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|---------------|---------------------------------------------------------------------------------------------------|
| Item Type     | Article                                                                                           |
| Authors       | Nair, Priya;Kamalanabhan, T. J.                                                                   |
| Publisher     | American Scholars Press                                                                           |
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| Download date | 2026-07-17 05:26:39                                                                               |
| Link to Item  | <a href="http://hdl.handle.net/20.500.12424/175980">http://hdl.handle.net/20.500.12424/175980</a> |

## THE IMPACT OF CYNICISM ON ETHICAL INTENTIONS OF INDIAN MANAGERS: THE MODERATING ROLE OF SENIORITY

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**Abstract:** In recent times, incidents of financial frauds by promoters with the connivance of top management have shocked and disappointed the corporate world. Such instances generate a pertinent question, what factors trigger such unprincipled behavior on the part of professional managers? We undertook a vignette study to examine if cynical attitudes could predict 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.

**Keywords:** general cynicism, organizational cynicism, Indian managers, ethical intentions, seniority

### Introduction

The question of how managers make decisions about running their business and the ethical issues therein is of great interest to business leaders and organizational researchers alike. In recent times, Ramalinga Raju's disclosures on the forging of accounts at Satyam Computer Services Ltd. have come as a deep shock and disappointment for corporate India. Raju founded Satyam Computers and was its Chairman until January 7, 2009, when he resigned from the Satyam board after admitting to corporate fraud and cheating six million shareholders, some of who lost their entire life savings. There is a view that many top professional managers at the company were also involved and complicit in the fraud (Thakurta, 2009). Given the inner workings of Satyam (the name ironically stands for truth), it is near impossible that the top managers were completely unaware of what the promoter was doing. These and other such instances generate the obvious and pertinent question: what factors trigger such unprincipled behavior on the part of professional managers?

One approach to analyzing the process of ethical decision-making and the antecedents therein is through a person-situation interactionist perspective (Trevino, 1986) that captures the interaction between personal and situational variables to produce ethical/unethical decisions. In this study, we examine the influence of employee attitudes such as general and organizational cynicism on their ethical intentions.

### **Background**

The process of ethical decision-making (*deciding on a series of actions that are legally and morally acceptable to the larger community*) progresses through the four-stage Model of Moral Action introduced by Rest (1986). Accordingly, individuals (i) recognize a moral issue through moral awareness that a decision or action may help or harm others, (ii) make a moral judgment about the issue in a way that moral concerns override other concerns, (iii) establish an intention to act upon the judgment, and finally, (iv) act out intentions. Each stage does not automatically lead to the subsequent stage. When a moral issue is recognized, a moral judgment needs to be made on it. Making a moral judgment is facilitated by an individual's cognitive moral development (Kohlberg, 1976) that operates in a range of six stages. Individuals generally perform at moral development levels lower than what they are capable of (Levine, 1979) and managers use lower levels of cognitive moral development in actual work environments compared to hypothetical situations (Trevino, 1986). Moral development and subsequently, judgment may thus be context dependent with organizational factors like the socialization process, authority factors and group dynamics influencing what is regarded as 'right' or 'wrong'.

### **Reasons for Unethical Behavior**

Several studies have explained *why good people do bad things*. With respect to organizational employees, Jones (1991) defined unethical conduct as "behavior that has a harmful effect upon others and is either illegal or morally unacceptable to the larger community." Such behavior can begin with seemingly minor infractions such as fudging time sheets in order to meet unrealistic billing budgets, to stealing credit for other's work, and putting self or departmental interests above the client's interests (Lagan, 2006). The ongoing debate among organizational researchers is about identifying whether unethical conduct is the result of *bad apples* – unethical behavior attributed to personal characteristics, or due to a *bad barrel* – organizational or situational variables that trigger misconduct because unethical behavior seldom develops in a vacuum. It is caused not by lack of intelligence, but by lack of wisdom (Feiner, 2004), or virtue (Giacalone, 2004) and an overemphasis on maximizing shareholder value without regard for the effects of their actions on other stakeholders (Kochan, 2002). Profit sharing programs that intend to align management's interests with those of the owners put pressure and provide an opportunity for managers to behave unethically. Love for money, once again, has been seen as a reason for evil (Tang & Chiu, 2003; Vitell, Paolillo & Singh, 2006, 2007) and unethical behavior among university students (Tang, Chen & Sutarso, 2007). Moral evaluation of an act can be a deterrent to unethical conduct and negative perception of the outcome lessen chances of indulgence. Interestingly, unethical behavior has been found to be considerably encouraged by significant others in organizations - especially superiors (Smith, Simpson & Huang, 2007), with the social network of relationships at work (Brass, Butterfield & Skaggs, 1998) providing constraints and opportunities that, in combination with individual characteristics, issues and organizational context, help account for unethical behavior. If this is the case, organizational context may

account for a lowering of moral standards. In summary, both attitudinal and organizational context factors have been found to predict unethical behavior.

