

## **Effect of Psychological Capital on Organizational Commitment: Mediating Role of Psychological Empowerment**

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### **Abstract**

*The purpose of this study is to examine the mediating role of psychological empowerment in the relationship of psychological capital (PsyCap) and organizational commitment. Data was collected from the 200 sample of teaching staff of higher education institutes in Pakistan through convenient based non- probability sampling technique. The mediating effect of psychological empowerment on the relationship between psychological capital and organizational commitment was tested according to Baron and Kenny's (1986) instructions. Results have proved that Psychological empowerment mediates the relationship between Psychological capital and organizational Commitment. Results recommend that organizations should focus on ways to improve psychological capital of their employees as it should increase their perceived empowerment, which in turn, will increase their organizational commitment. This study represents the first comprehensive attempt to examine the mediating role of psychological empowerment in the relationship between psychological capital and organizational commitment. There is hardly any study in Pakistan that tried to test the relationship between psychological capital, psychological empowerment and organizational commitment.*

**Keywords:** psychological capital, psychological empowerment, organizational commitment, higher education institutes

### **INTRODUCTION:**

Researchers have long been concerned about recognizing the different attributes that influence individual as well as organizational performance. Due to shift from industry era to information and service era, now organization's success mainly depend on its human capital. Many researchers have attempted to figure out the predictors of employee's performance. Psychological capital is one of them that have been getting the attention of the researchers. The concept of psychological capital is central in positive psychology. The resource-based theory has suggested that if organizations have resources which are valuable, rare, non-substitutable and imitable, can give an organization source of competitive advantage (Newbert, 2007). The research conducted by Crook, Ketchen, Combs & Todd (2008), also found a positive relationship between strategic resources and organizational performance. Human resource is considered to be most valuable source among other strategic sources because it is perfectly imitable and un-substitutable (Crook, Todd, Combs, Woehr, & Ketchen, 2011).

People with high PsyCap believed in their ability to handle different challenges they face during their work and expect positive things about future events. This positive state encourages individuals to put more efforts in order to enhance their job performance that ultimately leads to higher job satisfaction (Luthans, et al., 2007). Research also revealed that PsyCap leads to higher employee's commitment towards their organization mission, and has a

positive effect on their intentions to stay (Luthans & Jensen, 2005). Overall, PsyCap has a positive impact on workplace behaviors i.e. job performance; help to combat stress, while reducing negative behaviors (Hsu et al., 2014).

Empowerment has been taken as an important variable for studying organizational outcomes since long time, for instance, innovation, better performance, and commitment (Kanter, 1977; Petter, Byrens, Choi, Fegan & Miller, 2002; Avolio., Zhu, Koh, & Bhatia, 2004). Based on motivational theory, Work environment and situational attributes have significant role in shaping psychological empowerment (Chen, Zhang & Wang, 2014). Pitts, (2005) indicated that employee empowerment has also been used as a key management tool for managing trends and reforms in both public and private organizations. Over the last couple of years, more than seventy percent of organizations have taken initiatives to empower their employees (Spreitzer & Doneson, 2008).

Organizational commitment as defined by Tnay, Othman, Siong, Lim, & Lim (2013) as “a strong belief in and acceptance of the organization’s goals and values; a willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization.” Meyer and Allen (1997) suggested three dimensions of organizational commitment named as “affective commitment, continuance commitment and normative commitment”. In this study, we are taking organizational commitment as whole. Organizational commitment is considered as a key element for organizations to trace their developmental efforts (Cao & Hamor, 2015). Organizational commitment not only contributes in reducing voluntary turnover (Porter, Steers, Mowday & Boulian, 1974) but also linked to work-related outcomes and organizational effectiveness (Van Dierendonck & Jacobs, 2012).

The past research suggested that mechanism through which psychological capital affects organizational commitment remain unexplored (Newman, Ucbasaran & Hirst, 20014). The present study has aimed to fill this gap by testing mediating role of Psychological empowerment between the relationship of Psychological capital and Organizational commitment. The researcher also gone through different databases like Google scholar, Emerald insight, science direct, Willey, and Sage to search articles related to the topic of Psychological capital, and found that mostly most of the studies are related to antecedents and outcomes of PsyCap but gap still exists in understanding the basic mechanism through which Psychological capital affects work-related outcomes i.e. Commitment, Job satisfaction, and employee performance.

