

MUNI
ECON

Organizational Behavior

introduction

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WELCOME

WELCOME!

organization & evaluation

organization

■ LECTURES

- Tuesdays from 10:00 to 10:50
- (except Tue 5. 11.)
- P102
- short talk on selected topics

■ SEMINARS

- Tuesdays from 11:00 to 11:50
- (except Tue 5. 11.)
- P102
- presentations, discussions, games

evaluation I/II

■ GROUP ASSIGNMENTS

■ content:

- presentation of theory (5–10 minutes)
- case study (15–25 minutes)

■ submission:

- slides for presentation
- text on case study (2 to 4 pages)
- **four days before the seminar**

■ see interactive syllabi

evaluation II/II

■ FINAL EXAM

- written exam
- requirement: registration for examination in IS
- time limit 60 minutes
- essay-type questions
- evaluation:
 - max. points = 100
 - A $91 < x$
 - B 81 – 90
 - C 71 – 80
 - D 61 – 70
 - E 51 – 60
 - F $x < 51$

- see interactive syllabi

introductions

What do you expect from ORBE?
Which topics?

<https://www.menti.com/alrj4irxfkpg>



activity

activity

FAIRNESS

fairness

- What is fair? What is fairness?
- How to achieve fairness?
- How to fairly divide some goods?

What is fairness?

<https://www.menti.com/alrj4irxfkpq>



Pay Ratio

- **Definition:**

Comparison of CEO compensation to median employee compensation.

- **Formula:**

$$\text{Pay Ratio} = \frac{\text{CEO's Total Compensation}}{\text{Median Employee's Total Compensation}}$$

- **Purpose:**

Measures internal pay equity and highlights income disparity.

- **Regulation:** SEC mandates disclosure for U.S. public companies.

- **Implications:**

High ratio may indicate pay disparity;
low ratio suggests equitable structure.

CEO Pay Ratio by Industry (2023)

Industry	Avg. CEO Compensation (\$)	Median Worker Pay (\$)	Avg. Pay Ratio
Communication Services	27,938,121	127,872	218
Consumer Discretionary	17,811,153	36,223	492
Information Technology	20,983,674	65,834	319
Health Care	19,875,431	58,912	337
Financials	15,683,291	71,654	219

Table: Average CEO-to-Worker Pay Ratio by Industry

Source: AFL-CIO, 2024 Executive Paywatch Report

<https://aflcio.org/paywatch/company-pay-ratios>

(AFL-CIO, 2024)

CEO Pay Ratio by European Region (2023)

Region	Avg. CEO Compensation (€)	Median Worker Pay (€)	Avg. Pay Ratio
Western Europe	7,500,000	50,000	150
Northern Europe	4,000,000	60,000	67
Southern Europe	5,000,000	30,000	167
Eastern Europe	3,000,000	20,000	150

Table: Average CEO-to-Worker Pay Ratio by European Region

Source: Consultancy.eu, Willis Towers Watson, 2024 Executive Compensation Report

(Consultancy.eu & Watson, 2024)

Ethical Considerations and Behavioral Impacts of CEO Pay Ratios

1. What ethical issues arise from significant income inequality within an organization?
2. How does a high CEO-to-worker pay ratio affect employee motivation and workplace morale?
3. In what ways might large pay disparities influence consumer perceptions of a company?
4. What arguments can be made for and against capping the CEO-to-worker pay ratio?
5. How can understanding pay ratios help future leaders make ethical business decisions?

ZUCKERBERG/FACEBOOK APOLOGY

What is an apology?

<https://www.menti.com/alrj4irxfkpq>



KFC Apology



WE'RE SORRY

A chicken restaurant without any chicken. It's not ideal. Huge apologies to our customers, especially those who travelled out of their way to find we were closed. And endless thanks to our KFC team members and our franchise partners for working tirelessly to improve the situation. It's been a hell of a week, but we're making progress, and every day more and more fresh chicken is being delivered to our restaurants. Thank you for bearing with us.

