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# Mediating Role of Psychological Capital between Dimensions of Organisational Culture and Employees' Performance: A Study of Select Organisations

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## Abstract

The study focuses on the impact of two dimensions of organisational culture: Developmental Culture (DC) and Relational Culture (RC) which plays an important role in promoting the success of an enterprise. The mediating relationship of PsyCap between the dimensions of organisational culture and employees' job performance is explored. The study is conducted in the financial and education sector of India. The model is tested using CFA and SEM research techniques on SPSS and AMOS software. The study indicates that psychological capital is a full mediator between the dimensions of organisational culture and employees' job performance.

**Keywords:** Developmental Culture, Relational Culture, Psychological Capital, Employee Job Performance

## 1 Introduction

Culture is a very dynamic and complex concept to understand. Culture can be described as a heritage (Ayuk, 1979). Culture is "the sum of all the artefacts, behaviour, institutions, and mental concepts that are transmitted by learning among members of society" (Lumsden and Wilson, 2005). Hofstede and Bond (1988) defined culture as "the collective programming of the mind which distinguishes the members of one group of people from those of another". There exist three levels of culture: the first level comprises behaviour and artefacts which represents the visible part of the culture, the second level is the values that cannot be directly observed but determine behaviour, and assumptions represent the third level of culture (Schein, 1988).

Culture is difficult to disentangle in large societies but easy to do inside corporations. The companies represent a link between culture and formal institutions. Organisational culture refers to "a complex set of beliefs, values, assumptions and symbols that define how a firm conducts its business" (Barney, 1986). Culture is reflected in the task realisation, setting of goals, and the way people are guided towards the achievement of goals (Stare, 2012). The organisation cultures are partly determined by nationality and industry, partly by organisational variables like structure and control systems, and partly through the history of the organisation and the personality of its founder (Hofstede, 2003).

"Organisational culture has a significant impact on employee's performance. A positive and high level of organisational culture can make an average employee a high performer, whereas a negative and weak culture makes an outstanding individual perform less efficiently leading to ineffectiveness" (Gorodutse and Hilman, 2019). A strong culture can reshape

the overall business performance, (Galbreath, 2010). Organisational culture can lead to the success of the organisation “by shaping the organisational values, attitude, and behaviour of employees” (Gorondutse and Hilman, 2019). The internal work culture of an organisation consists of prevailing managerial assumptions and beliefs and is concerned with mainly two organizational elements: the employees and the task (Aycan et al., 1999).

The study has been undertaken to identify the dimensions of organisational culture and its impact on psychological capital & employee's job performance. The study is undertaken on the financial and education sector of India. The sample includes Banks, Insurance companies, and Universities in India. Both the financial and education sector are the backbones of every other industry operating across the country. Without the right capital and skills, no organisation can flourish. Surprisingly, there has also been a dearth of studies on the concept of organisational culture and its relevance in the financial and education sector. It is imperative to understand the cultural environment of these sectors and how it can be capitalized on for stimulating the employee's performance. There is also an important variable, psychological capital that needs to be studied in context to the relevant sectors. The relationship between developmental culture, relational culture, psychological capital, and employee job performance has not been discussed so far in detail in the existing literature. The researchers aim to fill this research gap.

The paper discusses the relationship among three factors: Dimensions of Organisational Culture, Psychological Capital, and Employee Job Performance. The three factors are explained as follows:

