

**Exploring The Role Of Psychological Capital On Organizational Performance: A Study On  
Converting Workplace Behavior**

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**Abstract**

The present study was done to examine the impact of psychological capital on the organizational performance. The data needed for the study was collected with the help of a questionnaire. The place of research for the study was Cuddalore. A total of 200 questionnaires were distributed and 100 among them were employed in the study. The impact of psychological capital was identified with the help of primary data collected through questionnaires.

**Keywords:** psychological capital, organizational performance

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**Introduction**

Luthans & Youssef, (2004) and Luthans et al. (2007) stated that the positive constructs like hope, positivity, self efficacy and resilience form together the concept of psychological capital. Besides the usage of the term capital in economics and finance, this concept has also been used to denote the value of human capital, cultural capital, social capital and intellectual capital. In the present study, psychological capital denotes the tendency of the person which accumulates by bringing together the elements like efficacy, positivity, resilience and hope.

Luthans, 2002b, p. 59; also see Nelson & Cooper, 2007; Turner, Barling, & Zaharatos, 2002; Wright (2003) has defined the positive organizational behavior as the examination and application of optimistic strengths of human resource and the psychological abilities which can be assessed, developed and managed for the improvement of the performance. Further, psychological capital through a positive approach can be differentiated from other approaches. Following are the methods to include various elements in the positive organizational behavior; stranded in research and theory; applicable measurement; comparatively exclusive to the area of organizational behavior; open to expansion and alterations as against a fixed trait; having an

optimistic influence on work-related performance of individuals and their satisfaction (Luthans, 2002a, 2002b; Luthans et al., 2007).

The assessment of the organizational performance may be done in different perspectives which results in several interpretations for successful performance. Every assessment perspective is unique in its nature. The entities employ many functions to achieve its organizational activities. Hence it can be rightly said that the organizational performance and the organizational objectives are closely related with each other. All the organizations make an attempt to accomplish their objectives with the help of the available resources to the maximum extent.

## **Need for the study**

The mental status and the outcomes in workplace are affected by basic features of the assigned work of the employee. The model of psychological capital in the business includes hope, positivity, self efficacy, resilience and high outcomes of organizational performance.

## **Objective**

The aim of the study done by the author is to examine the psychological capital's impact on the organizational performance.

## **Review of Literature**

Saeed, Imran & Khan, Saif Ullah & Qadir, Ghayyur & Khattak, Qandeel. (2017) had performed a study regarding the impact of emotional intelligence and psychological capital on job performance of employees. The organizational performance is affected by the job performance of employees. In the present study it has been found out that emotional intelligence and psychological capital are the most important factors that have an impact on the job performance of employees. Hence the aim of the study was to examine the relation between these three factors in the universities of Peshawar that too mainly belonging to public sector. The sample population with 170 respondents was selected through the method of proportional allocation. Data was collected through a questionnaire. The reliability of the data was checked with the help of the coefficient of Cronbach's alpha. As per the coefficient, the data so collected was reliable. The results showed that the employees exhibit a favored attribute towards the

impact of psychological capital. Chi-squared result exhibited that there was a significant relationship of employee performance with psychological capital and emotional intelligence.

Luthans, Fred & Avolio, Bruce & Avey, James & Norman, Steven. (2007) had examined the assessment and relationship of positive psychological capital with satisfaction and performance. The authors conducted two studies to examine how resilience, hope, self efficacy and positivity had an influence individually as well as in a composite way. Findings of study 1 offered psychometric support for a new measure of survey framed to identify every facet and also as a composite factor. Findings of study 2 showed a significant optimistic relationship as regarding the composite of 4 facets with satisfaction and performance.

**Research Methodology**

The data of the study was collected in Cuddalore. The main tool for primary data collection was a questionnaire. A total of 200 questionnaires were distributed and 100 were employed for the study. The primary data was used to check the effect of psychological capital on the organizational performance. The data also used qualitative data which was collected through articles, research papers and observations.

The data for the study was analyzed to check the relation using regression analysis calculated through SPSS. The data was scored to facilitate the author to identify the impact of the independent variable on the dependent variable. A scale with 24 items developed by Luthans, Youssef & Avolio, (2007) was executed to assess the psychological capital. This 24 items scale was brought down to 12 items scale for chemical manufacturing industry’s employees.

**Analysis and Interpretation**

**Relationship between psychological capital and organizational performance**

R	R Square	Adjusted R Square	F	Sig.
.850(a)	.723	.717	109.599	.000(a)

a Predictors: (Constant), psychological capital

**Co-efficients (a)**

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	2.107	.104		20.197	.000
I feel confident analyzing a long-term problem to find a solution.	.080	.019	.130	4.310	.000
I feel confident in representing my work area in meetings with management.	.098	.013	.254	7.574	.000
I feel confident contributing to discussions about the company's strategy.	-.043	.026	-.065	-1.632	.103
If I should find myself in a jam at work, I could think of many ways to get out of it.	.218	.026	.376	8.300	.000
At the present time, I am energetically pursuing my work goals.	.056	.020	.108	2.746	.006
There are lots of ways around any problem.	-.019	.020	-.029	-.942	.347
I usually manage difficulties one way or another at work.	.055	.028	.081	1.960	.051
I can be "on my own," so to speak, at work if I have to.	.126	.017	.258	7.233	.000
I usually take stressful things at work in stride.	-.011	.026	-.025	-.417	.677
I feel I can handle many things at a time at this job.	-.209	.018	-.583	-11.345	.000
When things are uncertain for me at work, I usually expect the best.	-.052	.026	-.079	-1.970	.049
I always look on the bright side of things regarding my job.	.145	.024	.271	6.033	.000

a Dependent Variable: organizational performance

This table offers the multiple correlation ( $r = .850$ ), the multiple correlation squared ( $r^2 = .723$ ), the adjusted multiple correlation squared ( $adj.r^2 = .717$ ), and the standard error of the estimate. The multiple correlations are the combined correlation of every predictor with the conclusion. The multiple correlations squared denote the degree of variance in the outcome which is reported for by the predictors; here, 72.3% of the variance regarding organizational performance is accounted for by statements of burnout. Hence, the adjusted  $r^2$  is suitable. The table designates that the model's  $r^2$  is significantly dissimilar from zero,  $f = 109.599$ ,  $p < 0 .000$ ,

which explains that there is significant connection among burnout and organizational performance.

## **Conclusion**

Organizational performance is predicted by psychological capital. This is the final result of the study; it was found that four items did not predict employee's organizational performance. Further it was found that nearly 72.3% of the factors of psychological capital had their influence on employee's organizational performance. When Psychological capital is properly managed, there is a huge possibility of the growth in organizational performance. Hence it is suggested to pay more concentration in psychological capital among respondents to boost the favorable workplace behavior.

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