



Building Better Organizational Climates: The Impact of Managers' Psychological Capital

Patrick Hyland, PhD
Sirota Survey Intelligence

Maura J. Mills, Ph.D.
Kansas State University

Overview

- **Coming out of the Great Recession, many organizations are looking for ways to restore employee hope, confidence, commitment, and engagement**
- **Innovative HR/OD leaders have started looking to the new field of positive organizational behavior (POB) for fresh ideas**
- **Amongst the host of proposed POB concepts, psychological capital (PsyCap) has emerged as a promising new construct with practical implications**

Psychological Capital

- **Defined as an individual's positive psychological state of development (Luthans, Youssef & Avolio, 2007), psychological capital consists of four core dimensions**
 - Efficacy
 - Optimism
 - Hope
 - Resilience
- **Psycap is measurable, malleable, and related to a number of important workplace outcomes (see Avey, Patera, & West, 2006; Luthans, Avolio, Avey, & Norman, 2007)**
- **To date, most studies of PsyCap have focused on the intrapersonal relationships (e.g., employee psycap and absenteeism)**
- **Could interpersonal relationships exist as well?**
 - Could Psycap spill over and impact interpersonal dynamics?

Exploring the Potential Interpersonal Impact of Psycap

- **Based on extant theory and research, it is possible that manager PsyCap could impact employee attitudes**
 - George (1996; George & Brief, 1992) found that leaders who feel excited, enthusiastic, and energetic are more likely to energize their followers
 - Avey (2007) found that managers' psychological capital can impact followers' psychological capital
 - Sy, Cote, Saavedra (2005): Found that when leaders were in a positive mood, individual group members experienced more positive moods
 - Norman, Luthans, and Luthans (2005) proposed that hopeful leaders impact their followers' attitudes through the process of social contagion
 - Numerous researchers, starting with Heskett, Sasser, & Schlesinger (2003), have found that leader behavior and attitudes impact workforce climate
- **This study set out to explore the relationship between managers' PsyCap and three critical aspects of organizational effectiveness:**
 - **Team morale**
 - **Employee engagement**
 - **Service climate**

Dependent Variables & Hypotheses

■ Dependent Variables

- Team morale is a cognitive, emotional, and motivational stance toward the goals and tasks of a group (Peterson, Park, & Sweeney, 2008)
- Employee engagement: positive state of mind characterized by high levels of vigor and dedication (Gonzalez-Roma, Schaufeli, Bakker, & Lloret, 2006)
- Service Climate: employee perceptions of the customer service practices, procedures, and behaviors that get rewarded and supported at work (Schneider & Bowen, 1995)

■ Various studies have shown that leader support impacts team morale, employee engagement, and service climate

- (see Schneider, White, & Paul, 1998; Hart & Cooper, 2001; Peterson & Park, 2006; Hersey, 1955)

■ Hypotheses

- There will be a positive relationship between a manager's level of PsyCap and his or her unit's
 - H1. level of team morale
 - H2. level of engagement
 - H3. level of service climate

■ Research Question

- What is the relative impact of manager PsyCap on employee perceptions of team morale, employee engagement, and service climate vis-à-vis other empirically established antecedents (e.g., job security; advancement opportunities)?

Context: Organization Seeking to Survive Recession

Global Company
US Business

**Financial
Crisis**



25% RIF

Reduction
In Budget

Suspension
Of HR
Initiatives

	2009	2007	COT
--	------	------	-----

Anxious & Exhausted Employees...	Job security	49	76	-27	
	Stress	24	31	-7	
	Work life Balance	72	78	-6	
	Hours Worked	68	74	-6	
But signs Of Resiliency	Cooperation	79	78	+1	
	Leader Effectiveness	80	79	+1	
	Confidence in co. future	84	81	+3	
	Engagement Dimension	72	70	+2	

Could manager psycap have contributed to resilient employee attitudes?

