

**INTERACTIVE EFFECTS OF PERCEPTIONS OF
ORGANIZATIONAL POLITICS AND
PSYCHOLOGICAL CAPITAL ON JOB OUTCOMES**

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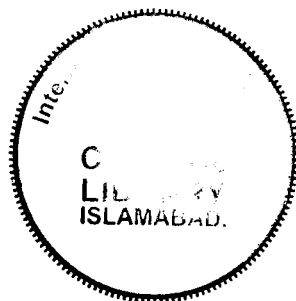
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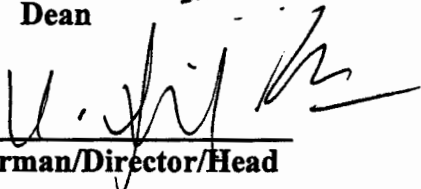
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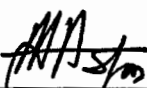
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**IN THE NAME OF
ALLAH, THE MOST MERCIFUL AND BENEFICIENT**

Dedication

**"To my great parents who are praise worthy for their sustenance of me on right lines
because I am today, only due to their untidy efforts for my sake"**

ABSTRACT

Organizational politics has deep roots in management, psychology, and organizational behavior research. In the meanwhile, keeping its focus on the positive strength of humans rather than the traditional negativity oriented research, positive psychology has emerged as a separate branch of organizational behavior. The current study investigates the effects of perceptions of organizational politics on job performance, job satisfaction, job stress, and intention to leave. The study also explores the capacity of recently emerged positive psychological resources (hope, optimism, efficacy, and resilience) in buffering the negative effects of perceptions of organizational politics on desirable job attitudes and behaviors. A field survey is conducted across various local and multinational firms. The respondents are full time employees including supervisory, first, and middle level managers.

The results show that perception of organizational politics is not related to job performance, and job stress. However, it is negatively related to job satisfaction and positively related to intention to leave. Results also indicate that psychological capital is positively related to job satisfaction and supervisory-rated job performance, and negatively related to job stress. Moderated multiple regression analysis (MMR) indicates that individuals, who are high on psychological capital, may demonstrate higher levels of job satisfaction and performance under the face of organizational politics. In contrast, those individuals, who are low on psychological capital, may be vulnerable to work place politics. In addition, several implications for theory and managerial practice are suggested.

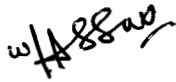
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DECLARATION

I hereby declare that this thesis, neither as a whole nor as a part thereof, has been copied out from any source. It is further declared that I have prepared this thesis entirely on the basis of my personal effort made under the sincere guidance of my supervisor.

No portion of the work, presented in this thesis, has been submitted in support of any application for any degree or qualification of this or any other university or institute of learning.



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ABBREVIATIONS

COR:	Conservation of Resource
MMR:	Moderated Multiple Regression
PCQ:	Psychological Capital Questionnaire
POPS:	Perceptions of Organizational Politics
POB:	Positive Organizational Behavior
POS:	Positive Organizational Scholarship
PsyCap:	Psychological Capital
PWB:	Psychological Wellbeing

CHAPTER - 1

INTRODUCTION

1.1 Background

Organizational politics has deep roots in management, psychology, and organizational behavior research. The political nature of organizations is a factor dominant in today's workplace. Since people evaluate the events around them, they may perceive these events and behaviors to be political and self-serving. A breakthrough in this area was made, when Ferris, Russ, & Fandt (1989) provided a comprehensive framework of the causes and effects of perceptions of organizational politics. Their theory was based on the argument that individual's attitudes and behaviors are driven by perceptions of reality rather than reality per se (Lewin, 1936) and perceptions must be studied even if they are misperception especially in political circumstances (Porter, 1976). According to Ferris and Kacmar (1992) under the face of highly ambiguous and uncertain work environment, people perceive that politics prevails in organizational processes.

In the meanwhile, keeping its focus on the positive strength of humans rather than the traditional negativity oriented research, positive psychology has emerged as a separate branch of organizational behavior. Recently, the proponents of positive psychology have steered the organizational research in various directions such as Psychological Well Being (PWB) and Positive Organizational Behavior (POB). Their purpose has been to

inquire about the individual's trait-like and state-like capacities that contribute to their wellbeing at workplace.

1.2 Objectives of the Study

The current study aims at investigating the relationships between perceived politics and various desirable job outcomes. Further the emergence of positive psychological resources suggests that there is a strong need to investigate how positivistic individuals think and work in organizations prevailed by greed, selfishness, and self-serving behaviors of its employees. The core objective of the current study is to investigate the buffering effects of psychological capital in perceived performance-job outcomes relationship. Moreover, the study will also provide implications for theory and managerial practice.

1.3 Rationale of the Study

Perception of organizational politics is among the emerging areas of Organizational Behavior research that needs further investigation (Ferris, Adams, Kolodinsky, Hochwarter, & Ammeter, 2002). Previous literature on the relationship between perceptions of organizational politics and job outcomes is contradictory, and shows differing empirical evidences thus making it difficult to generalize the results. In order to generalize the theory of perceived organizational politics, there is need to re-investigate the relationships proposed by Ferris et al. (1989). Moreover, the contradictions in earlier research suggest about the possibility of moderating variables that may influence this relationship. Meta analysis by Miller, Rutherford, & Kolodinsky (2008) speculates that other variables that may moderate this relationship. Recently, psychological capital (hope, optimism, efficacy, and resilience) has emerged as positive psychological resource

that may not only affect the desired job outcomes positively but also mitigate the effects of negative perceptions (Luthans and Youssef, 2007). Hence, it is necessary to explore the relationships between perceptions of organizational politics and job outcomes, and the moderating effects of psychological capital in this relationship. The knowledge gained by this research will contribute towards extending the theories of organizational politics and psychological capital, and improve the contemporary management practices.

To the best of my knowledge, no other research has investigated the moderating effects of psychological capital in the relationship between perceived politics and job outcomes. The current research will have a unique contribution towards extending the theories of both perceptions of organizational politics and psychological capital. Similarly, the outcomes of this research could assist the practitioners to improve the environmental conditions as well as to develop positive psychological states of the employees in order to increase their productivity.

1.4 Research Questions

- How perceptions of organizational politics relates to employee performance, satisfaction, stress and turnover intentions?
- Does psychological capital (hope, optimism, efficacy, and resilience) moderates the relationship between perceived organizational politics and job outcomes?

1.5 Paradigm

The current study contributes to two different paradigms in organizational behavior research. First, it will contribute to the literature about perceptions of organizational politics by linking the perceived politics to various individual-level outcomes.

Specifically, this study will try to answer, how perceived politics is linked to different attitudes and behaviors. Second, this study will contribute to the recently emerged psychological capital theory. In particular, the interactive effects of personality states (psychological capital) and situational variables (perceived politics) will provide a an insight of how positive psychological resource capacities work under highly stressful situations.

1.6 Sample Size and Characteristics

A personally administered field survey was conducted across various national and multinational organizations. The survey was distributed among employees in thirteen different organizations, ranging from small entrepreneur ventures to large multinational organizations. For example, six of the organizations were in banking sector, out of which, two were branches of well-known foreign banks and four were the branch offices of local banks. Two of the organizations were large textile firms. Data was collected from employees at their corporate offices. One was local branch of a well-known multinational company in telecom sector. Another was also local office of a foreign firm dealing in automobile industry. Three were typical governmental organizations. About 300 questionnaires were distributed, out of which 249 were returned back. Twelve questionnaires were incomplete which were then excluded from the analysis. Finally, 237 complete useable pairs of responses were available for analysis, yielding a response rate of 79%.

1.7 Definition of Terms

Perceptions of Politics is defined as an individual's perceptions regarding the self-serving activities (centered as self-fulfillment) carried out by other members of the organization.

Psychological Capital is defined as "an individual's positive psychological state of development and 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 toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success" (Luthans et al, 2007b; p. 3).

Job Performance is defined as the actual behavior regarding completion of activities or tasks assigned to an individual on his/her job.

Job Satisfaction is defined as a "pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976; p. 1300)

Job Stress is defined as an individual's emotional response to the stimuli that may have dysfunctional psychological or physiological consequences (Parker & DeCotiis, 1983).

Intentions to leave is defined as the individual's intentions to quit their current jobs.