### 1.1 Dimensions of Organisational Culture

Many researchers have given different dimensions of organisational culture. Hofstede (2003) mentioned six dimensions of organisational culture: process orientation versus result orientation (efforts made by people on their jobs), employee orientation versus job orientation (concern for people versus task achievement), parochial versus professional (Involvement in employee's private lives), open and closed system (openness to outsiders), loose and tight control (focus on discipline), and normative & pragmatic (procedure versus customer's needs). Wallach (2018) gave three types of organisational culture: innovative (creative and challenging), supportive (people-oriented), and bureaucratic (hierarchical culture). Organisational culture can be defined in four subdimensions: hierarchical (control and stability), rational (focus on task achievement), group (employee participation), and developmental (creative and flexible), (Quinn and Spreitzer, 1991). Cameron & Quinn (2011) mentioned four cultural types: Adhocracy, Clan, Hierarchy, and Market. Clan culture emphasizes teamwork and is like an extended family. The market is result-oriented. The hierarchy is very controlled and structured. Adhocracy is very dynamic and entrepreneurial. Organisational culture can be Developmental culture, Relational culture, and Facilitating Culture (Aggarwal and Singh, 2020). Developmental culture recognises and rewards the knowledge and expertise of the employees. The organisation focuses on the continual investment in the development of skills of the employees. Relational cultural organisations prefer family-like environments in the workplace. Mutual respect, open communication, and trust are the key factors of relational enterprise. The facilitating organisation takes care of the well-being of its people. Values regarding change and action orientation are two dimensions of adaptive organisational culture. Both of these dimensions predict organizational survival (Costanza et al., 2015).

### 1.2 Psychological Capital

There exists a significant positive relationship between psychological capital and performance. The term psychological capital is defined as “an individual's positive psychological state of development which is characterized by self-efficacy, optimism, hope, and resiliency” (Luthans et al., 2007). The constructs of psychological capital (PsyCap) are more like states and not traits. The components are open to change and development (Luthans et al., 2007). Efficacy is defined as the individual's confidence in his or her abilities. Hope is a positive motivational state of mind (Snyder, 2000). Optimism is reinforced by positive 'self-talk' (Luthans et al., 2006). Resiliency is explained as a phenomenon of positive adaptation in times of significant adversities (Masten and Reed, 2002).

### 1.3 Employee Job Performance

An organisation's efficiency and effectiveness are determined by employee job performance (EJP). Job performance is referred to as the behaviour that employees exhibit at work that leads to the delivery of outcomes required by the organisations in terms of job quantity, job quality, and job time (Na-Nan et al., 2018). Produced units of output are job quantity whereas meeting the set standards about the procurement, production, & delivery of goods and services is job quality. Job time refers to the amount of time taken to complete a work activity concerning to the task difficulty (Peterson and Plowman).

The paper explores the relationship between organisational culture, psychological capital, and performance by taking PsyCap as a mediating variable.

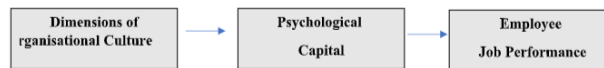


Figure 1. Conceptual Model

## 2 Review of Literature

The literature is divided into three sections: the relationship of organisational culture with psychological capital and performance, the relationship of psychological capital with performance, and the mediating role of psychological capital.

### 2.1 Relationship of Organisational Culture with Psychological Capital and Performance

A positive significant correlation exists between organisational culture and psychological capital (Manchala and Sudhakar, 2017). Leadership and perceived organizational support are the antecedents of psychological capital. PsyCap is an important mediating mechanism between perceived organizational support and employee work outcomes (Wu and Nguyen, 2000). Open communication can provide a hopeful organisational culture that encourages employees to seek responsibility and accept accountability (Luthans et al., 2007). Employees who act in consistency with their values and morality are more energetic and resilient, (Richardson, 2002). Culture affects the self-determination, motivation, and outcomes of college students. Family values are less important in individualistic cultures than in collectivist cultures. Family values benefit college students more from the collectivistic cultures and are more relevant to their emotional well being in contrast with European American students. There is a moderating role of culture between family values and student outcomes (Oh et al., 1964). Dialectical thinking mediates the relationship between culture and resilience capacity through modification of self-concept and beliefs (Zheng et al., 2020).

