POSITIVE PSYCHOLOGICAL CAPITAL: A CORRELATE OF EFFECTIVE GLOBAL LEADERSHIP

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Abstract

The present research has examined the relationship between Positive Psychological Capital (Luthan’s Model), Leadership Behavior Model (Don Clark) and Leadership Behavior Description Questionnaire (adapted by J. William Pfeiffer and John E. Jones) on a sample of 105 students randomly selected amongst entrants/students pursuing their PGDBM at a premier institute of Central India. These students were subjected to 4 measures of PPC including Optimism, Hope, Resiliency, and Self-efficacy/confidence, 2 measures of Leadership Behavior Model of task oriented or people oriented and the same measures through Leadership Behavior Description Questionnaire, helping define an individual’s leadership style used and its effectiveness. The analysis of these measures reveal that the constructs of PPC and Leadership are significantly correlated suggesting that PsyCap can serve as an effective predictor of Effective Global leadership amongst MBA students. Implications of the findings would be discussed to promote development of Positive psychology amongst the future business leaders in India.

Keywords: positive psychological capital, leadership styles, Effective Global leaders
INTRODUCTION

Leadership is extremely important for organizational success in this globalized economy. The majority executives deal with the reality of the global economy every day. The influence of globalization has created a world that faces challenges far beyond the comprehension of yesterday’s leaders (Shakeela, 2004). External and internal contexts of business are increasingly fragmented, equivocal, and changing, which require modification of conventional concepts of leadership and followership (Kuppers, 2007). Specific factors; such as the rise of organizational crises, increasing de-motivation (Wunderer & Küpers, 2003), and corporate scandals as well as a growing awareness of environmental, social, and ethical issues triggering a greater emphasis on the search for meaning; are also contributing to heightened uneasiness, inadequacies, and the wish for another kind of leadership (e.g., Mitroff, 2003; Quinn, 2004; Senge & Carstedt, 2001).

Many scholars cite the importance of the principle "to thine own self be true," which has become the central tenet of leadership theory. However, we often neglect that one must also be true to others in order to be truly authentic. Luthans and Avolio (2003) suggested that our authenticity as a leader is represented in part by our positive psychological capacities (psychological capital), whereas Gardner and colleagues (Gardner, Avolio, Luthans, May, & Walumbwa, 2005) maintained that authentic relations with followers lead to trust. Initial empirical findings suggest that if a leader is authentic and genuine at the individual level, it has an impact on follower Organizational Citizenship Behaviors (OCBs), follower commitment, follower satisfaction with the leader, and follower performance (Walumbwa et al., 2008).

The essence of leadership in modern organizations nowadays is that leadership must be for the benefit of the followers and not necessarily for the enrichment of the leaders. Leadership is about drawing individuals together to get the tasks accomplished, which support the organizational mission. It is not about position neither is it about power. With that position and power comes great responsibility. The responsibility to care for subordinates and build them up is strictly the duty of a leader. Economic, geo-political, and technological developments over the past few decades have placed demands on leaders that require them to be transparent, be aware of their values, and guide organizations with a moral/ethical perspective. Avolio (2007) suggested that leadership theory has "reached a point in its development at which it needs to move to the next level of integration". He noted that although several researchers have called for integrating all actors in the leadership process, namely, followers, leaders, and the context they are embedded in, a dearth of research has actually tested the role of followers in the leadership process while offering conclusions about their impact on the bottom line.

Even the literature on global leadership provides many articles that states traits, characteristics, and attitudes of successful global leaders; but few of them attempt to lay a foundation on how to actually develop individuals into global leaders (Hall, Zhu, & Yan, 2001).

