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FROM ORGANIZATIONAL CRONYISM TO EMPLOYEE PERFORMANCE: THE SEQUENTIAL MEDIATING ROLES OF PERCEIVED ORGANIZATIONAL POLITICS AND EMOTIONAL EXHAUSTION

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Abstract

Institutional cronyism adversely affects an organization's merit-based approach and organizational and employee justice. Although there is growing interest in the impact of institutional cronyism, less research has examined the combined organizational and psychological factors that mediate its effects on employees. Underpinning this investigation is Conservation of Resources (COR) theory. This research explores how organizational cronyism impacts performance via the separate and combined effects of perceived organizational political nature and emotional exhaustion. A quantitative methodology was employed, and 400 employees from a range of industry sectors in Pakistan's Punjab province provided data. Confirmatory factor analysis and mediation analyses were conducted to investigate the hypothesized associations. Reliability, convergent and discriminant validity, together with indices of model fit, were analyzed to assess the measurement model.

Bootstrapping methods were used to assess both direct and indirect links. Overall, the research demonstrates that organizational cronyism adversely affects performance. In addition, it has been shown to positively influence an employee's perception of organizational politics. Perceived organizational political nature is positively associated with emotional exhaustion and, in turn, adversely influences an employee's performance. Separate mediation analyses demonstrate that both the perceived political nature of the organization and emotional exhaustion function as independent mediators of the association between institutional cronyism and performance. Moreover, a negative combined indirect effect is identified via these two psychological variables. Thus, organizational cronyism leads to employees' perceptions of organizational politics, which then result in emotional exhaustion and poor employee performance. From an academic perspective, this research advances the application of COR theory in organizational behavior. It further provides a combined theoretical account of the organizational-related and psychological factors that mediate cronyism's impact on performance. From a practical viewpoint, the research highlights the value of employing open and merit-based human resource management; promoting ethical leadership; ensuring organizational justice; and supporting employee well-being to mitigate the adverse effects of institutional cronyism.

Keywords: Institutional Cronyism; Performance; Perceived Organizational Politics; Emotional Exhaustion; Conservation of Resources Theory; Combined Mediation

1. Introduction

To ensure effective performance in organizations, HR systems prioritize meritocracy and fairness in recruitment, performance assessments, and promotions. However, decisions within organizations are often based on personal connections. As such, organizational cronyism, whereby individuals are favored in organizations due to personal connections rather than merit, is considered detrimental in the workplace (Varma & Randev, 2026). Cronyism affects the fair distribution of opportunities during recruitment and

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promotions and impacts employees' perceptions of fairness (Zeinolabedini & Morovati, 2026). In Pakistan, where family relationships, patronage, and *sifarish* influence the distribution of jobs, resources, and promotions, recent research in public-sector hospitals and universities indicates that cronyism is a current issue in organizations within these sectors (Xu & Ahmed, 2024; Xu et al., 2025).

Recent research indicates that cronyism is costly. In universities, cronyism is negatively correlated with employee performance (Xu & Ahmed, 2024). In public hospitals in Pakistan, cronyism was found to result in psychological withdrawal from nurses (Xu et al., 2025). In the banking industry, cronyism is positively associated with counter-productive work behaviors (Turka & Kaushik, 2025). More recently, in a time-lagged study, cronyism has been found to result in moral disengagement and subsequently, knowledge hiding (Aggarwal et al., 2026). However, further investigation is required to understand the psychological pathway by which organizational favoritism leads to decreased performance. If rewards within an organization are based on personal connections rather than performance, employees may perceive that the workplace is characterized by politics. This perception of organizational politics has been found to have negative effects on employees, including negative attitudes in the workplace and negative affective responses, such as hostility (Meisler, 2024).

The conservation of resources (COR) theory is useful to understand this phenomenon. The theory suggests that individuals aim to acquire, maintain, and enhance valuable resources (energy, time, standing, and support). Threats or losses to these resources lead to stress. In politically driven workplaces (caused by cronyism), employees experience threats to their resources. Employees must be more attentive to forming and maintaining personal connections within the organization, manage impression-management strategies, and worry that outcomes may be unfair to them. All of this results in cognitive and emotional resource expenditure. In line with COR theory, cronyism leads to the depletion of cognitive and emotional resources and subsequent withdrawal behaviors (Xu et al., 2025). If such stresses are experienced over prolonged periods, employees experience emotional exhaustion, in which they feel overstretched and emotionally depleted. Therefore, if employees experience emotional exhaustion, their performance is expected to decrease. This is supported by research. Emotional exhaustion has been found to fully mediate the relationship between cronyism and counter-productive work behaviors (Turka & Kaushik, 2025).

Despite cronyism being common within organizations in Pakistan, the relationships between cronyism and employee performance are currently understood through single-mediation models. Although managers may observe reduced output in environments with cronyism, it is unclear how this occurs. Specifically, it is unclear whether this reduction in performance occurs because employees perceive the workplace as politically driven, which causes emotional resource depletion and, in turn, a reduction in performance. As a result, interventions within organizations may not be appropriately targeted to improve performance. General motivation/training interventions may be implemented to improve performance; however, these do not target the underlying cause of reduced performance (a political climate driven by cronyism). The key issue in this research area is understanding how cronyism reduces employee performance in organizations in Pakistan.

