The Impact of Psychological Capital on Employee Performance with Moderating Role of Leader’s Behavior

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Abstract
The objective of this study is to inspect the connection between psychological capital (comprised of hope, optimism, efficacy and resilience) and employee performance keeping leader behavior as moderator with the help of numerous studies and methods of data. The study assesses the impact of psychological capital to the performance of employees. The significant literature review establishes the fact that there exists a positive relationship between Psychological capital and performance of employees. For that reason, empirical method is used to find whether there is relationship exists between psychological capital and employee performance. The study results reveal that positive relationship indeed exists between psychological capital and performance of employees. Researchers gathered information for the research from banking sector of Pakistan. Researchers have adapted questionnaires, used various already published articles and authentic websites for data collection. Results showed that psychological capital has positive impact on employee performance while leader behavior decreased its impact.

Keywords: Hope, Resiliency, Optimism, Self-efficacy, Employee Performance, Leader Behavior

1. Introduction
For the last ten years psychology has been linked with mental illness. In the middle of twentieth century, a new concept was introduced in psychology which is called psychological capital. This new approach (psychological capital) has gained popularity in the middle of twentieth century. Positive psychology tells about the right and positive things in human beings. Many attempts have been made to concentrate on embroiled resources of positive psychological capital in area of human resource management (Luthans, 2002). Many researchers have studied and it is found that psychological capital plays very important role in positive organizational behavior. Scientifically it is exhibited
that psychological capital is an important concept (Luthans, Avey & Avolio, 2007). Psychological capital has been recognized by four resources: hope, optimism, resiliency and efficacy. Each of these is measured in valid scales and has a constructive effect on the employee performance (James, 2011). Psychological capital emphasis more on power, success, embellishment and happiness (Donaldson, 2013). Psychological capital is given much importance in the work place. The positive psychological capital can be estimated, developed, and fruitfully managed for the betterment of employee overall performance (Youssef, 2008). It includes Self-efficacy, Hope, Optimism, and Resilience, and is mutually referred as psychological capital (Avey & Wernsing, 2013).

Employee with higher psychological capital gives better performance at work place than employee with low psychological capital (Bono, 2009). Psychological capital is important part of human resource. The correlation between psychological capital and employee performance has been unnoticed in the past researches with the moderating role of leader behavior (Gupta, 2014). It is the duty of employees to adjust into new organization and to follow the strategies made by the management (Stewart, 2001). During the organizational changes, employee psychological capital must put into test; employees learn many things, and have to be very confident so they can perform better in future (Adler, 2004). For the last ten years, paying attention to promote and develop positive psychological capital was the main point of focus by researchers (Allen, 2010).

It has been observed that concept of psychological capital is new term to study. Many other terms for example hope, work, work ethics have been connected to positive psychology. Psychological capital emphasis on how employees can live happy and satisfied life in their organizations. Time has come to focus on interventions of training for developing positive psychological capital. These interventions can increase the effectiveness in human resource field (Valentine, 2013). According to (Luthans, 2002), the effect of psychological capital (hope, efficacy, optimism and self-efficacy) and their effectiveness on employee performance is proportional.

2. Literature Review
2.1 Psychological Capital

In an organization, psychological capital is an important concept (Luthans, 2006). Psychological capital basically emphases on the strength of employees so that performance of employees can be improved (Baker, 2008). There are four dimensions of psychological capital, namely hope, optimism, resiliency and self efficacy. The dimension of psychological resources is connected in all work place attitudes and performance, for example employees satisfaction employees presentation (Avey, Wernsing & Luthans, 2010). Many researches has been made and recent research states that psychological capital is significant part of positive organizational conduct and it has positive effects on performance of employees (Avey & Wernsing, 2013). Though these researches have been valuable in serving to set up an early association between workers mental level and their management, they are incomplete in two significant ways. Primary, preceding facts are incomplete relating to go-ahead surroundings of the psychological capital build (e.g., inside-person alter crossways occasion or a enlargement route is missing). Second, prior information is also incomplete concerning between-human being difference in the modification in psychological capital that can be used to predict performance (Bollen, 2014).
2.2 Hope