Global leadership is defined as involving “people in business settings whose job or role is to influence the thoughts and actions of others to achieve some finite set of business goals usually displayed in large, multicultural contexts” (Gessner, Arnold, & Mobley, 1999).
Since the global leadership literature is so complex and draws from so many fields, the global leadership development gap continues to become a constraint on growth and effectiveness of organizations. According to Sloan et al. (2003), there is a shortage for globally developed talent. Accordingly, Graen and Hui (1999) argue that there are many difficulties in developing global leaders; however, it is a necessary endeavor if organizations are to succeed in this global environment. McCall (2001) states, “developing global perspective is a decidedly unnatural act. You have to be forced” and it should be part of the organization’s business strategy. Hall, Zhu, and Yan (2001) believe that global leadership development starts with international assignments. Many argue that global mindset development is related to the development of a global leader (Kedia & Mukherji, 1999). In global leadership literature, global mindset has been used to describe many things from skills, attitudes, competencies, behaviors, strategies, and practices (Levy, Beechler, Taylor & Boyacigiller, 2007). One thing that scholars seem to agree on is that having a global mindset is necessary to be effective in this new complex global environment (Levy et al, 2007).

In turn, organizations are looking to extant research to determine how to select and develop leaders that will add competitive advantage not only by impacting the short-term bottom line but also by leading with values that reflect those of stakeholders and creating a long term vision. Management scholars have responded to these calls by pursuing research in both leadership and positive psychological capital.

Drawing from positive psychology, positive organizational behavior (POB) emerged to apply positive oriented human resources strengths and psychological capacities in the workplace. These strengths and capacities need to be measurable, developable, and manageable for performance improvement (Luthans, 2002). The positive psychological capacities need to be state-like, must be positive, based on theory, and have valid measurements. Four variables so far have met the criteria of POB – they are hope, efficacy, resiliency, and optimism (Luthans, 2002).

Positive psychological capital represents positive psychological states that contribute to higher levels of effectiveness and flourishing in organizations (Luthans, Youssef, & Avolio, 2007; Luthans & Youssef, 2007). PsyCap is defined as a positive state of development characterized by self-efficacy, hope, resiliency, and optimism (Luthans, Avolio, Avey, et al., 2007).

Self-efficacy is the positive belief or confidence in one's ability to perform specific tasks (Bandura, 1997). Individuals high in self-efficacy perceive they have the ability to take action to modify their environment to be successful at a given task. Self-efficacy is consistently related to performance through several mechanisms. For example, Stajkovic and Luthans (1998) argued that those higher in PsyCap are less likely to resign due to failure, expend more effort during task performance, and are more persistent in that effort until the task is accomplished. Therefore, we expect self-efficacy to be positively related to leadership.

Hope is characterized by two dimensions: will power and pathways (Snyder, Feldman, & Taylor, 2000; Snyder & Lopez, 2002). The will power is the drive individuals experience to attain a goal. The pathways complement this drive by providing the psychological resources to find multiple, alternative paths to attaining a desired goal. High levels of hope are associated with deriving more courses of action to accomplish the same goal (pathways), which is associated with achieving goals more often. In addition, those high in hope derive
the agented motivation (will power) to execute those pathways to success. Thus, overall hope may be related to higher levels of performance.

Optimism, or the positive explanatory style of individuals and groups, also contributes to performance. When individuals experience instances of optimism, they tend to internalize positive events and externalize negative events, resulting in more positive expectancies of outcomes (Seligman, 1998; Seligman & Schulman, 1986). Optimism tends to be future focused whereby the optimist is more likely to anticipate that future events will be positive in nature regardless of the present circumstances (Seligman, 2002).

Finally, resiliency is the ability of groups and individuals to bounce back from adverse or stressful situations (Luthans, 2002; Masten, 2001; Masten, Best, & Garmezy, 1990). Resiliency is unique from the other three components of PsyCap in that it is reactive rather than proactive. In other words, resiliency is a response to events, specifically negative setbacks. When individuals and groups have a setback in accomplishing their tasks or goals, the extent to which they "bounce back" quickly and effectively is the outworking of resiliency.

Taken together these four variables describe psychological capital (PsyCap) as a distinct higher-order construct.

Thus, Luthans, Youssef & Avolio (2007) define PsyCap as: An individual’s positive psychological state of development that is 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 towards goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset any problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success.

As a higher order construct, there is an underlying commonality between the variables that represent a positive assessment of situations, the resources available, and the prosperity one can achieve based on personal effort, perseverance, and striving for higher goals (Luthans et al, 2007).

