

## Psychological Capital, Requirement of Today's Organizations

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### ABSTRACT

Psychological capital is one of most important behavioral issues which influences on job satisfaction, confidence, organizational commitment and finally organizational effectiveness. Based on researchers, employees with high psychological capital have higher job effectiveness. They tend to stay in the organization and are absent less than others. They have higher job motivation and adapt organizational changes. In this study, main concepts of psychological capital are explained. First, the concept of psychological capital and its components are investigated, then its importance in the organization is explained and finally conclusion is presented to increase this variable as one of most important factors of competitive advantages.

**KEYWORDS:** Psychological Capital, Self-Efficiency, Hope, Optimism, Resiliency (Appeasement)

### 1. INTRODUCTION

Todays, the attitude of some psychologists is changing and deals with the healthy and positive aspects of human nature in the management and organizational field. This new approach is called positive psychology and recently has been interested by some researchers. Therefore, a new movement as positive organizational behavior and psychological capital has been introduced. Psychological capital is a new concept which has been introduced by Luthans recently. Many researchers believe that psychological capital organizations can provide sustainable competitive advantage. (Babaeian et al,2012). Positive psychological capital which emphasizes on the positive management capacities in the employee's behavior is originated positive psychological movement. The positive psychology movement has been started by Martin Seligman and focus healthy mind promotion, instead of mental disease and in efficiency. Psychological capital is the third generation of human and social capital and has recently been introduced in the positive organizational behavior. Many experts in the organization and management filed believe that psychological capital is a competitive advantage resource into day's challenging environment in mind. (Same, 2012)

#### 1. The Psychological Capital

The capital term refers to the value of assets and available resources which is used for a specific need. Therefore, there are three kinds of capital including financial, human and social capital which has been interested by organizational researchers. An asset that has a physical form, such as money, machinery, equipment, etc. converted to an industrial asset and is used in the production and services, this kind of capital is called economic capital. Often, human capital is called mental capital and refers to skills, abilities, knowledge and experiences of a person (Luthans et al, 2006). Social capital refers to actual or potential value of assets and person gain validity in term of know others or relate to social networks. Luthans et al introduced other form of psychological capital. they stated this capital can be used as competitive advantage in today's organizations (Luthans et al, 2006) they believe psychological capital is a positive development situation and include following features: commitment and try to success in the tasks and job (self-efficiency), having positive view about future (optimism), stability to achieve goal and success and deal with difficulties (resiliency) (Luthans et al, 2008)

Luthans and colleagues believe that psychological capital with a focus on positive psychological leading to the enhancement of human and social capital in the organization.(Najari et al.,2013)

In fact, Luthans and colleagues defined positive psychological capital as a combined factor and a source of competitive advantage in developing positive organizational behavior within organizations. They believe that psychological capital, with emphasis on the psychological variables such as hope optimism, self-efficacy, resilience and optimism ed to the development of human capital (knowledge and skills of individuals) and social capital (networks of relationships among them).Therefore, psychological capital consists of positive psychological variable which are measured, and developed and could be managed(Babaeian et al.,2013)

Positive psychology perspective as a new approach to psychology focus on understand and describe the happiness and subjective well-being as well as the accurate prediction of factors. From the perspective of positive psychology, lack of healthy signs doesn't show healthy. But consistency, happiness, confidence and positive features

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are main aim in life. The positive psychology oriented focus on positive feature and emphasizes personal growth and positive aspects of a person's ability (Ryan Deci, 2001)

Positive psychological is one of psychological capital and is defined as individual belief to achieve success, main and deal with difficulties (Luthans et al, 2004)

Seligman believes that psychological capital include positive aspects of the life. He believes human and social capital is clear and can be measured and controlled easily. While, psychological capital is potential and can be measured difficult. Psychological capital includes self-understanding, aim to success and stability to deal with problems. Gold smith et al, 1997 defined psychological capital as a continuous structure and include four components like hope, optimism, self-efficacy and resiliency. These components define individual life (Arz and Jaj 2001) and enable them to encounter problems (Jaj and Bono, 2001) and assure their motivation to assure purposes (Parker et al, 2001) (Khosroshahi et al, 2012)

The results of the study about organizational behavior show that psychological capacities like hope, resiliency, and optimism and self-efficacy form psychological capital. In other word, some psychological variables like hope, resiliency, optimism and self-efficacy form a hidden resource or factor which are clear in these dimensions (Avey et al, 2006)

Also, Valsh et al showed negative approaches like failure and winning, job satisfaction, job absence increased (Bakker& schaufeli, 2008)

It is evident in management and organizational field that positive issues have been ignored compared to negative issues.

New approach of positive organizational behavior is adopted positive psychological movement (Luthans, 2008) which emphasizes on positive approaches to develop and human resource management in the job environment. Positive organizational behavior was introduced by Luthans as "the study and application of positive human resource strength and psychological capacities" to improve performance effectively (Luthans, 2008) (Babaeian et al, 2013)

The component of psychological capital includes:

As previously mentioned, capital of psychological variables include:

A. Self-Efficacy

B: hope

C: Optimism

D: Resilience (Page and Donoho, 2004)

### 1-3-Self-Efficacy or Self-Esteem

Self-efficacy was introduced by Bandura's theory and is defined as individual confidence about ability to achieve success in the task through motivation, supplying cognitive resource and perform needed actions. four sources of self-efficacy has been defined to assess knowledge, including senior management experience or acquisitions, substitution of modeling experience, encouraging social and cognitive arousal of a psychologist or psychiatrist, (emotional) that which of these can be used in the training of self-efficacy for improvement. (Luthans, 2008).