1.8 Organization of Study

The first chapter of this thesis includes introduction, rationale, and paradigms of this research. The second chapter consists of the literature review on both perceptions of organizational politics and psychological capital theories, and their relationship with various desirable work attitudes and behaviors. The relationship between perceptions of

organizational politics and job satisfaction, job performance, job stress and intention to leave, is discussed in detail. Similarly, the relationship between psychological capital and job outcomes is also discussed in brief. The final part of second chapter sheds light on the moderating effects of psychological capital on the basis of 'Conservation of Resource' (COR) framework. The hypotheses of this study are also given in the second chapter.

The third chapter discusses the research methodology that has been deployed. Research methodology includes details about the sample size, characteristics of data, data collection procedures, and measures of all variables used in this study.

In the fourth chapter, results of the study are presented. A comprehensive interpretation and discussion of the results is done. Descriptive statistics, inter correlations, and regression analysis results are presented in tables, and interactions are plotted in figures.

The fifth chapter consists of the conclusion, practical implications, and future research directions. The final part of the study consists of bibliography and appendixes.

CHAPTER - 2

REVIEW OF LITERATURE

2.1 Perceptions of Organizational Politics

Different researchers have defined politics differently. Broadly speaking, there are two controversial views about it. Some researchers view politics as a social tool that is necessary for proper growth and working of an organization (Allen & Porter, 1983; Buhler, 1994; Pfeffer, 1981; Buchanan & Badhan, 1999), while a considerable stream of research views politics as a source of negative consequences to the organizational members when perceived (Ferris et al. 1989; Gandz & Murray, 1980; Minzberg, 1983; Zaleznik, 1970; Drory & Romm, 1990; Ferris et al., 2002).

In this study, I have adopted one of the most widely used and operational definition which defines politics as self-serving behaviors or activities, not formally sanctioned by the organization and that have detrimental effects on desired outcomes. This is one of the most widely used and operational definition in the available literature (e.g., Ferris et al., 1989; Ferris, Frink, Galang, Zhou, Kacmar, & Howard, 1996b; Ferris and Kacmar, 1992). Politics in organizations is perceived to be a product of the behaviors of supervisors, coworkers, and organizational policies and practices (Ferris et al., 1996b; Ferris and Kacmar, 1992). Porter (1976) posited that for the survival and success of any organization, it is necessary to understand the employee's perceptions of politics.

For the last three decades, perception of politics has received considerable attention in Organizational Behavior research. Ferris et al. (1989) first developed the theoretical model of perception of politics. Their research was motivated by the argument that people's attitudes and behaviors are driven by their perceptions of reality rather than reality per se (Lewin, 1936) and perceptions must be studied even if these are misperceptions of reality particularly in circumstances where organizational politics exist (Porter, 1976). Basing on these arguments, Ferris et al. (1989) proposed that organizational (e.g. centralization, formalization), environmental (e.g. feedback, interaction with other), and personal (e.g. age, gender) factors cause the individuals to perceive politics, and which has detrimental effects on the attitudes and behaviors (e.g. low job satisfaction, high job anxiety and increased organizational withdrawal).

Perceived politics has been identified as a potential stressor that people face at the workplace (Ferris et al., 1989; Ferris et al., 1996b; Jex & Beehr, 1991). The individual's perceptions about the political nature of the organizational and job environment influence his/her job outcomes (Kacmar & Carlson, 1997).

Perceived organizational politics is found to be multidimensional. According to Kacmar & Ferris (1991) it has three dimensions; first, individuals perceive that other people in the organization are involved in self serving activities for personal gain (general political behavior), second, individuals perceive that they are compelled to comply with actions taken by others (go along to get ahead) and third, individuals perceive that the organizational policies and rewards are political in nature (pay and promotion policies).

2.2 Important Individual's Attitudinal and Behavioral Outcomes

In this study, job performance, job satisfaction, job stress, and intention to leave are treated as dependent variables. This decision to include these outcomes was predicated on two factors. First, these variables have long been studied in the fields of Industrial psychology and organizational behavior especially perceived organizational politics, and are considered to be important job outcomes that contribute towards organizational success. Second, it was necessary to investigate the effects of environmental and personal factors on these outcomes in the context of person-situation interaction. For instance, perception of organizational politics decreases job performance & job satisfaction, and it increases job stress and intentions to leave. Do perceptions of politics always have detrimental effects on desirable job outcomes or some personal factors moderate this relationship?

Job satisfaction is defined as a "pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences" (Locke, 1976; p. 1300) and is widely studied in the context of perceived organizational politics (Ferris & Kacmar, 1992; Ferris et al., 1996b; Vigoda, 2000b; Witt, Andrews & Kacmar, 2000; Kacmar, Bozeman, Carlson, & Anthony, 1999).

Job performance can be defined as the actual behavior regarding completion of activities or tasks assigned to an individual on his/her job. Job performance is one of the most extensively investigated job behaviors in organizational behavior research especially in the context of perceived organizational politics (Kacmar et al., 1999; Vigoda, 2000a; Vigoda, 2000b).

Job stress is defined as an individual's emotional response to the stimuli that may have dysfunctional psychological or physiological consequences (Parker & DeCotiis, 1983). Job stress has been a central variable of inquiry in organizational behavior over the past few decades. Despite several literature reviews and meta-analysis on job stress, the findings on nature and causes of job stress are still inconclusive (Jamal, 2007; LePine, Podsakoff, & LePine, 2005; Hunter & Thatcher, 2007).

Intentions to leave are the individual's intentions to quit their current jobs. Among others, this variable is also viewed as an important behavioral outcome that needs to be studied especially in the context of organizational politics (Vigoda, 2000b).

2.3 Perceptions of Organizational Politics and Job Outcomes

Despite its theoretical appeal, the relationship between perceived organizational politics and job outcomes is inconclusive (Ferris et al., 2002). According to Ferris et al. (1989) when employees perceive that political activities are being carried out in the organization, they feel less satisfied. A considerable number of studies have found detrimental effects of perceptions of organizational politics on job satisfaction (Ferris & Kacmar, 1992; Hochwarter, 2003; Vigoda, 2000b; Witt, Andrews, & Kacmar, 2000; Kacmar et al., 1999; Valle & Perrew, 2000). Other studies also found that perceived organizational politics had negative relationship with job satisfaction (Cropanzano, Howes, Grandey, and Toth, 1997, study 2; Ferris, Frink, Bhawuk, Zhou, & Gilmore, 1996a; Ferris et al., 1996b). However, some studies have shown contradicting results in the relationship between perceived politics and job satisfaction. For example, Randall, Cropanzano, Bormann, & Birjulin (1999) and Cropanzano et al. (1997, study 1) did not find significant relationship

between perceptions of politics and job satisfaction. Parker, Dipboye, & Jackson, (1995) found that perceived politics was not significantly related to organizational satisfaction. Ferris and colleagues (1989), in their theoretical model, proposed that employee's performance might decrease due to employee's perceptions of organizational politics. Later research confirmed that perceptions of organizational politics had detrimental effects on job performance (Kacmar, Bozeman, Carlson, & Anthony, 1999; Vigoda, 2000a; Witt et al., 2001; Witt, 1998). Ferris et al. (2002) also suggest a negative relationship between POP and in-role job performance. Further, Witt, Kacmar, Carlson, and Zivnuska (2002) found that perception of politics was negatively related to both dimensions of supervisory-rated contextual performance (i.e. interpersonal facilitation and job dedication). However, few studies have shown that perceived politics was positively related to performance (Hochwarter, Kolodinsky, Witt, Hall, Ferris, & Kacmar, 2006) and the relationship was not significant at all (Hochwarter, Witt, & Kacmar, 2000; Randall et al., 1999).

To investigate the relationship between perceptions of politics and job satisfaction and job performance, the following hypothesis has been suggested

2.4 Hypothesis 1

Perception of organizational politics will be negatively related to in-role performance and job satisfaction.

