

Organizational cynicism and employee performance: evidence from a Sri Lankan audit sector

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Article History

Received on 13 January 2021

Revised on 2 February 2021

Accepted on 3 February 2021

Abstract

Purpose: This study examined the relationship between organizational cynicism and employee performance at diverse hierarchical levels in big four audit firms in Sri Lanka.

Research methodology: By adopting quantitative research methodology, questionnaires were used as a primary data collection method from audit trainees, audit supervisors, and audit managers in big 4 audit firms in Sri Lanka. This was conducted by deploying a convenient sampling technique, and regression models are used by applying SPSS.

Results: The study found a significant negative relationship between organizational cynicism and employee performance at audit firms and that each dimension of organizational cynicism.

Limitations: Organizational cynicism was analyzed based on employee perception, although there are other influencing factors for organizational cynicism.

Contribution: This study's findings are expected to support audit supervisors in avoiding the discovered negative effect instead by lessening the degree of psychological contract violation and organizational politics.

Keywords: *Organizational cynicism, Employee performance, Audit firms, Affective cynicism, Cognitive cynicism, Behavioral cynicism*

How to cite: Panchali, J., & Seneviratne, S. M. (2019). Organizational cynicism and Employee Performance: Evidence from a Sri Lankan Audit Sector. *Annals of Management and Organization Research*, 1(2), 155-169.

1. Introduction

Employees are considered to be the vital resource in the contemporary organizations, and they represent from initiating the organizational direction to the organizational image. Further, employees play a pivotal role in achieving the competitive organizational advantages. Therefore, for any organization, human resource is mostly considered an asset that is a strategic nature in accomplishing organizational objectives. In the contemporary setting complicated work lives, employment expectations, cultural and economic conditions have caused stress and anxiety in the working environment between workers. These changes in employment environment and their extensive influence on employee performance has resulted in many researches being performed regarding employee attitudes and performance.

It is evident from past literature ([Kuo, Chang, Quinton, Lu, and Lee, 2015](#); [Sahoo, Sia, Sahu, and Appu, 2015](#)) among researchers and firm managers there has been an increased focus about attitudes of the employees which might have harmful effects on the overall organization. [Arslan and Roudaki \(2019\)](#) examine the influence of organizational cynicism on employee performance, and the moderating effect (EE) of employee engagement on the relationship between organizational cynicism and employee performance. By considering various health organizations in Pakistan in terms of the correlation and regression analyses, it is revealed that organizational cynicism has a significant negative relationship with employee performance. Thus, in sampled organizations it can be seen that compromising patient

care due to poor performance of employees. [Arslan \(2018\)](#) indicates a significant negative relationship between organizational cynicism and employee performance, employee engagement moderates this relationship. Further it reveals that most of the respondents tend to be dissatisfied with their institutions as they believe that their institution is not fulfilling their promises, instead indicating such promises in diverse ways.

Further, organizational cynicism (here after OC) is identified as a negative attitude of employees towards the organization ([Dean, Brandes, and Dharwadkar, 1998](#)). They also identified it as an attitude of weakness with the key feature of being negative. According to [Johnson, & O'Leary-Kelly \(2003\)](#), OC means a belief within employee that the institution is dishonest and that they are not worthy to the organization which causes an attitude of unfriendliness in employees towards the organization. [Johnson, & O'Leary-Kelly \(2003\)](#) states that OC hurdles the existence of the organization. Moreover they have stated that these beliefs of dishonesty of the organization created negative outcomes between employees. It is furthermore discussed that negative outcomes consist of acting against change, unethical acts, counterproductive behaviors, bad mouthing and job dissatisfaction ([Armmer, 2017](#); [Kuo et al., 2015](#); [Bernerth et al., 2007](#); [Mantler, Godin, Cameron, and Horsburgh, 2015](#); [Simha, F Elloy, and Huang, 2014](#); [Wilkerson, Evans, and Davis, 2008](#)).

OC is explained mainly under three dimensions namely: cognitive cynicism, affective cynicism, and behavioral cynicism. These attributes can be understood as diverse stages of organizational cynicism. It initiates with cognitive cynicism (having loss of belief), and it is just a mental condition. During this stage employee tend to mentally suffer but there is no such external appearance shown. This leads to affective cynicism (negative emotions). During the second stage, employees express external implications about their dissatisfaction with the organization. Finally, it leads to critical behavior about organizations which is behavioral cynicism. All these stages result in negative employee performance with an escalating impact.