One of the attitudinal variables that has been discussed as an antecedent of unethical behavior is cynicism, which is an attitude of disillusionment with society or institutions and a distrust of others (Anderson & Bateman, 1997). Though cynicism has been described both as a personality trait and an emotion, its most widespread usage has been as an attitude towards an entity (like an organization or society in general). In this study, we examine two kinds of cynical attitudes among Indian managers; first, as an attitude directed at society and people in general (general cynicism) and second, as an attitude directed specifically towards the individual's employing organization (organizational cynicism). We then proceed to study the impact of these cynical attitudes on the ethical intentions of the aforementioned managers. We reviewed extant 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 practitioners/industry.

### **Literature Review**

Research suggests that cynical employees are less productive (Kanter & Mirvis, 1989), have low job satisfaction and organizational commitment (Dean, Brandes & Dharwadkar, 1998), are less likely to cooperate with corporate change efforts (Reichers, Wanous & Austin 1997) and have low morale (Premeaux & 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). Given that many of these malaises are seen in India, an inquiry into the presence and impact of cynicism is warranted. While Fisher, Shirole & Bhupatkar (2001) have described the stances Indian managers take when faced with an ethical dilemma as being one of cynicism, there has not been further study on their intentions and behavior during such times. Secondly, there has been little work on cynicism as an attitudinal factor among managers and its contribution to ethicality of intentions in Indian companies. The implications of this oversight assume significance as both general and organizational cynicism may contribute to lowered ethical intentions and may act as a driver and enabler of ethically questionable behavior. Third, existing works within organizational literature have not examined different forms of organizational cynicism like personality cynicism, societal cynicism, employee cynicism, organizational change cynicism and work cynicism (Abraham, 2000) while examining their impact on ethical intentions and work behavior. Fourth, 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 & Williams, 2002), the effects of organizational cynicism on employee intentions and decision making needs further exploration. In this context, a more definitive research on the effect of organizational cynicism in ethical decision-making in the workplace could be beneficial to organizations as well as their employees.

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 enable us to

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**

General cynicism is directed at various entities including society and business in general (Abraham, 2000). It materializes out of a perceived breach of contract between an individual and the society he is part of. As citizens and members of society, people are aware of their role in the social system and nurture expectations of reciprocity from governments and society in general. But the emergence of an information age and a globalized business environment, instead of feeling more secure and cared for, people feel alienated and disconnected from the success that only a few have been able to achieve (Abraham, 2000), and society has become more detached from the expectation of reciprocity remaining unfulfilled. This bitterness and perceived breach of psychological contract manifests itself in the form of general cynicism: a disappointment with and sourness for the society of you are a part of. The hallmark of a general cynic is an estrangement from social and economic institutions that are then blamed for his or her hardships. Cynics then become opportunistic and self-serving in an attempt to further their short-term interests (Abraham, 2000). In India, most of the cheerleaders of globalization and trade reform are the corporate tycoons and businessmen who are a fraction of India's population. The average man on the street is of the opinion that the reforms benefit mostly the rich and the benefits that have trickled down to the masses have been disproportional. This creates an environment that promotes cynical thoughts and attitudes in society.

General Cynicism can be defined as the belief that others are engaging in unethical acts and that such unethical behavior is common or normal. We often look to the attitudes and behavior of others in judging the acceptability of our own attitudes and behavior. Consequently, the unethical behavior of others can trigger similar attitudes and even intentions in us. Therefore, we propose:

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

### **Organizational Cynicism**

It is generally believed that with the current global meltdown affecting every kind of industry, the relation between employers and employees stand altered. Research indicates that organizational 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 & Bateman, 1997).

Organizational cynicism is thus specific in its causality and is triggered by the perceived inequities in the organizational context. 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) a

negative affect toward the organization; and (3) tendencies toward disparaging and critical behaviors to the organization, which are consistent with these beliefs and affect' (Dean, Brandes & Dharwadkar, 1998).

