



PSYCHOLOGICAL CAPITAL: A NEW LENS FOR UNDERSTANDING EMPLOYEE FIT AND ATTITUDES

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The purpose of this study is to investigate whether or not the similarities between employees' and their leaders' psychological capital () adds to the understanding of person-organization fit, employee engagement, and job satisfaction. This study examines working adults (N=1002), mostly from the U.S. Results indicate that the insights to understanding person-to-organization fit are enhanced when employees' and leaders' PsyCap levels are similar. While the concept of fit between employees and their work environment is not new, this is the first empirical assessment considering the extent of PsyCap similarity between leaders and followers as it relates to person-to-organization fit. Implications from this study as well as recommendations for future studies are discussed.

Introduction

Newspaper headlines across the country continue to convey a not-so-positive outlook for today's businesses and that there are very challenging decisions to make about the future. Decisions such as

whether or not to plan furlough days, reduce employer contributions to retirement plans, cut the number of hours employees work, or to eliminate positions altogether are just a few of the tough decisions being made on a regular basis. In light of these challenging times, it is easy to understand how employees might feel less connected to their organizations, that they do not fit, or that they are less satisfied with their jobs overall. On the other hand, there might be important insights to understand how, even in these difficult times, some of today's employees continue to fit in, elect to engage in their work surroundings, and feel satisfied with their jobs.

The framework of this study stems from positive psychology and its interface with employee fit, employee engagement, and job satisfaction. Previous research has examined the role that psychological capital, or PsyCap, has on positive organizational variables such as trust and performance (Norman, Avolio, & Luthans, 2010). Further, extant research has considered the positive effects of employee PsyCap on follower attitudes (e.g., Avey, Wernsing, & Luthans, 2008a; Avey, Luthans, & Youssef, 2010; Luthans, Avolio, Avey, & Norman, 2007a). However, to date, the concept of examining the similarity between employees' and their leaders' positive psychological states has not been considered in the management literature. Therefore, in this paper, we examine the potential relationship between leaders' and followers' PsyCap (comprised of optimism, hope, resilience, and self-efficacy) and how their perception of fit relates to the follower's level of work engagement, job satisfaction, and perceived organizational fit. This inquiry may be valuable in understanding the role of PsyCap as a positive explanation for work interactions, especially in light of the challenges, and often negative, perspective that many organizations face today.

Positive Psychology and Psychological Capital

There is increased support for the positive outcomes that can result from the focus on positive psychology (Sheldon & King, 2001; Luthans 2002a, 2002b; Luthans et al., 2007a; Peterson & Seligman, 2004), which shifts the traditional focus on what is wrong with people (i.e., neuroses, deviant behavior, etc.) to what is right with people (positive flourishing, virtues, optimism, hope, etc.) (for a review see Roberts, 2006 and/or Luthans & Youssef, 2007). Drawing from theory in positive psychology and applying it to the workplace, positive organizational behavior (POB) has predominantly focused on advancing knowledge of state-like capacities (Luthans et al., 2007a; Wright, 2003), such as hope (Snyder, 2000, 2002; Snyder et al., 1996), resilience (Masten, 2001), optimism (Seligman, 1998), and self-efficacy (Bandura, 1997).

Current research in the area of POB has evolved into examining a higher order factor comprised of these four components into PsyCap, which is defined as "an individual's positive psychological state of development that 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 reference (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:3). Drawing from Hobfoll's (2002) psychological resource theory, PsyCap has been shown to be both theoretically (Luthans et al., 2007b) and empirically (Luthans et al., 2007a) supported as a higher-order factor, whereas each of the four components are best understood as indicators of a single latent factor. Existing research has demonstrated a strong relationship between PsyCap and multiple employee outcomes, such as manager-rated performance and job satisfaction (Luthans et al., 2007a), trust (Norman, Avolio, & Luthans, 2010), work engagement (Avey, Wernsing, & Luthans, 2008a), commitment (Luthans, Norman, Avolio, & Avey, 2008b) and absenteeism (Avey, Patera, & West, 2006).