In today's organizations, employee performance becomes one of the major concerns of managers. And also, it is also a challenge for management to attract the right people and keep them motivated to get the best out of them to achieve the success in the market. According to [Kuo et-al \(2011\)](#), employee performance can be identified as workers total delivery in meeting expected worth and tasks under the given procedures and timelines. Alternatively, [Anitha \(2014\)](#) expresses employee performance as an indicator of financial and non-financial outcomes. Additionally, she found that factors such as career development, teams, relationships, employee evaluation and incentives and reward programs determine employee performance.

OC more or less leads to employee demotivation. Once employees are demotivated employee performance drops. Even under theoretical perspective, it is found that OC has a negative relationship with the employee performance. But some scholars argued that employees with cynic attitudes can cause a favorable impact in the organization by challenging ineffective policies and procedures. Most of the studies conclude that cynical employees create negativity in their workplace as well as spreads a negative image about the organization.

The success of a company mainly lies in the hands of management. Clear cut vision, strategic decisions, human resource management, and leadership skills of the top of the company sets the company's direction. Therefore if a company makes losses the fault goes to the management. Not only society but also employees tend to blame the management. Suppose the company keeps paying high incentives and bonuses for management in such poor conditions. In that case, [Yildiz and Saylikay, \(2014\)](#) states that it leads to cynicism towards both the company and the management. Many researchers have found that when employees understand the company they are working for is failing to meet their stakeholder expectations, they tend to feel embarrassed working in the company. Therefore employees start getting cynical attitudes and behaviors.

Some researchers revealed a positive relationship between OC and job dissatisfaction, a negative relationship between OC and employees' commitment and performance ([Abraham, 2000](#)). A study conducted in a hotel in Turkey found a significant negative association between mobbing (employee performance aspect) and OC ([Pelit & Pelit, 2014](#)). However, employee performance and OC have been explored in diverse organizational setting in different countries, there is a dearth of studies based on audit sector audit firms as they are distinctive and purely work-oriented. Moreover, audit firms are organizations which are heavily depend on employees. Most of such employees are within the age of 20 to 30, who has so many growth and success expectations about their future careers and gaining knowledge and experience, and also they are at the age of most volatile ideas and strong actions. Further auditing is considered one of the most stressful jobs that needs both the best knowledge and the suspicious mind. Therefore it is more important for audit firms than any other organization to understand the OC and its impact on employee performance to achieve organizational objectives.

However, in Sri Lankan context, the relationship between OC and employee performance has not been thoroughly investigated. Therefore, due to the emergent importance of the auditing sector, the current study examines auditors' attitude in big four audit firms in Sri Lanka towards OC and the impact of such cynicism on the performance in their respective work. This research is carried out on big four audit firms in Sri Lanka namely, KPMG Sri Lanka, PWC Sri Lanka, Deloitte Sri Lanka (SJMS) and Ernst & Young, Sri Lanka. The research was done in mid of year 2019 within three to four months period. The population of the study is employees who work in above stated big four audit firms. The population comprise of approximately 2000 employees. Sample consists of 80 employees of the sample, 20 employees from each firm.

The study's forthcoming sections are structured as follows: the next section considers the extant literature followed by discussing the research methodology, including the research approach, the sample, and the analysis techniques. Section four and five illuminate the discussion of key findings of the study, and the conclusions. The final section of the study is devoted to present the limitations of the study and future research directions.

2. Literature review and hypotheses development

This section discusses and reviews the extant literature relevant to the study. First, the concepts of organizational cynicism, three aspects of cynicism, and employee performance is presented followed by literature relevant to the conceptual and empirical relationship between OC and employee performance.

Cynicism is discussed in many social sciences categories such as management, political science, philosophy and sociology. There are two main founders of cynicism in the past who are ancient philosophers named Diogenes of Sinope and Antisthenes ([Holzman, 1980](#); [Dean et al., 1998](#)). There are never-ending disputes on who is the father of cynicism among the two, between many scholars ([Sayer, 1945](#); [MacCunn, 1904](#)).

The word cynicism has come from Greek word "Kyron", meaning "Dog" ([Dean et al., 1998](#)). The first cynics identified cynicism as a deliberate philosophy compared to the modern cynics who viewed as victims of society ([Kanter & Mirvis, 1989](#)). The most modern research about cynicism has revealed that cynicism is not a stable character trait even though it is identified as a philosophy. While cynicism is directed towards the distinct dimension of an individual's environment, it is also created and impacted by the environment ([Kim et al., 2009](#)). OC mainly comprises of three components; cognitive cynicism, affective cynicism, and behavioral cynicism, and those components are identified as different stages of organizational cynicism.

