Motivated employee blindness: The impact of labor market instability on judgment of organizational inefficiencies

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A B S T R A C T

While employees might be expected to be especially vigilant to problems within their organization during times of economic instability, we build on motivational perspectives put forth by System Justification Theory to propose the opposite effect, namely that economic instability enhances employees' tendency to defensively ignore and diminish organizational problems. We experimentally manipulated perceptions of labor market trends and asked participants to report on problems within their own actual organization. As predicted, an ostensibly weak external labor market led employees to perceive their organization as less inefficient (Study 1), identify fewer organizational efficiency problems (Study 2), downplay the impact of organizational inefficiencies (Study 3), and generate a greater ratio of pros to cons regarding how their organization is run (Study 4), compared to employees exposed to relatively favorable labor market information. Results suggest an enhanced motivation to deny the existence of organizational flaws when employment alternatives are perceived to be scarce.

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1. Introduction

An organizational system's ability to detect inefficiencies is essential to its survival and profitability, particularly during periods of economic instability, when resources are scarce and organizational success is more tenuous (Cyert & March, 1963; Galbraith, 1973; Peteraf, 1993). While the task of fixing inefficiency is often officially assigned to specific individuals or units within an organization, all employees can play a valuable role in helping their organization identify efficiency problems (LePine & Van Dyne, 1998; Morrison & Milliken, 2000). For instance, an assembly line worker on the factory floor may notice a mechanical flaw that is producing unnecessary physical waste, or an office worker completing a report may recognize a way that the reporting process could be re-organized to reduce redundancy. In the current paper, we draw from contemporary motivational perspectives (e.g., Jost & Banaji, 1994) to explore the relationship between economic instability and employees' attention to organizational problems, such as inefficiencies. That is, we investigate how specific economic factors may influence individuals' likelihood of noticing or recalling flaws within their organizational system.

While, intuitively, managers might expect their employees to be especially vigilant to organizational shortcomings during periods of economic instability, especially given that in an unstable economy with few job opportunities employees are increasingly dependent on their current organization's success, we provide theoretical and empirical support for the opposite hypothesis: that economic instability may actually *decrease* individual-level vigilance to organizational problems. That is, inspired by theory on individuals' motivated tendency to defend and justify their systems (cf. Jost & Banaji, 1994; Jost, Banaji, & Nosek, 2004; Kay & Friesen, 2011), we propose that economic instability, in signaling a scarcity of employment alternatives in the external labor market, may trigger a motivated tendency for employees to deny and downplay flaws within their current organization. We outline the reasoning for this prediction below.

System Justification Theory (Jost & Banaji, 1994) posits that people are motivated to maintain a positive view of the external systems they find themselves in, even when those systems are suboptimal or flawed. The theory was originally concerned with justification of unfairness in the context of hierarchical relationships between groups—that is, individuals' tendency to view group-based differences in status and power as fair—and thus the theory initially considered the structure of intergroup relations as the 'system' (cf. Jost & Banaji, 1994; Jost et al., 2004). Now, the meaning of 'system' within the theory has evolved to include not only intergroup arrangements, but any external structure within

which people function, such as governments or institutions (cf. Kay & Friesen, 2011; Jost et al., 2010). Furthermore, while early work on system justification focused on defense of societal unfairness, the theory has evolved to suggest that individuals may be motivated to justify and defend all system flaws that undermine the system's viability.

The *system justification motive* is thought to stem from individuals' need to manage the psychological threat evoked by weaknesses or faults in the systems upon which they feel dependent (Jost & Hunyady, 2002; Kay & Zanna, 2009). Empirical work examining people's tendency to justify their social and political systems suggests that, rather than trying to change or improve these systems, people are often more concerned with avoiding the psychological threat produced by acknowledging these systems' negative characteristics. Thus, individuals often engage in motivated psychological processes – defending and justifying their system by rationalizing away or ignoring its shortcomings (e.g. Feygina, Jost, & Goldsmith, 2010; Laurin, Shepherd, & Kay, 2010; Napier, Mandisodza, Andersen, & Jost, 2006; Shepherd & Kay, 2012).

Furthermore, individuals' tendency to engage in system justification has been shown to be enhanced as their perceived dependence on that system increases. For instance, when people are made to believe that their current socio-political system exerts a powerful influence over its citizens' life outcomes, they increasingly justify the way that system currently operates and defend system faults (Kay et al., 2009). Thus, while conceptualizations of individuals as rational actors might predict that a strong sense that one's welfare depends on a system's effective functioning should increase individuals' desire to improve that system, a system justification perspective suggests the opposite effect – namely that greater system dependence, in enhancing the potential psychological threat aroused by acknowledging system problems, motivates increased defense of the way that system currently operates.