### 2-3-Hope

Snyder defined hope as a positive motivation state of a successful sense. The purpose of the hope is to achieve the desired result. So, hopefully require an agency or kind of energy to pursue its goals. In addition, other elements of hope, plan to achieve the goal that not only involves identifying goals. In addition, other consisting factor of hope is planning and not only include identifying purposes but identify different ways to achieve goals. In other words, hope requires a determination to succeed and hope, identify, clarify and pursue ways to achieve success. Based on the results of research conducted by Adams of the organizations participating in the study, those who hope the employees was higher than other organizations more successful performance. Based on Luthans and Peterson studies, hope level of managers in the fast food restaurant managers correlated to financial performance and job satisfaction of employee positively.

### 3-3-Optimism

Although optimism exist a long time with a lot of positive things in the life, but recently researchers worked together in positive psychology and organizational behavior. Evidence lot of people is motivated by incentives that shows optimism, in addition to being a part of human nature, is also part of individual differences. In general optimism in life and work is very effective. Seligman's research showed optimism positive effect on organizational performance. (Luthans, 2008)

Seligman, the father of positive psychology, believes that optimistic people, coping with failures and your successes, such act

1. Generally rely on documents;
2. Their documents are stable;
3. Attribute their success to their internal capabilities;
4. Coping with failure, and attribute failure to external and unstable factors (Babaeian et al., 2013)

### **3-4 Resiliency or conformism**

Resiliency is a part of positive organizational behavior and is defined as the capacity to "return to reason," or refer to the misery, conflict, failure or even positive events, advances increased responsibilities. The back includes a flexible capacity, adjust, adapt, and respond back. The capacity is changing to uncertainty that can be replaced by psychological well-being in the long term. Research suggests that some tolerant people return to normal level of performance after encountering difficulties, while others are promoted compared to the past after encountering difficulties. In sum, tolerant individual have this feature:

1. Readily accept the reality of life.
2. Believe that life is meaningful. This belief is supported by their value.
3. Remarkable ability to adapt to rapid changes (Luthans et al., 2006)

### **4- The Importance of Psychological Capital**

Today's, the social capital is very important in the organization due to describing interpersonal relationships and social networks and human capital in the knowledge, capabilities and experience of the employee. Also, other discussions about organizational psychological capital are discussed in this chapter (Luthans et al, 2006. Nilson and Cooper, 2007). This new approach uses capacity and human resource to improve individual and organizational performance and achieve organizational success (Turner, Barling and Zaharatori, 2003). Organizational psychological capital as a force for progress improves individual performance, increased leverage, improve organizational performance, increase revenue and create competitive advantage for the organization (Luthans, Olive, Evi and Norman, 2007; Wright, 2003) . Luthans and colleagues expressed psychological capital as a source to develop positive organizational behavior-oriented framework in organizations and competitive advantage for organizations. They believe that psychological capital, with emphasis on the psychological variables such as optimism, hope, optimism, resilience and self-efficacy contributes to the promotion of human values (knowledge and skills of individuals) and social capital (networks of relationships among them). (Luthans et al., 2007) Employee's behavior like organizational commitment and job satisfaction improve performance and job rotation; reduce absenteeism, increase productivity and customer satisfaction (Sari and Jaj, 2004, Vijay, Aschmydt, Parks and Van Dick, 2007).

Enjoying psychological capital enables individuals to deal with stress appropriately and not affected by routing events, so they have higher psychological healthy (Robinson et al., 1998)

For example, job satisfaction is the most important issues that should be considered in any organization. Psychological capital is one of factor influencing on job satisfaction and has been interested in the past decades. This approach argues that positive psychology emphasis on the strengths of individuals to improve their individual performance and organizational. For example, a person who enjoys high capability to adapt to technological change, flourish this ability through development of human programs. (Bahadori Khosroshahi et al., 2012)

An important point in this context is that the arrival of psychological approach to the capital since 2006, in all organizations including both public and private organizations is considered. Therefore, addressing this issue is of great importance due to the role of public organizations in our countries. Iran will achieve to economic, scientific and technological position in 1404 by maintaining Islamic and revolutionary identity.

Organizational consequences have been interested due to feature of these organizations, so that managers and policy makers of public organizations tried to increase positive consequences and decrease negative organizational consequences (Najari et al, 2012).

### **5- Conclusions and Recommendations**

In this article, the new issue of Organizational Behavior and Positive psychological capital are introduced. Positive psychological capital which emphasizes on the positive management capacities in the employee's behavior is originated positive psychological movement. The positive psychology movement has been started by Martin Seligman and focus healthy mind promotion, instead of mental disease and inefficiency. Psychological capital is the third generation of human and social capital and has recently been introduced in the positive organizational behavior. Many experts in the organization and management filed believe that psychological capital is a competitive advantage resource in today's challenging environment in mind. Positive psychological capital consists of four psychological variables including hope, self-efficiency, optimism and resiliency which are discussed in the article. Following recommendations are provided based on the mentioned discussions:

- 1- It is recommended to perform psychological test in the employment process to assure employees are enjoyed psychological capital and level of job satisfaction is increased too.
- 2- It is recommended to employ individual based on their skill and expertise. Studies show individual who are interested in their job, enjoy higher psychological capital.
- 3-it is recommended to hold positive psychological training: this leads to increasing positive thinking.
- 4-providing appropriate feedback based on personal aspects of different organizations: personal traits should be regarded to deal with employee's performance and providing appropriate feedback can increase efficiency.
- 5- Avoiding large regulations lead to psychological capital and self-confidence
- 6-enable employees and supporting them to finish their responsibilities, this leads to increase psychological capital in the organizations.
- 7-identifying employees potential talents and empower them

8-transfer value sense to employees to empower psychological capital: studies showed individual with positive sense enjoy higher performance.

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