In the first stage, cognitive cynicism is defined as a instance where employees tend to believe that the organization lacks justice, equity and honesty. It is considered that all the good principles are at expense of self-interest. Here, employee performance is unpredictable, and employees make an effort to hide their true feelings towards firms. Hence, employees tend to perform the minimal performance in order

to survive in the entity where they work. [Bernerth et al.](#) discovered how worker perceptions of unfairness interact with cynicism in predicting organizational change initiatives' commitment.

The second stage, the affective dimension is an emotional aspect of employee attitude towards the organization. He highlights that employees have negative beliefs and hold certain types of negative emotions such as anger, disgust, anxiety, and depression. These minimises the motivation and inspiration towards the entity where they work.

The final stage of OC is the behavioral dimension, i.e. employees tend to act explicitly showing their dissatisfaction towards the organization. These actions may criticize the organization, sarcasm about the organization, negative understanding, non-verbal behavior and interpretation of organizational decisions and events, and pessimistic forecasts about the organization.

[Kuo et-al \(2011\)](#) defined employee performance as workers' total delivery in meeting expected worth and tasks under given procedures and timelines. [Anitha \(2014\)](#) defines employee performance as an indicator of financial and non-financial outcomes. Further, he discovered factors such as teams, relationships, career development, employee evaluation and incentives and reward programs determine employee performance.

[Alagaraja and Shuck \(2015\)](#) conducted a study to discover the relationship of organizational configuration and employee engagement to understand how individual performance can be enhanced and found out that training and development are mains among them. [Sadikoglu & Cemal \(2010\)](#) discovered that giving employees freedom to test their innovative ideas relating to work at hand leads to increased employee performance. [Anitha \(2014\)](#) additionally discloses that compensation system in place, incentives plays a main role in determining employees' performance. In the study of [Liao et-al \(2012\)](#), employee performance was measured from an organizational perspective, job perspective as well as employee perspective. The below-mentioned sections draw attention to the conceptual and empirical connection between OC and employee performance.

Conceptual association between OC and employee performance

From the theoretical viewpoint, OC carries a negative relationship with the employee performance. But some scholars argued that employees with cynic attitudes can cause a favorable impact in the organization by challenging ineffective policies and procedures. That said, most of the studies conclude that cynical employees create negativity in their workplace and spreads a negative image about the organization they are working for.

Some researchers found a positive relationship between OC and job dissatisfaction and a negative relationship between OC and employee commitment and performance ([Abraham, 2000](#)). Mainly, researchers have found that when employees understand the company, their working is failing to meet the stakeholder expectations, they tend to feel embarrassed working in the company. Thus, employees start getting cynical attitudes and behaviors. A study conducted in a hotel in Turkey found a negative significant association between mobbing and OC ([Pelit & Pelit, 2014](#)).

Although several studies have addressed the research issue on OC and employee performance in various settings in diverse social fields, the extant literature uncovers mixed results in terms of the previous relationship. As per the previous literature, there is a notable dearth of published studies exploring the relationship between OC and employee performance within the audit sector. Therefore, this study contributes to the extant knowledge by bridging the above-mentioned empirical gap as it offers a broader viewpoint of the conception and analyses the relationship between OC and employee performance in big four audit firms in Sri Lanka. Thus, the present study will contribute to the extant literature on audit sector and local literature by filling the empirical gaps observed. The following section describes the research methodology deployed in the current study.

3. Research methodology

This section elaborates the research approach of the study, the data and the sample selection process. It further presents the conceptual model and the definitions and measurements of the current research variables. Finally, the study presents the analytical strategies used in the current research.

Research approach

The purpose of the study is to measure OC among employees working at big four audit firms in Sri Lanka to investigate the relationship between three dimensions of OC and employee's performance at big four audit firms in Sri Lanka. This study considers unit of analysis as the individual employees who work at audit firms which are under study. This study is conducted by employing a deductive approach to understand how the selected cynic variables have an influence on the performance of employees in big four audit firms in Sri Lanka.

Population and sample

This research adopts the Positivism Paradigm approach. The study population is employees who work in big 4 audit firms in Sri Lanka, namely KPMG Sri Lanka, PWC Sri Lanka, Deloitte Sri Lanka (SJMS) and Ernst & Young Sri Lanka. As aforementioned, big four audit firms in Sri Lanka were specifically selected in the study is due to the role conflict particularly faced by the auditors; on the one hand to meeting deadlines and being flexible and efficient and on the other hand they have to keep the professionalism and quality of the work protecting the set standards. [Brandes et al. \(1989\)](#) highlight that role conflict is significantly associated with organizational cynicism.

