Positive Psychological Capital in Today’s Workplace: Enhancing Performance in a Collaborative Team Environment

Lorraine Taylor

Massey University

Advanced Organisational Behaviour 114.722

Professor Jarrod Haar

14 February 2013

**Positive Psychological Capital in Today’s Workplace: Enhancing Performance in a Collaborative Team Environment**

**Introduction**

Today’s employees are able to collaborate more efficiently than ever before with the continued advancements in mobile social technology enhancing team development and effectiveness. Tom Friedman (2005) believes that there has been a paradigm shift in the current business climate where larger and diverse groups of people are now collaborating across geographic lines (p. 8). It is becoming less common for people to work in isolation as individuals. Today’s work environment relies on collective intelligence and is driving businesses to respond to new challenges in an ever increasing demanding and turbulent economic environment.

The main purpose of this report is to investigate how the positive psychology movement, that is gaining momentum today, can offer effective ways to manage teams and enhance performance within today’s current workplace. Avey, Reichard, Luthans, and Mhatre (2011) found in their meta-analysis that Positive Psychological Capital (PsyCap) is positively related to team performance (p. 143). Many corporate cultures today integrate teams into the their business strategies. Avey, Reichard, Luthans, and Mhatre (2011) also found in their meta-analysis that a significant relationship exists between PsyCap and organizational citizenship behaviors. Positive citizenship behaviours can be enhanced through a corporate culture that emphasizes collaboration and teamwork. PsyCap offers a new lens for viewing todays challenging team environments that are supported by corporate cultures.

This report will first define relevant concepts and theories. Then, a study of current literature on PsyCap and resulting gaps in the literature will be identified. To be noted, much of the current literature focuses on the individual but an attempt to understand PsyCap within a team environment is undertaken in this report. Finally, the literature review and assessment of gaps in the literature has prompted three suggested methodological studies to be undertaken as further research. Specifically, the literature, gaps and study methods will focus on PsyCap constructs, teams, and performance. Avey, Reichard, Luthans, and Mhatre (2011) concluded, in their meta-analysis, focusing on the impact of positive psychological capital, that performance is key. This report and suggested future studies focus on the performance of teams within the confines of the inter-related positive psychological constructs.

**Definitions and Theories**

**Definition of Team**

Work Teams, within this literature review, are generally defined as a group of people who collaboratively work together to achieve goals. It is understood that in today’s world, work teams have a wide-range of variations. They may consist of a couple of work colleagues or a large culturally, academically and geographically diverse group of people. Specific reference to selected types of teams is the subject for further research and review.

**Psychological Capital Theory – The 4 Constructs**

Psychological Capital consists of four positive psychological constructs identified as hope, optimism, efficacy, and resilience (Avey, Luthans, & Jensen, 2009; Avey et. al, 2011; Luthans, Avey, Avolio, & Peterson, 2010). Avey, Reichard, Luthans and Mhatre (2011) go further in their meta-analysis to add that when these four constructs are combined there exists a second-order core construct that is the shared variance between the four constructs (p. 128). This is significant to this report in that the literature review and study will view these constructs not only as independent variables but also as constructs that are inter-related. This assists in gaining a better understanding of team dynamics and performance.

The following brief explanation of the four constructs, identified as hope, optimism, efficacy and resilience, is described below.

**Hope.** Luthans, Norman, Avolio, and Avery (in press) view hope as consisting of the will-power or motivation to succeed, the way-power or pathway to succeed, and the reality of accomplishing set goals (p. 5).

**Efficacy.** Efficacy is the belief and confidence that people have in their ability to accomplish something (Luthans, 2002; Luthans, Norman, Avolio, & Avery, in press). Albert Bandura emphasizes that **self**-efficacy is the most pervasive and important of the psychological constructs of positivity (Luthans, 2002, p. 59). Self-efficacy, as defined by BusinessDictionary.com (2013), is a person’s belief about his or her ability and capacity to accomplish a job.