This study focused various research gaps. Firstly, whilst there have been systematic reviews on cronyism (Varma & Randev, 2026), recent studies have focused on investigating direct relationships between cronyism and outcomes, using single mediators. For example, knowledge hiding has been used to mediate the relationship between cronyism and performance (Xu & Ahmed, 2024), disidentification has been used to mediate the relationship between cronyism and psychological withdrawal (Xu et al., 2025), moral disengagement has been used to mediate the relationship between cronyism and knowledge hiding (Aggarwal et al., 2026), and job stress and emotional exhaustion have been used to mediate the relationship between cronyism and counterproductive behavior (Turka & Kaushik, 2025). However, these studies do not provide insight into the sequential relationships among the perception of organizational politics, emotional resource depletion, and performance. To the best of our knowledge, few studies have investigated the sequential mediation of organizational politics and emotional exhaustion in the relationship between cronyism and employee performance.

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Secondly, whilst emotional exhaustion has been found to result from cronyism (Turka & Kaushik, 2025; Xu et al., 2025), few studies have examined the role of perceiving a political environment in causing emotional exhaustion. In research on politics in organizations, perceived organizational politics is generally taken as the starting point. Research typically examines the impact of this perception on attitudes and emotions (Meisler, 2024). However, little research links perceived political climates to cronyism.

Finally, recent evidence on cronyism in Pakistan has focused on public hospitals and universities (Xu & Ahmed, 2024; Xu et al., 2025). It is currently less well known whether similar patterns occur in other types of organizations (including private-sector organizations) where personal connections may be equally influential.

As a result of these research gaps, this study aims to:

1. Investigate the effects of cronyism on employee performance in Pakistani organizations.
2. Investigate whether cronyism increases perceived organizational politics.
3. Investigate whether perceived organizational politics leads to increased emotional exhaustion.
4. Investigate whether emotional exhaustion reduces employee performance.
5. Investigate the serial mediation effect of perceived organizational politics and emotional exhaustion on the relationship between cronyism and employee performance.

This study has several contributions. Theoretically, this study expands the Conservation of Resources theory to include cronyism as a relation-based stressor. It highlights a 3-stage process whereby cronyism increases perceived organizational politics, which in turn leads to emotional exhaustion, which in turn reduces performance. As such, this research demonstrates how resource depletion occurs sequentially (perception of politics → resource depletion → outcome). Additionally, this research brings together research on organizational politics and burnout, which are typically studied separately, with research on favoritism. Contextually, this research contributes new evidence from Pakistan, where personal connection networks heavily influence organizations. As such, this addresses the call for context-specific research on favoritism. Practically, this sequential model highlights where managers should intervene by implementing transparent and meritocratic HR strategies; perceived organizational politics can be reduced. Likewise, by managing workloads and supporting employees, emotional exhaustion can be limited, preventing performance from declining. The novelty of this study lies in providing a serial resource-based explanation of how cronyism reduces employee performance.

2. Literature Review & Hypothesis Generation

2.1 Underlying Theories

2.1.1 Conservation of Resources Theory (COR Theory). COR theory suggests that people seek to gain, maintain, and increase resources of value (energy, time, status, and support). If these resources are lost or threatened, people experience stress. COR theory has been used to explain how cronyism leads to emotional and cognitive resource depletion among employees (Xu et al., 2025) and how perceived organizational politics operates through resource processes (Zhou & Sun, 2025). Therefore, this theory explains the second half of the model. Perceived political climates deplete resources, and, in turn, resource depletion reduces performance.

2.1.2 Equity Theory. Equity theory suggests that people in organizations compare the ratio of what they give to what they receive with that of others to determine whether they are receiving fair treatment. Recently, equity theory has been used to explain how perceived fairness shapes perceptions of organizational politics and disengagement (Dhanasekar & Anandh, 2025). Therefore, this theory supports the first half of this model. If rewards are given based on personal connections rather than merit, employees will perceive the organization as unfair and thus politically driven.

2.1.3 Social Exchange Theory. Social exchange theory suggests that a relationship exists between employers and employees, whereby employees will reduce giving back to the organization if they are treated unfairly. Perceived organizational politics research has drawn on social exchange theory, equity theory, and COR theory (Dhanasekar & Anandh, 2025; García-Pereyra et al., 2025). Social exchange theory supports the direct relationship between cronyism and reduced performance.

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2.2 Definitions of Constructs

Organisational Cronyism. Preferential treatment of individuals in organizations in terms of benefits, opportunities and rewards, based on personal relationships rather than merit or performance (Varma & Randev, 2026; Xu & Ahmed, 2024).

Perceived Organizational Politics. Employees' perception that colleagues and managers are pursuing their own best interests and using influencing tactics, despite this going against group aims and fairness (Meisler, 2024).

Emotional Exhaustion. Feelings of being overextended and depleted of emotional resources. It is a key component of burnout (Turka & Kaushik, 2025).

Employee Performance. How effectively employees' complete tasks in their role, to contribute to the success of the organization (Xu & Ahmed, 2024).

2.3 Hypotheses Development

2.3.1 Cronyism and Employee Performance. Cronyism therefore reduces motivation to perform well. In situations where promotions, workloads, and resources are awarded based on an individual's closeness to decisionmakers, employees outside this group will perceive that their efforts will not be appropriately rewarded. In contrast, employees in this "in" group do not have to perform well to receive rewards and therefore have less motivation to do so. Consequently, both groups may exhibit reduced motivation to perform the task. In creating a model for cronyism, Turka and Kaushik (2025) followed similar logic. This research draws on the theory of negative reciprocity norms and the effort-reward imbalance. Recent literature on favoritism in quasi-government organizations shows that unequal training opportunities, perceptions of unfair promotions, and variable performance assessments are key manifestations of favoritism in day-to-day operations. The effects of these on employee performance are investigated (Mizinga & Chilolo, 2026).

