

# Nexus of Psychological Capital and Job Performance with mediating role of Organizational Commitment

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Employees with high Psychological Capital have greater self-efficacy and ability to handle diverse situation / challenges at workplace. This positive approach encourages employees to contribute and put efforts that enhance job performance and organizational commitment. In this regard this research study was conducted to examine the relationship between Organizational Commitment and Job Performance with mediating role of Psychological Capital. Employees of banking sector of Pakistan were considered population for the study and data were collected from 472 employees operating in all provinces of Pakistan i.e. Punjab, Khyber Pakhtunkhwa, Baluchistan and Sindh. The required data were collected using the Organizational Commitment Scale, Psychological Capital Scale, and Job Performance Scale. Structure Equation Modelling was applied to examine the relationship between the variables. Research study found that there is a positive relationship among all variables: Organizational Commitment and Job Performance and Psychological Capital. Study findings supported the hypothesis that organisational commitment served as a partial mediator between Psychological Capital and Job Performance.



**Keywords:** *Organisational Commitment, Job Performance, and Psychological Capital*

## **Introduction**

In Pakistan's financial industry, the banking sector dominates all other subsectors. Any nation's economy is shaped significantly by banks. The collapse of banks has the potential to bring down the entire economy. The economy's other industrial and service sectors are directly impacted by the banking sector's overall performance. The success of the banking industry as a service business is heavily reliant on client satisfaction. The key to giving consumers better service is through the workers, which ultimately enhances the banks' overall performance. The bank's workers are crucial in providing high-quality services, enhancing the company's reputation, and increasing client happiness (Karatepe & Tekinkus, 2006). Psychological Capital (PC) is “an individual's positive psychological state of development characterized by self-efficacy, hope, optimism and resilience” (Luthans, Avolio, Avey, & Norman, 2007).

Since PC is grounded in theory and research, measurable, state-like or malleable, and connected to positive work outcomes, it has a positive and distinctive relationship to the field of positive organizational behavior (Luthans, 2002b). Four factors make up PC: self-efficacy, hope, optimism, and resiliency. Hope is a “positive motivational state that is based on an interactively derived sense of successful” (Snyder et al., 1991). An expectation about the social or material future that the evaluator believes to be socially desirable, advantageous to him or her, or enjoyable to him or her is optimism (Tiger, 1979). A person's view or opinion of "how successfully one can execute courses of action required to deal with potential events" is known as self-efficacy (Bandura, 1982). Resilience is "the positive psychological capacity to rebound, to 'bounce back' from adversity, uncertainty, conflict, failure, or even good change, progress, and increasing responsibility," according to Luthans (2002a).

Organizational Commitment (OC) is a key asset for any organization's human resources. One of the most crucial factors in success today is thought to be OC. The concept of OC is crucial for any business seeking to operate efficiently and effectively. An organization's efforts to maintain its presence in the social system are referred to as OC. According to Cohen (1996), the OC is characterised by a person's level of identification, integration, and feelings toward the organization. The three elements of commitment are affective commitment, continuous commitment, and normative commitment, according to (Allen and Meyer (1990)) approach. Employees' emotions ties to the company are known as emotional commitment. Normative commitment is a moral sense of responsibility and conscience to remain in the organization, while continued commitment is a willingness to stay in the organization. Simply put, employees who have a strong emotional commitment to the company remain there out of a sense of

attachment; those who have a strong ongoing commitment to the company continue working there out of necessity; and those who have a strong duty commitment to the company continue working there out of a sense of duty.