The innovative culture influences brand performance more than market orientation (O’Cass and Viet Ngo, 2007). A significant correlation exists between organisational culture, knowledge management, and employee satisfaction (Singh and Sharma). Ambidextrous organisational culture significantly influences employee’s job performance (Lee et al., 2017). Strong emphasis on values by the leaders of healthcare establishments that denote flexibility such as humanity and innovation may encourage absenteeism rate to restore the health of employees (Jourdain and Chênevert, 2014). The organisations operating under the assumptions of providing growth and development opportunities, nurturing interpersonal relationships, and developing trust and cooperation have high performance (Dwivedi, 2001). Low project organisational culture can result in project failure (Stare, 2012). The knowledge-sharing factor supports the mediation between organisational culture and employee’s job performance (Jarrah et al., 2020). Cultural factors are related to the motivation and employees’ performance levels (Sinha et al.). Societal values influence HRM practices through the mediating effect of internal work culture. A proper fit is required between organizational practices and the employees’ cultural backgrounds (Aycan et al., 1999). The relationship between job satisfaction & job performance is moderated by culture (Ng et al., 2009).

### 2.2 Relationship of Psychological Capital with Performance

Psychological capital is positively correlated to work outcomes (Sihag and Sarikwal, 2015). Higher psychological capital is associated with a high level of organisational effectiveness. There exists a positive correlation between PsyCap and different dimensions of organisational effectiveness (Soni and Rastogi, 2017). Psychological capital positively affects job performance. Work unit identification positively affects the PsyCap. Relational identification (an employee’s relationship with his co-workers) is the major facilitator of job performance (Tüzün et al., 2018). Both efficacy and optimism have a positive influence on job performance. Hope serves as a sufficient condition for the occurrence of job performance (Tho et al., 2013). A high level of psychological capital increases employee engagement and thus increases job performance over time. The development of job performance is dependent on the development of work engagement that is created through a high level of psychological capital (Alessandri et al., 2018). Optimistic resilience has a positive effect on the worker’s internal motivation and such workers are more likely to find proactive solutions, thus improving the firm’s performance (Kim and Noh, 2015).

### 2.3 The mediating role of Psychological Capital

A supportive organisational culture positively influences employees’ psychological capital which then affects employees’ well-being (Roemer and Harris, 2018). There is sufficient literature supporting the mediating role played by psychological capital. PsyCap acts as the mediator between leadership and creative performance (Gupta & Singh, 2014), personality traits and creativity (Hong et al., 2020), academic engagement and academic performance (Martínez et al., 2019) and HRM practices and employees’ job performance (Sobaih et al., 2019). PsyCap acts as a mediator between workaholism and burnout. The change in technology, competition, and work demands have narrowed down the line between personal and professional lives. PsyCap reduces the direct effect of workaholism on an individual’s burnout. PsyCap has a significant negative impact on burnout. The work environment should be such that it could help in mitigating stress through higher PsyCap (Moyer et al., 2017). Psychological capital perfectly mediates the relationship between spiritual leadership and

employee performance (Baykal and Zehir, 2018). The available literature supports the positive cause and effect relationship between organisational culture & job performance (Jarrah et al., 2020; Galbreath, 2010) and organisational culture & employees' psychological capital (Manchala and Sudhakar, 2017; Luthans et al., 2007). There is also a positive cause and effect relationship between PsyCap and employees' job performance (Luthans et al., 2007). But limited literature exists in the empirical testing of the mediating role of psychological capital between organisational culture and job performance. (Lee et al., 2017) proposed a mediating role of PsyCap between the relationship between Ambidextrous Organisation Culture and employees' job performance. Extending the same proposition, the study explores the mediating role of PsyCap between organisational culture (composition of Developmental and Relational Culture) and employees' job performance.

### 3 Methodology

The research design has been explained in three parts: data collection, the sample frame of the study, and the empirical model.

#### 3.1 Data Collection

When the "Scopus" database is searched with the search string (TITLE-ABS-KEY ("organisational culture" AND "psychological capital") AND TITLE-ABS-KEY ("organisational culture" AND "job performance") AND TITLE-ABS-KEY ("psychological capital" AND "job performance")), only 5 documents were found. On analysing the results, it was found that articles belonged to countries like China, South Korea, and New Zealand. There is limited research done in India on the relationship between organisational culture, psychological capital, and job performance. The articles mainly belonged to the manufacturing sector, corporate sector, or hospitality sector.

