

IMPACT OF PSYCHOLOGICAL CAPITAL ON ORGANIZATIONAL EFFECTIVENESS: ROLE OF POSITIVE PSYCHOLOGY AT WORK

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Abstract *Achieving organizational effectiveness is the ultimate purpose of any organization that takes enormous effort to maximize employees' task efficiency, commitment, and sustain intrinsic motivation to perform well in difficult times. This is why recent efforts to improve organizational performance have begun to inculcate positive organizational concepts like trust, engagement and psychological capital (PsyCap). The purpose of this paper is also to examine the significance of psychological capital (PsyCap) in the prediction of organizational effectiveness and how positive psychological strengths and capabilities motivate employees to perform more than their job description that leads to organizational efficiency. The study has been conducted on a sample of 200 IT professionals. Data analysis was performed using correlation analysis and SEM. The results indicated positive and significant correlation between PsyCap and organizational effectiveness with calculation $r = 0.50$ (significant at 0.01 level). Regression analysis, basic descriptive analysis, Confirmatory factor analysis, model fit analysis were performed. Results revealed positive impact of PsyCap on Organizational Effectiveness. Moreover a fit model was also identified between PsyCap and organizational effectiveness with both construct's factors. The finding suggests PsyCap is a significant predictor, along with other variables in fostering organizational effectiveness.*

Keywords: *Psychological Capital, Organizational Effectiveness, Positive Psychology*

INTRODUCTION

Organizational Effectiveness is the main concern for all organization and today Organizational world is facing complex performance drivers, such as the globalization of their organizational capabilities, the need to pursue strategies of innovation, the need to build ever leaner, productive, but intelligently efficient and effective processes of growth. Accomplishing organizational effectiveness is a definitive reason to be engaged by any organization that requires colossal push to boost employees' task proficiency, responsibility, and support intrinsic motivation to perform well in troublesome circumstances. This is why recent efforts to enhance organizational performance have started to teach positive organizational ideas like trust, engagement and PsyCap (Koyuncu et. al., 2006). The imperative requirement to increase the organizational efficiency and effectiveness is undoubtedly a talented and dedicated workforce, and is recognized as vital for organization. Employees are the most central part of any organization but very few organizations believe that the human personnel

and employees of any organization are its main assets that can lead them to success or if they are not focused well then to decline. Another major difficulty is expectation of organization from their employees, like to be proactive, innovative, and committed towards work and organization. Additionally, the current highly competitive era demands knowledgeable workers, effective human capital has become more challenging than ever before. These challenges require organization to build a strong and positive relationship between employees and their organizations.

Effectiveness is dependent on the individual within the organization. Organizations need to understand that they are more than just a collection of people in pursuit of some common objectives. Keeping the above fact in mind, it becomes imperative for organizations that besides providing lucrative monetary benefits, positive practices at work place produce positive affect in employees, motivate them intrinsically for high quality work performance and help organizations to attract and retain skilled employees as well. Organizations need to look beyond the physical and cognitive energies of its employees to gain sustainable business growth and for their

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effective functioning. They need employees who feel not only physically and cognitively but are also psychologically connected to their work consequently committed to a better job performance. Within organizations, the role of individual members is varied but for the organization to be effective, the members need to gear their activities towards defining and attaining shared goals (i.e. the organizational goals). An organization's effectiveness can be judged by the extent to which its members are successful in this endeavor. Clearly what matters most is the attitude of the employees working in the organization. Organizational effectiveness is largely determined by the attitude of the employees of the organization. This attitude when marked by the positive factors like efficacy, hope, resilience and optimism results in the effective functioning of an organization. These factors are conceptually identified by Luthans and colleagues (Luthans, 2002; Luthans & Youssef, 2004; Luthans et al., 2007) as psychological capital.

Recent interest in the field has focused on understanding how some employees exposed to stressful situations and adverse conditions are resilient and maintain hope and optimism, while others do not. The examination of the employee's attitude is important in understanding this duality. Researches on protective processes and mechanisms by which individuals deal with life changes or circumstances is critical and requires researchers' attention (Rutter, 1987).

