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## Article

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## **Mediation of Psychological Capital between Organizational Climate and Organizational Citizenship Behavior**

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### **Abstract**

Employees' psychological capital has important impacts on his/her job related as well as non-job related behaviors like organizational citizenship behavior (OCB). Organizational climate is one of the antecedents of psychological capital. The paper specifically attempts to investigate the mediation of psychological capital in organizational climate-OCB relationship through a survey of 108 employees of a multinational consulting organization. The results show that psychological capital is significantly related with both organizational climate and OCB towards a) organization and b) colleagues. However, no relationship is found between organizational climate and OCB in either form. Mediation analysis indicates that the impact of organizational climate on OCB is not direct; it is mediated by psychological capital such that OCB occurs only if supportive organizational climate is converted into employee psychological capital.

**Keywords:** organizational climate, psychological capital, OCB, managerial trust

### **1. Introduction**

Organizations today are working towards providing them with a climate which encourages them towards self-growth by instigating and rewarding them for not only on-job duties but for their organizational citizenship behaviors (OCB) as well. OCB emerges as A Good Soldier's Syndrome in early 80s and subsequently, it is explained by Organ (1988) as individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system and that in the aggregate promotes the effective functioning of the organization (Turker, 2008).

Although OCB has been described in the social exchange theory (Organ & Paine, 1999) as an employees need to reciprocate through citizenship behavior when his manager treats him/her fairly (Konovsky & Pugh, 1994). From an employee prospective, manager is one of the most important elements in the social exchange climate of an organization. A meta-analysis finds a strong correlation (in the order of 0.32) between the quality of leader member exchange and the overall OCB (Hackett et al., 2003). The question stills remains to be addressed fully the mediating mechanism through which the organizational

climate created by the manager is transferred into OCB. Another related issue needs our attention is to whether this transformation to employees' OCB to the co-workers and to their firms is created in same manner. Before moving further let us fully understand in more detail the basic variables of the study.

OCB may be regarded as a performance that supports the social and psychological environment in which task performance takes place (Fox et al., 2011). It is important to note that citizenship behaviors are always positive (Bambale et al., 2012; Hoffman et al., 2007; Nimran, 2011; Podsakoff et al., 2009). Critical analyses of various dimensions of OCB that have been identified to date indicate two common features: (1) Citizenship behavior is not directly enforceable and (2) it requires extra effort on the part of the employee if it has to be effective to the organization (Bambale et al., 2012).

The most frequently referred dimensions to date have been of Williams and Anderson (1991) which are based on direction of behavior, hence, citizenship behavior directed towards organization is OCB-organization (OCBO) and that directed towards colleagues is termed as OCB-personal (OCBP) (Hoffman et al., 2007). A vast majority of researcher focus on OCB as a composite variable rather than OCBP and OCBO. Nevertheless, it is seen that there are different predictors of OCBO and OCBP indicating that both of these may occur due to different reasons (Wei, 2012). Leader-member exchange (LMX) extraversion, agreeableness, conscientiousness and emotional exhaustion are more related to OCBP while, OCBO is more related with imagination (Podsakoff et al., 2009; Suresh & Venkatammal, 2010).

Organizational climate is an enduring quality that is experienced by the employees, which influences their behavior and can be termed as part of the organization's environment (Denison, 1996). It is a multidimensional construct (Dekas, 2010; Nimran, 2011) is being studied in terms of trust in managers by the employees in the current study. Trust climate is the shared employee perception that trusting others is an important principle and practice in the workplace. The roots of organizational climate lie in the LMX theory. Several behavioral scholars believe that ethical leadership is the most effective variable to enhance individual OCB (Brown & Trevino, 2006; Pearce & Herbik, 2004).

Hughes et al., (2008) explain supportive climate as the level of perceived cooperation, coordination and support of immediate supervisor which positively affects an employee's organizational commitment. Supportive climate strongly relates with outcomes such as, organizational commitment, job satisfaction customer satisfaction, employee performance, employee diligence and innovation, also with less interpersonal aggression, hostility, obstructionism, employee burnout, absenteeism and deception within the employees (Chory & Hubell, 2008; Huang et al., 2010; Lambert et al., 2012; Paille, 2009). Nimran (2011) remarks that climate has a strong relationship with citizenship behavior, therefore in the current study organizational climate is being studied as a predictor of OCB.

