variations in employees' recorded working hours arise from employees arriving late, leaving early, or taking extended breaks. We leverage these monthly cumulative variations in working hours to examine how a mistreatment even in shapes labor supply. Sickness absence refers to paid days away from work that employees can take, providing insights into the extensive margin of labor supply.

Importantly, the econometric approach evaluates the validity of our identification strategy by assessing the parallel trends assumption, which requires that working hours and sickness absence patterns in the treatment and control groups would follow similar trajectories in the months leading up to the birthday. Specifically, it addresses endogeneity concerns that the delay in gift-giving could be a tactic to penalize poor performance or concerns about employees somehow expecting to receive the gift late. Reassuringly, all model specifications confirm the absence of a pre-treatment trend, supporting the validity of our econometric approach.

Our main findings reveal that the gift giving delay resulted in a 45% increase in employees' sickness absence per month and a reduction of more than three working hours per month. These effects remain consistent across various model specifications, underscoring the robustness of the impact and indicating that even a mild workplace mistreatment can significantly harm employee performance. We also find that following receipt of a delayed gift, employee performance improves and eventually returns to pre-mistreatment event levels.[4] In

[3]For instance, an employee with a birthday on 8/29/2018 who received their gift on 9/3/2018 would be included in the control group.

[4]This evidence also mitigates some of the endogeneity concern as to whether the delay in gift-giving was due to an employee being a poor performer. If that were the case, we wouldn't necessarily expect to see employees' labor supply returning to their original level upon receiving the birthday gift.

the Results section, we discuss the potential pathway that drives this outcome.[5]

Next, we explore the potential mechanisms through which a workplace mistreatment might induce changes in employee labor supply. We find evidence suggesting that the emotional response is the key operative channel as we find that the decrease in labor supply is primarily driven by employees in managerial roles within the store (i.e., middle-level managers). This align with evidence that higher-status employees have greater expectations for a stronger managerial relationship (compared to non-managerial employees) and thus react more strongly to perceived insult (Bal, De Lange, Jansen, & Van Der Velde, 2008; Robbins, Ford, & Tetrick, 2012). Furthermore, since emotional responses are typically immediate, the emotional mechanism is further supported by the fact that the reaction to the delay is stronger in the birthday month for those celebrating early in the month, and more pronounced in the following month for those celebrating later.

We further examine whether the response to the mistreatment effect is due to the financial reaction over the perceived monetary damage from not getting the birthday gift. We find weak evidence supporting its impact. If employees viewed the gift as a financial incentive, those receiving higher-value gifts would reduce their labor supply more. Instead, our analysis shows that employees with the *lower* tenure, who receive gifts valued at approximately 2% of their monthly payment, exhibit stronger reaction to the delay.

Our study contributes to several literatures. First, it adds to an emergent literature in economics that studies mistreatment in the workplace. Folke and Rickne (2022) showed that workplace harassment is associated with higher turnover. Adams-Prassl et al. (2024) found that experiencing severe types of mistreatment such harassment leads to adverse employment outcomes for both victims and perpetrators. Our study offer new insights into the consequences of milder mistreatment events in the workplace, showing that even seemingly modest injustices can lead to negative effects and outcomes. Despite survey evidence indicating that such milder workplace mistreatment is common (Schilpzand et al., 2016), our study is the first effort to quantify the causal consequences of this phenomenon.

Second, this paper also contributes to the literature about managerial quality, which has

[5]One potential concern is a confounding factor from the employee's side, where employees may work less or take leave around their birthday, leading to both delayed gift delivery and reduced working hours. We address this in Section 3.

primarily focused on managerial cognitive practices at the firm level, such as monitoring, controlling, personnel management, and decentralization (Aghion, Bloom, Lucking, Sadun, & Van Reenen, 2021; Bender, Bloom, Card, Van Reenen, & Wolter, 2018; Bloom, Lemos, Sadun, Scur, & Van Reenen, 2014; Bloom & Van Reenen, 2011; Campos et al., 2017). This study focuses on mild mistreatment, which reflect managers' (in)ability to effectively recognize and address employees' expectations. We provide new causal evidence on how a manager's (dis)consideration impacts employee performance (Bandiera, Prat, Sadun, & Wulf, 2014; Halac & Prat, 2016; Hortaçsu, Luco, Puller, & Zhu, 2019), emphasizing the importance of relational practices that are distinct from more widely studied cognitive managerial practices (Adhvaryu, Nyshadham, & Tamayo, 2023).

The paper proceeds as follows. In Section 2, we introduce the settings and data, including a description of the retail chain, the birthday gift practice, and the outcome variables. In Section 3, we describe the model specification and outline the empirical strategy. Section 4 presents the results. Section 5 discusses potential mechanisms, while Section 6 provides the supplemental analyses. Finally, Section 7 concludes the paper.

2 Settings & Data

2.1 Background

Our data are collected from a national retail chain of 252 stores.[6] The stores are strategically located in prime areas such as central malls and downtown districts and offer a diverse range of wellness products, including health care items, cosmetics, cleaning supplies, and pharmaceuticals. The stores maintain an identical appearance and offer the same products. They also follow consistent operating practices and adhere to a standardized, organizational personnel structure composed of a store manager, department managers (i.e., middle-level manager), and front-line service employees. Employee qualifications and training of employees are similar across all stores. The front-line employees handle customer service, inventory management, and other tasks common to retail jobs. All marketing, strategy, and human

[6]The data were obtained from a Western country.

resource policies and practices are implemented uniformly across all stores. Store managers bear overall responsibility for the operation of their respective retail stores and employee productivity subject to those standardized arrangements.

2.2 Employees' birthday gift

Every employee who has completed at least one year of service receives a birthday gift card, and the company requires that the store manager *physically* presents the gift to the employee. This initiative is mandated and financially supported by the company's headquarters.[7]

Birthdays are universally regarded as significant life events, and it has become a common practice for companies to acknowledge and celebrate employees' birthdays on their actual birth day. Receiving a birthday gift gives the event a special meaning, distinct from other forms of communication or compensations they receive, symbolizing each employee's "special day." The practice of hand-delivering the birthday gift by a store manager serves to foster a more personal and meaningful interaction and strengthen the interpersonal relationship by showing attention and consideration for employees' personal milestones.

But in practice, the data show that store managers do not always present an employee's birthday gift on their actual birthday as expected, and delays occasionally occur. We use the delay in the timing of birthday gift-giving as a proxy for a broader set of workplace mistreatment events, aiming to quantify its effect on employee outcomes. Notably, in our setting, managers unintentionally engage in this mild mistreatment, and employees, unaware of the unintentional nature of the delay, expect to receive the gift on time and interpret the delay as mistreatment. This unique setup enables us to study the consequences of mild mistreatment and overcome the fundamental challenge in the nature of such events.

Our dataset comprises precise information on both the date the birthday gift was presented by the store manager and the employee's date of birth. Drawing on this unique data, we know the discrepancy between an employee's birthday date—i.e., when an employee expects to receive the gift—and the actual gift-delivery date. Unlike other measures of the

[7] Employees deemed ineligible to receive a birthday gift include those employed for less than a year, those who left the retail chain before their birthday, and those who joined after their birthday. For a comprehensive overview of these employees, please refer to Table A1 in the Appendix.

relationship between manager and employees, which are often subjective and self-reported (e.g., surveys), the timing of gift delivery provides an objective and quantifiable measure of a mild workplace mistreatment, giving us a distinct advantage to study this issue.

FIGURE 1

Figure 1 displays the distribution of time differences between an employee's birthday and the actual date the gift was presented.[8] It demonstrates that the largest proportion of employees, accounting for over 42%, received their gift within 5 days of their birthday. Additionally, the figure reveals the variability in gift delivery timing both before and after the employee's birthday. Receiving a card early seems to convey no negative attribution and may even suggest attentiveness to avoid any delays in delivery to employees. But receiving the card later indicates oversight, an unintended lapse in attention, or that the giver may have forgotten about the birthday, either of which comes with a negative connotation.

We use the variation in gift-giving timing to create two analysis groups. The first group, referred to as the *control group*, consisted of employees who received their birthday gift during a five-day window around their birthday. The second group, referred to as the *treatment group*, comprised employees who received their birthday gift in the month after their birthdate but outside the five-day window.[9] In the supplemental analysis, we explore alternative criteria for defining the control and treatment groups (see Section 6).

The monetary value of the birthday gift card is outside the control of the store manager determined entirely by the employee's tenure within the organization.[10]

2.3 Data description

We obtain comprehensive data spanning from 2018 to 2019, including individual-level demographic information such as age, gender, and birthdate. Additionally, we have extensive

[8] To account for weekends and holidays, the calculations consider the first workday after the weekend or holiday as the reference point.