In the current paper, we draw from this theoretical framework to explore how people will respond in the context of work organizations and the individual-level identification of organizational problems. We investigate, broadly, whether perceived fluctuations in the labor market may trigger employees' motivation to defend their current organization and how this may manifest in employees' perceptions and attitudes toward flaws in their workplace. While one might naturally expect that decreased favorability of external labor market conditions would increase employee vigilance, we instead predict that it may enhance employees' motivation to ignore and downplay organizational shortcomings. We test this prediction across four experimental studies, conducted in the United States, in which we manipulate the favorability of labor market information shown to employees and measure their perceptions of inefficiency in their own organization (Study 1), their recall of efficiency problems in their own organization (Study 2), their tendency to rationalize away previously identified inefficiencies in their own organization by deeming them unimportant (Study 3), and the ratio of pros to cons they generate when asked to consider how their organization currently operates (Study 4).

The current research aims to extend theoretical conceptions of the triggers of the system justification motive by experimentally investigating how an organizational system's changing external environment may indirectly enhance or diminish employees' system-justifying tendencies. In our research, rather than conceiving of system justification as emerging as a result of individual differences or properties of the system being defended (cf. Jost, Glaser, Kruglanski, & Sulloway, 2003; Kay & Friesen, 2011), the unique features of work organizations allow us to explore the role of exogenous economic trends in altering perceived system dependence and thus potentially triggering the system justification motive. While previous work has shown that external criticism or attacks directed at a system may heighten system defense (e.g. Kay, Jost, & Young, 2005; Napier et al., 2006) and that threatening the overarching status quo can enhance individuals' tendency to justify subcomponents of the system (e.g. Day, Kay, Holmes, & Napier, 2011; Wakslak, Jost, & Bauer, 2011), our research is the first to examine the role played by changes in a system's broader institutional environment in indirectly affecting individuals' system justification motive.

Furthermore, our work adopts a fresh methodological approach to studying the psychological effects of labor market fluctuations. Prior research on employees' reactions to lack of employment alternatives is limited in its reliance on correlational data and scenario studies (e.g. Rusbult, Farrell, Rogers, & Mainous, 1988; Withey & Cooper, 1989). Our research is novel in that we conduct experiments wherein we manipulate employees' perceptions of the favorability of actual external labor market conditions, allowing us to isolate the unique psychological effects of fluctuations in the availability of job alternatives on employees' perceptions of their own organizations.

Second, by studying system justification in work organizations, we expand notions of what constitutes a threat to a system's effective functioning. System justification research to date, rooted in a socio-political context, has focused on individuals' tendency to defend social problems, such as injustice or climate change, as such problems pose a threat to the legitimacy and sustainability of social and political arrangements (e.g. Feygina et al., 2010; Jost et al., 2004; Kay & Jost, 2003). While we conceptualize work organizations as psychologically similar to social and political institutions in that individuals depend on the effective functioning of both types of systems, we also argue that organizations may be distinct in the types of problems or flaws that present a threat to the system's effective functioning. Specifically, in our research, we postulate that, unlike a relatively informal social system whose perceived effectiveness is determined by the legitimacy of the social outcomes it produces, a work organization represents a formally bounded system with a functional purpose beyond social goals. That is, work organizations exist in order to achieve a specific set of tangible outcomes, usually related to the production of goods or services. Thus, a particular organization's continued existence and success may be understood as dependent on its ability to effectively achieve its functional goals. Thus, in our research, we focus mainly on basic inefficiency in an organization's operations as a potential threat to an organization's effective functioning and thus something that may be psychologically defended by its members. We suggest that organizational inefficiency problems may threaten employees' sense that their organization operates in a way that is desirable and is a stable system that will last.

Third, our work is among the first to provide direct evidence of the implications of System Justification Theory for work organizations. The system justification motive has mainly been studied in the context of citizens' tendency to defend and bolster their social and political systems (cf. Jost et al., 2004; Kay & Friesen, 2011). Some initial studies have examined how individuals' tendency to justify their social-political system predicts their perceptions of fairness in workplace scenarios (van der Toorn, Berkics, & Jost, 2010). Our goal is to demonstrate how a system justification perspective can provide unique insight into other phenomena of interest to organizational researchers and practitioners (cf. Proudfoot & Kay, 2014), such as actual employees' vigilance to toward inefficiency in their own organizations and how this might vary as a function of fluctuations in the external labor market.

2. Theoretical background

System Justification Theory (SJT; Jost & Banaji, 1994) provides a social psychological explanation for why external systems persist