Given the support for the importance of individual PsyCap in the workplace and the emerging research recognizing the influence of leader PsyCap (e.g., Norman et al., 2010), a logical next step is to understand how these two related sources of PsyCap influence each other in the workplace. Given that the present investigation considers the degree of similarity in PsyCap between two targets of a social relationship (e.g., between a leader and follower), there are at least two theories which may explain the phenomena and are the basis of this study. These theoretical frameworks include person-organization (PO) fit, person-supervisor (PS) fit.

Person-Organization and Person-Supervisor (PS) Fit

Research focused on the fit between a person and his/her work environment has been prevalent in the management literature since the early 1900s (Parsons, 1909), and has drawn considerable focus throughout the years. Generally defined, fit is often described as the compatibility between an individual and his or her work environment that occurs when the characteristics of both the individual and the environment are well-matched (Schneider, 2001). Subsequent research has further classified fit factors as specific to the person and the organization (PO), the person and the job (PJ), the person and the group (PG), and the person and his or her supervisor (PS). As examined here, PO and PS fit factors are most relevant given the salience of the organizational context and the focus on the leader-follower relationship.

Most of the past research relative to PO fit has been focused on the degree of similarity that exists between the individual and the organization. Tom (1971) suggested that individuals will be most successful in organizations that are similar to themselves, with the focus of similarity ranging from values congruence (Chatman, 1989; Kristof, 1996) to personality-climate congruence (Christiansen, Villanova, & Mikulay, 1997; Tom, 1971). In other PO-fit research, organizational culture is reflected in the characteristics (i.e. personality, attitudes, and psychological capacities) of the organizational members (Van Vianen, 2000). Additionally, the PO fit has been suggested to be very important during the early stages of an employee's experience with the organization. When the PO fit is low, employees will consider leaving the organization rather than trying to resolve the perceived misfit (Van Vianen, 2000).

Research in PS fit has focused on the dyadic degree of similarity between the individual and his or her supervisor. PS fit research to date has followed a similar path as PO fit, and has proposed that individuals who are most closely aligned to their supervisors will be most successful in that organization. PS fit has focused on similarity between the individual and his or her supervisor relative to personality similarity (Schaubroeck & Lam, 2002), as well as both value and goal congruence (Witt, 1998).

The theoretical bases and psychological processes discussed above thus allow the individual to define the degree of identification the individual has with his or her organization, based on the degree of similarity the individual has with the organization as related through his or her leadership. Given that psychological qualities including personality have influenced one's PO fit (Schaubroeck & Lam, 2002), it would thus seem plausible that individuals classify themselves into either similar or into different groups from their managers, based on a follower's perception of the perceived level of congruence of PsyCap, a specific psychological quality, between leader and follower. For example, perhaps an employee very high in PsyCap would more likely favor supervisors when the supervisor is high in PsyCap as well, resulting in positive outcomes such as higher perceived PO fit. The similarity in perspective and beliefs as a result of similar level of PsyCap is likely to enable the identification process between the employee and the organization. This similarity results in favorable bias for the individual. Contrarily, strong differences in PsyCap are likely to cue less positive outcomes for the employee because they are quite different than the supervisor, who acts as an agent of the organization, and thus are associated with more denigrating bias. This relationship has direct consequences relative to the employee's perceived organizational fit.

Job Satisfaction

In addition to organizational fit, this PsyCap congruence is also likely to result in favorable evaluations of the job. Ashforth and Mael (1989) discuss the importance of organizational identification relative to an individual's job satisfaction. That is, the stronger the identification an individual has with the organization, which can be extended through identification with organizational leadership, the higher the individual's job satisfaction will be. Important, too, is understanding that much of the job satisfaction research focuses on the employee *level* of job satisfaction (Judge, Thoresen, Bono, & Patton, 2001; Roznowski & Hulin, 1992). Likewise, much of the PsyCap research has focused on employee PsyCap predicting the employee's *level* of job satisfaction with generally positive relationships existing between the two (Jensen & Luthans, 2006; Larson & Luthans, 2006; Luthans et al., 2007a). A contribution advanced here is that we focus on the congruence between the leader and follower's levels of PsyCap and the overall relationship of this congruence has on job satisfaction.