[9] There is no overlap between the groups, such that the minimum delay is five days.

[10] The monetary values assigned to different tenure ranges are as follows: for 1–3 years of tenure, the gift is valued at USD $57; for more than 3 years and up to 6 years, it is USD $100; for more than 6 years and up to 8 years, it is USD $180; and for more than 8 years onwards, it is USD $354.

organizational and occupational data, including employee tenure at both store and organizational levels, managerial positions, and employment work status that enables us to track job terminations. At the store level, our dataset includes information on store seniority, indicating the duration of store operation, and store size, reflecting the number of employees per store. We also collect detailed information on store managers, including their organizational and store-specific tenure. In addition, we obtain an annual measure of "transactional empowering leadership" style, as assessed by store employees and collected directly from the company. It evaluates the degree to which store managers demonstrate practices that empower and guide employees to perform their job well.

During the two-year period, we observed a total of 8,728 eligible employees entitled to receive birthday gifts. Out of these, 3,060 employees worked for the company in both 2018 and 2019, while the remaining employees were employed in either 2018 (33%) or 2019 (67%). Table 1 presents descriptive statistics of data variables.[11] The majority of employees are female (77%) and most hold non-managerial positions (67%). The average age of employees in the dataset is 33, with 6 years of tenure in the organization and 4 years of tenure in their store. The high standard deviation in store tenure reflects the high turnover within the company, with 15% voluntary turnover and 3% involuntary. Table 1 shows that employees average of monthly working hours is 118. The average monthly sickness absence is 0.47 days, and the average of employee vacation days is one per month.

TABLE 1

Table 1 also provides an overview of the descriptive statistics from 252 stores over the two years.[12] The average store seniority stands at 14 years, reflecting the typical duration of store operation, and the average store size employs 39 individuals. At the managerial level, store managers' average tenure within the retail organization is 19 years, and the average tenure in specific stores is close to seven years. The dataset also includes an average "transactional

[11] The statistics representing the later year in which an employee appeared in the data (i.e., 2019, unless an employee only worked in 2018). Additional comparative statistics between the two years are available in Table A2 in the Appendix.

[12] In 2018, there were 241 stores, one of which closed during that year. In 2019, 10 new stores opened, resulting in a total of 252 stores in the data.

empowering leadership" style score of 3.53 for store managers based on a 5-point scale where higher scores indicate more of that style.[13]

2.4 Outcome variables

We measure labor supply using two metrics: working hours and sickness absences. We obtain these measures from the retail chain's accounting department, where they are regularly recorded and tracked. Examining these outcomes, we gain insights into both the extensive margin (absence frequency) and intensive margin (working hours) of employees' labor input, allowing us to provide quantifiable comprehensive evidence of the impact of a workplace mistreatment on employee's outcomes.

Working Hours

The measure of working hours per month, as indicated in Table 1, exhibits significant variation, with the average hours spanning from 2 to 214. This wide range of variation arises from the diverse range of work arrangements within the company, encompassing both full-time, part-time, and nonstandard arrangements.

Full-time employees adhere to a predetermined, consistent work arrangement comprising 8-hour shifts, resulting in more than 140 working hours per month and aligning with the median of monthly working hours. Part-time employees exhibit varying working hours and lack a consistent work schedule. They may sporadically work eight-hour shifts some weeks and shorter shifts or no work at all in other weeks. Nonstandard arrangements encompass contract employees, who typically work two hours per month, visiting stores infrequently for specific technical or consulting assignments.[14]

Employees' schedules are established in advance by the store manager on a weekly basis. Although employees are generally expected to follow their assigned hours, they have a degree of autonomy in managing their working hours, including arriving slightly late, leaving slightly

[13] On a 5-point scale, a score of 1 reflects lack of task guiding, while a score of 5 represents instrumental support. The data on the "transactional empowering leadership" style measure are missing for new stores and for those that were closed during the examined years, as these stores had not completed the annual employee survey that includes that measure.

[14] Appendix Fig. B1 provides a visual representation of the distribution of working hours among all types of employees included in the dataset.

early, or taking extended breaks. Over the course of a month, these instances of absence can accumulate and contribute to the variation in working hours (see Appendix Fig. B1).[15]

Our analysis focuses on full-time employees to ensure that we capture the variation of working hours *actively* chosen by employees.[16] The stable and routine schedule of full-time employees' allows us to accurately isolate and attribute the effect caused by the delay in gift-giving on working hours. Employees under part-time and non-standard work arrangements are excluded from the analysis of working hours due to their unpredictable schedule. Changes in their working hours may be attributed to the unstable nature of their schedules rather than to mistreatment event.

Overall, the working hours analysis includes a sample of 478 full-time employees in the treatment group and 1,818 full-time employees in the control group, observed over 2 years.

Employee attendance and working hours are important indicators of productivity and operational efficiency (e.g., Collewet & Sauermann, 2017; Herrmann & Rockoff, 2012; Pencavel, 2015). Working hours, in particular, serve as a measure of the extent of employee effort. Scholars use this measure to gain insights into employee satisfaction with the work environment (Caramanis & Lennox, 2008; DeVaro, 2022), as well as to understand workplace dynamics, including the perception of fairness and its impact on employee behavior (Bennedsen, Tsoutsoura, & Wolfenzon, 2019; Engellandt & Riphahn, 2005).

Sickness absence

Our sickness absence outcome variable represents the number of paid sick days taken by employees each month. Calling in sick is discretionary and determined by employees based on their assessment of their health condition and reason for not coming to work. The company follows a common policy where employees are paid 50% of their salary for the first three days of absence in a month, without requiring medical approval. From the fourth day onward, employees receive 100% of their salary under the provision of a medical approval.[17]

[15] Because the data we obtained from the chain is aggregated at the monthly level, we cannot provide direct empirical evidence to this claim. However, both employees and chain management have attributed the observed variation to this explanation.

[16] Our results remain robust when using the threshold of an average of 120 hours per month.

[17] To mitigate potential bias stemming from chronic conditions or severe health issues, we exclude employees with a monthly sickness absence exceeding the 99th percentile, set at above 7.56 days per month. Employees

Overall, our sickness absence analysis comprises 1,093 employees in the treatment group and 2,533 employees in the control group, observed over 2 years.

Our sickness absence measure builds on the literature suggesting that employees who perceive inappropriate treatment in the workplace tend to have a higher number of sick days compared to those who perceive appropriate and respectful treatment (Barmby, Orme, & Treble, 1991; Gellatly, 1995; Nicholson & Johns, 1985; Schmitt & Dörfel, 1999). This argument aligns with research providing evidence that paid sickness absence can create incentives for employees to engage in opportunistic behavior (Barmby, 2002; Johansson & Palme, 1996, 2002).

3 Empirical Setting

3.1 Identification

In this section, our goal is to validate the identification assumption. A key element of our identification strategy is understanding the reasons behind the delays in presenting birthday gifts by store managers.

We begin by inquiring among store managers, randomly selected across various dimensions and store characteristics such as tenure, location, and size, aiming to gain qualitative insights into the reasons behind timing variations in birthday gift distribution. Additionally, we asked human resource managers about the nature of the practice and expectations set by managers. Their answers consistently revealed that variation in birthday gift-delivery timing primarily arise from logistical issues, such as managers' preoccupation with operational matters, prioritizing more urgent profit-oriented tasks, engaging in other logistic responsibilities, or simply experiencing lapses in memory. These findings align with previous research that highlights how managers are often driven by profit-oriented priorities, which lead to overlooked employee-related duties (Sherf, Venkataramani, & Gajendran, 2019).

TABLE 2

who worked for the company for only 2 hours per month (as detailed in Section 2.4) are also excluded from the analysis.

We empirically explore the source of these delays. First, we conduct a balance test over observables and examine whether differences exist between the treatment and control groups in demographic and occupational characteristics. Table 2 presents a comparison of these two groups characteristics and displays the average values for each group separately, along with the differences between the averages and the results of a t-test. The table indicates that the two groups are similar across most demographic and professional characteristics, including turnover and performance variables. One notable difference is that employees who receive their birthday gift later have on average six months longer tenure in the organization and the store compared to those who receive the gift on time. Although this difference is statistically significant, it is small in magnitude. This observation, in fact, alleviates concerns about bias arising from delays based on the shorter acquaintance between employees and managers. The tenure discrepancy leads to variations in the average value of the birthday gift between the treatment and control groups, as the gift's worth is determined by employees' length of service in the organization. This evidence supports the assertion that delays were not deliberately targeted by managers toward employees with specific characteristics.