Additionally, COR theory implies that employees may reduce task performance if they perceive they are not being rewarded for good performance. If employees perceive they cannot achieve rewards (career progression, recognition, and prestige) based on merit, they will conserve their energy by reducing effort. Xu et al. (2025) utilize COR theory to demonstrate that cronyism can lead to psychological withdrawal from tasks. Cronyism has also been found to correlate negatively with moral disengagement over time points (Aggarwal et al., 2026). This, in turn, reduces employees' positive contributions. Psychologically withdrawn and disengaged employees generally perform poorly.

Evidence directly linking cronyism with lower performance was shown by Xu and Ahmed (2024). A significant negative relationship was observed between cronyism in public-sector universities in Pakistan and employee performance. Knowledge hiding was found to mediate this relationship. As social networks are very visible in workplaces in Pakistan, a similar relationship may be seen in this study. Therefore,

H1: There is a negative relationship between cronyism and employee performance.

2.3.2 Cronyism and Perceived Organizational Politics. Employees frequently compare reward-to-input ratios to those they see among other employees. Within organizations, due to relationships within leadership, employees may perceive unfairness compared with other employees who have made lesser or equivalent contributions to the business and receive more rewards. Therefore, employees can be seen to interpret this unfairness as being driven by personal interest, relationships, and influence within the organization. It means that organizational politics is being perceived. Dhanasekar and Anandh (2025) support this explanation by demonstrating that unfairness perceived by employees, as explained by equity theory, is directly related to perceived organizational politics and subsequent employee disengagement.

There is recent evidence further supporting this relationship. Within organizations, cronyism has been found to significantly affect perceptions of organizational injustice (Inegbedion, 2024). More generally, favoritism directly impacts the distribution of opportunities, employee promotions, and perceptions of justice (Zeinolabedini & Morovati, 2026). Social exchange theory supports this result. If employees perceive that rewards are given within relationships with others in the organization, they will feel that the organization is acting in its own self-interest and will distrust the exchange relationship with it. Within Pakistan, *sifarish* and

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nepotism are well known, meaning that if cronyism exists within organizations, it is likely to lead to perceived organizational politics within employees. As relationships often result in identifiable people benefiting, employees can often recognize who has received benefits based on their connections. Therefore:

H2: Cronyism has a positive relationship with perceived organizational politics.

2.3.3 Perceived Organizational Politics and Emotional Exhaustion. COR theory proposes that stress arises when valued resources are threatened or lost, and that people must invest resources to prevent further loss. A political workplace creates both conditions. Employees must watch alliances, interpret hidden motives, manage impressions, and cope with uncertainty about whether their efforts will be recognized. These demands use up cognitive and emotional energy. Zhou and Sun (2025) examined perceived politics from a resource perspective and showed that it has distinct indirect effects on different forms of voice behavior, thereby confirming that politics operates through resource processes.

Empirical work also links politics perceptions to negative emotional states. Meisler (2024) found that perceived politics leads to undesirable work attitudes through hostility, with emotional intelligence shaping the strength of the effect. García-Pereyra et al. (2025), drawing on both COR and social exchange perspectives, found that organizational politics increased organizational deviance among nurses. Ogbozor et al. (2025) similarly found that perceptions of politics were a stronger driver of counter-productive behavior among nurses than job stress itself. Taken together, these studies suggest that perceptions of politics are a significant strain. Prolonged strain of this kind is expected to appear as emotional exhaustion. Therefore:

H3: Perceived organizational politics is positively related to emotional exhaustion.

2.3.4 Emotional Exhaustion and Employee Performance. According to COR theory, employees whose emotional resources are depleted enter a defensive mode. They preserve what remains by reducing effort, avoiding extra tasks, and withdrawing attention from work, and they have less capacity for concentration, accuracy, and initiative. Exhausted employees therefore struggle to meet performance standards even when they are willing to try.

Recent studies show that exhaustion drives harmful behavior. Turka and Kaushik (2025) found that emotional exhaustion fully mediated the link between cronyism and counterproductive work behavior among banking employees, and Liu (2024) used COR to show that emotional exhaustion transmits the effect of a work stressor into undesirable behavior. Employees who are depleted behave less constructively, and constructive behavior is a core part of performance.

Therefore, following hypothesis may be formulated:

H4: Emotional exhaustion is negatively related to employee performance.

2.3.5 Mediating Role of Perceived Organizational Politics. The first indirect path combines equity theory and social exchange theory. Cronyism lowers performance partly by changing how employees view the organization. Once employees perceive the workplace as political, they stop believing that effort leads to fair reward and reduce their contribution in return. Dhanasekar and Anandh (2025) showed that political perceptions lead to psychological and physical withdrawal, and García-Pereyra et al. (2025) showed that politics increases deviant behavior. Both are forms of reduced contribution. If cronyism raises political perceptions (H2) and political perceptions reduce constructive contribution, then political perceptions should account for part of the effect of cronyism on performance. Therefore:

H5: Perceived organizational politics mediates the relationship between cronyism and employee performance.