Cynical attitudes towards one's organization have been found to have 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 & Mirvis, 1989, 1991). Such beliefs about the lack of integrity in an organization may trigger subsequent unethical behaviors among employees themselves. Hence, we propose:

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

### **Seniority of the Employee in the Organization**

Another feature that is likely to have an impact on the ethical intentions of managers is the informal ethical culture of their organization. Studies have found that a formal ethics and compliance program alone does not substantially influence outcomes (Sinclair, 1993; Weeks & Nantel, 1992). Further, even when ethical codes influence behavior, their impact is small compared to factors such as employee perception of fairness, leader commitment and the organizations overall culture (Weaver, 2004). Informal ethical culture can be made effective only 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, on account of their longer exposure to the ethical values of their organization and richer experience in analyzing and resolving ethical dilemmas, can be assumed to be more ethical than junior managers. Also, as they play the role of a boss and a role model to their subordinates, it is expected that they would adhere to higher standards of conduct in their everyday decision-making. We, therefore, put forward that:

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

### **Research Design and Methodology**

#### ***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. 350 questionnaires were personally delivered to respondents, out of which 199 completed surveys were returned. The response rate of 56% was higher than usually seen in survey research.

**Table 1. Profile of Respondents (N= 199)**

| <i>Gender</i>              | <i>%</i> | <i>Sectors</i>             | <i>%</i> |
|----------------------------|----------|----------------------------|----------|
| Male                       | 63       | IT/ITES/BPO                | 23       |
| Female                     | 37       | Healthcare/ Hospitality    | 9        |
| <b>Years of Experience</b> |          | Telecomm                   | 5        |
| < 5 years                  | 43       | Finance /insurance/banking | 18       |
| 5 to 10 years              | 35       | Chemicals/manufacturing    | 13       |
| 11 to 15 years             | 10       | Engineering/infrastructure | 9        |
| 16 – 20 years              | 6        | Auto / auto equipment      | 12       |
| 21 – 25 years              | 4        | Durables/FMCG/ Electronics | 6        |
| > than 25 years            | 2        | Real estate/ construction  | 5        |

**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 where in 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 1 the least ethical choices. This scoring follows Fritzsche and Becker (1984) and indicates the extent to which each choice was based on principles of utilitarianism, right and justice. 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 adapted from Turner and Valentine, 2001 was used to measure general cynicism and a 9-item questionnaire measured organizational cynicism (Eaton & Struthers, 2002), which reported a Cronbach's alpha of .71 and .83 respectively in our study. We attempt to explain the ethical intentions of managers based on their self-reports.



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 & 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.

### 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 2. Means, Standard Deviation and Pearson's Zero Order Correlations for all Variables**

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

|                                               | EDM     |       | EDM1    |       | EDM2    |       | EDM3    |       | EDM4    |       | EDM5    |       |
|-----------------------------------------------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|---------|-------|
| Variable                                      | 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** |       |
| NOTES: * P < 0.05, ** P < 0.01                |         |       |         |       |         |       |         |       |         |       |         |       |
| EDM- Average score of Ethical Decision Making |         |       |         |       |         |       |         |       |         |       |         |       |

Table 3 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) through an inverse relationship thereby confirming 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 of the five situations, so the final model had only level of management as the explanatory variable in the form of a moderator.

**Table 4. Hierarchical Regression Analysis**

| Variables                                                                                                   | EDM    |         |        |         |
|-------------------------------------------------------------------------------------------------------------|--------|---------|--------|---------|
|                                                                                                             | Step 1 |         | Step 2 |         |
|                                                                                                             | Beta   | t-value | Beta   | t-value |
| Org Cyn                                                                                                     | -0.278 | -4.112  | -0.487 | -3.998  |
| Gen Cyn                                                                                                     | -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   |
| Mgt 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** |
| R <sup>2</sup>                                                                                              | 0.341  |         | 0.380  |         |
| R <sup>2</sup> Change                                                                                       |        |         | 0.039  |         |
| F-Value                                                                                                     |        |         | 2.960* |         |
| NOTES: * P<.05, ** P<.01                                                                                    |        |         |        |         |
| Gen Cyn- General Cynicism; Org Cyn- Organizational Cynicism; Mgt Level – Level of management of the manager |        |         |        |         |

Our results showed the level of management (seniority) 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 and 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 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.

In order to test Moderation hypothesis, we undertook a Hierarchical Multiple Regression Analysis (refer to Table 3). In Step 1, the main effects represented by independent and moderator variables were entered. In Step 2, the moderation effects (Baron & Kenny, 1986), also known as interaction variables,

computed as products of independent and moderator variables were entered in the equation. The F-value in Step 2, illustrates the significance of the regression model that represents the moderation effects. A significant increment of R<sup>2</sup> (Cohen & Cohen, 1983) in 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 (refer to Figure 1). The interaction between Organizational Cynicism and Management Level (Level\*GenCyn) did not offer evidence to support the relation between general cynicism and ethical intentions based on the level of management. The 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 organizational cynicism are less ethical than junior managers. This could be explained by the fact that these two categories of managers (middle and senior level) 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 organizational cynicism compared to the junior managers; their intentions were less ethical.