Method: Participants & Analyses

Research Study and Sample

- Archival analysis of 2009 and 2007 employee census survey conducted in US division of large global commercial real estate management corporation
- Survey includes 98 items and asks about various aspects of organizational effectiveness
- 2009: 1,333 respondents, 91% response rate
- 2007: 1,563 respondents, 89% response rate
- 767 employees completed both a 2009 and 2007 survey

Analyses

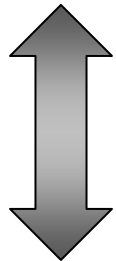
- Linkage analysis: Immediate Manager's Individual Survey Results linked to Team Level percent favorable results
- Descriptives, correlations, RWA, and regression analyses

Sample Highlights

- **150 Managers**
 - Mean Age = 43.3 years (sd = 9.02)
 - Mean LOS = 6.8 years (sd = 5.9 yrs)
 - 68% Male
- **150 Units with 3+ employees**
 - Mean Unit Size = 7.19 employees
 - SD = 3.9
 - Min = 3
 - Max = 20
 - Total of 1,078 employees working in these 150 units
 - Mean Age = 40.3 (sd = 12.1)
 - Mean LOS = 4.97 (sd = 5.7 yrs)
 - 57% Female

Measures

Manager Attitudes



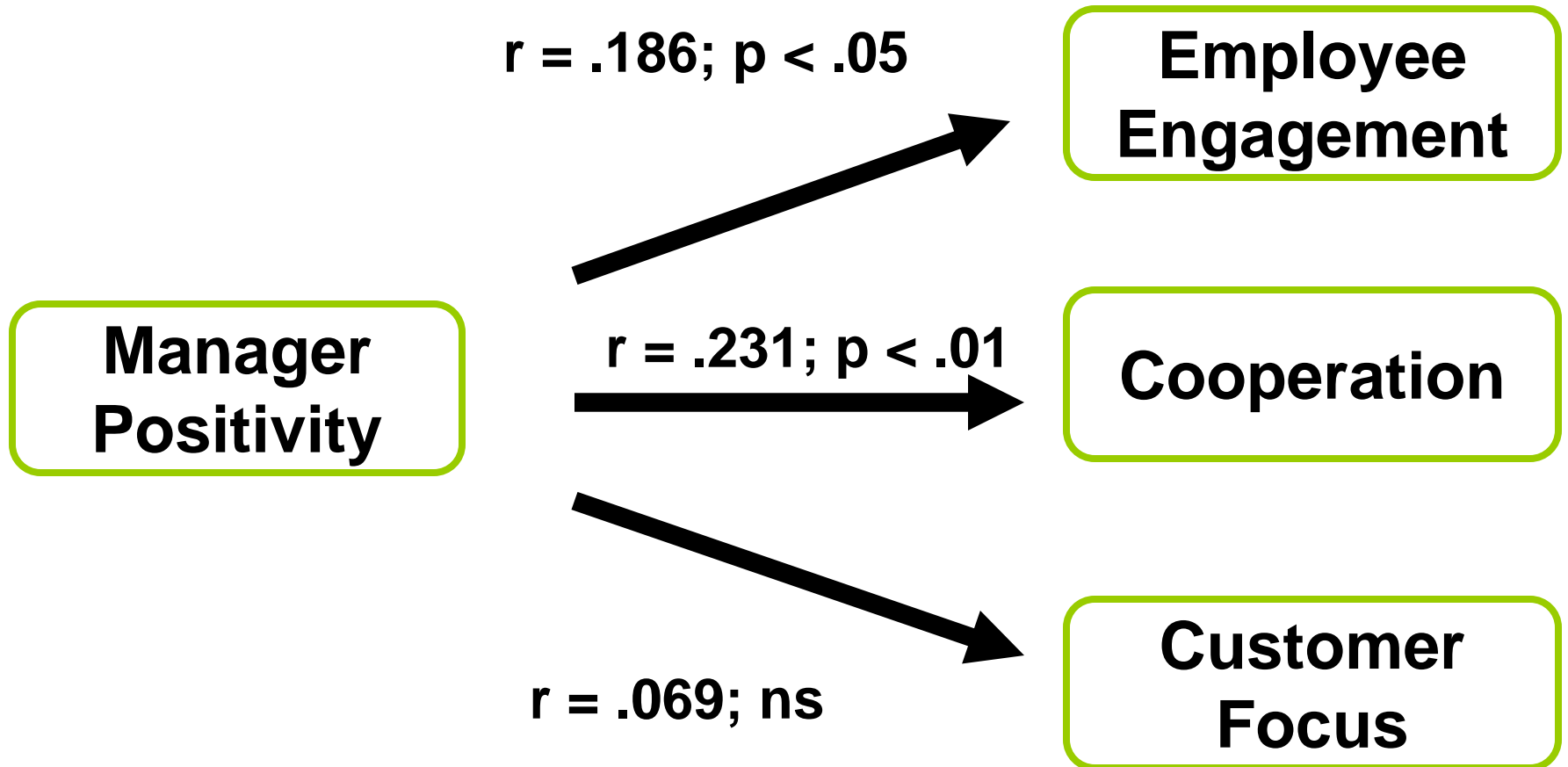
Employee Attitudes

Scales	Items	Alpha
Manager Positivity (Psycap replication) <ul style="list-style-type: none"> • Hope • Optimism • Efficacy • Resilience 	<ul style="list-style-type: none"> ■ q16. I have confidence in the future of XYZ. ■ q33. I feel I can grow and develop professionally at XYZ. ■ q34. I have a good idea of the possible career paths for someone like me in this company. ■ q37. I am motivated to go beyond what is normally expected to help XYZ be successful. ■ q41. My job makes good use of my skills and abilities. ■ q42. I am given the authority to make needed decisions to get the job done. 	.817
Employee Engagement	<ul style="list-style-type: none"> ■ q2. I feel committed to XYZ. ■ q19. I feel proud to work for XYZ. ■ q93. I would choose to stay with XYZ even if offered the same pay and benefits elsewhere. ■ q96. Considering everything, how would you rate your overall satisfaction with XYZ as a place to work? ■ q97. I would recommend XYZ as a place to work. 	.913
Cooperation/ Teamwork	<ul style="list-style-type: none"> ■ q57. The employees I work with cooperate to get the job done. 	n/a
Service Climate	<ul style="list-style-type: none"> ■ q14. XYZ is truly customer-focused in everything we do (we put customers first). 	n/a