Job stress is defined as an individual's emotional response to the stimuli that may have dysfunctional psychological or physiological consequences (Parker & DeCotiis, 1983). Ferris et al. (1989) suggested a positive relationship between perceptions of politics and job stress. Later studies have shown that perceived organizational politics leads to negative

psychological states like job anxiety (Valle & Perrewe, 2000; Kacmar et al., 1999). Vigoda (2002) found that perception of organizational politics strongly predicted job distress across three different samples. It is further evident that perception of organizational politics was positively related to job anxiety (Ferris et al., 1996a, b; Hochwarter, Perrewe, Ferris, & Guercio, 1999, study 2). However, few studies could not find any relationship between perceived politics and job stress (Cropanzano et al., 1997, study 2; Hochwarter et al., 1999, study 1).

In their theoretical mode, Ferris et al. (1989) proposed that when people perceive politics in their work environment, it is likely to result in higher turnover intentions. Some studies have found significant positive relationship between perception of organizational politics and intent to turnover (Cropanzano et al., 1997, study 1; Valle & Perrew, 2000; Kacmar et al., 1999; Hochwarter et al., 1999, study 2; Maslyn and Fedor, 1998). In contrast, some studies found the relationship between perceptions of politics and intention to leave to be insignificant (Cropanzano et al., 1997, study 2; Harrell-Cook, Ferris, & Dulebohn 1999; Hochwarter et al., 1999, study 1; Randall et al., 1999).

To investigate the relationship between perceptions of politics and job satisfaction and job performance, the following hypothesis is suggested

2.5 Hypothesis 2

Perception of organizational politics will be positively related to job stress and intent to leave.

2.6 Psychological Capital

Seligman and Csikszentmihalyi (2000, p. 8) posit that “No longer do the dominant theories view the individual as a passive vessel ‘responding’ to ‘stimuli’; rather,

individuals are now seen as decision makers, with choices, preferences, and the possibility of becoming masterful, efficacious, or, in malignant circumstances, helpless and hopeless”.

Recently, the focus of organizational behavior has shifted from coping negative weaknesses to enhancing the positive strengths and well-being of individuals at the workplace. Although this positive approach has recently emerged and still its different aspects remain unexplored, there is a growing body of positivity-oriented research centered at the wellness and wellbeing of humans in general and in particular to its relevance to workplace. These approaches include Positive Organizational Scholarship (POS; Cameron & Caza, 2004; Cameron, Dutton, & Quinn, 2003), Positive Wellbeing (PWB; Wright, 2003; Wright, 2005; Wright and Bonett, 2007), and Positive Organizational Behavior (POB; Luthans, 2002a; 2002b; 2003; Luthans & Youssef, 2007; Luthans, Youssef, & Avolio, 2007b; Nelson & Cooper, 2007).

In recent years, these positive psychological approaches have emerged with a focus on what is right with people, rather than the traditional approaches of what is wrong with people (see; Seligman & Csikszentmihalyi, 2000; Snyder & Lopez, 2002; Bakker and Schaufeli, 2008). It has been accentuated to investigate the positive aspects of employees by emphasizing on strengths rather than weaknesses to improve work outcomes (Luthans, 2002a). These positive approaches are “complementary and an alternative perspective rather than as a substitute or replacement to the existing positively oriented and/or negatively oriented organizational behavior body of knowledge (Luthans and Youssef, 2007, p. 322). However, it has also been argued that today’s workplace needs more balanced approaches by taking both positive and negative aspects into account (Fineman,

2006; Luthans and Youssef, 2007). These strengths may not only have a positive effect on the workplace outcomes, but they also are helpful in minimizing the detrimental effects of weakness on desirable attitudes and behaviors. Recently, Fineman (2006) has emphasized that studying both positive and negative emotions together may be more fruitful rather than if inquired separately.

As a response to Luthans and Youssef (2007), the current study is motivated by the desire to take insight account of both positive and negative influences and their interactive effects on desirable outcomes.

So far, hope, optimism, self-efficacy, and resilience have been identified as those positive psychological constructs that meet the inclusion criteria of positive organizational behavior, and when combined, form a high order construct called psychological capital (Luthans & Youssef, 2004; Luthans et al., 2007b; Luthans, Avolio, Avey, Norman, 2007a). This second order construct of psychological capital (PsyCap) has been defined as “An individual’s positive psychological state of development and 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 toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (Luthans et al, 2007b: p. 3).

Prior theory and research support the notion that the state-like capacities of hope, optimism, self-efficacy, and resilience (Luthans, 2002a,b; Luthans & Youssef, 2007) are open to change and developable separately (Bandura, 1997; Bandura, 2000; Snyder,

2000; Carver and Scheier, 2005; Seligman, 1998) and when combined into a high order construct (Luthans, Avey, & Patera, 2008; Luthans, Avey, Avolio, Norman, & Combs, 2006)

These psychological resource capacities have been conceptually differentiated from each other (Snyder, 2002; Snyder & Lopez, 2002; Luthans & Youssef, 2007; Luthans, Youssef et al., 2007) and have discriminant and convergent validity (Bryant & Cvengros, 2004; Carifio & Rhodes, 2002; Luthans et al., 2007a; Magaletta & Oliver, 1999; Youssef & Luthans, 2007). Moreover, PsyCap as a high order construct, has been supported to be conceptually independent and have discriminant validity (Luthans et al., 2007a), that distinguish it from other trait-like constructs like “Big Five” personality dimensions (Barrick & Mount, 1991) or core self-evaluations (Judge & Bono, 2001). Further, these four capacities of Psychological capital (or PsyCap) share a common underlying mechanism that binds them to each other (Hobfoll, 2002) to form a higher-order core construct (Luthans & Youssef, 2007; Luthans & Youssef, 2004; Luthans et al., 2007b; Luthans et al., 2007a). Individuals who are high on PsyCap show higher performance than those who are high on each component alone (Luthans et al., 2007a).

To shed more light on the dimensions of psychological capital, their particular relevance to workplace and their ability to cope with workplace stressors, each of these four components of PsyCap are discussed separately as under:

Hope: It is defined as “a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)” (Snyder Irving, & Anderson, 1991, p. 287) that involve both will power

and the way power to be succeeded (Larson and Luthans, 2006; Snyder, 2000, Luthans et al., 2007a).

Preliminary research has found that hope has a strong relationship with academic and athletic performance, mental and physical health, and ability to cope with adversity (Snyder, 2000; Snyder, Irving, & Anderson, 1991; Curry, Snyder, Cook, Ruby, & Rehm, 1997). Peterson and Luthans (2002) found that individuals high on hope demonstrated higher levels of performance and satisfaction. In a similar vein, entrepreneurs with higher levels of hope were more satisfied with their business ownership than those with lower levels of hope (Luthans and Jensen, 2002).

Resiliency: It is defined as “the positive psychological capacity to rebound, to ‘bounce back’ from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility” (Luthans, 2002a, p. 702).

Resilience has the characteristics of positively coping and adaptation during risk and adversity (Masten & Reed, 2002; Masten, 2001). In a study about Chinese workers, Luthans et al. (2005) found a positive relationship between resilience and performance. “Resilient belief that one has what it takes to succeed provides the necessary staying power in the face of repeated failures, setbacks, and skeptical or even critical social reactions that are inherently discouraging” (Bandura and Locke, 2003, p. 92)

Youssef and Luthans (2007) also found a positive relationship between employee’s resilience and their job satisfaction. Under conditions of high change and uncertainty, resilient individuals keep strong belief to be flexible and adapt themselves in these conditions (Coutu, 2002).

Optimism: Optimist individuals relate negative events as external (not my fault), unstable (occurred this time only), and specific (this event only), while pessimists interpret the same events as internal, stable, and global (Peterson, 2000; Seligman, 1998). Optimism has been supported as a state-like, malleable construct that is open to development (Seligman, 1998; Schneider, 2001). Optimism has inherent cognitive, emotional, and motivational components (Carver & Scheier, 1999; Peterson, 2000). These components are not reflections or habits on which one has no control rather these are controlled by individual and are exercised when required (Seligman, 1998). Individuals who are high on optimism have found to sell more life insurance than those who are low on this capacity (Seligman, 1998). Luthans et al. (2005) studied the Chinese factory workers and found that highly optimistic individuals had higher levels of performance as rated by their supervisors.