Psychological capital is an individual's positive psychological state of development that is characterized by: (1) Having confidence to accept and fulfill challenging tasks (self-efficacy), (2) having a positive frame of mind about the present and the future (optimism), (3) moving towards goals with efficiency and re-planning them if necessary (hope), (4) Sustaining oneself in adversity and bouncing back with success (resilience)

(Avey et al., 2008; Luthans et al., 2007; Norman et al., 2010; Shahnawaz & Jafri, 2009; Walumbwa et al., 2010).

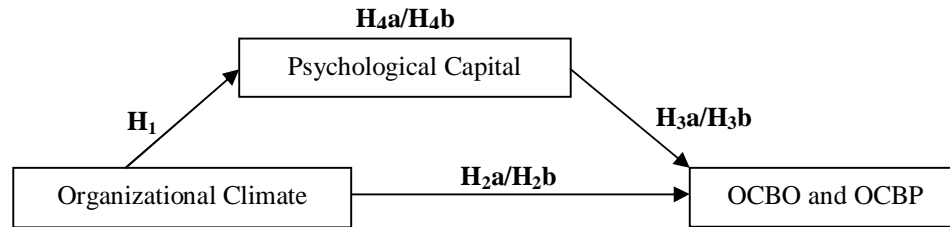
Psychological Capital has positive relationship with job satisfaction (Luthans et al., 2007), employee commitment to work (Luthans et al., 2008), OCBO (Luthans et al., 2010), authentic leadership, employee turnover (Ardichvilli, 2011; Luthans et al., 2005; Walumbwa et al., 2009) and negative relationship with absenteeism and (Avey et al., 2008), employee deviance (Luthans et al., 2010). Albert Bandura is of the opinion that psychological capital not only occurs at an individual level but is also a collective construct. This means that psychological capital can be strengthened by group interventions (Luthans et al., 2008), where every individual benefits from the collective psychological capital and effective leadership (Walumbwa et al., 2009). In a study of police lieutenants and sub-ordinates it is established that leader psychological capital affects employee job performance (Walumbwa et al., 2010). Recently, Plessis and Barkhuizen (2011) review that organizations today consider psychological capital a pre-requisite for creating a caring environment in organizations that can foster better performance and efficiency.

The current paper attempts to explain the relationship between organizational climate and OCB, especially focusing on whether this relation is linear or not. We argue that the key to having a strong workforce is to have managers who are perceptive and supportive of their subordinates. In order to provide excellent management, the managers need to create an organizational climate that encourages employees to show citizenship behaviors (i.e. be loyal to the organization and have positive interactions with their co-workers). We further want to investigate the possibility of psychological capital (a phenomenon which is individual in nature for each employee) being a mediator in the climate-OCB relationship.

Although many studies have been carried out on organizational climate and OCB the direction of this relationship still remains ambiguous. Additionally psychological capital which is a relatively new concept has not been fully studied as a mediating mechanism in research literature. Hence in order to resolve the conflict of these interrelationships and add rich literature to the concept of psychological capital, the current study aims to investigate (1) whether organizational climate and OCB have a linear relation or not? (2) Does psychological capital mediate this relationship? And, (3) whether psychological capital has direct relationship with climate and OCB or not?

## **2. Literature and Hypothesis Development**

The objectives of this study can be achieved with the help of four hypotheses that are presented in the Figure 1. The development of these hypotheses on the basis of literature follows after that.



**Figure 1: Research Hypotheses**

### *2.1 Organizational Climate and Psychological Capital*

Climate emerges as a concept with Lewin's experiments (Denison, 1996) and two books published in 1968, first by Tagiuri and Litwin which focuses on subjective interpretation of climate by employee and the second by Litwin and Stringer, which focuses on the consequences of climate on the employees. Lewin remarks that social construction approach explains formation of organizational climate through interaction between the employees and the other socialization processes occurring in the organization. Similarly, James and Jones (1974) review three approaches (not mutually exclusive) to define and measure organizational climate namely: (1) Multiple-measurement organization-attribute, (2) perceptual measurement organization-attribute, and (3) perceptual measurement individual-attribute.

Concept of psychological capital initiates in 1998 when Martin Seligman, member of American Psychological Association (APA), starts the positive psychology movement. In 1999 summits the subject of positive psychology starts is presented. Later Luthans and his colleagues give the concept of positive organizational behavior. They combine the traits of self-efficacy, hope, optimism and resilience to give a construct known as psychological capital which is state-like meaning it is not unstable, spontaneous or fixed, in fact it is malleable enough to retain its components and attain strength in them (Luthans et al., 2005; Luthans et al., 2010; Walumbwa et al., 2010).

