The Impact of Cynicism on Ethical Intentions of Indian Managers: The Moderating Role of Their Level Ofmanagement

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Abstract—**A vignette study was undertaken to examine if cynical attitudes predicted unethical intentions among Indian managers when faced with a range of ethical dilemmas. Cynicism—the belief that others are engaging in unethical acts or that unethical behavior is common or normal—has been found to predict unethical intentions. The study is an empirical evidence of the hypothesis that general and organizational cynicism influence ethical intentions. Hierarchical regression analysis on a sample of 199 Indian managers from different organizations provides strong evidence for the assumption of this study, i.e., the moderating role of level of management between organizational cynicism and ethical intentions. A three-way interaction effect was found, whereby managers working at middle and senior level management positions at higher levels of organizational cynicism were less unethical than managers at the junior management positions.**

Index Terms—**general cynicism, organizational cynicism, Indian managers, ethical intentions, level of management**

I. INTRODUCTION

The question of how managers make decisions about ethical issues is of great interest to business leaders and organizational researchers alike. In recent times, a spate of scandals and news on ethical wrongdoing has had far-reaching negative consequences on employees in the form of cynical thoughts such as lack of trust in the top management of companies, belief that companies take advantage of employees and treat them unfairly, etc.

Research suggests that cynical employees are less productive (Kanter and Mirvis, 1989), have low job satisfaction and organizational commitment (Dean, Brandes and Dharwadkar 1998), are less likely to cooperate with corporate change efforts (Reichers, Wanous and Austin 1997) and have low morale (Premeaux and Mondy, 1986). For the organization, the potential consequences of employee cynicism can include lowered productivity and low morale, which can directly translate into loss of revenue (Argyle, 1989). Although there is a growing body of research linking measures of the aversive "Dark Triad" personality constructs (psychopathy, narcissism and Machiavellianism) to poor moral functioning (Paulhus and Williams, 2002), the effects of cynicism on employee intentions and decision making needs further exploration.. In this context, a more definitive research on the effect of cynicism in ethical decision making in the workplace could be beneficial to organizations as well as their employees. Such a study would be especially relevant in a hitherto unexplored Indian context.

We have reviewed research undertaken on the impact of cynicism on ethical intentions of employees. Based on the review, specific hypotheses have been proposed. We then present the design and methodology followed by findings of the study. Finally, we discuss implications on academia and practioners /Industry.

II. LITERATURE REVIEW

With the current global meltdown affecting every kind of industry, the relation between employers and employees stand altered. Research indicates that cynicism is on the rise in business and industry with cynical employees distrusting their leaders and believing that their employers will exploit their contribution at an opportune moment. While organizations are attempting "rightsizing" and "cost restructuring" in a bid to contain costs, employees are becoming increasingly cynical, believing that principles of honesty, fairness and sincerity are being sacrificed to further the self interests of leaders, leading to actions based on hidden motives and deceptions (Abraham, 2000). Increasing disparity in the salaries of the top management and the rest of the employees, poor organizational performance, and impending layoffs have been found to be predictors of cynicism (Andersson and Bateman, 1997).

Organizational cynicism is 'a negative attitude toward one's employing organization, comprising three dimensions: (1) a belief that the organization lacks integrity, (2) negative affect toward the organization, and (3) tendencies towards disparaging and critical behaviors toward the organization that are consistent with these beliefs and affect' (Dean, Brandes and Dharwadkar, 1998).

Cynicism towards one's organization has far-reaching implications for both the organization and employees in the form of negative outcomes such as lack of work commitment and less motivation, apathy, resignation, hopelessness, suspicion, contempt and scorn (Andersson, 1996; Andersson & Bateman, 1997; Dean et al., 1998; Abraham, 2000; Wanous, Reichers & Austin 2000). It essentially involves selfishness and fakery (Kanter and Mirvis, 1989, 1991).

Given that many of these malaises are seen in India, an inquiry into the presence and impact of cynicism is warranted. While Fisher, Shirole and Bhupatkar (2001) described

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cynicism as being one of the stances Indian managers take when faced with an ethical dilemma, they have not studied it any further. There has been little work on cynicism as an attitudinal factor and its contribution to ethicality of intentions. The implications of this oversight assume significance as cynicism may contribute to lowered ethical intentions and may act as a driver and enabler of ethically questionable behavior. In addition, existing works within organizational literature have not examined different types of cynicism while examining their impact on work behavior.