Employee Engagement

Employee engagement has been proposed as a variable that can help explain and enhance optimal functioning and full utilization of employees in the workplace (May, Gilson, & Harter, 2004). Employee engagement is characterized by increased energy, dedication, and enthusiasm in one's work, which can directly affect overall organizational effectiveness. It has been argued the more engaged an organization's employees are, the more successful the organization will be (Harter, Schmidt, & Hayes, 2002).

Given the apparent importance of employee engagement in their work, how can organizational leaders enhance their employees' engagement in their work? Using meta-analytic techniques, Harter and colleagues (2002) examined the impact that the relationship one has with his or her business unit, including that unit's leadership, has on the employee's engagement in his or her work. The more positive the relationship is between a person and his or her business unit, of which the leader is the prime agent, the more engaged the person will be in his or her work. This emotional connectedness is affected by one's identification with the work unit and his or her leadership. Therefore, it would seem plausible that the more closely one sees him- or herself with the business unit and his or her leadership, the more one identifies with his or her business unit. This relationship is further supported by May and colleagues (2004) who tested Kahn's (1990) theoretical framework for engagement and found that the strongest predictor of engagement was derived primarily from supportive leadership. That is, when employees were connected to their leader, this created the condition for higher levels of work engagement. Perhaps this connectedness and view of the relationship between the employee and leader can be associated with the level of congruence that the employee perceives relative to PsyCap level. In other words, perhaps employees will have more positive associations with leaders who are similar to them in PsyCap levels (hope for the future, confidence, etc.), resulting in higher levels of employee engagement as a mechanism to mutual success, goal attainment, etc. Given this, we offer our final hypotheses:

H₁: The degree of congruence between a follower's level of PsyCap and the follower's perceptions of the leader's level of PsyCap is positively related with the follower's perceived organizational fit (see also Figure 1).

- H₂: The degree of congruence between a follower's level of PsyCap and the follower's perceptions of the leader's level of PsyCap is positively related with the follower's job satisfaction (see also Figure 1).
- H₃: The degree of congruence between a follower's level of PsyCap and the follower's perceptions of the leader's level of PsyCap is positively related with the follower's work engagement (see also Figure 1).

Figure 1: *Research Model*

Method

Study Procedure and Participants

Working adults in the mountain states region were recruited to participate in the two data collections. After consenting to participate, participants completed the questionnaire based on their work experience. Participants either accessed a data collection web site (www.surveymonkey.com), or completed the questionnaire physically for subsequent data entry into the data collection web site.

The initial sample included 1118 surveys that were completed by the participants; however, due to some of the incomplete surveys, 1002 surveys were used for the analysis. The average respondent in our final sample was 36 years old (s.d. = 13.7), worked for his/her organization on average 6 years (s.d.= 7.3), and had an average of 18 (s.d. = 13) years overall work experience. Females represented 61% of the respondents and a strong majority was white/Caucasian (73%). A wide range of industries were represented in the sample, including manufacturing, information technology, finance, marketing, and telecommunication.

Measures

Independent Variables

The independent variable in this study was the level of congruence between leader and follower psychological capital (PsyCap). PsyCap was measured utilizing the 24-item psychological capital questionnaire (PCQ) developed and validated by Luthans and colleagues (Luthans et al., 2007a). Participants rated their responses on a 1-6 rating scale, anchored by strongly disagree (1) and strongly agree (6). Participants evaluated both themselves and their leaders using this scale. A sample item for participants' evaluation of their own resources is, "If I should find myself in a jam at work, I could think of many ways to get out of it." A sample item for participants' evaluation of their managers/leaders is "If my manager/leader at work should find him or her-self in a jam at work, he/she could think of many ways to get out of it." The reliability (α) of this measure was .90 for the employee's rating of their own PsyCap and the reliability of the modified PCQ was .95 for the employee's rating of his or her manager's PsyCap. From these two PCQ scores, a PsyCap difference variable was calculated using the absolute difference between the employee's PCQ score and his/her corresponding leader's PCQ score.

