

**Linking Organizational Inertia, Cynicism and Employee Performance: Evidence from State Owned Enterprises in Pakistan**

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**Abstract**

This research observes the effect of organizational inertia on employee performance, where organizational cynicism playing mediating role within State-Owned Enterprises (SOEs) in Pakistan. Quantitative research design was used in this study and data were accumulated from 400 employees who are serving in four main Pakistani SOEs within the duration of September 2025 to December 2025. SEM technique was applied to examine the theorized direct and mediating connections. The outcomes of the study disclose that organizational inertia has a significant negative effect on employee performance and it positively impacts organizational cynicism. Additionally, organizational cynicism meaningfully mediating between organizational inertia and employee performance, which signifying that inertia based organizational practices destabilize employee performance both directly and indirectly through nurturing cynical attitudes between workers. This research strategically contributes organizational behavior literature by revealing the psychological appliance by which organizational inertia upsets employee performance outcomes. Essentially, the findings of the study propose that managers in SOEs should discourage rigid organizational practices and proactively deal cynical opinions to improve employee performance.

**Keywords:** Organizational inertia, Employee performance, Organizational Cynicism, State-Owned Enterprises, Pakistan.

**1. INTRODUCTION**

In today's rapidly growing business environment, State-Owned Enterprises (SOEs) playing a central role in economic growth, mainly in developing states like Pakistan, where they participate significantly to infrastructure, energy, and public services. Though, SOEs in Pakistan mostly struggle with embedded challenges that hamper their efficiency and adoptability. Organizational inertia is one of the evolving critical barrier to employee performance. Organizational inertia defined as resistance to change which means that restricting at established routines, structures, and cultural norms (Kuzmanov, 2025), which ultimately can suppress novelty and output especially in

bureaucratic environments distinctively of SOEs. This phenomenon is worsened in public sector through relaxed decision-making, resource misallocation, and aversion to innovation. Recent studies highlight that such inertia not only stifles organizational agility but directly erodes employee innovative behavior and overall performance (Aslam, Ilyas, Imran, & Rahman, 2016). For instance, in Pakistani manufacturing SMEs inertia has been shown to negatively influence innovation performance by limiting intellectual capital utilization (Zhang, Shen, & Xu, 2024). Researchers validated that inertia negatively influences business model innovation and open innovation, which leads to weakened corporate performance (Ibrahim, Elzek, & Elsawalhy, 2024). Encompassing this to the public sector, family businesses also effected by inertia due to their paternalistic structures (Sayed, Yasin, El, & Qoura, 2025). According to the 2022 IMF report governance issues and overstaffing nurture inertia, that decrease employee morale and operational ineffectiveness. Environments where inertia exist vulnerably effect task efficiencies, adaptive abilities and reduced output (Teofilus, Ardyan, Sutrisno, Sabar, & Sutanto, 2022).

Illustrating on Inertia Theory, which suggests that organizations develop structural rigidities to ensure trustworthiness but at the cost of adaptability (Hannan & Freeman, 1984). This study argues that SOEs in Pakistan shows high inertia due to their public-sector settings. Accompanying this, Social Exchange Theory (SET) provides a lens to observe the relational dynamics (Blau, 1964). SET postulates that employee and organizational relationships are based on reciprocal interactions; when inertia damage fair exchanges such as through unsatisfied promises about career growth or resource funding, employees may react with negative attitudes and behaviors, that ultimately reducing performance (Kavindi & Kularathne, 2024).

Organizational cynicism plays a critical intermediary in this relationship which arises when employees recognize that inertia as an obstacle to progress. Cynicism means that negative attitude towards the organization due to frustration, desperateness, and disappointment (Dean, 1998). Same pattern is applicable in Pakistan SOEs where cynicism mediates the link between change resistance and weaken employee performance (Soomro, Saraih, & Tunku Ahmad, 2022). According to Mustafa, (2021) cynical attitudes mediate as declining performance amid bureaucratic stagnation. This mediation is noticeable in SOEs, where employees often feels that policies are unfair, bringing distrust and lowering engagement.

Even though growing literature, a remarkable gap exists in inspecting the mediated pathway of cynicism in the inertia-performance relationship within Pakistani SOEs. Although studies like (Liu, Li, & Zhong, 2025) site that

how inertia effects employee performance in state ownership institutions which are still underexplored, particularly in developing economies who are facing fiscal stresses. Pakistani SOEs, burdened by huge losses, signify a sole context where political and economic instabilities strengthen inertia. This research addresses this negated concept by proposing a mediated model, drawing on social exchange theory, to clarify how inertia damages employee performance through the mediator. The importance of this study is multidimensional. Theoretically, it enhances organizational behavior literature by incorporating mediator in a public sector framework, proposing understandings for global SOEs reforms. Practically, outcomes can inform policy interventions in Pakistan, such as governance, to mitigate inertia and enhance performance. Methodologically, retaining structural equation modeling on data will provide strong realistic evidence. Through this study we want to increase robust contribution for Pakistani SOEs to boost their performance and participate in country's sustainable development.