Visit kfc.co.uk/crossed-the-road for details about your local restaurant.

(Rainey, 2018)

Zuckerberg/Facebook Apology



(Bennett, 2018)

Zuckerberg/Facebook Apology I

- 2013 – Thisisyoudigitalife
 - Aleksandr Kogan
 - psychological test – 300 000 users
 - harvesting data from tested persons and their friends
- 2014 – new rules
 - need for permission
 - not retroactively imposed
- 2015 – Ted Cruz
 - banning app
 - legally pressure to delete data
 - erase of the date certified by the firm
- 2016 – Donald Trump
 - Mark Turnbull acknowledge help of CA to Channel 4 news

Zuckerberg/Facebook Apology II

- 2018, March 17 – Expose
 - The Guardian and The New York Times
 - whistle-blower Dan Kitwood
- 2018, March 20 – The Federal Trade Commission inquiry
- 2018, March 21 – Zuckerberg Facebook post

We have a responsibility to protect your data, and if we can't then we don't deserve to serve you. I've been working to understand exactly what happened and how to make sure this doesn't happen again.
- 2018, March 25 – newspapers ads
 - UK: The Observer, The Sunday Times, Mail on Sunday, Sunday Mirror, Sunday Express, Sunday Telegraph
 - US: The New York Times, The Washington Post, The Wall Street Journal

J. L. Austin

- illocutionary acts
- behabitives
 - related to attitudes and social behaviour
- the happiness of the performative utterance

Behabitives include the notion of reaction to other people's behaviour and fortunes and of attitudes and expressions of attitudes to someone else's past conduct or imminent conduct. There are obvious connexions with both stating or describing what our feelings are and expressing, in the sense of venting our feelings, though behabitives are distinct from both of these.

(Austin, 1962: 151, 159)

J. R. Searle

- expressives
 - related to psychological states
- no direction of fit

The illocutionary point of this class is to express the psychological state specified in the sincerity condition about a state of affairs specified in the propositional content. The paradigms of expressive verbs are "thank", "congratulate" "apologize", "condole", "deplore", and "welcome". Notice that in expressives there is no direction of fit. In performing an expressive, the speaker is neither trying to get the world to match the words nor the words to match the world, rather the truth of the expressed proposition is presupposed. Thus, for example, when I apologize for having stepped on your toe, it is not my purpose either to claim that your toe was stepped on nor to get it stepped on.

(Austin, 1962: 159);(Searle, 2005: 15)

felicity conditions

Propositional content	Past act A done by S
Preparatory condition	S believes that A is an offence against H
	rule (1) The act A specified in the propositional content is an offence against the addressee H
	rule (2)H would have preferred S's not doing A to S's doing A and S believes H would have preferred S's not doing A to his doing A
	rule (3) A does not benefit H and S believes A does not benefit H
Sincerity condition	S regrets act A
Essential condition	Counts as an apology for act A

(Owen, 1983);(Ogiermann, 2009: 46)

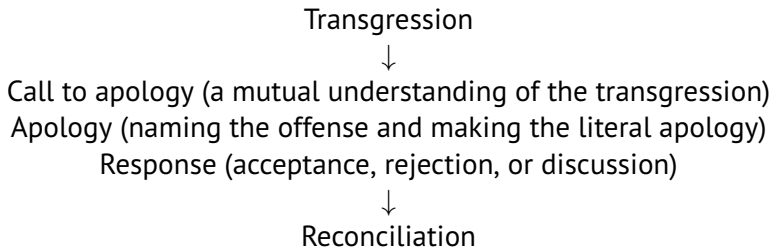
E. Goffman

- social ritual
- self-splitting into different moral agents
- elements of the fullest form
 - expression of embarrassment and chagrin
 - acknowledging
 - disavowing
 - repenting
 - offering restitution

"An apology is a gesture through which an individual splits himself into two parts, the part that is guilty of an offense and the part that dissociates itself from the delict and affirms a belief in the offended rule."