### **Literature Review**

**Psychological Capital:** Psychological capital is defined as “an individual’s positive psychological state of development and 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 (resilience) to attain success” (Luthans, Youssef and Avolio, 2007).

The concept of self-efficacy has its basis on social cognitive theory (Bandura, 1992, 2012). It suggests that people who have strong confidence in their abilities to perform well in

a specific task given to them (Stajkovic & Luthan, 1998). Also, people who have high self-efficacy usually more confident about their abilities to succeed in their life and have better control outcomes while facing difficult challenges (Bandura, 1997). These people usually choose challenging goals in their life in order to apply their efforts.

Hope consists of two elements; agency and pathways (Synder et al. 1996). Agency is the individual motivation to be successful in achieving work-related targets whereas pathway refers to the bridge required to achieve those targets (Luthan, Norman, Avelio & Aug, 2008). Hopeful employees are more likely to take a risk and possess the ability to create alternative ways to achieve their targets (Luthan, Aveg et al. 2008). Also when hopeful employee do not succeed in achieving their goals, they take feedback to change their strategies and look for more positive to options to reduce in the accomplishment of their goals (Rego et al., 2010). Optimistic individuals have positive expectations about the results (Scheier, Carver, & Bridges, 2001). These positive expectations energized them to pursue their goals without any fear and motivate them to face difficulties bravely (Seligman, 1998). Thus, optimists people are less likely to surrender and accept defeat and more likely to take challenges in a stressful situation. They innovate new ways to solve difficult problems and to get benefits from those available opportunities (Fredrickson, 2001; Youssef & Luthans, 2007). Resilience is an individual's ability to recover themselves from an uncertain, risky, adverse and stressful situation (Tugade & Fredrickson, 2004). People who possess high-level resilience tend to quickly adopt changes in the external environment and better in adjusting themselves after facing negative experience (Luthans, Vogelgesang, & Lester, 2006).

Research has pointed that PsyCap's has a great impact on unwanted employee's work behaviors such as cynicism and their turnover intentions (Avey et al., 2011). The concept of psychological capital is considered as main variable in positive psychology. In Pakistani context, Abbas, Raja, Darr, and Bouckennooghe (2014) tested the moderating role of psychological capital in relationship between organizational politics and job-related outcomes (job satisfaction, performance turnover intentions) and found that in the presence of strong Psychological capital, relationship between organizational politics and performance became weaker, while relationship between organizational politics and turnover intentions became stronger in the presence of high Psychological capital. Idris & Manganaro, (2017) studied the relationship between psychological capital, job satisfaction, and organizational commitment in the Saudi Arabian oil and petrochemical industries and found that higher PsyCap can lead to better organizational commitment.

**H1:** There is positive relationship between Psychological capital and Organizational Commitment

**Psychological empowerment:** The definition of Psychological empowerment is given as "increased intrinsic task motivation manifested in a set of four cognitions reflecting an individual's orientation to his or her work role: competence, impact, meaning, and self-determination" (Spreitzer, 1995 p. 1443). The concept of employee empowerment has been extensively studied during the last two decades in different contexts, such as hotel staff (Amenumey & Lockwood, 2008), public welfare caseworkers (Petter et al., 2002), nurses (Koberg et al., 1999; Knol & Van Linge, 2009), social workers (Itzhaky & York, 2000) and

teachers (Marks & Louis, 1999). Employee empowerment is considered to be an important element of contemporary management in all kind of organizations (Spreitzer, 1995; Petter et al., 2002 & Pitts, 2005). Organizations use empowerment as import instrument to enhance employee's involvement that ultimately helps the organizations to achieve it short and long-term goals (Lawler, 1986) and to give them motivation for completion of a task (Conger & Kanungo, 1988).