This study seeks out that whether organizational inertia directly influences employee performance, specifically it explores that to what extent organizational inertia nurture cynicism among employees within State-Owned Enterprises in Pakistan. Moreover, the study explores whether organizational cynicism acts as an intervening mechanism between organizational inertia and employee performance. By addressing these intents, the study wants to offer empirical confirmation that the extent to which inertia based organizational practices influence employee performance outcomes in public-sector organizations.

## **2- REVIEW OF LITERATURE AND HYPOTHESIS DEVELOPMENT**

### **2.1 Organizational Inertia**

Organizational inertia means extension of current structures and procedures regardless of upgradations required (Hannan & Freeman, 1984). Inertia means, where organizations rely on outdated knowledge or practices (Akpolat, 2023). While action inertia focuses operational rigidity, for instance opposing new technologies or strategies (Ibrahim et al., 2024). The psychological inertia focuses about employee attitudes, such as distress and insecurity due to inflexible organizational policies (Teofilus et al., 2022). These standpoints commonly suggest that inertia effect employee's performance through direct and indirect ways.

### **2.2 Organizational Cynicism**

Organizational cynicism is defined as "a negative attitude towards organization" (Dean, 1998). Current literature highlights it by three components, cognitive, affective, and behavioral mechanisms (Chiaburu, Peng, Oh, Banks, & Lomeli, 2013). Cognitive cynicism indicates, when employee

observe that there is an absence of justice within the organization, affective cynicism means expressive responses such as disregard, and behavioral cynicism proposes desperate actions towards the organization (Osita Ike et al., 2022). Previous studies highlights various precursors of cynicism out of which important one is inertia (Kavindi & Kularathne, 2024). Organizational inertia by implication resists change, creating ironic ground for cynicism (Kökalan, 2019).

### **2.3 Employee Performance**

Employee performance is defined as "individual behaviors or actions that are relevant to the goals of the organization," (Koopmans et al., 2011). Employee performance always a base variable in organizational behavior and human resource management research, signifying that to what extent individuals participate towards organizational goals (Sayed et al., 2025). Employee performance consists task, as well as contextual oriented at work environment (Linnenborn & Borchert, 2025). In Pakistan, where SOEs having bureaucratic structures and resource constraints, employee performance is important for managing gaps and raising sustainable development (M. A. Khan, Raja, Ibrahim, & Hammersely, 2014). In Pakistani SOEs, especially in energy and manufacturing sectors, employee performance is often measured through sales targets or error rates (Albloush, Alharafsheh, Hanandeh, Albawwat, & Shareah, 2022). Current studies emphasize the dynamic nature of performance. The antecedents of employee performance are manifold. Recent literature states that structural rigidities and fixed routines—negatively affect performance (Fridan & Maamari, 2023).

### **2.4 Organizational inertia and Employee Performance**

Organizational inertia denotes as an organization's resistance to change, curtailing from rigid routines, arrangements, culture and processes that rank steadiness over variation (Godkin, 2015). Inertia can deliver short-term efficacy, but mostly it hinders responsiveness in vibrant environments (Yu, Hao, & Wang, 2020). Recent studies also arguing that inertia represses individual actions, which leads to lack of motivation and output (Sayed et al., 2025). In digital revolution settings, inertia limits employees' capability to adopt new skills, directly impacting performance (Zhen, Cao, Qiu, & Xie, 2021). (Alkharmany, Abdelhamid, & Elnokrashy, (2024) surveyed 353 teachers and found a significant negative influence of insight inertia on employee innovative behavior. Turnover intention, a substitute for performance weakening, is also worsened by inertia (Feng, Li, & Xiong, 2024). Addressing inertia is critical for improving flexibility and continued performance in unpredictable markets. On the basis of above literature, I hypothesize it as;

H1: Organizational inertia has negative impacts on employee performance

### **2.5 Organizational Inertia and Cynicism**

Organizational inertia and organizational cynicism characterize two persistent barriers to adaptability and employee commitment in modern workstations. Both phenomena's decrease innovation, enactment, and retention, particularly in vibrant sectors like transport and services. The connection of inertia and cynicism forms a cruel cycle, where inertia raises cynicism through unpredictable change failures, and cynicism establishes poor employee performance (Teofilus et al., 2022). In unstable industries, the relationship between inertia and cynicism become stronger (Moradi, Jafari, Doorbash, & Mirzaei, 2021). Inertia and cynicism grind down adaptability, with collective costs which resultantly reduce productivity (Chen, 2014). Overall, recent literature describes inertia and cynicism as interwove threats to flexibility. Addressing them demands universal strategies raising trust and agility. Hence, I propose that;

H2: Organizational inertia has positive impact on Organizational cynicism.