(Goffman, 1971: 113)

Tavuchis's moral syllogism model



(Battistella, 2014: 20)

goals of image restoration

- regain trust
 - customers, partners, ...
- avoid punishment
 - legal actions
 - penalties
- to strengthen an organization
- ...

- apologia(message) and apology

(Stamato, 2008)

Theory of Image Restoration Strategies

Denial

Simple Denial	Did Not Perform Act	Coke Does Not Charge McDonald's Less
Shift the Blame	Act Performed by Another	Exxon: Alaska and Caused Delay

Evading of Responsibility

Provocation	Responded to Act of Another	Firm Moved Because of New State Laws
Defeasibility	Lack of Information or Ability	Executive Not Told Meeting Changed
Accident	Act Was a Mishap	Sears' Unneeded Repairs Inadvertent
Good Intentions	Meant Well in Act	Sears: No Willful Over-Charges

Reducing Offensiveness of Event

Bolstering	Stress Good Traits	Exxon's Swift and Competent Action
Minimization	Act Not Serious	Exxon: Few Animals Killed
Differentiation	Act Less Offensive	Sears: Preventative Maintenance
Transcendence	More Important Considerations	Helping Wellman Justifies Tests
Attack Accuser	Reduce Credibility of Accuser	Pepsi: Coke Charges McDonald's Less
Compensation	Reimburse Victim	Disabled Movie-Goers Given Free Passes

Corrective Action

Plan to Solve or Prevent Problem	AT&T Promised to Improve Service
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Mortification

Apologize for Act	AT&T Apologized
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(Benoit, 1997: 179)

Zuckerberg/Facebook Apology: heading

We have a responsibility
to protect your information.
If we can't, we don't deserve it.

Zuckerberg/Facebook Apology: heading

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Zuckerberg/Facebook Apology: heading

We have a responsibility
to protect your information.
If we can't, we don't deserve it.

- Preparatory condition, Bolstering
- Trust

Zuckerberg/Facebook Apology: heading

We have a responsibility
to protect your information.
If we can't, we don't deserve it.

- Preparatory condition, Bolstering
 - Trust
 - Goal
-
- Facebook deserves data of its users.
 - Facebook can and will be responsibly protecting its users data.

Zuckerberg/Facebook Apology: heading

We have a responsibility
to protect your information.
If we can't, we don't deserve it.

- Preparatory condition, Bolstering
 - Trust
 - Goal
-
- Facebook deserves data of its users.
 - Facebook can and will be responsibly protecting its users data.
 - Users should trust Facebook with theirs data.

Zuckerberg/Facebook Apology: 1st paragraph

You may have heard about a quiz app built by a university researcher that leaked Facebook data of millions of people in 2014. This was a breach of trust, and I'm sorry we didn't do more at the time. We're now taking steps to make sure this doesn't happen again.

Zuckerberg/Facebook Apology: 1st paragraph

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- Propositional content

- There was a situation.

Zuckerberg/Facebook Apology: 1st paragraph

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- Propositional content
 - Preparatory condition
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- There was a situation.
 - The situation was problematic (damaging).

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- Propositional content
 - Preparatory condition
 - Essential condition, Mortification
-
- There was a situation.
 - The situation was problematic (damaging).
 - Zuckerberg/Facebook Apologies for this problem.

Zuckerberg/Facebook Apology: 1st paragraph

You may have heard about a quiz app built by a university researcher that leaked Facebook data of millions of people in 2014. This was a breach of trust, and I'm sorry we didn't do more at the time. We're now taking steps to make sure this doesn't happen again.

- Propositional content
 - Preparatory condition
 - Essential condition, Mortification
 - Sincerity condition, Corrective Action
-
- There was a situation.
 - The situation was problematic (damaging).
 - Zuckerberg/Facebook Apologies for this problem.
 - Facebook now taking steps to make sure this doesn't happen again.

Zuckerberg/Facebook Apology: 2nd paragraph

We've already stopped apps like this from getting so much information.
Now we're limiting the data apps get when you sign in using Facebook.