Seligman and Csikszentmihalyi (2000) posit that hope and optimism play the role of buffering agent against psychological distress, addiction and dysfunctional behavior. According to Seligman (1998), learned-optimism helps to cope with depression and anxiety among children. Fry (1995) found that optimism significantly moderated the relationship between daily hassles, self-esteem maintenance, emotional exhaustion, and physical illness. Further, Carver and Scheier (1999) speculate that optimism has a strong influence on coping behavior. Perceived self-efficacy and optimism helps to safeguard from stressors. Optimism is believed to be associated with mental health (Seligman, 1998). According to Chang, Rand & Strunk, (2000) employee optimistic expectancies minimize the risks of job burnout.

Self Efficacy: Relevant to the workplace, self efficacy is defined by Stajkovic and Luthans (1998b, p. 66) as “the employee’s conviction or confidence about his or her abilities to mobilize the motivation, cognitive resources or courses of action needed to successfully execute a specific task within a given context”. Meta analysis by Stajkovic & Luthans (1998a) found that self-efficacy had a strong positive relationship with work-related performance (also see; Bandura, 2000; Bandura & Locke, 2003) even in the absence of feedback (Judge, Jackson, Shaw, Scott, & Rich, 2007).

According to Bandura (1997), efficacy may fall along a continuum from general to specific, and become state-like as it moves towards specificity along the continuum. It has also been suggested that self-efficacy beliefs regulate human activity through cognitive, motivational, affective, and decisional processes (Bandura, 1997). These beliefs “affect whether individuals think in self-enhancing or self debilitating ways, how well they motivate themselves and persevere in the face of difficulties, the quality of their emotional well-being and their vulnerability to stress and depression, and the choices they make at important decisional points” (Bandura and Locke, 2003, p. 87)

According to Bandura and Locke (2003), self-efficacy beliefs also help to cope with distressing and self-debilitating emotional states that hinder in the execution of activities.

2.7 Psychological Capital and Job Outcomes

Relevant to workplace, state-like Positive psychological resource capacities offer an advantage over the established positive traits such as Conscientiousness (Barrick and Mount, 1991) and Core Self Evaluations (Judge et al., 2001), as these positive traits provide a research based criteria for mere employee selection, while PsyCap due to its openness for development (Luthans et al., 2008a), goes beyond it (Luthans, 2002).

Youssef and Luthans (2007) speculate that psychological capital predicts job attitudes better than behavioral outcomes. Luthans et al. (2007a) found that PsyCap was more strongly correlated to job satisfaction and affective commitment than core self-evaluations, conscientiousness, and extraversion. They also found that PsyCap showed unique variance in predicting job satisfaction and affective organizational commitment beyond the two personality traits and core self-evaluations. The overall PsyCap significantly predicted both performance and satisfaction in manufacturing and services firms (Luthans et al., 2007a). Their results also indicated that the PsyCap predicted both performance and satisfaction above and beyond its individual components.

Psychological capital has been found to be a source of competitive advantage (Luthans and Youssef, 2004) and was positively related to job satisfaction (Youssef and Luthans, 2007). Luthans et al. (2007a) found a positive relationship between psychological capital, performance and satisfaction with samples of high technology manufacturing and service employee firms. They also found that second-order psychological capital better predicted performance and satisfaction than its individual components alone. Luthans, Norman, Avolio and Avey (2008c) found that psychological capital mediates that relationship between supportive organizational climate and job performance, satisfaction and commitment.

In a sample of Chinese workers, Luthans, Avolio, Walumbwa, & Li (2005) found that three dimensions of hope, optimism, and resilience were significantly correlated to performance. Larson and Luthans (2006) found that psychological capital significantly predicted the employee's job satisfaction in a manufacturing company. They also found that psychological capital had value addition over the impact of social and human capital

on satisfaction. Moreover, psychological capital was found to be positively correlated to employee performance (Luthans, Avey, Clapp-Smith, and Li, 2008b; Luthans et al., 2008c), job satisfaction (Luthans et al., 2008c), and negatively correlated to employee cynicism (Avey, Wernsing and Luthans, 2008), and employee absenteeism (Avey, Patera, & West, 2006),

2.8 Conservation of Resource Theory, Psychological Capital and Perceived Politics

Conservation of resource theory (COR) incorporates various stress theories and sheds light on the stress-strain relationship (Hobfoll, 1989; Hobfoll & Freedy, 1993; Grandey & Cropanzano, 1999; Hobfoll, 2001; Wright & Hobfoll, 2004). According to COR theory “people strive to obtain, retain and protect that which they value” (Hobfoll, 1998, p. 55).

The theory proposes that stress is more likely to be experienced when there is i) an actual loss in resources, ii) perceived threat of the loss of resources and iii) where one’s resources are perceived to be insufficient to cope with work demands (Hobfoll, 2001).

COR model proposes that these resources may include physical (e.g. land), conditions (e.g. marital status), energies (time, money), and personal characteristics (e.g. self-esteem, optimism). According to Hobfoll (1989), environmental circumstances may threaten or cause loss of valuable resources. Although the loss of any resource may be stressful, but individuals could use other resources to off set any net loss, provided that they have sufficient resource available with them (Hobfoll, 1989). In contrast, those who do not have adequate resources to cope with the environmental demands would be driven to high loss spirals. Hobfoll and Shirom (2000) suggest that individuals must possess more resources to prevent the loss of resources while coping with stressors. Hobfoll (2001)

further speculates that individuals having greater resources are less likely to feel resource loss while individuals with fewer resources are more likely to experience resource loss.

Hobfoll (2001) provides a comprehensive model of COR processes and strategies. He states that when initial resource loss occurs due to stressors, individuals utilize more resources from their resource pool to offset this loss. Moreover, those with higher pools of resource would be able to invest their resources, hence they may successfully adapt, and thus resulting in more gain of resources. In contrast, individuals with low pools of resources could not successfully adapt, and as a result, more loss of resources could occur. According to Grandey & Cropanzano (1999) any loss or threat of loss in these resources, may be detrimental for desirable job outcomes.

Another body of research on environmental stressors has segregated workplace stressors into two categories each having different performance implications. First category consists of 'challenge stressors' (e.g. work overload, time pressures, increased responsibility) that have direct positive relationship with performance. Second category is called 'hindrance stressors' (e.g. perceptions of politics) and is considered to be highly detrimental to employee performance (Lepine, Podsakoff, and Lepine, 2005; Gilboa, Shirom, Fried, and Cooper, 2008).

Based on the McGrath (1976) notion that perceptions of politics are either perceived as a threat or an opportunity, Hochwarter, Kiewitz, Castro, Perrewe, and Ferris (2003) speculated that it should depend on dispositional differences. Hochwarter, Witt & Kacmar (2000) found that conscientiousness was positively related to performance in the highly political environments. In a second study, Witt et al (2002) found that

agreeableness moderated the relationship between perceptions of politics and interpersonal facilitation facet of contextual performance.

The current study includes psychological capital as individual's positive resource capacities that may act as buffering elements against environmental stressors. Perception of organizational politics is considered to be potential environmental stressor (Ferris et al., 1989; Ferris et al., 1996b) that may cause depletion of individual's resources (Treadway, Ferris, Hochwarter, Perrewe', Witt, and Goodman, 2005).

COR theory postulates that individual differences could be treated as resources to cope with stressful events. Particularly, individual difference variables like optimism, self efficacy, self esteem and resilience are the resources that may be used to cope with stressors (Hobfoll, 2001; Hobfoll and Shirom, 2000). COR theory states that after perceiving environmental stressors (organizational politics) individuals put efforts to maintain the balance in net resource loss. The success of these efforts depends on the psychological resources individuals possess (Treadway et al., 2005).

It is, therefore, important to understand the interactive effects of positive state-like psychological resource capacities and situational characteristics that lead to optimal levels of performance and satisfaction and minimize job stress and turnover intentions. In highly ambiguous situations, individuals with high psychological capital would try to invest their positive psychological resources in tasks where success is uncertain. On contrary, workers with low psychological resources may not invest their resources to cope with those situations where outcomes are uncertain, and hence minimize their efforts.

2.9 PsyCap as a moderator in Perceived Politics-Job Outcomes Relationship

Deriving from this body of research, I argue that perception of organizational politics is an environmental stressor and individuals who are high on psychological capital possess greater pool of resources to cope with these challenges than those who are low on psychological capital.