### **2.6 Organizational Cynicism and Employee Performance**

On the basis of Social Exchange Theory (SET), organizational cynicism can be assumed as a negative attitudinal response that appears when employees feel unfair exchange relationship between themselves and the organization. Due to this negativity cynical employees are less motivated for their job related roles, which ultimately reduces their performance outcomes (M. A. S. Khan et al., 2025). The study's statement is constantly supported by empirical evidences that organizational cynicism is negatively associated with employee performance (Dean, Brandes, & Dharwadkar, 1998; Chiaburu et al., 2013). Organizational cynicism is the core cause that has been shown lower employee performance and possibly supports counterproductive work behaviors (Kavindi & Kularathne, 2024). Furthermore, recent studies also confirm that cynicism plays a key mediating role between unfavorable working environments and employee performance outcomes (Bang & Reio, 2017). Thus, I hypothesize it that;

H3: Organizational cynicism has positive influence on Employee performance.

### **2.7 Cynicism's Mediating Role in Inertia and Employee Performance**

Social exchange theory offers a framework for accepting cynicism as a mediation (Bang & Reio, 2017). Inertia makes a rigid environment with unclear structure and less opportunities, leads to observations of injustice that nurture cynicism (Kavindi & Kularathne, 2024). When employees perceive that organizational objectives are worthless, they put minimal efforts which resultantly reduce their performance (Osita Ike et al., 2022). Inertial

resistance towards developments and improvements of systems and structures leads to employee distrust for top management, which resultantly increasing cynicism and decreasing performance (Arslan, Kanwal, Kazmi, & Rahman, 2023). Latest studies confirms that bureaucratic structures create perceptions of organizational unfaithfulness, raising cognitive and affective cynicism (Mete, 2013). Especially in public sector organizations, clan culture and rigid chain of command intensify these effects (E. Aslam, Ashraf, Iqbal, & Shabbir, 2024).

Previous studies found that cognitive, affective, and behavioral cynicism considerably reduce employee performance in health sector, because employees ignoring tasks and withdrawing optional efforts (Arslan et al., 2023). Cynicism reduces motivation, leading to poor performance and lower cooperation, acute for performance (Fridan & Maamari, 2023). In socialist cultures, cynicism decreases group-oriented behaviors and diminishing performance (E. Aslam et al., 2024). Empirical readings backing cynicism's mediating role between organizational factors and performance outcomes (Naus, 2007). A study propose that cynicism mediates the inertia-performance link by promoting distrust, specifically in bureaucratic settings (Pamungkas et al., 2025). In Pakistan's public sector inertia increases cynicism by crafting perceptions of unfairness and favoritism (Aslam et al., 2024). Therefore, I suggest that;

H4: Organizational cynicism mediates the relationship between organizational inertia and employee performance.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Population and Sampling Frame**

The target population of the study comprises employees working in state owned enterprises (SOEs), specifically in power and energy, transport, communication and financial sectors of Pakistan. These sectors were nominated because of their unique role in the economy's GDP, however facing exclusive challenges such as structural rigidity and limited resources (Zolak et. al, 2025). Employees from these sectors are perfect for analyzing inertia, cynicism and their outcomes because they have frequent experience about rigid routines and practices (Aslam et al., 2024). Their continuing privatization further highlights the requirement to investigate them and inform about SOEs restructurings. (Pfrombeck, Doden, Grote, & Feierabend, 2020).

The population was limited to full-time employees only working at top hierarchical levels, holding managerial and supervisory positions, to detent a widespread view of inertia (Reisinger & Mavondo, 2007). This sampling frame was excluded temporary workers, substitutes, or employees whose experience was less than one year in service to achieve the desire study's objectives

(Creswell et al., 2021). Multistage sampling technique (Stratified cluster random sampling) was used to collect data because potentially it is not possible to cover geographically dispersed population due to resource scarcity (Creswell et al., 2021). At first stage stratification method was adopted with identification of four sectors, power and energy sector, transport, communication and finance sector. Secondly, I obtained the complete list of bodies that relates to each sector. Next I choose proportional allocation method which means that random selection of organizations from each strata to reduced biasness. At last stage clustering method was chosen because the exact list of employees not available who meets the required criteria from each sector. At this stage I contacted head offices for the collection of data from those who meet the mandatory criteria.