The study focused on collecting responses from the banks, Insurance companies and the Universities of India. These three industries represent the financial and education sector of India. Both these sectors are the backbone of the country's development. Without the right skills and capital, no country or the sector can flourish. It is important to study the impact of organisational culture and the employees' PsyCap on the job performance of these two sectors. Thus, the data was collected from 208 respondents from the financial and education sector of India. The standard deviation of the data was checked to ensure sufficient variation in the responses obtained. The data was collected through the google form from the online mode using LinkedIn. The questionnaire was distributed using simple random sampling where every respondent has an even chance and likelihood of being selected in the sample.

#### 3.2 Sample Frame of the Study

The population for the study included approximately 2,11,934 employees from the nine selected Institutions in India. The selected organisations included three banks from NIFTY Bank Index 2020, three insurance companies that were registered with the IRDAI (Insurance Regulatory and Development Authority) in 2020, and the top three Universities rated by NIRF (National Institute Ranking Framework) 2020. Since culture is a dynamic and evolving concept, the organisations that have been in existence for the last 25 years had been selected. Based on the criterion, the nine oldest Institutions have formed the population for the study. The organisations included Bank of Baroda, Federal Bank, Punjab National Bank, National Insurance Company Limited, The New India Assurance Company Limited, United India Insurance Company Limited, Indian Institute of Science, Banaras Hindu University, and the Calcutta university of India. The sample is collected through the online mode using LinkedIn. The sample frame included employees from the selected nine organisations that were registered on LinkedIn.

#### 3.3 Empirical Model

The study has been undertaken in two phases. In the first phase, the dimensions of organisational culture were explored. A small pilot survey was conducted to identify the dimensions of organisational culture relevant to the sample organisations. The 5-point Likert scale questionnaire was adapted from (Aggarwal and Singh, 2020). Originally, there were 17-items on the scale. But, to ensure uniformity, the researchers tested the scale with 30-items. There were 10-items each for the three factors: Developmental Culture, Relational Culture & the Facilitating Culture. 131 responses were obtained. 39.6% of the responses were from banks, 19.8% from insurance companies, and 40.4% from universities. Exploratory Factor Analysis was used to determine the dimensions of organisational culture (Attree et al., 2020). The Principal Component Analysis technique was used to determine the principal drivers of organisational culture. It is the best method considered as it takes into account the total variance. For determining pure clusters Varimax rotation method was used by the researchers (Hair et al., 2009). Sample size adequacy was determined using Kaiser – Meyer – Olkin (KMO) test and Bartlett's Test of Sphericity (Kaiser and Rice, 1974; Bartlett, 1954). The KMO value for the instrument was 0.940 and Bartlett's Test value was significant. There were two factors primarily loaded: Developmental and Relational Culture explaining 65.359% of the total variation. Seven items each loaded on the two factors. The two factors along with the factor loadings are given in Table 1

The reliability was tested using Cronbach's alpha. The reliability for the Organisational Culture scale was 0.940 (14 items), for Developmental Culture 0.927 (7 items) and for Relational Culture 0.878 (7 items). The reliability measures were

**Table 1.** EFA results of Dimensions of Organisational Culture (OC)

Item No.	Items	Factor Loadings	
		Developmental Culture (DC)	Relational Culture (RC)
A12	People have trust in other team members.		0.835
A11	There is a high level of cooperation among people.		0.816
A5	Everyone in the organization treats each other with respect.		0.807
A14	There exists a family-like atmosphere in the organization.		0.751
A23	There is a positive workplace environment.		0.733
A8	People in the organization have a strong association with each other and look out for each other for suggestions and guidance.		0.728
A24	People are able to reach an agreement on key issues in the organization.		0.638
A1	There is continual investment of time and money in developing the skills of people.	0.783	
A7	People are able to improve their capabilities for carrying out a task.	0.725	
A3	People become active participants in the development process rather than being a passive beneficiary of the development.	0.662	
A19	People are ready to face any problem and do not avoid facing them.	0.652	
A17	The organisation values loyalty.	0.639	
A25	People adopt new and improved ways to do work.	0.638	
A18	The way things are done is very flexible and easy to change.	0.638	

above 0.70 (Hair et al., 2009).

