RELATIONSHIP OF POSITIVE PSYCHOLOGICAL CAPITAL AND EMOTIONAL INTELLIGENCE WITH WORK OUTCOMES

A SUMMARY OF RESEARCH WORK DONE SUBMITTED TO FACULTY OF SOCIAL SCIENCES

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The banking and insurance sectors are the prevalent sub sectors of the financial sector in India. These sectors add about seven percent to the country's Gross Domestic Product (GDP). The success of the banking and insurance sector as a customer service organization, largely depends upon the customer satisfaction. The employees are the key factor and play an important role in providing better service to their customers and ultimately it leads to improve the overall performance of the organisation. It also depends on employees to deliver high quality services, to promote the corporate image and to improve customer satisfaction (Karatepe & Tekinkus, 2006). So, to enhance the Job Performance of the employees is a main priority of any manager in the organization. Now a day’s behavioural scientists are trying to discover and develop these abilities in order to improve job performance and quality of life at work places. Therefore, organizational positive psychology focuses on situational characteristics that can be developed and enhanced through intervention at work place and proactive management techniques.

This work was keenly tracked by one of the leading Organisational Behaviour specialist F. Luthans, who identified four major and dominant psychological capacities which may be relevant in a number of organizational behaviours and outcomes. These are the capacities of self-efficacy, optimism, hope, and resiliency (Luthans, 2002). Researches in the area of organizational psychology/human resource management have shown that high PsyCap employees performed better than low PsyCap employees. This difference in performance can be described by their psychological predispositions which manifest themselves in their cognitions and motivations. PsyCap has interesting influence on absence from work and job withdrawal. Few meta-analyses have shown a connection between personal and organizational climate factors to level
of absenteeism from work. Workers who confront similar obstacles in their workplace will react differently according to their PsyCap and therefore the influence of such obstacles on them will be different (Harter et al., 2003).

In the last decade or so, we have witnessed a particular growing body of research regarding the importance of emotional intelligence for success and leadership in organizations. Bar-On et al. (2000) view emotional intelligence as a non-cognitive ability which is defined as an array of emotional, personal, and social abilities and skills that influence an individual’s ability to cope effectively with environmental demands and pressures.

Underlying recent research interest in this area presents the view that people with high emotional intelligence competencies are more likely than less emotionally intelligent people to gain success in the workplace (Goleman, 1995; Bar-On et al., 2000). Though growing evidence indicates that emotional intelligence competency has the potential to improve performance on both personal and organizational levels, we are still only in the initial phase of understanding the extent to which members with high emotional intelligence would be more valued assets than less emotionally intelligent members of their organization. Smith et al. (1996) observed that job satisfaction is positively associated with the construct of emotional intelligence.

Work outcome is one of the important variables of interest in understanding organizational behavior. It is so because the goals, objectives and strategies of every organization are calculated in terms of outcome and not only of organization but an individual employee also. In the organization, work outcome is demonstrated through various measures such as task completion, quality, efficiency, time management, overall productivity and satisfaction etc.

Though good amount of research effort has been made to explore various aspects of emotional intelligence, little research has been conducted in an organizational context (Dulewicz & Higgs, 2000). There is a need for rigorous research to underpin Goleman’s (1995) assertion that emotional intelligence plays more important role than general intelligence for success, particularly in respect of a group of work related outcomes. Therefore it would be of scientific
importance to empirically test the degree to which PsyCap and emotional intelligence tap individual differences in various work outcome variables, like, performance, satisfaction, withdrawal intentions, and overall productivity. Present study is an attempt to cover broader aspect of work related outcome by tapping behaviours like turnover intentions, satisfaction, commitment to work and overall job performance.