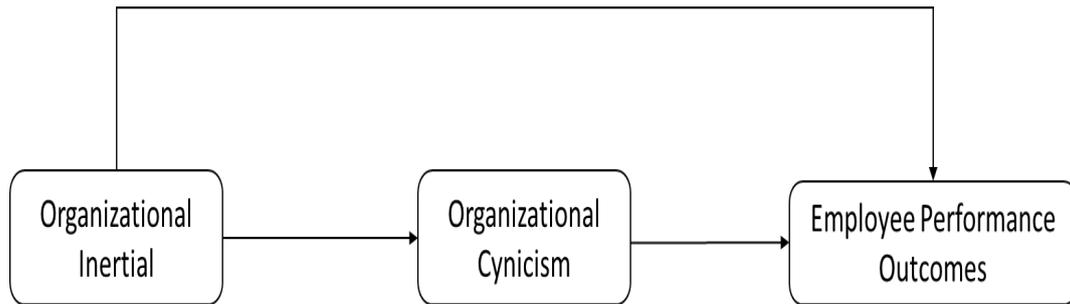
Questionnaire based survey considered best to gather data from the respondents particularly when information is about behaviors and attitudes (Scandura & Williams, 2000). The required sample size was 400, but to preserve precision 600 questionnaires were dispersed via numerous digital channels like Facebook and WhatsApp, including personal visits. Structural Equation Modeling (SEM) technique is used in this research for data analysis. Kyriazos & Stalikas, (2018) proposes a sample size larger than 200 responses satisfy the minimal condition for SEM. The sample size in multivariate studies has been suggested that minimum proportion is 5 respondents against each item (Reisinger & Mavondo, 2007). Some suggested that more than 200 respondents consider a good sample size for effective data analysis in SEM (Kyriazos & Stalikas, 2018). According to Reisinger and Mavondo, (2007) the study's sample will be based upon 300 to 400 respondents. The privacy of the respondents was highly assured as per research ethics.

### **3.2 Measures**

In this study, earlier measures were used. Organizational inertia was measured by 13 items having three dimensions, such as insight inertia, psychological inertia and action inertia. This scale was developed by Allcorn & Godkin, (2008) and then adopted by Sulphay & Jasim, (2025) displays alpha values  $\alpha = 0.92$ ,  $\rho = 0.90$ , and  $\alpha = 0.91$  which shows that the scale is reliable. Organizational cynicism was measured using 13 items which also have three dimensions affective, cognitive and behavioral that was developed by Dean, Brandes and Dharwadkar, (1998) and then adopted by Osita Ike et al., (2022). The study shows its alpha value was  $\alpha = 0.80$ ,  $\rho = 0.77$ ,  $\alpha = 0.85$  which represents its reliability. Employee performance was also measured through 13 items having two dimensions task performance and contextual performance which was developed by Koopmans et al., (2016). EP was measured through task and contextual performance and excluding

counterproductive work behavior dimension due to contextual irrelevance. It is further used by Sutarto, Wardaningsih, and Putri, (2021). Previous study shows its alpha values TP=0.87 and CP=0.87 represents its reliability.

**3.3 Conceptual Framework**



**4. RESULTS**

**4.1 Sample Profile**

The demographics of this research contains age, gender, education, organizational experience and working sector of employees. To evaluate the demographics, the descriptive statistics test was performed and the results are shown in Table 1

**Table 1: Demographics**

Variables	Categories	Frequency	Percentage
<b>Gender</b>	Male	309	77.2
	Female	91	22.8
<b>Age</b>	20-30 Years	104	26
	31 to 40 Years	126	31.5
	41 to 50 Years	102	25.5
	51 to 60 Years	68	17
<b>Education</b>	Bachelors	123	30.8
	Masters	163	40.8
	Professional	107	26.7
	Any Other	7	1.7
<b>Organization Experience</b>	1 to 5 years	103	25.8
	6 to 10 Years	143	35.8
	11 to 15 Years	82	20.4
	More than 15 Years	72	18

	Power and Energy	131	32.8
<b>Working Sector</b>	Transport	65	16.3
	Communication	91	22.8
	Financial	113	28.2

**4.2 Measurement Model Assessment**

First of all, we conducted descriptive analysis at dataset as shown in Table 2 which suggest that moderate normality threshold of 2.0 and 7.0 for skewness and kurtosis respectively. According to Hair et al. (2017) data is normal if skewness is between -2 to +2 and kurtosis is between -7 to +7.

