The Role of the Psychological Capital on Quality of Work Life And organization performance

Dr. Saeed Mortazavi
Associate Professor of Ferdowsi University of Mashhad

Seyyed Vahid Shalbaf Yazdi (Corresponding Author)
Ph.D. Student of HRM, Ferdowsi University of Mashhad

Alireza Amini
Ph.D. Student of OBM, Ferdowsi University of Mashhad

Abstract
Today, healthy organizations such as hospital have found out the importance of quality of work life (QWL) of their personnel. QWL direct to enhancement of job satisfaction and improvement the quality of services to patient hospital and high performance. Psychological Capital (PsyCap) is one of construct contributes to the formation and increasing QWL. Thus this study investigates the effect of PsyCap on QWL. In this regards, it has been paid to how PsyCap factors such as self-efficacy, optimism, hope, and resiliency impact on QWL. A test based upon a sample of 207 nurses of four hospitals reveals that PsyCap has positive impacts on QWL.

Keywords: Survival Needs, Belonging Needs, Knowledge Needs, Psychological Capital

Introduction
There is an increasing recognition to the positive value of managing human resources by developing individual’s psychological resources. This is increasingly linked to employee performance and positive organizational scholarship. Among these, PsyCap has been viewed as a fundamental basis for effective management of human resources complimenting existing research in both human and social capital (Zhu et al. 2011).

People play a key role in economic productivity (Gavin & Mason, 2004) and the “flat world” competition has allowed or forced people around the world to cooperate and to compete with each other (Friedman, 2007). Such a new business environment requires firms to have a new approach to human resource management in order to survive and to create sustainable growth and development. Regarding people in the workplace, there are two areas, among others, that have received much attention by researchers in the last few years. The first is the positive organizational behavior and its derivative PsyCap, which is defined as an individual’s psychological state of development (PsyCap; Luthans et al. 2008) characterized by: “(1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (Rego & et al. 2011). The second is QWL (Sirgy, 2006; Wright & Cropanzano, 2004). Research shows that there is a relationship between PsyCap and job performance (Luthans et al. 2008), and a relationship between QWL and job performance (Koonmee & et al. 2010). However, little empirical evidence exists on the nature of or relationships among PsyCap and QWL, especially in
health care organizations such as Hospitals. Furthermore, to the best of our knowledge, little attention has been paid to the role of PsyCap in QWL and Job Performance. Thus, the purpose of this study is to investigate the roles of PsyCap in job performance and QWL in public and private Hospitals of Mashhad city.

**Background and Research Hypotheses**

Fig.1 depicts a conceptual model explaining the role of PsyCap in QWL and subsequently in job performance.

1. **Quality of Work life (QWL):**
QWL is defined as “employee satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace” (Sirgy & et al. 2001). Studies demonstrate that employees with high QWL tend to report high levels of identification with their organizations, job satisfaction, job performance and lower levels of turnover and personal alienation (e.g., Efraty, Sirgy & Claiborne, 1991). One conceptualization of QWL, based on need-hierarchy theory of Maslow, regards QWL as employee satisfaction of seven sets of human developmental needs: (1) health and safety needs, (2) economic and family needs, (3) social needs, (4) esteem needs, (5) actualization needs, (6) knowledge needs, and (7) esthetic needs (Marta & et al, 2011).

QWL was conceptualized in terms of need satisfaction stemming from an interaction of workers' needs (survival, social, ego, and self-actualization needs) and those organizational resources relevant for meeting them. Robbins (1989) defined QWL as "a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work. According to QWL is a philosophy, a set of principles, which holds that people are the most important resource in the organization as they are trustworthy, responsible and capable of making valuable contribution and they should be treated with dignity and respect.

QWL has been well recognized as a multi-dimensional construct and it may not be universal or eternal. Beauregard (2007) said that the key concepts captured and discussed in the existing literature include job security, better reward systems, higher pay, opportunity for growth, participative groups, and increased organizational productivity. In the scientific management tradition, satisfaction with QWL was thought to be based solely on "extrinsic" traits of the job: salaries and other tangible benefits, and the safety and hygiene of the workplace. By contrast, the human relations approach stresses that, while extrinsic rewards are important, "intrinsic rewards" are key predictors of productivity, efficiency, absenteeism and turnover. These intrinsic rewards include traits specific to the work done, the "task content": skill levels, autonomy and challenge.