Zuckerberg/Facebook Apology: 2nd paragraph

We've already stopped apps like this from getting so much information. Now we're limiting the data apps get when you sign in using Facebook.

Zuckerberg/Facebook Apology: 2nd paragraph

We've already stopped apps like this from getting so much information. Now we're limiting the data apps get when you sign in using Facebook.

- Sincerity condition, Corrective Action
- Facebook have already made some provisions.

Zuckerberg/Facebook Apology: 3rd paragraph

We're also investigating every single app that had access to large amounts of data before we fixed this. We expect there are others. And when we find them, we will ban them and tell everyone affected.

Zuckerberg/Facebook Apology: 3rd paragraph

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Zuckerberg/Facebook Apology: 3rd paragraph

We're also investigating every single app that had access to large amounts of data before we fixed this. We expect there are others. And when we find them, we will ban them and tell everyone affected.

- Sincerity condition, Corrective Action

- Facebook is investigating every single app that had access to large amounts of data to prevent similar problematic situation.

Zuckerberg/Facebook Apology: 3rd paragraph

We're also investigating every single app that had access to large amounts of data before we fixed this. We expect there are others. And when we find them, we will ban them and tell everyone affected.

- Sincerity condition, Corrective Action
- Warning

- Facebook is investigating every single app that had access to large amounts of data to prevent similar problematic situation.
- Facebook expects there are similar problems with other apps.

Zuckerberg/Facebook Apology: 3rd paragraph

We're also investigating every single app that had access to large amounts of data **before** we fixed this. We expect there are others. And when we find them, we will ban them and tell everyone affected.

- Sincerity condition, Corrective Action
- Warning
- Promise

- Facebook is investigating every single app that had access to large amounts of data to prevent similar problematic situation.
- Facebook expects there are similar problems with other apps.
- Facebook will ban any problematic app.
- Facebook will inform tell everyone affected.
- Facebook will fixed this problem.

Zuckerberg/Facebook Apology: 4th paragraph

Finally, we'll remind you which apps you've given access to your information
– so you can shut off the ones you don't want anymore.

Zuckerberg/Facebook Apology: 4th paragraph

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Zuckerberg/Facebook Apology: 4th paragraph

Finally, we'll remind you which apps you've given access to your information

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- Sincerity condition, Corrective Action
- Promise

- FB will provide (better) information regarding data security.

Zuckerberg/Facebook Apology: 4th paragraph

Finally, we'll remind you which apps you've given access to your information

– so you can shut off the ones you don't want anymore.

- Sincerity condition, Corrective Action
- Promise
- Shift the Blame, including users to the problem

- FB will provide (better) information regarding data security.
- Users already have the possibility not to allowed access to theirs data.

Zuckerberg/Facebook Apology: 5th paragraph

Thank you for believing in this community. I promise to do better for you.

Zuckerberg/Facebook Apology: 5th paragraph

Thank you for believing in this community. I promise to do better for you.

Zuckerberg/Facebook Apology: 5th paragraph

Thank you for believing in this community. I promise to do better for you.

- Sincerity condition, Bolstering

- Facebook cares about its users.

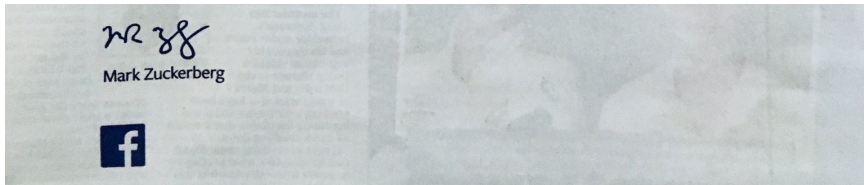
Zuckerberg/Facebook Apology: 5th paragraph

Thank you for believing in this community. I promise to do better for you.

- Sincerity condition, Bolstering
- Promise

- Facebook cares about its users.
- Mark Zuckerberg will do better for users of Facebook.

