

HUMAN RESOURCES DEVELOPMENT CLIMATE AND EMPLOYEE  
PERFORMANCE IN NEPALI DEVELOPMENTAL ORGANIZATIONS: THE  
ROLE OF PSYCHOLOGICAL CAPITAL

A Research dissertation submitted to  
Kathmandu University School of Management  
in partial fulfilment of the requirements for the  
Degree of Master of Philosophy (MPhil) in Management

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## DECLARATION

I hereby declare that this dissertation entitled "*Human Resources Development Climate and Employee Performance in Nepali Developmental Organizations: The Role of Psychological Capital*" embodies the result of an original research work that was carried out in partial fulfillment of the requirements for the degree of Master of Philosophy (MPhil) in Management of Kathmandu University School of Management and that this dissertation has not been submitted for candidature for any other degree.



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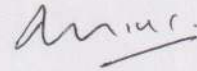
RECOMMENDATION

This is to certify that Ms. Isha Dhaubhadel has completed her research work on  
*“Human Resources Development Climate and Employee Performance in Nepali  
Developmental Organizations: The Role of Psychological Capital”* under my supervision  
and that her investigation conducted during the period she worked as an MPhil candidate  
of the School of Management. The dissertation is of the standard expected of a candidate  
for the degree of MPhil in Management and has been prepared in the prescribed format of  
the School of Management. The dissertation is forwarded for evaluation.

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October 2018



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## APPROVAL

We have conducted the viva-voce examination of the dissertation *Human Resources Development Climate and Employee Performance in Nepali Developmental Organizations: The Role of Psychological Capital* by Isha Dhaubhadel and found the dissertation to be original work of the candidate and written according to the prescribed format of the School of Management. We approve the dissertation as the partial fulfillment of the requirements for the degree of Master of Philosophy (MPhil) in Management.

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## ABSTRACT

The main objective of this research titled “Human Resources Development Climate and Employee Performance in Nepali Developmental Organizations: The Role of Psychological Capital” is to examine the effect of human resource development climate on employee performance and to test the mediating effect of PsyCap in the relationship between human resources development climate and employee performance in the development sector of Nepal.

A quantitative research was carried out where questionnaires were distributed in the printed version as well as through online form through convenience sampling. A total of 231 valid questionnaires were received and analyzed through SPSS 21. Mean, standard deviations, correlation and regression were used to analyze the data. The empirical evidence suggested positive significant relationship between human resources development climate and employee performance and that PsyCap fully mediated the relationship between them.

The results are then discussed in light of previous studies and some practical as well as research implications are provided.

*Key Words:* human resource development climate, employee performance, psychological capital

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## ABBREVIATIONS

AIN	Association of International Non-Governmental Organizations
HR	Human Resource
HRD	Human Resource Development
HRDC	Human Resource Development Climate
INGO	International Non-Governmental Organizations
IT	Information Technology
NGO	Non-Governmental Organizations
PCQ-24	Psychological Capital Questionnaire -24
PCQ-12	Psychological Capital Questionnaire-12
PsyCap	Psychological Capital
SPSS	Statistical Package for the Social Sciences
SWC	Social Welfare Council
UN	United Nations
XLRI	Xavier Labor Relations Institute

## CHAPTER I

### INTRODUCTION

It is argued that organization can best meet the challenges and objectives when they can acquire, retain and utilize valuable, scarce and inimitable resources (Solkhe & Chaudhary, 2011). Human resources of an organization are one such resource which falls into this category. It is because human resources are the contributors to the intellectual capital, social capital and emotional capital of an organization which becomes very hard to imitate by other organizations. Hence, human resource is the basic requirement and the most important resource for the growth and development of any organization (Hashmi & Abbas, 2014). As per Jain (2014) though their contribution may not be arithmetically calculable, but they are most vital for the successful achievement of the organizational objectives. When we say human resource is valuable in the organization, we are actually referring to the performance of the human resources and not the human resource per se. Therefore, it is the performance of the human resources of organization that makes the organization successful and not human resources in the absolute term.

The performance of good employees mirrors the ability to contribute through their work leading to the behavioral achievement that is according to the goals of the organization (Muda, Rafiki, & Harahap, 2014). As per various studies, all other employee outcomes such as employee satisfaction, commitment, motivation etc. boil down to job performance which is why it is considered as the ultimate employee outcome in the organization (Gholizade, Irvan, Maleki, & Aeenparast, 2014). Hence, it is the

performance of the employees that brings about success in any organization and thus employee performance can be considered as one of the most important employee outcomes in the organization.

There are various factors that affect the performance of the employees in the workplace. As per Kotteeswari and Sharief (2014), the major factors that affect the performance of employees are stress, managerial standards, motivation, commitment and employee evaluations. Similarly, Muda et. al. (2014) argue that job stress, motivation and communication are important factors that determine the job performance of an employee. In addition, Aboazoum, Nimran and Musadieq (2015) found out job satisfaction, organizational culture, training and development as important factors for job performance of employees in Libya. Likewise, a study done in banking sector of Pakistan revealed that working hours, training, communication barriers, stress and financial rewards all are related with performance of employees (Iqbal, Ijaz, Latif, & Mushtaq, 2015). Further, Naseem, Sikandar, Hameed and Khan (2012) found that favorable workplace environment, good office design and high motivation increases the performance of the employees.

Apart from the above factors, it is seen that human resource development (HRD) and human resource development climate (HRDC) also plays a vital role in performance of the employees. Human resource development is a continuous process to ensure the development of employee competencies, dynamism, motivation and effectiveness in the systematic and planned way (Jain, 2014). Similarly, human resource development climate is the subset of organizational climate and is the perception of employees about employee development environment or the psychological impact of an organization's employee

development polices, practices and procedures (Akinyemi, 2014). There are various research findings which reveals that human resource development is related to high performance from the employees (e.g. Bingilar & Etale, 2014; Akujuru & Enyioko, 2015; Ebimobowei, Felix & Wisdom, 2012). Hence, human resource development is seen as one of the important factors that contribute to the better performance of employees and organization as a whole.

Not only human resource development methods, but it is equally important to have human resource development climate in the organization for good performance of its employees. Human resource development climate has major impact on human performance through its impact on individual's motivation and job satisfaction and in addition, since satisfaction of employees goes a long way in determining their efficiency, human resource development climate can be directly related to performance (Nathiya, 2014). Also, human resource development climate is seen as best tool that helps employees to acquire required competencies for enabling them to enhance their productivity (Dash, Mohapatra, & Bhuyan, 2013). There are various studies in the literature that reveals the strong relationship between human resource development climate and employee performance (e.g. Mohanty, Susmitaparija, & Ghansyamsahu, 2012; Pritchard & Karasick, 1973; Selamat, Samsu, & Kamalu, 2013; Tiwari, 2014). Since human resource development climate is one of the factors for employee performance, it is crucial to see its effect on the performance of employees in any organization or industry.

In addition to human resource development climate playing a vital role in employee performance, psychological capital (PsyCap) also plays important role in the

performance of employees. Psychological capital or PsyCap is the combinations of four dimensions namely hope, optimism, resiliency and self-efficacy (Luthans, Avolio, Avey, & Norman, 2007). As per Kappagoda, Othman and Alwis (2014), in the past few years, PsyCap has been given considerable attention as a new approach to enhance the job performance of employees. Also, there have been various studies which relate PsyCap with performance (e.g. Nafei, 2015; Saithong-in & Ussahawanitchakit, 2016; Chhajer, Joseph, & Rose, 2016; Kappagoda et. al., 2014; Luthans, Norman, Bruce, & Avey, 2008). Hence, PsyCap can be used as a mediating variable that would affect the relationship between human resource development climate and job performance.

In context of Nepal, the concept of human resource management came into existence only after liberalization and privatization policy in 1990 and since then the human resource management practices in organizations have not been matured enough and are in learning phase till date (Maharjan, 2013). Nepal is seen at an early stage of developing sophisticated human resource management system (Gautam & Davis, 2007). As per Maharjan (2013), prior to liberalization and privatization, Nepali organizations did not use precisely defined human resources strategies and it was only after establishment of private businesses and joint ventures that organization felt the need of human resources policies and strategies because of increase in competition and need for employee performance improvement. Regarding the performance, Chalise, Jha and Acharya (2016) claim that human resource development climate is one of the pertinent factor for performance of the employees in the organization. In context of Nepal, various components of human resource development climate have been studied separately such as training and development, performance appraisal, reward system etc. and their present

situation have been explained thoroughly. For example, as per Maharjan (2013), there are no defined training and development policies in most of the Nepali organizations and training is regarded as costs rather than investments. She argues that supervisors and line managers have influential role in defining training needs, designing training programs and selecting potential trainees and in most of the cases organization starts looking for training participants once it gets invitation for certain training programs. In addition, she argues that though some on the job and off the job trainings are given, there are only few organizations that practice management development programs. As per Baniya (2004), human resource development is important so as to improve the performance and satisfaction of employees in the organization. However, as according his research, there is lack of systematic approach towards human resource development in Nepali organizations and organizations do not have proper budget allocation for human resource development as such. Similarly, Gautam (2012) argues that there is no systematic training needs assessment and there is no system of dissemination of knowledge acquired through training. Hence, training and development which is an integral part of human resource development climate is seen unsatisfactory in context of Nepali organizations.

Similarly, performance appraisal in Nepali organizations have been very less prioritized and are based on personal judgment and subjective assessment of supervisor rather than objective scoring from colleagues, supervisee etc. (Maharjan, 2013). In addition, most of the Nepali organizations do not have performance appraisal system (Adhikari & Gautam, 2009 as cited in Maharjan, 2013). Gautam (2012) argues that though some organization have formal or informal performance appraisal, only 50% of the organizations directly link performance with the reward. Thus, performance appraisal

which is also a part of human resource development climate is again seen unsatisfactory in Nepali organizations.

In addition, the reward and compensation are also an integral part of human resource development climate. However, in Nepali organizations it is not satisfactory and there is no specific pay determining system except minimum wage and benefits stated in law (Maharjan, 2013). Though reward has important effect on productivity and commitment, not much effort has been made to satisfy employees in the organizations (Gautam, 2012). Hence, reward is not based on performance in most of the Nepali organizations which affects the human resource development climate as a whole.

Furthermore, Adhikari (2008) argues that the problems prevailing in Nepali organizations are over centralization of power, lack of trustful relationships, feeling of seniority and status, lack of budget for training and development (Adhikari & Gautam, 2011). As per Gautam (2012), the problem of communication breakdown, personality clashes, absence of good communication system, lack of trust between supervisor and subordinate all are prevalent in Nepali organizations. These all are the parts of human resource development climate and is seen disappointing in Nepali organizations.

The issue of performance is visible in any industry and every organization has to look for ways to continuously improve the performance of their employees for improving overall performance of the organization. Developmental organizations, defined as part of non profit sector that focuses on meeting the immediate humanitarian needs of the people after the natural and other disasters (Wijnmaalen, Heyse, & Voordijk, 2016), are one of the important sectors in country's economy and these organizations too have to exercise heavily to improve the performance of their employees. In the developmental sector,

there might be many reasons for performance issues. For example, the system such as project management structure with two supervisors for same position creates difficulty for some employees to balance between technical supervisor and administrative supervisor. In addition, the sub offices of developmental organizations are located in various remote places and distant communication and supervision makes it complex to manage the performance of employees. Similarly, the work load of employees in some positions in developmental organizations sharply varies within timeframes and at certain point of time drastically increases which creates difficulty for employees to balance their work.

In Nepal, very little is known about the state of human resource development climate in developmental sector as there are no researches done yet on this topic. In other sectors of Nepal, since the components of human resource development climate are seen unsatisfactory; it would be worth assessing the human resource development climate in humanitarian organization and its effect on the performance of employees. In this regard, the present study tries to find out the relationship between human resource development climate and its impact on the employee's performance in the developmental sector. This research first finds out the overall human resource development climate of development organizations and then examines its effect on the employee performance. In addition, the study looks over the effect of psychological capital on the relationship between human resource development climate and employee performance.

Till date, human resource development climate has been studied very less by the researchers and no research has been done to assess the human resource development climate in the development sector. The management research in the development sectors

such as United Nations, Bilateral Organizations, International Non Governmental Organization and Non Governmental Organizations are rare. In case of Nepal too, the research on humanitarian workers are handful. However, the problem of performance in these sectors are as much as in other sectors of Nepal. Hence, this study is one of its kinds that assess the human resource development climate of developmental organizations in addition to linking it with employee's performance working in those organizations. This study is also unique in the sense that till date no study has related human resource development climate and employee performance using psychological capital as mediating variable. Hence, this study probably is the first study to use psychological capital as mediating variable between the relationship of human resource development climate and employee performance.

Therefore, the current research is different from previous research in three ways. Firstly, this research will study human resource development climate which has been studied very less in the context of Nepal. Secondly, the research tries to study human resource development climate in developmental organizations, the sector which is studied very less in Nepal and lastly, the use of psychological capital as mediating variable adds uniqueness to the research as well.

This research is significant in different ways. First of all, it provides an overview to the management and human resource department of developmental sector about the level of human resource development climate that is prevalent in their organization. By knowing about the human resource development climate, they can focus on the elements that is lacking in their organization. Secondly, this study reveals the effect of human resource development climate on employee performance which can be in turn used as

valuable insight for improving performance of employees. And lastly, the effect of psychological capital is also known which will help management and HR department to manage the psychological capital of their employees for better performance.

### **Statement of the Problem**

The overall performance of organization depends upon how tactfully human resources are utilized (Rai, 2016). Performance has been one of the main concerns for developmental organizations all around the world and many researches have been undertaken in different countries related to performance due to its importance. As per Rajakaruna, Wijeratne, Mann and Yen (2017), with the increasing number of humanitarian disaster globally, it is essential to determine the humanitarian organizational performance as well as individual performance of employees working in those humanitarian organizations. Their study aimed to find out the effect of individual skills as well as performance in humanitarian organizations of Sri Lanka. Similarly, Marangu (2014) examined the strategies adopted by Faith based humanitarian organizations in Kenya for performance improvement of their employees as continuous improvement of performance of employees in developmental organization is a must because of the volatile environment they work in. Likewise, focusing on Kenyan Humanitarian Organizations, the employee performance was studied by Wanjiku and Agusioma (2014) and they pinpointed the fact that employee performance in humanitarian organizations is more serious as it involves working with international governments. In addition, a study done in Zimbabwean context by Tinofirei (2011) focused on the unique factors affecting performance in nonprofit organizations as the employee performance in developmental sectors has changed drastically over past years.