Psychological capital to date has been known to be a predictor of many employee performance and behavioral outcomes. Luthans et al., (2005) show that worker's psychological capital is a strong predictor of an employee's performance, both from the employee's and the supervisor's perspective.

One of the most important factors that psychological capital is known to have influenced is organizational climate which is the collection of employee perceptions throughout the organization. These employee perceptions are mostly concentrated on the rewards, amount of control given, information sharing and career development opportunities (Zohra & Luria, 2005). Walumbwa et al., (2010) conclude that organizational climate mediates the relationship between psychological capital of the subordinates and their performance. Moreover, subordinate psychological capital mediates the relationship between leader psychological capital and subordinate job performance. Shahnawaz and Jafri (2009) explain that psychological capital as a whole does not affect OCB in employees but its dimensions individually affect employee OCB. However, an important finding of this research is that organizational climate is important in determining the psychological capital for employees.

Since these researches show that psychological capital and organizational climate affect each other but do not give a clear idea as to what type of climate will lead to what levels of psychological capital therefore, in the current study attempts to find out the relationship between organizational climate in terms of managerial trust and employee psychological capital, in order to gain better insight in the interactive working of these two variables. Hence we expect that:

- **H<sub>1</sub>:** Organizational Climate positively relates to Psychological Capital

## *2.2 Organizational Climate and OCB*

The LMX theory suggests that managerial trust encourages an employee to show more citizenship behavior. Emotion theory also explains when employees form an emotional attachment with the organization they are more likely to show extra-role behavior/OCB (Wei, 2012). Therefore, in organizations where managerial support is high there will be more citizenship behavior demonstrated (Najafi et al., 2011).

Initially, Smith et al., (1983) introduce two dimensions of OCB: Altruism and generalized compliance (LePine et al., 2002). Later on Organ gave a five-factor model with dimensions: Altruism, courtesy, civic virtue, sportsmanship and conscientiousness, to which he later adds peacekeeping and cheerleading (Hoffman et al., 2007; Organ, 1997; Podsakoff et al., 2009). Graham (1991) also proposes four dimensions: Interpersonal helping, individual initiative, personal industry and loyal boosterism while, Van Dyne et al., (1994) propose dimensions: Social participation, loyalty, obedience and functional participation. Morrison (1994) gives altruism, conscientiousness, sportsmanship and keeping up with changes. On the other hand, Motowidlo (2000) suggests a pair of dimensions: Interpersonal facilitation and job dedication. Podsakoff et al., (1990) seven dimensions of OCB which are helping behavior, sportsmanship, organizational loyalty, organizational compliance, individual initiative, civic virtue, and self-development (LePine et al., 2002; Turker, 2008). Recently, Lin and Lin (2011) explain that service-oriented OCB comprise of loyalty, service delivery and participation.

Turker (2008) investigates five areas that make up the organizational climate, which are characteristics: related to job, role of employee, organization, leader and work group. The findings indicate that these areas of organizational climate although do not induce the employees to perform citizenship behavior but if the tendency towards OCB is present they facilitate the employees to indulge in them. He suggests that there are seven types of OCBs employees are likely to show namely: Helping others, sportsmanship, organizational loyalty, organizational compliance, initiative in innovation, civic virtue and self-development.

This view is supported by Nimran (2011) that these seven OCB are shown by employees with the most dominant OCB being civic virtue (participative behavior). He concludes that quality interaction between supervisor and his sub-ordinate will encourage the employee to indulge in more OCBs. Transformational leadership does not directly influence OCB but it indirectly affects it through the mediation of the employees trust in their supervisors (Ardichvilli, 2011; Podsakoff et al., 1990). Moorman et al., (1998) conclude that perceived organizational support transforms the procedural justice to OCBs. Recently, Lin and Lin (2011) also find support for these results. Their analysis shows that perceived organizational support is an indicator of OCB, with organizational climate acting as a positive moderator.

Suresh and Venkatammal (2010) indicate that both OCBO and OCBP are strongly positively correlated with organizational climate which includes results, rewards, interpersonal relations, organizational processes, clarity of roles, sharing of information and altruistic behavior. Lee et al., (2007) indicate that safety climate is a predictor of both OCBO and OCBP and that work attitudes like job satisfaction and organizational commitment act as a strong mediator in this relationship. Thus we expect that organizational climate and OCBO and OCBP are related components. Therefore, we can hypothesize that:

- **H<sub>2</sub>:** Organizational Climate positively relates to (a) OCBO and (b) OCBP.