Notably, Table 2 indicates that employees in the treatment group, who receive their birthday gift late, received more appraisal awards compared to the control group. Appraisal awards are given as part of an internal program within this retail chain for managerial recognition of employees' exemplary performance. Although this difference lacks statistical significance, it is large in magnitude and implies that the delay in gift receipt does not correlate with employees' performance. It also suggests that store managers, who have sole discretion in distributing these appraisal awards, do not use the birthday gift timing as a means to punish under-performing workers, thus strengthening our identification strategy.[18]

FIGURE 2

Figures 2a and Figures 2b show the percentage of late birthday gifts by day of birth and indicates that delays occur uniformly throughout the month and the week. Conversely,

[18] Appendix Table A3 examines the relationship between store-level characteristics and the proportion of employees who received their birthday gift late in each store. This analysis aims at identifying potential differences at the store level, such as workplace environment, managerial style, and individual manager. The table shows no significant relationship between any store- and manager-level characteristics and the proportion of employees who received their birthday gift late.

Figure 2c provides evidence that birthday cards tend to be late more often in the beginning of the year, a period coinciding with increased demands on store managers, such as review and strategic meetings, managing new inventory, and handling vendor-related matters. This pattern suggests that the delays are due to logistical issues, as managers face heavier workloads at the start of the year, limiting their ability to deliver birthday gifts on time. Under the assumption that one's exact birthdate is essentially random (e.g., Angrist & Krueger, 1992), this evidence implies that there is no inherent relationship between an employee's birthdate and their workplace performance, reinforcing the assumption that the timing of birthday gift delivery is driven by exogenous factors.

One concern arising from Figure 2c is that managers might be preoccupied with heavy workloads and increased demands, potentially leading to additional negative managerial behaviors. This suggests that the decrease in employees' labor supply could be attributed not only to the delay in gift-delivery timing but also to other negative behaviors exhibited by managers during busy periods. To mitigate potential biases from time-endogenous effects, we incorporate fixed effects for birth month along with store fixed effects in our model. This approach captures the variation in lateness within specific birth months. Importantly, the model with store and birth-month fixed effects yields estimates similar to those from a model with employee fixed effects, alleviating this concern.

Moreover, the primary endogeneity concern of our analysis is reverse causation, where poor performance causes managers to delay giving out birthday gifts. Another concern is that employees might anticipate the delay and respond by lowering their labor supply accordingly. To address these concerns, our identification assumption posits that, in the absence of mistreatment, the outcome measures for both the treatment and control groups would follow similar trajectories. This assumption is crucial for addressing endogeneity concerns, particularly regarding the delay in gift-giving as a potential penalty for poor performance. As discussed later in the paper, the parallel trends assumption tests this idea and has been shown to hold true across all of our analysis models, thereby mitigating such concerns.

Another concern arises from the employee's side: employees may work less or take leave around their birthday, leading to both delayed gift delivery and reduced working hours. Our definition of delayed gift delivery—being within a five-day window around one's birthday

mitigates this concern by construction. Additionally, as shown below, both sickness absence and working hours exhibit results in the same direction. If the effect were driven by a confounding factor on the employee's side, we would expect to observe it only in working hours and not in sickness absence. Lastly, to directly address this issue, we use vacation day data as an outcome and find no relationship between the delay and vacation day.

3.2 Model specifications

We use a dynamic difference-in-differences (DiD) estimation procedure, enabling us to estimate the dynamic effects of workplace mistreatment over time. Using a monthly panel dataset, we define a relative time variable where $\tau = 0$ represents the employee's birthday month. The months preceding the birthday are treated as leads, subsequent months considered lags, with the pre-birthday month $\tau = -1$ designated as the reference period. Based on this structure, we define dummy variables $D_{i,t}^{\tau}$, where $D_{i,t}^{\tau}$ equals 1 if employee i is τ months away from the calendar month t before their birthday. These dummy variables capture the timing of each month relative to the reference period.

The econometric model incorporates these dummy variables into a linear model with fixed effects to explain the working hours and sickness absence of employee i from store s in month t and year j as follows:

$$y_{istj} = \beta T_i + \sum_{\tau \neq -1;\ \tau = -4}^{\tau = 4} \delta_{\tau} D_{i,t}^{\tau} + \sum_{\tau \neq -1;\ \tau = -4}^{\tau = 4} \mu_{\tau} D_{i,t}^{\tau} T_i + \boldsymbol{\theta}' \mathbf{X}_{istj} + \alpha_s + \lambda_j + \zeta_m + \phi_i + \varepsilon_{istj}, \quad (1)$$

where T_i is an indicator variable equal to 1 if the employee received the birthday gift late (belonging to the treatment group) and 0 otherwise (belonging to the control group). The μ_{τ}s represent the key parameters of interest, capturing the causal effect of mistreatment on employee outcomes. They measure the difference between the treatment and control groups for each month relative to the month before the birthday.

α_s and λ_j represent store and year fixed effects, respectively, capturing unobserved factors specific to each store and year. ζ_m is a month fixed effect, accounting for any birthday-time bias related to the specific month the birthday is celebrated, and ϕ_i is an individual fixed effects, controlling for all unobserved personal characteristics. These fixed effect address

biases arising from unobserved heterogeneity across stores, individuals, or the timing of birthdays. While Eq.(1) introduces all these fixed effects, in practice, they are not applied simultaneously in the estimation procedure.

$\boldsymbol{\theta}$ is a vector of coefficients for control variables, and $\mathbf{X}_{istj}$ consists of store information that varies across years, including the store manager's transactional empowering leadership score and managerial tenure in the store,[19] which together represent the potential effect of the manager's characteristics on birthday gift-giving timing. In the models without store fixed effects, $\mathbf{X}_{istj}$ also consists of observed store characteristics, including store seniority, store size (i.e., number of employees), and physical location (i.e., neighborhood, downtown, mall, or outside of the city). In the models without employee fixed effects, $\mathbf{X}_{istj}$ consists employee characteristics including gender, age, a dummy variable that equals 1 if the employee holds a managerial position and 0 for non-managerial positions, tenure in the organization, and a categorical variable that captures employees' employment status in year j as being either employed, voluntarily leaving the company, or laid off.[20] The error term ε_{istj} captures unobserved factors and random variation, and it is clustered at the store level.

The validity of our identification assumption is tested through the parallel trends in the months leading up to the delay in gift delivery. In practice, this assumption requires the outcome variable to be centered around zero in the months prior to the shock, represented as $\hat{\mu}_\tau = 0$ for $\tau < 0$, relying on the notion that the delay occurrence may be as good as random. Our results show no differential changes in the treatment and control groups trends before the birthday month, suggesting that employees were likely surprised by the delay, thereby validating our empirical design.

[19] See details about the transactional empowering leadership measure in Appendix Section A.

[20] Because the monetary value of the birthday gift is determined by the employee's tenure at the organization, these variables are highly correlated and cannot be included as controls simultaneously. When the birthday gift's monetary value is included as a control (and tenure is omitted), the results remain consistent. In Section 5, we conduct an in-depth analysis related to the monetary value of the gift.

4 Results

4.1 Mistreatment effect on working hours

Table 3, Columns (1) and (2) present the coefficients μ_τ derived from the dynamic DiD model described in Eq.(1), illustrating the impact of workplace mistreatment on employees' working hours. The results under both models reveal a significant negative effect of mistreatment on employee working hours in the month following the birthday (i.e., $\tau = 1$). Specifically, the mistreatment event led to an average decrease of more than two working hours per month, representing about a 1.5% decrease relative to the baseline period. The consistency between the estimates in Columns (1) with store and birth month fixed effect and Column (2) with employee fixed effects, indicates that the results are robust to personal attributes and heterogeneity between stores and the timing of the birthday.

Figure 3a represents the μ_τ estimates from Column (1) of Table 3, along with their 95% and 90% confidence intervals. The figure clearly demonstrates that delays in gift delivery have led to a significant reduction in workers' working hours while they await the gift. It also shows the absence of a pre-trend, with similar trends in the months prior to the employee's birthday, supporting our econometric design.

The observed decrease in the monthly working hours could be viewed as a cumulative "revenge." In this scenario, an employee who experienced mistreatment by his or her manager may adopt absenteeism behaviors, such as arriving late for work, leaving early, or taking longer breaks. These slight instances of lateness or early departures throughout the month cumulatively result in reduction in employees' monthly working hours.