Zuckerberg/Facebook Apology: signing



Zuckerberg/Facebook Apology: signing



- Mark Zuckerberg / Facebook is taking the blame.
- social actor and its face (image)

Ethical and Behavioral Considerations of FB/MZ Apology

1. Was that an apology?
2. For whom was this statement intended for?
3. What was this statement intended to do and what was its impact?
4. Do you use FB?

BP Apology

bp

Gulf of Mexico Oil Spill Response.

What we're doing. How to get more information.

Since the tragic accident on the Thunderbolt Deepwater Horizon rig that occurred, we have been committed to doing everything possible to stop the flow of oil into the water, contain it on the surface and keep it away from the shores.

BP has taken full responsibility for dealing with the spill. We are determined to do everything we can to eliminate any impact. We will honor all legitimate claims.

This is an extensive team effort. More than 1,000 of our operational and technical personnel have joined the world's leading experts in coordination with the U.S. Coast Guard and federal, state and local government agencies. We are also getting immediate support from specialists across the industry to ensure an unprecedented level of effectiveness.

On the seabed, we are using multiple techniques to reduce the flow of oil and ultimately stop it. On the surface, more than 1,000 booms of all sizes, including booby-trapping booms, are working together to contain the spill. Over 5 million gallons of absorbent materials have been released. More than 100,000 barrels of booms have been placed to protect the shores.

Our efforts along the coast are being organized through 14 Strategic Response Centers.

Mississippi, Alabama and Florida, coordinated by their respective governors in Mobile, Louisiana, Mobile, Alabama, and St. Petersburg, Florida.

For the greatest information, contact your local media and government officials and emergency responders. Some of us would be glad to provide you with the necessary information of these contractors and officials.

We will continue to keep everyone fully informed about the progress to this spill, the current situation and the spill and response plan, please see the following websites:

www.bp.com
www.ResponseCenters.com

For assistance or information, please call the following 24/7 helpline:

To report an oil spill: 800-441-4474
 To report equipment failure: 800-951-1001
 To make spill-related claims: 800-848-8888

Tony Hayward
CEO, BP

ALL-NEW **BP**

“We’re Sorry” will make this right.

bp

The Gulf of Mexico is a fragile, beautiful environment. It's a place where the sun, sea and sand meet. It's a place where the wind, waves and whitecaps dance. It's a place where the world's most beautiful beaches meet the sea.

As the Gulf of Mexico BP spill continues to grow, we are committed to doing everything we can to stop the flow of oil into the water, contain it on the surface and keep it away from the shores.

We have deployed the largest environmental response in the world. More than 1,000 booms of all sizes, including booby-trapping booms, are working together to contain the spill. Over 5 million gallons of absorbent materials have been released. More than 100,000 barrels of booms have been placed to protect the shores.

We will honor all legitimate claims. We will continue to do everything we can to eliminate any impact. We will honor all legitimate claims.

We will continue to keep everyone fully informed about the progress to this spill, the current situation and the spill and response plan, please see the following websites:

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For assistance or information, please call the following 24/7 helpline:

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bp

(Homan Wu, 2010)

OVERVIEW

questions

- Who was the author of the apology?
 - Mark Zuckerberg as Facebook
- To whom was the apology addressed? (What is the intended audience of apology?)
 - informed stakeholders
- What channel and why was used for the apology?
 - newspapers
 - to balance negative reporting
- How was the apology crafted? (What is the content?)
 - addressing the main criticism – protection of data
 - admitting to breach of trust – not breach of security
 - stating apology
 - supporting sincerity conditions by doing and promising corrective actions
- What was written and what can we know from a context?
 - inexact representation of situation

responsibility avoidance

- Is this an attempt to avoid a responsibility?
 - partial confession and bolstering
 - inexact representation of situation
 - breach of trust not breach of security or mistake or wrongdoing
 - pre-emptive warning
 - There are others.
 - evading of responsibility, shifting blame (not explicit denial)
 - including users to the problem
 - shifting person
 - FB, MZ founder, MZ CEO, MZ visionary ...

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U N I V E R S I T Y