



CEOs imbue organizations with feelings, increasing punishment satisfaction and apology effectiveness



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ABSTRACT

Organizations are easy to blame for wrongdoing because they seem capable of intention and planning (i.e., they possess perceived agency). However, punishing organizations for wrongdoing is often unsatisfying, perhaps because organizations seem incapable of feeling pain (i.e., they lack perceived experience). Without the ability to suffer, corporations and organizations cannot slake people's thirst for retribution, even with large fines and other penalties. CEOs may provide a potential solution to this "organization experience deficiency." As feeling humans who embody the organizations they lead, CEOs provide a possible source of suffering and therefore organizational redemption. Across five experiments and one pre-registered experiment, we found that CEOs imbue their organizations with the ability to feel (Experiments 1–4b) and ability to suffer (Experiments 2a, 2b, and 3), which makes organizational punishments more satisfying (Experiments 2a, 2b, and 3), and apologies more effective (Experiments 4a and 4b). Implications for justice and mind perception in organizations are discussed.

1. Introduction

In 2014, car manufacturer Toyota was fined \$1.2 billion for knowingly selling cars with defective accelerators. Despite the size of the fine—the largest at the time—people seemed dissatisfied and demanded tougher sanctions (Douglas & Fletcher, 2014). Conversely, when the pharmaceutical company Valeant was fined the equivalent of \$143.1 million for price gouging desperate patients—about 10% of the Toyota fine—people appeared more satisfied (Rapoport & Lublin, 2016). Why the differences in reaction? Although reactions to any legal case are multiply determined (Demleitner, Berman, Miller, & Wright, 2015; Erez & Rogers, 1999; Myers & Greene, 2004), Valeant's punishment might have been more satisfying because its CEO was fired, providing a tangible source of suffering.

When wrongdoing occurs, people thirst for retribution, demanding an eye for an eye (Darley, 2009). Given that most immoral deeds end up harming a victim (even if only in perception; Haslam, 2016; Schein, Goranson, & Gray, 2015), people often want the perpetrator of misdeeds to suffer in kind. As most individuals possess the capacity for pain, this thirst for suffering is easily slaked when wrongdoers are punished, whether through prison time, social censure, or personal financial loss.

1.1. Organizations are deficient in experience

In contrast to individuals, organized group agents like corporations seem to lack the ability to suffer. Research in mind perception reveals that while organizations are seen as equally capable of *agency* (e.g., planning and acting) compared to individuals, they are seen as much less capable of *experience* (e.g., feeling and sensing, Knobe & Prinz, 2008; Rai & Diermeier, 2015). This mind perception profile means that organizations are seen as moral agents (morally capable of perpetrating and being responsible for wrongdoing), but not moral experiencers (or "moral patients," deserving of moral rights; Gray & Wegner, 2009; Opatow, 1990). In other words, companies are seen as capable of being villains perpetrating harm, but not as victims experiencing harm (Gray & Wegner, 2011; Rai & Diermeier, 2015). Consistent with this idea, society is often willing to paint corporations as evil masterminds rather than as deserving of compassion (Litowitz, 2003).

This lack of perceived experience may be especially problematic for organizations after they perpetrate harm because people are retributivists (Darley, 2009), and punishments are most satisfying when they cause the wrongdoer clear suffering (e.g., Fitness & Peterson, 2008). Of course, not all transgressions result in punishment—sometimes they are addressed through apologies to preempt punishment (Ohbuchi, Kameda, & Agarie, 1989). Even here, however, successful apologies require sincere expressions of remorse and concern

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(Davis & Gold, 2011; Fehr & Gelfand, 2010). As organizations seem to lack the capacity to feel remorse and suffer, their apologies may be perceived as less sincere or heartfelt. Despite these apparent deficits of mind, there may be one way to overcome them: through their CEO.

1.2. The benefits of a CEO

Although an organization may be represented by its logo, a spokesperson, or even its iconic headquarters, the CEO is often seen as the human embodiment of the entire organization (Forrest, 2011; Woods, 2011; Yale Insights, 2014), such as Bill Gates for Microsoft and Mark Zuckerberg for Facebook. CEOs not only provide a human face for an often opaque organizational structure, but may also provide human feelings and emotions. Although organizations are generally seen to lack feelings, CEOs—as human beings—possess both agency and experience, and may be able to confer (at least perceptually) feeling to the organizations they personify.