**Resilience.** Resilience is defined as the ability to bounce back from adversity (Luthans, Luthans, & Luthans, 2004).

**Optimism.** Optimism is what sparks internal awareness of success and acknowledgement of possible future positive outcomes (Luthans, Luthans, & Luthans, 2004).

**Literature Review**

**Psychological Capital**

Initial work has been conducted on the impact of PsyCap within a team situation focusing on employee attitudes and performance (Luthans, 2012; Walumbwa, Luthans, Avey & Oke, 2011). Research has found that PsyCap can be enhanced by a supportive work climate (Luthans, Avolio & Avery, 2005). From previous research, Perceived Organizational Support (POS) is the belief that employees have concerning the extent to which the organization values their contributions and cares about their well being (Baranik, Roling & Eby, 2010; Eisenberger, Hutchison & Sowa, 1986, p. 501). It would stand to reason that if team members perceive that they belong to groups that support them then positive psychological capital would exist. Again, teams that are supportive, or more importantly perceive that they are supported, are environments where positive psychological capital can manifest itself.

Research shows that the four constructs of PsyCap are inter-related (Avey et. al., 2011). Individuals with higher levels of PsyCap are likely to put forth more effort that will then result in higher performance (Luthans et. al., in press). This is an example of positive efficacy. Those with higher efficacy apply effort towards goals that they believe they are able to achieve. The cycle continues in that the more hope one has the more willpower they will have to generate solutions to problems that will, in turn, lead to greater optimism. This will allow a person to respond with more resilience to adversity (Avey et. al.,2011, Luthans et. al., 2011). This cycle is a positive example of how the four constructs are related and can lead to better performance. Currently, most research regarding the inter-connectedness of the four PsyCap constructs relates to individuals. To apply PsyCap to today’s work environment it is necessary to conduct research regarding these constructs on work teams both face-to-face and virtual.

**Gaps in the Literature**

**Team Performance**

Corporate culture that is focused on groups and team success is important in the developing of team dynamics. In particular, corporate culture that emphasizes individual team members exhibiting behaviors that would support the success of the team is vital in today’s climate. Avey, Reichard, Luthans and Mhatre (2011) in their research found that organizational citizenship behavior (OCB), behaviors that support the organization directly (p. 134), are higher in individuals with higher levels of PsyCap. More research is needed to fully understand the effect that higher levels of PsyCap and higher OCB levels would have on individual team members and then how this will affect performance of work teams. It is suggested that further study needs to consider the probability that individuals higher in PsyCap are likely to put in more effort, thus exhibiting higher levels of organizational citizenship that will, in turn, increase performance.

**Dysfunctional Teams**

In order to understand team performance it is necessary to study successful teams, as well as, dysfunctional teams. Once again, when looking at successful teams, the inter-relatedness of the PsyCap constructs can ensure that higher efficacy means that teams believe they can perform. This increases the willpower, the hope, to generate solutions that, in turn, increase optimism leading to the development of resilience. However, what happens when teams lack efficacy or struggle to successfully perform? This needs to be investigated.

Fox and Spector (1999) reported that the best results of team dysfunctions occur in companies that are dealing with stressful conditions. Unfortunately, they found that many companies decline to participate in studies if they are downsizing or restructuring and did not want to further unsettle employees (p. 929). It is important that more study be conducted on teams in real environments, and today that means looking at team dynamics within a turbulent economic environment and work teams encountering occupational stress.

**Performance – Feedback and Mentoring**

It is suggested in this report, based on the literature review, that PsyCap can be used with reference to understanding potential benefits of feedback and mentoring. Teams that function effectively support their individual team members. Employees will strive to reach their potential if their efforts are acknowledged and rewarded (Clampitt, 2012; Hutchison & Garstka, 1996). Feedback encourages a supportive learning culture through reflection (Steeples, Jones, & Goodyear, 2002) that can enhance success amongst team members. This further encourages positive corporate culture as employees perceive the organization supports them through valuing their contributions (Baranik, Roling & Eby; Eisenberger; Hutchison & Sowa, 1986, p. 501).