According Robbins QWL is “a process by which an organization responds to employee needs by developing mechanisms to allow them to share fully in making the decisions that design their lives at work”. The key elements of QWL in the literature include job security, job satisfaction, better reward system, employee benefits, employee involvement and organizational performance (Havlovic, 1991). For the purpose of this study, QWL is defined as the favorable condition and environment of employees benefit, employees' welfare and management attitudes towards operational workers as well as employees in general.

There is a plethora of literature highlighting the factors critical for the assessment of QWL (Srinivas, 1994). Attempts also have been made to empirically define QWL (Levine et al., 1984; Mirvis & Lawler, 1984; Walton, 1974). Comprehensive delineation of the QWL concept is found in three major works: Levine et al. (1984), and Walton (1974). Other
researchers have attempted to measure QWL in a variety of settings using combinations of various questionnaires such as job satisfaction, organizational commitment, alienation, job stress, organizational identification, job involvement and finally work role ambiguity, conflict, and overload were studied as proxy measures of QWL.

There appeared to be no one commonly accepted definition for quality of work life. Heskett, Sasser and Schlesinger (1997) proposed that QWL, which was measured by the feelings that employees have towards their jobs, colleagues, and companies would enhance a chain effect leading to organization’s growth and profitability. According to Havlovic (1991), and Straw and Heckscher (1984), the key concepts captured in QWL include job security, better reward systems, higher pay, opportunity for growth, and participative groups among others. Walton (1974) proposed the conceptual categories of QWL. He suggested eight aspects in which employees perceptions towards their work organizations could determine their QWL: adequate and fair compensation; safe and health environment; development of human capacities; growth and security; social integrative constitutionalism; the total life space and social relevance.

In UK, Gilgeous (1998) assessed how manufacturing managers perceived their QWL in five different industries. Despite the growing complexity of working life, Walton’s (1974) eight-part typology of the dimensions of QWL remains a useful analytical tool. Using samples from Standard & Poors 500 companies, Lau (2000) found that QWL companies have a higher growth rate as measured by the five-year trends of sales growth and asset growth. However, the outcome for profitability yield mixed results on Walton’s (1974) conceptualisation of QWL. Saklani (2004) stressed that with the ever-changing technology and increased access to information, the study of organizations with respect to productivity, efficiency and quality of services very crucial in order to improve the performance of work in India. The need to improve organizational productivity in the health care industry has spurred Brooks and Anderson (2005) to develop the construct of quality of nursing work life. They came out with four dimensions of the conceptual framework namely; work life/home life dimension, work design dimension, work context dimension and work world dimension. In another study done by Wyatt and Chay (2001), they found four dimensions of QWL among the predominantly Chinese Singapore sample of employees. In Malaysia, Hanefah & et al. (2003), designed, developed and tested QWL measure for professionals, namely public and government accountants and architects. They conceptualized QWL as a multi-dimensional construct comprised of seven dimensions, namely growth and development, participation, physical environment, supervision, pay and benefits, social relevance and workplace integration. In summary, several studies that have examined QWL dimensions varied significantly not only across countries but also among researchers. This study was an attempt to further develop the dimensions of QWL in Iran.

Therefore, according to what was discussed above, the first hypothesis was proposed as following:

\[ H_1: \text{QWL has a positive impact on performance.} \]

2. **Psychological Capital (PsyCap)**

Concern about trait-like personality and state-like psychological capacities of employees has received little attention by organizational behavior researchers. Trait-like personality is not specific to any task or situation and tends to be stable over time, whereas state-like psychological capacities are more specific to certain situations or tasks and tend to be more malleable over time (Chen & et al, 2000). Several related concepts that describe state-like psychological capacities of employees can be found in the literature on positive
organizational behavior such as psychological ownership (Avey & et al, 2009), PsyCap (Luthans & et al, 2008). This study focuses on PsyCap of marketers. Luthans (2004) defines PsyCap as “a core psychological factor of positivity in general, and POB criteria meeting states in particular, that go beyond human and social capital to gain a competitive advantage through investment development of “who you are”. He points out the PsyCap are: (a) based on the positive psychological paradigm; (b) include psychological states based on positive organizational behavior or POB criteria; (c) goes beyond human capital and social capital; (d) involves investment and development for a return yielding performance improvement and resulting competitive advantage (Luthans, 2005). There are four states contribute to PsyCap, with a return of improved performance such as higher productivity, better customer service, and more employee retention.