The population comprises of approximately 3000 employees. In this study, convenience sampling is used in gathering primary data because of the access limitations. Sample consists of 80 employees, containing 20 employees from each firm. This study used non-random sampling or non-probability techniques to collect the data from respondents, and the data are gathered from members of the population who are conveniently and comfortably available in participating the study. The convenient sampling technique is known to limit the representation of the whole population, still it offers sufficient data in the case where it is difficult to use probability sampling. Moreover, it is time-saving and cost effective for the researcher.

Sources and collection of data

By deploying the survey technique, questionnaires were distributed among the population of the study. At a one given point of time, the data was collected from cross-section of the study. The questionnaire was built in a google form and the link was distributed among auditors of big four companies using personal connections. In the end, 83 questionnaires were received but only 80 were usable since 3 were used as test- questionnaires. The questionnaire covered questions on all three dimensions of OC and employees' performance in a cynic attitude.

The questionnaire begins with questions about demographic information. The second part of the questionnaire is prepared to ask the respondent about for his/ her opinion on certain statements. The respondent are required to answer by marking strongly disagree, disagree, neutral, agree or strongly agree in a five-point Likert scale. Using 14 items on a five-point Likert scale of strongly agree to strongly disagree, OC is measured, and 5 items were used to measure employees' performance.

Conceptual framework

Figure 1 describes the conceptual framework which is founded upon the literature review presented in Section 2 above.

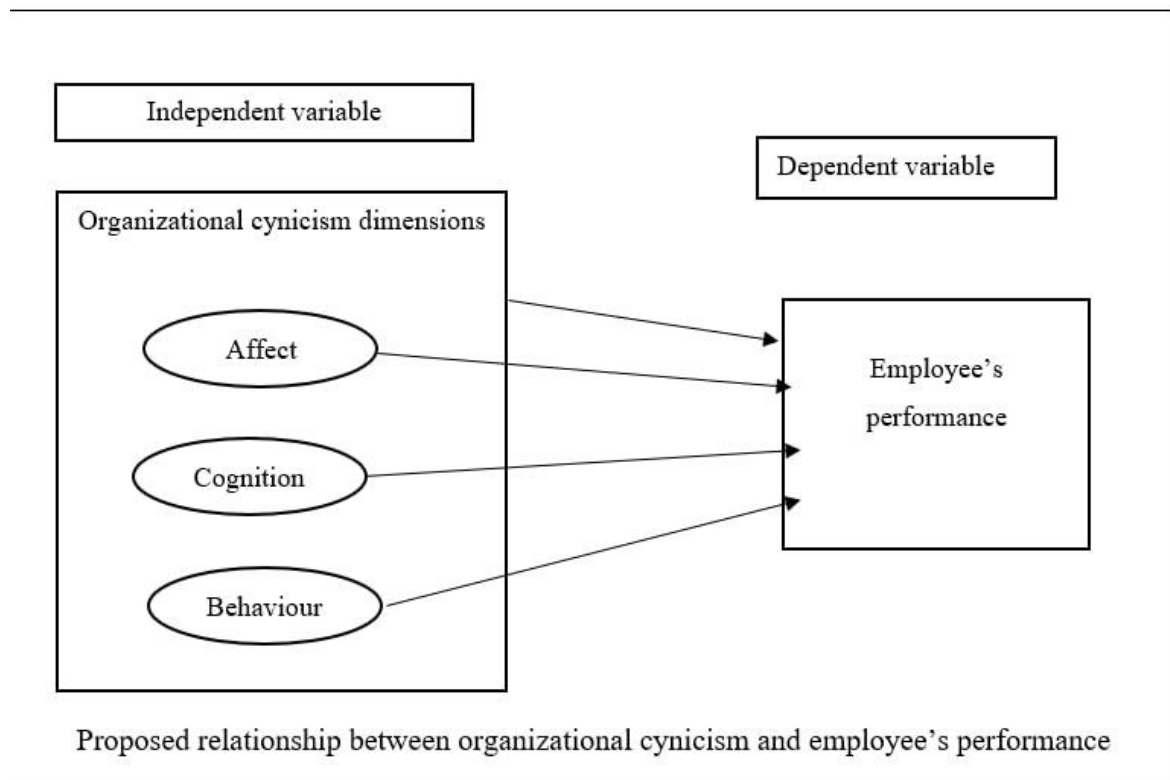


Figure 1: Conceptual Diagram

Table 1 below illustrates the selected dependent variables and independent variables and their measurement techniques.