Dependent Variables.

Three dependent variables were explored in this study: person-organization fit, job satisfaction, and employee engagement. Organizational fit was measured utilizing Lee and colleagues' 6-item scale (Lee et al., 2004). This scale has shown to be reliable in other studies and was deemed the best available for this study's focus. A sample item is, "I feel I am a good match for this organization," and participants rated these items with the same 1-6 rating scale utilized for the PsyCap scale. The reliability of this measure (α) was .86.

Job satisfaction, as is commonly used in organizational behavior research (e.g., Judge & Bono, 2001), was measured utilizing a three-item scale adapted from Hackman and Oldham (1980). A sample item is, "Generally speaking, I am very satisfied with my job," and participants rated these items with the same 1-6 rating scale utilized for the PsyCap scale. The reliability of this measure (α) was .89.

Employee engagement was measured using the 13-item employee engagement scale developed and utilized by May and colleagues (May et al., 2004). This scale has been shown to be reliable and fit the criteria of engagement as set forth in this paper. A sample item is, "I am rarely distracted when performing my job," and participants rated these items with the same 1-6 rating scale utilized for the PsyCap scale. The reliability of this measure (α) was .77.

Analysis

Means, standard deviations, and bivariate correlations for both studies can be seen in Tables 1 and 2.

Table 1: Descriptive statistics, correlations, reliabilities, and ANOVA results – Sample 1

	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	<i>F</i>	<i>df</i>
1.PsyCap, Leader	4.69	.74	.95						---	---
2.PsyCap, Follower	4.69	.57	.38	.90					---	---
3.ABS PsyCap Diff	.52	.52	.46	.20	-- ^a				---	---
4.Engagement	4.17	.62	.34	.49	.22	.76			13.04	1, 459
5.Job satisfaction	4.56	1.03	.47	.64	.33	.60	.88		30.88	1, 464
6.Organization fit	4.54	.93	.56	.57	.32	.52	.79	.85	17.34	1, 464

Note. Elements on the main diagonal are reliabilities. All correlations significant at

^a ABS was the result of subtracting the two PsyCap scales, thus, no reliability was reported.

Table 2: Descriptive statistics, correlations, reliabilities, and ANOVA results – Sample 2

	<i>M</i>	<i>SD</i>	1	2	3	4	5	6	<i>F</i>	<i>df</i>
1.PsyCap, Leader	4.86	.73	.95						---	---
2.PsyCap, Follower	4.88	.58	.47	.92					---	---
3.ABS PsyCap Diff	.47	.50	.43	.20	-- ^a				---	---
4.Engagement	4.30	.64	.30	.52	.18	.79			20.82	1, 516

5. Job satisfaction	4.81	.96	.43	.64	.22	.59	.91		15.57	1, 520
6. Organization fit	4.80	.90	.52	.65	.21	.50	.80	.88	10.67	1, 516

Note. Elements on the main diagonal are reliabilities. All correlations significant at $p < .001^a$
 ABS was the result of subtracting the two PsyCap scales, thus, no reliability was reported.

With the present research design, a literature review indicated the appropriate tool for hypothesis tests was polynomial regression. Specifically, in over 50 years of research using difference scores, there has been an ongoing intellectual debate about the methodological shortcomings of the difference score method. An alternative method useful to mitigate these shortcomings is polynomial regression, the initial discussion which can be traced to Cronbach (1958). More recent discussion and formal validation has been conducted by Edwards (2001; Edwards & Parry, 1993).