The reduction in working hours negatively impacts employee productivity, potentially harming the company's overall profitability and operational efficiency. Direct costs include resources spent on finding replacement employees, while indirect repercussions may arise from decreased service quality, lower sales, and diminished client satisfaction due to overworked employees, further compounding the financial impact.

TABLE 3

An empirical question arises regarding the long-term effect of mild mistreatment from

receiving a late card after it has been delivered. One argument posits that receiving the belated birthday gift, akin to an apology (Ho, 2012), should restore employee labor supply to its pre-mistreatment state. An additional perspective is that employees may initially react to the mistreatment in the short term, but eventually move on and accommodate the minor incident. By contrast, it could damage the relationship enough that employees to harbor lasting resentment, causing its effect to persist despite the receipt of the gift.

The estimates in Table 3 and Figure 3a provide insights into this question by examining the working hours *after* the gift is received (and the mistreatment is perhaps resolved). The analysis of working hours for periods when all employees have received their gifts ($\tau > 1$) indicates that the slight event did not lead to a lasting decline in effort. The estimates show that while working hours drop significantly following the mistreatment, they return to pre-delay levels by $\tau = 2$, $\tau = 3$, and $\tau = 4$.

The observation that employees' working hours returns to pre-mistreatment levels suggests that managers can restore the manager-employee relationship by promptly addressing issues and improving their interactions with employees. However, it is also possible that employees simply adjust to the mistreatment and move on. Ideally, we would test this by examining those who received their gift more than a month after their birthday to see if their working hours remained lower during the waiting period. However, since most employees received their gift within a month (see Figure 1), the small number of such cases limits our statistical power.

Nonetheless, the significant consequences of even a mild mistreatment on employee effort—and, by extension, firm outcomes—highlight that even minor, short-lived, or ultimately forgiven events can have meaningful implications for firms.

FIGURE 3

4.2 Mistreatment effect on sickness absence

Table 3, Columns (3) and (4) presents the coefficients μ_τ derived from the dynamic DiD model described in Eq.(1), estimating the impact of mistreatment on sickness absence using

a negative binomial estimation procedure.[21] The estimates in both models consistently show that workplace mistreatment causes an increase in employees' sickness absence. In particular, at $\tau = 1$, employees who received a delayed birthday gift increased their sickness absence by more than 40% relative to the reference period, compared to those who received their gift on time (all else equal).

Figure 3b visualizes the estimated effects from Column (4) of Table 3, displaying the μ_τ coefficients. The figure highlights the sharp rise in sickness absence among treated employees, as well as the similarity in sickness absence trends between the treatment and control groups before the birthday, reinforcing our identification assumption.

This 40% increase in sickness absence translates into 216 additional sick days across the retail chain, resulting in a financial loss of $129,600.[22] This includes $108,000 in lost sales and $21,600 in operational and replacement costs.[23] These findings highlight the substantial financial consequences of even mild workplace mistreatment.

Table 3 and Figure 3b examines the post-birthday months and show that the increase in sickness absence disappears at $\tau = 2$, $\tau = 3$, and $\tau = 4$ once employees have received their gift card. As previously discussed, this suggests that the delayed gift delivery serves as an apology, and may indicate that once the incident is acknowledged by management, employees recover and adapt after experiencing mild mistreatment.

5 Suggestive Mechanisms

In this section, we explore potential mechanisms driving the effect, specifically examining whether the results are due to an emotional response to the workplace mistreatment or if employees are merely reacting to the loss of anticipated monetary income in the form of the birthday gift.

[21] Using a negative binomial regression effectively captures the inherent variability in count data like sickness absence, which is particularly relevant due to observed over-dispersion, as evidenced in Table 1. Poisson regression with fixed effects yields similar results (could be provided upon request).

[22] Calculated based on 0.27 sick days per month and a 40% increase affecting 20% of employees in a store of 40 employees.

[23] The estimated average sales per employee per day are $500, with operational and replacement costs assumed to be 20% of lost sales.

5.1 Emotional response

An emotional response to a gift delay can encompass several aspects. It involves a sense of feeling insulted and can raise concerns about fairness and justice (Adams, 1965), potentially creating a sense of inequity. A delay may also induce stress, leading to a decline in employee labor supply.

We analyze the reactions of both managerial and non-managerial employees. In this context, a managerial position in a store refers to a middle-level manager who supervises front-line employees while operating under the store manager. Research shows that breaches in the psychological contract are particularly detrimental to trust and job satisfaction among higher-position employees (Bal et al., 2008). Building on this, we use professional position as an instrument to explore the emotional response mechanism, treating it as a proxy for the manager-employee relationship. Higher-status employees typically have greater expectations for respectful treatment, so if emotional response drives the outcome, we expect a larger reduction in labor supply among managerial employees.

The findings presented in Table 4 support the mechanism of emotional response. The table shows that employees in managerial roles experience a notable decrease in their working hours and increase their sickness absence due to the delay in receiving birthday gift, with effects more than double those observed in the entire sample. In contrast, non-managerial employees exhibit significantly smaller change in their working hours and sickness absence in response to the mistreatment event. These outcomes align with meta-analysis results demonstrating that employees in managerial roles are more sensitive to breaches in emotional issues such as unfairness (Robbins et al., 2012).

To further examine the emotional response mechanism, we compare the reactions to the mistreatment among individuals celebrating their birthdays earlier in the month (before the 15th) and those celebrating later (after the 15th). Since emotional responses tend to be immediate, we expect a stronger reaction during the birthday month (i.e., $\tau = 0$) for those with early birthdays. For those celebrating later in the month, the response should be more pronounced in the following month (i.e., $\tau = 1$). The results in Table 5 support this hypothesis when examining employees' working hours.[24] For sickness absence, the effect is

[24]The smaller sample size for leads and lags farther from the birthday month reduces the accuracy of the

evident in the month following the birthday for all employee. This may be because taking sickness leave involves more effort and administrative steps compared to adjusting working hours, which can be done more easily and immediately.

TABLE 4

TABLE 5

5.2 Financial reaction

Although the birthday gift is primarily intended to strengthen the interpersonal relationship between managers and employees, it also has monetary value. We examine whether the negative effect of not receiving the gift card is driven primarily by the perceived loss of anticipated financial resources.

Table 4 suggests that employees who receive higher gift value were not more likely to show a decline in their labor supply. In fact, the increase on sickness absence (Column [8]) is significantly greater for those with lower gift value. The effect on working hours is observed for employees with both higher and lower gift values, though it is stronger for those with a higher value. This evidence suggests that monetary value alone is not driving the response to the delay.[25]

5.3 Alternative mechanisms

We recognize that other mechanisms might impact responses to delays in gift delivery. For example, delays could erode trust in management, leading to decreased motivation and engagement, and thus impacting labor supply. Moreover, delays in gift delivery could create uncertainty and anxiety regarding future rewards and recognition, contributing to reduced morale and performance. While our current dataset does not allow for a direct assessment of these alternative mechanisms, they are important areas for future research.

estimates.

[25] We might have expected that longer-tenured employees (i.e., those that receive higher gift value) would show a bigger response on absence because they have accrued more sick leave and could more easily be absent. However, Table 4 shows that this is not the case. Moreover, working hour are set consistently by the store manager across all employees, regardless of tenure, thus mitigating potential biases.

6 Supplemental Analysis

6.1 Month of birth

Figure 2c indicates that a large share of individuals born in January did not receive their birthday gift on time (76%). One might be concerned that our results are merely a mechanical effect driven by those born in January. To explore this possibility, we excluded individuals born in January from our sample and conducted the analysis on individuals born between February and December. The results, presented in Table 6, mitigate this concern. They show that the response to the delay in working hours for individuals born outside of January remains strong and significant, particularly in the birthday month. For sickness absence, the effects are of similar magnitude to those observed in the full sample.

We further examined the analysis excluding December-born employees, who experience the delay at a significantly lower rate compared to other months (23%). The estimates shown in Table 6 indicate that the effects remain consistent in terms of magnitude and significance.

TABLE 6

6.2 Alternative mistreatment definition

While a significant number of employees receive their birthday gift on time, there is noticeable variation in the timing of the deliveries, and as depicted in Figure 1, there are instances in which birthday gifts were received ahead of the actual birthday. Although receiving a birthday gift on the exact day is ideal, we observe many instances of managers handing it out earlier. This may signify that the giver acknowledges the importance of timely delivery. Given this evidence, one may argue that the mistreatment measure we have constructed does not capture the organizational culture accurately, potentially leading to biased conclusions.

To address this concern, we leverage the variation in gift-giving timing to examine an alternative measure of mistreatment to the manager-employee relationship. Specifically, we reconstruct the control group to include all employees who received their gift on or before their birthday, while defining the treatment group as those who received the gift post-birthday. The results obtained from this alternative definition are presented in Table 7.