According to (Bandura, 1997), effectual strategy amplified self efficacy. Hope is an important concept and it can be defined as individual willpower and way power (Synder, 1991). Hope can be measured in state-hope scale (Snyder, 2009). Recent studies have discovered that in small factories, level of hope is linked to commitment and employee performance (Larson, 2006). Hope enables a person to be provoked to accomplish goals with the mission at hand by looking for the best trail (Avey, 2008). Hope has made an important involvement to positive psychological capital and has established significance in the work place (Duggleb, 2009). Researchers exposed that hope predicts performance of employees additional than cognitive aptitude and self-efficacy (Myrowitz & Peterson, 2009). Hope had a positive effect on performance of employees and work happiness; it also shelters an entity’s realization of weakness, violence and irresponsibility (Synder, 2002). Psychologically describe important events in the vision can also assist the hope development procedure. Because of this tough hypothesis and beginning proof, it possess that the expectations holds much possible for more work on expansion programs and the authority for strength of hope to force place of work presentation (Quinn, 1999). Some researchers also pay attention on the relationship between hope and performance of employees (Bono, 2009).

Hence after critical review of literature, following hypothesis has been developed.

H1: Hope has positive impact on perceived employee performance.

2.3 Optimism

Being optimistic, in the typical sense of the word, ultimately means one expects the best possible outcome from any given situation. This is usually referred in psychology as dispositional optimism (Harris, 2003). Psychological capital is associated with optimism which includes motivation and emotions (luthans, 2002). Optimism can estimate that something cannot be accomplished in specific situation. Optimism is developing and changeable (Peterson, 2000). In early 20th century, (expectancy) theories of motivation had been introduced for the optimism just like positive psychological capacities; this theory also describes for seeking of goals (Carifio, 2002). The other dimension is expectancy which describes the level of confidence to achieve the goals. Higher level of performance would definitely increase the performance of employees whereas low level of confidence would definitely decrease the performance of employees and employee will not be in position to face the challenge. Competency is the most important unit in optimism (Campbell, 1990). Optimism has been linked to many organization outcome for example performance of employees and satisfaction of employees (Youssef, 2003). If employees wants better future so they should take the responsibility of organization and must be committed with organization. Optimism provides benefits to the employees and it helps in improving physical and mental health and helps in achieving organizational goals. Optimism emphasis in the power of self confidence second is to believe negative events are not permanent and third is to believe on positive thinking. Hence after critical review of literature, following hypothesis has been developed.

H2: Optimism has positive impact on perceived employee performance.
2.4 Resiliency

According to (Masten, 2002) resiliency means a positive change in general problems and difficulties. In an organization, resilience is defined as positive change in failure, angry disagreement between people, improving and to increase in responsibility (Luthans, 2002). Experiments prove that positive emotions improve resilience (Tugade, 2002) in unfavorable conditions, individual become resilient and in case of worse conditions positive attitudes have been found. According to (Maddi, 1987) resilient employees hardly maintain their health, performance and their happiness. Technical examination of flexibility goes back to early 1960s and 1970, the study of kids with important appropriate challenges, together with psychologically unwell parents (Rutter, 2002), and people earning was in deficiency or unhelpful relations environment (Garmezy, 2000). Research was conducted by (Combs, 2006) which tells when workers recognize helpless actions at work place, persons with elevated level of Psychological Capital are more probable to settle in positivity and rebound back from bad actions. It is stated that resilience must be linked through affirmative feelings, mainly when person experienced tough situation (Tugade, 2002). Moreover investigation has additional indicated achievable associations between resilience, commitment and work engagement, and helpful connection linking resilience and happiness of work (Anderson, 1991). Resilience is connected with successful cope devices and behaviors that assist expansion and growth (Harris, 2003). Hence after critical review of literature, following hypothesis has been developed:

H3: Resilience has positive impact on perceived employee performance.