Numerous studies have looked into the connection between PC and job performance (JP) (Bouckenoghe, Zafar, & Raja, 2015; Huang, Yu, Shao, Yu, & Li, 2020; Kappagoda, Othman, Zainul, & Alwis, 2014; Ko & Choi, 2019; Nguyen & Ngo, 2020; Shahid & Muchiri, 2018; Tüzün, Çetin, & Basim, 2018; ur Rehman, Qingren, Latif, & Iqbal, 2017). Numerous research have also looked into the connection between PC and OC (Akbar, Samira, & Mehdi, 2012; Çetin, 2011; Diržytė, Patapas, Smalskys, & Udavičiūtė, 2013; Idris & Manganaro, 2017; Lather & Kaur, 2015; Shahnawaz & Jafri, 2009; Yildiz, 2018). Numerous research have examined the connection between OC and JP (Hayati & Caniago, 2012; Meyer, Paunonen, Gellatly, Goffin, & Jackson, 1989; Ming-Chun, Ching-Chan, & Ya-Yuan, 2010; Riketta, 2002; Susanty, Miradipta, & Jie, 2013; Wright & Bonett, 2002; Yiing & Ahmad, 2009). Numerous research have examined various mediators of the relationship between PC and JP. As an illustration, Kappagoda et al. (2014) examined the function of work attitudes in moderating the link between PC and JP by collecting data from 176 managers and 357 non-managerial workers. The results revealed a significant positive association between PC use and career performance. The results also demonstrated that work attitudes served as a partly mediating factor in the connection between PC and JP. To investigate the function of job satisfaction in moderating the link between PC and JP, Durrah, Alhamoud, and Khan (2016) gathered data from 110 university professors. The results demonstrated a significant positive association between JP and PC. The results also demonstrated that job satisfaction had a role in mediating the relationship between PC and JP. To our knowledge, no studies have looked at the function of OC in mediating the interaction between PC and JP in Pakistan's banking industry. So far, we confronted only one study available on HEC submitted repository in which the mediating effect of job satisfaction and OC have been investigated between PC and JP by collecting data from education sector of Pakistan. In that study, the author/authors have taken perceived performance measured by using only three items. In this current study, we have used in-role and extra-role performance. Considering the material mentioned above, we create the following hypotheses:

H1: Among bank employees, PC is strongly correlated with JP.

H2: Among bank personnel, PC is positively correlated with OC.

H3: Among bank employees, OC is positively correlated with JP.

H4: Among bank employees, the relationship between PC and JP is mediated by OC.

## Methodology

Data were gathered from Pakistan's private sector banks' workers. Employees of Muslim Commercial Bank, Bank Al Habib, and Habib Bank Limited operating in KP, Panjab, Baluchistan and Sindh were given 700 questionnaires. Covering letters outlining the goal of the current study were sent with the questionnaires. The need of voluntary engagement was emphasized. Four hundred and eighty-seven (N=487) questionnaires were returned after two reminders. Only fifteen (N=15) questionnaires were discarded due to missing data. Total number of 472 was used for the research project. Seventy two (N=72) female and four hundred and one (N=401) male bankers took part in this survey.

## Measurement

### Organizational Commitment

OC questionnaire adapted from Meyer and Allen (1991) was used to measure not only the individual dimension of OC but also to gauge the overall OC. This questionnaire measures "Affective Commitment, Continuous Commitment and Normative Commitment". All dimensions of OC contain six items each. Examples of affective commitment include "I would be very happy to spend the rest of my career in this organization." and "I really feel as if this organization's problems are my own". Examples of continuous commitment include "It would be very hard for me to leave my job at this organization right now even if I wanted to" and "I believe I have too few options to consider leaving this organization". Examples of normative commitment include "Even if it were to my advantage, I do not feel it would be right to leave" and "I would feel guilty if I left this organization now". To get the responses on questionnaire, the likert scale used is five "from 1 strongly disagree to 5 strongly agree". Reliability of questionnaire is shown in table 1 below.