More specifically, after an organization commits a moral transgression, people may use the CEO's ability to feel as a proxy for the organization's perceived ability to feel. Although experience is a relatively broad construct (Gray, Gray, & Wegner, 2007), we suggest one specific capacity within experience will be of special importance—the capacity to suffer. Feeling pain is essential to retribution (Darley, 2009), and so we suggest that the benefits of CEO-conferred-experience will hinge upon increased perceptions of suffering in organizations. Of course, there may be other reasons beyond perceived experience as to why punishments are more satisfying and apologies are more effective when CEOs are emphasized. People often hold leaders responsible for organizational transgressions (Zemba, Young, & Morris, 2006), firm performance (Crossland & Chen, 2013), and new initiatives (Menon, Sim, Fu, Chiu, & Hong, 2010), but we suggest that another possible, though overlooked, reason for increased punishment satisfaction is the CEO's ability to imbue the organization with perceived experience, especially the ability to suffer.

Here we explore whether CEOs are not only Chief Executive Officers, but also Chief *Experiencing* Officers, imbuing their organizations with the capacity to feel and providing their organizations potential benefits after organizational malfeasance.

1.3. The current research

Six experiments investigate whether CEOs confer experience to organizations. We first test whether an organization represented by its CEO is ascribed relatively more experience than one that is not (Experiment 1). We then examine whether such imbued experience—especially the ability to suffer—makes punishments more satisfying (Experiments 2a, 2b, and 3) and apologies more effective (Experiments 4a and 4b). In our experiments, we report all measures, manipulations, and exclusions. All data were analyzed after all data collection was complete, except for preregistered Experiment 2 (because of an issue by the Qualtrics platform that led some participants in the initial sample to experience error messages during the study), and Experiment 4b (because the effect size was smaller than expected, leaving us with insufficient power from our initial sample).

2. Experiment 1: CEOs imbue companies with experience

In the first experiment, we investigated whether an organization represented by a CEO (vs. its headquarters) is imbued with more experience. To ensure that people were not mistakenly rating the CEO himself when the organization was represented by the CEO, we also asked participants to rate the CEO himself. We predicted that the CEO himself would be perceived to possess the highest experience, then the organization represented by the CEO, and lastly the organization represented by its physical structure—its headquarters.



Fig. 1. The organization was either represented by its headquarters (left) or its CEO (right).

2.1. Method

2.1.1. Participants

Past research examining mind perception of organizations like corporations (e.g., Knobe & Prinz, 2008; Rai & Diermeier, 2015) is characterized by medium effect sizes. A power analysis using the program G*Power (Faul, Erdfelder, Buchner, & Lang, 2009) showed that with a medium effect size of $d = 0.64$ (or $f = 0.32$) and power of $B = 0.80$ in a three-cell design, 99 participants in total were needed to detect an effect. However, because our manipulation is subtle, and because of calls for increasing power (e.g., Simmons, 2014), we aimed to recruit 100 participants per cell. In total, 302 participants (42% female, age $M = 33.84$, $SD = 10.26$) completed the experiment. No participants were excluded.

2.1.2. Procedure

Participants read about a company called DenComp, “a manufacturing company that makes and sells metal-based products.” They were then randomly assigned to either the *Headquarters* or the *CEO* condition, each accompanied by a picture (Fig. 1). In the Headquarters condition, participants read, “the headquarters is located in this building outside the city of Dearborn.” In the CEO condition, participants read, “its CEO is Will Umbach” (please see Supplemental Online Materials for complete materials).

2.1.2.1. Rating experience and agency. Participants then rated DenComp's mind by rating the extent to which it is capable of six capacities (three experience, three agency) on a scale from 1 (*not at all*) to 7 (*extremely*). The experience items were “experiencing emotions,” “feeling” and “having desires” ($\alpha = 0.94$). The agency items were “carrying out actions,” “planning” and “thinking” ($\alpha = 0.89$).

Although participants were told to rate the mind of the *company*, one concern in the CEO condition is that they will rate the mind of Will Umbach, instead of DenComp, because the CEO's picture is present. We predict that the CEO will confer experience to their company, and not simply because people are confused about which target to rate. The experiment therefore contained two *CEO* condition variants: one in which participants rated the *company* and one in which they rated the mind of the *CEO* with the questions above (e.g., “To what extent do you think Will Umbach is capable of experiencing emotions”).

We predicted that ratings of DenComp represented by the CEO would have more experience than DenComp represented by its headquarters, but less experience than the CEO himself. We had no predictions regarding agency, as organizations are typically ascribed substantial amounts of agency (Rai & Diermeier, 2015).

2.2. Results

2.2.1. Experience

A one-way analysis of variance (ANOVA) revealed a main effect of condition on ratings of experience, $F(2, 299) = 36.93$, $p < .001$, $\eta_p^2 = 0.20$. Pairwise contrast tests revealed that, as predicted,

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