### *2.3 Psychological Capital and OCB*

Rego et al., (2010), remark that organizational virtuousness causes OCB to some extent but this relationship is partially mediated by the affective wellbeing of the employee. In another study of private and public organizations, it is seen that psychological capital as a whole does not predict OCB and organizational commitment but its composite factors predict OCB if measured individually (Shahnawaz & Jafri, 2009). Contradictory to these findings, another cross-sectional study indicates psychological capital as a positive predictor of OCBO (Norman et al., 2010). Similarly, Lee and Kim (2010) suggest that if the relational psychological contract, that is, the relationship between the supervisor and the organization is strong and if the employee perceives organizational climate as commitment-based then more employees OCBO and OCBP will be displayed. Literature shows that there have been contradictory views as to the effect of psychological capital on OCBO and OCBP, therefore the researchers ground following hypotheses to clear the ambiguity of the direct relationship of the above mentioned variables and states it as:

- **H<sub>3</sub>:** Psychological Capital positively relates to (a) OCBO and (b) OCBP.

### *2.4 Psychological Capital as Mediator*

Employees with proactive personalities, that is, people with critical psychological states, given a justice-oriented organizational climate, are more likely to show OCB. Proactive personalities are high on all components of psychological capital which leads them to feel obligated and responsible towards the organization that practices procedural justice. Hence, their psychological states strengthen the relationship between the organizational climate and OCB resulting in the display of more OCB, especially OCBOs (Li et al., 2010; Luthans et al., 2008).

Luthans et al., (2008) conclude that psychological capital mediates the relationship between supportive climate and employee performance. Also, Walumbwa et al., (2009) indicate that firstly, authentic leadership style result in highest psychological capital and group trust. Secondly, collective psychological capital if high, results in employee OCBs. Lastly, psychological capital mediates the relationship between authentic leadership and OCB.

On the whole we can say that researches show that psychological capital is known to have possible relationship with the current study's independent and dependent variables. However, whether this relationship will be mediated by psychological capital or not has not been studied before so, in order to provide more theoretical knowledge and empirical evidence related to the discussed variables, the researchers tests the relationship predicted in following hypotheses:

- **H<sub>4</sub>:** Psychological Capital mediates the relationship between Organizational Climate and (a) OCBO and (b) OCBP.

### 3. Methodology

#### 3.1 Research Design and Context

The current study is *analytical and predictive* in nature to test the constructed hypotheses. Analysis is done through mediation testing as results could not be established on correlational basis only. The study is carried out in a *non-contrived* setting at the head office of a multinational consulting firm. There is *minimal interference* on the researchers' part. The unit of analysis is *individual employees*, which includes permanent employees of the company who have worked for six or more months under their current supervisors. Probability sampling techniques are used to ensure that each individual has equal chance of participation. The time horizon is *cross-sectional* with data collection completing in about a month.

The organization chosen for the study is a multinational consultation company that offers business solutions in order to facilitate organizations to transform their visions into realities. They offer a range of products and services, including strategic consulting, business process improvement, and human resource consulting and information technology services. The organization has six basic departments in all of the four main offices which are based in Dubai, Islamabad, Lahore and Karachi. All offices have a diverse employee population comprising of permanent and contractual employees.

#### 3.2 Sample and Data Collection

The target population is the permanent employees of a multinational consulting company. There are 845 permanent employees, out of which 700 have working tenure of six months or more with their current supervisors, which constitutes the target population. The four main offices in the company are quite similar in many characteristics. Taking the four main offices as clusters, one of the clusters has been randomly selected for conducting a census nature survey. The randomly selected cluster is the head office at Lahore, having 123 permanent employees that fulfill our selection criteria. Of the 123 participants (planned sample) 110 completed the survey; 2 questionnaires are not useable. Therefore, the final sample includes 108 (85 male and 23 female) respondents resulting in a response rate of about 88%.

Of the 108 participants, 10% are upper managers, 36% are middle managers and the remaining 54% are non-managerial staff. There are 6 basic departments operating at all the offices of the international company. The majority of the sample is from three departments, Business Transformation Services (27%), AMOS (22 %) and Information Technology Services (17%). The representation of the remaining three departments in the sample is about 15%, about 14% and about 5% for Operations, Human Capital Management and Corporate Finance and Strategy Consulting respectively. About 71% employees are involved in performing line function (the main purpose of the company, i.e. consulting and outsourcing), whereas, about 29% are performing staff functions (ensure the smooth and efficient working of the rest of the department through service, control and support roles) in the organization.