2.5 Self-efficacy

Self efficacy means positive thought and having self confidence (Avolio, 2001). Employees in organization are confident about their skills and they are confident for the accomplishment of task. Self efficacy has positive relationship with employee performance (Locke, 2002). Many experiments and scientific theories have described relationship among self efficacy and employee performance as well as leadership improvement (May, 2000). Self-efficacy has also been exposed to be connected with socialization and preservation of new employees (Bauer, 2012) and it is also linked to organizational commitment and revenue intentions of obtainable staff (Cameron, 2002). It can include three dimensions of self-efficacy, together with magnitude, strength, and generality (Bandura, 1991). Though, self-efficacy exists within precise domains, events should also be area precise, with less prominence on generalization (Maddux, 2004). Hence after critical review of literature, following hypothesis has been developed.

H4: Self-efficacy has positive impact on perceived employee performance.

2.5 Leader Behavior

Leader behavior is termed as the influencing behaviors and actions which are aligned with the actions the leader may take and the methods they use for effective accomplishment of goals and maintaining cohesive and morale (Mouton, 2014). Leader behavior is termed as influencing the activities of any individual(s) or groups towards the attainment of a certain pre-aimed goal (Daft, 2005). Four factors relating to leader behavior are established by (Bass, 1984) i.e. Idealized influence, which is related to trust and faith in the leader (Burke, 2006), idealized influence was later changed to charisma. The second factor was individual consideration which is self-explanatory that the
attention leader gives to an individual, and then comes intellectual stimulation that relates to bring innovation and creativity within followers. The fourth factor was inspirational leadership which relates to create vision (Bass, 1984). Leaders behavior found five factors, first is the challenging the process, which relates to leaders nature of risk taking and experimenting new things. Second factor was inspiring a shared vision, which relates to create a vision and ability to make your followers to achieve that vision. Third factor, enabling others to act, relates to promote teamwork among others. Modeling the Way—set examples for others to follow. Last factor identified was encouraging the heart that relates to recognizing others performance (Kouzes, 2013).

Leader behavior can be viewed as a creative behavior and some specific behaviors dealing with creative aspects of leadership, revealing positive results depicted by most of the researchers (Jung, 2003). Many studies and tests have been conducted to study the affiliation between leader behavior and creativity focusing broadly on the concept of bringing transformational leadership (Gong, 2008). The apparent differences between the leader behavior requirements of traditional and empowered environments suggest that traditional measures of leadership may be, at most, only partially applicable to empowered team environments (Yukl, 2008).

2.6 Employee Performance

According to (Ambrossini, 2003), capabilities are an important determinant of employee’s performance. These capabilities are covered with knowledge and knowledge comes by the experience of labor. Employees are more satisfied when they achieve their goals (Frese, 1998). If management wants to maximize the profit, they must focus on performance of employees (Hmieleski, 2005). It is stated by (Bass, 1984), that if employee faces difficulty in organization it is important for top management to focus on employee’s knowledge rather than employee’s performance. Psychological capital motivates tendency effort to produce better results for understanding this concept (Campbell, 1994) proposed a frame work in which eight dimensions of performance have predicted. These dimensions are job-specific task proficiency, non-job-specific task proficiency, written and oral communications, demonstrating effort, maintaining personal discipline, facilitating peer and team performance, supervision/leadership, and management administration. Organization must improve the relationship between employees and employer it includes satisfaction of job apparent emotional agreement. It is stated by (Ambrossini, 2003), if employee’s thoughts and their satisfaction with their work influenced how consumers perceived the organization management and the superiority of the service they expected from the organization. Latest research has exposed that employee’s insight about maintenance of work has greatly influenced employee behavior and work behavior for example - coworker, supervisor and organization has an influence on employee’s attitude and work behavior particularly through reciprocity process (Thompson, 2004).