The four constructs of PsyCap could be applied to team situations. For example, research could seek to investigate the role of feedback and mentoring within team situations that effectively integrate feedback and mentoring into their design. It is suggested, based on current research and an understanding of the inter-connectedness of the four PsyCap constructs, that team optimism will increase as team members are supported. Team efficacy will occur as a supportive learning culture encourages members to build confidence and accomplish tasks. This will further encourage new pathways, or hope, to tackle more challenges (Luthans et. al., 2010). As a team experiences the inter-relatedness of the four constructs of PsyCap, they will become more resilient in their ability to deal with adversity.

**Methodological Suggestions for the Research Study**

A survey of current literature makes it evident that PsyCap influences individual behavior, attitudes and performance (Luthans et. al., 2010; Luthans et. al., in press). Gaps exist within the literature regarding the impact that PsyCap has on team performance. It is, therefore, necessary to propose research studies and outline methodologies to fill these gaps in the literature. Hypothesis 1 investigates PsyCap’s affect on team performance. Hypothesis 2 looks to address the issue of negative stress on work groups. And, Hypothesis 3 investigates PsyCap training on work group dynamics.

**Hypothesis 1: PsyCap will be positively related to team performance.**

Research has been conducted to determine the impact of PsyCap on attitude and performance on an individual level. Recently, Walumbwa, Luthans, Avey, and Oke (2011) conducted initial research at the group/team level to assess the impact of collective PsyCap on attitude and performance (p. 6). Future research is needed on the different types of teams in existence today, for example, face-to-face, self-directed, virtual, blended, and communities of practice. At this stage, a method is proposed that would be viable for the different types of teams found in business environments.

A proposed method of study is to use the Psychological Capital Questionnaire developed by Luthans, Avolio, & Avey (2005). This questionnaire is based on each person rating themselves and then others. As this questionnaire will be applied to a work team it will be essential that each person rate their fellow team members. This questionnaire is found online (<http://www.mindgarden.com/products/pcq.htm>), completed online and an agreement is made that the results are used for research purposes. A self-report is issued that reflects performance outcomes and can be used in understanding the impact of PsyCap on varying team structures in selected business organizations. This could be especially useful to businesses moving to more virtual collaboration to assess whether virtuality affects team performance by reducing levels of PsyCap due to the challenges that virtual collaboration can present.

**Hypothesis 2: Work teams with higher levels of PsyCap will perceive less stress.**

Work teams will encounter stressful situations in order to accomplish given tasks. Particularly in today’s work climate, there are many variables that exist and challenges that must be overcome. Stress is evident and can even be seen as a positive (Fox & Spector, 1999). For example, disagreements among team members and displays of frustration and anger will occur in many team situations. The environmentthat allows the expression of disagreement and frustration is a healthy environment and will occur when groups of people work together to achieve a common goal. It is suggested that a study be done to determine whether team members and teams as a whole, that display higher levels of PsyCap, actually perceive less stress (Fox & Spector, 1999). PsyCap is seen as a key factor in understanding how employees perceive stress symptoms (Avey, Luthans, & Jensen, 2009, p. 678). A study needs to be designed to determine if increasing PsyCap levels can positively affect a work teams perception of stress.

A proposed method of approaching this study is referenced from Avey, Luthans, and Jensen’s (2009) study on combating employee stress. A heterogeneous sample of working adults from a wide variety of jobs and industries is recommended to be chosen. This group will be sent an online consent form to collect demographic information. At the same time, a list of survey questions aimed at determining one’s perception of stress will also be sent, filled out and returned. The survey questions will be designed with reference to the diagnostic tool created by Van Katwyk, Fox, Spector and Kelloway (2000) as it will identify groups that are experiencing high levels of negative emotions or low levels of positive emotions (p. 228). Two weeks after the first survey is sent out a second survey will be sent out which will include the outcome variables of stress symptoms such as intentions to quit and job search behaviors (Avey, Luthans, & Jensen, 2009, p. 684). This procedure of a two-week gap is used so that the mind-set during the first survey completion will not be connected with the second survey completion (Podaksoff, MacKenzie, Lee, & Padsakoff, 2003, p. 887). Survey 1 and Survey 2 will be aligned using the participants’ e-mail addresses. Those participants that did not complete both surveys will be removed from analysis. Further information for analysis can be gained from the demographic form that was completed.