2.3.6 Mediating Role of Emotional Exhaustion. The second indirect path rests on COR theory, which treats cronyism as a workplace stressor that threatens employees' resources. Xu et al. (2025) described cronyism as a process that exhausts employees' emotional and cognitive abilities, and Turka and Kaushik (2025) found that emotional exhaustion fully mediated the link between cronyism and counter-productive behavior. If exhaustion carries the effect of cronyism on harmful behavior, it is reasonable to expect it to carry part of the effect on performance as well. Therefore:

H6: Emotional exhaustion mediates the relationship between cronyism and employee performance.

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2.3.7 Sequential Mediation. The final hypothesis integrates the three theories into one sequence. Equity theory explains the first link: Cronyism creates visible inequity, which employees interpret as a political climate. COR theory explains the second and third links: The political climate drains emotional resources, and the depletion of resources reduces performance. Existing studies tend to test these stages separately. Cronyism has been linked to exhaustion (Turka & Kaushik, 2025; Xu et al., 2025) and to moral disengagement (Aggarwal et al., 2026), and politics has been linked to negative emotional reactions (Meisler, 2024). Still, a sequence that moves from cronyism through politics perceptions and exhaustion to performance has not, to the best of our knowledge, been tested together. The serial path captures the full process: Favoritism creates a political climate, the climate exhausts employees, and exhausted employees perform less well. Therefore:

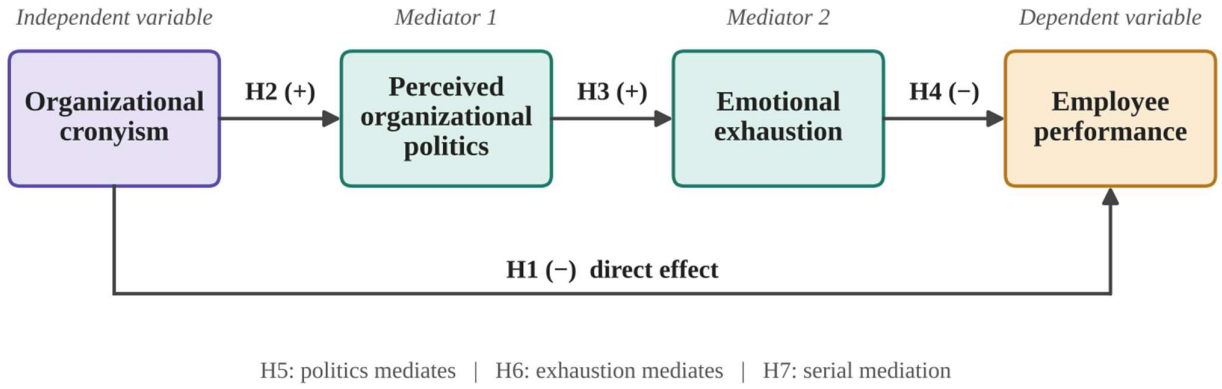
H7: Perceived organizational politics and emotional exhaustion serially mediate the relationship between cronyism and employee performance (Cronyism → Perceived organizational politics → Emotional exhaustion → Employee performance).

2.4 Conceptual Framework

Figure 1 presents the conceptual framework. Organizational cronyism is the independent variable, perceived organizational politics and emotional exhaustion are the sequential mediators, and employee performance is the dependent variable. Each arrow carries its hypothesis number and the expected direction of the relationship.

Figure 1

Conceptual Framework



Note. H1: Direct relationship between organizational cronyism and performance. H2–H4: Mediation relationships between organizational cronyism and performance via perceived organizational politics and emotional exhaustion. H5–H7: Mediation relationships. Figure content retained from supplied manuscript.

3. Methodology

3.1 Design

A quantitative explanatory design was followed, adopting a positivist epistemological perspective. This design allows for testing of the hypothesized sequential mediation model of organizational cronyism affecting performance through perceived organizational politics and emotional exhaustion. As recent research on cronyism in Pakistan has used this survey design (Xu & Ahmed, 2024; Xu et al., 2025), common method variance is a concern for the study. This arises because all variables are self-reported by employees, which can create issues with reliability, validity, and relationships among variables (Podsakoff et al., 2024). To reduce common method variance, a three-wave lagged design has been adopted, as in recent research on perceived organizational politics and cronyism (Aggarwal et al., 2026; Meisler, 2024). Organizational cronyism and demographic information were recorded in Wave 1. Perceived organizational politics and emotional exhaustion were then recorded approximately 3–4 weeks later in Wave 2 (similar to a 4-week lag in research by Aggarwal et al., 2026). Finally, performance was recorded approximately 3–4 weeks after

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Wave 2 in Wave 3. If possible, at the organizations investigated, performance was recorded by a direct supervisor to separate the dependent variable from employees' personal perceptions.

3.2 Target Population and Sample

The target population of this research is full-time employees in specific sectors (banking, textiles, education) within organizations in Punjab. Employees must have been employed by the organization for at least 6 months to ensure sufficient experience to determine whether cronyism and political behavior exist. Previous research investigating cronyism and perceived organizational politics across different sectors has used varying sample sizes, for example, 450 banking employees (Turka & Kaushik, 2025) and 408 employees across 3 waves (Meisler, 2024). Therefore, 400 responses have been targeted in Wave 3 to account for dropout between waves. At least 400 complete responses will be attempted to ensure sufficient data for a mediation analysis with 4 constructs. However, a formal sample of 410 respondents was approached and requested.