According to (Gupta, 2014), the moderating impact of leader behavior between relationship of psychological capital and employee performance can be future research area as psychological capital is considered one of the most important terms in field of psychology and its impact on employee performance. Also suggested by (Harms, 2013), that future researches in the framework of psychological capital should be aimed at studying the variables like conflict, leadership employee performance and leader
behavior. Moreover as suggested by (Thompson, 2014), psychological capital may also be studied in the context of various organization behavior constructs like employee performance, commitment and leader behavior. Hence after critical review of literature, following hypotheses have been developed.

\[ H5: \text{Leader behavior moderates the relationship between hope and perceived employee performance.} \]

\[ H6: \text{Leader behavior moderates the relationship between optimism and perceived employee performance.} \]

\[ H7: \text{Leader behavior moderates the relationship between resiliency and perceived employee performance.} \]

\[ H8: \text{Leader behavior moderates the relationship between efficacy and perceived employee performance.} \]

3. Participants and Procedures

Responses for this study were drawn from Banks and Insurance Companies located in Capital Territory of Pakistan. 121 questionnaires were collected in response to 300 distributed questionnaires. In Banks the OGI, OGII and OGII were selected while in case of Insurance companies front line managers were selected. Multi source data was used i.e. in the first phase data was collected from employees regarding Hope, Resilience, Optimism, Self Efficacy and Leader Behavior while in the second phase data regarding employees’ performance was collected by immediate manager/boss.

3.1 Measures

<table>
<thead>
<tr>
<th>S No</th>
<th>Variables</th>
<th>No of Items</th>
<th>Adapted From</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Hope</td>
<td>09</td>
<td>(Synder, 1996)</td>
</tr>
<tr>
<td>2.</td>
<td>Optimism</td>
<td>07</td>
<td>(Scheier, 1985)</td>
</tr>
<tr>
<td>3.</td>
<td>Self efficacy</td>
<td>07</td>
<td>(Bosscher and Smit, 1998)</td>
</tr>
<tr>
<td>4.</td>
<td>Resiliency</td>
<td>09</td>
<td>(Block, 1996)</td>
</tr>
<tr>
<td>5.</td>
<td>Leader behavior</td>
<td>08</td>
<td>(Charles, 2012)</td>
</tr>
</tbody>
</table>

The value of cronbach’s alpha of hope was \( \alpha = 0.74 \), optimism was \( \alpha = 0.72 \), resiliency was \( \alpha = 0.75 \), self efficacy was \( \alpha = 0.72 \), leader behavior was \( \alpha = 0.72 \) and that of employee performance it was \( \alpha = 0.73 \).

4. Correlation

This test is used to identify the relationship between two variables. The Pearson correlation is used to identify the relationship between variables is significant or not. Hope, optimism, self-efficacy and resilience have positive association on 1 percent \( (p < 0.01) \), rank of significance. Correlation must not be greater than 0.7 and result shows that all values are between 0.3 - 0.7 it means there is significant correlation (Pearson, 2008).
The regression analysis was conducted between Independent variable and dependent variable employee performance. Total respondents were 200. R basically shows the correlation level and it is .748 it means IV is .748 percent correlated with DV. To what extent variation or changes occur in DV through the IV is R square. The value of r square is .618, which tells .618 percent change occurs in DV due to IV. The effect of regression is basically based on independent variables (hope, optimism, efficacy and resilience). The table below is used to check the fitness of the model as per predicted hypotheses and theoretical framework. R-square regression is part of independent variable which is accounted for or predicted by the independent variables. The P value shows that how independent variable is correlated with dependent variable (Pallant, 2001). Variation occur in R is adjusted r square, that can be used to correct quantity of items. The sig value of optimism is .971 which is insignificant and its t value is -.152 which shows the negative relationship between IV (Optimism) and DV (employee performance). The above table shows the sig value of IV-2 (efficacy), IV-3 (resilience) and IV-4 (hope) which is significant.

