Chapter 12

The Psychological Capital: A Moderator in Authentic Leadership – Organizational Commitment Relation

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ABSTRACT

The psychological capital concept, which refers to developmental positive states of human beings, has proven to be important for organizations in order to gain competitive advantage. Thus, in this study, a brief discussion has been made in order to provide a better understanding of the desired organizational outcomes of this concept and its role in the authentic leadership and organizational commitment behavior of employees. It has been stated that under authentic leadership style, followers with low psychological capital are thought to be more inclined to show organizational commitment than their peers with high psychological capital.

INTRODUCTION

Today’s rapidly changing environment makes both organizations and leaders to create and develop competitive advantage against their rivals. Therefore, it can be observed that organizations apply differing options in order to gain superiority. Thus, in such an environment from technological innovations to public relational strategies, every tool may make the organization one step ahead of its competitors if used correctly. However, each of these tools is traceable and repeatable resources by competitors. Organizations, on the other hand, need resources that cannot be copied and replicated by their rivals. At this point, human resources they have, are thought
to provide the uniqueness they need. Consequently, today’s leaders realized that the real power they have is the human resources within the organization. When an employee joins the organization, s/he also brings his/her personal capabilities and strengths with himself. These strengths and abilities are also the ones that cannot be replicated and that creates a competitive advantage.

Recently, positive organizational behavior and relatedly psychological capital (PsyCap) derived from positive psychology have been attracted, organization researchers. The psychological capital is defined by Luthans and his colleagues (2007) as a positive psychological state of individuals. According to Luthans and his colleagues (2007) psychological capital of employees can enhance the uniqueness that is required for competitive advantage. With its developmental feature and its dimensions, psychological capital is argued to support desired organizational outcomes. The dimensions of the psychological capital, on the other hand, are still be developing. However, there are four dimensions, namely self-efficacy, hope, optimism, and resilience, that researchers arrived at a consensus. Self-efficacy refers to one’s belief in himself/herself regard to accomplishing the given task properly(Stajkovic & Luthans, 1998). Hope, on the other hand, refers the cognitive set that composed of deciding an aim and the way that leads this aim(Snyder et al., 1991). Optimism, another dimension of psychological capital; is the general expectation that good things will come to life in a way that allows the person to continue on his/her way to reach his goal (Brissette, Scheier, & Carver, 2002). The last dimension, resiliency indicates an individual’s ability to cope with all difficulties besides endurance and adaptation to change. (Luthans, 2002). It has been stated that although these dimensions affect behavioral outcomes individually, the psychological capital that they composed also have an influence on the behaviors(Luthans et al., 2007).

The psychological capital also determined to be developed through leaders’ efforts that create an eligible environment to flourish in this positive state. More specifically, authentic leadership is proposed to increase the psychological capital of his/her followers via their transparency, trust, and openness. Besides, authentic leadership is known as its positive effect on other organizational behaviors such as organizational citizenship behavior, performance, trust and, finally organizational commitment. Thus, this study aims to investigate the relationship between psychological capital, authentic leadership, and organizational commitment. More specifically, the moderator effect of psychological capital in authentic leadership organizational commitment relation is the principal objective of this study.