Cynical beliefs, attitudes and behavior could be a reaction to various entities like society, business in general or may have a specific organizational causation resulting in a negative attitude towards top management and / or their change management efforts and mistrust towards them. There has been no attempt to examine the correlation between general and organizational cynicism and thereby conclude if a manager who is cynical about the society he lives in would also extend such thoughts towards his organization. Our effort is to understand cynicism from two angles, namely general cynicism and organizational cynicism. General cynicism is directed at various entities including society and business in general (Abraham, 2000). In response to growing general cynicism—the belief that others are engaging in unethical acts or that unethical behavior is common or normal—this study will attempt to examine how general cynicism impacts ethical intent among managers. We often look to the attitudes and behavior of others in judging the acceptability of our own attitudes and behavior. Hence, their unethical behavior can trigger similar attitudes and even intentions in us. Therefore, we propose:

Hypothesis 1: General cynicism is inversely related to ethical intentions.

Organizational cynicism on the contrary, is specific in its causality. It comprises of 'a negative attitude toward one's employing organization. Such a negative attitude consists of three dimensions: (1) a belief that the organization lacks integrity; (2) negative affect toward the organization; and (3) tendencies to disparaging and critical behaviors toward the organization that are consistent with these beliefs and affect' (Dean, Brandes and Dharwadkar, 1998). Such beliefs about the lack of integrity in ones organization may trigger subsequent unethical behaviors among employees themselves. Hence, we propose:

Hypothesis 2: Organizational cynicism is inversely related to ethical intentions.

Another factor that is likely to have an impact on the ethical intentions of managers is the informal ethical culture of their organization. Studies (e.g. Sinclaire, 1993) have found that a formal ethics and compliance program alone does not substantially influence outcomes. Additional analysis has revealed that ethical culture often has more of an impact on achieving an effective compliance than do codes of conduct. Ethical culture can be made effective if the following three key actions are consistently undertaken:

1) Keeping promises and commitments made to customers and employees and supporting employees in adhering to ethical standards.

2) Middle and senior managers demonstrating ethical behavior in their day to day decision-making thereby providing good role models for junior employees.
3) Ethics training, especially for junior employees to better prepare them to face challenging situations that may invite misconduct.

Middle and senior level managers, because of their longer exposure to the ethical culture of their organization, may be more ethical than junior managers. Also being bosses and role models to their subordinates, they would have to adhere to higher standards of conduct in their everyday decision-making. We hence hypothesize that:

Hypothesis 3: The level of management of a manager moderates the relation between cynicism and ethical intentions.

III. RESEARCH DESIGN AND METHODOLOGY

A. Sample

Our study was conducted on a sample chosen from organizations belonging to manufacturing and service sectors, with a variety of experiences (junior, middle and senior management) and other demographics such as age and gender. 250 questionnaires were personally delivered to respondents out of which 199 completed surveys were returned. The response rate of 79% was higher than usually seen in survey research.

B. Measures

A series of vignettes developed, pre-tested, and used by Fritzsche and Becker (1984) were used. Drawn from books on business ethics, these vignettes captured a wide variety of ethical issues and were modified to make them relevant to the Indian context. The five vignettes used in our study represented a broad range of issues from problems dealing with coercion and control, to conflict of interest, physical environment, paternalism, and personal integrity. Coercion and control (EDM1) was present when an external player tried to influence the management decision by using threat or extortion. Conflict of interest (EDM2) represents a situation wherein pursuing one interest may jeopardize other interests, including those of the firm. The case on physical environment (EDM3) is one wherein the interest of long-term preservation of the environment is pitted against the economic self-interest of a firm. Paternalism (EDM4) is represented by a situation involving a choice between respect for the individual autonomy and attendant risks for the humanity at large. The last vignette (EDM5) presents an issue of personal integrity.

Respondents were asked to indicate their preferred action alternative on a five -point scale with 5 capturing the most ethical and 1the least ethical choice. Age, gender, total work experience and tenure in the organization and level of management were the demographic variables included in the study. We undertook a causal study to understand the relationship between cynicism and ethical intentions .The research design comprised of a survey. A 15 item questionnaire was used to measure general cynicism (Turner & Valentine, 2001; Cronbach's alpha=.71) and a 9 item

questionnaire measured organizational cynicism (Eaton & Struthers, 2002; Cronbach's alpha =.83). We attempt to explain the ethical intentions of managers as reported by them. As actual behavior can be assessed as being ethical or unethical only when it is exhibited, the study measures only intentions to behave. However, if one accepts the theory of planned behavior (Ajzen and Fishbein, 1980), then there should not be significant difference between the indicated intentions and actual decisions (behavior) managers may take when faced with an ethical dilemma.

IV. ANALYSIS AND DISCUSSION

We tested the Hypotheses with response variables in the questionnaire with Correlation and Multiple Regression Analysis. Covariates used were age, gender, work experience, tenure in the organization and level of management at which the responding manager worked. Other than age, work experience and tenure, the variables used in the analysis were categorical. We excluded work experience and tenure from the analysis since they were highly correlated with age.