(1) Self-efficacy, Stajkovic and Luthans (1998) define self-efficacy as the “individual’s conviction... about his or her abilities to mobilize the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context”.

(2) Hope, Snyder et al. (2002) defines it precisely as “a positive motivational state that is based on an interactively derived sense of successful (a) agency (goal-oriented energy) and (b) pathways (planning to meet goals).”

(3) Optimism, like hope, optimism is a commonly used term, but Seligman’s (2002) definition draws from attribution theory in terms of two crucial dimensions of one’s explanatory style of good and bad events: permanence and pervasiveness.

(4) Resilience, According to Coutu (2002), the common themes/profiles of resilient people are now recognized to be (a) a staunch acceptance of reality, (b) a deep belief, often buttressed by strongly held values, that life is meaningful, and (c) an uncanny ability to improvise and adapt to significant change. (Meng & et al. 2011)

PsyCap can vary within individuals on the basis of contextual conditions (e.g., an inspirational leader) and individual characteristics (e.g., traits, physical health; for a detailed review of the state like nature of PsyCap, see Luthans et al., 2007). To date, PsyCap has been conceptually linked to work outcomes such as performance and extra role behaviors (e.g., Luthans, 2002a, 2002b; Wright, 2003). In addition, Luthans et al. (2007) presented psychometric support for a newly developed measure of PsyCap, as well as initial predictive validity evidence, by relating PsyCap to job performance and satisfaction in two samples (for similar findings, see Youssef & Luthans, 2007). More recently, Avey, Wernsing & Luthans (2008) found that employees with higher levels of PsyCap experienced more positive emotions, which were in turn related to their engagement and cynicism during organizational change. These authors also found that positive emotions mediated the relationship between employees’ PsyCap and their behavior, such as organizational citizenship behaviors and deviance. Furthermore, Luthans, Avey, Clapp-Smith & Li (2008) demonstrated the usefulness of PsyCap in a Chinese context for predicting employees’ performance, whereas others (Avey, Patera & West, 2006) have demonstrated that PsyCap helped reduce absenteeism in a sample of high technology employees. Despite this emerging empirical work, Luthans et al. noted that much remains to be done, especially in examining not only the effects of PsyCap, on a range of important work outcomes, but also its antecedents.

Research shows that these four components (self-efficacy, optimism, hope, and resiliency) of PsyCap have positive relationships with performance, happiness, well-being, and satisfaction of workers. For example, self-efficacy has been found to have a positive impact on performance (Stajkovic & Luthans, 1998; Legal & Meyer, 2009). Employees’ optimism is related to their performance, satisfaction, and happiness (Youssef & Luthans, 2007). Hope is
related to employees’ performance, satisfaction, happiness, and retention (Youssef & Luthans, 2007). Resiliency has a positive relationship with employee performance and happiness and satisfaction (Youssef & Luthans, 2007). In sum, self-efficacy, optimism, hope and resiliency are related to the performance and QWL of employees (Tho D. Nguyen et al. 2011). Therefore, second and third hypothesis was proposed as following:

H₂: PsyCap has a positive impact on performance.
H₃: PsyCap has a positive impact on QWL.

Fig.1. Potential effects of PsyCap on QWL & Performance (Research Conceptual Model).