**Table 1: Reliability of OC**

Dimensions	No. of Items	Cronbach's Alfa
AC	Six	.81
CC	Six	.76
NC	Six	.87

### Psychological Capital Questionnaire

The four components of PC—Hope, Resiliency, Optimism, and Efficacy—as well as the overall level of PC were measured using the PC Scale, which was adapted from (Luthans et al., 2006). The number of elements in hope is six (N=6). "Right now I see myself as being quite successful at work," and "If I should find myself in a jam at work, I could think of several methods to get out of it" are examples of hope. There are six components to resilience. Resilience examples include "I typically take tough things at work in stride" and "When I experience a setback at work, I have trouble rebounding from it,

moving on." Effectiveness is composed of six (N=6) components. "I feel confident representing my work area in meetings with management," and "I feel confident helping to create targets/goals in my work area" are examples of effectiveness. Six components make up optimism. Examples include "If something can go wrong at work, it will," and "I always see the bright side of things about my employment." In this study, PC was measured using a six-point Likert scale, with 1 representing "strongly disagree" and 6 representing "strongly agree."

**Table 2: Reliability of PC**

	No. of Items	Cronbach's Alfa
O	Six	.90
R	Six	.84
E	Six	.91
H	Six	.86

### Job Performance Scale

Both the In-Role Performance and Extra-Role Performance dimensions of JP were evaluated using the JP Scale, which was modified from Goodman and Svyantek (1999). In-role performance consists of nine (N = 9) items, whereas extra-role performance consists of seven (N = 7) items. Examples of in-role performance are "I achieve the objectives of my job," "I satisfy all job criteria," and "I am proficient in all areas of my job, manage duties with expertise." "I help my teammates with their tasks when they are absent," "I help other employees with their job when they are not present," and "I come up with original ideas to boost the department's standards overall" are examples of extra-role performance. JP was evaluated in this study using a Likert scale with a maximum of five points and one point for strongly disagree and strongly agree respectively.

**Table 3: Reliability of JP**

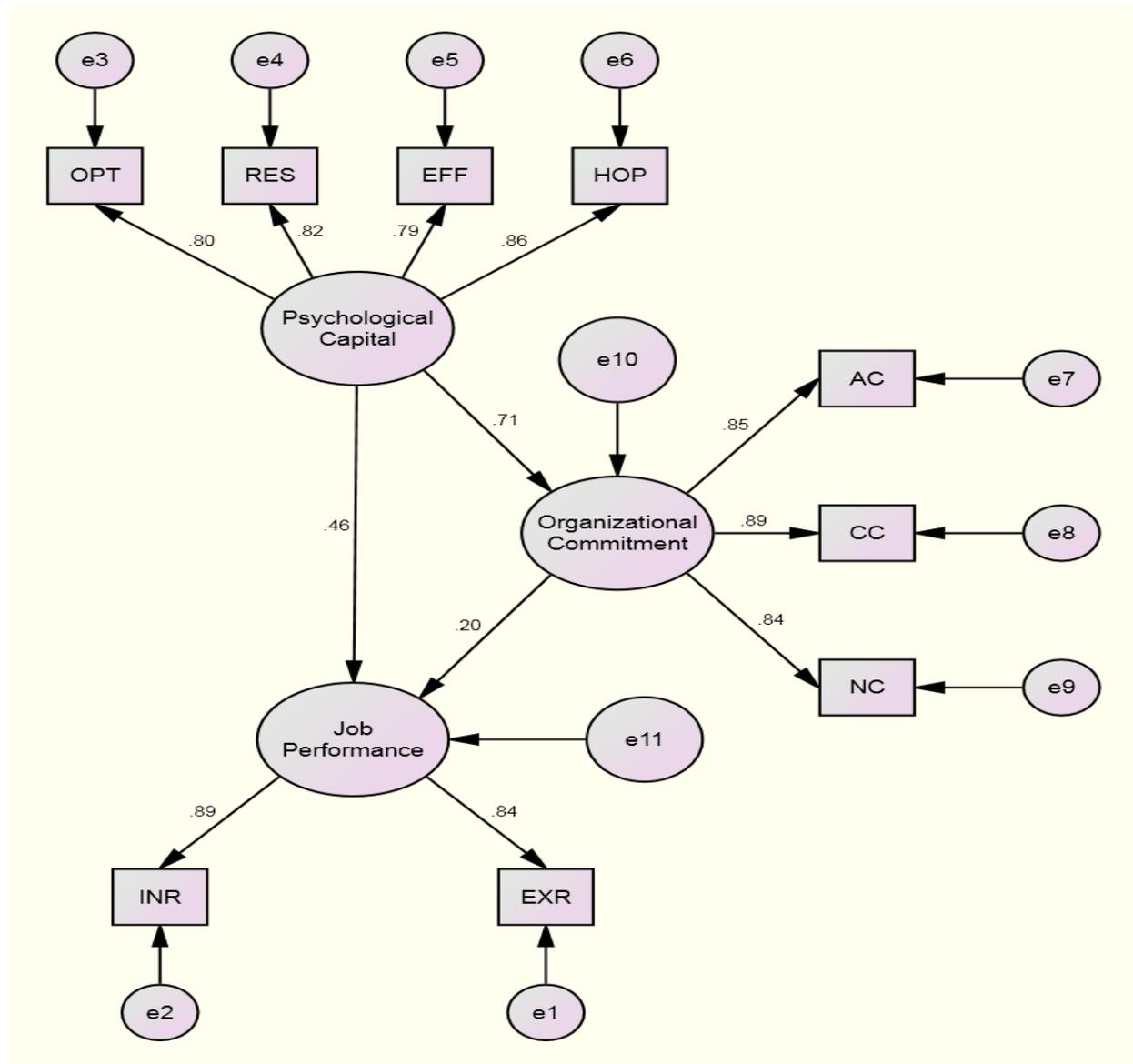
	No. of Items	Cronbach's Alfa
IRP	9	.81
ERP	7	.80