**Table 2: Descriptive**

Variables	Mean	Std. Dev	Kurtosis	Skewness
CP	4.114	0.570	0.084	-0.545
TP	4.322	0.976	-0.045	-0.435
OI	3.976	0.769	0.784	0.567
OC	4.160	0.853	-0.986	-0.887

This study used two-step indicator approach for EP and one step for OI and OC to evaluate the validity and reliability of both the first-order construct and the second-order construct. First order measurement model was used to examine indicator reliability and convergent validity. As shown in Table 3 that outer loadings of all objects were above 0.70, which indicates strong item reliability (Hair et al., 2021). Also the confirmation of internal consistency of the construct Cronbach’s alpha and composite reliability values were measured which are above the recommended threshold of 0.70 (Hair et al., 2021). Another measure was used to confirm the convergent validity of all construct which represented by AVE values that achieved minimum standard of 0.50 (Larckel, D.F dan Fornell, 2016). Overall, all of these results approve the reliability and validity of the first-order measurement model.

**Table 3: Constructs Validity and Reliability**

	Outer loadings	Cronbach Alpha	Composite reliability	AVE
CP1 <- CP	0.867	0.953	0.960	0.749
CP2 <- CP	0.873			
CP3 <- CP	0.906			
CP4 <- CP	0.808			
CP5 <- CP	0.897			
CP6 <- CP	0.889			
CP7 <- CP	0.857			

<b>CP8 &lt;- CP</b>	0.824			
<b>OC1 &lt;- OC</b>	0.872	0.970	0.973	0.736
<b>OC10 &lt;- OC</b>	0.868			
<b>OC11 &lt;- OC</b>	0.862			
<b>OC12 &lt;- OC</b>	0.873			
<b>OC13 &lt;- OC</b>	0.846			
<b>OC2 &lt;- OC</b>	0.885			
<b>OC3 &lt;- OC</b>	0.854			
<b>OC4 &lt;- OC</b>	0.854			
<b>OC5 &lt;- OC</b>	0.891			
<b>OC6 &lt;- OC</b>	0.800			
<b>OC7 &lt;- OC</b>	0.837			
<b>OC8 &lt;- OC</b>	0.868			
<b>OC9 &lt;- OC</b>	0.839			
<b>OI1 &lt;- OI</b>	0.725	0.959	0.964	0.672
<b>OI10 &lt;- OI</b>	0.837			
<b>OI11 &lt;- OI</b>	0.790			
<b>OI12 &lt;- OI</b>	0.828			
<b>OI13 &lt;- OI</b>	0.834			
<b>OI2 &lt;- OI</b>	0.831			
<b>OI3 &lt;- OI</b>	0.847			
<b>OI4 &lt;- OI</b>	0.857			
<b>OI5 &lt;- OI</b>	0.838			
<b>OI6 &lt;- OI</b>	0.780			
<b>OI7 &lt;- OI</b>	0.895			
<b>OI8 &lt;- OI</b>	0.762			
<b>OI9 &lt;- OI</b>	0.817			
<b>TP1 &lt;- TP</b>	0.887	0.942	0.956	0.813
<b>TP2 &lt;- TP</b>	0.893			
<b>TP3 &lt;- TP</b>	0.913			
<b>TP4 &lt;- TP</b>	0.902			
<b>TP5 &lt;- TP</b>	0.913			

Discriminant validity was measured through Heterotrait–Monotrait (HTMT) and Fornell-Larcker’s methodologies to confirm that each construct in the model was realistically distinctive from others. As displayed in Table 4 and 5 that the square root of AVE on behalf of all constructs more than their inter-construct correlations and all of the HTMT values were below the suggested threshold of 0.85. Moreover, the Fornell–Larcker criterion provides support to discriminant validity. These results confirm that the constructs are

empirically distinct and that construct overlap is not a concern, supporting the adequacy of discriminant validity in the measurement model.

**Table 4: Heterotrait-Monotrait Ratio (HTMT) - Matrix**

	CP	OC	OI	TP
CP				
OC	0.167			
OI	0.163	0.487		
TP	0.816	0.383	0.249	

**Table 5: Fornell-Larker criterion**

	CP	OC	OI	TP
CP	0.866			
OC	-0.167	0.858		
OI	-0.182	0.471	0.820	
TP	0.781	-0.375	-0.240	0.901

In the second-order measurement model, these scores of task based performance and contextual performance were used as indicators to measure employee performance (EP). The second-order measurement model was considered reliable and validated according to the recommended criteria for assessment of reliability and validity of the constructs (Sarstedt, Hair, Cheah, Becker, & Ringle, 2019). The results represented in Table 6 validate the setting up of internal consistency, reliability and convergent validity of second-order constructs.