Hence, employee performance is seen one of the crucial factors in developmental organizations all around the world as it has been studied in many different countries. Additionally, due to volatile environment in which developmental organizations work; due to increase in humanitarian disasters worldwide along with involvement of international governments in the humanitarian organizations, the study of employee performance in humanitarian sector has become important.

In context of Nepal, as according to Adhikari and Gautam (2011), organizations are facing various work-related issues of which the prominent one is unproductive staff which means low performance from the employees. Most of the organizations in Nepal, if not all, are facing the problem of poor performance from their employees of which development sector is also one. According to Gnawali (2015), the growing trend of poor performance among the staff is one of the persistent issues in the developmental sector of Nepal. The poor performance of the staff eventually leads to the poor performance of the overall organization. Meanwhile, developmental organizations play an important role in the process of improving livelihood of people and drive economic upliftment (Drabek, 1987; Brown & Korten, 1991; Fisher, 1993; Salamon, 1994 as cited in Dhakal, 2002). Nepal being a poor country have the burning issues of livelihood, illiteracy, malnutrition, diseases, high infant mortality, child marriage, child labor, girl trafficking, discrimination which are to a larger extent being handled by developmental organizations (Dhakal, 2002). As per the Ministry of Finance, the volume of foreign aid disbursement in fiscal year 2015/2016 alone reached a total of US\$ 1242.45 million which was used in energy, health, education, local development and in other major sectors. Hence, since development organizations play important role in the overall economy and development

of Nepal, it is necessary to look for the ways to improve the performance of its staff and the organization as a whole. So, the problem of performance is there in Nepali developmental organizations which needs to be looked closely and researched for improving the overall productivity of the developmental organizations and consequently to develop the country as a whole.

There can be various reasons of low performance in the part of employees. Aboazoum et. al. (2015) argue that there are various factors that lead to employee performance and consequently organizational performance such as organizational culture, training and development etc. Among various factors influencing performance, Nathiya (2014) cites human resource development climate as one of the factor that can have huge impact on performance of employees. Human resource development practices and processes provide the foundation for developing the human resource development climate and in turn human resource development climate plays an important role in converting human resource development practices into organizational performance (Mittal, Gupta, & Motiani, 2016). Various studies have been done linking human resource development climate and performance (Chalise et. al., 2016).

Similarly, one of the reasons that affect employee performance can be psychological capital. As per Luthans (2002), any construct considered as positive psychological construct helps to improve the performance in the organization. Psychological capital is the most influential means to attain the desired employee performance and that it is basically the emerging higher order construct that organizations can invest in and achieve veritable, sustained growth and performance (Nafei, 2015).

Hence, there are various studies that reveal that psychological capital has statistically significant relationship with employee performance (Kappagoda et. al., 2014).

Thus, it is seen that there is the issue of employee performance in Nepali organizations and research have been done taking various factors into consideration. However, one of the potential factors for performance issue can be unsatisfactory human resource development climate which has not been studied yet in context of Nepal. Additionally, though performance issues have been studied in various types of industries, it has not been yet studied in context of developmental organizations in Nepal. On top of that, the role of psychological capital has been emerging, but it has not been explored much with reference to Nepal. Therefore, the purpose of the study is to examine the effect of human resource development climate on employee performance in the development sector of Nepal. In addition, the study will also try to find out the mediating effect of psychological capital on their relationship. Hence, the research question for the study is as follows:

In what way Human Resource Development Climate affects the performance of employees in development sector? Does Psychological Capital mediate the relationship between Human Resource Development Climate and Employee Performance?

### **Objectives of the Study**

The overall objective of the study was to find out the effect of human resources development climate on employee performance. In addition, the study also tried to analyze the mediating effect of psychological capital on the given relationships. Hence, the specific objectives of the study can be listed out as follows:

- a) To examine the human resources development climate, employee performance and psychological capital among the developmental organizations of Nepal;
- b) To examine the impact of human resources development climate on employees' performance in developmental organizations of Nepal;
- c) To study the mediating effect of psychological capital on the relationship between human resources development climate and employee performance.

### **Significance of the Study**

This study is significant firstly as it reveals the human resource development climate of the development organizations in Nepal which gives idea to managers of developmental organizations about the level of human resource development climate in their organization and the actions needed to be taken to improve it. Additionally, this study also reveals the impact of human resource development climate on the performance of employees in development sector of Nepal. It gives idea to top level managers and human resource department as to how performance of their employees is linked with human resource development climate and take actions accordingly. Similarly, the role of psychological capital between the relationship of human resource development climate and employee performance is also revealed that help managers of developmental organizations manage psychological capital of their employees for better performance.

Accordingly, from research perspective, this study has opened up the way for researches into human resource development climate and psychological capital in context of Nepal. It is seen in Nepali research literature that very less studies have been done in both of the topics and this research has opened up a platform for other researches to be carried out in such untouched topic. For example, the problems in Nepali organizations

such as lack of motivation, satisfaction, and other organizational outcomes can be studied linking it with human resource development climate and psychological capital. In addition, the same kind of study can be done in other sectors too like manufacturing, service, banking and insurance etc., to compare the results with the given study. Hence, this study has considered the variables that are new in the Nepali research literature and has opened up various research possibilities for further researches.

### **Organization of Report**

This dissertation titled “Human Resources Development Climate and Employee Performance in Nepali Developmental Organizations: The Role of Psychological Capital” is organized into five parts. They are introduction, review of literature, methodology, results and lastly summary, implications and discussions. Each part is described below.

Chapter one that is introduction part includes background of the study, statement of problem and objectives of study. Similarly, chapter two that is review of literature part includes a detail review of variables in the study such as employee performance, human resource development climate and psychological capital. This chapter also includes theoretical framework of the study.

Chapter three of the report titled methodology covers the research approach and design, population and sample, measurement and operationalization of variables, research hypothesis and research procedure used. Likewise, in chapter four results section, the empirical results are presented. This includes characteristics of respondents, descriptive analysis of variables, correlation, regression and summary of hypothesis testing.

Lastly, chapter five contains the summary, discussions and implications, limitations and critiques of the research carried out. The references and some appendixes have been kept at the end of the report.

## CHAPTER II

### REVIEW OF LITERATURE

This section reviews the relevant literatures associated with the topic. Particularly, this section contains the review of literature of employee performance, human resources development climate, psychological capital and previous studies related to the relationship among these variables.

#### **Employee Performance**

Employee performance is defined in various ways by various authors. Employee performance is the degree of accomplishment of the tasks that make up the employee job and reflects how well the employees fulfill the requirement of the job (Rue, 2007 as cited in Ackah, 2014). It is also defined as in-role behaviors that are required to do what is in one's job description (Williams & Anderson, 1991 as cited in Soran, Balkan, & Serin, 2014) and is the ability of the individuals to accomplish their respective goals, meet their expectations, achieve benchmarks or attain their organizational goals (Ismail et. al., 2009). These definitions of performance are related with daily job of the employees defined by the organization that is the list of tasks to be done written in the job description. However, some researchers define performance from quality and quantity of work done rather than the list of work defined in job description. For example, Schermerhorn (1989) defined job performance as quality and quantity accomplished by individuals or group after fulfilling a task after a certain period of time and that the measurement of performance can serve as the criterion for promotions, salary

adjustments, rewards, punishments and evaluations (Kalia & Verma, 2015). In addition, as per Muda et. al. (2014) productivity is one of the assessable factors for employee performance in addition to various other factors such as quality, quantity, knowledge, creativity of the individuals towards the accomplished works that are in accordance with the responsibility during the specified period. Similarly, some authors have described employee performance explaining the components of performance. For example, Ackah (2014) argues that job performance is the net effect of an employee's effort as modified by abilities, skills, role perceptions and results produced; and to attain acceptable level of proficiency, each performance component must be there (abilities, skill and environment).

Likewise, Amir and Amen (2013) have defined job performance along with the elements of performance. They refer employee performance as everything about the performance of employees in any organization and involve all aspects which directly or indirectly affect and relate to the work of the employees. According to them, there are basically five elements in performance namely planning, monitoring, developing, rating and rewarding. The planning element refers to setting of goals and developing strategies to accomplish the goals while the monitoring element means overseeing whether the activities are going according to the plan or not and giving proper feedback. Similarly, developing element refers to improving the poor performance which is seen during the monitoring phase. Likewise, rating element refers to appraising the performance and giving scores for the performance and lastly rewarding means providing recognition and reward as per the appraisal.

There are two kinds of performance namely task performance which is also known as in-role behavior and contextual performance which is also known as extra-role behavior. Task performance as per Werner (2000) includes behaviors that are directly related to production of goods and services or activities that provide indirect support for organization's core technical process (Gupta, 2014). Task performance is instrumental for the organizational goals and refers to those required outcomes that directly serve the goals of the organization (Kalia & Verma, 2015). Hence, task performance can be measured through quantity and quality of work output. On the other hand, contextual performance is defined as the efforts made by individuals that are not directly related to their main task function but are used to shape the organizational, social and psychological context that serves as catalyst for task activities and processes (Gupta, 2014). Contextual performance is discretionary behaviors of employees which are believed to directly promote effective functioning of an organization without directly influencing employee's productivity (Podsakoff et. al., 2000 as cited in Kalia & Verma, 2015).

Hence, employee performance is the successful completion of activities by employees when compared with the standard set by the organization by efficiently and effectively utilizing the resources given to them. Performance therefore means not only the work done that are specified in the job description, but it needs to consider quantity and quality of output as well. Additionally, performance without performance components that is abilities, skills and environment cannot produce acceptable level of output. Two kinds of performance are cited in literature where task performance is directly related with core function of the organization and contextual performance is indirectly related to the productivity of the employees. Though it is seen that task

performance is more important, but contextual performance is equally important in achieving the overall goals of the organization as it plays a role of catalyst in the organization.

### **Human Resources Development Climate**

The term human resource development (HRD) was first introduced by Leonard Nadler in 1970 in his famous neo-classical book “Developing Human Resources” from which the term HRD was identified as separate field of study in the workplace (Kritika, 2015). As per him, human resource development are those learning experiences which are organized for a specific time and designed to bring about the possibility of behavior change (Devi & Narayanamma, 2014). Since then, human resource development has been defined in various ways. Basically, the term human resource development is defined by defining human resource and development separately. According to Gurunadham and Pasha (2014), human resource means employees of the organization and development means acquisition of capabilities that are needed to do the present or future job; hence human resource development means the process of helping people to acquire competencies. Similar to this, Kritika (2015) defines human resource as the talents and energies of people who are available to an organization as potential contributor to the creation and realization of organization’s mission, vision, values and goals whereas development means process of active learning from experience, leading to systematic and purposeful development of the whole person: body, mind and spirit. Hence, human resource development is seen as integrated use of training, organizational development and career development efforts to improve individual, team and organizational performance.

Rao (1985) gave the most comprehensive definition of human resource development and defined it as the process by which the employees of an organization are helped in a continuous and planned way to: 1) acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles, 2) develop their general capabilities as individuals and discover and exploit their own potentials for their own and/or organizational developmental purposes, and 3) develop an organizational culture in which supervisor-subordinates relationships, teamwork and collaboration among subunits are strong and contribute to the professional wellbeing, motivation and pride of employees. Traditionally, human resource development is only seen to be covering training given for certain period to the employees with the objective of improving their performance and changing their behavior. However, with the advancement of literatures in the human resource development field, the definition of human resource development has broadened to include continuous development targeted for all round growth of employees along with building a conducive organizational culture.

Closely attached with the concept of human resource development is the term climate. Climate means an overall feeling that is conveyed by the physical layout, the ways employees interact, and the ways members of the organization conduct themselves with outsiders (Kumari, 2013). Also, climate means prevailing conditions within the organizations that affect the life of employees and activities within the organization (Smith, 1988 as cited in Benjamin & David, 2012). Hence, broadly, human resource development climate means the perception that the employees have about the policies, procedures, practices and conditions that exist in the working environment in the

organization whereas in specific way human resource development is the subset of organizational climate and is the perception of employees regarding employee development environment, or the psychological impact of an organization's employee development policies, practices and procedures (Kritika, 2015). Benjamin and David (2012) argue that human resource development climate is integral part of the prevailing general climate and that it includes elements such as importance given to human resources, openness of communication, encouragement given to risk taking and experimentation, feedback given to employees to make them aware of their strengths and weaknesses, a general climate of trust, faith in employee's capabilities, employees' tendency to assist and collaborate with each other, team spirit, tendency to discourage stereotypes and favoritism, and supportive personal policies and practices. Hence, with all the various definitions of human resource development climate, it can be inferred that human resource development climate is much broader term that includes not only environment that are directly related to employees' development but also includes other necessary systems that indirectly help in growth of employees.

The concept of human resource development climate evolved in India during eighties and in the broader frame can be seen as a part of organizational climate (Sheikh, 2016). There are basically three dimensions of human resource development climate. They are general climate, OCTAPAC culture and HRD mechanisms. General climate means the views of the top-level management and line manager's support for human resource development and considers the attitude and behavior of management towards development of employees (Tadesse, 2016). Kritika (2015) argues that general climate is top management's sincerity and determination in taking appropriate action towards

development of employees. As per her, the general climate does not include the verbal promises of development made by management but includes what is actually being done by them as a part of human resource development. Hence, it is not what is being said but is what is being done.

The second component of human resource development climate is OCTAPAC culture. According to Tadesse (2016), OCTAPAC culture refers to the psychological state of the organization's development environment so as to see whether it is conducive or not. OCTAPAC culture consists of elements like degree of openness, confrontation, trust, autonomy, pro-activity, authenticity and collaboration that exist in the organization. Openness means feeling of employees of freedom to discuss their ideas, activities and feelings with each other while confrontation means bringing out problems and issues in open in order to solve them rather than hiding them for the fear of getting hurt or hurting others. Similarly, trust means taking people in their face value and believing in what they say while autonomy means giving freedom to employees so that they can work freely and independently with given set of authority and responsibility. Likewise, pro-activity means letting employees take risk and initiatives, authenticity means the tendency of employees doing what they say and collaboration means being helpful to each other and working as a part of team (Chaudhary, Rangnekar, & Barua, 2011).