Table 1: Variables and their measurement techniques

Variable	Working Definition	Measurement
Cognition cynicism	Feeling of discomfort, aggravation, depression, and anxiety towards the organization	Five-point Likert scale, ranging from strongly disagree to strongly agree
Affect cynicism	Feeling of discomfort, aggravation, depression, and anxiety towards the organization	Five-point Likert scale, ranging from strongly disagree to strongly agree
Behavior cynicism	Stinging, sarcastic humorous attitude towards organization ad bad mouthing	Five-point Likert scale, ranging from strongly disagree to strongly agree
Employee performance	The job-related activities expected to be performed by a worker and how well such activities are executed	Five-point Likert scale, ranging from strongly disagree to strongly agree

Hypotheses

Premised upon the literature, the below mentioned hypothesizes were formulated and tested in the study.

H1: Affective cynicism has a significant negative relationship with employee's performance.

H2: Cognition cynicism has a significant negative relationship with employee's performance.

H3: Behavior cynicism has a significant negative relationship with employee's performance.

Analytical strategies

By adapting questionnaire, the current study collected primary data from the respondents and the data analysis is conducted by using SPSS. In conducting the data analysis, each and every questionnaire has to be entered into excel and thereafter coded into SPSS. To test the validity of the questions a reliability test is conducted. Moreover, while performing the descriptive statistics and correlation analysis in order to examine the associations between the variables, a regression analysis is conducted to investigate the relationship between the explanatory variables and dependent variables.

The following section details findings and discussion of the study.

4. Results and discussions

To achieve the study's aims, google questionnaire was employed to collect data from the respondents as a mode of gathering primary data of the study and SPSS was used to analyse data. The questionnaire results were exported to an excel sheet from google forms function and then was coded into SPSS. To test the validity of the questions a reliability test was conducted. Further to understand the associations between variables, descriptive statistics and correlation analysis were conducted. Finally, a regression analysis was performed to investigate the relationship between independent variables and dependent variables.

In this study independent variables are cognitive cynicism, affective cynicism, and behavioral cynicism. Descriptive analysis

Descriptive Statistics – Table 2

	N	Minimum	Maximum	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
AFFECT	80	1.40	3.80	2.3575	.46410	.608	.269	.741	.532
BEHAVIOR	80	1.00	3.40	2.1800	.49972	.087	.269	-.156	.532
COGNITIVE	80	1.20	3.40	2.3550	.47942	.030	.269	-.169	.532
EMP_PERFORM	80	2.25	5.00	4.0063	.64383	-.380	.269	-.388	.532
Valid N (listwise)	80								

According to the statistics shown in the Table 2, Affect cynicism varies from 1.40 to 3.80 having a mean value of 2.3575 and a standard deviation of 0.46410. Cognitive cynicism has values minimum 1.2 and a maximum of 3.40. The mean is 2.3550 and the standard deviation is 0.47942. The final component of organizational cynicism, behavioral cynicism has a minimum value of 1 and a maximum value of 3.40 with a mean of 2.18 and a standard deviation of 0.49972.

The dependent variable, performance of employees consists of a minimum of 2.25 and a maximum of 5 with a 4.0063 mean and a 0.64383 standard deviation. All the skewness values lie between -1 to +1 and values of kurtosis also range between -3 to +3 which meets the normality assumption. While the negative values represent in which data is negatively skewed, the value of standard deviation lies between 0 and 1. Therefore the normal distribution of data is represented.

Correlation analysis

Correlations – Table 3

		AFFECT	BEHAVIOR	COGNITIVE	EMP_PERFORM
AFFECT	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	80			
BEHAVIOR	Pearson Correlation	.586	1		
	Sig. (2-tailed)	.168			
	N	80	80		
COGNITIVE	Pearson Correlation	.789	.869**	1	
	Sig. (2-tailed)	.218	.000		
	N	80	80	80	
EMP_PERFORM	Pearson Correlation	-.801**	-.289**	-.644**	1
	Sig. (2-tailed)	.001	.004	.001	
	N	80	80	80	80

**. Correlation is significant at the 0.01 level (2-tailed).

The above table no 3 presents the outcome of correlation analysis between cognitive cynicism, affective cynicism, and behavioral cynicism with performance of employees. The analysis shows that there is a negative relationship between performance of employees and all three aspects of organizational cynicism. The performance of employees has a significant negative relationship with behavioral cynicism ($r=-0.289$), cognitive cynicism ($r=-0.664$) and affective cynicism ($r=-0.801$). Therefore, we can conclude that if any of the dimensions of OC increases, employees' performance will decrease.