Many studies have confirmed a positive role of empowerment in the quality of work for individual employees, enhances job satisfaction and work productivity (Thomas & Velthouse, 1990; Fulford & Enz, 1995; Spreitzer, 1995; Eylon & Au, 1999 & Koberg et al., 1999). While disempowerment leads to high turnover, high rate of absenteeism and reduce job satisfaction (Karasek, 1990). Furthermore, Empowerment has significant importance for implementing change in organizations (Conger & Kanungo, 1988). The study of Wallach and Mueller (2006) showed that those employees who were involved in decision making had higher Psychological empowerment. Those individuals who are high in PsyCap are hopeful in term of accomplishment of their goals, are optimistic about achieving positive results, are more confident in making a difference on their job and possess the ability to get back to normal after facing a tragedy. Thus these individuals seem to perceive themselves as having a great impact on their organizational activities and outcomes (James et Al., 2008). Furthermore, these individuals have the ability to innovate alternative ways to find the solution of complex problems (hope) and they use these alternatives without any hesitation and without any delay of waiting for getting permission (Efficacy+hope). By doing so, they feel autonomy and feel to have control over their work environment. These Psychological mechanisms lead to positive relationship between PsyCap and Psychological empowerment.

Empowered employees perceive themselves to be more competent and think themselves to have more influence on their job and organizations. These feelings lead to increase in organizational citizenship behaviors and higher level of organizational commitment (Spreitzer, 1995). Social exchange theory is also helpful in explaining the relationship between Psychological empowerment and Organizational Commitment. When employees feel to be empowered are more likely to reciprocate in the form positive job-related attitudes i.e. higher organizational commitment (Kraimer, Seibert, & Liden, 1999).

**H2:** There is positive relationship between Psychological capital and Psychological empowerment.

**H3:** There is positive relationship between Psychological empowerment and Organizational Commitment.

**Organizational Commitment:** Organizational Commitment (OC) is the measurement of an employee's association with his or her organization (Fu and Deshpande, 2014). Organizational commitment is generally considered as a psychological link between organizations and its employees that decrease the turnover intentions of the members (Allen & Meyer, 1996). Research shows that high OC leads to benefits for both member and organizations, while low OC leads to adverse outcomes for both (Randall, 1987). Akdogan & Demirta, (2015) categorized OC in three elements, "a robust a strong belief and acceptance of

the goals and values of the organization, willingness to exert considerable effort for the organization and a strong desire to remain a member of the organization”. Bashir & Ramay (2008) in his study on IT, found positive relationship exist between, career opportunities and organizational commitment.

Bushra, Ahmad & Naveed (2011) in his study found positive relationship transformational leadership and job-related outcomes (job satisfaction and organizational commitment). Gade et al., (2003) pointed that OC has been divided into three components, and it is considered as most comprehensive and developed theory related to OC. “affective attachment to the organization, perceived costs associated with leaving the organization and obligation to remain with the organization” (Meyer & Allen, 1991). The definition of Affective organizational commitment is given by Meyer & Allen (1991) in following words “emotional attachment to, identification with, and involvement in the organization”. Usually, this term is used to portray emotional attachment of individual to the group. Ohana, M., (2014) found the moderating role of organizational tenure and organizational size in relationship between organizational justice and affective commitment. Affective commitment is found to be correlated with employee outcomes such as health, stress, career success and work non-work conflict and to organizational related outcomes such as absenteeism, in-role and extra-role performance and voluntary turnover (Stinglhamberet al., 2015; Kim et al., 2015; Ng & Feldman, 2014; Mariqueet al., 2013; Cohen and Golan, 2007). Continuance commitment (CC) is defined as “feelings of attachment to an organization because of the economic and/or social costs associated with leaving” (Hung et al., 2015). In other words, employee possess continuous commitment when he wants to remain with the same organization just because of higher perceived cost of leaving than perceived potential benefits he can avail while working in other organizations. Whereas, normative commitment (NC) is defined as “feeling of obligation to remain in the employment of the organization” (Ahmad & Oranye, 2010). Normative commitment comes from individual’s sense of responsibility to stay with an organization without considering the benefits he or she may get by leaving the organization. When employees feel empowered, more chances that will reciprocate in term of higher organizational commitment (Eisenberger, Fasolo, & Davis-LaMastro, 1990). Empowered employees perceive themselves as more skilled and perceive to have an impact on their organizations and jobs in a more significant way (Avolio et al., 2004). This leads to higher motivation to put extra-role efforts and higher organizational commitment (Spreitzer, 1995).

**H4:** Psychological Capital mediates the relationship between Psychological Capital and Organizational commitment.

### **Methodology**

The participants were selected from seven higher education institutes of Sargodha district of Pakistan. The participation of the respondents was voluntary and assured them about their data confidentiality. In order to examine the study hypotheses data was collected through self-administered questionnaire through convenient based non-probability sampling technique.