Luthans, Norman, Avolio and Avey (2008) reported employees PsyCap sharing a positive relationship with performance, satisfaction, and commitment. Furthermore, they reported that PsyCap mediated the relationship between supportive climate and performance. Youseff and Luthans (2007) reported that PsyCap was related to performance, satisfaction, work happiness, and organizational commitment. Clapp-Smith, Luthans & Avolio (2007) argued that PsyCap mediates the relationship between cognitive capacity and cultural intelligence in the development of a global mindset. In accordance, it is argued that Psychological Capital will aid to the development of an effective global leader, as individuals will have hope, efficacy, resiliency, and optimism when faced with challenging developmental characteristics such as constructive development, intercultural sensitivity development, and the development of a global mindset. Furthermore, as the other variables studied, PsyCap is open to training and development (Luthans et al, 2006).
So after reviewing all the literature on issues that are being faced universally to develop Effective Global Leaders, we can assume that Psycap constructs would play an integral part of developing global mindset.

The main objective of the study was to establish the relationship between the constructs of Positive Psychological Capital with individual’s adopted leadership style (Leadership Questionnaire adopted by W.J. Pfeiffer, et.al.), and assessing them on the Blake and Mouton’s Leadership Grid, whether they are being more Task oriented or showing concern for People.

The present exploratory study was aimed at finding correlation if any among different measures of positive psychological capital and adopted leadership styles in students pursuing their PGDBM (Post Graduate Diploma in Business Management) course. More specifically, it is being hypothesized that there would be significant correlation between effective leadership and Psycap constructs.

**METHOD**

Basically it is an exploratory study on the measures of Psychological capital and leadership styles in adult PGDBM students.

**Participants:** The sample was restricted to a Premier Management Institute at Central India offering a Full time 2 yrs PGDBM course. A total of 105 students (both boys and girls) were randomly selected from the Ist year batch. The sample was administered the following set of tools.

**Measures:**

**For Assessing Positive Psychological Capital (Psycap)**

Psychological Capital (PsyCap) Questionnaire (PCQ) (Fred Luthans, Bruce J. Avolio & James B. Avey (2007): Positive PsyCap was measured with the 24-item instrument developed by Luthans, F., Avolio, B., Avey, J., & Norman, S. (2006). The items on 4 constructs were drawn from recognized published measures of efficacy (Parker, 1998), hope (Snyder et.al., 1996), Optimism (Scheir and Carver, 1985), and resilience (Wagnild & Young, 1993). In constructing the PCQ, based on content and face validity, six items were selected by an expert panel from each of the four standard measures, the wording was adapted as needed for the workplace and to be state-like, and responses were put on a 6 point Likert scale. This instrument has demonstrated strong psychometric properties in confirmatory factor analyses in several studies (e.g. Luthans et al., 2005; Luthans, Avolio, Avey, et al., 2007). The instrument includes 6 items for each of the four factors. Example items are: "I feel confident helping to set targets/ goals in my work area" (efficacy); "If I should find myself in a jam at work, I could think of many ways to get out of it" (hope); "When I have a setback at work, I have trouble recovering from it and moving on" (reversed; resilience); and "When things are uncertain for me at work I usually expect the best" (optimism).

**For Assessing Leadership Style**

1. **Leadership Questionnaire (Don Clark, 1998):** This questionnaire contains 18 statements about leadership style beliefs to determine the degree that a person likes working with
tasks and other people. It consists of 18 statements which the respondents need to rate on a scale of 0 to 5, with 0 indicating Never and 5 indicating Always. Respondents are totaled on 2 categories showing high orientation toward ‘People’ or ‘Task’. Further they could plot themselves on a matrix of Blake & Mouton’s Leadership Grid, with concern for People being one factor on the vertical axis and concern for task being on the horizontal axis. Their scores would predict the leadership dimension that they operated from ranging from “Impoverished” (low scores on both concern for people and task), “Authoritarian” (low concern for people and high concern for task) to being a “Team Leader” (balance/high of scores on both concern for people and task) and “Country Club” (high concern for people and foregoing the task).