Methodology
This is a cross-section survey which defining the impact of PsyCap on spreading MMC in safety critical organizations such as hospitals. For assessing this impact, the questions of Nguyen’s (2011) questionarie has been adopted and a questionarie was designed with items involve five-item Likert-type scale items. The results in Table 2 demonstrate that the measures used in the current study all exceed the commonly accepted standard of coefficient alpha 0.7 Note that this will only support our arguments for measure reliability. Totality, according to early sampling, the reliability of questionarie was .842 that was a good reliability

Statistical Population, sample size, sampling method
Data was collected from nurses of four hospitals that voluntary participated in research plan in Mashhad city. Two hospitals were private and two hospitals were public. Sample size that was calculated by Gpower Software consisted of 207 nurses which were selected random sampling method from four centers. Data collection pursued until attain 207 complete questionaires. Ratio of each two parts was considered equal.
Results

Descriptive statistics
53.6% of responders were female and 46.1% was male. Mean age of respondents was 34 years and mean of tenure were 9.85 years. Education of respondents was 20.3% diploma and under, 68.6% high diploma and BSc, 11.1% higher. Their monthly incomes was 25.2% $320 and under, 57.5% between 320 and 640 Dollars, and 16.9% higher.

Measure validity
To test the construct validity of each scale, we conducted a confirmatory factor analysis (CFA) and analyzed the covariance matrix using the maximum likelihood procedure of SpssAmos 20. The fit statistics of model; \( \chi^2 = 216.344, \text{ df} = 192 \text{ and } P_{\text{value}} = .000; \) goodness-of-fit index [GFI] = 0.928; comparative fit index [CFI] = 0.984; root mean square error of approximation (RMSEA) = 0.025; correspond reasonably well with those found in the literature.

<table>
<thead>
<tr>
<th>Scale</th>
<th>Mean</th>
<th>Reliability</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Efficacy</td>
<td>.721</td>
<td>3.901</td>
<td>.486</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Optimism</td>
<td>.701</td>
<td>3.830</td>
<td>.126</td>
<td>.685</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Hope</td>
<td>.728</td>
<td>3.985</td>
<td>.225</td>
<td>.254</td>
<td>.594</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Resiliency</td>
<td>.743</td>
<td>3.704</td>
<td>.151</td>
<td>.158</td>
<td>.264</td>
<td>.605</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Survival Needs</td>
<td>.723</td>
<td>2.712</td>
<td>.101</td>
<td>.173</td>
<td>.100</td>
<td>.080</td>
<td>.918</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Belonging Needs</td>
<td>.720</td>
<td>2.903</td>
<td>.071</td>
<td>.138</td>
<td>.092</td>
<td>.111</td>
<td>.340</td>
<td>.593</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Scale means, reliability, and inter-scale correlations

Structural Equation Model
The research hypotheses were tested and relationships between constructs were modelling by using structural equation analyses (hereafter referred to as SEM) with the maximum likelihood estimation method using SpssAmos 20. Covariance matrices were analyzed in all cases using Amos. In this model, Self-efficacy, Optimism, Hope, Resiliency, Survival Needs, Belonging Needs and Knowledge Needs are treated as exogenous variables and PsyCap and QWL are treated as endogenous variable. Table 2 show the Summary statistics and covariance matrix of model exogenous variables.

The general conclusion was that the theorized model was a good fit to the data. As the fit indices — \( \chi^2 = 56.953, \text{ df} = 32, \text{ CFI} = .941, \text{ GFI} = .951, \text{ NFI} = .878, \text{ AGFI} = .916, \text{ RMR} = .042, \) and \( \text{RMSEA} = .062 \) — we conclude that the fit is acceptable. Fig. 2 shows the overall SEM results with each standardized theoretical path coefficient.
Table 3 shows the unstandardized estimates of the structural paths and result of examined hypotheses and standardized effects between constructs in the model. According to calculated SEM, the results reveal that first hypothesis (H₁) that predicted the positive impact of QWL on performance was supported (β = .293, \( p = .005 \)). Therefore, when an organization such as hospital had enjoyed from high level of QWL, we would expect to see high Performance. The estimated structural path between PsyCap and performance was significant (β = .341, \( p = .002 \)), thus Hypothesis 2 (H₂) was supported. Finally, PsyCap also contribute to QWL (β = .389, \( p = .000 \)), then third hypothesis (H₃) were supported too. In all examination, Error and confidence interval was respectively 5% and 95%. The results also indicate that PsyCap with .455 and .389 total effects play an essential role in predicting job performance and QWL of hospital nurses.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Structural Path</th>
<th>T-Statistic</th>
<th>P-Value</th>
<th>Direct Effect</th>
<th>Indirect Effect</th>
<th>Total Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>QWL ( \rightarrow ) Performance</td>
<td>2.788</td>
<td>.005</td>
<td>.293</td>
<td>.000</td>
<td>.293</td>
</tr>
<tr>
<td>H₂</td>
<td>PsyCap ( \rightarrow ) Performance</td>
<td>3.165</td>
<td>.002</td>
<td>.341</td>
<td>.114</td>
<td>.455</td>
</tr>
<tr>
<td>H₃</td>
<td>PsyCap ( \rightarrow ) QWL</td>
<td>3.409</td>
<td>.000</td>
<td>.389</td>
<td>.000</td>
<td>.389</td>
</tr>
</tbody>
</table>