Although considerable scholarly and practical attention has been devoted to negativity, all levels and types of organizations and organizational behavior scholars have tended to focus over the years on what is wrong with human resource and how to fix their weaknesses and problems. Today's organization requires a shift to a new perspective and research which focuses on what is right with the people (positive flourishing, virtues, optimism, hope, etc.) (Roberts, 2006; Luthans & Youssef, 2007) instead of what is wrong with the people. Positive psychology movement is the study of positive subjective experiences, positive personality traits, and positive institutional and social variables that promote well-being. Positive psychology also posits that there are a set of buffering variables that can guard against the development of psychopathology. Investigation into these guarding variables is important in guiding effective prevention efforts (Suldo & Huebner, 2004a; Suldo & Huebner, 2004b). Drawing from theory in positive psychology and applying it to the workplace, positive organizational behavior (POB) has predominantly focused on advancing knowledge of state-like capacities (Luthans et al., 2007; Wright, 2003), such as hope (Snyder, 2002; Snyder et al., 1996), resilience (Masten, 2001), optimism (Seligman, 1998), and self-efficacy (Bandura, 1997). Current research in the area of POB has evolved into examining a higher order factor comprising of these four components into Psychological Capital 'PsyCap' (Luthans

et al., 2007), that is defined as "an individual's positive psychological state of development. PsyCap may be a key factor in better understanding about why some employees being engaged in their work in spite of the challenges while the others do not feel connected to organization and with their work. Initially, PsyCap was primarily linked to productivity (Goldsmith et al, 1998) but later, researchers suggested that the benefits of this capital are not restricted to individuals only and, at aggregate level, can be a source of competitive advantage for the entire organization (Luthans & Youssef, 2004). Even though PsyCap has a visibly strong bearing on the performance of employees and PsyCap is one important factor that may influence the organizational effectiveness despite growing up challenges in organization, it remains largely an unexplored area.

LITERATURE REVIEW

Psychological Capital (PsyCap)

Psychological capital is an important construct generally referred as PsyCap has been identified by Luthans and colleagues (Luthans et al., 2007) it comprises four elements of positive psychological resources such as hope, efficacy, resiliency, and optimism sometimes referred as 'HERO'. The conceptual definition of PsyCap is "an individual's positive psychological state of development" (Luthans et al., 2007) (1) It is the faith(self-efficacy) in one's ability to handle a situation, particularly the one that is unfamiliar; (2) A sustained positive effort (optimism) to achieve the objective now and in the future; (3) persevering or control towards goals and, when needed, focusing to achieve the goal(hope); and (4) The capacity to withstand protracted physical and mental strain. It emphasises endurance from failure and adversities. Earlier studies have found a strong and significant relationship between PsyCap and employee's positive attitudes such as satisfaction with their job, enthusiasm, and belief in personal abilities. In addition to desirable attitude, PsyCap is negatively related to undesirable employee's attitudes such as cynicism towards change and turnover intentions (Avey et al., 2010). Clearly PsyCap has a number of consequences for employees psychological health but one significant area that has attracted a great deal of attention is its relationship with organizational effectiveness. Considerable attention has been given to the notion that PsyCap in contemporary organizations is due to the recently reported positive relationship between PsyCap with direct measures of organizational effectiveness such as job performance (across various measures of performance and sources of performance ratings), job satisfaction, organizational commitment, organizational citizenship behaviors (Avey et al, 2011), mastery orientation and innovation (Luthans,

Youssef, & Rawski, 2011), perceived employability (Chen & Lim, 2012), psychological well-being (Smith, & Palmer, 2010), and happiness (Culbertson & Mills, 2010).

Organizational Effectiveness

In the 1980s, organizational effectiveness became more prominent and it switched to being a concept from the status of a construct (Henry, 2011). “Efficiency is concerned with doing things right. Effectiveness is doing the right things.” Whereas this definition of effectiveness is often cited, there is a lack of consensus about how to operationalize the concept. If effectiveness is doing the right things, then who determines what is right, what constitutes the right things, and how they are to be measured? The literature on organizational effectiveness contains a variety of competing perspectives. Indeed, the very concept of effectiveness has been challenged on the grounds that multiple constituencies often cannot agree on the factors or weights underlying such evaluative judgments (Green & Griesinger, 1996). Despite all obstacles to a consensual definition of organizational effectiveness four different approaches or models have been

used by evaluators to define and assesses organizational effectiveness:

- The first and the most widely used approach is the one which links effectiveness to the accomplishment of organizational goal and is called Goal model (Price, 1972).
- The second approach for the effectiveness is called the system - resource approach. In this view organization is not assumed to possess goals, nor is the goal accomplishment a relevant consideration. Rather organizations are effective in so far as they acquire needed resources for system maintenance (Yutchman and Seashore, 1967).
- A third approach to effectiveness focuses on the internal processes and operations of the organizations and for these organizations effective organizations are those with an absence of internal strain and called “Internal Process Model” (Likert, 1967).
- The fourth approach called strategic constituencies approach and it focuses on the extent to which the organization’s strategic constituencies are at least minimally satisfied (Baughen, 1981).

Table 1: Various Approaches to Organizational Effectiveness

Approach	Perspective on Effectiveness	Perspective on Organization	Main focus	Criticism/Support
Goal-attainment (Price, 1968) most widely discussed and (Molnar & Rogers, 1976; Weese, 1996). Most logical approach (Chelladurai & Haggerty, 1991)	as the degree to which an organization achieves its goals	Organizations are deliberate, rational, goal seeking entities that are created to achieve predetermined and specified goals (Price, 1968; Perrow, 1970; Love & Skitmore, 1996)	is on identification of organizational goals and operating objectives like profits, productivity, quality etc. to measure performance and	A partial measure of organizational effectiveness, an organization may have conflicting goals and further, goals may shift over time due to internal and external inconsistencies (Weese, 1997; Pratt & Eitzen, 1989; Hossein et al., 2011)
System resource (Yuchtman & Seashore, 1967)	“as the ability of an organization, in either absolute or relative terms, to exploit its environment in the acquisition of scarce and valued resources to sustain its functioning”	-Views organization as an open system of various interrelated subsystems. - Organization is able to attract resources to ensure viability (Hossein et al., 2011).	is on inputs, attracting necessary resources and on the transformation processes. It is concerned with the extent to which resources acquired from the environment are officially used to produce goods or services (Schermerhorn et al., 2004).	Single set of evaluative criteria (Connolly, 1980). Failure to consider the political nature of organization. Measurements of all systems needs are difficult to develop (Cunningham, 1977; Cetin & Cerit, 2010)

Approach	Perspective on Effectiveness	Perspective on Organization	Main focus	Criticism/Support
<p>Internal process (Steers, 1977)</p>	<p>Organizations that can offer a harmonious and efficient internal environment are viewed as effective. For instance, trust, integrated systems, and smooth functioning.</p>	<p>There is a clear linkage between the internal processes of an organization and its desired outputs.</p>	<p>is on the internal logic and consistency among the throughput processes of the organization as they convert an organization's inputs into desired outputs (Pfeffer, 1977; Steers, 1977; Hossein et al., 2011).</p>	<p>Views only one sided view of effectiveness lacks identification of valued internal processes and methods to assess them. (Hossein et al., 2011). Failure to consider the political nature of organizations where different stakeholders work together to meet their expectations.</p>
<p>Strategic constituency (Connolly et al., 1980)</p>	<p>Strategic constituent groups determine the way organizations are functioning and what is to be perceived as effective or ineffective</p>	<p>The organization has a number of constituencies, with different degrees of power, and each trying to satisfy its demands. Individuals, groups, and other stakeholders having common interests in organizational activities exert influence on the decisions of organizations.</p>	<p>is on the human resources. Specifically, this approach focuses its attention on the minimal satisfaction of all the strategic constituencies of the organization for instance, consumers of the products, supporters, facilitators, dependents and the resource providers (Cameron, 1981; Ashraf & Kadir, 2012).</p>	<p>Internal and external constituent groups would have different perspectives while evaluating the effectiveness of the organization.</p>
<p>Competing values (Quinn & Rohrbaugh, 1981; 1983) Most rigorous and influential Multidimensional approach. Particularly designed to measure effectiveness in profit organizations (Balduck & Buelens, 2008; Hossein et al., 2011).</p>	<p>This approach combines four basic models of organizational effectiveness, each focuses on a different criterion. -Rational goal model - Open systems model -Internal process model -Human relation model</p>	<p>Organizations can be evaluated in varied ways assuming there is "no best" criteria that is valued and used in assessing organizational effectiveness.</p>	<p>is on maintaining balance or capacity among the focus of the organization (people vs. organization), the organizational structure (flexibility vs. control) and the processes and outcomes (means vs. ends).</p>	<p>A tool for improved understanding of organizational effectiveness.</p>