These psychological resource capacities work together through an underlying link and provide support to each other by fulfilling the deficiencies of one resource by another resource (Hobfoll, 2002; Youssef & Luthans, 2007; Wright, 2005; Fredrickson, 2001, 2003). Hence, these psychological resources simultaneously support each other with a motivational tendency (Luthans et al., 2007a) that not only has a positive impact on the performance but also may mitigate the detrimental effects of the negativity (Luthans and Youssef, 2007).

Since people evaluate the events around them, they may perceive these events to be political and stressful. However, their internal psychological resource capacities act as the buffering agent against these negative events. Seligman (1998) suggests that optimistic individuals may act to reduce perceptions of stress and increase their ability to perform. It has also been found that optimistic individuals experienced fewer physical symptoms of stress (Scheier and Carver, 1985) and coped with depression better than pessimistic individuals (Herman-Stahl and Petersen, 1996). In life experiences, optimistic parents were found to be better able to cope in different matrimonial situations (e.g. divorce) than pessimistic parents when faced with same situations (O'Leary et al., 1996). Strutton and Lumpkin (1992) concluded that optimists are superior job performers. Tuten and Neidermeyer (2004) found that optimists did experience lower perceptions of job stress

than that of pessimist. Optimists individuals externalize negative events (not my fault) and thus distant themselves from failure (Luthans & Youssef, 2007).

Further, high efficacious individuals are less likely to fail and lose confidence when faced with negative feedback, setbacks, uncertainty, self-doubts, and difficulties as compared to those who are low on self-efficacy (Bandura & Locke, 2003). Efficacious individuals feel themselves to be able to control challenging environmental demands by taking necessary actions (Bandura, 1992). Moreover, these confident individuals possess cognitive capacity of self regulation (Bandura, 1997) that offers the initiative, pro-activeness, and self discipline necessary to reach the goals, even when there are lack of extrinsic motivators (Luthans and Youssef, 2007).

In a similar vein, resilient individuals become more emotionally stable when faced with adversity (Bonanno, Papa, & O'Neill, 2001; Bonanno, 2004), and are open to new experiences (Tugade & Fredrickson, 2004). It has also been suggested that personal beliefs like self-efficacy, optimism, and resilience safeguard individuals from experienced stress (Hobfoll, 2001; Hobfoll and Shirom, 2000). Further more, these psychological resource capacities incorporate cognitive, emotional and motivational components (Peterson, 2000; Seligman & Csikszentmihalyi, 2000; Luthans & Youssef, 2007; Bandura & Locke, 2003; Bandura, 1997) that lead toward higher satisfaction and performance levels (Luthans et al., 2007a).

Based on these arguments, it can be argued that when individuals perceive the organizational activities and procedures to be politically driven, their optimistic beliefs will help to cope with these negative perceptions. These negative (organizational politics) and positive (optimism) beliefs will counteract with each others. As a result, high

optimistic and high hope individuals having confidence (efficacy beliefs) in themselves, will succeed to overcome the perceptions of negative events (perceived politics), even they could go beyond and strive with stronger force (resilience) to cope with these negative perceptions and thus could show upward spirals of performance, satisfaction and lowered job stress and turnover intentions.

2.10 Hypothesis 3a

PsyCap will moderate the relationship between perceived politics and in-role job performance such that the relationship will be weaker when PsyCap is high.

2.11 Hypothesis 3b

PsyCap will moderate the relationship between perceived politics and job stress, intent to leave and job satisfaction such that the relationship will be weaker when PsyCap is high.

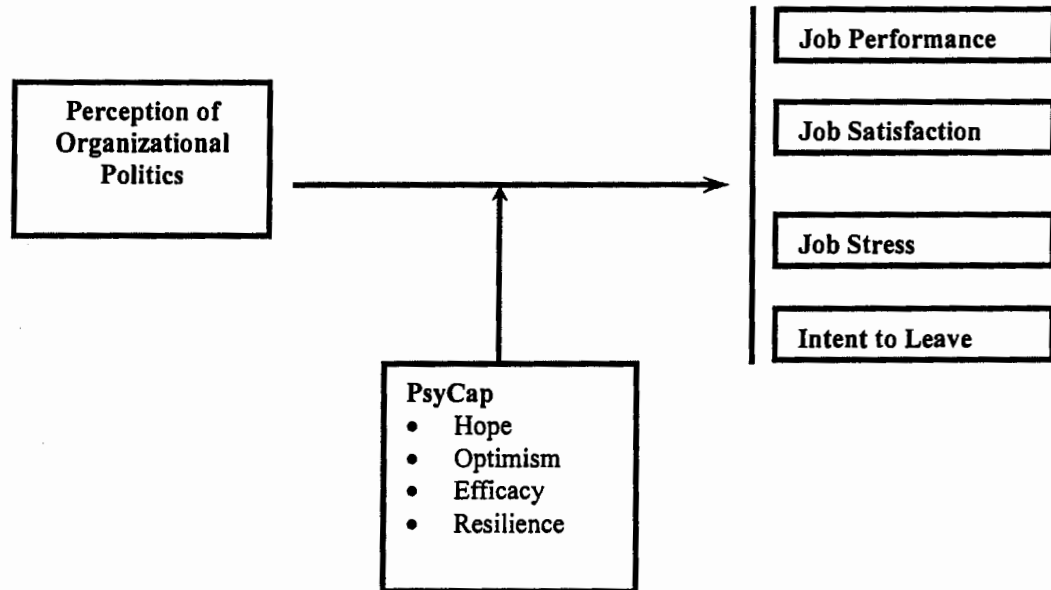


Figure 1: Main Research Model of Moderating Effect of PsyCap on Perceptions of Politics-Job Outcomes Relationship

CHAPTER – 3

RESEARCH METHODOLOGY

3.1 Sample and Data Collection Procedures

A personally administered field survey was conducted across various national and multinational organizations. The survey was distributed among employees in thirteen different organizations, ranging from small entrepreneur ventures to large multinational organizations. For example, six of the organizations were in banking sector, out of which, two were branches of well-known foreign banks and four were the branch offices of local banks. Two of the organizations were large textile firms. Data was collected from employees at their corporate offices. One was local branch of a well-known multinational company in telecom sector. Another was also local office of a foreign firm dealing in automobile industry. Three were typical governmental organizations.

The respondents were full time employees including supervisory, first, and middle level managers. Each questionnaire was enclosed with a cover letter ensuring that any information linked with this research would be kept confidential. With the help of management, the copies of questionnaires were distributed among the potential respondents. About 300 questionnaires were distributed, out of which 249 were returned back. Twelve questionnaires were incomplete which were then excluded from the analysis. Finally, 237 complete useable pairs of responses were available for analysis, yielding a response rate of 79%.

3.2 Measures

All variables were tapped using self reported measures except for job performance which was measured using supervisory-rated responses to avoid method bias issues. The responses for psychological capital were taken on 6-point likert-scale with anchors ranging from 1 = 'strongly disagree', 2 = 'Disagree', 3 = 'Some what disagree' 4 = 'some what agree', 5 = 'Agree', to 6 = 'strongly agree'. The responses for all other variables were taken on 5-point scale ranging from 1 = 'strongly disagree', 2 = 'Disagree', 3 = 'neither disagree/nor agree', 4 = 'Agree', to 5 = 'strongly agree'. Higher responses obtained against a variable represent higher level of construct. In addition, respondents were also asked to provide their gender, age (in years), occupational levels, and tenure (in years) on the survey.

Psychological Capital: 24-items Psychological Capital Questionnaire (PCQ: Luthans et al, 2007b) was used to measure the Psychological Capital. There were six questions each for hope, optimism, efficacy, and resilience. Examples of the items include "I feel confident analyzing a long-term problem to find a solution" for efficacy, "If I should find myself in a jam at work, I could think of many ways to get out of it" for hope, "When I have a setback at work, I have trouble recovering from it, moving on" for resilience, "When things are uncertain for me at work, I usually expect the best" for optimism. The reliability of PsyCap measure reported by Luthans et al. (2007a) ranged from $\alpha = .88$ to $\alpha = .89$.

Perception of Organizational Politics: 12-Item (POPS) Perception of organizational politics scale (Kacmar and Ferris, 1991) was used to measure the perception of organizational politics. The reliability of this scale reported by Cropanzano et al. (1997)

was .91. Examples of the items include “In this organization one group always gets their way” and reverse coded item include “In this organization promotions go to top performers.”