After the pilot survey, the researchers tested the conceptual model. The impact of the dimensions explored: Developmental Culture and Relational Culture was determined on the employee's performance. The psychological capital was taken as the mediating variable. The three scales were used. Modified Organisational Culture Scale as given in Table 1 (Aggarwal & Singh, 2020); Psychological Capital (PsyCap) scale, (Luthans et al., 2007); and the Employee Job Performance (EJP) Scale (Na-Nan et al., 2018). All the scales were adapted to a 5-point Likert scale to ensure uniformity. There were 51-items in total. The model was first tested using the Confirmatory Factor Analysis. The model was tested on a sample size of 208 respondents. The sample was different from the pilot survey. Both the pilot survey and the final survey were administered on different sample frames. In the initial running of the model, several of the items were found to be insignificant. These items were dropped from the model and the remaining 28-items, 5-items each for Developmental and Relational Culture, 11-items for Psychological Capital (Efficacy, Resiliency, and Hope), and 7-items for the Employee Job Performance (Job Quantity, Quality, and Time) were retested. The test was undertaken separately for the two dimensions: Developmental and Relational Culture.

The measurement model with the four factors of PsyCap (Efficacy, Resiliency, Hope, & Optimism), DC, & EJP, GFI and CFI were measured as 0.849 and 0.928 respectively. Except for the two items of Optimism factor, all were having squared multiple correlations less than 0.40. Similarly, with the four factors of PsyCap, RC, & EJP, GFI was 0.854 and CFI was 0.938. After eliminating the optimism factor from the model, the measures significantly improved as mentioned in Table 3. Therefore, the study has continued to take the three-factor model of PsyCap and dropped the Optimism factor from the model.

## 4 Data Analysis

Data was collected from 208 respondents. About 40.8% of the respondents were from selected banks, 38.9% from universities, and 20.1% from insurance companies. Male respondents were 81.2% and 18.7% of responses were from females. Descriptive statistics of the collected data are presented in Table 2.

**Table 2.** Descriptive Statistics

S.no.	Variable	Mean Value
1	Age	35.75
2	Working Experience	9.06
3	Developmental Culture (DC)	3.51*
4	Relational Culture (RC)	3.62*
5	Psychological Capital (PsyCap)	4.13*
6	Employee Job Performance (EJP)	4.08*

Source: Authors' findings

\* Data is measured on a 5-point scale

The DC and RC were found to be moderate, and PsyCap & EJP measured good on the sample frame. The average work experience of respondents was 9 years, and their age was 35 years. The measurement model was tested with both the dimensions of organisational culture: DC and RC separately. The model fitness measures are given in Table 3:

The value of (CMIN/DF) should be in the order of 3:1 or less (Hair et al., 2009). It is desired for the value of RMSEA

to be small (less than 0.06) (Thompson, 2004). Models that reasonably fit well have CFI & GFI measuring 0.95 or more (Thompson, 2004). From Table 3, it can be inferred that the model fit was reasonably good for both DC and RC as CMIN/df was less than 3:1, GFI & CFI were near 0.95, and RMSEA was very close to 0.06. After testing the model fitness, the convergent validity measures were computed and Cronbach's alpha was computed. The measures for the two models are given in Table 4 and Table 5.

**Table 3.** Measurement Model fitness measures

Model	CMIN/DF	GFI	CFI	RMSEA
Measurement Model 1 with DC, PsyCap, and EJP	1.828	0.862	0.935	0.063
Measurement Model 2 with RC, PsyCap, and EJP	1.710	0.869	0.944	0.059

Source: Authors' findings

**Table 4.** Validity and Reliability Measures for Measurement Model 1

S.no.	Variable	CR	AVE	MSV	Cronbach's alpha
1	DC	0.855	0.542	0.360	0.854
2	PsyCap	0.927	0.810	0.605	0.916
3	EJP	0.918	0.790	0.605	0.899