The Questionnaire of Psychological capital was adopted from Luthans, Youssef, and Avolio (2007). The Questionnaire contains 12 items for example “When things are uncertain for me at work, I usually expect the best”. Psychological Empowerment was measured by adopting a scale developed by (Spreitzer’s, 1995).The Questionnaire contains 6 items for example “I have considerable opportunity for independence and freedom in how I do my job”. “Five points Likert scale” was used ranging from strongly agree=5 to strongly disagree=1, was used to take the response of the respondents for measurement of above-mentioned variables. Initially, about 300 questionnaires were distributed; Out of total distributed questionnaire, 240 returned back. From returned questionnaire, only 200 were finally used for analysis, because few questionnaires have some errors i.e. missing response on few items, clicking two options.

### Results and Discussions

**Demographics:** The profiles of the respondents are given in the demographic table. The sample consists of 55.5 %males and 44.5 % females. Out of total respondents, 37 percent are married and 63% are Single. Most of the respondents have 18 years of education (MS/Mphil) with 51 percentages, followed by 45 percent with the education of 16 years, while only 4% of sample owned PhD Degree. A total of 65 percent are between the ages of 25 to 35, 27.5 percent are less than 25 years old, 7 percent between ages 36 to 46, while only .05 percent have aged more than 46 Years. Out of total sample, 55.5 percent have organizational tenure between 2 to 5 years, 29.5 % with 1 or less, and 15 percent respondents have organizational tenure one year or less. Out of total sample 34% have job tenure of one or less organizational tenure, 48 percent with 2 to 5 years of job tenure and 17 percent are with job tenure of more than 5 years.

Table 1: *Descriptive Analysis*

Descriptions	Gender	Marital status	Educatio n	Age	Organization al Tenure	Job Tenure
Male	111(55.5%)					
Female	89(44.5%)					
Married	11111111 111	74(37%)				
Un-Married		126(63%)				
Bachelor (16 years)			90(45%)			
MS/M.Phill (18 years)			102(51%)			
Ph.D			8(4%)			
Less than 25 years				55(27.5%)		
25-35				130(65%)		

<b>36-46</b>					14(7%)	
<b>47 and Above</b>					1(0.5%)	
<b>1 year or less</b>					59(29.5%)	
<b>2-5</b>					111(55.5%)	
<b>More than five years</b>					30(15%)	
<b>1 year or less</b>						69(34%)
<b>2-5</b>						96(48%)
<b>More than five years</b>						35(17%)
<b>Total</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>

**Normality Test:** Normality of data was judged on the basis of the value of skewness and kurtosis (see Table 2.1). The values of skewness and kurtosis between -2 to +2 are considered acceptable for normality of data (George & Mallery, 2010).

Table 2.1. Kurtosis and Skewness

	Mean	SD	Skewness	Std. error of skewness	Kurtosis	Std. error of Kurtosis
<b>PC</b>	3.9021	.59247	-.911	.172	1.696	.342
<b>PE</b>	3.5150	.68671	-.260	.172	.883	.342
<b>OC</b>	3.5370	.52747	-.405	.172	.312	.342

**PC= Psychological Capital, PE= Psychological Empowerment, OC= Organizational Commitment**

Further analysis was done through Kolmogorov-Smirnov and a Shapiro-wilk test, the purpose of these tests was to confirm the normal data distribution. The results revealed that data is normally distributed; as all static values of all variable in both tests were significant at 95% confidence interval for Mean (see Table 2.2). If data shows normal distribution, parametric tests must use.

Table 2.2. Kolmogorov-Smirnov And Shapiro-Wilk Tests

	Kolmogorov-smirnov			Shapiro-wilk		
	Statistic	N	Sig.	Statistic	N	Sig.
<b>PC</b>	.082	200	.002	.977	200	.003
<b>PE</b>	.110	200	.000	.948	200	.000
<b>OC</b>	.088	200	.001	.982	200	.011

**PC= Psychological Capital, PE= Psychological Empowerment, OC= Organizational Commitment**

**Reliability analysis:** The Cronbach’s alpha values of all variables are within acceptable range, as Cronbach’s alpha ranges from .721 of Organizational Commitment to .867 of Psychological capital which is above the recommended value of .70 (Hew & Leong, 2011). Thus on the basis of results, it can be concluded that instruments have good reliability.