#### 3.3 Measures



For *organizational citizenship behavior* (OCB) the 20-item version of OCB-Checklist by Fox et al., (2011) is used that contained items for measuring both *OCBO* and *OCBP*. A 6-point measurement scale is used (where 1 is for 'Never' and 6 stood for 'Everyday'). Amongst the 20 items, 9 items (alpha, 0.789) are measuring OCBO while 11 items (alpha 0.765) are measuring OCBP. Sample items for OCBO include '*volunteered for extra work assignments*' and '*offered suggestions to improve how work is done*'. And Sample items for OCBP include '*lent a compassionate ear when someone had a personal problem*' and '*picked up meal for others at work*'

For measuring *organizational climate* we have used Work Climate Questionnaire (Williams et al., 1996). The questionnaire has a 6-point likert type scale for measurement (where 1 is for 'Very strongly disagree' and 6 for 'Very strongly agree'). Sample item includes 'I feel that my manager provides me with choices and options' and 'my manager conveys confidence in my ability to do my job well. The alpha for the 6-item scale is 0.850. And in order to measure the *psychological capital* of employees, Psychological Capital Questionnaire (PCQ) by Luthans et al., (2007) is used. It is a 12-item scale containing items related to hope, self-efficacy, resilience and optimism, all of which together make up the phenomena of psychological capital. Sample items include 'I feel confident in representing my work area in meetings with management' and 'At this time, I am meeting the work goals that I have set for myself'. The 12-items (alpha 0.823) are anchored on a 6-point numeric scale (where 1 is for 'Never' and 6 stood for 'Always').

#### 4. Results

The present study follows Baron and Kenny (1986) method which is widely used in studies involving a mediation analysis. According to them there are three conditions for full mediation to take place. The first condition is that the independent variable should have significant impact on the mediator. Secondly, the independent variable should affect the dependent variable and lastly, the mediator must be significantly related to dependent variable. Also, for full mediation to take place, it is further required that, after inclusion of a mediator the relationship between the independent variable and the dependent variable should turn from significant to insignificant. Additionally, the gamma value for independent variable predicting the dependent variable should also decrease. It is important to note that many subsequent researchers have advocated the relaxation of the second condition (Hayes, 2009; MacKinnon et al., 2000; Shrout & Bolger, 2002); hence in some cases special mediation takes place between the independent and dependent variables with the fulfillment of first and third condition only (Boxall et al., 2011).

**Table 1: Correlation Matrix and Reliability Testing**

Variables	Mean	SD	Alpha	1	2	3	4	5	6
1.Age of the employee	28.7	5.0	-	1					
2. Organizational Tenure	2.4	2.1	-	0.331	1				
3. Tenure under Supervisor	2.0	1.4	-	0.373	0.806	1			
4.Organizational Climate	2.0	0.7	0.850	-0.048	-0.096	-0.120	1		
5.Psychological Capital	4.8	0.6	0.823	-0.044	-0.097	-0.025	0.190*	1	
6.OCBP	4.2	0.8	0.789	-0.007	0.010	0.158	-0.139	0.265**	1
7.OCBO	4.4	0.8	0.765	-0.077	-0.052	0.130	-0.003	0.310**	0.773

\* P &lt; 0.05, \*\* P &lt; 0.01

A significant correlation is found between psychological capital and organizational climate (coefficient = 0.190,  $p < 0.05$ ) as suggested in  $H_1$  (Table 1). On the other hand, it shows that the correlation coefficients for organizational climate with OCBO/OCBP are not significant. This is not as per our expectations under the  $H_{2a}$  and  $H_{2b}$ . Additionally, this matrix indicates positive and significant relationship between psychological capital and OCBO (coefficient = 0.310,  $p < 0.05$ ); and between psychological capital and OCBP (coefficient = 0.265,  $p < 0.05$ ) as predicted in  $H_{3a}$  and  $H_{3b}$ .

The regression model in Step 1a (Table 2) shows the control variables have no significant impact on psychological capital. For testing the  $H_1$  the Step 2a is the relevant model. We can see that organizational climate can significantly predict the psychological capital ( $\gamma = 0.190$ ,  $p < 0.05$ ). Thus our data supports  $H_1$ .