Job Performance: William and Anderson (1991) 7-item scale was used to measure job performance. The reliability estimate for this measure reported by these authors was $\alpha = .85$. Examples of items included in the questionnaire are “This person adequately completes assigned duties” and reverse coded item include “This person fails to perform essential duties.”

Job Stress: The shortened version of Job Stress Scale (Parker and DeCotiis, 1983) developed by Jamal and Baba (1992) was used to measure job stress. The reliability estimate for this scale reported by Jamal and Baba (1992) was .83. The example items are “Sometimes when I think about my job I get a tight feeling in my chest” and “I have too much work and too little time to do it in.”

Job Satisfaction: A 6-item version (Agho, Price, & Mueller, 1992) was used to measure overall job satisfaction. Coefficient alpha value for 6-item scale reported by these authors is .83. Example of items included in questionnaire is “I find real enjoyment in my work” and example for reverse coded item is “I am often bored with my job.”

Intention to leave: A 3-item scale (Vigoda, 2000b) was used to measure intention to leave. The reported reliability for this measure by Vigoda (2000b) is $\alpha = .84$. Examples include “I often think about quitting this job” and “Lately, I have taken interest in job offers in the newspaper”.

Control Variables: One-way analysis of variance revealed that among gender, age, tenure, qualification, and organization type, outcomes significantly varied only across

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organizations. Specifically for job performance ($F = 2.92, p < .001$), for job satisfaction ($F = 3.02, p < .001$), turnover intentions ($F = 3.96, p < .001$) and job stress ($F = 1.83, p < .05$). Post Hoc test further revealed that there were significant mean differences among public and private sector firms. Hence, a dummy variable (0 = "Banks and Textile"; 1 = "Others") was created to serve as a control variable.

CHAPTER – 4

RESULTS

4.1 Descriptive Statistics and Correlations

The descriptive statistics (means and standard deviations) and inter-correlations among the study variables are shown in Table-1. The sample included 79.7% males and 20.3 % females. The average age was 31 years (S.D. 8.03). The sample included diverse occupational levels of employees. 16% were clerical and technical staff, 80 % were from supervisory and lower management, and 4% were middle management positions. The average tenure was 4.80 years (S.D. 6.43). 30% were undergraduates, 68 % were graduates, and 2% were pursuing their higher studies. Most of the employees had MBA degrees. 26% of the total sample ranged in the income group below 15000 Pakistani rupees per month, 48% ranged from 16000 to 30000 and 13% ranged 31000 to 45000 and remaining 13% respondents had income levels above 46000 per month.

The reliabilities have been reported in the parenthesis along the diagonal in Table-1. The reliabilities of all the variables were above the conventional standards except for job satisfaction and perceptions of politics. Reliabilities for psychological capital were .86, job performance .76, job stress .70, and intention to leave .75. Reliabilities for job satisfaction and perceptions of politics were .67 and .69 respectively. Although these were below conventional standards of .70, however, they were acceptable.

Hypothesis 1 stated a negative relationship between perceived politics and job performance and job satisfaction. Table 1 reveals that perception of politics was negatively related to job satisfaction ($r = -.21, p < .01$) and but not related job performance ($r = -.08, n.s$). Hypothesis 2 stated a positive relationship between perceived politics and job stress and intention to leave. In contrast with the previous studies, the results of current study showed that perception of organizational politics was not related to job stress ($r = .04, n.s$) however, it was strongly correlated with intention to leave ($r = .30, p < .01$).

Table 1: Means, Standard Deviations, Correlations, and Reliabilities ^{a, b}

	Mean	S.D	1	2	3	4	5	6	7	8	9	10	11
1. Gender	1.20	.40	—										
2. Age	30.71	8.03	-.27**	—									
3. Tenure (current)	4.80	6.43	-.15*	.76**	—								
4. Qualification	1.72	.49	-.01	.05	-.03	—							
5. Organizational Type	.16	.37	-.14*	.36**	.43**	.16*	—						
6. PsyCap	4.31	.56	.01	.01	.07	.08	.15*	(.86)					
7. Politics	3.02	.54	-.00	-.03	-.01	.01	-.048	.05	(.69)				
8. Stress	2.95	.58	-.09	-.06	-.05	-.14*	-.15*	-.15*	.04	(.70)			
9. Intent to leave	2.92	.93	-.06	-.30**	-.29**	-.03	-.35**	-.06	.30**	.33**	(.75)		
10. Satisfaction	3.62	.52	-.08	.14*	.15*	-.02	.24**	.60**	-.21**	-.18**	-.29**	(.67)	
11. Performance	3.80	.58	-.09	-.01	.03	.01	.05	.51**	-.08	-.15*	-.09	.53**	(.76)

^a n = 237; Cronbach's alphas presented in parenthesis. For organizational type, 0, "banks & textile"; 1, "other organizations." For qualification, 1, "undergraduate"; 2, "graduate." Gender was coded as "1" for men and "2" for women.

^b ** p < 0.01 (2-tailed) * p < 0.05 (2-tailed).

4.2 Regression Results

I examined the independent contribution of perception of politics in predicting the job outcomes above and beyond the control variable. Although not hypothesized, the independent contribution of psychological capital was also examined.

Table-2 shows the regression results for main effects of both perceived politics and psychological capital separately. For all main effect regressions, the organization type was entered as control variable in the first step and perceptions of politics and psychological capital were entered in the second step. In contrast with most of the prevailing literature, perceptions of politics did not predict job performance ($\beta = -.08, n.s$) and job stress ($\beta = .03, n.s$). However, it significantly predicted job satisfaction ($\beta = -.21, p < .01$) and intention to leave ($\beta = .29, p < .001$). To assess the independent effect of psychological capital on outcomes, I entered the organizational type as a control variable in the first step and psychological capital in the second step. Results indicated that psychological capital significantly predicted job performance ($\beta = .52, p < .001$), job satisfaction ($\beta = .58, p < .001$), and job stress ($\beta = -.13, p < .05$) but it did not predict intention to leave ($\beta = -.01, n.s$).

I used Hierarchical moderated multiple regression analysis (Cohen & Cohen, 1983) to test hypothesis 3a and 3b. Hypothesis 3a suggested that the relationship between perceptions of politics and job performance will be weaker when psychological capital is high. Organizational type was entered as control variable in the first step, perceptions of politics and psychological capital were entered in the second, and the interaction term (perceptions of politics \times psychological capital) was entered in the third step. The results in Table 3 reveal that cross product term of perceived politics and psychological capital

was significant ($\beta = .31, p < .001$) and accounted for a significant incremental portion of variance ($\Delta R^2 = .08, p < .001$) in job performance over and above the main effects, hence supporting hypothesis 3a. Hypothesis 3b predicted that the relationship between perceptions of organizational politics and job satisfaction, job stress, and intention to leave would be weaker when psychological capital is high. Results in Table 3 reveal that the interaction term predicting job satisfaction had also a unique variance ($\beta = .08, \Delta R^2 = .01, p < 0.11$) but it had low significance. The results did not show any moderating effects of psychological capital on job stress. In case of turnover intentions, the results showed that interaction term predicted a unique variance ($\beta = .17, \Delta R^2 = .02, p < 0.01$) in turnover intentions over and above the main effects. Hence, the results confirmed hypothesis 3a and 3b for all outcome variables except job stress.