Concurrent Results

2009 Manager Attitudes

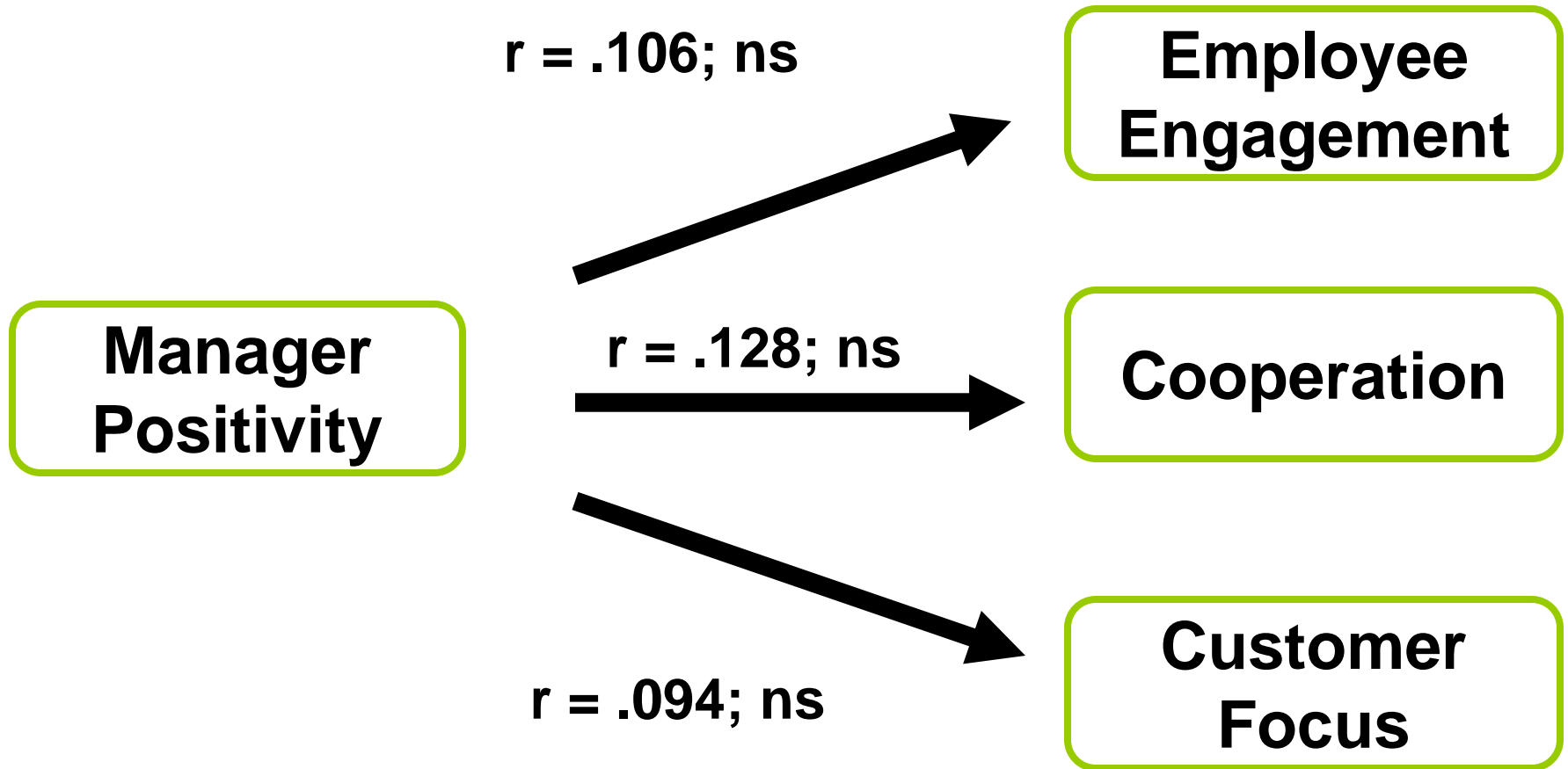
2009 Unit-Level Climate



Time-Lagged Results

2007 Manager Attitudes

2009 Unit-Level Climate



Other Correlations between Unit Perceptions & Manager Positivity

2009 Unit Level Results/Climate Perceptions		2009 Manager Pos	2007 Manager Pos
Business Effectiveness	q95. Appropriate balance between long & short term objectives	ns	.191
	q17. Within XYZ, there is an entrepreneurial spirit	.167*	ns
	q3. Rate XYZ on having a clear sense of direction	.161*	ns
Operational Effectiveness	q52. The adequacy of the equipment...	ns	.193
	q55. My department/center is an effectively managed....	.211**	ns
	q62. Work is well organized...	.197*	ns
Openness & Transparency	q28. Exec mngt encourages reporting important information up-the-line	ns	.268**
	q65. Employees have adequate opportunities to express their complaints	ns	.198
	q98. Information from this survey will be used constructively by mngt	.236**	ns
	q27. Management solicits ee's ideas and opinions	.175*	ns
Organizational Support	q94. XYZ is committed to its employees.	.194*	ns
	q32. Management treats me with respect and dignity.	.185*	ns
Job Satisfaction	q51. Your satisfaction with the job itself (i.e., the kind of work you do).	ns	.211
Development	q13. XYZ does a good job supporting my professional development.	.226**	.217
Engagement	q2. I feel committed to XYZ.	.247**	ns
	q96. Rate your overall satisfaction with XYZ as a place to work	.170*	ns
Leader Effectiveness	q26. Overall job done by your immediate manager	ns	.229

These results are based on correlations between manager positivity and his/her unit's aggregated survey results
 Units with fewer than 3 respondents were excluded from this analysis
 ** $p < .01$. * $p < .05$. N ranged from 88 pair wise comparisons to 150 pair wise comparisons.

What about Change Over Time?

