Human capital in psychology and employee performance

Le capital humain en psychologie et la performance des employés

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Abstract

Management and psychology are two disciplines that can't be separated, managing teams requires minimum understanding of their behavior, and personalities to master how to deal with them and lead them and be at their disposal for help or issue solving, the comprehension of employees needs allows companies to work in harmony and exercise its activity effectively. The use of psychometrics facilitates the human resources managers' tasks, especially when it comes to recruiting. Through the results of those tests, a manager can judge whether an element will fit in the organization and understand its culture and be productive. however, organizations are suggested to engage the employees' creativity and experience to keep up with the fast-paced organizational changes, managers might play the role of coaches that identify the employees' knowledge, expertise, well-being, and happiness, and readiness to change.

Keywords

organizational psychology, psychometrics, human capital, employee performance, professional development

Introduction :

In modern management, the psychology of human capital takes an important place within organizations, companies are getting more demanding of unique skills in profiles. Now being punctual, hardworking, disciplined is not enough to be hired you must be able to "add value" to the company, and that added value knows many forms but the most demanded and important one is problem solving.

Psychology came to give a solution and differentiate people by their personalities. Each type of individuals fits the best in specific positions in companies. And this allows a smooth run of the day-to-day activities, and a healthy and organized environment for an effective development not only for the company but for the employee as well. Working in a healthy environment was proven by managers to have a positive impact on their employees in terms of performance, productivity, communication, and teamwork.

Specialists got inspired from the field of psychology to come up with tools under the name of psychometrics that enables them to study human capital's personality traits, behavior inside the company and characteristics. This will provide managers with enough assistance to place each employee in his right place where he will serve the company and get an opportunity to learn at the same time, which helps in improving the performance on an organizational and individual level.

Organizational psychology:

Through the years, organizations management have faced different changes.

The development of sciences awakened the awareness of managers to the importance of human capital and its role in value creation, according to Adam Smith "the acquired and useful abilities of all the inhabitants or members of the society". In other words, human capital refers to the competencies, knowledge and skills that allow the labor force to perform their work duties. This definition highlights the importance of abilities and skills and does not only focus on the physical aspect of studying the human capital.

The role of managers in the psychological development of employees:

According to Karen E. Lee, psychology must be deployed in the workplace for four objectives, namely the understanding and problem solving of peoples' issues in workplaces; the psychological development of managers; creating and maintaining a healthy work environment and exploring possible catalysts and processes that allow personal and professional development.

It is then the responsibility of (human resources) managers to create development opportunities for their employees, and this means that managers must have previous knowledge of what defines a healthy psychological environment from the point of view of the employees and the organization as a whole, and have the skills that will allow them to design a strategic plans enabling the employees to fill their long term development needs in terms of courses, programs and consultants for example, and making sure they are used effectively or dealing with immediate interpersonal and individual employee concerns; and having the ability to understand fundamental processes and mechanisms of personal and professional development. The wellbeing of workers and the smooth development of companies is then a responsibility that managers have chosen to take since day one, their decisions might be life changing for their organizations, this explains the length and complexity of the process that precedes the decision making. the evolution of their employees' situation relies on how accurate the solution proposed compared to the people concerned. and this depends on the assessment and diagnosis of their personal' situations from all perspectives.

In order to resolve this issue and make it a bit easier for managers to collect information, psychologists have thought of creating tools that gather personal information from the labor

force directly, and here we talk about psychometrics or as we all know it under the name of personality tests, some of them are:

- **Myers-Briggs Type Indicator. (MBTI)**
- **Caliper Profile.**
- **16 Personality Factor Questionnaire.**
- **SHL Occupational Personality Questionnaire.**
- **HEXACO Personality Inventory-Revised.**
- **Revised NEO Personality Inventory.**
- **Eysenck Personality Inventory.**
- **DISC personality test.**
- **The process of communication model**

The MBTI, DISC personality test, and PCM model take the higher places in tests used by recruiters and specialists, some companies even require them in CVs for recruitment.