Table 3. *Reliability Analysis*

Name of variables	No of Items	Cronbach's Alpha
Psychological Capital	12	.867
Psychological Empowerment	6	.758
Organizational Commitment	10	.721

**Correlation Analysis:** The Correlation Table 4 shows the level of association and direction of relationship among the variables. Correlation analysis supports the hypothesis H1, H2, and H3. Results of correlation analysis revealed that all variables are significantly correlated. The highest value of correlation coefficient ( $r = .412$ ,  $p < .01$ ) between Psychological capital and Psychological empowerment, followed by between PsyCap and OC ( $r = .323$ ,  $p < .01$ ) and finally between PE and OC ( $r = .188$ ,  $p < .01$ ), therefore no multi-co-linearity problem. As Hair et al. (2010) pointed that the correlation coefficient ( $r$ ) must not go beyond .90 to get rid of multi-co-linearity problem.

Table 4. *Correlation Analysis*

Variables	PsyCap	PE	OC
Psychological capital	1		
Psychological Empowerment	.412**	1	
Organizational Commitment	.323**	.188**	1

\*\*\*Correlation is significant at .01 levels (two tailed) N: 200

**Regression Analysis:** One way analysis of variance (ANOVA) was use In order to determine possible difference between the means of Psychological capital, Psychological empowerment and Organizational commitment based on Gender, marital status, age, job tenure, and organizational tenures. ANOVA is used to find whether there any difference between means of two or more independent variables. It was found that Demographics variables (Gender, marital status, education, age, job tenure, organizational tenure), that were used in the current study have no significant effect on Psychological capital, Psychological empowerment and Organizational commitment. So while running regression analysis there is no need to control these demographic variables.

Regression test was used to test the entire hypothesis from H1 to H4. In order to test mediating role of Psychological empowerment between Psychological capital and Organizational commitment, we employed Baron and Kenny’s (1986) four-step process. Results of stepwise regression analysis are reported in Table 5. H1 suggested that positive effect of Psychological capital on organizational commitment. The Step one of table 5 sought to determine if Psychological capital was a significant predictor of Organizational Commitment. When organizational commitment was regressed on Psychological Capital, as displayed in table 5, Psychological Capital demonstrated a direct effect on Organizational Commitment ( $\beta = .323$ ,  $p < .01$ ), and accounted for 10.4 % of the total variance of Organizational Commitment.  $F(1, 198) = 23.010$  is greater than table value of  $F$ , and also the value of Durbin-Watson (1.370) support H1. So, hypothesis 1 has accepted. In the second step



of table 5, it was sought to determine the relationship between Psychological capital and Psychological Empowerment when Psychological empowerment was regressed on Psychological capital. We found positive relationship between Psychological capital and Psychological Empowerment ( $\beta = .412, p < .01$ ). However, Psychological capital accounted for 17% of the total variance of Psychological empowerment.  $F(1, 198) = 40.497$  is greater than table value of F. Also Value of Durbin-Watson (1.629) supports H2. In step three we sought to understand the relationship between Psychological Empowerment and organizational commitment. when organizational commitment was regressed on Psychological Empowerment. We found positive relationship between Psychological Empowerment and organizational commitment ( $\beta = .188, p < .01$ ), however, it is noted that Psychological empowerment accounted for relatively small portion 3.5% of the total variance of Organizational commitment. Also  $F(1, 198) = 7.241$  is greater than table value of F and also Value of Durbin-Watson (1.229) support H3. So hypothesis #3 has accepted. Hypothesis 4 suggests the mediating role of Psychological empowerment between Psychological capital and organizational Commitment. Step four of table 5 Shows the direct effect of Psychological Capital on Organizational Commitment, after controlling mediating variable, is .295. This is a substantial decrease from the total affect .323. Also after controlling mediator Psychological empowerment, Psychological capital accounted for 10.8% of the total variance of Organizational Commitment which is higher than before controlling Psychological empowerment. Hypothesis 4 has accepted.