**Table 6: Measurement Model for 2nd Order Constructs**

	Outer loadings	Cronbach Alpha	Composite Reliability	AVE
LV scores - CP <- EP	0.899	0.877	0.936	0.880
LV scores - TP <- EP	0.976			

Concludedlly, the measurement model establishes satisfactory reliability and validity for all constructs. With these measurement properties met, we are ready for the next phase of analysis, the assessment of the structural model to test the hypothesized relationships.

4.3 Structural Model Assessment

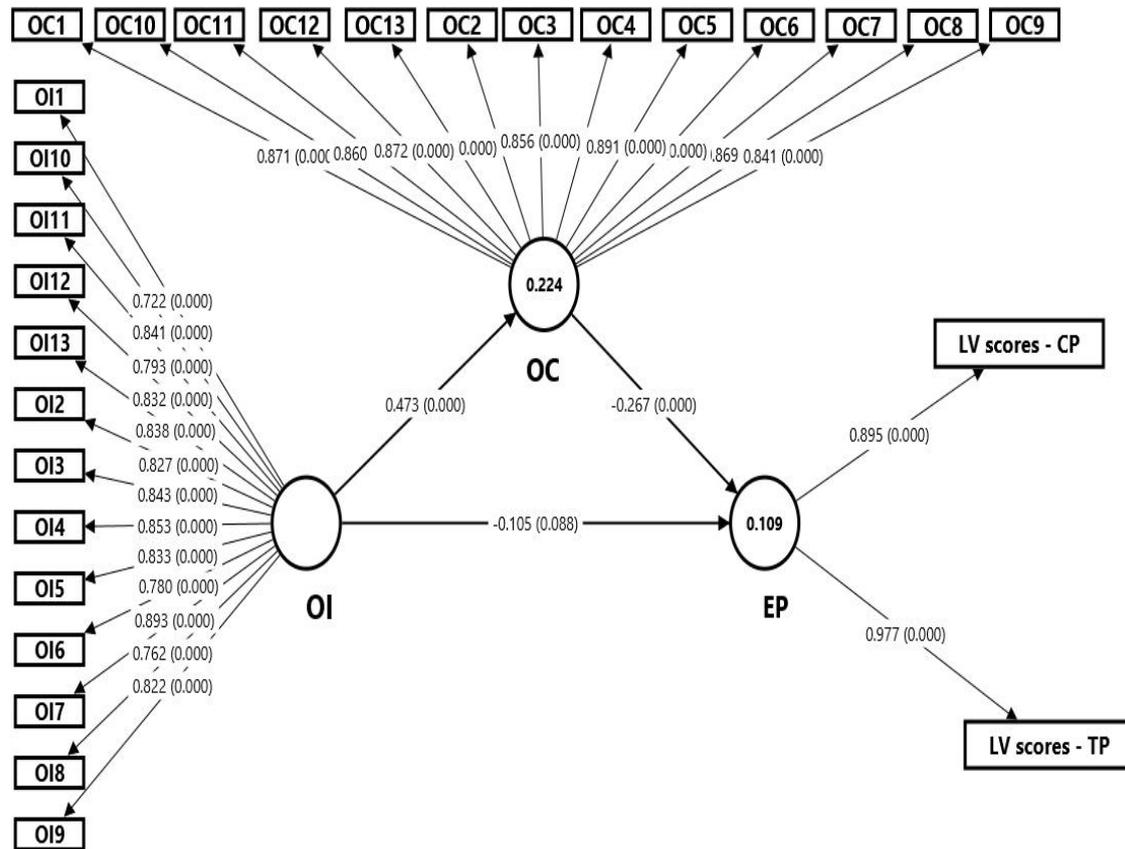


Figure 1 Structural Model Assessment (Path Coefficient, T-values and p-value)

Table 7: Path coefficients

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values	VIF
OC -> EP	-0.267	-0.271	0.052	5.202	0.000	1.864
OI -> EP	-0.105	-0.103	0.061	1.665	0.096	2.654
OI -> OC	0.473	0.475	0.052	9.077	0.000	2.179

Research hypothesis was tested through PLS algorithm and to achieve highest level of accuracy we used extensive bootstrapping procedure. The results of our PLS-SEM investigation illuminate the research background with convincing findings about all the hypothesis. There is also no any multicollinearity issue in the data because all of the VIF values below the threshold value of 5 (Hair et al., 2021). The structural model shows that OC has a significant negative influence on EP ( $\beta=-0.267$ ,  $t=5.202$ ,  $p=0.010$ ) whereas OI has a significant and positive impact on OC ( $\beta=0.473$ ,  $t=9.077$ ,

$p < 0.001$ ). in contrast, there is an insignificant negative direct effect of OI on EP ( $\beta = -0.105$ ,  $t = 1.665$ ,  $p = 0.312$ ), which means that Organizational inertia indirectly effect employee performance through organizational cynicism instead of direct effect.