The value of polynomial regression is that it allows for the joint analysis of component measures, which are collapsed into an index using traditional difference score methods (Johns, 1981). One constraint on the absolute difference method is that the outcomes in this study would be at either their maximum or minimum point when the two PsyCap components are equal. Second, the absolute difference method assumes that the outcomes decrease symmetrically as the two PsyCap perceptions deviate from one another in either direction. The regression approach does not inadvertently explore these supplemental hypotheses (Edwards, 2001). Instead, several advantages are offered.

First, the regression allowed us to maintain the interpretability of the PsyCap component measures, which was lost in their being collapsed into the congruence variable. Second, when the index is used, the estimates of the relationships between the component measures and the outcomes are collapsed. The polynomial regression approach allowed us to consider these separately. Last, this method provides a complete test of models that underlie the index. In this case, we investigate the significance of individual effects on the relationship and not its overall magnitude. This last point is critical because the components that make up traditional congruence indices do not verify variance explained and the individual relationships that constitute the model. The absolute difference method contains a constraint that, when relaxed in the regression approach, yields an increase in the R^2 values of .36, .41, .40 in sample one for engagement, job satisfaction, and organizational fit, respectively, and .46, .50, and .54 in sample two for engagement, job satisfaction, and organizational fit respectively.

The polynomial regression was conducted by hierarchically testing sets of terms representing models of progressively higher order and stopping when the additional variance explained was no longer significant (Edwards, 1996). To derive final models, individual terms were retained if they were significant when first entered into the model or were required for meaningful coefficient estimates for higher-order terms (Cohen, 1978). Before embarking on these analyses, the independent variables were centered according to the mean (Pedhazur, 1997).

In Table 3, we present the results of the hierarchical analysis leading to the polynomial regression of the relevant higher-order terms. The linear models on all outcomes were statistically significant and revealed multiple correlations that were considerably more explanatory than those that might be explained by the more highly constrained absolute difference method. Significant quadratic models were discovered for job satisfaction in the first sample and for engagement in the second. Additionally, significant cubic models were discovered for engagement in both samples, and job satisfaction and PO fit in sample 2. Although our criteria indicated that we would not explore beyond the last significant model observed, we will give attention to the significant cubic models despite non-significance in the quadratic models. By doing so, we can establish the presence of curvilinearity, while rejecting that of quadratic curvilinearity (Cohen et al., 2003).

The results of a polynomial regression, congruence analysis are presented in Table 4. The presentation of the perceptual congruence variables are presented in a manner similar to Edwards (2001). Here, X represents perceptions of the leader's PsyCap and Y represents follower PsyCap. R represents the multiple correlations, which are used to compare the models. Additionally, higher-order terms were explored and their hierarchical models for incremental variance explained by introducing the higher order terms. We acknowledge that cubic trends are unlikely, given prior research; however, the methodology calls for tests to be conducted using terms that were *one order higher* than the model being examined. Thus, as in the hierarchical analysis, a cubic equation was explored.

Table 3: Polynomial Regression Analysis Hierarchical Models

Hierarchical Model	Sample 1			Sample 2		
	Employee Engagement	Job Satisfaction	P-O Fit	Employee Engagement	Job Satisfaction	P-O Fit
Linear:						
R^2	.26***	.47***	.48***	.29***	.45***	.49***
$R^2\Delta$	---	---	---	---	---	---
Quadratic:						
R^2	.27***	.48***	.48***	.31**	.46***	.49***
$R^2\Delta$	.01	.02**	.01	.02**	.01	.01
Cubic:						
R^2	.28***	.49***	.50***	.34***	.50***	.54***
$R^2\Delta$	.02*	.01	.02*	.03**	.04**	.04**

Note. $N = 466$ for Sample 1; $N = 522$ for Sample 2.