Interestingly, the alternative definition of the mistreatment measure yields results that are equally significant and exhibit a clear, robust pattern, aligning with the conclusions drawn from the main specification. This evidence indicates that our results are robust to defining the mistreatment measure based on both general social norms and those established within the store, both shaping employees' expectations and dictating their responses.

TABLE 7

6.3 Exploring variation in gift-giving timing across years

As employee-manager dynamics evolve over time, past experiences with gift-giving timing are likely to shape employees' expectations and affect whether they perceive the delay as mistreatment. Specifically, employees who received their gift on time in 2018 likely developed expectations for timely delivery in 2019, making the 2019 delay perceived as mistreatment, potentially eliciting a stronger response. In contrast, those who experienced a delay in 2018 may have adjusted their expectations, resulting in a diminished response.

To test this, we focus on employees observed in both years (38% of the sample) and redefine the treatment and control groups.[26] The treatment group includes employees who received the gift on time in 2018 year but experienced a delay in the subsequent year, while the control group consists of those who received the gift on time in both years.

Table 8 presents results supporting the claim that employees perceive the delay as mistreatment and that expectations shape their reaction to it. Column (1) shows a significant reduction in working hours of over four hours in the month following the birthday, and Column (2) reports a significant increase in sickness absence of more than 45% during the same period. These findings are based on models with employee fixed effects, controlling for individual unobserved heterogeneity and capturing the evolution of each employee's labor supply around the mistreatment event.

These results reinforce the idea that the delay constitutes mistreatment in the manager-employee relationship. They further highlight that employee-manager dynamics evolve over time, with expectations playing a crucial role in shaping these relationships. Aligned with

[26] Among employees observed in both years, 55% received the gift on time in both years, 34% experienced a delay in one of the years, and 10% experienced delays in both years.

the emotional response mechanism discussed in Section 5, when expectations are unmet, individuals exhibit a more pronounced response, reflecting their perception of being disregarded.

TABLE 8

7 Conclusions

This paper examines the impact of a mild mistreatment in the workplace on individual employee labor supply. Using unique data from a retail chain that provides employees with birthday gifts, we proxy for workplace mistreatment by identifying unintentional delays in gift delivery by managers. This approach allows us to provide novel evidence of the link between minor mistreatment on employee performance.

Our findings reveal that workplace mistreatment significantly affects labor supply, resulting in a notable increase in employees' sickness absence—over half a day per month—and a substantial reduction in working hours, totaling more than three hours per month. Given the widespread nature of mild mistreatment in workplaces (Schilpzand et al., 2016), our findings have important implications across industries and organizations, underscoring that even minor mistreatment can have far-reaching consequences for both individual and organizational outcomes.

We find that the negative effects of the delay dissipate once employees receive their birthday gift, returning to original levels. This suggests that the relationship can be repaired through timely managerial acknowledgment and resolution of issues, or alternatively, that employees eventually moved on and adapted to the minor incident. In either case, our findings emphasize the crucial role of the manager-employee relationship in shaping employee performance and highlight the fragile nature of these dynamics.

Our findings also emphasize the critical role of managerial interpersonal skills in shaping employee performance. The minor mistreatment caused by a late birthday gift exemplifies common day-to-day work situations where these skills are tested, particularly in the ability of managers to meet employees' personal expectations. By exploring this dynamic, we also

contribute to the existing literature on management quality, demonstrating how managerial interpersonal skills directly impact employee performance.

Our results suggest that addressing mistreatment should not be the sole responsibility of individual managers. Organizational factors, including workplace and managerial workload, also play a crucial role. Reducing unnecessary managerial constraints could help mitigate the negative effects on manager-employee dynamics and employees' performance. Furthermore, emphasizing interpersonal skills in managerial job descriptions and selection processes is essential, as it helps balance profit-driven tasks with people-management responsibilities. Future research should focus on identifying interventions to reduce mild mistreatment in the workplace, while enhancing managers' awareness and interpersonal skills to effectively improve manager-employee relations.

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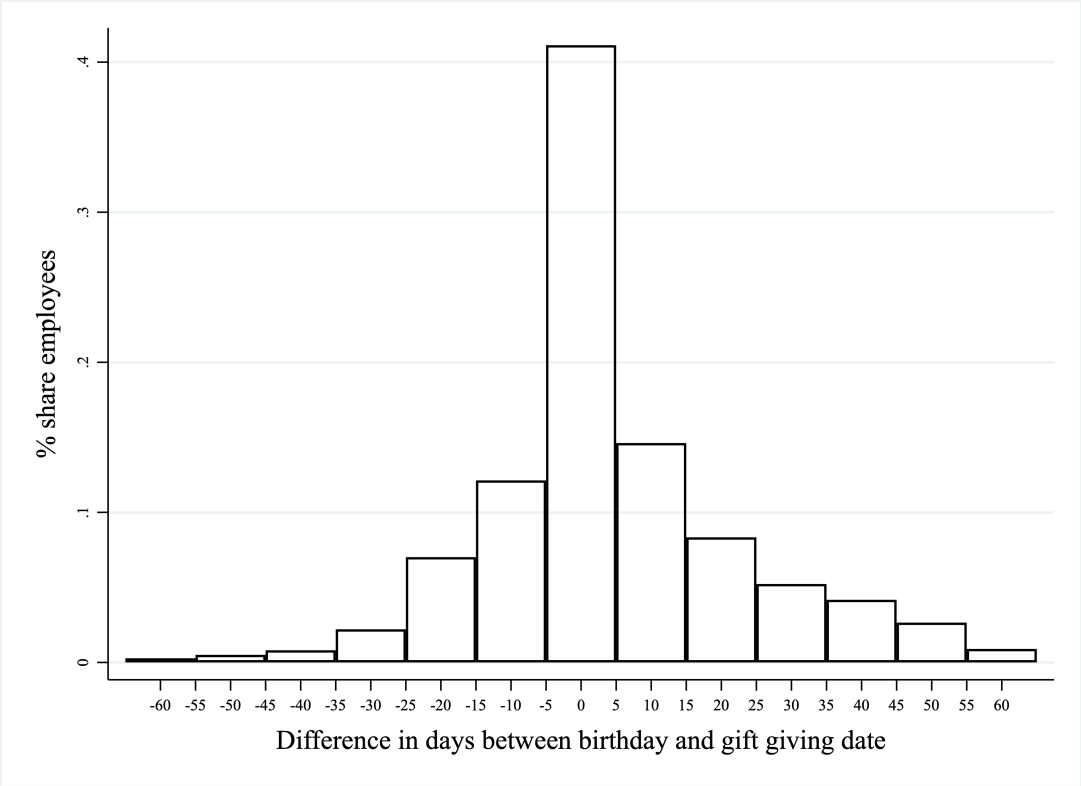
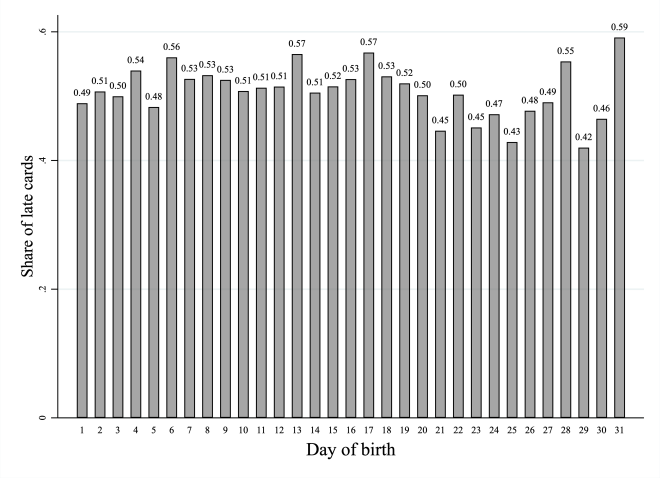
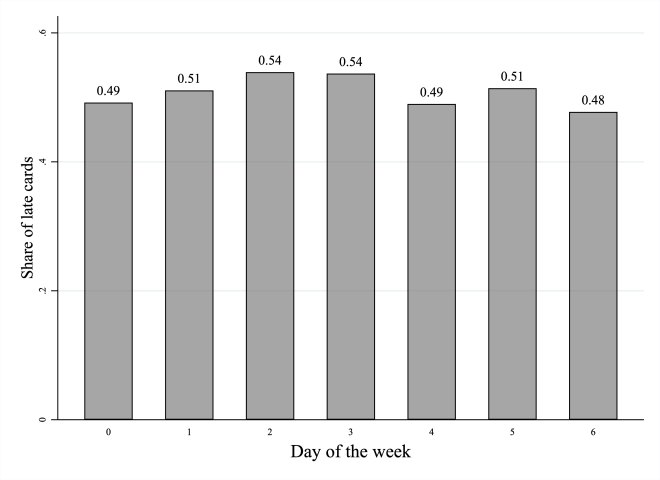