3.3 Sampling

As there is no complete list of employees in the organizations investigated, stratified purposive sampling has been used. First, organizations have been divided into sectors. From each sector, organizations have been purposively sampled to provide the researchers with access. Then, within each selected organization, employees have been sampled from within the human resources department. If a list of employees within the department was available, employees have been selected systematically. If not, employees have been selected conveniently. To ensure an even distribution across sectors, roughly proportional sampling has been used. As this is not a probability sample, results cannot be generalized to all employees in Pakistan. This is acknowledged in the discussion.

3.4 Data Collection

Self-completed questionnaires were distributed by hand (with permission from organizations) or through secure online forms. In each wave, participants received a preface outlining the purpose of the research and that participation was voluntary. Participants gave informed consent. To match responses across all three waves without identifying individuals, each participant was given a personal code (the last 4 digits of their mobile number and the month of birth). The questions have been written in English (as this is the usual language in business and higher education in Pakistan); however, if issues arise in the pilot study, translations into Urdu have been provided. A pilot study was conducted with 30–40 employees to assess question clarity and reliability, and ethical approval was obtained from the institutions. These steps, including separating measurement times and ensuring anonymous responses, align with recommendations to reduce common method variance (Podsakoff et al., 2024).

3.5 Measures

All variables have been measured using a 5-point Likert scale (1: strongly disagree, 5: strongly agree). Organizational cronyism has been measured with a 6 to 8 item measure. An example item is "In my organization, people with close personal ties to management receive better opportunities regardless of their performance." Perceived organizational politics has been measured with either the Kacmar and Carlson (1997) measure or a validated short form. Example item: "People in this organization promote their own interests at the expense of others." Emotional exhaustion has been measured using the 5-item exhaustion subscale of the Maslach Burnout Inventory (General Survey). Example item: "I feel emotionally drained from my work." Employee performance has been measured with the 7-item in-role behavior scale developed by Williams and Anderson (1991). Example item: "I adequately complete my assigned duties." Control variables were also measured due to possible influencing effects on perceived cronyism and performance. Control variables included gender, age, level of education, length of employment, and industry. The exact wording of the measures should follow the original validated measure.

3.6 Data Analysis

First, data were checked for missing values, outliers, and normality. Responses were matched between waves. Second, common method variance was assessed using a one-factor test (Harman's test) and comprehensive multicollinearity checks. These are standard statistical tests to check for common method variance alongside procedural methods (Podsakoff et al., 2024). Third, descriptive statistics and correlations

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were calculated. Fourth, the measurement model was analyzed with confirmatory factor analysis. Factor loadings, Cronbach's alpha, and composite reliability (all > 0.70) were assessed. Convergent validity was assessed using the average variance extracted (all > 0.50). Discriminant validity was checked using the Fornell–Larcker criterion and heterotrait–monotrait ratio. Finally, alternative models to the hypothesized 4-factor model were run, including single-factor models, to ensure the factors are distinct.

Fifth, direct effects (H1–H4) and indirect effects (H5–H7) in the model were tested using Hayes's PROCESS macro. Structural equation modeling has been used in recent research on cronyism in Pakistan (Xu & Ahmed, 2024) and is a suitable technique for CFA analysis. Sequential mediation was conducted using PROCESS (Model 6) (Hayes, 2022). This included bootstrapping with 5000 samples and 95% bias-corrected confidence intervals. Confidence intervals that did not contain zero indicated significant indirect effects. Robustness checks were conducted by running analyses with and without control variables. Where possible, robustness checks were also conducted by comparing self-rated performance with supervisors' performance ratings. Analysis was conducted in statistical programs, including SPSS, AMOS, and PROCESS.

4. Data Analysis and Results

4.1 Respondents' Demographic Profile

The demographic profile is shown in Table 1. It can be seen that there are more males than females within the sample (88%: 12%). Most people were married (71%), and 27.5% were single. The percentages of divorced and widowed people were 1% and 0.5%, respectively. Of the sample, those under 30 comprised the largest age group (36%). Next was the 31–40 age group (31.5%). People in the 41–50 age group accounted for 15.5%, and those over 50 accounted for 14.5%. Educational level showed that most had an undergraduate degree (46%), with master's degree holders making up the next highest group (36.5%). Monthly income data showed that 38.5% of people earned over PKR 50,000, while 27% earned less than PKR 30,000. Therefore, the sample comprises a good range of ages, marital statuses, and education levels, along with a variety of incomes. This can therefore reasonably be used to investigate the hypothesized links between these variables.

Table 1

Respondents' Demographic Profile (N = 400)

Demographic characteristics	Category	Frequency	%
Gender	Male	352	88.0
	Female	48	12.0
Marital status	Unmarried	110	27.5
	Married	284	71.0
	Divorced	4	1.0
	Widowed	2	0.5
Age	Below 30 years	144	36.0
	31–40 years	126	31.5
	41–50 years	62	15.5
	Above 50 years	58	14.5
Qualification	Undergraduate	184	46.0
	Master's	146	36.5
	PhD	1	0.25
	Other	34	8.5
Monthly income	Below 30K	108	27.0
	31K–40K	88	22.0
	41K–50K	50	12.5
	Above 50K	154	38.5

4.2 Measurement Model Assessment

Several goodness-of-fit measures were utilized to assess how well the measurement model fitted the data, and the data are given in Table 2. Firstly, the CMIN/DF statistic was 1.153, indicating that the model fitted the data extremely well. Furthermore, the CFI and TLI values were 0.987 and 0.986, respectively, both

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above the minimum guideline value of 0.90. Likewise, the NFI was 0.911, so the model also had an acceptable level of fit. Finally, the RMSEA was 0.028, which is well below the suggested guideline of 0.08. Despite the GFI being just below the usual 0.90 minimum (0.873), together with the other goodness-of-fit statistics, it can be concluded that the measurement model provides a good fit to the data.