There are nine significant correlations (out of a possible 91) between

- changes in Unit % Favorable Results (2009 vs. 2007) and
- changes in Manager Positivity (2009 vs. 2007)
- These items are listed below

Operational Effectiveness	q55. My department is an effectively managed and well-run organization.	.376**
	q71. My department has the resources necessary to do quality work.	.255*
Business Effectiveness	q3. Rate XYZ on having a clear sense of direction.	.246*
	q12. Attracting and retaining the best employees.	.252*
Working Conditions	q54. Your physical working conditions (safety, lighting, air quality, etc.)	.332**
Information Seeking & Empowerment	q69. I am often asked for information that is readily available to all.	.281*
	q42. I am given the authority to make needed decisions to get the job done.	.275*
Training	q45. I am satisfied with the training I have received...	.258*
Performance Improvement	q82. The emphasis on correcting poor employee performance	.248*

These results are based on correlations between change in manager positivity (2009 vs 2007) and change in his/her unit's aggregated survey results (2009 vs 2007). Units with fewer than 3 respondents were excluded from this analysis

** $p < .01$. * $p < .05$. N = 67.

Key Findings

- **As predicted in Hypotheses 1 and 2, Manager Positivity is correlated with unit-level Engagement ($r = .186$; $p < .05$) and Cooperation ($r = .231$, $p < .01$)**
 - But the correlation between Manager Positivity and Customer Focus (hypothesis 3) was not significant ($r = .069$, ns)
- **Manager Positivity is also correlated with other organizational climate factors, including employees perceptions of various aspects of**
 - business effectiveness and operational effectiveness;
 - openness & transparency and perceived organizational support;
 - job satisfaction, development, commitment, and leader effectiveness
- **Changes in manager-level positivity are correlated with changes in unit-level attitudes**
 - As manager attitudes about job-fit, future growth opportunities, motivation, and autonomy improve, unit-level attitudes about various aspects of operational effectiveness, business effectiveness, working conditions, empowerment, training, and performance management improve as well.
- **Considered together, these results suggest that Manager Positivity may influence organizational climate**
 - Results indicate that positive managers tend to have units with higher Engagement and Cooperation levels
 - These findings also suggest that as managers become more positive and confident in their own roles, they may create more positive workforce climates
 - But correlation does not prove causality. While some time-lagged correlations were significant, the majority were not.

Conclusions

■ Limitations

- This study did not measure psychological capital.
 - Manager Positivity, while reliable, is an ad hoc measure of various manager attitudes
- Correlation does not prove causality
- Multilevel modeling is needed to truly understand the impact of manager positivity on employees

■ Implications

- From a practical perspective, this study suggests that positive managers may create better organizational climates
- From a research perspective, this study suggests that psychological capital and other POS constructs may affect a variety of important organizational outcomes and dynamics
- Future research should extend this research and clarify if, in fact, a causal relationship exists

■ Next Steps

- Multilevel Modeling
- Consider replication with other organizations
- Consider experimental design to determine if there is a causal relationship between manager positivity/psycap and organizational climate
- Identify the antecedents of manager positivity/psycap and possible moderating variables (e.g., manager gender, length of service, unit size?)

Means, sd, and correlations: Manager Positivity & Climate Results

Scales	Means (sd)	1	2	3	4	5	6	7
1. Manager Positivity 2009	3.95 (.67)							
2. Manager Positivity 2007	3.94 (.72)	.452**						
3. Engagement 2009	73.5 (19.5)	.186*	.106					
4. Engagement 2007	68.1 (21.89)	.071	.195	.228*				
5. Cooperation 2009	77.3 (20.29)	.231**	.128	.437**	.041			
6. Cooperation 2007	75.7 (27.4)	.065	.006	.026	.307**	.231*		
7. Customer Focus 2009	63.9 (24.04)	.069	.094	.368**	.046	.165*	.000	
8. Customer Focus 2007	70.9 (27.8)	.076	.117	.055	.501**	.026	.256*	.222*

These results are based on correlations between manager positivity and his/her unit's aggregated survey results
Units with fewer than 3 respondents were excluded from this analysis

** $p < .01$. * $p < .05$. N ranged from 88 pair wise comparisons to 150 pair wise comparisons.