The third component of human resource development climate is HRD mechanism. It refers to the management and implementation of various subsystems of HRD such as training, employee performance appraisal and feedback, career planning, rewards and employee welfare and considers the practicalities of these sub-systems as to how employees perceive the implementation of these subsystems within the organization

(Tadesse, 2016). As per Kritika (2015), HRD mechanism is all about quality of work life and performance appraisal. Though attention needs to be given to develop human resource development strategies, it is equally important to give attention to the implementation of these strategies.

Human resource development climate can be developed if top management has strong belief in the capacities of its people; its policies show high concern for employees; HRD staff has supportive role and line managers are committed along with effectiveness of HRD subsystems (Jain, 2012). The literatures clearly depict that all the three components of human resource development climate are equally important and needs to be assessed to get the overall picture of human resource development climate of an organization. The perception of top level management regarding the view towards human resource development, the mechanisms and sub systems used for human resource development and the psychological state of environment for development are all needed to be analyzed to get the overall picture of the human resource development climate.

### **Psychological Capital**

In 1998, Seligman's presidential address to the American Psychological Association brought the concept of positive psychology into limelight and was shaped and energized by the considerable effort of Seligman (Linley, Josep, Harrington, & Wood, 2006). Psychological capital (PsyCap) is derivative of positive organization behavior and is said to be largely drawn from the theory and research in positive psychology applied to the workplace (Luthans, Norman, Bruce, & Avey, 2008). PsyCap is relatively new concept in the literature and has been into use only from two decades. However, it has become one of the concerned subjects in the field of management

especially in the field of human resource management as it is the concept related to people and psychology. The concept of PsyCap goes beyond the concept of financial capital of “what you have”, human capital of “what you know” and social capital of “who you know” to “who you are” and “who you are becoming” (Luthans, Avey, Avolio, Norman, & Combs, 2006). As per the definition, PsyCap deals with who you are and what you are becoming meaning that PsyCap is the inner strength of a person and the resulting capabilities out of those inner strength. There has been considerable shift of focus in capitals from financial to human to social and now to psychological.

The most comprehensive definition of psychological capital is: “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 attribution (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 (resiliency) to attain success” (Luthans F. , Avolio, Avey, & Norman, 2007). This definition is the one that is used by most of the researchers in the field of PsyCap and till date is the most comprehensive definition that is inclusive of all elements of PsyCap. From the given definition of PsyCap, it can be inferred that there are basically four dimensions of PsyCap namely hope, optimism, self-esteem and resiliency.

The very first dimension of PsyCap is hope. The concept of hope is widely used and is largely derived from Rick Snyder’s extensive theory building, research and development process of hope (Luthans et. al., 2006). Snyder et. al. (1996) define hope as

“a positive motivational state that is based on an interactively derived sense of successful a) agency (goal-directed energy) and b) pathways (planning to meet the goals)” and can be viewed as having three distinct complimentary components of agency (will power), pathways (way power) and goals. Agency is defined as having the will to meet the goal while pathways are the means to meet the goals (Snyder et. al., 1996). Similarly, as per Luthans et. al. (2008), agency means the goal directed energy or motivation to succeed at a given task in the specific context while pathways are the means or ways to accomplish the goals. As per Sameer (2016), both elements should be there to be defined and operationalized as hope; the will or motivation to accomplish the task and the ways to achieve the goals. For example, we cannot call a situation hope in which one might have goal but might lack the ways to achieve it or one might have sense of pathways but might not have the agency. In addition, there will be obstacles in every goal; but one needs to anticipate the obstacles and plan accordingly to remove those obstacles and reach the desired goals (Luthans et. al., 2006). Hence, in simple terms, hope consists to two important dimensions; goal and ways to achieve the goal.

The second dimension of PsyCap is optimism whose theoretical foundation is positive psychology that was brought into limelight by Martin Seligman (Luthans et. al., 2008). Optimism is “an attributional or explanatory style whereby an optimistic person explains positive events in terms of personal, permanent, and pervasive universal causes and negative events in terms of impersonal, temporary, and situation-specific ones” (Seligman, 1995 as cited in Sameer, 2016). Similarly, Tiger (1979) defined optimism “as a mood or attitude associated with an expectation about the social or material future, one which the evaluator regards as socially desirable, to his or her advantage, or for his or her

pleasure”. Hence, Sameer (2016) defines optimism as expecting pleasing and positive outcomes for the future and is mainly about the expectancy judgment. The optimism we need to consider is the realistic optimism rather than false optimism and realistic optimism includes objective assessment of what one can accomplish in the specific situation given the available resources at that time and will vary accordingly from person to person (Peterson, 2002 as cited in Luthans et. al., 2008). Hence, optimism is basically thinking positive about what is happening as well as future and its outcomes.

Self-efficacy or confidence is the third dimension of PsyCap and is said to meet the positive organization behavior criteria better than any other dimensions. The self-efficacy dimension of PsyCap is mostly based on the research and explanation of Bandura (1997) and it has been very recently linked to positive psychology (Bandura, 2007). Stajkovic and Luthans (1998) defined self-efficacy as “the individual’s conviction (or confidence) about his or her abilities to mobilize the motivation, cognitive resources, and courses of action needed to successfully execute a specific task within a given context”. Hence, according to them there are three dimensions of self-efficacy; magnitude of efficacy expectations (level of task difficulty), strength of efficacy expectation (confidence level of person) and generality (whether efficacy is indiscriminate across tasks or not). Social Cognitive Theory of Bandura is the foundation of self-efficacy which proposes that the knowledge acquisition is directly related to observing others in the social context. As per Bandura (1997), self-efficacy can be developed in four very specific ways. Firstly, efficacy is enhanced when an employee experiences success (task mastery). Secondly, employees’ efficacy can be enhanced by learning through observing others (modeling). Thirdly, efficacy is enhanced when

positive feedback is received from respected others (social persuasion and positive feedback). Fourthly, efficacy is enhanced through physiological and/or psychological arousal (physiological and/or psychological arousal). Hence, self-efficacy means self-belief in oneself in doing tasks in a given context.

The fourth dimension of PsyCap is resiliency. According to Masten (2001), resiliency is defined as “a class of phenomena characterized by good outcomes despite serious threats to adaptation or development”. As according to Luthans (2002), resilience is defined as “the positive psychological capacity to rebound, to 'bounce back' from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility”. Thus, resilient person has three characteristics; acceptance of reality, belief that life is meaningful in hard times and ability to cope (Coutu, 2002 as cited in Sameer, 2016). As per Masten (2001), there are three major components of resiliency namely asset factor (factors that increase resiliency), risk factors (factors that lead to lower resilience) and influence process; both the assets and risk factors are obtained by individuals at the young age and that they are relatively stable, but these factors can be managed, developed and accelerated in later life. Particularly, there are two conditions for resilience; the first one is that there must be current or past confirmable risk to overcome and the second is that the quality of adaptation should be good or at least ok (Masten, 2001). Hence, resilience means the ability to get back into normal after going through some adverse situations.

The literature related to each of the components of PsyCap is derived from the work of a single scholar. For example, the concept of hope is derived from the work of Rick Snyder while the concept of optimism is derived from the work of Martin Seligman.

Similarly, the concept of self-efficacy is derived from the work of Albert Bandura. Because the conceptualization of the PsyCap components is based on the work of single scholar, they are defined from only one point of view and no different view is seen in defining these components. However, since the components are defined from one way only, its operationalization has become straightforward due to less ambiguity.

### **HRD Climate, Employee Performance and PsyCap**

Most of the studies related to human resource development climate are those that assess the overall human resource development climate of particular organization. One of such example is the study done in the private sector bank in Bhavnagar district which found out that human resource development climate was average and the perception of human resource development climate did not differ significantly on the basis of gender, qualification and designation (Bhatt & Mehta, 2013). Another such study done in KCP Limited found that human resource development climate was satisfactory for the given sample of respondents (Gurunadham & Pasha, 2014). In contrast, rather than accessing human resource development climate of only single organization, comparative analysis of human resource development climate is also found in the literature. For example, comparative analysis of human resource development climate between manufacturing and software organizations in India revealed that climate was better in software organizations than in manufacturing organizations (Saraswathi, 2010).

There are various studies done related to human resource development climate (more broadly organizational climate) and employee performance in various industries such as education, insurance, communication, etc. One of the studies done on 37 teachers in Malaysia found out that the organizational climate in the schools were unhealthy and

that the organizational climate was found to be significant factor that could affect teacher's performance (Selamat, Samsu, & Kamalu, 2013). Another study done by Mohanty et. al. (2012) in the private insurance companies of Odisha revealed that human resource development climate had positive influence on performance of employee. Yet another study done by Pritchard and Karasick (1973) found that climate was fairly strongly related with sub-unit performance among 76 managers of two organizations. Similarly, a study done to find out human resource development climate and culture and its impact on the performance in Bharat Sanchar Nigam Limited revealed that there was good human resource development culture and climate as well as its impact was there in the performance of employees (Tiwari, 2014). Hence, human resource development climate has been studied in various sectors and results are mixed with some sectors having good human resource development climate while others having unhealthy human resource development climate.

Research has also been done by taking only an element of human resource development climate rather than studying all three components of human resource development climate. These studies basically narrowed down the concept of human resource development climate by considering only few components of it. For example, a study done by Ebimobowei et. al. (2012), found out that the HRD mechanism such as job training, performance appraisal, career planning and reward employee welfare was positively related with productivity of public sector accountant in Nigeria. The sample of 119 public accountants was taken from Bayelsa state in Nigeria. Similarly, the study done by Anand and Kritika (2014) showed strong positive relationship between human

resource development practices and employee performance in Indian life insurance industry.

Research studying relationship between PsyCap and performance are also found in literature and these are taken from different sectors and in different countries. Since the literature are from different sectors and countries, it gives an opportunity to compare and contrast the results. Nafei (2015) found positive relationship between PsyCap and job performance of employees in Teaching Hospitals in Egypt. Similarly, a study done on the sample of certified public accountants in Thailand found that one of the four dimensions of PsyCap was positively related with job performance (Saithong-in & Ussahawanitchakit, 2016). Likewise, another study by Chhajer et. al. (2016) on the data of 406 employees from a financial service in Middle East revealed that PsyCap had direct effect on performance. In addition, a study done among employees of banking sector of Sri-Lanka also found PsyCap to be positively related with performance of employees (Kappagoda et. al., 2014). Further, a study revealed positive significant relationship between PsyCap and multiple measures of performance such as self, supervisor, evaluation and objective (Luthans et. al, 2011 as cited in Avey, Reichard, Luthans, & Mhatre, 2011). Hence, most of the literatures related with PsyCap and performance have found positive relationship between them across different sectors and across different countries.

Similarly, research linking the organizational climate and PsyCap is also found in literature. As per Kritika (2015), human resource development climate is the subset of organizational climate and that organizational climate constitutes human resource development climate. Similarly, developmental climate is seen as a part of larger system

of organizational climate (Sheikh, 2016). Hence, when organizational climate is studied, human resource development climate is included in the study as well. In this context, a study done by Singh, Paul and Kumar (2015), found that there exists strong positive relationship between organizational climate and PsyCap in the Public Indian Sector.

Very few studies for PsyCap acting as a mediating variable between human resource development climate and performance are found in literature. For example, a study done by Luthans et. al. (2008) showed that PsyCap was related to the performance of employees in addition to employee's PsyCap mediating the relationship between supportive organizational climate and performance. It can be inferred from this study since human resource development is a part of organizational climate, PsyCap probably mediates the relationship between human resource development climate and performance as well. In addition, the above literatures reveal that organizational climate which is a broader form of human resource development climate is related with PsyCap and in turn PsyCap is related with performance. Hence, it can be concluded that PsyCap must have some effect on the relationship between human resource development climate and employee performance as it is linked individually with both the variables. Hence, it can be inferred from the literature that PsyCap has the possibility to act as mediating variable between human resource development climate and performance.

### **Theoretical Framework**

A theoretical framework is the diagrammatic representation of the variables and their relationships that is intended to be studied. It is a foundation on which the entire research is based and is logically developed, described and elaborated network of associations among the variables deemed relevant to the problem situation (Sekaran &

Bougie, 2012). The theoretical framework for the study as per the literatures reviewed is given below. As per the objectives of the study, the framework shows the direct relationship between human resources development climate and performance. It also shows the mediating effect of PsyCap in their relationship.

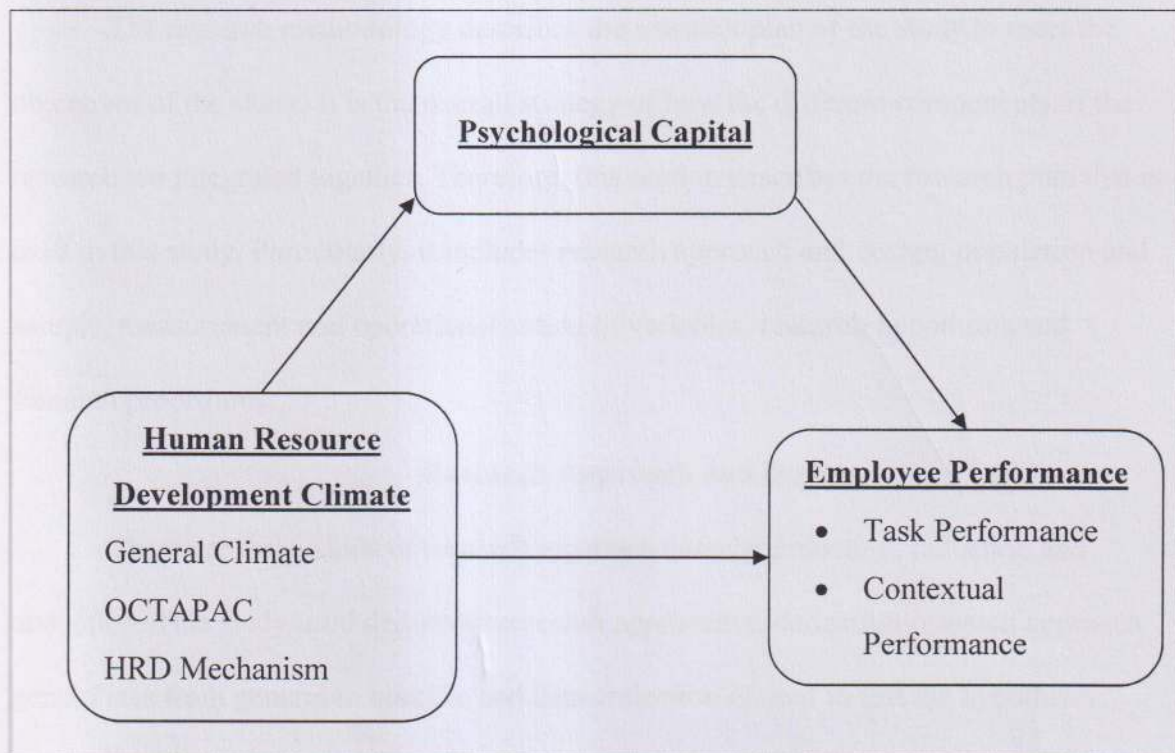


Figure 1. Theoretical Framework

## CHAPTER III

### METHODOLOGY

The research methodology describes the research plan of the study to meet the objectives of the study. It is the overall strategy of how the different components of the research are integrated together. Therefore, this section describes the research plan that is used in this study. Particularly, it includes research approach and design, population and sample, measurement and operationalization of variables, research hypothesis and research procedures.