### Table No. 2

<table>
<thead>
<tr>
<th></th>
<th>HO</th>
<th>OP</th>
<th>SE</th>
<th>RE</th>
<th>LB</th>
<th>EP</th>
</tr>
</thead>
<tbody>
<tr>
<td>HO</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OP</td>
<td>.402*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SE</td>
<td>.420*</td>
<td>.370*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RE</td>
<td>.605**</td>
<td>.434**</td>
<td>.293**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LB</td>
<td>.220*</td>
<td>.377**</td>
<td>.508**</td>
<td>.401**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>EP</td>
<td>.631**</td>
<td>.342**</td>
<td>.428**</td>
<td>.341**</td>
<td>.306*</td>
<td>1</td>
</tr>
</tbody>
</table>

### 4.2 Regression Analysis

The table above is used to check the fitness of the model as per predicted hypotheses and theoretical framework. The value of f is adequate to precede further regression analysis and it is also significant.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Error of Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.748a</td>
<td>.618</td>
<td>.618</td>
<td>.09712</td>
</tr>
</tbody>
</table>

N= 200, R=.748, R Square =.618, Adjusted R Square .618

The table above is used to check the fitness of the model as per predicted hypotheses and theoretical framework. The value of f is adequate to precede further regression analysis and it is also significant.
Regression analysis Summary for independent variable (h1-h4)

R-square regression is accounted for or predicted by the independent variables.

Table No. 4: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>4</td>
<td>11.634</td>
<td>18.097</td>
<td>.000a</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>241</td>
<td>.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>76.455</td>
<td>245</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), H, O, E, R
b. Dependent Variable: EP

Regression analysis Summary for independent variable (h1-h4)

R-square regression is accounted for or predicted by the independent variables.

Table No 6: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.016</td>
</tr>
<tr>
<td></td>
<td>H</td>
<td>.063</td>
</tr>
<tr>
<td></td>
<td>E</td>
<td>.527</td>
</tr>
<tr>
<td></td>
<td>R</td>
<td>.405</td>
</tr>
<tr>
<td></td>
<td>O</td>
<td>-.002</td>
</tr>
</tbody>
</table>

a. Dependent Variable: EP
N=200, R=.748, R Square = .618, Adjusted R Square = .618

Regression analysis was conducted between independent variables (hope, optimism, efficacy and resilience) and dependent variable i.e. employee performance. R basically shows the correlation level and it is .748, it means IVs are .748 percent correlated with DV. To what extend variation or changes occur in DV through the IV is R square. The value of r square is .618, which tells .618 percent change occurs in DV due to IV.

Hypothesis 1: Hope has positive impact on the performance of employees (Accepted)

In the above table the value of beta is 0.063 meaning that 0.063 percent will increase the effectiveness of employee performance. The value of t is positive i.e. 3.214, which is greater than 3 and the value of significance is 0.028, which is greater than 0.05. So, hypothesis is accepted and the results confirmed the positive impact of hope on the performance of employees.
Hypothesis 2: Optimism has positive impact on the performance of employees (Rejected)

In the above table the value of beta is -0.002. It means that – 0.002 percent will reduce the effectiveness of employee performance. The value of t is negative which is -1.52, which is less than 3 and the value of significance is 0.879, which is greater than 0.05. So, hypothesis is rejected and optimism has negative impact on the performance of employees.

Hypothesis 3: Efficacy has positive impact on performance of employees (Accepted)

With the help of SPSS, value of beta came out to be 0.527, which means change occur in one unit of efficacy will increase the effectiveness of performance of employees by 0.527. The value of t is 8, which is greater than 3 and value of sig is .000 which is less than 0.05. So, hypothesis is accepted.

Hypothesis 4: Resilience has positive impact on performance of employees (Accepted)

In the above table the value of beta is mentioned and it is .405. The value of significance is .000, it means resilience has positive impact on performance of employees and the hypothesis is accepted.