Regression analysis

Regression analysis of cognitive cynicism and employee performance

Table 4.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.644 ¹	.414	.408	.45046

1. Predictors: (Constant), COGNITIVE

Table 4.2: ANOVA²

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	28.266	1	28.266	69.651	.001 ¹
	Residual	39.973	78	.512		
	Total	68.239	79			

1. Predictors: (Constant), COGNITIVE

Table 4.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.644 ¹	.414	.408	.45046

2. Dependent Variable: EMP_PERFORM

Table 4.3: Coefficients²

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.632	.056		64.283	.000
	COGNITIVE	-.401	.065	-.644	-6.143	.001

2. Dependent Variable: EMP_PERFORM

Regression analysis of affective cynicism and employee performance

Table 5.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.801 ³	.641	-.635	.35356

3. Predictors: (Constant), AFFECT

Table 5.2: ANOVA⁴

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43.738	1	43.738	116.628	.001 ³
	Residual	24.501	78	.314		
	Total	68.239	79			

3. Predictors: (Constant), AFFECT

4. Dependent Variable: EMP_PERFORM

Table 5.3: Coefficients⁴

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.761	.111		42.986	.000
	AFFECT	-.375	.034	-.801	-11.125	.001

4. Dependent Variable: EMP_PERFORM

Regression analysis of behavior cynicism and employee performance

Table 6.1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	-.289 ⁵	.0835	.0721	.62034

5. Predictors: (Constant), BEHAVIOR

Table 6.2: ANOVA⁶

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.731	1	2.731	7.097	.004 ⁵
	Residual	30.016	78	.385		
	Total	32.747	79			

5. Predictors: (Constant), BEHAVIOR

6. Dependent Variable: EMP_PERFORM

Table 6.3: Coefficients⁶

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.817	.312		15.427	.000
	BEHAVIOR	-.372	.140	-.289	-2.664	.004

6. Dependent Variable: EMP_PERFORM

The above tables demonstrate the results of the regression analysis between employee performance and organizational performance including relationship between employee performance and cognitive cynicism, employee performance and affective cynicism, and employee performance and behavioral cynicism.

Regression analysis of cognitive cynicism and employee performance

According to Table 4.1, the value of R^2 is 41.4%. It shows the relationship of employees' performance which is explained by cognitive dimension of organizational cynicism. F Value in table 4.2 shows that the model is significant. In table 4.3, the value of beta coefficient of OC(cognition) is -0.401; cognitive

cynicism has a 64.4 times greater negative effect on the dependent variable (EP) employee performance. In conclusion Hypothesis – “Cognition Cynicism has negative and significant relationship with employee’s performance” is acceptable.

Regression analysis of affective cynicism and employee performance

In Table 5.1, the value of R^2 indicates that 64.1% relationship of employee’s performance is described by affective dimension of organizational cynicism. In the table 5.2, F Value shows that the model is significant. In table 5.3, the beta coefficient of OC(affect) value is -0.375; affective cynicism has an 80.1 times greater negative effect on the dependent variable, employee performance. In conclusion, hypothesis – “Affective Cynicism has negative and significant relationship with employee performance” is acceptable.

Regression analysis of behavioral cynicism and employee performance

In Table 6.1, the value of R^2 shows that 8.3% relationship of employee’s performance is explained by behavioral dimension of organizational cynicism. In table 6.3, the value of beta coefficient of OC(behavior) is -0.372, which means that behavioral cynicism has a 28.9 times greater negative effect on the dependent variable, employee performance. In conclusion, hypothesis – “Behavioral Cynicism has negative and significant relationship with employee performance” is acceptable.

Discussions

The study takes into consideration OC wholly focusing on employee performance. The theoretical analysis of OC is extremely critical in managing employee behaviors. In a VUCA world like today, management of companies has to deal with constant changing environments. Change management, employee satisfaction, employee motivation, performance evaluation and the whole behavior management have become highly discussed topics worldwide, which implies the importance of the present study.

The study findings unfold that there is a significant negative relationship between all three dimensions of OC and performance of employees proving the conclusions derived in literature review.

H1: Affective Cynicism has a significant negative relationship with the performance of employees.

The first hypothesis was affective cynicism has a negative relationship with performance of employees. When the hypothesis was tested, it proved that the hypothesis is acceptable with the result of $r = -0.644$. The result is similar to the literature review findings where affect cynicism was negatively and significantly related to employee performance.

H2: Cognition Cynicism has a significant negative relationship with the performance of employees.