#### **Research Approach and Design**

There are three kinds of research approach namely deduction, induction and abduction. This study used deduction research approach as deduction research approach generalizes from general to specific and data collection is used to test the hypothesis related to existing theory (Saunders, Lewis, & Thronhill, 2012). Similar is the aim of this study where hypotheses are set to test the existing theory. In addition, the study was more positivists in nature and used quantitative research technique. As per Myers (2013), positivists research generally attempts to test theory and try to know the predictive understanding of the phenomenon. As per him, positivist research assumes that reality is objectively given and can be described by measurable properties which are independent of the observer. Hence, this study being an attempt to understand and test the theory and since the data collected are independent of the observer, it is more of positivist in nature. Similarly, as per Sekaran and Bougie (2012), quantitative studies are those where data are

gathered through structured questionnaire and generally used in deductive approach. Therefore, since this study used structured questionnaire to collect data and used statistical analysis on those data, this study is termed as quantitative study. Hence, since the research intends to find out the effect of human resources development climate on employee performance in addition to finding out the mediating effect of PsyCap in the developmental sector of Nepal, the knowledge is perceived to be objective and based on hard measurable data.

The research design also describes type of investigation, extent of researcher interference, study setting, unit of analysis and time horizon (Sekaran & Bougie, 2012). As per them there are two kinds of investigation namely casual and correlational and there are three kinds of interference from the researcher viz. minimal, moderate and excessive. In addition, the study setting can be contrived or non-contrived whereas unit of analysis can be individuals, dyads, groups, organizations and cultures. Likewise, time horizon can be cross sectional or longitudinal.

This research undertaken is done in the non-contrived setting with minimal interferences from the researcher which means that natural environment with normal work process was chosen with very less or no intervention from the researcher. The non-contrived setting was used as this was a correlational study trying to find out the relation among human resource development climate, PsyCap and employee performance and hence natural environment with normal work setting was expected with minimum interference from researcher (Sekaran & Bougie, 2012). In addition, the unit of analysis used was individual as the data was collected from individual employee of development sector. The time horizon of the study was cross sectional as this was a onetime study

meaning that all the required data was collected at a single point of time. Cross sectional studies are those where the data are collected only once within one short period while longitudinal data studies collect data from same sample of people on more than one occasion over a period of time (Payne & Payne, 2004). Hence, the time horizon of the study was cross-sectional as the data for all the variables was collected at one point of time only.

### **Population and Sample**

The population of the study was the employees working in developmental organizations in Nepal. The population hence were the employees working in United Nations Agencies, Bilateral Organizations, International Non-Governmental Organizations (INGOs) and Non-Governmental Organizations (NGOs). According to United Nations Nepal Information Platform, there are a total of 18 UN agencies working in Nepal currently (UN Nepal Information Platform, 2017). Similarly, as per Social Welfare Council (SWC), there are around 260 INGOs working in Nepal among which a total of 140 of them are members of Association of International Non-Governmental Organization of Nepal (AIN) (Association of International NGOs in Nepal, 2017). In addition, according to SWC, there are around 39,769 NGOs working in Nepal (Social Welfare Council, 2017). Hence, all the humanitarian aid workers who are currently working in development sector in Nepal was the population of the study. Among this population, the sampling was done. However, since exact number of workers in development sector is unavailable, the population of the study is unknown.

There are basically two kinds of sampling technique: probability and non-probability sampling (Sekaran & Bougie, 2012). As per them, probability sampling is that

kind of sampling where the elements in the population have a known chance of being chosen as subjects in the sampling while non-probability sampling is that kind of sampling where the elements in the population do not have any probabilities attached to them being chosen as sample subjects. Among these two sampling techniques, this study used non-probability sampling as the samples does not have any probability attached to it. Specifically, the study used convenient sampling of non-probability sampling technique. Since the sample were chosen as per convenience, this study used convenient sampling. The samples included only those employees who could fairly understand and complete the questionnaire independently as the concepts of this research might not be familiar to some of the employees. Hence, basically the employees above support level were included in the study who could fairly understand the questions asked in the questionnaire and knew the process of filling the questionnaire. The researcher while distributing questionnaire made sure that those who could only understand the questions would be part of the sample.

This study was based on 231 samples which was to the extent possible diverse with respect to organization, gender, age, tenure of service, level, marital status, educational level, income level, etc. The sample size was considered enough as the sample size larger than 30 and less than 500 are appropriate for most research (Roscoe, 1975 as cited in Sekaran, 2003). The samples were collected from more than 15 developmental organizations which include NGOs, INGOs, Bilateral as well as some UN agencies. The questionnaires were sent to most of developmental organizations in Nepal through AIN working group and were continuously followed up for the responses.

### Measurement and Operationalization of Variables

The variables in the research are operationalized as follows:

i. Employee performance:

As per Pradhan and Jena (2017), employee performance includes cluster of behaviors that results from one's technical knowledge (knowledge of specifics in one's areas of expertise), skill and adaptability (knowing the process to perform and executing it according to circumstances) and interpersonal relations (building team spirit, allegiance and interconnectedness).

ii. Human resource development climate:

Human resource development climate is the attention that members of the organization pay towards various developmental systems such as personnel policies, appraisal, learning, rewards, and management behavior at their respective places of work (Sheikh, 2016).

iii. Psychological capital:

Psychological capital is an individual's positive psychological state of development that is characterized by having confidence to take on and put in the necessary effort to succeed at challenging tasks; making a positive attribution (optimism) about succeeding now and in the future; persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed; and when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success (Luthans et. al., 2007).

The measurement of variables was done by the questionnaires that were well established and validated through number of researches. Basically, the questionnaire had

four sections. The first section covered the general information about the participants such as gender, age, marital status, level and department, educational level, years of service, and income level.

The demographic variables were defined as follows for the purpose of study:

**Gender.** Gender was divided into three categories: Male-(1), Female-(2) and Others-(3)

**Age.** Age was categorized into four categories: 18 to 30 years-(1); 31 to 40 years-(2); 41 to 50 years-(3) and above 51-(4).

**Marital status.** Marital status was divided into four categories: Single-(1); Married-(2), Divorced-(3) and Widowed-(4).

**Level.** The level was divided into four categories: Junior-(1); Middle-(2); Senior-(3) and Executive-(4).

**Department.** Since broadly there are two functions in development sector, only two categories were created namely: Programs-(1) and Operations-(2).

**Educational level.** The four categories created in the educational level were: Higher secondary and below-(1); Under graduation-(2); Graduation-(3) and Above graduation-(4).

**Years of service.** The four categories created in years of service were: Below 1 year-(1); 1 to 3 years-(2); More than 3 less than 5 years-(3); More than 5 years-(4).

**Income Level.** The five categories in the income level were: Up to Rs. 30,000-(1); Rs. 30,001 to Rs. 60,000-(2); Rs. 60,001 to Rs. 90,000-(3); Rs. 90,001 to Rs. 120,000-(4); and above Rs. 120,000-(5).

The second, third and fourth section of the questionnaire consisted of questions regarding human resources development climate, employee performance and psychological capital respectively. All the variables were measured on five-point scale where 1 meant strongly disagree, 2 meant disagree, 3 meant neutral, 4 meant agree and 5 meant strongly agree. (Refer Annex 1 for questionnaire)

Each of the instruments that were used in the study are described in detail below:

### **Human Resources Development Climate**

The questionnaire that was used to measure human resource development climate was the one developed by Xavier Labor Relations Institute (XLRI) and it was first used by Rao and Abraham (1986) to find out the human resource development climate in Indian organizations. This questionnaire contained 38 questions in total and the questions were divided into three components of human resource development climate that is General Climate, OCTAPAC and HRD Mechanism. The general climate was measured through questions like “The top management of this organization goes out of its way to make sure that the employees enjoy their work” while OCTAPAC was measured through questions like “Team spirit is of high order in this organization”. Similarly, HRD mechanism was measured through questions like “Performance appraisal reports in our organization are based on objective assessment and adequate information and not on favoritisms.” The Cronbach’s alpha of the questionnaire as per Benjamin and David’s (2012) study is 0.96 and as per Chaudhary et. al. (2011) is 0.88.

### **Employee Performance**

The employee performance was measured through self-rated questionnaire developed by Goodman and Svyantek (1999) which measured both task performances as

well as contextual performance and had a total of 25 questions. The contextual performance included questions for both altruism and conscientiousness. The task performance was measured through questions such as “I achieve the objective of the job”, “I meet criteria of the performance”, etc. Similarly, the altruism dimension of contextual performance had questions such as “I help other employees with their work when they have been absent” while the conscientiousness dimension of contextual performance had questions such as “I take undeserved work breaks”. In the study by Soran et. al. (2014), the Cronbach’s alpha coefficient was 0.81 and 0.83 for contextual performance and task performance respectively.

### **Psychological Capital**

The scale that was used to measure Psychological Capital is the short form of Psychological Capital Questionnaire -24 (PCQ-24) called Psychological Capital Questionnaire -12. It consisted of 12 questions where four dimensions of PsyCap that is hope, optimism, self-efficacy and resiliency were measured by 4 items, 2 items, 3 items and 3 items questions each respectively. This questionnaire had both conceptual as well as psychometric support and had been used in many of the researches (Avey, Avolio, & Luthans, 2011). The hope dimension was measured through questions like “If I should find myself in a jam at work, I can think of many ways to get out of it” while the optimism dimension was measured through questions like “I always look on the bright side of things regarding my job”. Similarly, self-efficacy was measured through questions like “I feel confident representing my work area in meetings with management” while resiliency was measured through the questions such as “I can get through difficult times at work because I have experienced difficulty before”. As per the study by Perez et. al. (2017), the

Cronbach's alpha was 0.87 and a similar study by Valdersnes et. al. (2017) had Cronbach's alpha of 0.9.

### **Research Hypothesis**

The hypotheses that were tested in the study are as follows:

- Hypothesis 1 Better human resource development climate leads to better performance
- Hypothesis 1a Better general climate leads to better task performance
- Hypothesis 1b Better OCTAPACE leads to better task performance
- Hypothesis 1c Better HRD mechanisms leads to better task performance
- Hypothesis 1d Better general climate leads to better contextual performance
- Hypothesis 1e Better OCTAPACE leads to better contextual performance
- Hypothesis 1f Better HRD mechanisms leads to better contextual performance
- Hypothesis 2 PsyCap will mediate the relationship between human resources development climate and employee performance
- Hypothesis 2a PsyCap will mediate the relationship between general climate and task performance
- Hypothesis 2b PsyCap will mediate the relationship between HRD mechanism and task performance
- Hypothesis 2c PsyCap will mediate the relationship between OCTAPACE and task performance
- Hypothesis 2d PsyCap will mediate the relationship between general climate and contextual performance
- Hypothesis 2e PsyCap will mediate the relationship between HRD mechanism and contextual performance
- Hypothesis 2f PsyCap will mediate the relationship between OCTAPACE and contextual performance

### **Research Procedure**

The research procedure consisted of administration of questionnaire, data processing and data analysis.

### **Administration of questionnaire**

The questionnaires were distributed using two techniques: using google form online and printed questionnaire. The questionnaires were sent to developmental organizations through AIN working group. The questionnaire contained the instructions at the very beginning of the survey for convenience. For printed questionnaire, those who were handed over the questionnaire were given clear instructions of how to fill the questionnaire. The data was collected from development workers working all over Nepal.

### **Data Processing**

300 total printed questionnaires were distributed, out of 177 responses were received. Out of 177 responses collected, a total of 132 were only usable. Hence, the response rate for printed questionnaire was 44 percent. A total of 99 questionnaires were collected through google forms and a total of 132 printed questionnaires that were usable were collected. Hence a total of 231 samples were collected. The responses were entered into SPSS software through appropriate coding for further analysis of data. The coding for reverse items questions were recoded after all the data were entered.

### **Data Analysis**

The data was analyzed using Statistical Package for the Social Sciences (SPSS software) version 21. Following analysis were done in the study in order to achieve the set objectives:

1. Descriptive analysis: To have a general description of the data collected regarding human resources development climate, employee performance and PsyCap.
2. Correlation analysis: To see the relationship between human resources development climate and employee performance.

3. Regression analysis: To examine the mediation effect of PsyCap in the relationship between human resources development climate and employee performance.

Basically, multiple regression analysis was used.

## CHAPTER IV

### RESULTS

This chapter covers the analysis of data both descriptive as well as inferential analysis. This chapter also contains the interpretation of the results that are obtained from various techniques.