**Table 8: R-Square**

	R-square	Adjusted R-square
EP	0.110	0.105
OC	0.224	0.222

The R-square marks out that OI describes 11% of the variance in EP and 22.4% of the variance in OC. This refers that OI has a modest direct influence on EP, but it employs a stronger influence on OC which supporting the suggested mediating role of OC between the relationship of OI and EP.

**Table 9: f-Square**

	EP	OC	OI
EP			
OC	0.064		
OI	0.009	0.288	

The findings of f-square also endorse the R-square pattern, as OI displays a moderate effect on OC ( $f^2 = 0.288$ ) while a minor direct effect on EP ( $f^2 = 0.009$ ), however OC shows a medium effect on EP ( $f^2 = 0.064$ ). Together, the results of f-square and R-square signifies that OI has indirectly impacts EP through OC which significantly supporting the suggested mediation model.

#### 4.4 Mediation Analysis

Baron & Kenny, (1986) method is used to examine the effect of OC as a mediator in the main relationship between OI and EP. As shown in Table 10 the overall effect of OI on EP is significantly negative ( $\beta = -.309$ ,  $t = 5.719$ ,  $p < 0.05$ ). Even when the mediating variable OC is not included in the model, the impact of OI on EP remained statistically significant ( $\beta = -0.292$ ,  $t = 4.898$ ,  $p < 0.05$ ), validating the occurrence of a direct negative effect. Additionally, the indirect effect of OI on EP through OC was also recognised statistically significant ( $\beta = -0.058$ ,  $t = 2.355$ ,  $p < 0.05$ )

**Table 10: Mediation Analysis Results**

Total Effect OI-> EP		Direct Effect OI-> EP		Indirect effect OI-> OC->EP			Decision		
$\beta$	P-value	$\beta$	P-value	$\beta$	SD	T-value			
-0.309	0.000	-0.292	0.000	-0.058	0.025	2.355	0.019	--0.401;-0.167	Accepted

Organizational cynicism (OC) serves here as a significant explanatory tool through which organizational inertia (OI) lessens employee performance (EP), while inertia also remains to put forth a direct opposing influence on performance.

### 5. DISCUSSION

This research explores the impact of OI on EP with mediation of OC in SOEs of Pakistan. From empirical observation I derived from a sample of 400 employees across four major SOEs deliver strong support for all proposed hypotheses. The outcomes of the study offer a vigorous empirical contribution about the said theorized model, which confirms that organizational inertia employs a significant negative effect on employee performance outcomes especially with in SOEs of Pakistan whereas findings also proves that organizational cynicism completely mediate this relationship. These results of the study line up with earlier outcomes which also highlights that organizational inertia as an operational barrier towards flexibility and performance in organizational framework (Ibrahim et al., 2024). Explicitly, it was found that organizational inertia negatively affects employee performance (H1 accepted), and its effect on organizational cynicism is positive (H2 accepted), while organizational cynicism effectively and significantly mediates the relationship between OI and EP (H3 accepted).

H1 is accepted, which proposed that inertia have detrimental effects on employee performance outcomes due to resistance towards change and rigid routines. These outcomes are widely supported with recent empirical evidence, such as a study conducted in china about their state owned firms, confirmed that inertia decrease the performance of employees (Moradi et al., 2021). H2 is unconditionally approved, which established that in Pakistani SOEs organizational inertia act as a crucial precursor for organizational cynicism. Recent studies display how rigidity in administrative practices erodes trust and enhance disappointment (Zhang et al., 2024). One more analytical research found that inflexibility towards change leads nurturing cynicism (E. Aslam et al., 2024). All supporting results are explicitly related with Pakistani

SOEs where collectivist and clan culture promote inertia which eventually brings cynicism due to some policy issues.