2. **Leadership Behavior Description Questionnaire (J. William Pfeiffer and John E. Jones 1974):** It provided demographic information and assessed leadership behavior on the basis of the two leadership dimensions, initiating structure and consideration for people. This questionnaire contained 35 items. After compiling their scores, the respondents could mark themselves on the ‘concern for task’ dimension and on the ‘concern for people dimension’. After this they could plot themselves on the profile sheet showing preference for being an ‘Autocratic leader (high Productivity), Shared Leadership (high morale and productivity) and Laissez Faire Leadership (high morale).

(As both the questions assessed the respondents on 2 categories of “Concern for People” and “Concern for Task” their scores were combined for ease of results and providing the results more authenticity).

**Results and Discussion**

The data was analyzed employing Simple Linear Regression. As it was an exploratory study, it was decided to test the results at significance of ≤ .01 levels.

Table given below of 1.1 present the influence of the 4 constructs Of PsyCap on People Oriented behavior in Leadership. The results showed that with the significance being at .081, there is significance relationship between leadership styles adopting people-oriented behaviors and PsyCap constructs. The R² (square) value of .079 identifies that the proportion of variance in leadership style of people oriented behavior accounted for by PsyCap constructs is 7.9%. Further if we see the relationship of the constructs individually, we can see Self Confidence at .024 (both at .05 and .01 level) showing significant relationship with the People oriented leadership style, which signifies that leaders who show consideration for other people tend to be high on self efficacy/confidence. It can be assumed that as they think about other people’s needs while doing a task, they are confident of doing the right thing. The other constructs have a non significant impact which explains that Hope, Optimism and Resilience are not restricted to one style alone. Instead it is required for all individuals who aspire to be effective leaders. The Histogram shown in Figure 1 depicts that the residuals are also normally distributed on the graph, hence adding to the authenticity of the Regression statistics.
TABLE 1.1 Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>25.001</td>
<td>7.075</td>
<td>3.534</td>
<td>.001</td>
</tr>
<tr>
<td>SCo Self-Efficacy</td>
<td>.532</td>
<td>.232</td>
<td>.288</td>
<td>2.295</td>
</tr>
<tr>
<td>Hope</td>
<td>.068</td>
<td>.213</td>
<td>.034</td>
<td>.320</td>
</tr>
<tr>
<td>Re Resilience</td>
<td>-.035</td>
<td>.277</td>
<td>-.016</td>
<td>-.127</td>
</tr>
<tr>
<td>Opt Optimism</td>
<td>-.054</td>
<td>.187</td>
<td>-.030</td>
<td>-.289</td>
</tr>
</tbody>
</table>

a. Dependent Variable: People
R = .281, R² = .079, F = 2.139, df = 4,100, P = <.081

REGRESSION WITH TASK ORIENTED LEADERSHIP AS DEPENDENT VARIABLE

Table 2.1, and Figure 2, shows the relationship between PsyCap scores and Task oriented Leadership style. The Table 2.1 doesn’t show any significant relationship between the PsyCap scores and leadership style of being task oriented. The R² (square) value of .063 identifies that 6.3% variance in the task oriented leadership is explained by the PsyCap constructs. The Coefficients of all the 4 constructs of PsyCap, i.e., Self efficacy/ confidence, Optimism, Resilience and Hope don’t show any significant relationship with Leaders adopting the task oriented style of influence. The non significant correlation between the PsyCap constructs and
Task oriented leadership style is understandable as these constructs are supposed to be high in leaders, irrespective of the style they use. Even the Histogram depicted below as Figure 2 shows normal distribution of the residuals, thus authenticating the findings of the Regression model.

**TABLE 2.1**

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>25.481</td>
<td>8.214</td>
<td>3.102</td>
</tr>
<tr>
<td></td>
<td>SCo Self-Efficacy</td>
<td>.454</td>
<td>.269</td>
<td>.214</td>
</tr>
<tr>
<td></td>
<td>Hope</td>
<td>.362</td>
<td>.248</td>
<td>.155</td>
</tr>
<tr>
<td></td>
<td>Re Resilience</td>
<td>-.219</td>
<td>.321</td>
<td>-.084</td>
</tr>
<tr>
<td></td>
<td>Opt Optimism</td>
<td>-.027</td>
<td>.217</td>
<td>-.013</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Task

