

The Role of Psychological Capital in Improving Job Performance of the organization

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Abstract:

This research paper sheds light on the impact of psychological capital on the individual's job performance in the organization and on how it improves the organization's performance, administration, and productivity since psychological capital has become, in addition to physical capital and social capital, a significant factor in institutional performance.

Several elements have been discussed in this paper. The first element includes the definition of psychological capital and the most prominent factors thereof. The second element deals with job performance, its components, and the factors on which it is based in the organization. The third element analyses the relationship, whether positive or negative, between the organization's job performance and psychological capital by investigating the impact of psychological capital on the organization's outcome.

Keywords: psychological capital; job performance; individual; dimensions; organization; impact.

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1. INTRODUCTION:

Several research studies carried out in the field of human resources and organizational behavior suggest that the impact of psychological capital plays a significant role in the employee's job performance and quality of work. Therefore, many institutions and organizations have paid attention and focused on such capital since it boosts the efficiency of employees making them feel satisfied and enhancing their creativity. The organization is not only material resources. Psychological capital can be positively viewed as a tool by which the organization can invest in human resources to make a progress and achieve a competitive advantage in the market making it a pioneer in the performance of its tasks, in addition to the employees' feeling of comfort, optimism, happiness and hope at work, which reflects positively on them and the organization.

As such, this research paper explores the impact of psychological capital, which includes four basic elements (self-efficacy, optimism, hope, and resilience) on improving the organization's job performance.

Problem Statement:

Although there are many studies that have established that there is a positive relationship between psychological capital and the improvement in the organization's job performance, especially in Western countries that have made a progress in this aspect, there are limited studies in the Arab business world that have dealt with the nature of this impact by examining the relationship between psychological capital and the improvement of job performance. Thus, this research paper attempts to examine the relationship between the two variables by asking the following key question: **To what extent does psychological capital contribute to improving the organization's job performance?** Some sub-questions follow: What is psychological capital? How was it invented? Does it affect the organization's performance positively?

To answer the aforementioned questions, the descriptive analytical approach shall be adopted to examine psychological capital and understand its most prominent components and characteristics, especially when discussing psychological capital and job performance and the dimensions thereof and determining the relationship and impact therebetween.

2. Psychological Capital

Psychological capital appeared in the economic field in 1997 when Gold Smith suggested that there were personality-related factors that might enhance productivity and competitiveness in the market ¹. To fully understand psychological capital, one has to understand its source and position in modern sciences (psychology, human development, human resource management, business administration) and how the interest in human traits has emerged in this regard through growing attention to the positive elements of the individual's personality that highlight their talents and abilities. Psychological capital has been around for as long as human beings have, but attention thereto has steadily increased in recent years due to the emergence of many challenges and complexities in this world, and to the shortcomings that affected the mere focus on the material aspect without giving attention to the value of the individual and their behaviors and personality. As such, Psychology appeared by a group of researchers, most notably "Martin Seligman" in his book "Authentic Happiness", who defined Psychology as: "the science of positive personal experience, positive individual traits, and positive institutions." He argues that Psychology consists of three main aspects:

- The first aspect includes the positive personal experience that consists of happiness, state, pleasure, hope, optimism, and positive feelings.
- The second aspect is represented in the positive traits and the investment in talents, interests, and elements such as creativity, values, wisdom, strength of character, growth, courage, and will.
- The third aspect relates to positive institutions that include schools, companies, communities, and societies. ².

As regards the relationship between psychological capital and the organizations' organizational aspect, Fred Luthans and his colleagues were the first to consider it as a pivotal element in improving the organization's performance through several studies they conducted in the United States of America ³. Thus, it is a recent concept that has been introduced in the field of business and human resources management. It is also called positive organizational behavior which focuses on how to positively improve the organization's productivity. It is, therefore, an essential element that helps the administration achieve a competitive advantage in a fast-changing work environment. Psychological capital is also defined as follows:

- Li leng and Hua- Li define it as positive psychological factors (in general), and societal situations in standards of behavior (in particular), bypassing the

concept of human and social capital to achieve a competitive advantage by developing and investing in the concept of “who are you?”

- It can also be defined as the answer to “Who are you?” The answer here refers to the indicators related to the individual’s personal and psychological state, which leads to a clear vision of what the individual possesses in psychological capabilities that can be determined based on the following question: Who is the individual becoming? ⁴

- It is also known as the developed positive psychological state of the individual, which is characterized by efficiency, development, optimism, hope, and resilience. ⁵

Psychological capital, therefore, attempts to focus on human strengths rather than weaknesses. It enhances job performance by boosting the individuals’ strength, ability, and health to motivate and realize themselves. It is also an important aspect through which positive results can be achieved in the development of human resources and performance management. Psychological capital increases the pursuit of working individuals towards achieving organizational goals, hence their own goals, enhancing the cooperation of individuals and developing the organizational culture which improves the employees’ behaviors. This, in turn, encourages the consolidation of the right and proper practices of working individuals, hence, the feeling of job satisfaction.