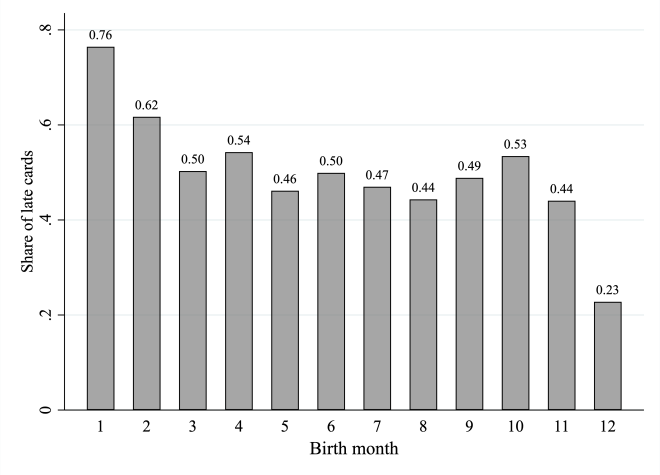
Figure 1: Histogram of the Difference Between Birthday and Gift-Delivery Day.



(a) Lateness by Day of Birth



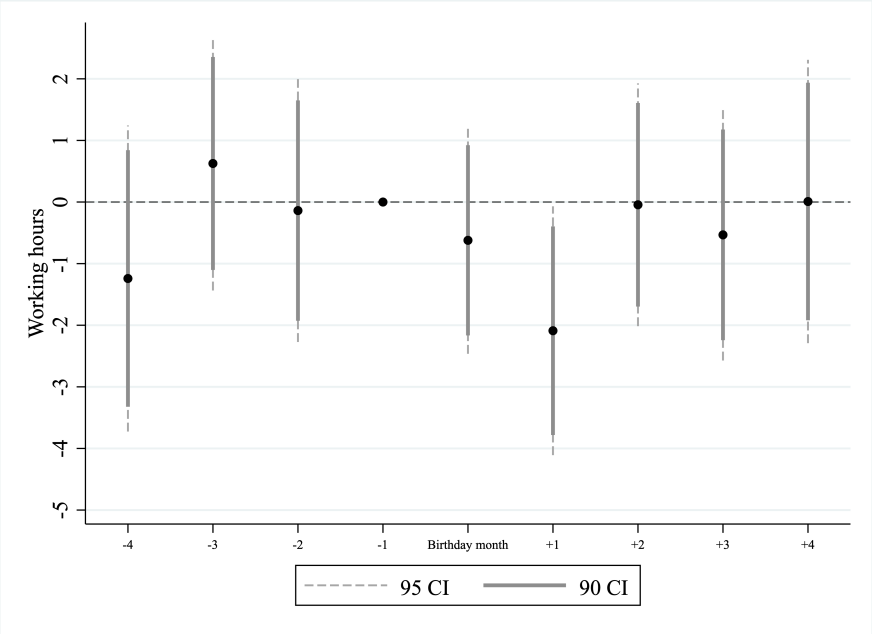
(b) Lateness by Day of the Week



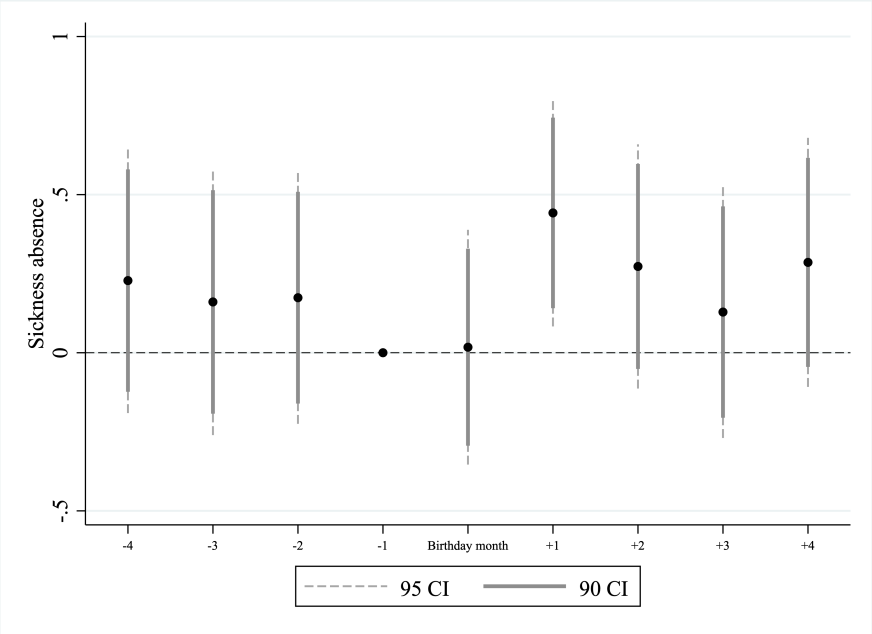
(c) Lateness by Month of Birth

Figure 2: Share of Late Birthday Gifts by Day, Month, and Day of the Week of Birth

Notes: The figure presents the percentage of late birthday gifts by day of birth, day of the week of birth, and month of birth.



(a) Working hours



(b) Sickness absence

Figure 3: The Effect of Mistreatment on Employee Labor Supply.

Notes: The points in each figure represent the estimated coefficient μ_τ as presented in the regression model in Eq. 1, and its 90% and 95% confidence intervals with store fixed effect and the corresponding control set. The baseline period is $\tau = -1$. The x-axis indicates time relative to the birthday month ($\tau = 0$). The y-axis represents the outcome variables: sickness absence and working hours. Sickness absence is measured using negative binomial regression and working hours is estimated using OLS. Sections 2.4 and 3.2 provide further details about the outcome variable and model specification, respectively.

Table 1: Descriptive Statistics.

	Mean	SD	Min	Max	N
Employee's level					
Age	33.56	11.42	18	84	5668
Gender (Female=1)	0.77	0.42	0	1	5668
Managerial position	0.33	0.47	0	1	5668
Tenure in the store	4.71	4.63	0	37	5668
Tenure in the organization	6.65	5.85	1	39	5668
Voluntary turnover	0.15	0.36	0	1	5668
Involuntary turnover	0.03	0.17	0	1	5668
Monthly vacation days	1.05	0.79	0	8	5668
Monthly sickness absence	0.47	0.84	0	14	5668
Birthday gift monetary value	155.24	120.42	57	354	5668
Monthly working hours	118.14	56.43	2	214	5668
Number of appraisal (adjusted)	1.78	4.50	0	137	4740
Store level					
Store seniority	14.77	9.29	2	42	252
Number of employees	39.28	13.49	5	87	252
Manager level					
Manager's tenure in the organization	19.47	7.11	2	39	225
Manager's tenure in the store	6.97	5.76	0	32	248
Transactional empowering leadership	3.53	0.36	2	4	236

Notes: Store seniority indicates the number of years the store has been in operation. *Store size* refers to the number of employees. Tenure is measured in years. *Transactional empowering leadership* is derived from employee store surveys and assesses the extent to which store managers demonstrate a leadership style that supports excellence in task performance. Additional details on this measure are provided in Appendix Section A.

Table 2: Comparing Employees in the Control and Treatment Groups.

	Control		Treatment			
	Mean	SD	Mean	SD	Diff	t-test
Age	33.042	11.314	33.492	11.454	-0.450	(-1.144)
Gender (Female=1)	0.756	0.429	0.779	0.415	-0.022	(-1.543)
Managerial position	0.279	0.449	0.251	0.434	0.028	(1.875)
Tenure in the store	4.402	4.088	4.944	4.754	-0.542**	(-3.434)
Tenure in the organization	5.727	4.911	6.387	5.523	-0.660**	(-3.574)
Voluntary turnover	0.117	0.321	0.123	0.328	-0.006	(-0.534)
Involuntary turnover	0.019	0.136	0.020	0.139	-0.001	(-0.138)
Monthly vacation days	0.991	0.735	0.994	0.720	-0.002	(-0.089)
Birthday gift monetary value	136.577	109.120	152.097	119.264	-15.520**	(-3.865)
Number of appraisal (adjusted)	2.592	6.781	4.736	40.067	-2.145	(-1.575)
N	2960		1175		4135	

Notes: This table compares the control group (employees who received their birthday gift within a 5-day window around their birthdate) and the treatment group (employees who received their birthday gift after their birthday) in terms of demographic and occupational characteristics. It presents the average values for each group separately, along with the differences between the averages and the results of a t-test. $^{**}p < 0.05$.