#### **Characteristics of Respondents**

The participant information regarding gender, age, marital status, level, department, educational level, years of service and income level has been shown in table 1. As per the table, the ratio of male respondent to female respondent is 60 to 40. Regarding the age of the respondents, more than half of the respondents are from age 31 to 40 with around 28 percent from the age 18 to 30. In addition, the respondents from age 41 to 50 are around 15 percent with only 5 percent of respondents being above 50. Hence, it is seen that most of the respondents are below 40 years of age.

Similarly, around 75 percent of the respondents are married with 22 percent being single. The categories for divorced and widowed are both around 1 percent. Likewise, if we consider the level of the respondents, around 66 percent of them work in the middle level with around 22 percent working in senior level. Additionally, around 10 percent work in junior level and 2 percent are in executive level. Hence, most of the respondents are from middle and senior level and on the other hand less are from executive and junior level. Regarding the department of the respondents, 43 percent are from programs department while 54 percent are from operations department so the samples from both

departments are more or less equal. Similarly, respondents with master's degree are highest with 56 percent and then are respondents with above graduation degree with 26 percent. Likewise, respondents with bachelor's degree and higher secondary degree or less is 16 and 2 percent respectively. This shows that respondents mostly have graduation and above graduation degree.

In the table 1, respondents for tenure of service more than 5 years is highest with 70 percent while 14 percent are with tenure 1 to 3 years. Similarly, the respondents with tenure between 3 to 5 years and below one year are around 10 and 6 percent respectively. Hence, most of the respondents have been working in development sector for more than 5 years. Considering the income level of respondents, three of the income categories Rs. 60,001 to 90,000, Rs. 90,001 to 120,000 and above 120,000 have similar percent of 23, 25 and 26 respectively. In addition, the respondents for categories below Rs. 30,000 and from Rs. 30,001 to 60,000 are 6 and 17 percent respectively. Hence, most of the respondents have income level more than Rs. 60,000.

Table 1

*Characteristics of Respondents*

Demographic Variables	Frequency (%)
Gender	
Male	140 (60.6)
Female	89 (38.5)
Age	
18 to 30	65 (28.1)
31 to 40	119 (51.5)
41 to 50	35 (15.2)
Above 50	11 (4.8)
Marital Status	
Single	52 (22.5)
Married	174 (75.3)
Divorced	3 (1.3)
Widowed	2 (0.9)
Level	
Junior	22 (9.5)
Middle	152 (65.8)
Senior	51 (22.1)
Executive	4 (1.7)
Department	
Programs	99 (42.9)
Operations	124 (53.7)
Educational Level	
Higher Secondary and Below	5 (2.2)
Under Graduation	36 (15.6)
Graduation	130 (56.3)
Above Graduation	59 (25.5)
Years of Service	
Below 1 Year	13 (5.6)
1 to 3 Years	33 (14.3)
More than 3 Less than 5 Years	22 (9.5)
More than 5 Years	162 (70.1)
Income Level	
Up to 30,000	14 (6.1)
30,001 to 60,000	40 (17.3)
60,001 to 90,000	54 (23.4)
90,001 to 120,000	59 (25.5)
Above 120,000	61 (26.4)

### Reliability Analysis

Though the research instruments used were validated instruments, still Cronbach alpha was calculated for all three sets of instruments. The Cronbach values are tabulated below in Table 2. All the instruments have values more than 0.7 which shows the reliability of the instruments used.

Table 2

#### *Cronbach Alpha*

Instruments	Number of items	Cronbach Alpha Values
Employee Performance	25	0.768
HRD Climate	38	0.941
Psychological Capital	12	0.754

### Descriptive Statistics for HRD Climate

The minimum, maximum, mean and standard deviation values for HRD climate are summarized in table 3. All the mean scores except for question related to job rotation has value greater than 3 in 1 to 5 likert scale which indicates that the overall HRD climate in development organizations of Nepal are considered above average. All the standard deviation values are below 1 which indicates that there is not much variance in the participants' responses. For one of the question for OCTAPACE regarding helping each other in the organization, it is seen that the average is more than 4 which shows that employees in developmental organizations are helpful to one another.

Table 3

*Descriptive Statistics for HRD Climate*

Questions	HRD Climate			
	Minimum	Maximum	Mean	Standard. Deviation
General Climate				
General Climate Question 1	1.00	5.00	3.25	0.95
General Climate Question 2	1.00	5.00	3.78	0.90
General Climate Question 3	1.00	5.00	3.52	0.87
General Climate Question 4	1.00	5.00	3.69	0.82
General Climate Question 5	1.00	5.00	3.28	0.91
General Climate Question 6	1.00	5.00	3.56	0.91
General Climate Question 7	1.00	5.00	3.50	0.80
General Climate Question 8	1.00	5.00	3.61	0.84
General Climate Question 12	1.00	5.00	3.60	0.81
General Climate Question 13	1.00	5.00	3.36	0.91
OCTAPACE				
OCTAPACE Question 9	1.00	5.00	4.03	0.73
OCTAPACE Question 10	1.00	5.00	3.36	0.94
OCTAPACE Question 11	1.00	5.00	3.51	0.78
OCTAPACE Question 18	1.00	5.00	3.35	0.84
OCTAPACE Question 19	1.00	5.00	3.47	0.96
OCTAPACE Question 27	1.00	5.00	3.65	0.80
OCTAPACE Question 28	1.00	5.00	3.60	0.82
OCTAPACE Question 29	1.00	5.00	3.67	0.74
OCTAPACE Question 30	1.00	5.00	3.26	0.91
OCTAPACE Question 31	1.00	5.00	3.35	0.86
OCTAPACE Question 32	1.00	5.00	3.80	0.70
OCTAPACE Question 33	1.00	5.00	3.79	0.81
OCTAPACE Question 34	1.00	5.00	3.50	0.86

## HRD Mechanism

HRD Mechanism Question 14	1.00	5.00	3.30	1.04
HRD Mechanism Question 15	1.00	5.00	3.35	1.01
HRD Mechanism Question 16	1.00	5.00	3.45	0.91
HRD Mechanism Question 17	1.00	5.00	3.65	0.92
HRD Mechanism Question 20	1.00	5.00	3.68	0.78
HRD Mechanism Question 21	1.00	5.00	3.66	0.81
HRD Mechanism Question 22	2.00	5.00	3.71	0.70
HRD Mechanism Question 23	1.00	5.00	3.17	0.84
HRD Mechanism Question 24	1.00	5.00	3.81	0.73
HRD Mechanism Question 25	1.00	5.00	3.52	0.82
HRD Mechanism Question 26	1.00	5.00	3.41	0.90
HRD Mechanism Question 35	1.00	5.00	3.33	0.89
HRD Mechanism Question 36	1.00	5.00	3.36	0.86
HRD Mechanism Question 37	1.00	5.00	3.28	0.86
HRD Mechanism Question 38	1.00	5.00	2.92	0.98

Similarly, table 4 shows the average of HRD climate and its components. The overall HRD climate is above average along with all the three components namely general climate, OCTAPACE and HRD mechanism. However, the least among three components of HRD climate is seen to be HRD mechanism.

Table 4

*HRD Climate Summary*

HRD Climate Summary	Mean
HRD Climate	3.50
General Climate	3.52
OCTAPACE	3.57
HRD Mechanism	3.44

### **Descriptive Statistics for Employee Performance**

The minimum, maximum, mean and standard deviation values for employee performance are summarized in table 5. All the mean scores except for question related to contextual performance of coasting towards end of the day have value greater than 3 in 1 to 5 likert scale. This indicates that the overall employee performance in development organizations of Nepal is considered above average. All the standard deviation values (except for three questions) are below 1 which indicates that there is not much variance in the participants' responses. All the task performance questions have mean more than 4 which means that task performance of employees in developmental organizations is well above average.

Table 5

*Descriptive Statistics for Employee Performance*

Employee Performance	Minimum	Maximum	Mean	Standard Deviation
<b>Contextual Performance</b>				
Contextual Performance Question 1	2.00	5.00	4.05	0.71
Contextual Performance Question 2	1.00	5.00	3.84	0.78
Contextual Performance Question 3	1.00	5.00	3.81	0.80
Contextual Performance Question 4	2.00	5.00	3.93	0.65
Contextual Performance Question 5	1.00	5.00	3.68	0.76
Contextual Performance Question 6	1.00	5.00	3.98	0.73
Contextual Performance Question 7	1.00	5.00	3.35	0.89
Contextual Performance Question 8	1.00	5.00	4.16	0.84
Contextual Performance Question 9	1.00	5.00	3.26	1.09
Contextual Performance Question 10	1.00	5.00	3.13	1.08
Contextual Performance Question 11	1.00	5.00	2.57	0.77
Contextual Performance Question 12	1.00	5.00	4.30	0.83
Contextual Performance Question 13	1.00	5.00	3.84	1.25
Contextual Performance Question 14	1.00	5.00	3.96	0.93
Contextual Performance Question 15	1.00	5.00	3.90	0.90
Contextual Performance Question 16	1.00	5.00	3.93	0.88
<b>Task Performance</b>	2.00	5.00	4.31	0.63
Task Performance Question 17	2.00	5.00	4.31	0.63
Task Performance Question 18	2.00	5.00	4.34	0.59
Task Performance Question 19	2.00	5.00	4.06	0.69
Task Performance question 20	2.00	5.00	4.26	0.62
Task Performance Question 21	2.00	5.00	4.18	0.66
Task Performance Question 22	2.00	5.00	4.07	0.73
Task Performance Question 23	2.00	5.00	4.04	0.70
Task Performance Question 24	2.00	5.00	4.16	0.58
Task Performance Question 25	2.00	5.00	4.33	0.60

Similarly, average overall employee performance along with average contextual and task performance is given in table 6. The overall employee performance is well above average and in addition, task as well as contextual performance is seen to be above average too. Here, it is clearly seen that task performance of employees is higher than contextual performance of employees in developmental organizations.

Table 6

*Employee Performance Summary*

Employee Performance Summary	Mean
Overall Employee Performance	3.90
Task Performance	4.20
Contextual Performance	3.73

### Descriptive Statistics for Psychological Capital

The minimum, maximum, mean and standard deviation values for psychological capital are summarized in table 7. All the mean scores have value greater than 3 in 1 to 5 likert scale where six of the questions have scores more than 4. This indicates that the overall psychological capital in development organizations of Nepal is well above average. Specially, optimism questions both have mean more than 4 which indicates that employees in development organization are more of optimist in nature. All the standard deviation values (except for one question) are below 1 which indicates that there is not much variance in the participants' responses.

Table 7  
*Descriptive Statistics for Psychological Capital*

Psychological Capital Components	Minimum	Maximum	Mean	Standard Deviation
<b>Self-Efficacy</b>				
Self-Efficacy Question 1	2.00	5.00	4.09	0.66
Self-Efficacy Question 2	1.00	5.00	3.87	0.70
Self-Efficacy Question 3	1.00	5.00	4.15	0.66
<b>Hope</b>				
Hope Question 4	1.00	5.00	3.91	0.62
Hope Question 5	1.00	5.00	3.90	0.73
Hope Question 6	2.00	5.00	4.07	0.64
Hope Question 7	2.00	5.00	4.01	0.61
<b>Resiliency</b>				
Resiliency Question 8	2.00	5.00	3.79	0.76
Resiliency Question 9	1.00	5.00	3.21	1.01
Resiliency Question 10	1.00	5.00	3.71	0.96
<b>Optimism</b>				
Optimism Question 11	1.00	5.00	4.01	0.70
Optimism Question 12	1.00	5.00	4.03	0.77

The average PsyCap along with its components is summarized in table 8. As per the table, the average PsyCap along with all its components are well above average with self-efficacy and optimism being the highest where mean is beyond 4.

Table 8

*Psychological Capital Summary*

PsyCap Summary	3.90
Overall PsyCap	3.90
Self-Efficacy	4.04
Hope	3.98
Resiliency	3.57
Optimism	4.02

**Relationship between HRD Climate and Employee Performance**

The relationship between HRD climate and employee performance is examined through correlation analysis. The Pearson correlation is used to assess the relationship between HRD climate and employee performance along with the relationship among their components in table 9.

Table 9

*Correlation between HRD Climate and Employee Performance*

Variables	Employee Performance	Contextual Performance	Task Performance
HRD Climate	.161*	.176**	.090
General Climate	.123	.114	.092
OCTAPACE	.178**	.220**	.068
HRD Mechanism	.141*	.148*	.087

Note. \*. Correlation is significant at the 0.05 level (2-tailed).

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table 9 shows that HRD Climate and employee performance in overall are correlated with one another at 5% level of significance. Examining the relationship one step further, the general climate component has insignificant correlation with both contextual performance and task performance. Similarly, OCTAPACE is significantly

positively correlated with contextual performance at 10% level of significance but not with task performance. In addition, HRD mechanism is significantly positively correlated with contextual performance at 5% level of significance but not with task performance. Hence, it is seen that task performance is not significantly correlated with any of the components of HRD climate while contextual performance is significantly correlated with OCTAPACE and HRD mechanism. The result seems to contradict as task performance is seen not related with any components of HRD climate but on the other hand, contextual performance does significantly correlate with two of the HRD climate components.

#### **Relationship among HRD Climate, Employee Performance and PsyCap**

The mediating effect of PsyCap is examined through four steps method proposed by Baron and Kenny (1986). As per this process, mediation is tested through four regressions as follows:

- i) Independent variable predicting dependent variable
- ii) Independent variable predicting mediator variable
- iii) Mediator variable predicting dependent variable
- iv) Independent and mediator variables predicting the dependent variable

In addition, the following results must be met in order to support mediation:

- i) The independent variable significantly influences dependent variable in the first step
- ii) The independent variable significantly influences mediator variable in the second step

- iii) The mediating variable must significantly influence dependent variable in the third step
- iv) In the fourth step, complete mediation occurs when independent variable no longer influences the dependent variable after the mediator has been controlled while partial mediation occurs when independent variable's influence on dependent variable is reduced after mediating variable is controlled (Baron & Kenny, 1986).

### **Mediating Effect of PsyCap on relationship between Employee Performance and HRD Climate**

A total of four regression analysis is carried out to find out the mediating effect of PsyCap on the relationship between HRD climate and employee performance.

#### **1. Simple Regression of Employee Performance on HRD Climate**

The result of simple regression analysis with HRD climate as predicting variable and employee performance as dependent variable is given in following table 10. It shows the R square value, F value, overall significance of the model as well as regression result of employee performance on HRD climate.