**Table 2: Step-Wise Regression Models**

Dependent variable	Psychological Capital		OCB-P			OCB-O		
	Step 1a	Step 2a	Step 1b	Step 2b	Step 3b	Step 1c	Step 2c	Step 3c
Constant	4.899	4.049	4.337	5.012	3.608	4.767	298	3.291
Control								
Age of the employee	-0.033	-0.032	-0.065	-0.066	-0.057	-0.130	-0.130	-0.121
Organizational Tenure	-0.216	-0.217	0.328*	0.328*	-0.268	0.435**	0.435**	0.372*
Tenure under Supervisor	0.162	0.185	0.447**	0.432**	0.381*	0.529**	0.530**	0.477**
Independent								
Organizational Climate		0.190*		-0.121	-0.174		0.013	-0.042
Mediator								
Psychological Capital					0.279**			0.288**
R <sup>2</sup>	0.018	0.054	0.068	0.082	0.156	0.101	0.101	0.180

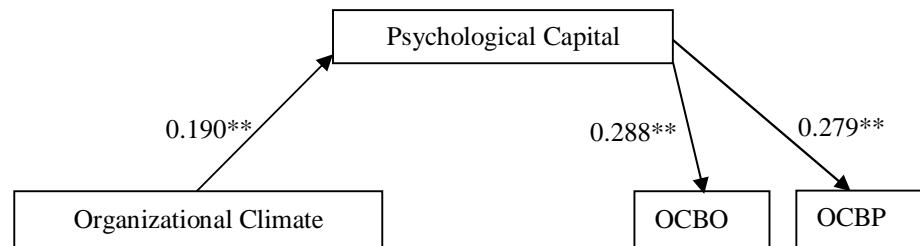
\*P &lt; 0.05; \*\*P &lt; 0.01

For testing these Hypotheses 2a and 2b, Step 2c and Step 2b (Table 2) are the relevant models. Step 2c shows that organizational climate does not significantly affect OCBO ( $\gamma = 0.013$ ). Likewise Step 2b shows that organizational climate does not significantly affect OCBP ( $\gamma = -0.121$ ). Therefore, it is deduced that our data does not support Hypotheses 2a and 2b.

Table 2 shows the gamma values for relationship between the study variables and the mediation done by psychological capital. Firstly, Step 2a shows that there is a significant relationship between the psychological capital and organizational climate ( $\gamma = 0.190$ ,  $p < 0.05$ ) fulfilling the first condition of Baron and Kenny (1986) that the independent variable should be significantly related to the mediator. The regression model, in Step 2c shows that there are no relationships between the organizational climate and OCBO ( $\gamma = 0.013$ ,  $p < 0.05$ ) indicating that the second condition of Baron and Kenny (1986) that the dependent and independent variables should be significantly related is not fulfilled. In Step 3c highly significant values ( $\gamma = 0.288$ ,  $p < 0.05$ ) indicate that the mediator is related to OCBO, fulfilling the third condition of Baron and Kenny (1986) that the mediator should be significantly related to the dependent variables. However, it is important to note that though the change in the values of organizational climate is not of much importance here, because, its relation with OCBO was neither originally significant in Step 2c (0.013) nor later become significant after inclusion of the mediator in Step 3c (-0.042). Following Walker et al., (2010), who also come up with a similar situation like ours that there is no direct relationship between the independent and dependent variable and the mediator is playing an intervening role. Researchers have accepted the relaxation of the second step (Hayes, 2009; MacKinnon et al., 2000; Shrout & Bolger, 2002). Also we can observe an increase in the value of R<sup>2</sup> of about 8% from Step 2c to Step 3c. Therefore, on the whole we can say that our data supports H<sub>4a</sub>. A special type of

mediation is taking place here that predicts that organizational climate is not automatically creating OCBO rather it only impacts OCBO via psychological capital.

Table 2 also shows the gamma values for relationship between the study variables and the mediation done by psychological capital. First condition is exactly the same and is also fulfilled in Step 2a. The regression model, in Step 2b shows that there is no relationship between the organizational climate and OCBP ( $\gamma = -0.121$ ). In Step 3b highly significant values ( $\gamma = 0.279$ ,  $p < 0.05$ ) indicate that the mediator is related to OCBP, fulfilling the third condition. The change in the values of organizational climate is again not of much importance here. Also we can observe an increase in the value of  $R^2$  of about 7% from Step 2b to Step 3b. Therefore, on the whole we can say that our data supports H<sub>4b</sub>. Organizational climate is not automatically creating OCBP rather it only impacts OCBP via psychological capital. Findings of the study are depicted in the following model (Figure 2).



**Figure 2: Mediation through Psychological Capital**

## 5. Discussion and Conclusion

Positive organizational climate leads the employee to believe that they are working at an organization which will foster their hard work and acknowledge that accordingly, which in turn leads them to hope for a better future, be optimistic about rewards, resilient to turnover and increases their self-efficacy. Hence, their psychological capital improves in an organization which has a positive climate (Shahnawaz & Jafri, 2009). In relationship with both these variables organizational climate plays an important role mostly as a mediator, and sometimes as a moderator, such that in the presence of a positive and supportive climate employees high on psychological capital are more likely to give a better performance and are more satisfied with their work and work environment (Walumbwa et al., 2010).