Table 5: Regression of Psychological capital on Organizational Commitment through Psychological empowerment (Steps according to barren and Kenny (1986))

Step	Dependent/Independent variables	Un- Standardized Coefficients		Standardized Coefficients		Significance Level	Durbin - Watson
		B	Standard Error	Beta	t		
Step 1 (Total Effect)	Dependent Variable: Organizational Commitment Psychological Capital	.28 7	.060	.323	4.797	.000	1.370
R = .323, R <sup>2</sup> = .104, F(1, 198) = 23.010							
Step 2	Dependent variable: Psychological Empowerment Psychological Capital	.48 7	.075	.412	3.646	.000	1.629
R = .412, R <sup>2</sup> = .170, F(1, 198) = 40.497							
Step 3	Dependent Variable: Organizational Commitment Psychological Empowerment	.14 4	.054	.188	2.691	.008	1.229
R = .188, R <sup>2</sup> = .035, F(1, 198) = 7.241							
Step 4	Dependent Variable: Organizational Commitment						

(Direct Effect)	Psychological Capital	.26	.066	.295	4.000	.000	1.331
		3					
R = .328, R <sup>2</sup> = .108, F(2, 197) = 11.894							

### Findings and Discussions

The paper has empirically tested the relationship between psychological capital, Psychological empowerment, and organizational commitment in higher education institutes in Pakistan. Specifically, this paper has predicted that psychological capital has a direct and positive link with organizational commitment (H1) and psychological empowerment (H2), psychological empowerment has a direct and positive relationship with organizational commitment (H3), and psychological empowerment will mediate the relationship between psychological capital and organizational commitment (H4).

The results indicate that a positive and significant relationship between psychological capital and organizational commitment. This result supports the first hypothesis of this study. This indicates that employees with higher psychological capital have higher organizational commitment. This result is similar to previous studies which establish the positive relationship between psychological capital and organizational commitment (Çetin, 2011; Lifeng, 2007; Luthans, Norman, Avolio & Avey, 2008). The results of the analysis further indicate that a positive and significant relationship between psychological capital and psychological empowerment. This result provides supports for our second hypothesis. This result is in line with the previous study of Avey, Hughes, Norman & Luthans (2008). The results of analysis further indicate that significant positive relationship exists between psychological empowerment and organizational commitment. This provides support for hypothesis 3. This result is similar to past studies (Bhatnagar, 2005; Bhatnagar, 2007; Joo & Shim, 2010). This recommends that by empowering employees, organizations can enhance employee's commitment.

After establishing the first three hypotheses of our research, we now come to the most important component of our research, the testing the mediating role of psychological empowerment. As direct relationship exists between all three variable of this study, direct relationship between Psychological capital and organizational commitment, and their relationship through mediator Psychological empowerment, it seems that Psychological empowerment mediates the relationship between Psychological capital and organizational commitment (Baron & Kenny, 1986; Bolger, 1998), supporting hypotheses *H4*.

The results suggest that Psychological capital can improve psychological empowerment of employees, which in turn increase organizational commitment of employees. The significant relationship between these three variables (Psychological capital- psychological empowerment- organizational commitment) is an important finding of the current research that has not been empirically tested before by any researcher. It was also recommended to be empirically tested by Newman, Ucbasaran, & Hirst (2014). This finding shows that psychological plays an essential role in the relationship between psychological capital and organizational commitment.

While developing policies for their human resource, organizations must meet the conditions that require increasing psychological empowerment of their employees, it ultimately will

enhance their commitment to their organization. Results demonstrate that organizations should focus on ways to improve psychological capital of their employees as it should increase their perceived empowerment, which in turn, will make them more committed to their organization. As the psychological empowerment increases, more likely that employee's commitment will also enhance. Additionally, from a strategic viewpoint, our findings imply that organization particularly higher education institute may use psychological capital as an important criterion in the recruitment of their employees.

### **Limitations and Future Direction**

There are some limitations of the study, especially with the research design. The study used cross-sectional design in this research. Future researcher may use longitudinal research design in order to remove causality error. By taking longitudinal approach to current study, future researcher could capture more data points. Although our sample size was quite enough to conduct current research, but if one wants to use some sophisticated analysis techniques, i.e. Multilevel Structural Equation Modeling (MSEM) as it has suggested by (Hox et al. 2010). As data was collected from higher education institutes only, so results of this study cannot be generalized. Future researcher may conduct this study in other sectors i.e. manufacturing, or banking sector.

The focus of the current study was to find out the mechanism through which psychological capital affects organizations commitment; future researcher may focus their efforts to find out the mechanism through which psychological capital affects other work-related outcomes i.e. organizational citizenship behavior, job satisfaction. Finally, future studies might find the possible moderating role of personality between the relationship of different leadership styles and psychological empowerment, and other work-related outcomes.

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