Moderation Results

Table No 7: Regression analysis – Moderation Results (Hope, employee performance)

<table>
<thead>
<tr>
<th>Steps</th>
<th>R²</th>
<th>F Stat</th>
<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (IV) EP (DV)</td>
<td>0.618</td>
<td>18.097</td>
<td>0.063</td>
<td>0.780</td>
<td>3.214</td>
<td>0.000</td>
</tr>
<tr>
<td>H (IV) LB (MV)</td>
<td>0.411</td>
<td>40.317</td>
<td>0.372</td>
<td>0.411</td>
<td>6.350</td>
<td>0.000</td>
</tr>
<tr>
<td>LB (MV) EP (DV)</td>
<td>0.496</td>
<td>94.485</td>
<td>0.851</td>
<td>0.704</td>
<td>13.946</td>
<td>0.000</td>
</tr>
<tr>
<td>H (IV)*MV(LV)*EP(DV)</td>
<td>0.459</td>
<td>86.91</td>
<td>0.295</td>
<td>0.468</td>
<td>8.81</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**p< 0.01

Table No 8: Regression Analysis – Moderation Results (Resilience, Employee performance)

<table>
<thead>
<tr>
<th>Steps</th>
<th>R²</th>
<th>F Stat</th>
<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>R (IV) EP (DV)</td>
<td>0.618</td>
<td>18.097</td>
<td>0.405</td>
<td>0.497</td>
<td>14.167</td>
<td>0.000</td>
</tr>
<tr>
<td>R (IV) LB (MV)</td>
<td>0.486</td>
<td>87.30</td>
<td>0.646</td>
<td>0.697</td>
<td>13.686</td>
<td>0.000</td>
</tr>
<tr>
<td>LB (MV) EP (DV)</td>
<td>0.496</td>
<td>94.485</td>
<td>0.851</td>
<td>0.704</td>
<td>13.946</td>
<td>0.000</td>
</tr>
<tr>
<td>R (IV)*MV(LV)*EP(DV)</td>
<td>0.862</td>
<td>130.168</td>
<td>0.960</td>
<td>0.958</td>
<td>14.544</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**p<0.01
Table No 9: Regression analysis – Moderation results (Efficacy, employee performance)

<table>
<thead>
<tr>
<th>Steps</th>
<th>R²</th>
<th>F Stat</th>
<th>B</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>E (IV) EP (DV)</td>
<td>0.618</td>
<td>18.097</td>
<td>0.527</td>
<td>0.635</td>
<td>8.194</td>
<td>0.000</td>
</tr>
<tr>
<td>E (IV) LB (MV)</td>
<td>0.467</td>
<td>173.553</td>
<td>0.574</td>
<td>0.683</td>
<td>13.174</td>
<td>0.000</td>
</tr>
<tr>
<td>LB (MV) EP (DV)</td>
<td>0.496</td>
<td>194.485</td>
<td>0.851</td>
<td>0.704</td>
<td>13.946</td>
<td>0.000</td>
</tr>
<tr>
<td>E (IV)*MV(LB)*EP(DV)</td>
<td>36.62</td>
<td>0.198</td>
<td>0.310</td>
<td>0.216</td>
<td>4.544</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**p< 0.01

Hypothesis 5: Leader behavior moderates the relationship between hope and perceived employee performance (Accepted)

Leader behavior moderates the relationship between hope and perceived employee performance. Hope was tested in the last step of baron and Kenny. Table ..... shows the value of t and value of significance is significant. The value of beta changed from 0.78 to 0.468, which shows that the moderator leader behavior is weakening the relationship between IV-1(Hope) and DV. Therefore, leader behavior moderates the relationship between hope and employee performance and hypothesis is accepted.

Hypothesis 6: Leader behavior moderates the relationship between optimism and perceived employee performance (Rejected)

Leader behavior does not moderate the relationship between optimism and perceived employee performance. In first step optimism was rejected and optimism values were insignificant.