However, it is interesting to note that the difference 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 is an interesting finding and may be by the virtue of various organizational factors. First, on the account of their socialization into their organizational culture for a longer time and practicing laid out organizational standards of behavior for a longer time than junior management, middle and senior managers may be less unethical. Secondly, the organizational culture, which includes a pattern of basic assumptions that are developed by a given organization, offers ways of behavior that guide managers in coping with organizational dilemmas. 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 organizational dilemmas. Third, middle and senior level managers, because of their longer experience and realizing the long-term ineptness of unethical decisions may become more tempered in their responses, thus making them less unethical when compared to their junior managers even at higher levels of organizational cynicism.

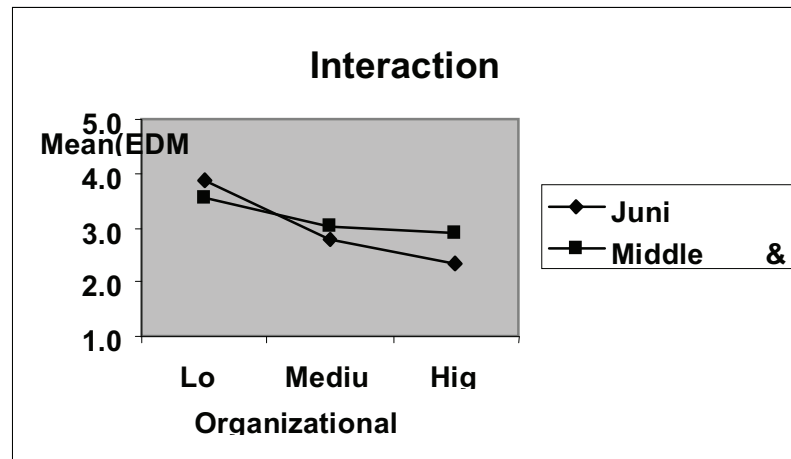


Figure 1. Moderation effect of level of management on the relationship between Organizational Cynicism and Ethicality of Intentions.

### Summary and Conclusions

As more employees begin to question corporate life, they have started experiencing more negativity and cynicism about their organizations, 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. Yet, they are less likely to engage in the behaviors exhibited by highly committed employees (who are loyal to their organizations and consequently uphold organizational values) 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 all 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 that can contribute to improving ethicality warrants added attention.

Though our research shows that cynical employees at all levels tend to have unethical intentions, previous studies (Anderson and Bateman, 1997) have found cynical employees to be ethical when they are required by management to act unethically. Future studies can introduce management expectations into the vignettes we have used to test employee reactions under such requests. One limitation of the study is the fact that we measured only ethical intentions. Future work might incorporate other methodologies in measuring ethical behavior to further our understanding of how it may be influenced by general and organizational cynicism.

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## Appendix 1

Vignettes used in the survey:

### 1. Coercion and control

Rollfast India Bicycle Company has been barred from entering a South East Asian country representing a large and flourishing market by collusive efforts of the local bicycle manufacturers. Rollfast could expect to net 15 crore rupees per year from sales if it could penetrate the market. Last week, a businessman from that country contacted the management of Rollfast and stated that he could smooth the way for the company to sell in his country for a price of Rs. 15 lakhs. If you were responsible for taking the decision, what are the chances that you would pay the price? (Tick your choice below).

| 1                    | 2         | 3         | 4             | 5                        |
|----------------------|-----------|-----------|---------------|--------------------------|
| Definitely would pay | Might pay | Undecided | Might not pay | Definitely would not pay |

### 2. Conflict of interest

Rajiv Mehra has recently accepted a job with a young dynamic microcomputer manufacturer. The microcomputer manufacturers are engaged in intense competition to become the first on the market with a software package which is highly user friendly. Mehra's former employer is rumored to be the leader in this software development. When Mehra was hired he was led to believe his selection was based upon his management potential. The morning beginning the third week on the new job, Mehra received the following memo from the CEO: "Please meet with me tomorrow at 8:15 for the purpose of discussing the developments

your former employer has made in microcomputer software." If you were Mehra, what are the chances you would provide your new employer with the software information? (Tick your choice below).

|                          |               |           |                   |                              |
|--------------------------|---------------|-----------|-------------------|------------------------------|
| 1                        | 2             | 3         | 4                 | 5                            |
| Definitely would provide | Might provide | Undecided | Might not provide | Definitely would not provide |

### 3. Environmental protection

Master Millers has developed a special milling process which yields a wheat flour which when used for bread provides a lighter, more uniform texture than conventionally milled wheat flour. Unfortunately, the process gives off more dust than the emission control equipment presently installed can handle and still maintain emissions within legal limits. Due to lack of availability, the company is unable to install new emissions control equipment for at least two years; however, if it waited that long to introduce the new process, competition would very likely beat it to the market.