* $p < .05$

** $p < .01$

*** $p < .001$

Table 4: Polynomial Regression: Exploratory Tests of Congruence

Independent Variable	Sample 1			Sample 2		
	Employee Engagement	Job Satisfaction	P-O Fit	Employee Engagement	Job Satisfaction	P-O Fit
X	.17*	.37***	.65***	.11*	.17*	.31***
Y	.37***	.71***	.44***	.64***	1.09***	.85***
X^2	-.11	-.19	-.08	-.01	.07	-.04

XY	.21	-.10	-.17	.50***	.07	.15
Y^2	-.22*	-.61***	-.26*	-.11	-.30*	-.39**
X^3	-.04	.01	-.01	-0.04	.04	-.04
X^2Y	.18*	.15	.16	.16	.01	.17
XY^2	-.01	-.17	-.43**	-.15	.05	-.02
Y^3	-.10	.17	.27*	-.13**	-.14*	-.15**
R	.54***	.70***	.71***	.58***	.71***	.73***

Note. $N = 4$ for Sample 1; $N = 522$ relation coefficient for the overall model. All coefficients are significant at $p < .05$ or involve terms required for estimates of higher order terms. * $p < .05$, ** $p < .01$, *** $p < .001$

Both independent variables—leader PsyCap and follower PsyCap—were significant contributors to the overall model; however, follower PsyCap was the only significant predictor in the quadratic model, except for employee engagement in the second sample. Of the five significant findings on the quadratic Y variable, all were negative. Leader PsyCap, as a quadratic term, was not. This is not completely uncommon in that follower perceptions often carry more explanatory power in congruence research and the results are often predicted more by the follower perception than leaders' perceptions of themselves (Johns, 1981). However, in this case, it is the follower who rated *both* leader and their own PsyCap ratings. The correlations in Table 1 reveal only a modest correlation between the two perceptions generating from the same source. Furthermore, when the follower PsyCap ratings are parsed from the correlations of the leader PsyCap score and the three outcomes, the partial correlations continue to reveal statistically significant relationships.

Similar to the quadratic model, in the cubic model only follower PsyCap revealed a higher-order relationship in all three of the sample two outcomes, and a negative relationship with regard to PO fit in the sample one responses. While the higher-term findings were, in some cases, statistically significant, this does not necessarily mean that they are of consequence, a warning harkened by Pedhazur (1997).

There were few interaction effects. One was discovered for Sample 2 engagement, indicating that both leader and follower PsyCap scores increase to result in enhanced ratings of engagement ($\beta = .50, p < .001$). Two statistically-significant, higher-term interactions were discovered: X^2Y and XY^2 . While these findings may indicate explanations for the relationships hypothesized in this study, caution should be taken in the interpretation. In order to more fully understand the significant interaction effects, we correlated the two interaction terms with the original independent variables, the relevant criteria, and the higher order terms. We found X^2Y to have a significant, positive correlation with the criterion, in this case employee engagement, and modest, positive correlations with the other terms in the cubic model. The XY^2 term was more problematic. A low positive, zero-order correlation with PO fit and a much higher zero-order correlation with the other third-order term (X^2Y) indicates the possibility of a suppressor effect, especially when the significant negative coefficient is considered ($\beta = -.42, p < .01$). Although we found these higher-order interaction effects, unless the underlying theory calls for exploration of these effects, the results are anomalous results, unstable regression coefficients, and higher intercorrelations between predictor variables and terms (Aiken & West, 1991).

Discussion, Implications, & Limitations

Discussion

Decades of theoretical and empirical research building and extending the theories of person-organization fit have ultimately led to at least two primary conclusions: fit matters, and more fit is usually better for the firm. The same conclusion can be drawn from nearly 50 years of research on job satisfaction with higher job satisfaction being more optimal for both organizations and employees (Judge et al., 2001). Finally, with less history, the management research on employee engagement reveals more engaged employees to usually be associated with higher performing employees. In sum, each of the proximal outcomes examined here are desirable by organizations. In addition, in western-based management models where traditional organized bureaucracies result in most employees having some type of supervisor, leadership research has demonstrated that leader styles and capabilities influence followers. To this end, management theoreticians have considered how supervisors can and do influence these outcomes. Now, with the emergence and apparent sustainability of PsyCap research, a new opportunity has emerged for theory building and testing in this same domain.