Hypothesis 7: Leader behavior moderates the relationship between resilience and perceived employee performance (Accepted)

The table above describes the relationship between IV-MV-DV. Leader behavior moderates the relationship between resilience and perceived employee performance. The value of t is greater than 3 and the value of significance is .000, which is less than 0.05. The value of beta is showing a big change from 0.063 to 0.958, which tells that MV is strengthening the relationship between IV-3(Resilience) and DV (Employee Performance). Therefore, hypothesis is accepted.

Hypothesis 8: Leader behavior moderates the relationship between self-efficacy and perceived employee performance (Accepted)

Leader behavior moderates the relationship between efficacy and perceived employee performance because value of t is greater than 3 and value of significance is .000, which is less than 0.05. The change in beta i.e. 0.635 to 0.216 shows that moderating variable is weakening the relationship between IV-4(self-efficacy) and DV. Therefore, hypothesis is accepted.
5.1 Discussion

Hope has positive significant impact on perceived employee performance (Accepted)

Many researchers believe that hope has positive impact on performance of employees. The word hope is the study of developing a thought for future goals (Anderson, 1991). The term hope is an important concept in the psychological capital and it is define as individual expectations with the organizations (Synder, 2002). Study tells that hope is motivation tools for employees to achieve their organizational objectives. Generally employees with more expectations and hope are more successful than those who expect less (Adams, 2002). Hope is link with leader behavior and employee performance (Larson, 2006). In an organization employees always hope for the best and they always give their best to achieve outcome (Luthans, 2002).

Many researchers also give attention on the relationship between hope and stress. In my opinion, when employees in organization are in critical situation hope is the only solution of problem. We believe that hope always motivates employees when they are in critical situation. In large organizations, hope is linked with satisfaction of employees and employee happiness. This hypothesis is supported by literature. Therefore, hope has positive impact on performance of employees.

Optimism has positive significant impact on perceived employee performance (Rejected)

The study of optimism tells about individual positive thinking related to any job task and to expect best possible outcome from any situation (Harris, 2003). The result of study shows that optimism had negative impact on employee performance (Conley, 1984). The overall result shows that employees do not think positive in difficult situation because they never expect that organization could work for their welfare as a result optimism level decreases. It is stated that Optimism means person positive expectations and experience for future (Peterson, 2000). But result shows that employees have negative perception and they do not believe in best possible outcome.

Optimism has been linked to many organization outcome for example performance of employees, satisfaction of employees and leader behavior but result shows negative impact on not only performance but level of satisfaction decreases and employees are not committed with their organization. When employees are not satisfied with their jobs and their organizations, they try their level best to achieve best possible outcome but organization do not give them enough sources as a result group of optimistic people change their thinking level and they started to believe in negative behavior and become superstitious (pessimistic) (Conley, 1984). Optimism is explanatory approach and in this approach people give details about experiences happen to them. Overall result shows that optimistic do not have significant impact on performance of employees. Therefore, hypothesis is rejected.

Resilience has positive significant impact on perceived employee performance (Accepted)

The concept of resilience is to bring positive changes in difficult situations (Masten, 2002). Many experiments prove that positive emotions improve resilience (Barrett, 2004). And overall result shows that positive emotions can improve resilience. Success always comes when effort is made (Bandura, 1991). Recent studies basically focus on how depress people change their life style and how they can live normal life...
(Zunz, 1998). Resilience has positive impact on performance of employees and leader behavior (Sutcliffe, 2003). Resilience is ordinary magic that affects person’s ability and skills and the encouragement of growth (Sutcliffe & Vogus, 2003). Many kids are talented to react optimistically to anxiety or hardship, conquer the difficult situations, and continue to live sensibly standard lives (Serwer, 2009). In my opinion, resilience has positive impact on performance of employees because resilient people move on in life after having had a stressful experience or event such as personal adversity, conflict and or failure. Resilience is also connected with successful cope devices and behaviors that assist expansion and growth. Therefore, hypothesis of resilience is accepted.