Given this, the proposal for present study is an attempt to examine the relative contribution of PsyCap and emotional intelligence in work outcomes among insurance and bank personnel. Thus, problem of the study was stated as:

“RELATIONSHIP OF POSITIVE PSYCHOLOGICAL CAPITAL AND EMOTIONAL INTELLIGENCE WITH WORK OUTCOMES”

Objectives:
1. To study the relationship between PsyCap and work commitment.
2. To study the relationship between PsyCap and job satisfaction.
3. To examine the relationship between PsyCap and job performance.
4. To examine the relationship between PsyCap and turnover intention.
5. To study the relationship between emotional intelligence and work commitment.
6. To study the relationship between emotional intelligence and job satisfaction.
7. To examine the relationship between emotional intelligence and job performance.
8. To examine the relationship between emotional intelligence and turnover intention.
9. To examine the predictive value of PsyCap and emotional intelligence in work commitment.
10. To examine the predictive value of PsyCap and emotional intelligence in job satisfaction.
11. To examine the predictive value of PsyCap and emotional intelligence in job performance.
12. To examine the predictive value of PsyCap and emotional intelligence in turnover intention.

**Hypotheses:**

1. There exists a positive relationship between PsyCap and organizational commitment.
2. There exists a positive relationship between PsyCap and job satisfaction.
3. There exists a positive relationship between PsyCap and job performance.
4. There exists a negative relationship between PsyCap and turnover intention.
5. There exists a positive relationship between emotional intelligence and work commitment.
6. There exists a positive relationship between emotional intelligence and job satisfaction.
7. There exists a positive relationship between emotional intelligence and job performance.
8. There exists a negative relationship between emotional intelligence and turnover intention.
9. PsyCap and emotional intelligence jointly account for considerable degree of variance in work commitment.
12. PsyCap and emotional intelligence jointly account for considerable degree of variance in turnover intention.
Methodology:

Sample

The study was conducted on a sample of 308 male employees working in Banking and Insurance sector drawn from different districts (Hisar, Sirsa, Kurukshetra, Jind, Fatehabad, Yamunanagar, Kaithal, Karnal) of Haryana State. The participants were selected using purposive sampling with the criteria of inclusion minimum 3 years employment tenure in the same organisation. All the subjects were selected from both the urban and rural areas and having different marital status and with no age limit. The mean age of sample was 38.71.

Measuring Instruments

1. **Psychological Capital (PsyCap) Questionnaire**: PsyCap was measured with the use of the 24-item psychological capital questionnaire (PCQ) by Luthans, Youssef, and Avolio (2007).

2. **Multidimensional Measure of Emotional Intelligence**: The Multidimensional Measure of Emotional Intelligence (MMEI) was constructed by C. R. Darolia (2003). It comprised of 80 multi-choice items distributed in five dimensions- Self Awareness, Managing Emotions, Motivating Oneself, Empathy and Handling Relationship.

3. **Organizational Commitment Scale**: Revised scale of Allen & Meyer (1993) consists of 18 items, 6 items on each of the three dimensions (Affective, Normative and Continuance) was used in the present study.

4. **Muthyya Job Satisfaction Scale**: Developed by Muthayya (1973) consisted of 34 items.

5. **Job Performance Scale**: Prepared by Singh and Pestonjee (1988) is a Likert type scale consisting of 14 items each having five alternate responses.

6. **Turnover Intention Scale**: The Intention to Stay in the organization of the subjects was assessed through a six items scale. Four of these items were
adopted from Shore and Martin (1989) and the other two were adopted from Simmon, Cochran, & Blount (1997).

Analysis
The obtained data were treated statistically for Descriptive Statistics, Pearson’s product moment correlation and Linear Multiple Regression Analysis through SPSS (12.01).