Table 10

#### *Regression Result of Employee Performance on HRD Climate*

	Unstandardized Coefficients			R Square	Adjusted R Square		
	B	Std. Error	Sig.		F	Sig.	
(Constant)	3.543	.146	.000	.026	.022	6.114	.014 <sup>b</sup>
HRD Climate	.102	.041	.014				

*Note.* Dependent Variable: Employee Performance

As per table 10, the p value is 0.014 and is less than 0.05 which implies that the overall model is significant with F value of 6.11. The adjusted R square value is 0.022 which means only 2.2% of variance in employee performance is explained by HRD climate. Here, only nominal percent variance is seen but the model has come out to be significant. The regression result of employee performance on HRD Climate shows significant relationship as the significance level is 0.014 which is less than 0.05 ( $p < 0.05$ ). Hence, HRD climate has statistically significant impact on employee performance.

## 2. Simple Regression of Psychological Capital on HRD Climate

The result of simple regression analysis with HRD climate as predicting variable and PsyCap as dependent variable is given in following table 11. It shows the R square value, F value, overall significance of the model as well as the regression result of PsyCap on HRD climate.

Table 11

### *Regression Result of PsyCap on HRD Climate*

	Unstandardized Coefficients			R Square	Adjusted R Square		
	B	Std. Error	Sig.		Square	F	Sig.
(Constant)	3.148	.177	.000	.074	0.070	18.255	0.000 <sup>b</sup>
HRD Climate	.214	.050	.000				

*Note.* Dependent Variable: PsyCap

As per table 11, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 18.26. The adjusted R square value is 0.070 which means only 7% of variance in PsyCap is explained by HRD climate. Here also, only nominal percent variance is seen but the model has come out to be significant. The regression result of PsyCap on HRD climate shows significant relationship as the

significance level of 0.00 is less than 0.05. Hence, HRD climate has statistically significant impact on PsyCap.

### 3. Simple Regression of Employee Performance on PsyCap

The result of simple regression analysis with PsyCap as predicting variable and employee performance as dependent variable is given in following table 12. It shows the R square value, F value, overall significance of the model as well as regression result of employee performance on PsyCap.

Table 12

*Regression Result of Employee Performance on PsyCap*

	Unstandardized Coefficients			R Square	Adjusted R Square		
	B	Std. Error	Sig.		Square	F	Sig.
(Constant)	2.327	.180	.000	.253	.249	77.398	.000 <sup>b</sup>
PsyCap	.403	.046	.000				

*Note.* Dependent Variable: Employee Performance

As per table 12, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 77.40. The adjusted R square value is 0.249 which means 24.9% of variance in employee performance is explained by PsyCap. Hence, a considerable variance in employee performance is caused by PsyCap in developmental organizations. The regression result of employee performance on PsyCap shows significant relationship as the significance level is 0.00 which is less than 0.05. Hence, PsyCap have statistically significant impact on employee performance.

### 4. Multiple Regression of Employee Performance on HRD Climate and PsyCap

The result of multiple regression analysis of employee performance on HRD climate and PsyCap is given in following table 13. It shows the R square value, F value,

overall significance of the model as well as the regression result of employee performance on HRD climate and PsyCap.

Table 13

*Regression Result of Employee Performance on HRD Climate and PsyCap*

	Unstandardized		Sig.	R Square	Adjusted		
	B	Std. Error			R	R Square	F
(Constant)	2.291	.197	.000	.253	.247	38.664	.000 <sup>b</sup>
HRD Climate	.017	.038	.654				
PsyCap	.398	.048	.000				

*Note.* Dependent Variable: Employee Performance

As per table 13, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 38.66. The adjusted R square value is 0.247 which means 24.7% of variance in employee performance is explained by HRD climate and PsyCap. Hence, a considerable variance in employee performance is caused by HRD climate and PsyCap in developmental organizations. The multiple regression result shows that PsyCap which is the mediating variable is still significant with p value less than 0.05 while HRD climate is seen insignificant as significance level is more than 0.05. In addition, the beta value has increased significantly. Hence, the overall results suggest full mediation of PsyCap in the relationship between HRD Climate and employee performance.

## Mediating Effect of PsyCap on relationship between three components of HRD

### Climate and Task Performance

For testing the sub hypotheses 2a, 2b and 2c regressions were carried out taking all three components of HRD climate separately to see the mediating effect of PsyCap between the HRD climate components and task performance.

#### 1. Simple Regression of Task Performance on HRD Climate Components

The result of simple regression analysis with HRD climate components as predicting variable and employee task performance as dependent variable is given in following table 14. It shows the R square value, F value, overall significance of the model as well as regression result of employee task performance on HRD climate components done separately.

Table 14

#### *Regression Result of Task Performance on HRD Climate Components*

	Unstandardized Regression (B)		
General Climate	.072 (.161)		
HRD Mechanisms		.076 (.188)	
OCTAPACE			.063 (.302)
R Square	.009	.008	.005
Adjusted R Square	.004	.003	.000
F	1.974 (.161)	1.741 (.188)	1.072 (.302)

*Note.* Dependent Variable: Task Performance. P-value is within parenthesis.

As per table 14, the p value for all the HRD climate components is more than 0.05 which implies that none of the HRD climate components are significant. Hence, none of the HRD climate components have statistically significant impact on employee task performance. Since the very first step of finding the mediating effect is not satisfied, no

further steps need to be carried out. Therefore, PsyCap do not have any mediating effect in the relationship between any of the HRD climate components and task performance.

### **Mediating Effect of PsyCap on relationship between three components of HRD Climate and Contextual Performance**

For testing the sub hypotheses 2d, 2e and 2f regressions were carried out taking the all three components of HRD climate separately and contextual performance.

#### **1. Simple Regression of Contextual Performance on HRD Climate Components**

The result of simple regression analysis with HRD climate components as predicting variable and contextual performance as dependent variable is given in following table 15. It shows the R square value, F value, overall significance of the model as well as regression result of contextual performance on HRD climate components done separately.

Table 15

#### *Regression Result of Contextual Performance on HRD Climate Components*

	Unstandardized Regression (B)		
General Climate	.060 (.084)		
HRD Mechanisms		.086 (.025)	
OCTAPACE			.135 (.001)
R Square	.13	.022	.048
Adjusted R Square	.009	.018	.044
F	3.005 (.084)	5.107 (.025)	11.653 (.001)

*Note.* Dependent Variable: Contextual Performance. P-value is within parenthesis.

As per table 15, p value for general climate is 0.084 and hence is not significant. However, the p value for both HRD mechanism and OCTAPACE is less than 0.05 which implies that the overall model is significant with F value of 5.107 and 11.653

respectively. The adjusted R square values are 0.018 and 0.044 which means only 1.8% and 4.4% of variance in contextual performance is explained by HRD mechanism and OCTAPACE respectively. Here, only nominal percent variance is seen but both the model has come out to be significant. Hence, the regression result of contextual performance on HRD mechanism as well as OCTAPACE show significant relationship with contextual performance as the significance level is less than 0.05 ( $p < 0.05$ ).

## 2. Simple Regression of PsyCap on HRD Climate Components

The result of simple regression analysis with HRD climate components as predicting variable and PsyCap as dependent variable is given in following table 16. It shows the R square value, F value, overall significance of the model as well as the regression result of PsyCap on HRD climate components done separately. Here, the general climate component is dropped as it did not satisfy the very first rule for mediation.

Table 16

### *Regression Result of PsyCap on HRD Mechanism and OCTAPACE*

	Unstandardized Regression (B)	
HRD Mechanisms	.202 (.000)	
OCTAPACE		.206 (.000)
R Square	.077	.072
Adjusted R Square	.073	.068
F	19.054 (.000)	17.655 (.000)

*Note.* Dependent Variable: PsyCap. P-value is within parenthesis.

As per table 16, the p values are 0.000 for both HRD mechanism and OCTAPACE and are less than 0.05 which implies that the overall model are significant with F value of 19.054 and 17.655 respectively. The adjusted R square value is 0.073 for

HRD mechanism and 0.068 for OCTAPACE which means only 7.3% and 6.8% of variance in PsyCap is explained by HRD mechanism and OCTAPACE respectively. Here also, only nominal percent variances are seen but the models have come out to be significant. Hence, HRD mechanism as well as OCTAPACE have statistically significant impact on PsyCap.

### 3. Simple Regression of Contextual Performance on PsyCap

The result of simple regression analysis with PsyCap as predicting variable and contextual performance as dependent variable is given in following table 17. It shows the R square value, F value, overall significance of the model as well as regression result of contextual performance on PsyCap.

Table 17 Regression Result of Contextual Performance on PsyCap

*Regression Result of Contextual Performance on PsyCap*

	Unstandardized Coefficients		Sig.	R Square	Adjusted R Square	F	Sig.
	B	Std. Error					
PsyCap	.262	.050	.000	.108	.104	27.598	.000

*Note.* Dependent Variable: Contextual Performance

As per table 17, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 27.598. The adjusted R square value is 0.104 which means 10.4% of variance in contextual performance is explained by PsyCap.

Hence, a minimal variance in contextual performance is caused by PsyCap in developmental organizations. The regression result of contextual performance on PsyCap shows significant relationship as the significance level is 0.00 which is less than 0.05.

Hence, PsyCap have statistically significant impact on contextual performance.

#### 4. Multiple Regression of Contextual Performance on HRD Climate Components and PsyCap

The result of multiple regression analysis of contextual performance on HRD mechanism and PsyCap and the multiple regression analysis of contextual performance on OCTAPACE and PsyCap are given in following table 18 and table 19. They show the R square value, F value, overall significance of the model as well as the regression result of contextual performance on HRD climate components and PsyCap separately.

Table 18

*Regression Result of Contextual Performance on HRD Mechanism and PsyCap*

	Unstandardized Coefficients		Sig.	R Square	Adjusted R Square	F	Sig.
	B	Std. Error					
(Constant)	2.641	.209	.000	.111	.103	14.241	.000
HRD Mechanism	.036	.038	.345				
PsyCap	.248	.052	.000				

*Note.* Dependent Variable: Contextual Performance

As per table 18, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 14.241. The adjusted R square value is 0.103 which means 10.3% of variance in contextual performance is explained by HRD mechanism and PsyCap. Hence, a minimal variance in contextual performance is caused by HRD mechanism and PsyCap in developmental organizations. The multiple regression result shows that PsyCap which is the mediating variable is still significant with p value less than 0.05 while HRD mechanism is seen insignificant as significance level is more

than 0.05. Hence, the overall results suggest full mediation of PsyCap in the relationship between HRD mechanism and contextual performance.

Table 19

*Regression Result of Contextual Performance on OCTAPACE and PsyCap*

	Unstandardized			R	Adjusted		
	Coefficients		Sig.		R Square	R Square	F
	B	Std. Error					
(Constant)	2.518	.213	.000	.126	.119	16.496	.000
OCTAPACE	0.088	.040	.028				
PsyCap	.232	.051	.000				

*Note.* Dependent Variable: Contextual Performance

As per table 19, the p value is 0.00 and is less than 0.05 which implies that the overall model is significant with F value of 16.496. The adjusted R square value is 0.119 which means 11.9% of variance in contextual performance is explained by OCTAPACE and PsyCap. Hence, a minimal variance in contextual performance is caused by OCTAPACE and PsyCap in developmental organizations. The multiple regression result shows that PsyCap which is the mediating variable is still significant with p value less than 0.05 and also OCTAPACE is seen significant as significance level is less than 0.05. Hence, the overall results suggest partial mediation of PsyCap in the relationship between OCTAPACE and contextual performance.

### Summary of Hypotheses Testing

The summary of hypotheses testing is outlined below in table 20. As per table 20, out of 14 hypotheses, six of them are supported while rest eight of them are not supported through analysis of data. However, the major hypotheses that is hypothesis 1 and hypothesis 2 are supported concluding that there exists a significant positive relationship

between HRD climate and employee performance and PsyCap mediates the relationship between HRD climate and employee performance.

Table 20

*Summary of Hypotheses Testing*

Hypotheses	Description	Results
Hypothesis 1	Better human resource development climate leads to better performance	Supported
Hypothesis 1a	Better general climate leads to better task performance	Not Supported
Hypothesis 1b	Better OCTAPACE leads to better task performance	Not Supported
Hypothesis 1c	Better HRD mechanisms leads to better task performance	Not Supported
Hypothesis 1d	Better general climate leads to better contextual performance	Not Supported
Hypothesis 1e	Better OCTAPACE leads to better contextual performance	Supported
Hypothesis 1f	Better HRD mechanisms leads to better contextual performance	Supported
Hypothesis 2	PsyCap mediates the relationship between HRD climate and employee performance	Supported
Hypothesis 2a	PsyCap will mediate the relationship between general climate and task performance	Not Supported
Hypothesis 2b	PsyCap will mediate the relationship between HRD mechanism and task performance	Not Supported
Hypothesis 2c	PsyCap will mediate the relationship between OCTAPACE and task performance	Not Supported
Hypothesis 2d	PsyCap will mediate the relationship between general climate and contextual performance	Not Supported
Hypothesis 2e	PsyCap will mediate the relationship between HRD mechanism and contextual performance	Supported
Hypothesis 2f	PsyCap will mediate the relationship between OCTAPACE and contextual performance	Supported

## CHAPTER V

## SUMMARY, DISCUSSION AND IMPLICATIONS

This chapter is divided into four sections. Firstly, the summary of major findings is presented. In addition, the discussion of the findings is presented followed by implications of the research. Both practical as well as research implications are presented. Lastly, the limitations of the study are outlined.

**Summary**

The main objective of the study was to find out the effect of human resources development climate on employee performance in addition to analyzing the mediating effect of PsyCap on the given relationship. The specific objectives of the study were as follows:

- a) To examine the human resources development climate, employee performance and psychological capital among the developmental organizations of Nepal;
- b) To examine the impact of human resources development climate on employees' performance in developmental organizations of Nepal;
- c) To study the mediating effect of PsyCap on the relationship between human resources development climate and employee performance.

Similarly, two hypotheses were formed and tested along with six sub-hypotheses for each of the major hypotheses.