Table 3. Unstandardized Structural Paths in the Model and Standardized Direct, Indirect and Total Effects between Constructs

Discussion and Conclusion
According to importance of enhancement of QWL and job performance in organizations such as hospital, one of the most important factors that plays positive role is PsyCap of human resource of that organization. Then, in this research, we pay to test this assumption until help
managers to invest on PsyCap of their organization and improve QWL and subsequent job performance of their personnel. As Mirkamali & Narenji Thani (2011) discus that Identifying the factors related to faculty QWL is of great importance, because it has positive and significant relation with job satisfaction. Therefore, we can improve Job satisfaction by changing and manipulating QWL factors, and thus move toward the development of the organization.

Woolf (2004) suggests few ways to help people to create a healthy and quality life in workplace. First, individual must create a personal vision by articulating something to be accomplishing in career. Such vision will set a target of where individual wants to be in life and must be prepared to make adjustment at any time. Employee need to be flexible and ready as life’s journey is all about twists and turns. It keeps employee focus and strives towards the vision and when they pull off, it will be a meaningful accomplishment. Individual must not perplex real identity with role played at work. Let the vision manifest who each individual really are. Roles play at work is intended for the work game. It does not replicate true identity. To guarantee job satisfaction, employees must let their vision lead them. Third, individual must develop healthy personal habits by taking care of their body, mind and spirit to withstand all those challenges and pressures you face at work. Eating habits, sleeping routines and exercising will helps employees live a healthy life style and resilient enough to face anything coming. It helps employees to be positive and accept almost everything in a positive way (Optimism). In the all ways, PsyCap as reveal in its nature can contribution to create a situation that promote QWL. These contributions can be provided base on this point that having a favorite level of PsyCap totality and in framework of its dimensions (e.g. self-efficacy, hope, and resilience) can provide situation that personnel can provide needs of survival, belonging and knowledge (i.e. QLW) and subsequence improve their performance in workplace, and subsequent create ascendancy of their organization. For example, an hopeful (as a element of PsyCap) employee can create a career vision of where he/she wants to be in life or a resilient person make him/her flexible and withstand all those challenges and pressures you face at work.

The findings of this study signal hospital to recruit, develop, and manage nurses who are generally higher in PsyCap. Research shows that PsyCap is a more state-like factor than personality traits, that is, it is more open to be developed and managed (Luthans et al. 2008). Therefore, recruiting nurses with high levels of PsyCap and establishing appropriate human resource policies and practice to further develop nurses’ PsyCap (i.e., self-efficacy, optimism, hope, and resilience) are desirable for hospital. And, in so doing, hospitals could enhance the performance of their nurses, leading to an increase in hospital performance. This also improves nurses’ QWL, which is a critical factor for productivity (Wright and Cropanzano 2004).

Limitations and Directions for Future Research

This research focuses on the state-like components of psychological factors of people, that is, PsyCap. Incorporating trait-like components such as psychological hardiness, personality of personnel will provide further insights into the role of psychological aspects of people in their effort for promoting QWL. This is also an appropriate area for future research.

It need to accomplish subsequent research in other industries or similar industry or other treatment personnel than nurse until invigorate our hypothesizes. Because confirming these results in other industrial setting can reinforce them.
References