Furthermore, when employees’ behaviors and performance are improved, these characteristics and abilities will turn into creativity that enables the organization to improve its performance and competitive advantages. Consequently, developed countries such as Japan, South Korea, and the United States of America have become interested in investing in psychological capital to improve the organizations’ outcomes ⁶.

2. The Dimensions of Psychological Capital

Researchers and scholars differed in determining the most prominent dimensions of psychological capital, their number or names. The following figure shows the most prominent dimensions of psychological capital according to some of them.

Figure 1: A table showing some researchers' opinions on the dimensions of psychological capital

Source	Dimensions
Luthans and Yousef	Positivity, optimism, measurability, Development, performance-related self-efficacy, hope, and resilience.
Donohue	Self-efficacy, optimism, hope, resilience, work engagement, psychological state, psychological ownership, wisdom, courage, and tolerance.
Luthans and al	Resilience, motivation, hope, optimism, self-belief, confidence, self-worth, and energy.
Hun	Hope, optimism, determination, and goal-setting.

Source: prepared by the researcher based on: Ihsan Dahesh Jalab, and Youssef Musa Sebti Al Ta'in, The impact of positive psychological capital on creative performance: an analytical study of the opinions of a sample of teachers at the Universities of Al-Qadisiyah and Muthanna, Al-Qadisiyah Journal for Administrative and Economic Sciences, Dossier 17, Volume 3, 2015, p. 14.

Most studies agree on four basic dimensions of psychological capital. They are as follows:

- **Self-efficacy:**

This term is one of the most prominent terms that researchers have addressed in several fields to refer to several points, including organizational behavior. In 1977, Albert Bandura put forward a theory on this concept in which he identified the dimensions, elements, and sources of self-efficacy. This theory has been discussed in social psychology literature to explain several variables, including the motivation to learn. This term has also been used in psychology and nursing ⁷.

In determining the criterion of self-efficacy, many researchers suggest that a high self-efficacy individual can be characterized by five important characteristics:

- Having a goal that indicates difficult duties.
- Having a clear goal, otherwise avoid it.
- Maintaining motivation at a high level.
- Determining the necessary actions and avoiding ineffective ones.
- Perseverance despite different problems ⁸.

- Optimism:

It is a very important dimension that has a direct impact on human life; it greatly improves the psyche of a person. Optimism has attracted great attention from researchers due to its positive impact on the individual's health and its link to happiness, perseverance, achievement, and a positive view of reality. On the contrary, pessimism is a variable that frustrates a person and makes them feel despair, failure, and sickness, and gives a negative view of life. Seligman defines optimism by describing optimists as those individuals who have inner peace and are positive toward negative situations. Thus, it is an important component of psychological capital that involves positive emotions ⁹.

- Resilience:

It is the positive reactions and responses not only to negative situations but also to positive situations that can cause counterreactions on the part of the individual. It is also the form of pressure to which the individual is exposed ¹⁰. It can also be defined as the positive reaction shown by the individual when exposed to different problems and crises.

- Creativity:

It is a vital point that refers to the individual's ability to generate creative ideas and achieve outcomes that contribute to boosting performance, which allows for strengthening the competitive capabilities on the individual, group, and organizational level if the environment and appropriate requirements are available ¹¹.

3. Job Performance of the Organization

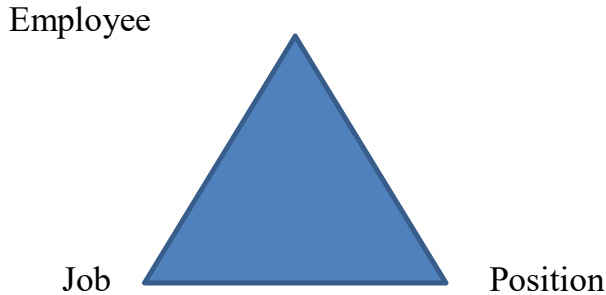
3.1 Job Performance

Performance is the outcome obtained in a specific field of work, such as the results achieved when doing professional, physical, or mental work ¹². Job performance, on the other hand, refers to the employee's implementation of their responsibilities and tasks assigned thereto by the organization ¹³. It is also defined

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as the impact of an individual's efforts through abilities and the perception of their role 14. Job performance consists of three basic elements. They are as follows:

Figure 02: Job performance components



Source: designed by the researcher

The employee represents the individual who occupies a profession and possesses a set of skills, interests, and values. The job is the work done by the employee; it involves many requirements and challenges. The position, however, is the organizational environment or work environment and the different human and material resources and systems to which the employee belongs ¹⁵.