Table 2

Measurement Model Fit Indices

Fit indices	Obtained values
CMIN/DF	1.153
GFI	0.873
CFI	0.987
TLI	0.986
NFI	0.911
RMSEA	0.028

4.3 Reliability and Validity Assessment

Composite reliability (CR), average variance extracted (AVE), maximum shared variance (MSV), and the Fornell–Larcker criterion were used to evaluate the reliability and validity of the measures. As shown in Table 3, the composite reliability scores (ranging from 0.835 to 0.964) are above the acceptable threshold of 0.70. Furthermore, the average variance extracted (between 0.503 and 0.689) is above the minimum requirement of 0.50; therefore, both reliability and convergent validity are sufficient.

Furthermore, to evaluate discriminant validity, the square root of the average variance extracted (shown in the diagonals of the table) was compared to the cross-construct correlations. As the diagonals are greater than the cross-construct correlations, discriminant validity holds. In addition, the maximum shared variance for each construct is less than its average variance extracted, thus further confirming discriminant validity. Overall, the measure demonstrates appropriate reliability, as well as convergent and discriminant validity.

Table 3

Reliability, Convergent and Discriminant Validity

Constructs	CR	AVE	EE	Cronyism	POP	EP
Emotional Exhaustion (EE)	0.885	0.607	0.779			
Organizational Cronyism	0.964	0.671	0.443	0.819		
Organizational Politics (POP)	0.835	0.503	0.472	0.682	0.709	
Employee Performance (EP)	0.930	0.690	-0.473	-0.559	-0.578	0.831

4.4 Structural Model and Direct Effects

Structural analysis was undertaken to recognize the direct links between variables. Table 4 shows a significant negative relationship between organizational cronyism and performance (β = -0.7092, SE = 0.0789, *p* < 0.001). Therefore, it appears that an increase in employees' beliefs regarding cronyism will reduce their performance.

Organizational cronyism has a statistically significant positive impact on employees' views of organizational politics (β = 0.6855, SE = 0.0622, *p* < 0.001). Thus, organizations displaying cronyism are likely to be viewed in a more politically oriented manner. Perceived organizational politics is then shown to have a significant positive impact on emotional exhaustion (β = 0.1966, SE = 0.0714, *p* < 0.001). Therefore, it appears that working in a more politically oriented environment can leave employees emotionally exhausted. Employees who are emotionally exhausted are therefore likely to perform worse (β = -0.3101, SE = 0.0842, *p* < 0.001).

In addition, the R-squared values indicate that organizational cronyism accounts for 38.5% of the variation in employees' perceived organizational politics. Furthermore, 19.93% of the variation in emotional exhaustion can be explained by the model. In the model incorporating emotional exhaustion, 38.3% of the variation in employees' performance can be accounted for. However, only 28.99% of the variation in performance is explained by the direct link between organizational cronyism and performance.

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Table 4
Direct Effects

Path	Co-efficient	SE	P-value	R-Square
Cronyism ⟶ Emp. Performance	-0.7092	0.0789	0.0000	0.2899
Cronyism ⟶ P. Org. Politics	0.6855	0.0622	0.0000	0.385
P. Org. Politics ⟶ Emotional Exhaustion	0.1966	0.0714	0.0000	0.1993
Emotional Exhaustion ⟶ Emp. Performance	-0.3101	0.0842	0.0000	0.383

4.5 Mediation and Indirect Effects

A mediation analysis was used to determine the mechanism by which an organization's cronyism influences staff performance. Perceived organizational politics and emotional exhaustion were analyzed as either single or dual mediators.

As shown in Table 5, the overall indirect effect of cronyism on staff performance is negative and significant (β = -0.4024, SE = 0.0670). Therefore, staff performance is negatively affected by an organization's cronyism through these processes.

Furthermore, the indirect effect of cronyism on staff performance, via perceived organizational politics, is negative and significant (β = -0.1899, SE = 0.0624, LLCI = -0.3175, ULCI = -0.0706). As the confidence interval does not contain 0, it can be confirmed that perceived organizational politics does indeed act as a mediator. Consequently, staff performance is negatively affected by an organization's cronyism, as it causes employees to perceive greater organizational politics.

In addition, emotional exhaustion significantly mediates the effect of cronyism on staff performance (β = -0.1083, SE = 0.0316, LLCI = -0.1506, ULCI = -0.0257). Again, the negative indirect effect demonstrates that an organization's cronyism leads to emotional exhaustion, thereby negatively impacting staff performance.

Analysis was also undertaken to assess whether perceived organizational politics and emotional exhaustion, in sequence, acted as dual mediators. An overall negative indirect effect was found (β = -0.10418, SE = 0.0244). This suggests that an organization's cronyism elevates perceived organizational politics, which in turn heightens emotional exhaustion and thereby negatively affects staff performance. As the confidence interval is wholly negative, it can be confirmed that there is a statistically significant indirect effect. However, the lower limit (-0.0992) of this confidence interval is larger than the value of the indirect effect (-0.10418). Thus, before final confirmation of this dual mediation hypothesis, the confidence interval should be cross-checked with the initial statistical analysis.