The Myers Briggs Type Indicator is similar to the 16 personalities test, which is just an evolved or updated version of MBTI, it can be defined as a self-help assessment test or as Isabel Myers and her Katherine Briggs like to describe it " a self-report inventory" designed to identify a person's personality type, strengths, and preferences. Based on the answers to the questions on the inventory, people are identified as having one of 16 personality types. The goal of the MBTI is to help you get to know yourself, so there is no wrong or right answer, it provides insight into how a person makes decisions, interacts with other people, and processes information.

The questionnaire is made up of four different scales:

- **Extraversion (E) – Introversion (I)**
- **Sensing (S) – Intuition (N)**
- **Thinking (T) – Feeling (F)**
- **Judging (J) – Perceiving (P)**

Each personality type is being listed by the initials of these scales. It is important to remember that all types are equal and that every type has value.

The (PCM) of taibi Kahler is another test that consists of identifying the combination of Six types of personalities existing in one person but with intensity levels.

- **Thinker**
- **Persister**
- **Harmonize**

- **Rebel**
- **Imaginer**
- **Promoter**

The result it provides us with helps with assigning the right person to the right place according to his/her skills, competencies, to ensure the most efficient and effective performance.

The third most dependent on test in work environment is DiSC (D)ominance, (i)nfluence, (S)teadiness and (C)onscientiousness. is a personal assessment tool used by more than one million people every year to help improve teamwork, communication, and productivity.

The model provides a common language people can use to better understand themselves and those they interact with—and then use this knowledge to reduce conflict and improve working relationships.

- **People with D personalities** tend to be confident and place an emphasis on accomplishing bottom- line results.
- **People with I personalities** tend to be more open and place an emphasis on relationships and influencing or persuading others.
- **People with S personalities** tend to be dependable and place the emphasis on cooperation and sincerity.
- **People with C personalities** tend to place the emphasis on quality, accuracy, expertise, and competency.
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it's mostly used in the beginning of work process which is the recruiting part as it helps recruiters identifying how the candidates will collaborate and communicate with your existing team members.

When managers are provided with the right information it gets easier for them to provide their employees with the best conditions, so by studying their team's characteristics and personality they will get a better grip at what is missing and how to improve it, and this is the part where psychological capital is introduced.

psychological capital is composed of four dimensions: self-efficacy, optimism, hope and resilience. These quasi-states are inspired by the positive psychology founded by Seligman (2002), but above all, they are derived from the positive psychological behavior approach which includes various other concepts such as subjective well-being and emotional intelligence

(Luthans, 2002a).

It also represents an extension of various other prior capitals such as traditional economic capital, human capital, and social capital. (Luthans and Youssef-Morgan, 2017)

Dimensions of positive psychological capital:

Self-efficacy:

The feeling of self-efficacy can be considered as a belief constructed by the individual that he or she can achieve performances in particular ways. Through this belief, it would be possible to determine the feelings, thoughts, motivation, and behaviors of that individual (Bandura, 1977). When the individual is self-efficient, he or she feels confident and capable of exploiting all his or her motivation, his or her own plan of action in order to achieve his or her goals and cognitive abilities. Moreover, the individual will perceive a strong chance of success in his mission. In this case, the achievement of the envisaged result is not affected by the constraints and obstacles that the individual might face (Luthans et al., 2007b).

Optimism:

Optimism is an important psychological trait that plays an important role in the life of individuals. It is presented as a mood or attitude related to the person's constructed expectations of his or her socially and materially desirable future, considered socially desirable, for his or her good or pleasure (Peterson, 2000). In addition to expectations related to achieving good things in the future, optimism can be based on the sources and attributions adopted by individuals to understand the causes leading to the events produced (Luthans et al., 2007b).

Hope:

Hope is the motivational state based on an interactive sense of success composed of agentivity or energy provided to achieve goals and planned paths to achieve those goals (Snyder et al., 1991). In this way, this psychological construct is based on three main elements which are agentivity, paths and goals (Luthans et al., 2007b). The individual having a high hope level is generally distinguished by his or her rapid and fluid agentic thinking regarding the pursuit of his or her goal and by his or her anticipation of various paths leading to that goal.