Main Findings
The main findings of the study may be summarized as under:

1. Expectedly, Psychological Capital has a significant positive correlation with Organisational Commitment (r=.17, p<.01). Dimensions of PsyCap are also significantly associated with Organisational Commitment (OCS) and its components: Affective Commitment (AC), Normative Commitment (NC) and Continuance Commitment (CC). Efficacy is significantly related with OCS, AC, and NC r=.14, r=.18, r=.13 respectively. OCS has statistically significant positive correlation with both Hope and Resilience (r=.14, r=.14, p<.05). The relationship of Hope with AC and NC is also positive and significant (r=.18, r=.16, p<.01) similarly Resilience is also associated with AC and NC (r=.25, r=.16, both p<.01). Optimism is significantly associated with OCS, AC and NC, these correlations are r=.16, r=.23, r=.17 respectively and all p<.01. Continuance Commitment (CC) does not have significant correlation with efficacy, hope, resilience and optimism.

2. Positive Psychological Capital and its dimensions are positively associated with employee's job satisfaction. Psychological Capital has significant correlation (r=.20, p<.01) with job satisfaction along with its all dimensions Efficacy (r=.17, p<.01), Hope (r=.15, p<.05), Resilience (r=.13, p<.05) and Optimism (r=.24, p<.01) which indicate that positive attitude of employee can make him satisfied with his job.

3. A strong correlation was found between Psychological Capital and Job Performance of an employee(r=.57, p<.01). It indicates that Psychological
Capital has strong influence on employee’s performance at his work. Among the dimensions of Psychological Capital Hope has highest correlation with job performance \((r=.50, p<.01)\) followed by Efficacy \((r=.49, p<.01)\), Resilience \((r=.48, p<.01)\) and Optimism \((r=.44, p<.01)\).

4. In tune with hypothesis 4, findings of the study show negative relation between Psychological Capital and Turnover Intention \((r=-.29, p<.01)\). All the four dimensions \((EFFI, HOPE, RESI, OPTI)\) are negatively correlated with turnover intention \((r=-.24, r=-.24, r=-20, r=-.30, \text{all } p<.01)\). This result show that high positive attitude of employee decreases the intention to leave the job.

5. Emotional Intelligence has a significant moderate correlation with Organizational Commitment \((r=.22, p<.01)\), and also with the two forms of commitment, AC and NC \((r=.26, r=.24, \text{both } p<.01)\). Among components of Emotional Intelligence SA is not significantly correlated with Organizational Commitment but significantly related with AC and NC \((r=.12, r=.14, p<.05)\). ME has correlation with OCS, AC and NC \((r=.12, r=.12 \text{ and } r=.13)\) significant at .05 level of significance. OCS is significantly correlated with MO and HR \((r=.19, r=.26, p<.01)\). Empathy is also associated with OCS and AC \((r=.12, r=.12, p<.05)\). CC is not significantly correlated at all.

6. EI along with its components has a positive significant impact on job satisfaction excluding empathy which is not significantly correlated. Correlations of EI \((r=.31), \text{SA} (r=.27), \text{ME} (r=.29), \text{MO} (r=.23)\) and HR \((r=.20)\) with job satisfaction are significant at .01 level of significance and results indicate that a person who is having traits of emotional intelligence is more satisfied with his job/work. Thereby provide support to Hypothesis 6.

7. In support of hypothesis 7, results show a significant positive relation between emotional intelligence and job performance \((r=.33, p<.01)\). Job performance of an employee is positively influenced by four components of emotional intelligence \((SA, ME, MO, HR) r=.21, r=.25, r=.31 \text{ and } r=.30\)
respectively. Only Empathy does not have a significant association with job performance. It reveals that highly emotional intelligent employee performs well at his job/organization.

8. As hypothesized Emotional Intelligence has a significant negative correlation with Turnover Intention ($r=-.26, p<.01$). Excluding Empathy all the four components of EI also have significant negative association with employee’s intention to quit. SA has a weak association with turnover intention ($r=-.12, p<.05$). ME, MO, HR also have significant negative association with turnover intention ($r=-.16, r=-.28, r=-.21, p<.01$). These correlations support the view that the individual with high degree of these EI traits are having lesser intention to quit from their job/work.