3.2 Types of Job Performance:

Job performance can be classified into three types:

Task performance:

It relates to behaviors that affect the essential processes in the organization such as productivity and service delivery.

- Contextual performance:

It refers to the behaviors that indirectly contribute to the transformation and consideration of processes. Such behaviors contribute to creating the organization's general organizational environment and culture. The performance here is an extra dimension and is outside the scope of the job's basic tasks. It depends mainly on the circumstance in which different processes are being processed.

- Counterproductive work behavior:

It involves negative behaviors at work such as tardiness, laziness, or absenteeism; misbehavior, deviation, aggression, violence, and attack ¹⁶.

3. Job Performance Factors:

Job performance is the impact of an individual's efforts through abilities and the perception of the different roles or tasks. Performance is determined based on a set of factors; they are as follows:

- **Effort:** it is the energy expended by the employee in performing their duties. Such an effort depends on several criteria that push the employee to improve their performance, including remuneration, motivation, incentives, and promotion. The effort is measured by the employee's outcome.
- **The individual's abilities and experience:** it refers to the individual's personal experiences and expertise in the field of work and the performance of their job that determines the effectiveness of their efforts. This involves the training, education, and experiences acquired in the field.
- **The individual's role perception:** it refers to the extent to which the employee is familiar with their work and tasks which is manifested in their perception of how to perform their tasks and role in the organization ¹⁷.

4. The Relationship Between Psychological Capital and Job Performance:

Many studies and field research conducted in several organizations and institutions, especially in the developed world, have shown that psychological capital has a very positive impact on improving the organization's performance and outcomes, which makes many organizations integrate it into organizational behavior so that the positive aspects are developed. Investing in psychological capital boosts the job constantly. Luthans and al argue that psychological capital has many benefits; they are as follows:

- It achieves good outcomes by enhancing performance.
- It increases creativity and the employees' sense of stability and job commitment, which can boost job performance.
- It boosts the employee's motivation to feel happy and aspire to provide the best by improving their performance which enhances their job performance.
- It helps employees handle the pressure and strive more which allows for enhancing competitiveness with other organizations ¹⁸.

On the other hand, many researchers such as Luthans and Cole argue that psychological capital represents the positive psychological capabilities that help make a progress in job performance since it gives a positive impression to the employee and directs their behaviors by searching for elements of strength, stability, and personality. Organizations, thus, can achieve very high levels of performance as psychological capital transforms capabilities into a tangible practical reality, representing identical intellectual cases and specifications of

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positive organizational behavior. Consequently, investing in it is very rewarding as it enables organizations to improve their performance and competitive advantage
19.

Psychological capital has become a vital factor that can be used alongside other factors to encourage positive behaviors and desirable sound practices which helps to develop skills and improve the outcomes of organizations in various fields. Psychological capital is not only limited to economic and administrative institutions but also can be integrated into public and private institutions to achieve the desired goals and the suitable environment that stems mainly from complex psychological concepts and cognitive strategies that attempt to psychologically understand individuals. Psychological capital is a vital component for the great outcomes of individuals and organizations. Therefore, the concerned authorities must enhance its role to ensure good performance just like the organizations in the developed world that have made a progress in this regard. Most of the organizations and institutions that have integrated psychological capital into the organizational and administrative process have been able to achieve very positive results compared to previous periods when they focused merely on traditional aspects (physical capital, old types of human capital), which contributed to improving the organizations on many levels.

5. Conclusion:

Psychological capital plays a major role in improving the organization's job performance. It has a positive impact on the individuals' performance, tasks, and health, which contributes to creating a very suitable work environment that can be bettered by improving the organization's outcomes administratively and structurally. It is an important aspect that is overlooked by many organizations. Developed countries, unlike the southern world countries, have realized early on the importance of this capital in addition to other capitals (physical capital, social capital). The high levels of psychological capital encourage desirable and sound behaviors and practices which help to develop skills and make the optimal investment in competencies to achieve goals and boost competitiveness in the market which leads to significantly improving the organization's performance.

In light of this, some recommendations can be provided as follows:

- Organizations should be aware of the need to adopt positive psychological capital that contributes to fixing deviant behaviors and problems that undermine institutional performance.

- Research on psychological capital and its relationship with the organization should be expanded by academics by conducting more theoretical and field studies on them.
- The organizations' administrative leaders should be aware of the need to provide a suitable environment for the integration of psychological capital and focus on its dimensions in the administrative process to provide better services.
- The concerned parties should benefit from the experiences of the leading countries and organizations in integrating psychological capital into the organizational and administrative process to improve their performance, outcome, and services.
- The individuals' human and behavioral components should be focused on within the organization instead of focusing only on the financial and service aspect, as the relationship between employees and the nature of their behavior and psychology - positive or negative - has significant effects on the organizations' job performance.

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