Resilience:

This state is considered as an "umbrella concept" that covers several other concepts at once (Masten and Obradović, 2006). It assumes that the individual can maintain a normal or anticipated level of stress and manage unexpected shocks by adapting with the situations experienced. Luthans (2002b) defines this concept as the positive psychological ability to cope with difficult events such as adversity, uncertainty, conflicts, and failures, but also, with some positive changes such as promotions. The existence of different threats to adaptation or development are not, therefore, obstacles to achieving desirable outcomes (Masten, 2001). In other words, when the context is characterized by its adversity, resilience involves positive patterns of adaptation (Masten and Obradović, 2006)

Positive psychology at the workplace:

An individual spends around 7 to 8 hours of his or her everyday life at work, where he or she works and carries out the obligations allocated by the employer or the organization. Spending so much time of the day at work has a variety of effects on the individual and puts a lot of strain on his or her thoughts.

Hence, the workplace atmosphere must be stress-free and enjoyable; otherwise, it will have a major negative impact on the employee's basic psychology, affecting his or her performance and, consequently, the organization's total productivity. From a positive psychology standpoint, the research looks at how to improve employee performance. Three positive attributes are identified and used to build a framework that shows the connections between them and employee performance/productivity, and thereby organizational productivity. These characteristics, according to the research, are the foundations for creating a stress-free, welcoming, and encouraging work environment for employees.

The need of positive psychology:

Promoting positive psychology in the workplace is critical for a company's or organization's long-term success.

The introduction of technology has altered the way we operate, especially how we perform at work. Globalization and increased competitiveness are two examples of changes. Organizations must rely more heavily on innovation, originality, and capitalizing on the unique personal and intellectual capabilities of their employees to keep up with the competition and the fast-paced world we live in today.

However, if individuals are not motivated to work, creativity, innovation, organizational growth, and success are less likely to occur. Certain psychological behaviors have been related to better organizational outcomes, according to study. Positive emotions can contribute to higher job satisfaction, motivation, and the ability to manage with stress and ambiguity. A good attitude can also help with emotional resilience and buffering negativity at work.

Organizations are required to rely more on employees' creativity and experience to keep up with the fast- paced technology changes. This is critical for the organization's overall productivity.

Individually, identifying employees' knowledge, expertise, well-being, and happiness becomes part of the organizational goal, and developing processes that ensure crosstalk and adaptability, undertaking plans that benefit human capital, and a strategy to give the organization a unique, competitive advantage become part of the organizational goal.

The presence of positive psychology in workplace is essential. Employees tend to work much better when they are motivated and in positive psychological state.

Therefore, the impact of a positive psychology on employee performance is related to the environment at workplace, if it is suitable, the performance of employees will improve. To achieve that Managers and team leaders can use a supportive coaching approach to encourage employees and impact positively their behaviors.

According to Carson et al. (2007): "leaders who supported their teams with coaching behaviors established

internal team conditions that enhanced team members' voice, empowerment, and shared leadership".

And according to Farh and Chen (2018): "coaching promoted employee voice in a field study of surgical teams. Supportive coaching empowers team members through encouraging team self-management and providing team members with latitude and authority so that they may act independently and free from leader interference". (Farh & Chen, 2018; Morgeson, 2005; Wageman, 2001).

The combination of encouragement and leadership authority is the key of the supportive-coaching approach because employees are productive in the execution of their tasks at the same time, they are empowered to achieve the work by themselves independently from the supervisor. Thus, they increase the self-efficacy (Arnold et al.).

Direct link between supportive-coaching behaviors and employee performance:

Supportive-coaching behaviors influence work-unit effectiveness through motivational means (see Burke et al., 2006) that enhance the effort that team members will exert toward work tasks. A study of Weer et al. on 714 managers and their teams conducted on 54 months found the link between supportive-coaching and the degree of the strength of employees' effort in accomplishing their tasks- called as team commitment-, the link was significant and positive.

According to the theory of team coaching, the coaching behavior of the manager/team leader has an important role in supporting team effectiveness, as it reinforces the team capabilities, communicates optimism to make them contribute greater efforts and thus impact the overall performance.

Supportive-coaching and employee satisfaction

according to (Deci & Ryan, 2000), among individual basic needs for autonomy and competence, there is goal achievement: when the employee attains the goal or any other outcome, it provides him with greater job satisfaction.

The manager or the team leader, as part of their principal mission, is there to support employees or team members to achieve goals. Thus, there will be witnesses of that accomplishment of work resulting in recognition.