Measuring organizational effectiveness is difficult due to the multidimensional and paradoxical character (Cameron, 1986). Thus, an organization can be simultaneously judged effective by one criterion and ineffective by another. Because of lack of consensus on a valid set of effectiveness criterion, it is suggested that studies of organizational effectiveness should use multiple criterion (Cameron, 1981; Daft, 2004). Pounder (1999) introduced four aspects for the evaluation of organizational effectiveness. These are as follows: 1) productivity-efficiency, 2) cohesion, 3) information management-communication, 4) planning-goal setting.

- **Productivity-Efficiency:** This aspect of an organization’s performance has to do with behavior that reflects the extent to which it is concerned with the quantity or volume of what it produces and the cost of operation.
- **Cohesion:** It is concerned with staff morale, interpersonal relationships, teamwork, and sense of belonging.
- **Information Management-Communication:** It reflects the extent of its ability to distribute timely and accurate information needed by its members to do their jobs.
- **Planning-Goal Setting:** It reflects the extent of its ability to set goals and objectives and systematically plan for the future.

Relationship between Constructs

The link of organization effectiveness with positive practices in the workplace, positive effect, positive individual behavior, unfortunately, is in need of empirical confirmation. It has been established empirically that positive practices produce positive affect in individuals such as satisfaction with work, personal well-being, intention to quit (reversed), conflict (reversed), and social satisfaction (Lyubomirsky et al., 2005; Donovan, 2000; Foster, et al., 2004; Cooper, et al., 1992).

Bono and Ilies (2006) found, for example, that leaders who fostered positive emotions also generated more commitment and satisfaction among others. When organization members observe and experience love, compassion and other positive emotions, they increase their pride in organization, enjoyment of the work, and satisfaction with the job that are indispensable ingredients to the managerial success and the ‘organizational excellence’ (Cameron et al, 2003; Fineman, 1996).

Psychological capital is currently receiving positive attention in its concept that human being is a new paradigm in human resources development. This psychological capital not only improves the performances through progressive thoughts and actions, using their own positive psychological strength about their given environment, but it is also identified as a help factor to group performances. As it is related to organization members’ attitudes and behaviors, it also directly and indirectly has influence on job satisfaction or job involvement. Earlier studies have supported this idea and have reported positive relationship between PsyCap and direct measures of organizational effectiveness such as job performance, output, quality, customer satisfaction, profits, and business growth (Buckingham & Coffman, 1999; Coffman & Gonzalez, 2002; Buchanan, 2004).

Notable in this direction, PsyCap can play a significant role in enhancing organizational effectiveness as a psychological presence; evidence has proved that all the dimensions of PsyCap are positively supporting the psychological attributes of employees. Undoubtedly, PsyCap has also been defined as cognitive commitment, emotional attachment and behavioral outcome. Thus we posit that PsyCap leads to demonstration of organizational effectiveness through such positive attributes of employees. Over the years, different approaches have been used to measure organizational effectiveness. Here, we briefly discuss effectiveness as an outcome of PsyCap and also buffered by PsyCap. (as in following figure 1)