Much of the relational demography research (Tajfel & Turner, 1985) has suggested demographic similarities and differences between supervisors and employees transcend mere leader-member exchange influences on employees. In this article, we extend relational demography research by arguing and testing theory espousing similarities and differences within supervisor-employee dyads and move beyond demographic-only differences to include cognitive affective states. Specifically, the purpose of this study was to examine the relationship between the positive psychological capital (PsyCap) in the leader-follower relationship and how it adds to the discussion regarding person-organization fit, job satisfaction, and employee engagement.

Overall, results of this study indicate that the level of PsyCap similarity between leaders and followers may be influential in how workers perceive their fit with the organization, thus supporting hypothesis 1. In a similar manner, results of this study suggest that employees whose PsyCap is more similar to their leaders have a higher level of engagement with their organization, which supports the second hypothesis of this study, as well as a higher perceived value of job satisfaction, which also shows support for the third hypothesis.

While the extensive research into understanding person-organization fit has done a good job of informing us in many ways, this is the first empirical study to consider the extent of PsyCap and its application to the PO-fit discussion. Furthermore, as discussed, the finding that the importance of congruence can extend beyond simple demographic variables such as relational demography variables (Avey, West, & Crossley, 2008b), values, goals, and personality (Schaubroeck & Lam, 2002) warrants consideration of results here as well as future research in the domains of positive organizational behavior and leadership. Although this is primarily a descriptive model, intended to describe how and why these constructs are related, there are several meaningful practical implications of the results.

Implications

One implication of these results is that past demographic, values, goals, and personality studies can be extended to include individual level positive psychological variables such as strengths, abilities, skills (Edwards, 1996; O'Reilly, Chatman, & Caldwell, 1991), and now PsyCap (Luthans, Youssef, & Avolio, 2007b). Therefore, findings from this study suggest that managers who hire employees with similar levels of PsyCap may find higher levels of person-organization fit, employee engagement, and job

satisfaction. In other words, while previous research has clearly found that employee PsyCap is related to workplace outcomes (e.g., performance, Luthans et al., 2007a), research here suggests it is not only the score of PsyCap that counts (e.g., higher is better) but that the degree of similarity between employee and leader PsyCap may also affect individual functioning in organizations. This suggests that, when employees are high in PsyCap and leaders are low, there can be dysfunctions at the individual level and the employee may have more negative evaluations of both their work environment and the likelihood of future success. This finding also underscores the importance of leader selection with higher PsyCap where possible, as well as support for PsyCap development programs aimed at enhancing overall PsyCap levels of both employees and leaders.

This study offers theoretical implications relative to several areas. First, we answered the call to examine antecedents of person–organization and person–supervisor fit (Kristof-Brown, Zimmerman, & Johnson, 2005). Based on their meta-analysis of organizational fit research, it was concluded that little is known about variables which may lead to better fit and they encouraged future research that can examine this process. By examining PsyCap congruence between the leader and the follower, we help address this deficiency.

Further, our results compliment the findings from leader-member exchange and person–supervisor fit research that suggests a social structure exists between a leader and follower which promotes higher job satisfaction (Schyns & Croon, 2006; Judge & Bono, 2001; Graen, Novak, & Sommerkam, 1982). Similarly, our study compliments the person–organization (PO) fit literature that has found higher job satisfaction with employees who feel more welcomed when working for organizations that have similar views and who hire employees that are analogous (Chao, O’Leary-Kelly, Wolf, Klein, & Gardner, 1994). More specifically from the P-O fit research, our results follow the findings of Van Vienen (2000) that suggests congruency between supervisors and new employees influences the effectiveness of new employee orientation. Last, we extend theory relative to PsyCap (Luthans et al., 2007b) to now include the impact that the *congruence* between the employee’s and leader’s level of PsyCap can also have on organizations. This added insight to the PsyCap literature offers an initial step in understanding the potential impact leaders have not only on their employees’ psychological capacities but also their employees’ work engagement, job satisfaction and perceived organizational fit.