In summary, both perceived organizational politics and emotional exhaustion have been identified as key mechanisms through which an organization's cronyism can affect staff performance. Single mediation has been confirmed for both of these variables. Dual mediation also appears to occur, but the associated confidence interval needs further review or correction.

4.6 Summary of Hypothesis Analysis

Considering the direct and indirect effects detailed in Tables 4 and 5, all hypothesized direct effects are significant. Likewise, each single mediation effect has been confirmed as the relevant confidence interval does not contain 0. Although the dual mediation confidence interval also does not contain 0, this too needs further checking or correction. Table 6 summarizes the hypothesis analysis.

Table 5
Summary of Hypotheses Testing

Hypothesis	Proposed relationship	Result	Decision
H1	Organizational cronyism → Employee Performance	β = -0.7092, p < 0.001	Supported
H2	Organizational cronyism → Perceived Organizational Politics	β = 0.6855, p < 0.001	Supported

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H3	Perceived Organizational Politics → Emotional Exhaustion	β = 0.1966, p < 0.001	Supported
H4	Emotional exhaustion → Employee Performance	β = -0.3101, p < 0.001	Supported
H5	Cronyism → POP → Employee Performance	β = -0.1899	Supported
H6	Cronyism → Emotional Exhaustion → Employee Performance	β = -0.1083	Supported
H7	Cronyism → POP → Emotional Exhaustion → Employee Performance	β = -0.10418	Provisionally supported*

Note: H5–H7 are evaluated using bootstrap confidence intervals. H7 requires verification of the reported confidence interval because it does not contain the estimated indirect-effect coefficient.

5. Discussion

This paper has explored the relationship between organizational cronyism and employee performance, and investigated how this relationship is mediated by employees' views on organizational politics and emotional exhaustion. The results show that organizational cronyism is negatively associated with performance. This implies that an employee's performance can suffer when decisions within an organization are driven by personal relationships rather than by employees' skills and expertise. Thus, employees may feel that their hard work and expertise do not receive the recognition they deserve, becoming demotivated and less likely to perform well. This is in line with the work of Shaheen et al. (2020), which showed that organizational cronyism was negatively related to employee performance within the Pakistani healthcare industry. Likewise, Ali et al. (2022) recognized that cronyism can have a range of negative impacts on organizations, such as increasing organizational cynicism, breaching the psychological contract, and leading to counterproductive behaviors. Moreover, the positive relationship between organizational cronyism and employees' views on organizational politics suggests that employees are more inclined to view the organization as being politically driven and where decisions and resource allocation are based upon personal relationships. This can thus adversely affect employee confidence in management and lead to increased importance being placed on employees' interpersonal relationships as opposed to their professional skills. This is especially pertinent within organizations where staff rely on management for progression, and in relation to performance assessment and resource provision.

Furthermore, results indicate that employees' views on organizational politics positively relate to their level of emotional exhaustion. Hence, employees can feel psychologically pressured within organizations where politics is prevalent. Supporting this, Jabeen and Siddiqui (2022) found that employees' views on organizational politics were a significant predictor of their emotional exhaustion. As such, emotional exhaustion is negatively related to employee performance, and employees can struggle to maintain the desired levels of productivity, concentration, and effectiveness when they are psychologically fatigued.

Overall, this paper has illustrated how employees' views on organizational politics and their emotional exhaustion mediate the impact of organizational cronyism on performance. Firstly, it has been shown that employees' views on organizational politics act as a mediator between organizational cronyism and employee performance. Thus, in addition to the direct negative impact of organizational cronyism on performance, employees' perceptions of political behavior and preferential treatment can further undermine performance. Where employees perceive that an individual's relationships are of greater significance than their professional expertise to an organization's success, they may be less inclined to exert additional effort and commitment. Secondly, this paper has identified that employees' emotional exhaustion also acts as a key mediator in the relationship between organizational cronyism and employee performance. Thus, employees may become emotionally fatigued as a result of both experiencing organizational cronyism and perceiving that organizations do not always treat them fairly. Consequently, this can negatively affect their performance. Consistent with this, it is widely recognized that psychological stress can hinder an employee's capacity to utilize their physical and psychological resources in the workplace. Crucially, the serial mediation analysis

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has provided a holistic insight into the interplay between these variables. Organizational cronyism leads to employees' views on organizational politics, and this is then associated with employees' emotional exhaustion. Ultimately, these factors jointly impact employee performance. It can therefore be seen that the effects of cronyism result from a complex interaction between organizational and psychological processes.

Initially, employees recognize instances of organizational cronyism and view decisions as politically influenced. Employees may then progressively feel stressed and fatigued. Consequently, their performance is adversely affected. Within the conservation of resources (COR) theory, employees will endeavor to preserve their valuable psychological resources, and ongoing workplace stress can therefore cause resources to be depleted. De Clercq et al. (2022) have applied the COR theory to explore the impact of organizational cronyism on employees. Likewise, Castanheira et al. (2022) demonstrated that organizational political behavior can influence employee performance and other outcomes through psychological and emotional processes. Therefore, this paper has advanced current knowledge by identifying that not only can employees' views on organizational politics, but also their emotional exhaustion, act as serial mediators in the relationship between organizational cronyism and employee performance.