As compared to this literature review we see that the sample used in the current research also believes that a positive climate increases their psychological capital (H<sub>1</sub>). However, it is important to note that here we have operationalized organizational climate in terms of managerial support only, therefore, the results cannot be inferred on organizational climate as a whole. One of the reasons for this relationship to be strong is the fact that, support from the supervisors and rewards on hard work leads a person to be optimistic about bright future opportunities and solidifies one's hope for a better tomorrow. Once an employee is aware of the fact that his work is being appreciated and duly rewarded his self-efficacy is likely to improve and he would be less resilient to the idea of change in workplace. Hence, together his hope, optimism, self-efficacy and resilience will provide him with a higher psychological capital.

Past researches hold ambiguous conclusions about the relationship of organizational climate and OCB. The current study however, provides empirical evidence through

testing H<sub>2a</sub> and H<sub>2b</sub>, that climate in terms of managerial support is related to the employee citizenship behavior but there is no direct relationship between the two variables (i.e. OCBO and OCBP).

Similar to the results of this study, Turker (2008) and Nimran (2011) also conclude that organizational climate directly does not result in citizenship behaviors. However, it should also be noted that both these researches also shed light on the fact that if the employees have tendencies towards indulging in citizenship behavior then provided that organizational climate is supportive in terms of their managers, citizenship behaviors is likely to occur. Keeping in mind their findings, we see in the current study that climate directly did not result in OCBO and OCBP, but if employee psychological capital is high then climate results in citizenship behavior via special mediation from psychological capital. Podsakoff et al., (1990) and Ardichvilli (2011) also conclude that managerial trust plays an important role in citizenship behavior.

Another important factor affecting our findings is the country and culture in which the research is conducted. The researches that show the direct relationship between organizational climate and OCB are conducted in India and USA, where there is less power distance between the managers and employees resulting in a congenial atmosphere for work. However, the current study is conducted in Pakistan, where due to economic crisis and high unemployment rate there is a lot of negative competition amongst colleagues which results in less citizenship behavior. Hence, the employees have difficulty in trusting their managers and the managers may have a feeling of insecurity of their subordinates achieving better results and being in a position to replace them.

Psychological capital can affect an employee and enforce him/her to indulge in citizenship behavior towards his organization as well as his colleagues. The current study provides empirical evidence for this relationship. Similar to the results of our study (H<sub>3a</sub>/H<sub>3b</sub>), are the findings of Norman et al., (2010) who indicated that psychological capital as a whole is a strong predictor of OCB, especially OCBO. However, Shahnawaz and Jafri (2009), conclude that psychological capital as a whole cannot predict OCB but is composite factors comprising of hope, optimism, self-efficacy and resilience can predict OCB if they act individually in an organization setting. The differences in the findings of these researches are because of various factors. One of the distinguishing features is the culture in which these researches are conducted. Shahnawaz and Jafri (2009) conduct their study in India, where nepotism and competition seem to be prevalent in the organizational culture therefore affecting the psychological capital of the employees working there and hence affecting its ability to predict OCB on their part. Alternately, Norman et al., (2010) conduct their study in the USA where organizations are known to acknowledge each individual for their own capabilities and achievement and rewarding them accordingly thus creating an environment where employees develop trust in their organization. This provides them an ideal situation to increase their psychological capital as a whole and hence it results in more OCBs. In our study we have chosen a multinational organization which has organizational climate is relatively more similar to that of western countries, hence our findings are similar to those of Norman et al., (2010).

The current research provides evidence for the fact that psychological capital and organizational climate both play a crucial role in the employee's will to display OCB. Secondly, OCBO and OCBP result from the mediation through psychological capital (H<sub>4a</sub>/H<sub>4b</sub>), indicating that the organizational climate and psychological set up of an employee are very crucial for citizenship behavior to occur.

Since the current research is conducted in a multinational organization it has an environment similar to that in the USA hence, employees are able to develop psychological capital as whole and in its progressive development it is resulting in more OCBO and OCBP. Lee and Kim (2010) also suggest that if the relational psychological contract, that is, the relationship between the supervisor and the organization is strong and if the employee perceives the climate of the organization as commitment-based then more OCBO and OCBP will be displayed by the employees. This mediating relationship between the organizational climate and OCB by psychological capital is also supported by other researches.