Table 2: Multiple Regression Results of Perceived Politics and PsyCap on Job Outcomes

Variable	Job Performance			Job Satisfaction			Job Stress			Intention to Leave		
	B	R ²	ΔR ²	β	R ²	ΔR ²	β	R ²	ΔR ²	β	R ²	ΔR ²
Perceptions of Politics												
Step 1		.003			.06			.02			.13	
Control variable												
Step 2	-.08	.009	.006	-.21**	.10	.04**	.03	.02	.00	.29***	.21	.08***
Psychological Capital												
Step 1		-.00			.06			.02			.13	
Control variable												
Step 2	.52***	.26	.26***	.58***	.38	.33***	-.13*	.04	.02*	-.01	.13	.00
PsyCap												

*** $p < 0.001$ ** $p < 0.01$ * $p < .05$ † $p < 0.1$ Control variable, "Organizational Type".

Table 3: Moderated Multiple Regression Results for Job Outcomes

Variable	Job Performance			Job Satisfaction			Job Stress			Intention to Leave			
	Constant	β	R^2	Constant	B	R^2	Constant	β	R^2	Constant	β	R^2	ΔR^2
Step 1 Control variable	3.78	.06		3.56	.24***		2.98	-.15*		3.06	-.35***		
Step 2 Politics PsyCap	3.79	-.11* .52***	.28 .27***	3.57	-.24*** .59***	.44	2.98	.04 -.14*	.04 .04	3.06	.29*** -.03	.21	.02† .08***
Step 3 Politics × PsyCap	3.78	.31***	.36	3.57	.08†	.45	2.98	.03	.04	3.06	.17**	.23	.02**

*** $p < 0.001$

** $p < 0.01$

* $p < 0.1$

† $p < 0.115$

Control variable, "Organizational Type"

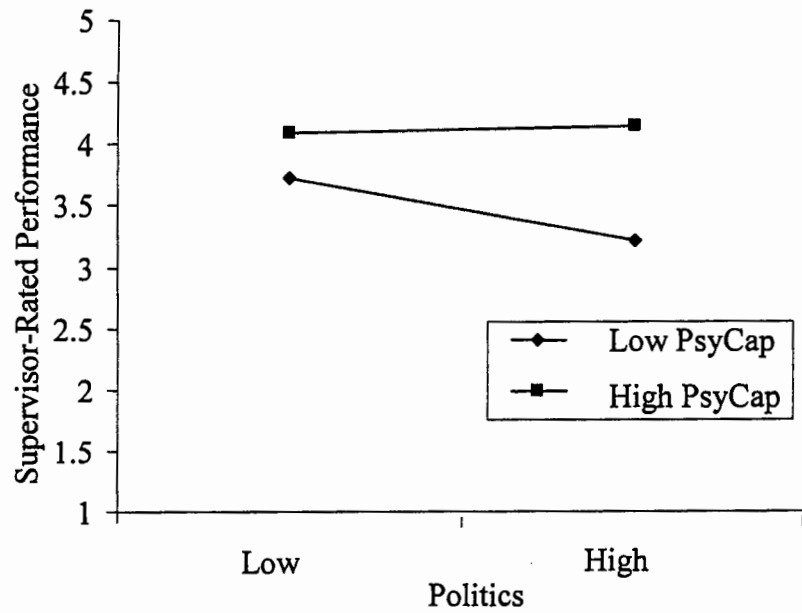


Figure 2: Interactive Effects of Psychological capital and Perceptions of Politics on Supervisor-Rated Job Performance.

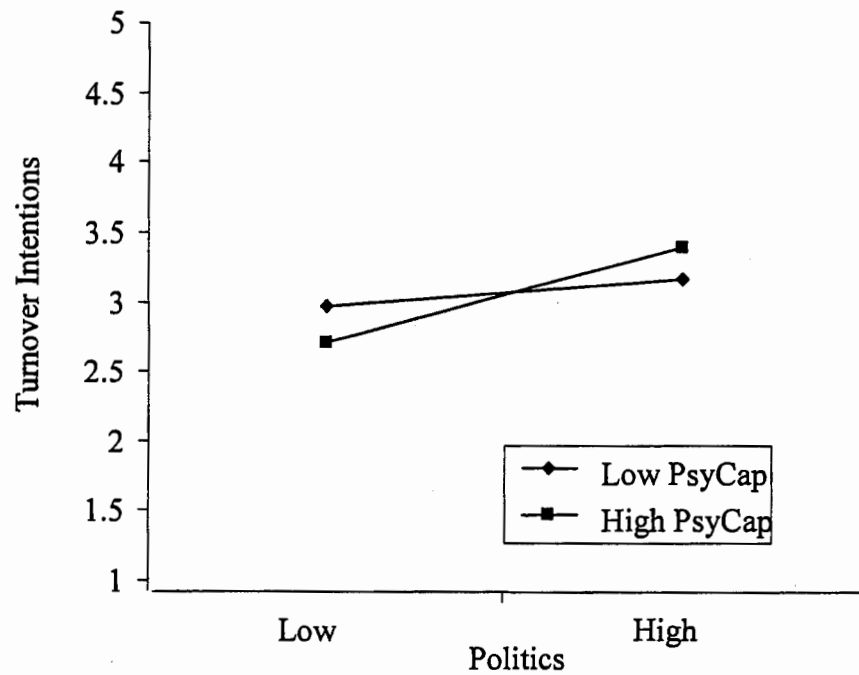


Figure 3: Interactive Effects of Psychological capital and Perceptions of Politics on Turnover Intentions

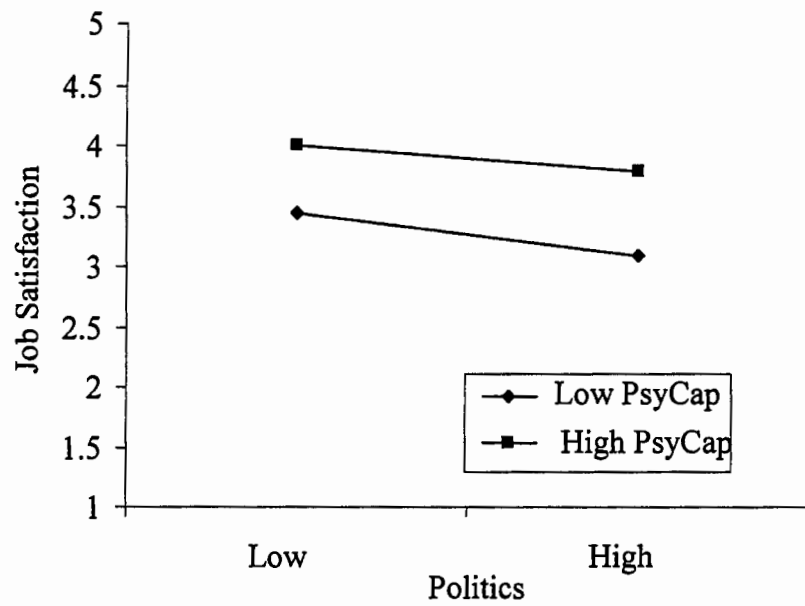


Figure 4: Interactive Effects of Psychological capital and Perceptions of Politics on Job Satisfaction

CHAPTER – 5

DISCUSSION AND CONCLUSION

5.1 Major Findings

The very nature of psychological capital, as state-like and open to development, makes it able to be developed through various training interventions, and an alternate perspective to the dominant trait-like theories. The current study discusses the detrimental effects of perceptions of organizational politics on job outcomes. In addition, this study explores various implications of psychological capital relevant to the workplace, its importance in demonstrating upward spirals of performance and satisfaction, and its ability to cope with adverse, uncertain, and stressful situations (particularly workplace politics). More specifically, this study explores the capacity of recently emerged positive psychological resources in buffering the negative effects of perceived organizational politics on desirable job attitudes and behaviors.

Table-2 reveals that perception of organizational politics is not related job performance and job stress, however, it is negatively related to job satisfaction and positively related to intention to leave. Table-2 also shows the regression results of psychological capital and its impact on job outcomes. Consistent with the literature, psychological capital significantly predicts job performance and job satisfaction. Individuals who are high on psychological capital better perform and are more satisfied than those who are low on psychological capital. Psychological capital is negatively related to job stress but it does not predict intention to leave.

The interactive effects of psychological capital and perceived politics on job performance, turnover intentions, and job satisfaction are presented in Figure-2, Figure-3, and Figure-4 respectively. Not surprisingly, individuals who were high on psychological capital had higher levels of supervisory-rated performance when perceived politics was either high or low. Consistent with COR theory, the results show that high PsyCap individuals maintain their performance levels regardless of the political situation prevailed around their environment. Moreover, higher levels of perceived politics may have detrimental effects on job performance for individuals with low psychological capital. High PsyCap individuals due to their optimistic, efficacious, hopeful and resilient nature may not minimize their performance because these resources contain cognitive, emotional and motivational components that provide a coping mechanism to control under uncertain situations.