This study also offers practical implications. In terms of development, previous research has suggested that the development of PsyCap is not only possible in the workplace (Luthans, Avey, & Patera, 2008a; Larson & Luthans, 2006; Luthans, Avolio, Norman, & Combs, 2006), but can be a performance enhancer due to the positive relationship between PsyCap and individual performance. Considering the results of this study, the evidence here suggests that PsyCap can also be a meaningful source of positive employee outcomes based on alignment with the supervisor; regardless of the absolute value of PsyCap, counting claims of Fineman (2006) who argues those who are less positive in nature are simply left behind. Therefore, enhancing PsyCap levels of all employees can create significant organizational benefit.

In terms of selection, managers may look for employees who are high in terms of PsyCap. Not only has PsyCap been empirically shown to be directly related to higher levels of performance and job satisfaction (Luthans et al., 2007a), but it is also logical that employees who are more hopeful, resilient, optimistic, and confident (efficacious) can provide higher value to an organization than can employees lower in these psychological capacities. Additionally, it would seem beneficial for managers and leaders to take measures to increase employees’ identification with their organization, such as striving for a higher organizational purpose. In turn, this might enhance employees’ feeling they are working for a higher good and higher moral standards, which can also create feelings the organization is a worthy place to work. Finally, a practical application of our findings suggests that organizations could use this

information to help reduce turnover. By developing ways to increase the PsyCap similarity between a leader and his or her employees (e.g., reassignment or appropriate placement for adequate person-supervisor fit in terms of PsyCap, developing PsyCap of both employees and the leaders), organizations would garner the benefits of employees feeling more satisfied and fitting into the organizational culture.

Limitations

This study also has limitations that should be discussed. First, the cross-sectional nature of this study prohibits any interpretation leading to causation-related conclusions. Studies that are cross-sectional are taken at a point in time, which cannot determine with certainty the direction of the relationships found. For example, by finding a significant relationship between leader–follower PsyCap congruence and employees’ work-related engagement, we cannot say with certainty that this congruence creates higher levels of employee engagement. However, by finding a significant relationship, we create a platform for future studies that might be better able to explore this relationship over time and in different contexts which ultimately leads to a better understanding of the cause and effect relationship.

Another limitation is that, by having the employees rate their own PsyCap and their leader’s PsyCap, we risk common method variance (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). However, since we are exploring the employee’s perceived job satisfaction, engagement, and organizational fit relative to their perception of their manager’s PsyCap level, it is perhaps justifiable to have the employee rate these variables as supported by Kristof-Brown and colleagues (2005). There is a strong historical background in psychological research that individuals can only assess their fit in a given situation as they perceive it (Caplan, 1987; French, Caplan, & Harrison, 1982). As a result, the perceptions of the followers may actually reflect their reality rather than artifactual bias. However, in order to add rigor, post-hoc analyses were conducted to examine the possible presence of common method variance. Results from both Harmon’s one-factor test and the partial correlation procedures did not support the presence of common method variance. Therefore, perhaps this limitation is eliminated or at least minimized (Spector, 2006; Podsakoff et al., 2003; Podsakoff & Organ, 1986).

Conclusion

This study explored the relationship between an employee’s and his or her leader’s level of PsyCap congruence and extends several related theoretical bases. By exploring these theoretical areas, we gain insight into boundaries and limitations of these theories. Additionally, by exploring the intersection of various areas of research, we can extend these theories to areas perhaps never before anticipated. It is through these extensions that we can perhaps gain significant practical and theoretical knowledge. Specifically, by merging research from person-organization and person-supervisor fit and PsyCap and exploring the impact on positive outcomes, such as employee engagement, job satisfaction, and organizational fit, we gain insight into how these variables interact and the positive organizational impact that can result.

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