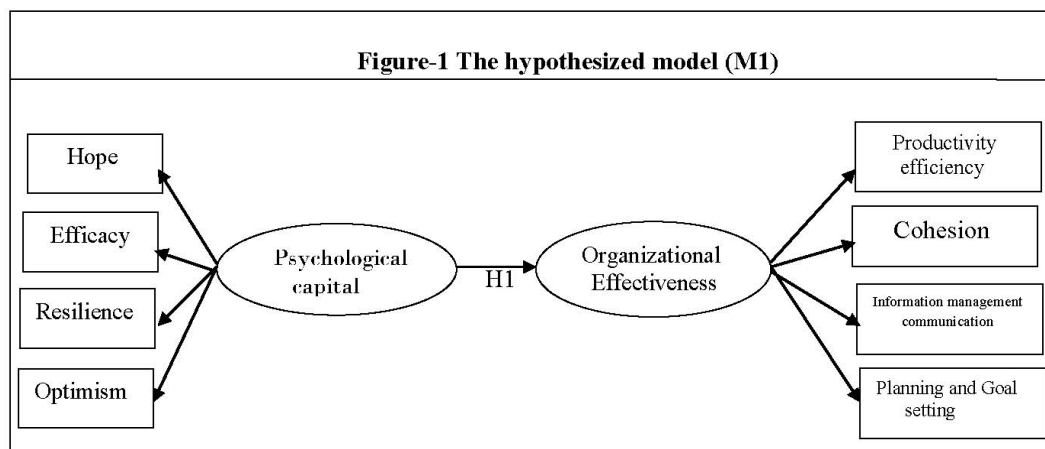


Fig. 1: The Hypothesized Model (M1)

H1: PsyCap will significantly predict organizational effectiveness (Productivity efficiency, cohesion, information management communication, planning and goal setting).

H1a: PsyCap in terms of hope, efficacy, resilience and optimism is significantly related to Organizational effectiveness Productivity efficiency

H1b: PsyCap in terms of hope, efficacy, resilience and optimism is significantly related to Organizational effectiveness cohesion.

H1c: PsyCap in terms of hope, efficacy, resilience and optimism is significantly related to Organizational effectiveness information management communication.

H1d: PsyCap in terms of hope, efficacy, resilience and optimism is significantly related to Organizational effectiveness planning and goal setting.

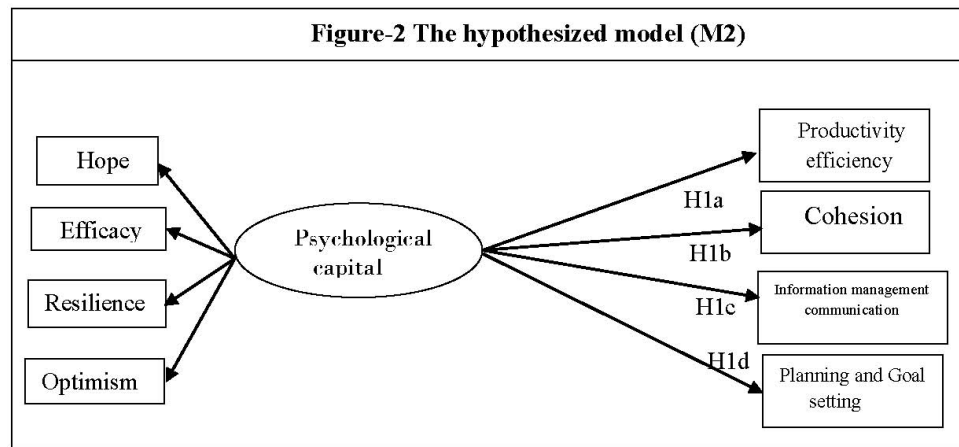


Fig. 2: The Hypothesized Model (M2)

METHODS

Participants

The research study was conducted on employees working in IT organization. Convenience purposive sampling was used to collect data through a survey questionnaire with a covering letter delineating the research purpose; assurance of confidentiality was also attached with each questionnaire. Respondents were asked not to write their any identifiable information to maintain the anonymity of responses. The questionnaire included instruments related to the selected variables: PsyCap and organizational effectiveness. About 200 duly filled questionnaires were returned to the researcher. The work experience profile of the participants varied from the minimum 1 year of experience to maximum over 6 years and average age of the participants was 30. Eighty one percent of the respondents were male and 19 percent female participants. The work experience profile of the participant was: 1 to 2 years of work experience 21%, 3 to 4 years of work experience 26%, 5 to 6 years of work experiences 21% and rest 32% were having more than 6 years of work experience. Unmarried participants were 35% and the rest were married. 44% of the participants had engineering degree and 56% of the participants had management degree.