The performance and behavior of an employee in an organization depends on the type of person an employee is, that is, the psychological state of an employee. If the employee has an optimistic frame of mind and has confidence in his abilities only then will he be able to conduct his job-related abilities efficiently. Psychological capital therefore, strengthens relationship between the working of an organization with any behavioral depiction of the employee such as, supportive climate (Luthans et al., 2008; Walumbwa et al., 2009). Li et al., (2010) also support these findings concluding that if an employee has a proactive personality he would be high on all components of psychological capital. With such a psychological set up, if the climate of the organization includes justice and support the employees are going to display more OCBs.

### *5.1 Limitations and Directions*

As many other researches, the current study has some limitations. The data is collected from only one multinational organization therefore; wide inferences cannot be made on the basis of analysis of this study. Secondly, the sampled clustered has a very large ratio of male (about 79%) and considering the notion that OCB relate to gender our sample may not be ideal for the response variables. However, this is typical for most of the Pakistani organizations. Thirdly questions may be raised regarding our sample size, yet we believe that for 24 participants per parameters is quite reasonable in our opinion. Anyhow, a larger sample size would have allowed us to further analyze our multi-dimensional construct on the basis of the well-established components of each of the constructs. Fourthly, organizational climate has been studied in terms of managerial trust only so the results cannot be generalized for other types of organizational climate. Lastly, psychological capital is studied as a composite factor, however which components of psychological capital are more important in this mediation cannot be said from the present results.

The findings of this study indicate that there is indeed a relationship between organizational climate, psychological capital and OCBO and OCBP. However, different dimensions of all three variables can be further studied to give a better view. Organizational climate can be studied in detail to find out also possible types of climate existing in organization and their respective effects on citizenship behaviors. Components of psychological capital and their effect can be studied to know which components are most important as mediators in the relationships of this study. Other dimensions of citizenship behavior can be taken into consideration and be researched upon to provide a more elaborate research literature.

### *5.2 Study Implications*

The current study shows that relationships exist between various aspects of organizational climate and citizenship behavior and to some extent personality of the employee affects the type of behavior an employee shows on his job. The current study contributes further

information that given an organizational climate in which managers provide guidance, support and feedback to employees, the consequences include increase in citizenship behaviors but *only if* the psychological set up of the employee is such that he is self-effacing, optimistic, hopeful and resilient. Therefore the major contribution would be that only conducive environment is not enough for citizenship behavior to occur in fact an employee's psychological capital is also a major factor in determining the occurrence of employee citizenship behavior.

Since the results show that climate of the organization and psychological capital, both affect the behavior of an employee, it should be given more importance within the organizations today. Creating a conducive and supportive organizational climate is extremely essential as until and unless the employees do not feel confident that their work will be appreciated and fairly rewarded, they will not work towards performing better let alone demonstrating citizenship behaviors. On the other hand, if employees perceive the climate as supportive especially with respect to their supervisors, they will not only work towards better performance, indulge in citizenship behavior but will also be loyal and committed to the organization. The managers/supervisors /leaders in organizations should make extra effort to encourage their employees and give fair feedback to their employees in order for efficiency to improve at large.

Psychological capital, since it has been established is also an important concept that needs to be addressed. Effort should be made on the part of recruiters to hire those candidates who are high on psychological capital. Moreover, organization should develop interventions and other training methods to develop and strengthen the psychological capital of the employees. Citizenship behavior though does not profit the organization, it is still crucial to its well-being as the presence of citizenship behavior itself helps create a climate that is supportive and which encourages employees to work towards a better future. Hence, managers should pay attention and appreciate any employee showing citizenship behavior whether towards organization or on a personal level so that these kind of behaviors can be inculcated within the organization climate.

### *5.3 Conclusions*

Employees are one of the most prized possessions of any business organization in the 21<sup>st</sup> century. Each organization today is focusing on how to develop and retain their employees in such a way that there is less turnover and more productive and profitable outcomes. In such circumstances, all those concepts that will lead the organization to reach these positive outcomes have become important research topics.

The variables in the current study also play an important role in the retention and efficiency of the employees. The results indicate that organizational climate plays an important role in facilitating and increasing citizenship behavior in employees, however the relationship is not direct in fact, employee psychological capital acts as a strong mediator such that in supportive organizational climate and in the presence of high psychological capital, employees will show more OCBO and OCBP, meaning that special mediation is taking place through psychological capital. The results also indicate that psychological capital individually, also results in higher levels of citizenship behavior.

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