Table 3: The Effect of Workplace Mistreatment on Employee Labor Supply.

	$\hat{\mu}_\tau$			
	Dependent Variable:			
	Working hours		Sickness absence	
τ	(1)	(2)	(3)	(4)
-4	-1.319	-1.735	0.229	0.305
	(1.263)	(1.075)	(0.214)	(0.216)
-3	0.628	-0.346	0.161	0.199
	(1.047)	(0.943)	(0.215)	(0.216)
-2	-0.138	-1.294	0.175	0.202
	(1.083)	(0.981)	(0.204)	(0.204)
-1	0	0	0	0
0	-0.618	-1.098	0.0153	-0.0153
	(0.935)	(0.908)	(0.189)	(0.190)
1	-2.098**	-2.565**	0.442**	0.404**
	(1.025)	(0.938)	(0.183)	(0.184)
2	-0.0511	-0.511	0.271	0.180
	(1.001)	(0.951)	(0.197)	(0.198)
3	-0.538	-0.680	0.129	-0.00464
	(1.035)	(0.951)	(0.203)	(0.205)
4	0.00272	-0.0349	0.286	0.203
	(1.167)	(1.043)	(0.201)	(0.203)
Baseline mean	163.0	163.0	0.353	0.778
Controls	Yes	Yes	Yes	Yes
Branch FE	Yes	No	Yes	No
Birth-month FE	Yes	No	Yes	No
Employee FE	No	Yes	No	Yes
Treated employees	921	921	1132	491
N	19348	19348	28075	12884

Notes: The table presents estimates of the effect of the workplace mistreatment event, as specified in Eq.1. Working hours models were estimated using OLS, while sickness absence models were estimated using negative binomial regression with bootstrapped standard errors. Standard errors, reported in parentheses, are robust and clustered at the store level. Further details on the outcome variable and model specifications are provided in Sections 2.4 and 3.2, respectively. $^{*}p < 0.1$, $^{**}p < 0.05$

Table 4: Heterogeneity in Labor Supply Response to Workplace Mistreatment by Managerial Position and Gift Value.

	$\hat{\mu}_\tau$							
	Dependent Variable:							
	Working hours				Sickness absence			
	Managers	Non-managers	High gift value	Low Gift value	Managers	Non-managers	High gift value	Low gift value
τ	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
-4	-2.673	-1.289	-0.874	-2.145	0.538	0.156	-0.00180	0.356
	(2.337)	(1.413)	(1.449)	(2.072)	(0.453)	(0.244)	(0.311)	(0.397)
-3	-0.686	0.283	0.445	1.084	0.200	0.166	-0.195	0.643*
	(2.330)	(1.223)	(1.170)	(2.002)	(0.474)	(0.243)	(0.320)	(0.379)
-2	-0.350	-0.469	-0.514	0.544	0.027	-0.0341	-0.0288	-0.163
	(2.127)	(1.259)	(1.440)	(1.756)	(0.421)	(0.235)	(0.291)	(0.407)
-1	0	0	0	0	0	0	0	0
0	0.204	-1.556	-1.110	0.260	0.308	-0.0856	-0.195	0.0477
	(1.780)	(1.060)	(1.189)	(1.773)	(0.397)	(0.217)	(0.276)	(0.357)
1	-4.514**	-1.828	-2.472*	-1.575	0.701**	0.359*	0.132	0.698**
	(2.045)	(1.176)	(1.324)	(1.751)	(0.182)	(0.211)	(0.269)	(0.344)
2	-0.381	-0.706	-0.152	0.0148	0.591	0.160	-0.179	0.617*
	(2.036)	(1.139)	(1.336)	(1.690)	(0.402)	(0.229)	(0.301)	(0.358)
3	-3.357	-0.283	0.111	-2.351	-0.160	0.223	0.0518	0.393
	(2.111)	(1.170)	(1.353)	(1.881)	(0.446)	(0.232)	(0.305)	(0.360)
4	1.383	-1.608	0.966	-1.731	0.511	0.210	0.0687	0.353
	(2.432)	(1.298)	(1.498)	(2.021)	(0.408)	(0.234)	(0.294)	(0.392)
Baseline mean	167.7	161.1	163.6	162.0	0.437	0.341	0.345	0.395
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Branch FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Birth-month FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Treated employees	245	676	574	347	249	837	489	289
N	5490	13858	11862	7486	6762	20426	11376	7765

Notes: This table examines the potential mechanisms driving employees' reactions to the workplace mistreatment event of receiving a delayed birthday gift, as discussed in Section 5. For additional details, please refer to the notes in Table 3. $^{*}p < 0.1$, $^{**}p < 0.05$.

Table 5: The Effect of Workplace Mistreatment on Employee Labor Supply by Birthdays Celebrated Early and Late in the Month.

	$\hat{\mu}_\tau$			
	Dependent Variable:			
	Working hours		Sickness absence	
τ	(1)	(2)	(3)	(4)
	Born Before 15th	Born After 15th	Born Before 15th	Born After 15th
-4	-4.825**	1.742	0.126	0.380
	(1.924)	(1.622)	(0.324)	(0.291)
-3	-1.669	2.539*	0.285	0.0629
	(1.581)	(1.347)	(0.315)	(0.296)
-2	-1.118	0.513	0.0104	0.291
	(1.695)	(1.367)	(0.315)	(0.272)
-1	0	0	0	0
0	-2.393*	0.303	0.0552	-0.0192
	(1.423)	(1.264)	(0.280)	(0.257)
1	-1.441	-3.304**	0.506*	0.379*
	(1.752)	(1.258)	(0.272)	(0.148)
2	-0.804	-0.0221	0.357	0.206
	(1.559)	(1.331)	(0.287)	(0.270)
3	-0.459	-1.572	0.241	0.0242
	(1.604)	(1.321)	(0.295)	(0.280)
4	-1.109	-0.754	0.109	0.444
	(1.848)	(1.595)	(0.301)	(0.270)
Baseline mean	162.5	163.6	0.394	0.344
Controls	Yes	Yes	Yes	Yes
Store FE	Yes	Yes	Yes	Yes
Birth-month FE	Yes	Yes	Yes	Yes
Treated employees	387	563	437	626
N	9657	10347	13560	13308

Notes: This table presents the response to the workplace mistreatment event based on whether an individual celebrated their birthday early or late in the month, as described in Section 5.1. For further details, please refer to the notes in Table 3. $^*p < 0.1$, $^{**}p < 0.05$.

Table 6: The Effect of Workplace Mistreatment on Employee Labor Supply in a Leave Month-Out Analysis Excluding January and December.

	$\hat{\mu}_\tau$			
	Dependent Variable:			
	Working hours		Sickness absence	
τ	(1) Exclude January-Born	(2) Exclude December-Born	(3) Exclude January-Born	(4) Exclude December-Born
-4	-1.406	-0.792	0.232	0.207
	(1.262)	(1.275)	(0.214)	(0.216)
-3	0.596	0.479	0.164	0.0950
	(1.045)	(1.050)	(0.215)	(0.217)
-2	-0.177	0.476	0.175	0.168
	(1.081)	(1.111)	(0.204)	(0.206)
-1	0	0	0	0
0	-2.594**	0.255	-0.0494	0.0773
	(0.938)	(0.952)	(0.201)	(0.192)
1	-1.329	-1.752*	0.335*	0.449**
	(1.029)	(1.041)	(0.193)	(0.184)
2	-0.362	0.290	0.360*	0.288
	(1.051)	(1.011)	(0.205)	(0.197)
3	-0.597	-0.193	0.164	0.141
	(1.136)	(1.039)	(0.214)	(0.203)
4	-1.058	0.375	0.350*	0.303
	(1.262)	(1.178)	(0.211)	(0.201)
Baseline mean	163.0	163.3	0.354	0.352
Controls	Yes	Yes	Yes	Yes
Store FE	Yes	Yes	Yes	Yes
Birth-month FE	Yes	Yes	Yes	Yes
Treated employees	745	921	911	1130
Number of observations	18101	18418	26306	26726

Notes: This table presents the response to the workplace mistreatment event based on a leave month-out analysis, excluding January and December. For further discussion of this analysis, refer to Section 6.1. For additional details, please refer to the notes in Table 3. $^*p < 0.1$, $^{**}p < 0.05$.