H3 is also supported by the study's findings that organizational cynicism significantly and negatively influences employee performance. Based on Social Exchange Theory, the study's outcomes suggest that when employees perceive lack of honesty and fairness within the organization they reciprocate through decrease efforts and shows counter productive work behaviors, eventually damaging employees' performance (Chiaburu et al., 2013). Recent studies also specify that cynicism not only collapse the emotions of employees, it enhance the counterproductive work behaviors (Hur, Kim, & Park, 2015). Collectively, these findings argue that employee performance is intensely persuaded by attitudinal and relational aspects within the organization. H4 is comprehensively authenticated, which comprises organizational cynicism as an influential mediator between OI and EP. The study examined this mediating pathway and confirmed full mediation of cynicism (Teofilus et al., 2022). Although the findings about the mediating role of cynicism in recent studies supported the hypothesized phenomenon, but it is limited to private sector only (Mustafa ÖZGENEL et al., 2021). It is also documented that cynicism raises in rigid bureaucratic settings and organizational inertia decreases employee trust and motivation, which in turn concluding diminished employee performance (AbdelGhany Yasin & Qoura, 2025). Accompanying this, an experimental model about organizational behavior showed that persuaded inertia increases cynicism, which decreases performance specifically when resources are scarce. These leading studies provide important empirical grounding for this model of mediation proposed and tested in this document.

### **5.1 Theoretical implications**

In this study the whole model is significantly recognizing which further extends by farming cynicism as an important mediator within the main relationship between organizational inertia and employee performance in Pakistani SOEs. These outcomes advancing the study of Ibrahim et al. (2024), who hypothesized that how inertia with its dimensions such as insight, action, and psychological, jointly corrode trust and raise cynicism, which eventually damage individual performance. More specifically, the current research endorses that not only inertia directly affect the adaption probability but this relationship is more strengthen through a mediating factor cynicism which foster the impact of inertia on employee performance due to perceived breaches in psychological contracts, aligning with social exchange theory (Blau, 1964). Moreover, this study adds up and reports the call by Allcorn & Godkin, (2008) that how organizational inertia affect the firm's operations in

public sector framework, more specifically in cultures where power distance is high like Pakistan, and bureaucratic settings intensifies cynicism than in Western settings. According to the resource-based view (RBV) with emotional apparatuses, the research recommends that rigid structures not only damage human capital by the uselessness of old skills but also diminished motivation and commitment (Zolak Poljašević et al., 2025). This research underwrites a novel and multi-level passageway at macro level (organizational level strictness) and micro level (cynicism and performance), which further enhances change management literature in developing economies.

### **5.2 Practical Implications**

Basically, this validated research fold on some actable policies for the policy makers of SOEs and the leadership as well about the linkage between inertia, cynicism and employee performance. Top management should highlight the importance about reduction of insight and action inertia because in bureaucratic organizations flexible and innovative culture expressively suppress through cynicism (Feng et al., 2024). In Pakistani SOEs framework cross sectional teams should be prepared from different departments which can nurture flexibility, responsiveness and re-make trust (E. Aslam et al., 2024). Moreover, HR department especially from public sector should organize some societal, ethical and self enhancement training and development programs which directly could mitigate cynical feelings from employees and enhance performance outcomes (Bashir, 2011). Policymakers can positively influence on inertia nurturing insights through specific governance structure, such as innovation for every one especially in continuing privatization process (Ashok, Al Badi Al Dhaheri, Madan, & Dzandu, 2021). Finally, enhancing knowledge sharing culture in public sector organizations by using digital based platforms can reduce inertia practices to increase the performance outcomes of employees (Moradi et al., 2021). These proposed interferences can enhance employee performance outcomes by reducing inertia and cynicism specifically in today's vibrant and disruptly changing business environment.

### **6. LIMITATIONS AND FUTURE DIRECTIONS**

Although the suggested model has been fully endorsed, comprising organizational cynicism as a mediator between the direct affiliation of organizational inertia and employee performance within Pakistani SOEs, there are numerous limitations that must be considered in the future. The cross sectional design prevents underlying implication, because it focuses only a perception based responses and oversee temporal fluctuations during continuing reforms in SOEs. Additionally, the current research is only applicable at public sector organizations where political and economic

pressures bound top management for rigid structure limits study's generalizability. Dependence on self-stated surveys where employees are hierarchically bound and suppress their emotions, also enhance the fears of common method bias. Moreover, the study's model does not discover some possible moderators such as transformational governance or digital implementation, nor it use corresponding mediators like stress or perceived injustice, which may affect its acceptability. Another limitation, the study is limited to the one province of Pakistan such as Punjab and use public sector only, scholar could apply this study in some other provinces of Pakistan and use private sector as well. Moving forward, longitudinal design may apply in future to trace how inertia based organizations displays variations in showing cynicism, specifically during restructuring and policy intervention era.

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