The general manager wants to use the new process during the third shift which runs from 10 p.m. to 6 a.m. By using the process at that time, the new flour could be introduced and the excess pollution would not be detected due to its release in the dark. By the time demand becomes great enough to utilize a second shift; new emission control equipment should be available. If you were responsible for taking the decision, what are the chances you would approve the general manager's request? (Tick your choice below).

|                          |               |           |                   |                              |
|--------------------------|---------------|-----------|-------------------|------------------------------|
| 1                        | 2             | 3         | 4                 | 5                            |
| Definitely would approve | Might approve | Undecided | Might not approve | Definitely would not approve |

### 4. Paternalism

Arun Roy, senior editor of J&P Publishing Company, has just received a manuscript from one of his most successful authors. It provides the most authoritative account yet published of the history of the development of the atomic bomb. However, the final chapter contains a detailed description of how the bomb is made. Jones has tried to convince the author to omit the last chapter stating that such information should not be made readily available to the mass market in paperback form. The author believes the chapter is critical to the success of the book and thus does not agree to its deletion. If you were Roy, what are the chances that you would publish the book? (Tick your choice below).

|                          |               |           |                   |                              |
|--------------------------|---------------|-----------|-------------------|------------------------------|
| 1                        | 2             | 3         | 4                 | 5                            |
| Definitely would Publish | Might publish | Undecided | Might not publish | Definitely would not publish |



### 5. *Personal Integrity*

Sudarshan Nair is working in product development for an auto parts contractor. Nair's firm received a large contract last summer to manufacture transaxles to be used in a new line of front wheel drive cars which a major auto manufacturer plans to introduce in the near future. The contract is very important to Nair's firm, which has recently fallen on hard times. Just prior to obtaining the contract, half of the firm's employees, including Nair, had been scheduled for an indefinite layoff. Final testing of the assemblies ended last Friday and the first shipments are scheduled for three weeks from today. As Nair began examining the test reports, he discovered that the transaxle tended to fail when loaded at more than 20% over rated capacity and subjected to strong torsion forces. Such a condition could occur with a heavily loaded car braking hard for a curve down a mountain road. The results would be disastrous. The manufacturer's specifications call for the transaxle to carry 130% of its rated capacity without failing.

Nair showed the results to his supervisor and the company president who indicated that they were both aware of the report. Given the low likelihood of occurrence and the fact that there was no time to redesign the assembly, they decided to ignore the report. If they did not deliver the assemblies on time, they would lose the contract. Nair must now decide whether to show the test results to the auto manufacturer. If you were Nair, what are the chances you would notify the auto manufacturer? (Tick your choice)

| 1                           | 2                | 3                     | 4            | 5                       |
|-----------------------------|------------------|-----------------------|--------------|-------------------------|
| Definitely would not notify | Might not notify | May or may not notify | Might notify | Definitely would notify |

## Appendix II

### *Items used to measure General Cynicism*

1. Anyone who completely trusts anyone else is asking for trouble.
2. It is hard to get ahead without cutting corners here and there.
3. The biggest difference between most criminals and other people is that criminals are stupid enough to get caught.
4. Never tell anyone the real reason you did something unless it is useful to do so.
5. Salespeople are only interested in making a sale, not customer service.
6. Big companies make their profits by taking advantage of working people.
7. Outside of my immediate family, I don't really trust anyone.
8. When someone does me a favor, I know they will expect one in return.
9. People only work when they are rewarded for it.
10. To a greater extent than what we realize, our lives are governed by politicians and big businesses.
11. Familiarity breeds contempt.
12. Reports of atrocities on minorities are generally exaggerated for political propaganda.
13. No matter what they say, men are interested in women for only one reason.
14. When you come right down to it, it is human nature never to do anything without an eye to one's own profit.
15. Businesses profit at the expense of their customers.

### *Items used to measure Organizational Cynicism*

1. I believe that my company says one thing and does another.
2. My company's policies, goals, and practices seem to have little in common.
3. When my company says it's going to do something, I wonder if it will really happen.
4. My company expects one thing of its employees, but rewards another.
5. I see little similarity between what my company says it will do and what it actually does.
6. The company I work for makes me feel anxious.
7. I believe that my company lacks integrity.
8. I am not happy with the company I work for.
9. My company irritates me.