**Table 4: Correlation between PC, OC and JP**

	PC	Org. Commitment	JP
PC	1	.410**	.478**
Org. Commitment	.410**	1	.436**
JP	.478**	.436**	1

\*\*\*. Correlation is significant at the 0.01 level (2-tailed)."

The link between PC, OC, and job success is seen in Table 4. The findings show a strong positive correlation between PC and both OC and job success. Additionally, a strong positive association between OC and JP was discovered.



**Graph: Path from PC to JP through OC**

The PC, organisational commitment, and JP three-factor models were put to the test. After organisational commitment was added as a mediator, the effect of PC on work performance was dramatically reduced from .23 to .46 (regression weight). Table 5 displays the factor loadings for all variables and their dimensions. This model successfully explained the sample data. As

demonstrated in table 6, all values for GFI, NFI, CFI, RMSEA, and RMR are within the permissible range. Partially mediating the link between PC and JP is organisational commitment.

			Estimate
F1	<---	Psy.Cap	.705
JP	<---	Psy.Cap	.464
JP	<---	F1	.204
EXR	<---	JP	.842
INR	<---	JP	.893
OPT	<---	Psy.Cap	.800
RES	<---	Psy.Cap	.824
EFF	<---	Psy.Cap	.790
HOP	<---	Psy.Cap	.858
AC	<---	F1	.845
CC	<---	F1	.890
NC	<---	F1	.839

CMIN	26.920
DF	24
CMIN/DF	1.122
P	.000
GFI	.979
CFI	.998
RMR	.068
RMSEA	.021
Chi-square	26.920

The goal of this study was to examine the role that organisational commitment played in mediating the link between PC and work performance. Using the OC Scale, PC Scale, and JP Scale, data were gathered from 472 employees of banks operating in Panjab, KP, and Sindh. The link between the variables was investigated using structure equation modelling. The results indicate that PC and both organisational commitment and JP have a substantial positive link. Additionally, it was shown that there is a high positive correlation between organisational commitment and JP. The results further supported the hypothesis that organisational commitment served as a partial mediator between PC and JP.

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