**Hypothesis 3: PsyCap training can enhance team success.**

In order to increase performance it is necessary that teams are mentored and supported through learning opportunities. This is particularly important when work teams are affected by organizational stress. Hutchison and Garstka (1996) suggest that goal setting and feedback, through training sessions, are linked and lead to improved performance (p. 1356). PsyCap can be developed in training sessions, even short online sessions (Avey, Luthans, & Jensen, 2009; Avey et. al., 2011; Luthens, Avolio & Avey, 2005). To test Hypothesis 3 a short PsyCap training session could be administered to work teams and data collected regarding the impact that the PsyCap training had on improving a groups’ positive inter-relational dynamics.

It is suggested that a 15-question survey could be designed to uncover the perceptions of a team’s PsyCap by individual team members before a training session. Ideally two open-ended questions could be included to tap into personal experiences (Avey, Luthans, & Jensen, 2009). A two-hour face-to-face or online training session could be administered followed by a repeat of the 15-question survey (Avey, Reichard, Luthans & Mhatre, 2011). Analysis of team perceptions before and after the training session would be conducted to accurately test the hypothesis.

To gather a richer collection of data, interviews of individual team members, as well as, an interview of the group as a unit, otherwise known as the focus group, would provide useful information on the impact of PsyCap training on group dynamics (Marshall & Rossman, 2006; Morgan, 1997). The collection of data through interviews offers the potential to capture perspectives of individual team members and the group as a whole. It should be noted that interviewing is more time consuming than a survey and requires skill of the interviewer to conduct and administer.

**Conclusion**

This report investigated PsyCap literature that was based on the individual and applied to teamwork situations in an effort to understand and support effective performance within collaborative team environments. Furthermore, this report has examined positive psychological capital in regards to today’s workplace that centers on a team environment that is encouraged by corporate culture. Today these teams, due to virtual collaborative technologies, consist of culturally and geographically diverse group members.

Avey, Reichard, Luthans, and Mhatre (2011) believe that the components of PsyCap allow for a natural tendency to succeed resulting in increased performance output (p. 134). This report suggests and recommends for further research the idea that the four constructs of PsyCap: hope, efficacy, resilience and optimism; increase performance not only individuals but also diverse work teams as well. Luthans (2012) signifies that the basis of PsyCap is in the understanding of who one is and who one will become. This can further be extended to the work team and incorporated into corporate culture as a foundation that work teams need to know who they are and who they will become through the goals, tasks, challenges and resilience that they face. Further research is needed to realize the potential of teams within turbulent economic environments that organizations face today (Luthans, 2012). In particular, Avey, Reichard, Luthans, and Mhatre (2011) encourage more studies to be conducted on particular industries and results analyzed for similarities and differences.

As suggested by this report, it is necessary to conduct studies of work teams in stressful situations and to further analyze how PsyCap can combat the dysfunctional effects of stress (Avey, Luthans, & Jensen, 2009). Avey, Luthans, & Jensen (2009) suggest that completely eliminating stress is not realistic or even desired but finding ways for employees to manage stress through training, feedback and mentoring is necessary. Positive organizational behavior (POB) takes positive psychology to the workplace (Luthans et al., in press, p. 2). Positive psychology is viewed as a bridge to human resource management and human resource development (Luthans, 2012). Businesses need to encourage and nurture, through corporate culture, successful teams in order to remain competitive in today’s economic climate.

**References**

Avey, J. B., Luthans, F., & Jensen, S. M. (2009). Psychological capital: A positive resource for combating employee stress and turnover. *Human Resource Management 48*(5), 677-693.

Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). Meta-Analysis of the impact of positive psychological capital on employee attitudes, behaviours, and performance. *Human Resource Development Quarterly, 22*(127-152).

Baranik, L. E., Roling, E. A., & Eby, L. T. (2010). Why does mentoring work? The role of perceived organizational support. *Journal of Vocational Behavior, 76*, 366-373.

BusinessDirectory.com (2013). Self-efficacy, from <http://www.businessdictionary.com/definition/self-efficacy.html>

Clampitt, P. G. (2010). *Communicating for managerial effectiveness: Problems, strategies, solutions* (4th ed.). Los Angeles, CA: SAGE.

Eisenberger, R., Huntington, S., & Sowa, D. (1986). Perceived organizational support, discretionary treatment, and job satisfaction. *Journal of Applied Psychology, 71*, 500-507.

Fox, S., & Spector, P. E. (1999). A model of work frustration-aggression. *Journal of Organizational Behavior, 20*, 915-931.

Friedman, T. L. (2005). *The world is flat*. New York: Farrar, Straus, and Giroux.

Hutchison, S., & Garstka, M. L. (1996). Sources of perceived organizational support: Goal setting and feedback. *Journal of Applied Social Psychology, 26*(15), 1351-1366.

Luthans, F. (2002). Positive organizational behavior: Developing and managing psychological strengths. *Academy of Management Executive, 16*(1), 57-72.

Luthans, F. (2002b). The need for and meaning of positive organizational behavior. *Journal of Organizational Behavior, 23*, 95 - 706.

Luthans, F. (2012). Psychological capital: Implications for HRD, retrospective analysis, and future directions. *Human Resource Development Quarterly, 23*(1-8).

Luthans, F., Avey, J. B., Avolio, B. J., & Peterson, S. J. (2010). The development and resulting performance impact of positive psychological capital. *Human Resource Development Quarterly, 21*(1), 41-67.

Luthans, F., Avolio, B. J., & Avey, J. B. (2005). *Capital questionnaire for researchers*, retrieved from <http://www.mindgarden.com/products/pcq.htm>

Luthans, F., Luthans, K. W., & Luthans, B. C. (2004). Positive psychological capital: Beyond human and social capital. *Business Horizons, 47*(1), 45-50.

Luthans, F., Norman, S. M., Avolio, B. J., & Avey, J. B. (in press). The mediating role of psychological capital in the supportive organizational climate-employee performance relationship. *Journal of Organizational Behavior,* (1-45).

Luthans, F., & Youssef, C. M. (2004). Human, social and now positive psychological capital management: Investing in people for competitive advantage. *Organizational Dynamics, 33*(2), 143-160.

Marshall, C. & Rossman, G. B. (2006). Designing qualitative research (4th ed.). Thousand Oaks, CA: Sage.

Morgan, D. L. (1997). Focus group as qualitative research (2nd ed.). Thousand Oaks, CA: Sage.

Podsakoff, P. M., MacKenzie, S. C., Lee, J., & Podakoff, N. P. (2003). Common method bias in behavioral research: A critical review of the literature and recommended remedies. *Journal of Applied Psychology, 88*(5), 879-903.

Steeples, C., Jones, C., & Goddyear, P. (2002). Beyond e-learning: A future for networked learning. In C. Steeples & C. Jones (Eds.), *Networked learning: Perspectives and issues* (pp. 323-342). London, England: Springer.

Van Katwyk, P. T., Fox, S., Spector, P. E., & Kelloway, E. K. (2000). Using the job-related affective well-being scale (JAWS) to investigate affective responses to work stressors. *Journal of Occupational Health Psychology, 5*(2), 219-230.

Walumbwa, F. O., Luthans, F., Avey, J. B., & Oke, A. (2011). Authentically leading groups: The mediating role of collective psychological capital and trust. *Journal of Organizational Behavior, 32*, 4-24.