MEASURES

Psychological Capital (PsyCap)

PsyCap was measured by using a questionnaire, consisting of 24 items (e.g. "I feel confident analyzing a long-term problem to find a solution") with four dimensions efficacy, optimism, goal, and resiliency as developed by Fred Luthans (2006). The Cronbach's alpha reliability was .95. Participants were asked to assess 24 items on 6-point scale ranging from 6 (totally agree) to 1 (totally disagree).

Organizational Effectiveness

Organizational effectiveness Scale consisting of 26 items with 5 factors (Productivity efficiency, cohesion, information management communication, planning and goal setting) developed by ponder et al. (1999). Cronbach's alpha value was 0.70

DATA ANALYSIS

SPSS 20 and The Analysis of Moments Structure (AMOS 20) were used to study the proposed model. Structural equation modeling was used to examine hypothesis 1 and

SPSS version 20 was used to examine hypothesis H1a, H1B, H1c and H1d. RMSEA values of up to 0.08 (Jöreskog & Sörbom, 1996) and GFI, NFI and CFI values ≥ 0.90 indicate an acceptable level for model fit (Hoyle, 1995) and values close to 0.95 signify good model fit (Peeters et al., 2011).

RESULT

Pearson correlation among the variables was estimated to indicate the hypothesized relationship. Table 1 presents

descriptive analysis and correlations of the study variables. A positive and significant correlation has been found between PsyCap and organizational effectiveness with calculation $r = 0.45$ (significant at 0.01 level). Result signifies that higher psychological capital is associated with increased organizational effectiveness. In addition, correlation matrix suggests remarkable positive correlation between PsyCap and four dimensions of organizational effectiveness as productive efficiency, cohesion, information management communication and planning goal setting which support our hypothesis H1a, H1b, H1c and H1d.

Table 1: Descriptive Analysis and Correlations

Dimensions	S.D	1.	2.	3.	4.	5.	6.	7.	8.	9.	
1. PsyCap	11.2	-									
2. Hope	4.05	0.83**	-								
3. Efficacy	3.46	0.81**	0.67**	-							
4. Resilience	3.61	0.68**	0.40**	0.38**	-						
5. Optimism	3.65	0.72**	0.43**	0.45**	0.30**	-					
6. OE	12.5	0.45**	0.42**	0.40**	0.41**	0.26*	-				
7. PE	3.47	0.23*	0.25*	0.32**	0.32**	0.19*	0.83**	-			
8. Cohesion	4.39	0.46**	0.49**	0.47**	0.17*	0.32**	0.88**	0.60**	-		
9. IMC	3.22	0.30**	0.30**	0.33**	0.18*	0.22*	0.87**	0.75**	0.65**	-	
10. PDS	3.57	0.33**	0.37**	0.25*	0.33**	0.25*	0.85**	0.54**	0.71**	0.65**	

Note: * $p < 0.05$; ** $p < 0.01$.

STRUCTURAL MODEL

The structural model results shows that all predicted path are significant and fit the data well with $\chi^2 = 41.1$; $df=19$; $GFI=0.91$; $CFI=0.92$; $TLI=0.90$; $RMSEA=0.08$. Model fit indices indicate a satisfactory fit to the data. The results provide conclusive support for the path from PsyCap to organizational effectiveness e.g. 0.50 that indicates a positive correlation and significant association of PsyCap to organizational effectiveness (as hypothesized in hypothesis 1).

DISCUSSION

Organizations monstrosly focus on pulling in and holding remarkable workers who are not just fit and willing to perform work errands proficiently and additionally are quick to deliberately put additional endeavors in their occupations through which accomplishing and maintaining authoritative viability is feasible. Powerful working of an association relies upon employees' endeavors reaching out beyond the job necessities (Barnard, 1938; Katz and Kahn, 1978; Organ, 1988; Yen and Niehoff, 2004). In this manner, an ideal worker doesn't just shows elevated amounts of assignment execution and additionally displays large amounts of uplifting dispositions.