TABLE I. MEANS, STANDARD DEVIATION AND PEARSON'S ZERO ORDER CORRELATIONS FOR ALL VARIABLES

Variable	Mean	SD	1	2	3	4	5
1 Organizational Cynicism	2.86	0.95					
2 General Cynicism	3.30	0.52	0.48**				
3 Age	30.41	5.85	-0.07	0.12			
4 Sex			0.01	0.00	-0.18		
5 Management Level			-0.10	0.02	0.51**	-0.17	
EDM	3.13	1.03	-0.47**	-0.50**	0.10	0.02	0.11
EDM1	2.80	1.42	-0.38**	-0.39**	0.10	0.00	0.11
EDM2	2.87	1.35	-0.35**	-0.42**	0.03	0.00	0.12
EDM3	3.46	1.38	-0.33**	-0.29**	0.14	0.02	0.06
EDM4	2.93	1.39	-0.38**	-0.45**	-0.03	0.03	0.05
EDM5	3.59	1.18	-0.39**	-0.37**	0.15	0.04	0.09

*Correlation is Significant at the 0.05 Level (2-tailed)
**Correlation is Significant at the 0.01 Level (2-tailed)

We found general cynicism and organizational cynicism significantly correlated with Ethical Decision Making. On the other hand, age, gender and management level did not significantly correlate with Ethical Decision Making. These correlations support Hypotheses 1 and 2. Since there is significant inter-correlation between Organizational Cynicism and General Cynicism, it is premature to draw conclusions only from correlations. Hence, we performed a multiple regression.

TABLE II. MULTIPLE REGRESSION RESULTS

Variable	EDM		EDM1		EDM2		EDM3		EDM4		EDM5	
	Beta	t	Beta	t	Beta	t	Beta	t	Beta	t	Beta	t
Organizational Cynicism	-0.28**	-4.11	-0.23**	-3.11	-0.17*	-2.28	-0.22**	-2.86	-0.21**	-2.86	-0.25**	-3.37
General Cynicism	-0.38**	-5.66	-0.29**	-3.94	-0.35**	-4.69	-0.21**	-2.71	-0.35**	-4.81	-0.28**	-3.75
Age	0.10	1.51	0.10	1.28	0.00	-0.06	0.18	2.23	-0.03	-0.38	0.17	2.31
Sex	0.05	0.84	0.03	0.41	0.02	0.37	0.04	0.62	0.04	0.56	0.07	1.07
Management Level	0.05	0.69	0.05	0.65	0.12	1.61	-0.05	-0.58	0.06	0.78	0.00	-0.04
Sex*OrgCyn	-0.02	-0.19	-0.04	-0.37	-0.08	-0.82	0.05	0.52	-0.10	-1.10	0.12	1.26
Sex*GenCyn	-0.10	-1.23	-0.06	-0.62	-0.08	-0.82	-0.09	-0.90	-0.04	-0.45	-0.15	-1.59
Level*GenCyn	-0.06	-0.57	-0.13	-1.04	-0.04	-0.30	-0.07	-0.51	-0.06	-0.48	0.06	0.50
Level*OrgCyn	0.29*	2.80	0.33*	2.89	0.21	1.87	0.26*	2.20	0.27*	2.42	0.01	0.05
R-Square	0.380**		0.219**		0.249**		0.181**		0.279**		0.240**	

* P < 0.05
** P < 0.01

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Table II presents regression analysis that provides stronger evidence on the significance of the proposed relationships. Standardized Partial Regression Coefficients (Beta) shows that Organizational Cynicism and General Cynicism significantly affect ethical intentions (EDM) and confirms the Hypotheses 1 and 2.

We then performed an analysis with the significant categorical variables (factors) and the continuous variables age, work experience and tenure. None of the continuous variables showed any significance in all the five situations, so the final model had only level of management as the explanatory variable.

Our results showed the level of management of the respondent as influencing ethical intentions of Indian managers. We studied managers belonging to three levels in the management of their organizations: junior level, middle level and senior management level. Junior management consisted of employees who had between one to five years of work experience, middle management had between five and fifteen years of experience with considerable number of

reportees and made several operational decisions in their organization. The senior management comprised of employees with more than fifteen years of experience and in charge of strategic decision making in their respective companies.

We tested the moderation of level of management following the procedure laid down by Baron and Kenny (1986). According to them, a moderator is a variable that affects the direction and/or strength of the relation between an independent and a dependent variable. In other words, there is a moderator effect if there exists an interaction effect of the independent variable and the moderator variable on the dependent variable. The effect of a moderator, under the assumption that it linearly affects the relationship between the dependent and the independent variable can be measured by adding the product of the moderator and the independent variable to the regression equation. The moderator effect is measured by the effect of the product of the moderator and the independent variable.