Source: Authors' findings

**Table 5.** Validity and Reliability Measures for Measurement Model 2

S.no.	Variable	CR	AVE	MSV	Cronbach's alpha
1	RC	0.865	0.562	0.310	0.863
2	PsyCap	0.926	0.808	0.610	0.916
3	EJP	0.918	0.789	0.610	0.899

Source: Authors' findings

The composite reliability (CR) was greater than 0.70 for all the variables in both Table 4 and Table 5. The Average Variance Explained (AVE) was greater than 0.50 for all four constructs. Maximum Shared Variance (MSV) was smaller than AVE. There was no issue with both Convergent and Discriminant Validity. Cronbach's alpha measured above 0.70 for all four constructs. Measurement models 1 and 2 were both reliable and valid.

The next step involved testing the structural model with both DC and RC. The relationship of DC and RC was determined concerning to employee job performance. Psychological capital was taken as the mediating variable. The Structural models are represented in figures number 4.2 and 4.3.

The structural model in Figure 2 represents the relationship between developmental culture (DC), psychological capital (PsyCap), and employee job performance (EJP). The model was a good fit as CMIN/df was 1.828 (less than 3), GFI was 0.862, CFI measured 0.935, and RMSEA was 0.063. The bootstrapping method was used to test the mediation impact of PsyCap at a 95% confidence level. The direct relationship between developmental culture & employees' job performance was not found to be statistically significant. The indirect relationship was significant with psychological capital as a mediator. The standardized indirect effect of DC on EJP was 0.451. The standardized direct effect of PsyCap on EJP was 0.751. The standardized direct effect of DC on PsyCap was 0.60. The indirect relationship of DC on EJP was significant with a p-value of 0.001. PsyCap acted as the full mediator between DC and EJP. The model was also tested separately for the mediation impact of efficacy, resiliency, and hope, the different dimensions of PsyCap. The results are mentioned in Table 6

**Table 6.** Mediation results of DC with dimensions of PsyCap and EJP

Model	Standardised direct effect	Standardised indirect effect	Results
DC Efficacy EJP	0.184	0.314*	Full Mediation
DC Hope EJP	0.107	0.389*	Full Mediation
DC Resiliency EJP	0.219	0.281*	Full Mediation

\*- significant as  $p < 0.05$ , Source: Authors' findings

The standardized direct effect of DC on efficacy, resiliency, and hope was 0.560, 0.469, and 0.573. The standardized direct effect of efficacy, resiliency and hope on performance was 0.560, 0.599, and 0.680. All three dimensions of PsyCap were full mediators between DC and EJP.