The second hypothesis was that cognition cynicism has a negative relationship with employees' performance was also proved acceptable through the testing. The result was $r = -0.801$.

H3: Behavior Cynicism has a significant negative relationship with the performance of employees.

The third hypothesis was behavior cynicism has negative relationship with employee’s performance. The test results of $r = 0.289$ proves the hypothesis to be acceptable.

All three-hypothesis tested under the study are acceptable based on the research findings. Therefore, we can conclude that overall OC has a negative and significant relationship with employees’ performance.

Many scholars in different contexts proved these results. [Tae-Yeol et al.](#) study on Top management credibility and employment cynicism found results of $r = -0.40$, $r = -0.42$, $r = -0.33$ proving affective, cognition and behavioral cynicism are negatively associated with employee performance, respectively. OC occurs when employees no longer have confidence in the organization they are working in ([Abraham, 2000](#)). As per [Brandes et al.\(1998\)](#), OC is considered as a learned attitude that consists of

an unenthusiastic viewpoint for a change. It is also discovered that there are negative effects on employee performance as well as organization as a whole from this obstructive mind set of employees. This is mainly discussed in change management concepts. According to scholars, OC can be simply identified as an umbrella term for all the cynicism forms relating to job and employer.

According to [Reichers et al. \(1997\)](#), there are several factors which may cause the organizational cynicism. Among them, the main factors namely dearth of workplace recognition, stressful work environments, lack of communication, and not getting chances to participate in decision making process are recognized. [Kim et al. \(2009\)](#) defines OC as disappointment, hopelessness and insecurity about the organization which the individual is working in and everyone in the organization. OC is defined as a negative attitude possessed by employees about the organization ([Dean, et al. 1998](#)). They also identified OC as an attitude of weakness and feeling of betrayal with the key feature of being negative. In general OC means a belief within employee that the organization is dishonest and that they are not worthy to the organization which causes an attitude of unfriendliness in employees towards the organization.

[Johnson, & O'Leary-Kelly \(2003\)](#) states that OC may act as an obstacle to the organization's existence. And they further emphasize that the beliefs or attitudes of dishonesty of the organization create negative outcomes between employees, for example emotional exhaustion. It is moreover claimed that negative outcomes contain of job dissatisfaction, counterproductive behaviors, acting against change, unethical acts, and bad mouthing ([Armmer, 2017](#); [Wilkerson et al., 2008](#); [Kuo et al., 2015](#); [Mantler et al., 2015](#); [Simha et al., 2014](#); [Bernerth et al., 2007](#)). Although empirical studies have been conducted on the concept of OC and employee performance in different organizational settings in diverse social settings, there is a dearth of research on OC and employee performance in the Sri Lankan context, particularly in the audit sector. Thus, the current paper is focused on the examination of the relationship between OC and employee performance of the employees who work at different hierarchical levels in big four audit firms operating in Sri Lanka namely, KPMG - Sri Lanka, PWC- Sri Lanka, Deloitte- Sri Lanka (SJMS) and Ernst & Young-Sri Lanka. The study's main findings concluded that there is a negative relationship between three dimensions of OC and employee performance. Thus it is evident that increase in either of the dimensions causes the decrease of the employees' performance.

When it comes to Audit firms in Sri Lanka, there is a gap in the prevailing literature in the area of OC and employee performance of employees in different levels of hierarchy. This study explores effects of cognitive cynicism, affective cynicism, and behavioral cynicism on employees' performance. Therefore, it is noteworthy that there is a remarkably high practical importance of the present study. As per the study's findings, we can see that most of the respondents are not satisfied with their organization and feel that organization is not meeting promises it made at the recruitment. Furthermore, they have the feeling that the firm unfairly and immorally uses their knowledge and skills. The study found that employees' behavior and attitudes on superiors, representatives, and, ultimately, the organization are highly impacted by organizational cynicism. Lack of communication, non-achievement of employee expectations, stressful work environment, imbalanced distribution of power, not hearing the voice are the main factors which influence organizational cynicism. An employee who has cynic ideas can make a negative mindset and a negative environment to the whole workforce in the organization. Cynic employees look at the peers, superiors, and subordinates as self-centered people.

Audit firms are organizations which are heavily depend on employees. Also, since most of the respondents are between the ages of 20 to 25, they expect a vast and a cutting-edge training from their firms, not merely an allowance/ a salary. Almost all the employees have many growth expectations about their future careers as well as gaining knowledge and experience. Moreover, it is said that it is the age with most volatile ideas and strong actions. Auditing being considered one of the most stressful jobs that need both the best knowledge and the suspicious mind, it is more important for audit firms than any other organization to understand the OC and its influence on employee performance to achieve organizational objectives.