TABLE III. HIERARCHICAL MULTIPLE REGRESSION RESULTS

| Variables | EDM | | | |
| | Step1 | | Step2 | |
	Beta	t-value	Beta	t-value
Organizational Cynicism	-0.278	-4.112	-0.487	-3.998
General Cynicism	-0.383	-5.655	-0.272	-2.196
Age	0.104	1.509	0.117	1.682
Sex	0.050	0.843	0.041	0.701
Management Level	0.047	0.691	0.042	0.608
SexOrgCyn			-0.016	-0.189
SexGenCyn			-0.102	-1.232
LevelGenCyn			-0.064	-0.570
LevelOrgCyn			**0.287**	**2.798****
R²	0.341		**0.380**	
R² Change			**0.039**	
F-Value			**2.960***	

* P < .05
** P< .01

In order to test Moderation hypothesis, we undertook a Hierarchical Multiple Regression Analysis (refer table iii). In Step1, main effects represented by independent and moderator variables were entered. In Step2, moderation effects (Baron and Kenny, 1986) also known as interaction variables, computed as products of independent and moderator variables were entered in the equation. F-value in Step2, illustrates the significance of the regression model that represents the moderation effects. A significant increment of R2 (Cohen and Cohen, 1983) in the Step 2, indicates the presence of moderation effects (Youndt, 1986).

The Significance of the interaction between Organizational Cynicism and Management Level (Level*OrgCyn) provided evidence to support the relation between Organizational cynicism and ethical intentions based on the level of management. This three-way interaction

was supported for Overall EDM (which is the average EDM score across the five vignettes) as well as three specific vignettes, EDM1, EDM3 and EDM4. This shows that middle and senior level managers who are low in cynicism are less ethical that junior managers. This could be explained by the fact that these two categories of managers have had considerable practical experience in the running of their respective organizations and had become "worldly wise" to the harsh realities of the business world. Hence, when they are lower in cynicism compared to the junior managers, their intentions were less ethical.

However, it is interesting to note that their change in ethical intentions across different levels of organizational cynicism is lower than junior management. At higher levels of organizational cynicism, middle or senior managers were much less unethical than the junior managers were. This may

be on the account of their socialization into their organizational culture and standards of behavior for a longer time than junior management and the consequent attenuation of unethical tendencies. Organization culture, a pattern of basic assumptions that are developed by a given organization as it learns to cope with its problems of external adaptation and internal integration. Such assumptions, because of having worked well in the past are considered valid and therefore are taught to new members as the correct way to perceive, think, and feel in relation to those problems and are often a source of competitive advantage. Middle and senior level managers, because of their longer experience may be more tempered in their responses thus making them less unethical when compared to their junior managers even at higher levels of organizational cynicism
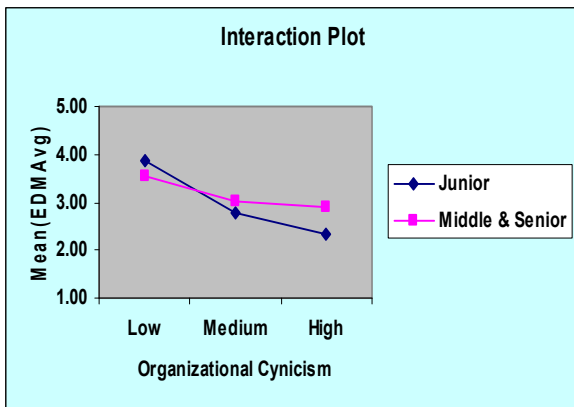

Figure 1: Moderation effect of Level of management on the relationship between Organizational cynicism and Ethicality of intentions.

V. . SUMMARY AND CONCLUSIONS

As more employees begin to question corporate life, they have started experiencing more negativity and cynicism about their organization resulting in a change in behavior. Cynical employees are more likely to perceive inconsistencies within their organization's policies, goals, and practices and question the integrity of their organizations. They are less likely to engage in the behaviors exhibited by highly committed employees (as being ethical and upholding the values of the organization) as this would also create cognitive dissonance in one's attitudes and behavior--people who question the integrity of their organization can scarcely be personally attached to it. Our findings clearly point out that employees who were more generally and organizationally cynical were less likely to be ethical in their intentions. Hence, organizations must learn to manage values with care to avoid disillusionment and organizational cynicism among employees and recruit people who have lower general cynicism. In addition, as there are indications of unethical tendencies being lesser among managers in middle and senior management positions, the role of organizational culture in improving ethicality warrants added attention. Future work might incorporate other research methodologies in measuring organizational cynicism and ethical behavior to further our understanding of this causation.

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