R = .252, R^2 = .063, F = 1.693, df = 4, 100, P = <.158

**FIGURE 2**

Dependent Variable: Task

REGRESSION WITH TOTAL SCORE OF PPC AS AN INDEPENDENT VARIABLE AND PEOPLE ORIENTED BEHAVIOUR IN LEADERSHIP AS A DEPENDENT VARIABLE
The regression table above in 3.1 shows the impact PsyCap constructs has on the People oriented behavior in Leadership style. The R² value of .049 shows that there is just 4.9% of variance in People oriented Leadership style accounted by PsyCap scores. The significance at .023 shows highly significant relationship between PsyCap constructs and concern for people in leaders. Leaders who show concern for people and think about their needs prior to their own are high on PsyCap constructs of Self-efficacy/confidence, hope, optimism and Resilience. Figure 3 shows the normally distributed residual scores, which further authenticates the findings by the Regression Model.

**FIGURE 3**

DEPENDENT VARIABLE: People

REGRESSION WITH TOTAL SCORES OF PPC AS AN INDEPENDENT VARIABLE AND TASK ORIENTED LEADERSHIP AS A DEPENDENT VARIABLE
TABLE 4.1

Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Un-standardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>24.523</td>
<td>8.048</td>
<td>3.047</td>
<td>.003</td>
</tr>
<tr>
<td>PPC Psychological capital (Total)</td>
<td>.160</td>
<td>.076</td>
<td>.202</td>
<td>2.092</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Task
R=.202, R²=.041, F= 4.375, df= 1, 103, P= < .039

Even in the Table 4.1, we can see that PsyCap constructs and Task oriented behavior adopted by Leaders have a very positive and significant relationship amongst them. With the R² value .041, it can be interpreted that only 4.1% of variance in Task oriented Leadership style is accounted by Psycap scores. The relationship is highly significant at .039 (.05 and .01 level) between Psycap constructs and consideration for task shown by the leaders.

Thus overall the results showed that there is a significance relationship between leadership styles (both people-oriented and task-oriented behaviors) and PsyCap constructs in the selected population, which reconfirms the evidences shown in research too. PsyCap theory development indicates that the four dimensions possess a common underlying positive agented capacity, that is, those with high PsyCap tend to be more determined, expend more effort, expect success, maneuver obstacles more effectively, and bounce back from setbacks more readily (Luthans, Avolio, Avey & Norman, 2007; Luthans, Youssef et al., 2007).
Besides conceptual support, there is also empirical evidence that the four constructs when combined into PsyCap form a core factor. Using a competing measurement models analysis, PsyCap has been found to be best measured as a second-order factor, whereas each dimension (efficacy, hope, optimism, and resilience) loads onto an overall core factor (PsyCap) (Luthans, Avolio et al., 2007). As to performance impact, empirical research across multiple samples indicates that employees’ overall PsyCap relates better to performance and satisfaction than each of the four factors individually, and there is a strong positive relationship between PsyCap and performance (both manager rated and objectively measured) and satisfaction (Luthans, Avolio et al., 2007).

Thus these findings support our results as PsyCap constructs of Self efficacy/confidence, Hope, Resilience and Optimism together have a positive impact on leadership styles (both people-oriented and task-oriented behaviors). In this sample, the data could not be distinguished on the basis of the gender on both the variables of positive capital as well as leadership styles. Plausibly it can be attributed to the fact that nowadays both men and women are given equal opportunity and therefore such demographic variables are losing to show any impact on Leadership styles.

Conclusion

The major trend emerged from this study is that different measures of PPC (viz. Self-efficacy/confidence, Hope, Resilience and Optimism) and Leadership Styles (viz. task oriented and people oriented behavior) were found to be significantly correlated. Although individually the Psycap constructs did not have a very significant relationship with the leadership styles but overall core factor PsyCap relates better to the leadership style. Maybe more variable could be identified to see the influence of PsyCap to enhance effectiveness in leaders. The results do show that to be effective and authentic and to prove themselves worthy as a Global Leader, students at Management Institutes or from the school level itself must be trained to develop their Positive Psychological Capital (PsyCap). The study needs to be replicated with added variables on a larger sample before it can be generalized on Indian youth and future managers.

References


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