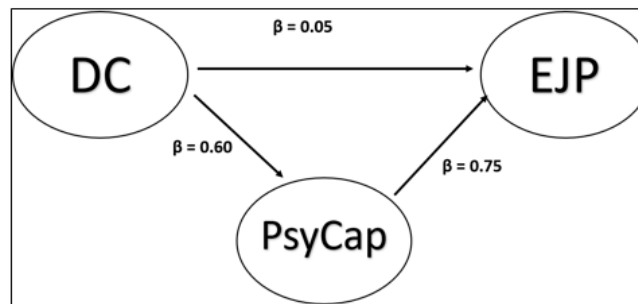


Figure 2. Structural Model with Developmental Culture

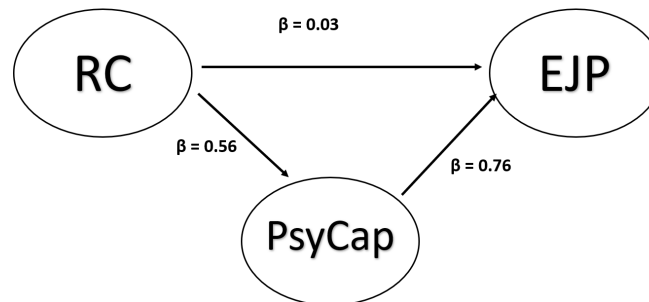


Figure 3. Structural Model with Relational Culture

The structural model in Figure 3 represents the relationship between Relational culture (RC), psychological capital (PsyCap), and employee job performance (EJP). The model was a good fit as CMIN/df was 1.710 (less than 3), GFI was 0.869, CFI measured 0.944, and RMSEA was 0.059. The direct relationship between relational culture & employees' job performance was not found to be statistically significant. The indirect relationship was significant with psychological capital as mediator. The standardized indirect effect of RC on EJP was 0.424. The standardized direct effect of PsyCap on EJP was 0.761. The standardized direct effect of RC on PsyCap was 0.557. The indirect relationship of RC on EJP was significant with a p-value of 0.001. PsyCap acted as the full mediator between RC and EJP. The model was also tested separately for the mediation impact of efficacy, resiliency, and hope, the different dimensions of PsyCap. The results are mentioned in Table 7

Table 7. Mediation results of RC with dimensions of PsyCap and EJP

Model	Standardised direct effect	Standardised indirect effect	Results
RC Efficacy EJP	0.103	0.356*	Full Mediation
RC Hope EJP	0.133	0.328*	Full Mediation
RC Resiliency EJP	0.197	0.264*	Full Mediation

\* - significant as  $p < 0.05$ , Source: Authors' findings

The standardized direct effect of RC on efficacy, resiliency, and hope was 0.591, 0.432, 0.484. The standardized direct effect of efficacy, resiliency, and hope on performance was 0.602, 0.611, 0.678. All the three dimensions of PsyCap were full mediators between RC and EJP.

## 5 Discussion

There had been different dimensions of organisational culture being given by eminent researchers over time ((Wallach, 2018; Quinn and Spreitzer, 1991; Cameron and Quinn; Hofstede, 2003). In the current study, the researchers have explored the two dimensions of organisational culture: Developmental Culture and Relational Culture, (Aggarwal and Singh, 2020). The impact of the two dimensions on employee job performance was determined. Psychological capital was taken as the mediating variable. Originally there were four dimensions of psychological capital. Researchers had taken only three: Efficacy, Resiliency, and Hope.

There exists a positive and significant correlation between organisational culture and psychological capital (Manchala and Sudhakar, 2017). The study is in line with the past research and establishes a strong positive impact of DC and RC on PsyCap. Through positive developmental and relational culture, higher psychological capital can be achieved, leading to greater employee well-being and higher performance. The study found a positive and significant cause and effect relationship between DC & PsyCap ( $\beta = 0.60$ ), and RC & PsyCap ( $\beta = 0.56$ ). DC explains PsyCap with  $R^2 = 0.36$  and RC explains PsyCap with  $R^2 = 0.31$ . The results show that PsyCap is better explained by DC. Similar results were found in the study

of (Manchala and Sudhakar, 2017) were a positive and significant impact of OC on PsyCap with  $\beta = 0.35$  was determined. Through supportive work relationships, positive emotions, flexible, and growth based work environment, employees' PsyCap can be enhanced ((Srivastava and Maurya, 2017)).

Organisational culture has a positive and significant impact on employees' performance ((Dwivedi, 2001; Stare, 2012; Jarrah et al., 2020). However, this study is in contrast with the earlier findings. The results indicate an insignificant direct impact of developmental & relational culture on performance and support the study of (Maswani and Anindita, 2019). However, the indirect impact of developmental culture and relational culture is found to be significant on performance with psychological capital acting as the full mediator. PsyCap has a positive and significant impact on performance ((Luthans et al., 2007; Wright and Cropanzano, 2000; Bouckennooghe et al., 2014).

The direct effects of DC and RC on EJP were not found to be significant. Only indirect effects of DC on EJP were significant at 95% confidence intervals (0.326, 0.569) with  $p$  value = 0.008 ( $p < 0.05$ ). Indirect Effect of RC on EJP is significant at 95% CI (0.293, 0.589) at  $p$  value = 0.012 ( $p < 0.05$ ). PsyCap played the role of a full mediator. Both DC & PsyCap explained EJP with  $R^2 = 0.606$ . Both RC & PsyCap explained EJP with  $R^2 = 0.61$ . The results are consistent with the findings of Baykal & Zehir (2018) where spiritual leadership can result in higher productivity through the full mediation of PsyCap. In the study of (Luo et al., 2017), PsyCap plays a partial mediatory role between corporate culture and work performance.