Given the relevance of PsyCap with regard to achieving organizational effectiveness, this study was conducted after a systematic literature review to explore the relationship between PsyCap and the direct measures of organizational effectiveness. The central aim of the present study was to test the direct pathways between PsyCap and perceived organizational effectiveness, our results suggest that by increasing psychological capital and its components, organizational effectiveness and its components also increase. Results of the study put forward the argument that the criterion variable PsyCap in terms of hope, efficacy, resilience and optimism may have a significant impact on the organizational effectiveness. The findings of the study are broadly consistent with the conceptual evidences in previous studies that positive practices produce positive effect in individuals such as satisfaction with work, personal well-being, intention to quit (reversed), conflict (reversed), and social satisfaction (Lyubomirsky et al., 2005). A substantial assortment of literature bolster this findings that psychological capital (PsyCap) has appeared to foresee an extensive variety of work related behavioral and attitudinal results that are considered as measures of organizational excellence. In particular, PsyCap has been identified with increased job performance (crosswise over different measures of performance and wellsprings of performance appraisals), work fulfillment, authoritative responsibility,

(Avey et al, 2011), mastery orientation and advancement (Luthans & Rawski, 2011), perceived employability (Chen & Lim, 2012), psychological well-being (Avey et al, 2010), and happiness (Culbertson et al, 2010). Moreover, PsyCap has been observed to be adversely identified with undesirable attitude, from the authoritative viewpoint, for example, skepticism, turnover goals, work stretch, tension, abnormality (Avey et al., 2011), work seek practices (Avey et al, 2009), measurements of burnout-emotional fatigue, depersonalization, and individual achievement (Cheung et al, 2011), incivility (Roberts et al, 2011), and counterproductive work practices (Avey et al, 2010).

This finding is consistent with results of studies that have demonstrated the effectiveness of hope in the workplace. One possible explanation for this contribution has been shown in recent studies, relationship between employee's hope and his/ her performance and organization profitability as well as the relationship between leaders' hope and profitability of their units and their ability to influence among employees is very high (Luthans et al, 2007) Hope is one of the basic principles of balance and mental strength that characterizes the life achievements. Hope is the ability to believe a better sense of future. Hope with it's penetrate force, stimulates the activity system, and up to how much system can acquire new experiences and create new forces in humans. So, hope forces human being to effort and endeavor and brings him/ her closer to high level of mental and behavioral functions and causes people to be more committed to their jobs

Another research in the same area has found that people with high levels of self-efficacy or confidence, believe that they are capable of performing the tasks assigned to them and can succeed. So these people believed that stresses and challenges are the ones that must be overcome to achieve success, and instead consider them as isolated and scattered problems, when confronted with problem, try to act more efficiently and be satisfied with his/ her job (Luthans, 2002). In optimism, person, assigned the positive events to general, intrinsic and stable events. In optimism unlike the previous two factors, namely hope and self efficacy, in addition to external dimension, internal dimension is also considered. For example, factors that can cause the formation of positively oriented expectations in an upbeat person that may be his/her own capabilities or other external factors (Luthans et al, 2008). Resiliency is the basic personality structure that contains the individual's capabilities in facing; retreating and resuming to re-try and dealing with the problem. Also resiliency can, by challenging job difficulty and boring and tedious complexity of administrative work conditions, result in increasing control over the work and creating job satisfaction as well as increasing the efficiency and productivity at job.

Psychological capital has identified to significantly affect organization effectiveness and therefore, organization

effectiveness can be considered to increase as psychological capital level increases. These results agree with preceding study results that positive psychological capital of organization members significantly affects job satisfaction and also partially agrees with the result that confidence, hope, resilience in psychological capital of hotel employees have causal relationship with job satisfaction. It can be interpreted that organization members' positive psychological abilities of hope, optimism, self-efficacy and resilience improve not only their working attitudes but also their job satisfaction and organizational involvement and contribute to achieve organization's objectives effectively.

LIMITATIONS

The present paper has analyzed organizational effectiveness only through the impact of PsyCap. Improvement of organization effectiveness might be different because of various other factors like organization types, number of employees and company locations. In future studies can be elaborated more to examine the mediation role of employee engagement, job performance, turnover intentions and organizational citizenship behaviour. This study can be considered to be limited in partial areas to improve organization effectiveness. Accordingly, follow-up studies are expected to improve organization effectiveness. Another limitation of this study is the use of self assessment questionnaires that will jeopardize the results. Also, another limitation is the use of the correlation coefficient that causal relationships between variables can-not be achieved. It is recommended that similar studies may be conducted.

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