Leader's behavior of support and encouragement contributes in the increase of the importance of employees.

More specifically when leaders explicitly encourage and emphasize engagement in supportive-coaching behaviors, and team members respond with higher levels of these behaviors, leaders may validate team members perceived and actual capabilities to meet their job expectations. Ultimately, this process could result in higher team member job satisfaction.

To sum up, we mention that supportive-coaching behaviors are not likely to directly or immediately result in a rise in job satisfaction. Rather, we suspect that as efficacious team members explore tasks independently from their leader, they experience opportunities to observe the consequences of their efforts, and they are empowered to make their behaviors appropriate adapted based on what they observe, also they and learn to respond to unique circumstances with external parties as those issues arise, resulting in satisfying productivity. (For related arguments, see Hui & Sue-Chan, 2018).

Human capital: the ultimate catalyst of change

Performing change might be the most critical test that question the true value of human capital, and their ability to embrace the toughest challenges facing their venture. According to Holt and colleagues (2007) readiness for change is manageable. Several organizational development models such as Lewin and Kotter's frameworks suggest that the potential sources of readiness for change lie both within the individual and the individual's environment.(Bouckenooghe & Devos, 2007)

Increasingly, the main concern of the executive management is to boost the company's power of change(Michels & Murphy, 2021), which requires developing and leveraging the employees' commitment, building employee-manager trustful relationships , and most importantly supporting an unbiased behavior in the workplace.

Chaotic and turbulent business context or simply the dynamics of the firm require likely some sort of substantial, and totally different response. Naturally this one takes the form of a transformation project. Hughes(2011) defines change management as "the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers.

Thus, conducting a successful and long-lasting transformation is critical not only from the development and growth perspective, but it also increases genuinely the firms' resilience to any sort of market turbulence and crisis. Therefore in order to successfully lead an organization through major change it is important for management to consider both the human and technical side of change.(Bouckenooghe & Devos, 2007).

Normally, each change initiative faces resistance at a certain stage of its roll out, to mitigate this issue, it's practically necessary to figure out what causes resistance to change and reflect thoroughly regarding its roots. Identify the so-called roots facilitates handling appropriately this situation in a way that convert the opposing element to a true advocators and drivers of change.

Koter's change management Model

Koter's(1996) 8 step change process is an extension of Lewin's framework that provides the appropriate and comprehensive guidance for corporations conducting major transformations. Further, this process put a huge emphasize not only on the planning stage, it layout the most effective managerial practices to implementing and sustaining the eventual change as well. The Following stages outline the essential guidelines of this model(Joseph Galli, 2018):

Establishing a sense of urgency: demonstrate the need to change and vouch for how critical it could be for the firm to adopt a changing project

Forming a powerful guiding coalition: Gathering support and bring on board eventual agents of change Create a vision: Portray the benefits and results of implementing such strategy Communicating the vision: make sure all levels of management and staff are well informed

Identify roadblocks and address anything causing friction: Deal with restraining elements and those who pull back the change efforts

Planning for and creating short- term wins: setting milestones and award success

Consolidating improvements and producing more change: keeping up with the change and stick to the plan till the goal is achieved.

Anchor new approaches in the culture: embed the values and capability of change in the collective corporate culture

Nudge theory and organizational change

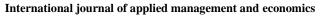Instead of a top-down instructions and cutting off employees from contributing directly and suggesting eventual recommendations or new ways of doing operational work. The nudge theory focuses on understanding their perception; besides it attempts to trick and trigger employees towards requesting change on their own, thereby the manager bricks the bottlenecks which enables him to see change from the eyes of his employees, throughout the deployment of three types of nudges (perception nudge-motivation nudge and simplicity ability nudge

Conclusion:

Having an in depth and thorough understanding of the motivators and the personality's character of every single employee within your team is crucial, to monitor and follow up genuinely no matter how much pressure this one is coping with.

Acquiring the appropriate set of skills makes now and then the difference in the way the work is done, the quality of the expected output, and also the overall social conditions under which the team is operating.

Not to mention the implications of those skills on building-up a resilient, highly qualified, and flexible human capital, capable of embracing and supporting change in a way that grants the development and success of the business venture.

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