**Self efficacy has positive significant impact on perceived employee performance**

Overall result shows that self efficacy has positive impact on employee performance. There are many reasons for positive results sample size of population is 200 or employees of Banks may believe in the concept of self efficacy. According to (Locke, 2002), employees in organization are confident about their skills and are also confident for the accomplishment of task only when leaders are loyal and sincere with their employees. Over all result shows that resilience has significant relationship with employee performance and had positive impact on employees. Therefore, hypothesis is confirmed and it is accepted.

**Leader behavior moderates the relationship between hope and perceived employee performance**

The concept of leader is about how much leaders are loyal with their employees and how they are committed with their subordinates (Mouton, 2014). But result shows that leader behavior moderates the relationship between hope and perceived employee performance. If employees are more loyal and sincere with their organization level of hope would definitely increase. So, leader behavior moderates the relationship between hope and perceived employee performance. Therefore, hypothesis is accepted.

**Hypothesis 6: Leader behavior moderates the relationship between optimism and perceived employee performance**

From the critical review of literature leader behavior moderates the relationship between optimism and perceived employee performance (Daft, 2005). But in the first step of (baron and Kenny 1986), optimism have insignificant impact on employee performance and hypotheses was not confirmed, optimism was not used in the last step because hypothesis was already rejected in the first step. Therefore, leader behavior doesn’t moderate the relationship between optimism and employee.

**Leader behavior moderates the relationship between resilience and perceived employee performance**

In the first step of (Baron and Kenny, 1986) it was proved that resilience has positive impact on performance and hypotheses were accepted. Resilience comes in the last step and there for results shows that in the last step leader behavior moderates the relationship between resilience and perceived employee (Blake, 1985). Employees do believe in miracles if they are not satisfied with their jobs they might think that may be one day organization would work for their welfare and benefits.

**Leader behavior moderates the relationship between self-efficacy and perceived employee performance**
Efficacy is an important dimension of psychological capital. Efficacy means self-confidence. Overall results shows that relationship of efficacy with DV (performance of employees) and with MV (leader behavior) is significant. Therefore, hypothesis is accepted.

5.2 Conclusion

The study was conducted to examine how psychological capital affects the performance of those employees who are working in banking sector of Islamabad. Majority of researchers gave their opinion that psychological capital is important concept and the most unique field to study. Overall result shows that employee performance is positively affected by the psychological capital. Psychological capital has positive effect on the employee performance working in banks of Islamabad. Banks must give proper attention to psychological capital of employees so that employees must perform better. The study emphasis on leader behavior and due to this, organization performance level would definitely increase. In employees point of view psychological capital and performance are the most important factor. Employees think if organization is giving proper rights and treating all employees equally they would be satisfied with their jobs and they would never mind if they give extra time to their organization. Employees Performance, leader behavior and psychological capital are important factors for all employees working in different organizations. All of them affect employee (Conley, 2007).

The study was conducted on how psychological capital affects the performance of employees. The overall result shows that psychological capital is directly connected with employee performance and has significant impact. Leaders loyalty with their followers and subordinates and they are well satisfied with their jobs. Employees of Bank are loyal with the organization. Employees play very important role in an organization, so if organization wants to increase the profit and want to achieve success they should focus on employees and leader behavior to know that why employees are not working well. Result shows that performance of employees is affected by the psychological capital. Leader behavior is the only factor that positively increases the association between employee performance and psychological capital. Over all result shows that manager always provides benefits and compensation to those employees who are sincere and loyal with their organization. Result shows that if employee faced difficulty in organization, it is important for top management to focus on employee’s knowledge rather than employee’s performance. Future research can be carried in the same area by considering other factors like conflict, power and politics, which could also affect the performance of employees. This study examined the moderating role of leader behavior, another possible moderator in this regard can be leader member exchange behavior for future research.

References


Frese. (1998). We need an active performance concept for modern work places.