The study discovers a positive and significant cause and effect relationship between psychological capital and employees' job performance. PsyCap directly influence EJP with  $\beta = 0.75$  (DC is independent variable) and  $\beta = 0.76$  (RC is independent variable). The results are consistent with the past studies. Luthans et al. (2005) found a significant positive relationship between PsyCap and supervisor-rated performance with  $\beta = 0.25$ . PsyCap predicted performance with  $\beta = 0.259$  in the study of (Imran and Shahnawaz, 2020).

Many studies support the mediating role of psychological capital. PsyCap acts as a full mediator between leadership & creative performance, ((Gupta and Singh, 2014)), mentoring & performance, ((Carter and Youssef-Morgan, 2019)), and perceived organisational support & well-being (Roemer and Harris, 2018). The current study reflects the significant role played by the PsyCap between DC and EJP, RC and EJP.

The impact of efficacy, hope and resiliency was found to be significant as mediators between DC, RC and EJP. Research results indicate that DC and RC have a positive and significant influence on efficacy, hope, & resiliency which drives the employee towards higher performance. An Increase in development opportunities, and harmonious social relationships promote confidence development, rise in hope, and ensure resiliency against setbacks. Peterson and Luthans (2003) found a positive relationship between a leader's hope level and the profitability of an organisation. Hope level of managers is positively related to performance and commitment. Hopeful organisations are proactive in creating opportunities for people (Luthans et al., 2007). Several factors can help in the development of hopeful organisational culture. Alignment of personal and professional goals with the organisational goals can promote psychological capital hope (Luthans et al., 2007). The current study also shows that the right cultural policies by the management can also facilitate a confident, hopeful, and resilient organisation. Cultural policies should focus on career development and healthy social relationships among employees.

## 6 Conclusion

The study explores the two dimensions of organisational culture and discusses its influence on psychological capital and employees' job performance. The emphasis is on the mediating role of psychological capital. The two dimensions of organisational culture are explored: Developmental and Relational Culture. The direct and indirect impact of both dimensions is determined by employee job performance. The direct relationships between developmental & relational culture and employees' job performance were found to be insignificant. The indirect relationship was found to be significant through psychological capital. PsyCap was acting as the full mediator between DC & EJP, and RC & EJP. The study found the role of efficacy, hope, and resiliency variables in contributing to this full mediation impact.

## Managerial Implications

The study determines the positive impact of developmental and relational culture on employee job performance through psychological capital. The increase in growth opportunities and social bonding at the workplace lifts the confidence and hope of an employee, driving him towards the path of achieving excellence at his job. There is an indirect effect of culture on the performance that can be exploited by the manager in stimulating his team's success. The focus needs to be made on fostering the cultural environment that creates hope for the achievement of goals among employees. The new unimagined benchmarks can be set by the enterprises and achieved through the right cultural policies.

## Future Area of Research

The research can be extended to manufacturing, retail, hospitality, tourism and other sectors. A global study can be undertaken. Several other factors like Leadership, Technology, Satisfaction, etc. can be explored as intervening variables in the relationship between cultural dimensions and employees' job performance. The other dimensions of organisational culture can also be determined. The difference in the findings of the public & private sectors and the role of national culture



can also be examined in future.

## Limitations of the Study

The study was undertaken on a small sample size with a limited number of institutions. The study considered banks, insurance companies, and universities only. Collected data represented only one country sample frame, India. The indirect relationship between organisational cultural dimensions and employee job performance is highlighted but the study could not validate the direct effect. Only one mediating variable had been studied, while there is a possibility to explore more intervening variables. The dimensions of organisational culture are limited to developmental Culture and relational Culture. Psychological capital dimensions are also limited to efficacy, resiliency, and hope. The PsyCap dimension optimism could not be found significant in the research.

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