9. Findings also revealed that organizational commitment has significant positive association with job satisfaction and job performance ($r=.20, r=.17, p<.01$) and a relatively strong negative association with turnover intention ($r=-.48, p<0.01$). Affective Commitment plays an important role in job satisfaction and turnover intention ($r=.32, r=-.46, p<.01$) of an employee. Association between AC and job performance is comparatively low ($r=.19, p<.01$) but significant. Normative Commitment is also significantly correlated with job satisfaction, job performance and turnover intention ($r=.16, r=.14, r=-.42$) but Continuance Commitment is significantly associated only with turnover intention ($r=-.30, p<.01$). Job satisfaction and job performance are positively related to each other ($r=.19, p<.01$) but both are negatively associated with turnover intention ($r=-.29, r=-.18, p<.01$). It shows that a satisfied employee perform well in his job and has a low intention to quit the organization.

10. Results of multiple regression analysis show that the measures of Psychological Capital and Emotional Intelligence contribute a multiple correlation of .264 suggesting that about 7% of variance in overall organizational commitment is contributed by Psychological Capital and Emotional Intelligence. There is about 11.4% variance in Affective
Commitment and about 7% variance in Normative Commitment account jointly by Psychological Capital and Emotional Intelligence.

11. Findings show that measures of Psychological Capital and Emotional Intelligence contribute significantly \[ F (9, 298) = 5.166, p<.01 \] in the prediction of job satisfaction with a multiple R of .367 and value of \( R^2 \) is .135 which indicates that these variables jointly accounted for 13.5 percent of the variance in employees’ Job Satisfaction.

12. Results of multiple regression show that Psychological Capital and Emotional Intelligence contributed significantly to the prediction of job performance \[ F(9,298)=16.513, p<.01 \]. The multiple R of these predictors equals to .577, and value of \( R^2 \) is .333 which indicates that these variables accounted for 33.3 percent of the variance in employees’ Job Performance. In predicting job performance three dimensions of psychological capital EFFI (\( \beta = .155; \ t= 2.064, \ p<.05 \)), HOPE (\( \beta = .192; \ t= 2.511, \ p<.05 \)) and RESI (\( \beta = .172; \ t= 2.616, \ p<.01 \)) contributes significantly.

13. Result shows that predictors (Psychological Capital and Emotional Intelligence) jointly account significant proportion variance in turnover intention \[ R=.348, \ R^2=.121, \ F (9,298) = 4.560, p<.01 \] which indicates that these variables accounted for 12.1% of the variance in employees’ intention to leave. OPTI (\( \beta = -.185, \ t=-2.434, \ p<.05 \)) and MO (\( \beta=-.150, \ t=-2.033, \ p<.05 \)) individually significantly contribute to predict turnover intention of employee.

14. Results also revealed that there is significant combined impact of psychological capital, emotional intelligence and organizational commitment on job satisfaction, job performance and turnover intention. These jointly account about 20.9% of the variance in employees’ Job Satisfaction, 34% of the variance in job performance and 30.6% of the variance in Turnover Intention.

In sum, the findings of the study reveal that positive psychological capital and emotional intelligence of an employee have emerged as most effective and powerful variables for his work outcomes. Both the sectors (banking and
insurance) should focus on these variables in two fold. In this study positive psychological capital is employee's psychological state beyond intellectual capital in obtaining and sustaining the competitive advantage, and emotional intelligence is claimed to promote emotion knowledge, perception and regulation as well as general intelligence, so these variables are considered as psychological capacities and should be enhanced through training programmes to improve work outcomes. Organization should not only value the contribution of an employee but also let him feel that he is being valued. Every contribution of an employee is needed to be recognized and facilitated in the fine and proper manner. Management of both the sectors need, not only to ensure the employees are competent and trained, but also provided with sufficient resources and supportive supervision, so that their work outcome can be optimized and importantly their likely retention can be increased.