By considering all relationships between three dimensions of OC and employee performance in the audit sector, it can be interesting to encourage audit supervisors to prevent the discovered negative influence of OC by reducing the level of organizational politics and the degree of violation of psychological contract with the organization. The current findings on the OC will further help the organization's human resources function in understanding the attitudes of the firm's employees and improving the tasks of personnel selection which may guarantee that the company will recruit the right people. The findings could be moreover important to mitigate the negative effect of OC by means of the organizational culture and by enhancing employees' performance via promoting employee engagement.

5. Conclusion

Although empirical studies have been conducted on the concept of OC and employee performance in different organizational settings in diverse social settings, there is a dearth of research on OC and employee performance in the Sri Lankan context, particularly in the audit sector. Thus, the current paper is focused on the examination of the relationship between OC and employee performance of the employees who work at different hierarchical levels in big four audit firms operating in Sri Lanka namely, KPMG - Sri Lanka, PWC- Sri Lanka, Deloitte- Sri Lanka (SJMS) and Ernst & Young-Sri Lanka. The study's main findings concluded that there is a negative relationship between three dimensions of OC and employee performance. Thus it is evident that an increase in either of the dimensions causes the decrease of the employees' performance.

When it comes to Audit firms in Sri Lanka, there is a gap in the prevailing literature in the area of OC and employee performance of employees in different levels of hierarchy. This study explores effects of cognitive cynicism, affective cynicism, and behavioral cynicism on employees' performance. Therefore, it is noteworthy that there is a remarkably high practical importance of the present study. As per the study's findings, we can see that most of the respondents are not satisfied with their organization and feel that organization is not meeting promises it made at the recruitment. And they have the feeling that the firm unfairly and immorally uses their knowledge and skills. The study found that employees' behavior and attitudes on superiors, representatives, and, ultimately, the organization are highly impacted by the organizational cynicism.

Lack of communication, non-achievement of employee expectations, stressful work environment, imbalanced distribution of power, not hearing the voice are the main factors which influence organizational cynicism. An employee who has cynic ideas can make a negative mindset and a negative environment to the whole workforce in the organization. Cynic employees look at the peers, superiors, and subordinates as self-centered people.

Audit firms are organizations which are heavily depend on employees. Also, since most of the respondents are between the ages of 20 to 25, they expect a vast and a cutting-edge training from their firms, not merely an allowance/ a salary. Almost all the employees have many growth expectations about their future careers as well as gaining knowledge and experience. Moreover, it is said that it is the age with most volatile ideas and strong actions. Auditing is considered one of the most stressful jobs that need both the best knowledge and the suspicious mind. It is more important for audit firms than any other organization to understand the OC and its impact on employee performance for the achievement of organizational objectives.

By considering all relationships between three dimensions of OC and employee performance in the audit sector, it can be interesting to encourage audit supervisors to prevent the discovered negative influence of OC by reducing the level of organizational politics and the degree of violation of psychological contract with the organization. The current findings on the OC will further help the organization's human resources function in understanding the attitudes of the firm's employees and improving the tasks of personnel selection which may guarantee that the company will recruit the right people. The findings could be moreover essential to minimize the negative effect of OC by means of

organizational culture and also by enhancing the performance of employees via promoting employee engagement.

Limitation and study forward

In the study OC was determined based on the audit employees' perceptions. There could be many other factors that may cause OC as well as cognitive, affect and behavior cynicisms. These factors are of importance to research. Further, the study has a significant population, even if we focus on employees in audit firms. There are many audit firms in Sri Lanka scaling from small to giant. Due to the practical difficulties in gathering data, employees in big four audit firms located in the district of Colombo are considered for the study. Further the sample is selected using a non-probabilistic sampling which is also called opportunistic sampling. Therefore there are issues in generalizing the result to the whole country. Due to the time limitations, the research was done within three to four months period. The results might have affected the mental and physical conditions that persist within that period in audit employees due to deadline pressures and the conditions in the country as a whole. Cynicism is basically based on the psychological aspects of the employees. Many factors influence this feeling of dishonesty and breach of expectations, including dissatisfaction with monetary rewards due to poor economic conditions in Sri Lanka. This can be taken as a separate area of research. In literature, many studies can be found relating to Germany, Egypt, India and Pakistan. The environmental and cultural influences and patterns may be different from Sri Lanka. Therefore, the relevance of assumptions made based on literature review could be of minor use.

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