As per the findings related to first objective of the study, the HRD climate for developmental organizations in Nepal is above average. In addition, all three components of HRD climate in developmental organization are above average. Similarly, employee

performance in development organization is seen above average along with both task as well as contextual performance as per the study. Likewise, the results also indicated that PsyCap is relatively higher than average in developmental organization along with all its dimensions being above average.

As per the findings related to second objective of the study, there is a significant positive relationship between HRD climate and employee performance in developmental organization. However, general climate is not significantly correlated with both task as well as contextual performance. In addition, both OCTAPACE and HRD mechanism are significantly positively correlated with contextual performance but both are not significantly correlated with task performance.

Similarly, as per the findings related with third objective of study PsyCap fully mediated the relationship between HRD climate and employee performance. Analyzing one step further, none of the HRD climate components had significant impact on task performance. Similarly, general climate also did not have statistically significant impact on contextual performance. Regarding the mediation effect, PsyCap fully mediated the relationship between HRD mechanism and contextual performance whereas it partially mediated the relationship between OCTAPACE and contextual performance.

### **Discussion**

The results regarding HRD climate in developmental organizations in Nepal showed that HRD climate is above average. Similar research conducted by Chalise et. al. (2016) in public sector banking in Nepal also showed average level of HRD climate. However, not much research has been done regarding HRD climate in Nepali context for comparison.

One of the reasons for above average HRD climate in developmental organizations maybe the fact that developmental organizations' policies, procedures, practices and condition of development climate is well defined. In addition, general climate that is the top-level view of management regarding development of employee is positive in most of the developmental organization as overall development of employee is considered an important aspect. In addition, because developmental organizations have their headquarter based in developed countries and the culture of home country has some effect to host country, the focus for overall development of employees is high in developmental organizations. Similarly, most of the organizations have clear cut budget for human resource development which compulsorily needs to be expensed on the yearly basis. A certain amount of budget is separated each year that is to be used in the development of employees and are monitored annually in most of the developmental organizations. Likewise, the HRD mechanisms such as performance appraisal system, training, career planning, rewards and employee welfare are well established in developmental organizations. This can be supported by the fact that almost all the developmental organizations have formal system of appraisal, training and development as well as career planning system. In addition, resources are also separated for employee welfare programs which is used in best interest and wellbeing of the employees.

*Likewise, the reward system of developmental organizations is considered one of the best among the industries present in Nepal. All these reasons have some impact on employees perceiving developmental climate above average in humanitarian organizations.*

Also, the result on employee performance is above average. Particularly, the task performance is much higher. One of the reasons could be that the developmental

organizations are said to be performance driven organizations and employees have to maintain their performance in order to survive in the organization as termination on the ground of performance is often made. Similarly, the employment is based on contract basis and renew of the contract is based highly on the performance of employees on the job. Hence, employees have high focus on their task performance. The contextual performance of the employees is also above average in the developmental organization. One of the reasons for contextual performance being high is that there is regular performance appraisal of employees and many factors such as being punctual, innovative, taking initiative, taking unnecessary breaks are all counted in the appraisal. In turn, the appraisal is tied up with increment in salary as well as extension of contract which is why employees need to take contextual performance into consideration as well. In addition, because the workload of the employees in development organizations are usually high and time management is of utmost priority, contextual performance is seen high.

In addition, PsyCap is also shown to be above average as per the findings. In addition, all the dimensions of PsyCap are above average. One of the possible reasons for this can be the regular employee welfare programs and psychological counseling provided to employees in order to improve their psychological well-being. Because developmental organizations consider employee well-being to be a top priority, many programs related to it are conducted such as yoga sessions, psychological counseling to needed employees and so on. Another reason can be due to emotional contagion. Emotional contagion means that a person or group influences the emotions and behavior of another person or group through the conscious or unconscious induction of emotional states and behavioral attitudes (Barsade, 2002). Hence, due to emotional contagion, when

a person or group of employees in developmental organizations have high PsyCap, others tend to be influenced by it making their own PsyCap high.

The present study revealed the significant positive relationship between HRD climate and employee performance. There are various studies done related to HRD climate (more broadly organizational climate) and employee performance which have similar findings as present study. For example, Selamat et. al (2013) found out that the organizational climate in the schools to be significant factor that could affect teacher's performance. Mohanty et. al. (2012) in the private insurance companies of Odisha also revealed that human resource development climate had positive influence on performance of employee. Similar was the result of the research done by Pritchard and Karasick (1973) among the managers of two organizations. The significant positive relation between HRD climate and performance can be explained from the fact that when employees have positive perception about HRD climate they feel from inside to perform well. When employees know that top management is helping them considerably to develop; when employees feel that the organization psychological state of development environment is very supportive and when employees are ensured about the transparent and genuine appraisal, feedback, trainings and rewards, it is very evident that employees will be motivated to the greater extent. The employees would be ensured about the support of top management and their effort in development. In addition, the open environment, trust and teamwork, autonomy and innovativeness would make employees more motivated. Such motivated employees would in turn perform well in their job.

Six of the sub hypotheses were set to examine the underlying relationship between HRD climate and performance but their results dilute the earlier relationship

between HRD climate and employee performance. It is because out of six sub hypotheses set, none of the HRD climate components are seen to be correlated with task performance. One of the possible reasons for this can be the fact that task performance includes those jobs that are to be carried out by employees regularly to a set standard and failing to perform which will automatically hamper their job contract in developmental organizations. Because of this, every employee needs to carry out jobs in task performance to survive in the organization and hence may not be directly affected by HRD climate. Similarly, the culture of development organization is as such that they all are performance based and employees need to perform well in their job irrespective of other factors affecting it. Hence, the core job functions are performed well by the development workers regardless of any factors present or absent.

However, on the other hand, as per this research, OCTAPACE as well as HRD mechanism is significantly positively correlated with contextual performance in developmental organization. Contextual performance is discretionary behaviors which are believed to promote effective functioning of the organization without directly affecting productivity. The reason for OCTAPACE and contextual performance being significantly positively related can be the fact that OCTAPACE is the HRD climate including openness, confrontation, trust, autonomy, pro-activity, authenticity and collaboration which gives a kind of additional psychological motivation to employees to work beyond their job description. On top of that, the components of OCTAPACE are as such which are directly related with contextual performance. For example, collaboration which is a component of OCTAPACE, will encourage helping others at the time of need (in case of absence or increase in workload) which is a part of contextual performance.

Likewise, pro-activity which is a component of OCTAPACE is directly related with taking initiative which is also a part of contextual performance. Thus, the developmental organizations having western culture are high on OCTAPACE which result in higher contextual performance of employees; these two variables being interlinked. Hence, these reasons account for the two variables being significantly positively related with one another.

Similar could be the reason for positive significant relationship between HRD mechanism and contextual performance. In the developmental organizations, there are well standardized HRD systems such as transparent performance appraisal, feedback and reward system and employees have good perception on implementation of the HRD mechanisms. In addition, the performance appraisal does not only consist of scoring the in-role behaviors, but it also contains scoring for out-role behavior (contextual performance) too. Hence, employees feel to contribute voluntarily more than their job description to get more scores in appraisal and eventually more reward such as salary increment and promotion.

Similarly, one of the findings of this research is that significant relationship exists between PsyCap and HRD climate. This finding confirms with previous study done by Singh et. al. (2015) who found that there exists strong positive relationship between organizational climate and PsyCap in the Public Indian Sector. In context of developmental organizations in Nepal, since HRD climate is reported to be above average, employees could have improvement in PsyCap of employees. It is because professional life is one of the important part of any employee's life and when employee's

feel that they are being considered as crucial part of organization, apparently, they will have high level of PsyCap.

Another finding of this research is the significant positive relationship between PsyCap and employee performance. This finding is supported by various researches in literature. A study done by Nafei (2015) found positive relationship between PsyCap and job performance of employees in Teaching Hospitals in Egypt. Likewise, another study by Chhajer et. al. (2016) on financial service in Middle East revealed that PsyCap had direct effect on performance. In addition, a study done among employees of banking sector of Sri-Lanka also found PsyCap to be positively related with performance of employees (Kappagoda et. al., 2014). Further, a study by Luthans et. al. (2011) revealed positive significant relationship between PsyCap and performance (Avey et. al., 2011). Needless to prove, the reason for development workers' PsyCap being related to employee performance could be that employees with positive PsyCap would have more enthusiasm to work and are more positive towards outcome of their work. Employees with high PsyCap have a particular goal set and also the pathway to achieve their goal (hope). Additionally, they have high level of confidence to achieve their goal (self-efficacy) and have the capacity to bounce back in the adverse situations (resilient). Hence, with this positive energy, employees would definitely add to their performance. In developmental organizations, since the goals are set at the beginning of the year for each employee and direction are given with the full support of supervisors, employees feel positive and confident to achieve their goal. In addition, there are regular programs to boost PsyCap of the employees in developmental organization which are basically carried out in order to improve the performance of the employee.

Likewise, this research found that PsyCap fully mediated the relationship between HRD climate and employee performance. Till date, no research involving PsyCap mediating the relationship between HRD climate itself and employee performance (or contextual performance) is found in literature. However, a study done by Luthans et. al. (2008) showed that PsyCap was related to the performance of employees in addition to employee's PsyCap mediating the relationship between supportive organizational climate and employee performance. According to the findings of current research, it is clear that HRD climate affects the PsyCap of employees which in turn affects the performance of employees. This implies that in developmental organizations in Nepal, the HRD climate is considered to be good which in turn elevates the PsyCap of the employees. This in turn raises the performance of the employees. Hence, it is the PsyCap that is playing vital role in determining performance of employees as HRD climate through PsyCap is what giving out the performance in employees working in developmental organizations of Nepal.

Similarly, there was no mediating effect of PsyCap on any of the HRD climate components and task performance of employees. From the regression results it is clear that none of the HRD climate components have significant impact on task performance of employees. Again, the reason might be that task performance is the minimum standard job performance which needs to be carried out by employees regardless of any factors and hence is not affected by any of the HRD climate components.

In addition, it was found that PsyCap fully mediated the relationship between HRD mechanism and contextual performance. This suggests that when PsyCap is entered into the relationship between HRD mechanism and contextual performance, the relationship between HRD mechanism and contextual performance is dropped to zero.

Hence, PsyCap is seen playing major role in the relationship between these two variables. The reason might be that even if the HRD mechanism is good, but the employees have low PsyCap, then the employees would not feel to perform well and go beyond their job descriptions. However, if the PsyCap is high for employees, even if the HRD mechanism is not satisfactory, they have motivation to perform beyond job description. Therefore, PsyCap is seen as fully mediating the relationship between these two variables. In case of developmental organizations, employees are used to good HRD mechanisms and hence might not have its effect on their contextual performance until and unless PsyCap is taken into consideration.

Lastly, it was found that PsyCap partially mediated the relationship between OCTAPACE and contextual performance. This means that PsyCap plays significant role between these two variables; however, the relationship between OCTAPACE and contextual performance still exists with entry of PsyCap. Hence, if the psychological state of organization's development environment is good then the high PsyCap of employees would result in high contextual performance of employees; the relationship between OCTAPACE and contextual performance still having direct relationship. Therefore, PsyCap plays major role in the relationship between OCTAPACE and contextual performance. From both the mediation effects, it is clear that PsyCap has important impact on contextual performance.

These sums up the results and discussion that are concluded from the analysis and interpretation of data. However, some practical realities also need to be considered before concluding with the results. For example, it is seen that all three variables that is HRD climate, PsyCap and employee performance are above average and that too on the higher

side of average for the developmental organizations in Nepal. For HRD climate it can be understood that developmental organizations may have high resources devoted for development and hence have high HRD climate. However, PsyCap as well as employee performance in developmental organizations are well above average. But there can be seen some negative work ethics and practices along with cynicism in development organizations of Nepal which goes against the result that is provided by the research of employees having high PsyCap. Similar is the case for employee performance. The well above average performance can also be questionable as it is seen that there are many cases for poor performance leading to termination of contract in development sector which is again against the result that is provided by this research. One of the reasons behind this can be the employees filling up the questionnaire to portray themselves as high on PsyCap as well as performance.

### **Implications**

There are various practical as well as research implications of this study. First of all, the most important practical implication of this study is that this study gave idea about the overall HRD climate of the development organizations which will be useful to top level management as well as HR department so that they can take necessary steps towards making the HRD climate better or at least to the current standard. The results show the particular area where HRD climate is lacking is job rotation. Hence, it would be better if the management and HR department tries to include job rotation to develop HRD climate as a whole.

Another practical implication is that this study revealed that HRD climate is significantly positively related with performance of the employees. Hence, this implies

that HR department should try to improve HRD climate to improve the performance of the employees particularly contextual performance. The better the HRD climate is, the better will be employee performance in the development sector. Particularly, the HRD mechanism needs to be improved as its average is comparatively less than other two components of HRD climate. The developmental organizations in Nepal use the HRD mechanisms such as appraisal systems, career planning, training and development as per the standard of its home country. However, these systems need to be contextualized as per the culture of Nepal for its effectiveness. Simply by copying the international mechanisms without considering the cultural context will not fit properly to the needs of the developmental organizations in Nepal. Hence, the systems must be contextualized as per the culture of the country.

In addition to this, the study also revealed that PsyCap mediated the relationship between HRD climate and employee performance particularly PsyCap mediated the relationship between HRD mechanism and contextual performance as well as OCTAPACE and contextual performance. Since task performance is minimum performance that needs to be showed by the employees in development organizations, management need not worry about it and should focus on improving contextual performance to improve the overall performance of employees. And hence for this, improving PsyCap of employees is must. Hence, another implication of the study is that the development organizations have an idea of how PsyCap would affect the relationship between HRD climate (particularly HRD mechanism and OCTAPACE) and contextual performance and should prepare policies accordingly. Employee performance is main root goal for any organization and every organization struggles to get the end result of

high performing employees. This study reveals that PsyCap is the factor that is significant to get the contextual performance from the employees in the developmental organizations. PsyCap is the term which is not much considered in organizations of Nepal. But now organizations especially developmental organizations must shift their focus to PsyCap as per this study. To improve the PsyCap of the employees, psychological counseling should be made available to the needed employees on the timely and periodic basis. In addition, there are trainings provided by organizations to improve the PsyCap of employees which needs to be arranged by the developmental organizations to their employees for improving PsyCap of employees which will increase contextual performance and then eventually overall performance. Additionally, inhouse trainings could be designed using the intervention techniques given by Luthans et. al. (2006).