Table 7: The Effect of Workplace Mistreatment on Employee Labor Supply Using an Alternative Classification of Treatment and Control Groups.

	$\hat{\mu}_\tau$			
	Dependent Variable:			
	Working hours		Sickness absence	
τ	(1)	(2)	(3)	(4)
-4	-1.727	-1.793*	0.199	0.248
	(1.098)	(0.992)	(0.200)	(0.201)
-3	-0.937	-1.819*	0.130	0.129
	(0.999)	(0.948)	(0.200)	(0.200)
-2	-0.614	-1.467	0.0460	0.0697
	(0.979)	(0.915)	(0.193)	(0.193)
-1	0	0	0	0
0	-1.288	-1.630*	-0.0259	-0.0606
	(0.915)	(0.860)	(0.179)	(0.179)
1	-1.745*	-2.280**	0.370**	0.344**
	(1.028)	(0.862)	(0.172)	(0.173)
2	-0.282	-0.919	0.0357	-0.0527
	(0.941)	(0.893)	(0.185)	(0.186)
3	-0.800	-1.214	0.144	0.0367
	(1.055)	(0.923)	(0.192)	(0.193)
4	-0.132	-0.679	0.342*	0.271
	(1.175)	(0.963)	(0.191)	(0.193)
Baseline mean	162.6	162.6	0.370	0.781
Controls	Yes	Yes	Yes	Yes
Branch FE	Yes	No	Yes	No
Birth-month FE	Yes	No	Yes	No
Employee FE	No	Yes	No	Yes
Treated employees	1001	1001	1224	530
Number of observations	22755	22755	32308	15506

Notes: The table presents estimates of the effect of the workplace mistreatment event, as specified in Eq.1, using an alternative classification of the treatment and control groups. For further details about the alternative definition, refer to Section 6.2. Additional information is provided in the notes in Table 3. $^{*}p < 0.1$, $^{**}p < 0.05$.

Table 8: Exploring Variation in Delivery Timing Across Years on the Effect of Workplace Mistreatment on Employee Labor Supply.

	$\hat{\mu}_\tau$	
	Dependent Variable:	
	Working hours	Sickness absence
τ	(1)	(2)
-3	-0.673	-0.0172
	(3.343)	(0.315)
-2	-3.249	-0.262
	(3.839)	(0.311)
-1	0	0
0	-4.802	-0.473
	(2.959)	(0.297)
1	-4.899*	0.466*
	(2.577)	(0.259)
2	-0.854	0.115
	(3.147)	(0.284)
3	1.961	-0.0392
	(3.217)	(0.299)
Baseline mean	164.5	0.875
Controls	Yes	Yes
Employee FE	Yes	Yes
Treated employees	60	145
Number of observations	4490	6027

Notes: The table presents estimates testing the expectation-formation hypothesis by utilizing variation in gift-giving timing across years, as discussed in Section 6.3. The analysis sample includes employees who appear in the data for both 2018 and 2019, receiving their gift on time in 2018 and late in 2019. For further details, please refer to the notes in Table 3. $^{*}p < 0.1$, $^{**}p < 0.05$.

A Transactional Empowering Leadership Scale

Below are the items included in the survey used to measure the *Transactional Empowering Leadership* scale. The survey was designed and conducted annually by the retail chain headquarters and administered to all employees across all stores. Employees evaluated their store manager on each item using a scale from 1 ("Not at all") to 5 ("Always"). This measure was unavailable for new stores and those that closed during the years covered by the data, as these stores had not completed the annual employee survey.

- Encourages employees to participate in important decision-making processes.
- Helps employees identify areas for improvement.
- Suggests ways to enhance employee work performance.
- Provides employees with the necessary information to perform their jobs effectively.
- Clearly explains work goals to employees.
- Emphasizes the importance of having a collective sense of mission.
- Spends time teaching and coaching.
- Seeks diverse perspectives when solving problems.

B Appendix Tables

Table A1: Descriptive Statistics of Ineligible Employees.

	Mean	SD	Min	Max	N
Age	28.14	10.32	18	82	12052
Gender (Female=1)	0.69	0.46	0	1	12052
Managerial position	0.10	0.30	0	1	12052
Tenure in the store	0.75	1.40	0	24	12052
Tenure in the organization	1.22	2.36	0	40	12052
Voluntary turnover	0.50	0.50	0	1	12052
Involuntary turnover	0.07	0.26	0	1	12052
Monthly working hours	86.70	47.47	0	241	11716
Monthly vacation days	1.13	2.93	0	55	12052
Monthly sickness absence	0.64	1.87	0	13	11958
Number of appraisal rewards	0.01	0.45	0	37	6681

Notes: The table presents descriptive statistics of employees who were not eligible to receive the birthday gift cards, including those who have been employed for less than a year in the organization, individuals who left the retail chain before their birthday, and employees who joined after their birthday.

Table A2: Comparing Employees and Store Across Years.

A. *Employee level*

	2018		2019			
	Mean	SD	Mean	SD	Diff	t-test
Age	33.847	11.092	34.006	11.439	-0.454	(-1.878)
Gender (Female=1)	0.781	0.414	0.774	0.418	0.007	(0.734)
Managerial position	0.330	0.470	0.334	0.472	-0.005	(-0.493)
Tenure in the store	5.070	4.756	4.933	4.751	0.010	(0.100)
Tenure in the organization	7.022	5.875	7.036	6.069	-0.194	(-1.545)
Voluntary turnover	0.105	0.307	0.120	0.326	-0.018**	(-2.612)
Involuntary turnover	0.015	0.121	0.021	0.142	-0.007**	(-2.592)
Yearly vacation days	11.491	8.104	12.154	8.768	-0.654**	(-3.659)
Yearly sick days	2.595	3.532	2.623	3.572	-0.072	(-0.885)
Birthday gift monetary value	165.716	123.693	163.185	123.349	-1.811	(-0.694)
Monthly working hours	120.420	57.790	119.790	57.245	1.538	(1.251)
Number of awards (adjusted)	5.701	29.525	1.596	3.031	4.282**	(7.348)
Observations	3317		4267		8751	

B. *Store level*

	2018		2019			
	Mean	SD	Mean	SD	Diff	t-test
Store seniority	14.801	9.011	15.143	9.158	-0.342	(-0.408)
Number of employees	50.947	17.647	39.921	13.214	11.025**	(7.609)
Manager's tenure in the organization	8.005	5.394	19.507	7.106	-11.501**	(-19.063)
Observations	227		242		469	

B. *Manager level*

	2018		2019			
	Mean	SD	Mean	SD	Diff	t-test
Manager's tenure in the store	7.607	5.785	7.050	5.735	0.557	(1.033)
Transactional empowering leadership	3.776	0.389	3.528	0.355	0.248**	(7.101)
Observations	227		242		469	

Notes: The table compares employees who worked for the retail chain in 2018 with those who worked in 2019. It finds no significant differences between the two years in the study's main variables. While there are statistically significant differences in voluntary turnover, involuntary turnover, and the number of vacation days, these differences are economically negligible. The average number of awards given in 2018 is significantly higher than in 2019, a difference attributed to the gradual adoption of the appraisal awards program, with stores selecting into the program in a non-arbitrary manner. At the store level, the difference in the number of employees between the two years is due to the opening of 17 new stores in 2019. Additionally, the organizational tenure of store managers was significantly higher in 2019 than in 2018, owing to the transfer of managers from retail headquarters to the new stores. For additional details, please refer to Table 1.** $p < 0.05$.

Table A3: The Relationship between Leadership Attitude and Gift-giving Timing.

	Dependent variable: Share of late gift-cards recipients			
	(1)	(2)	(3)	(4)
Unfairness	-0.000873			
	(0.00826)			
Fairness climate		0.0288		
		(0.0184)		
Transactional empowering leadership			0.00623	
			(0.0126)	
Store manager tenure				0.000733
				(0.000725)
Year FE	Yes	Yes	Yes	Yes
R^2	0.0000808	0.0133	0.00643	0.0135
N	140	383	469	455

Notes: The table explores the correlations between store-level managerial attributes and the share of employees who received a late gift card. These managerial and organizational characteristic measures were obtained directly from the retail chain headquarters, based on annual surveys distributed to all store employees. All items were measured using validated scales from the management literature, with responses ranging from 1 (not at all) to 5 (always). The *unfairness* and *fairness climate* measures are reported only for a subsample of the stores. Standard errors are shown in parentheses.** $p < 0.05$.

C Appendix Figures

Figure B1: Monthly Working Hours Distribution.