5.1 Theoretical and Practical Implications

This paper has made several theoretical and practical contributions to the fields of organizational behavior and human resource management. Firstly, it has broadened our understanding of organizational cronyism by analyzing how it can adversely affect employee performance. While prior work has investigated how organizational cronyism can negatively impact performance, often in relation to employee engagement (for example, Shaheen et al., 2020), this paper highlights the value of exploring the mediating roles of employees' views on organizational politics and their emotional exhaustion. Hence, it has enhanced knowledge of both employees' perspectives on an organization and their psychological health in relation to organizational cronyism. Secondly, by analyzing the serial mediation of organizational cronyism, this paper has explained how employees' negative workplace views can result from experiencing organizational cronyism. Further, it has shown how this can lead to employees' emotional exhaustion and, in turn, adverse effects on their performance. Thus, this work has furthered the application of COR theory to organizational cronyism by emphasizing how politically influenced organizational processes can deplete employees' resources.

Furthermore, the paper has practical relevance. Organizations should implement clear and objective processes for employee recruitment, selection, progression, assessment and reward. Clear guidelines can be established for assessing employees, and decisions can then be taken in accordance with them to minimize organizational cronyism. Management should also foster an inclusive workplace culture, ensure open lines of communication and hold individuals to account. In light of the negative association between emotional exhaustion and performance, organizations should also implement strategies to enhance staff well-being and manage employees' workloads efficiently. Psychological support and supportive management practices should be offered. Moreover, managers should undertake training on ethical, just, and equitable employee management to ensure that decisions are based on employees' professional skills rather than personal relationships. By undertaking these actions, organizations can strive to cultivate an open, just and supportive workplace where individuals are assessed and rewarded on the basis of their skills and contributions, feel valued and respected, and are therefore motivated to work in ways that benefit the organization.

5.2 Study Limitations and Areas for Further Research

Although this work has both theoretical and practical relevance, there are some important limitations. Firstly, data were gathered from 400 people. Hence, it may not be fully transferable across different industries, organizational types, and employment situations. Additionally, the majority of participants (88%) were male, and so the experiences of women in relation to organizational cronyism and politics may not have been adequately captured. Future research should therefore ensure that data are drawn from more varied and equally gendered samples and cover a range of sectors (both public and private) to determine whether the hypothesized associations can be consistently observed across different organizational settings. Secondly, this paper has analyzed how organizational cronyism relates to employee performance through the serial mediation of

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employees' views on organizational politics and their emotional exhaustion. Although these two variables are important for elucidating the relationship between organizational cronyism and performance, other psychological and behavioral processes may also be relevant. Future studies could thus analyze how organizational cynicism, employee engagement, organizational identification, breach of the psychological contract, and job satisfaction act as further mediators and/or moderators in this context.

Thirdly, this research has investigated the relationship between organizational cronyism and employee performance using a serial mediation approach. Future research could therefore adopt a longitudinal or time-lagged methodology to ascertain how these associations evolve and thereby obtain more robust evidence regarding the serial impact of organizational cronyism, employees' views on organizational politics, and their emotional exhaustion. Finally, the moderating effects of ethical leadership, organizational justice, employees' views on organizational support, and psychological capital could be analyzed to assess which organizational factors can help alleviate the adverse impacts of cronyism. Such research would aid in determining the organizational and personal resources available to employees to shield them from both organizational cronyism and politically influenced processes. Overall, these areas for future research would enable further insights to be obtained into how organizations can seek to reduce organizational cronyism and protect and enhance employees' psychological health and performance.

5.3 Conclusion

It has been concluded that organizational cronyism is an important organizational issue that adversely affects employee performance. Not only does organizational cronyism directly and negatively influence performance, but it can also induce employees to hold negative views of organizational politics and become emotionally fatigued. By analyzing employees' views on organizational politics and their emotional exhaustion (as individual and serial mediators, respectively), this research has provided a thorough investigation of the organizational and psychological processes through which organizational cronyism negatively impacts performance. In particular, it has illustrated that organizational cronyism can lead employees to hold negative views of an organization's political nature, which can, in turn, cause them to become emotionally fatigued and negatively affect their performance. Whilst organizational policy can be developed to counter organizational cronyism, this paper has highlighted that it is also essential to cultivate an open, just and supportive workplace. In this setting, employees can be assessed and rewarded based on their skills and contributions. Overall, this work has added to knowledge about organizational cronyism and emphasized the importance of employees' views on organizational politics and their psychological health in understanding the performance-related effects of cronyism. Organizations that focus on making just decisions, and on ethical and just leadership and staff well-being are better placed to reduce the adverse effects of organizational cronyism and to enhance staff performance sustainably.

Ethics Statement

This study adhered to all ethical standards of research during the conducting of this study. We collected data from secondary sources, and no human participants were involved in the collection of data. Therefore, there is no conflict of interest of any human participant to this study.

Author's Contributions

All authors participated in ideation, development, and writing the manuscript. All authors read and approved the final manuscript.

Conflict of Interest Statement

The authors declare that there is no conflict of interest regarding the publication of this article.

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Data Availability

The datasets generated and analysed during the current study are available from the corresponding author upon reasonable request. The authors are committed to transparency and will provide detailed methodological information and analysis protocols upon request.

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