Figure-3 reveals that when perceived politics is high, individuals with high PsyCap have higher intentions to leave than individuals with low PsyCap. In contrast, workers with high PsyCap have lower turnover intentions than those who are low on PsyCap, when perceived politics is low. One possible explanation is that individual who are high on PsyCap may not compromise on their job responsibilities whatever the situational constraints would be, however these individuals may seek to find some other places to work

Figure-4 shows the interactive effects of PsyCap and perceived politics on job satisfaction. Individuals who are PsyCap have higher levels of satisfaction than those who are low on PsyCap. However for both high and low PsyCap individuals, as the levels of their perceived politics decreases, their job satisfaction levels increased or vice-versa.

The results suggest that individuals, who are high on psychological capital of hope, optimism, efficacy, and resilience, may demonstrate higher levels of job satisfaction and performance, even under the face of organizational politics. In contrast, those who are low on psychological capital may be vulnerable to work place politics. The current study extends both perceptions of politics and psychological capital theories. Specifically, the contradicting evidence of the perceived politics-job performance relationship in previous studies could be understood in the context of person-situation interaction. In addition, psychological capital may not only lead towards higher spirals of performance, but also act as buffering agent against environmental stressors.

5.2 Practical Implications

The current study provides some valuable implications for managerial practice. Positive psychological resource capacities have some advantages over the traditional personality traits (e.g., Big Five traits, Core-self evaluations). Personality traits provide specific criteria for selection of the right people, while the positive psychological states could be developed within the existing employees (Luthans, Avey, Patera, 2008). Developing of psychological capital in existing employees may serve as a better option rather than hiring new employees from outside. Moreover, managers could invest in employees to develop their positive psychological resources of hope, optimism, resilience, and efficacy that may further navigate to cope successfully in highly stressful situations. Managers can also select individuals with high PsyCap for jobs or tasks that are highly stressful and demanding, as these individuals tend to perform better under stressful circumstances.

5.3 Limitations and Future Research

The current study has several limitations. A potential limitation to this research is the common criticism of cross sectional field survey. Future research may replicate this study with longitudinal data to provide more generalized results. Another limitation might be the same source bias for predictor (perceptions of politics) and criterion (job satisfaction, job stress, intention to leave) variables (Podsakoff, MacKenzie, and Lee, & Podsakoff, 2003). However, this is not an issue in case of job performance, because I have used supervisory responses for job performance. Another limitation is that the reliabilities for perceived organizational politics and job satisfaction are relatively lower than the conventional standards (for POP: $\alpha = .69$ and for job satisfaction: $\alpha = .67$).

Psychological capital may also moderate the relationship between other work place stressors (e.g., work overload, role ambiguity, underemployment, and job insecurity) and desirable organizational outcomes. Future research could investigate these areas to explore the buffering capacities of individual's positive resource capacities.

5.4 Conclusion

Despite some of the limitations to this study, the results do provide answers to the important questions posed at the introductory part of this study: how perceptions of organizational politics relates to important individual outcomes and does psychological capital moderates the relationship between perceived politics and job outcomes? Provided the variety of outcomes examined in this study, these questions can be answered with other important job attitudes and behaviors. Moreover, the moderating effect of psychological capital, in stressors-outcomes relationship, provides evidence of the

buffering capacity of positive psychological resource capacities and attests the utility of psychological capital in accounting for positive organizational behavior.

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APPENDICES

APPENDIX A: COVERING LETTER AND QUESTIONNAIRES



Faculty of Management Sciences
INTERNATIONAL ISLAMIC UNIVERSITY
Islamabad



P.O. Box: 1243, Telegram: ALJAMIA, Telex: 54068 IIU PK, Fax: 9257944, Tel: 9258020

Dear Respondent,

I am a research scholar at Faculty of Management Sciences, International Islamic University Islamabad. I am working on my MS Thesis. My current research deals with the identification of factor that can positively influence performance.

You could help me by filling out this questionnaire. I assure you that any information obtained will remain highly confidential and only I will have the access to the collected information.

There are no trick question, neither are there any right or wrong answers. Therefore, kindly answer ALL questions as honestly and accurately as possible. I once again thank you for your help and cooperation in this research endeavor.

Yours truly,
 Muhammad Abbas
 Faculty of Management Sciences (IIU)

Psychological Capital

Items with (R) are reverse-coded

24-items PCQ is a copy righted material. However, with the permission of the authors of this instrument, I have included five items as a sample.

Below are statements that describe how you may think about yourself **right now**. Use the following scale to indicate your level of agreement or disagreement with each statement

1= Strongly Disagree

2= Disagree

3= Somewhat Disagree

4= Somewhat Agree

5= Agree

6= Strongly Agree

Sample items for each dimension

1. I feel confident analyzing a long-term problem to find its solution.
2. If I should find myself in a jam at work, I could think of many ways to get out of it.
3. When I have a setback at work, I have trouble recovering from it and moving on. (R)
4. When things are uncertain for me at work, I usually expect the best.
5. I'm optimistic about what will happen to me in the future as it pertains to work.

Perceptions of Organizational Politics

The response scale is as below

1. Strongly Disagree

2. Disagree

3. Neither Disagree/nor Agree

4. Agree

5. Strongly Agree

In this organization

1. One group always gets their way
2. No one bypasses the influential group
3. Policy changes help only a few
4. People build them selves up by tearing others down
5. Favoritism not merit gets people ahead
6. People don't speak up for fear of retaliation
7. Promotions go to top performers (R)
8. Rewards come to hard workers (R)
9. Employees are encouraged to speak out (R)

10. There is no place for Yes men/women (R)
11. Pay and promotion policies are not politically applied (R)
12. Pay and promotion decisions are consistent with policies (R)

Intention to Leave

The response scale is as below

- | | | |
|----------------------|-------------------|-------------------------------|
| 1. Strongly Disagree | 2. Disagree | 3. Neither Disagree/Nor Agree |
| 4. Agree | 5. Strongly Agree | |

1. I often think about quitting this job
2. Next year I will probably look for a new job outside this organization
3. Lately, I have taken interest in job offers in the newspaper.

Job Satisfaction

The response scale is as below

- | | | |
|----------------------|-------------------|-------------------------------|
| 1. Strongly Disagree | 2. Disagree | 3. Neither Disagree/Nor Agree |
| 4. Agree | 5. Strongly Agree | |

1. I am often bored with my job (R)
2. I feel fairly well satisfied with my present job
3. I am satisfied with my job for the time being
4. Most days I am enthusiastic about my work
5. I like my job better than the average worker does
6. I find real enjoyment in my work

Job Stress

The response scale is as below

- | | | |
|----------------------|-------------|-------------------------------|
| 1. Strongly Disagree | 2. Disagree | 3. Neither Disagree/Nor Agree |
|----------------------|-------------|-------------------------------|

4. Agree

5. Strongly Agree

1. I have felt nervous as a result of my job.
2. My job gets to me more than it should.
3. There are lots of times when my job drives me right up the wall.
4. Sometimes when I think about my job I get a tight feeling in my chest.
5. I feel guilty when I take time off from job.
6. I have too much work and too little time to do it in.
7. I sometimes dread the telephone ringing at home because the call might be job related.
8. I feel like I never have a day off.
9. Too many people at my level in the organization get burned out by job demands.

Job Performance

The response scale is as below

1. Strongly Disagree

2. Disagree

3. Neither Disagree/Nor Agree

4. Agree

5. Strongly Agree

This person

1. Adequately completes assigned duties.
2. Fulfills responsibilities specified in job description.
3. Performs tasks that are expected of him/her.
4. Meets formal performance requirements of the job.
5. Neglects aspects of the job he/she is obligated to perform. (R)
6. Engages in activities that will detrimentally affect his/her performance. (R)
7. Fails to perform essential duties. (R)

Demographic Variables

Gender: Male Female **Age:** _____ **Designation:** _____

How long have you been working with this organization: _____

What is your total work experience: _____

Highest Qualification _____

Job Nature: Field work Office work Technical Staff Managerial

Monthly Income: Below 15,000 16-30,000 31-45,000 46-75,000 Above 76,000

Name: _____

APPENDIX B

PSYCAP PERMISSION LETTER



Ref: Muhammad Abbas

www.mindgarden.com

To whom it may concern,

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Instrument: Psychological Capital (PsyCap) Questionnaire (PCQ)

Authors: Fred Luthans, Bruce J. Avolio & James B. Avey.

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for his/her thesis research.

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Sincerely,

Vicki Jaimez
Mind Garden, Inc.
www.mindgarden.com