On the other hand, there are also some research implications of the study as well. One of the research implications of this study would be looking over the impact of HRD climate on other employee outcomes as well as organizational outcomes. These can be employee commitment; employee satisfaction etc. in the individual level and it can be organizational performance in the organizational level. There is not much research done on HRD climate and it would be interesting to know about impact of HRD climate on other outcome variables. This will give an overall idea on how HRD climate would impact other important variables in the organization at individual levels. Similarly, it would also be fruitful to look over the impact of HRD climate on organizational performance. This will give broad picture of how HRD climate would affect the overall organizational performance in development sector.

Similarly, it would be interesting to look over the antecedents of human resource development climate, so the predecessors of HRD climate are known. There are few researches on relationship between HRD climate and other variables but antecedents of HRD climate are not known. There can be various antecedents of HRD climate which are till date not known and an exploratory study can be done for further probing on the issue.

In addition, similar kind of study can be done by collecting data at different times so that the results can be compared from cross sectional and longitudinal data. This would give additional insight on HRD climate, PsyCap and employee performance. It will be helpful in analyzing how the HRD climate, PsyCap and employee performance changes over time and how their relationship varies with the change in time. The longitudinal study would reveal the differences at various point of time and would be helpful in digging into the reasons for changes if there are any.

Furthermore, the study can be done in other sectors so that we can make comparison of different sectors. Sectors such as banking, insurance, hospitals, service etc. can be included to improve the generalizability of the results and to make comparison among different sectors. The generalizability will highly improve if similar kind of results that are obtained from development sector are obtained from other sectors too. However, if different results are obtained then it would be interesting to dig into the reasons for results being different from one another.

Similarly, same research can be done with employee performance not being self-rated but being rated by the supervisor. This will remove the biases an employee could have on their performance such as employees rating their performance high on every

aspect. Hence, a research on same topic but with different data collection method can be used to check validity of the research.

### **Critique of the Study**

The present study though gave number of findings; it is not short of limitations. The major limitation of the study is that it only uses self-rated performance scale to find out about the job performance of the employees. The respondents themselves rated their own performances which might not give the real scenario of their performance. It would have been better if supervisor or peer rating would have been included in addition to the self-rating. In this way, the validity of the research would have been improved.

Another limitation of the study is that the research is focused only in one sector in Nepal that is developmental sector. Because of its one sector focus, its results cannot be generalized in other sectors such as banking, insurance, educational, private etc. In addition, there is lack of comparison with other sectors due to study being focused in only one sector. The further study could be expanded on other sectors too so that compare and contrast of different sector can be done.

In addition, this study does not use the demographic variables in analyzing the construct variables which limits the results that are related with demographic variables. The further study could include the analysis of construct variables on the basis of gender, age, marital status, educational level and so on.

Similarly, yet another limitation of the study is that the data is collected at one point of time and hence the nature of cross sectional study would inhibit the advantages of longitudinal study. More valid and accurate findings could have been made if the study

was longitudinal in nature. The data could be analyzed from two different periods and can be compared to know about the differences and similarities.

Likewise, another limitation of the study is in the data collection technique and the sample size. Since, the development sector organizations being very sensitive about their information, convenience sampling was used. It would have been better if some kind of probability sampling was used. In addition, the sample size is only 231 which again might limit the validity of the research.

The last limitation of the study is that it uses PsyCap as a higher ordered construct for finding out the mediating effect. It would have been better if each of the component of PsyCap had been analyzed as the mediating factor.

From the point of view of researcher, there are limitations too. The limitations were in the collection of questionnaires which was one of the difficult part in the whole process. The questionnaire distributed was difficult to retrieve and those that were retrieved were not properly filled. Hence, more clear instruction on the questionnaire along with its translation in Nepali would have inhibited this limitation. This would have increased the response rate in addition to getting increased number of usable response. In addition, the use of only one software that is SPSS might have limited the analysis part of the study. More advanced software is desired to be used if the study is to be made more analytical. In addition, due to tight time frame to accomplish the study, it can in some way limit the quality of the study.

Though this study has few limitations, the study has complied with all the research norms. For example, thorough literature review was done to get the deep insight into the topic and the variables of the study. Similarly, the reliability of the instruments

was checked for the validity of the questionnaire prepared. The results of the study were interpreted with the help of statistical tools such as mean, standard deviation, simple regression and multiple regression which are acceptable tools for statistical analysis. Though this study has been completed for the partial fulfillment of MPhil course, it gives a great insight on variables that are less studied such as HRD climate and PsyCap. It also adds to the literature of research done in the development organizations which is handful in Nepali literature. In addition, this research gives valuable insight on the relationship among HRD climate, PsyCap and employee performance and proves that PsyCap mediates the relationship between HRD climate and employee performance.

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## Appendix 1

**Survey on HRD Climate, Employee Performance and Psychological Capital**

Dear Participants,

First of all, I would like to thank you for taking out your valuable time from your busy schedule to fill this survey form. I am conducting this survey as a part of my MPhil Degree from Kathmandu University School of Management (KUSOM). I would assure you that the information provided will be kept highly confidential and will be strictly used for research purpose only.

**Section 1: Participant Information (Please tick the appropriate option)**

<b>Gender</b>	<input type="checkbox"/> Male		<input type="checkbox"/> Female		<input type="checkbox"/> Other
<b>Age</b>	<input type="checkbox"/> 18 to 30	<input type="checkbox"/> 31 to 40	<input type="checkbox"/> 41 to 50	<input type="checkbox"/> Above 51	
<b>Marital Status</b>	<input type="checkbox"/> Single	<input type="checkbox"/> Married	<input type="checkbox"/> Divorced	<input type="checkbox"/> Widowed	
<b>Level</b>	<input type="checkbox"/> Junior	<input type="checkbox"/> Middle	<input type="checkbox"/> Senior	<input type="checkbox"/> Executive	
<b>Department</b>	<input type="checkbox"/> Program			<input type="checkbox"/> Operations	
<b>Educational Level</b>	<input type="checkbox"/> Higher Secondary and Below	<input type="checkbox"/> Under Graduation	<input type="checkbox"/> Graduation	<input type="checkbox"/> Above Graduation	
<b>Years of Service</b>	<input type="checkbox"/> Below 1 Year	<input type="checkbox"/> 1 to 3 Years	<input type="checkbox"/> More than 3 less than 5 Years	<input type="checkbox"/> More than 5 Years	
<b>Income Level (Gross salary per month in NPR)</b>	<input type="checkbox"/> Up to 30,000	<input type="checkbox"/> 30,001 to 60,000	<input type="checkbox"/> 60,001 to 90,000	<input type="checkbox"/> 90,001 to 120,000	<input type="checkbox"/> Above 120,000

**For Section 2, 3, 4 and 5, please use the following rating scale:**

<b>1 = Strongly Disagree</b>	<b>2 = Disagree</b>	<b>3 = Neutral</b>	<b>4 = Agree</b>	<b>5 = Strongly Agree</b>
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***Section 2: The following statements describe about human resource development climate of your organization. Please encircle the rating which best describes your organization.***

S.N.	Items	(1)	(2)	(3)	(4)	(5)
1	The top management of this organization goes out of its way to make sure that employees enjoy their work.	1	2	3	4	5
2	The top management believes that human resources are an extremely important resource and that they have to be treated more humanly.	1	2	3	4	5
3	Development of the subordinates is seen as an important part of their job by the managers/officers here.	1	2	3	4	5
4	The personnel policies in this organization facilitate employee development.	1	2	3	4	5
5	The top management is willing to invest a considerable part of their time and other resources to ensure the development of employees.	1	2	3	4	5
6	Senior officers/executives in this organization take active interest in their juniors and help them learn their job.	1	2	3	4	5

7	People lacking competence in doing their jobs are helped to acquire competence rather than being left unattended.	1	2	3	4	5
8	Managers in this organization believe that employee behavior can be changed, and people can be developed at any stage of their life.	1	2	3	4	5
9	People in this organization are helpful to each other.	1	2	3	4	5
10	Employees in this organization are very informal and do not hesitate to discuss their personal problems with their supervisors.	1	2	3	4	5
11	The psychological climate in this organization is very conducive to any employee interested in developing himself by acquiring new knowledge and skills.	1	2	3	4	5
12	Seniors guide their juniors and prepare them for future responsibilities/roles they are likely to take up.	1	2	3	4	5
13	The top management of this organization makes efforts to identify and utilize the potential of the employees.	1	2	3	4	5
14	Promotion decisions are based on the suitability of the promotee rather than on favoritism.	1	2	3	4	5
15	There are mechanisms in this organization to reward any good work done or any contribution made by employees.	1	2	3	4	5
16	When an employee does good work, his supervising officers take special care to appreciate it.	1	2	3	4	5
17	Performance appraisal reports in our organization are based on objective assessment and adequate information and not on favoritisms.	1	2	3	4	5
18	People in this organization do not have any fixed mental impressions about each other.	1	2	3	4	5
19	Employees are encouraged to experiment with new methods and try out creative ideas.	1	2	3	4	5
20	When any employee makes a mistake, his supervisors treat it with understanding and help him to learn from such mistakes rather than punishing him or discouraging him.	1	2	3	4	5
21	Weaknesses of employees are communicated to them in a non-threatening way.	1	2	3	4	5
22	When behavior feedback is given to employees they take it seriously and use it for development.	1	2	3	4	5
23	Employees in this organization take pains to find out their strengths and weakness from their supervising officers or colleagues.	1	2	3	4	5
24	When employees are sponsored for training, they take it seriously and try to learn from the programs they attend.	1	2	3	4	5
25	Employees returning from training programs are given opportunities to try out what they have learnt.	1	2	3	4	5

26	Employees are sponsored for training programs on the basis of genuine training needs.	1	2	3	4	5
27	People trust each other in this organization.	1	2	3	4	5
28	Employees are not afraid to express or discuss their feelings with their supervisors.	1	2	3	4	5
29	Employees are not afraid to express or discuss their feelings with their subordinates.	1	2	3	4	5
30	Employees are encouraged to take initiative and do things on their own without having to wait for instructions from supervisors.	1	2	3	4	5
31	Delegation of authority to encourage juniors to develop handling higher responsibilities is quite common in this organization.	1	2	3	4	5
32	When seniors delegate authority to juniors, the juniors use it as an opportunity for development.	1	2	3	4	5
33	Team spirit is of high order in this organization.	1	2	3	4	5
34	When problems arise, people discuss these problems openly and try to solve them rather than keep accusing each other behind the back.	1	2	3	4	5
35	Career opportunities are pointed out to juniors by senior officers in the organization.	1	2	3	4	5
36	The organization's future plans are made known to the managerial staff to help them develop their juniors and prepare them for future.	1	2	3	4	5
37	This organization ensures employee welfare to such an extent that the employees can save a lot of their mental energy for work purposes.	1	2	3	4	5
38	Job-rotation in this organization facilitates employee development.	1	2	3	4	5

**Section 3: The following statements describe your job performance. Please encircle the rating that is most appropriate to you.**

S. N	Items	(1)	(2)	(3)	(4)	(5)
1	I help other employees with their work when they have been absent	1	2	3	4	5
2	I volunteer to do things not formally required by the job	1	2	3	4	5
3	I take initiative to orient new employees to the department even though not part of his/her job description	1	2	3	4	5
4	I help others when their work load increases (assists others until they get over the hurdles)	1	2	3	4	5
5	I assist other with their duties	1	2	3	4	5
6	I make innovative suggestions to improve the overall quality of the department	1	2	3	4	5
7	I willingly attend functions not required by the organization, but helps in its overall image	1	2	3	4	5
8	I exhibit punctuality arriving at work on time in the morning and after lunch breaks	1	2	3	4	5

9	I take undeserved work breaks*	1	2	3	4	5
10	I exhibit attendance at work beyond the norm, for example, takes fewer days off than most individuals or fewer than allowed	1	2	3	4	5
11	I coast toward the end of the day*	1	2	3	4	5
12	I give advance notice if unable to come to work	1	2	3	4	5
13	I spend a great deal of time in personal telephone conversations*	1	2	3	4	5
14	I do not take unnecessary time off work	1	2	3	4	5
15	I do not take extra breaks	1	2	3	4	5
16	I do not spend a great deal of time in idle conversation	1	2	3	4	5
17	I achieve the objectives of the job	1	2	3	4	5
18	I meet criteria for performance	1	2	3	4	5
19	I demonstrate expertise in all job-related tasks	1	2	3	4	5
20	I fulfill all the requirements of the job	1	2	3	4	5
21	I can manage more responsibility than typically assigned	1	2	3	4	5
22	I appear suitable for a higher-level role	1	2	3	4	5
23	I am competent in all areas of the job and handle tasks with proficiency	1	2	3	4	5
24	I perform well in the overall job by carrying out tasks as expected	1	2	3	4	5
25	I plan and organize to achieve objectives of the job and meet deadlines	1	2	3	4	5

*Section 4: The following statements describe your psychological dimensions. Please encircle the rating that is most appropriate to you.*

S. N	Items	(1)	(2)	(3)	(4)	(5)
1	I feel confident representing my work area in meetings with management	1	2	3	4	5
2	I feel confident contributing to discussions about the company's strategy	1	2	3	4	5
3	I feel confident presenting information to a group of colleagues	1	2	3	4	5
4	If I should find myself in a jam at work, I can think of many ways to get out of it	1	2	3	4	5
5	Right now, I see myself as being pretty successful at work.	1	2	3	4	5
6	I can think of many ways to reach my current work goals	1	2	3	4	5
7	At this time, I am meeting the work goals that I have set for myself	1	2	3	4	5
8	I can be "on my own," so to speak, at work if I have to	1	2	3	4	5
9	I usually take stressful things at work in stride (pace)	1	2	3	4	5
10	I can get through difficult times at work because I have experienced difficulty before	1	2	3	4	5
11	I always look on the bright side of things regarding my job	1	2	3	4	5
12	I am optimistic about what will happen to me in the future as it pertains to work	1	2	3	4	5

*Thank You So Much!!!*