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ASSESSING THE IMPACT OF PSYCHOLOGICAL CAPITAL ON IS PROJECT TEAM MEMBERS’ CREATIVITY: A POTENTIAL VALUE-ADDED RESOURCE?

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Abstract

Organizational behavior researchers have recently distinguished positive psychology from prior IS project team members’ emotion frequency. We expanded this research by examining the psychological capital antecedents effect and second order variable on prior IS project team members’ creativity ability within a small to medium information software developer company. We found that the concept of psychological capital was related to IS project team member’s developer creativity. Indeed, in prior IS development projects, psychological capital significantly influenced IS project team members’ creativity. Also, prior IS project team members’ predicted psychological capital in the combined second order variable data set were significant. Collectively, the results revealed important practical implications that because of different leadership, team members’ creativity, personal psychological capital work emotions would be positively influenced, it showed that: First, IS project team members’ psychological capital is an aggregated second order variable of psychological construct. Second, psychological capital had significant positive influences on IS project team members’ creativity.

Keywords: psychological capital, creativity, IS project team

1. INTRODUCTION

Since the start of the 21st century, psychologists have been researching the relationship between organizations and employees to understand the formation of psychological capital. Positive organizational behavior (Luthans, 2002a, 2002b, 2003; Luthans & Youssef, 2007; also see Nelson & Cooper, 2007; Wright, 2003) and its derivative psychological capital or PsyCap (Luthans, Avolio et al., 2007; Luthans et al., 2004; Luthans & Youssef, 2004; Luthans, Youssef, & Avolio, 2007) is largely drawn from the theory and research in positive psychology (Peterson & Seligman, 2004; Seligman &
Csikzentmihalyi, 2000; Sheldon & King, 2001; Snyder & Lopez, 2002) which has been applied to the workplace (Luthans & Youssef, in press). This area of research has been used to improve personal creative ability in order to successfully complete project goals. If most members of an organization are positive emotional, then they would be influenced negative emotional members into positive emotion. While often used to describe behaviour, psychological capital is a mind-set that allows a person to perceive positive emotion. Thus, psychological capital results from a team member’s actions. For example, when an IS project team member creates a new product this is seen as positive psychological behaviour and allows for greater and more flexible creativity within the project team as a whole and at the individual level.

Our study objective was to examine psychological capital’s antecedents and the effect of psychological capital on an IS project team and its members’ self-creative ability. We developed a research model assessing psychological capital as a second order variable and a structural model of based on the effects of team members’ self-creativity abilities. Specifically we were looking to show that creativity is not just associated with ability but the intention to engage in creative activities (Amabile & Mueller, 2010). We named four antecedents: self-efficacy, hope, optimism, and resiliency in order to assess psychological capital. Positive psychology suggests all four factors are antecedents to psychological capital, allowing us to examine whether positive emotion increased team members’ self-creative ability. We tested the research model with data pertaining to IS project team member’s self-creativity ability activities in five software application development companies.

2. LITERATURE REVIEW AND HYPOTHESES

2.1. Psychological Capital

Luthans (2002) noted that positive organizational behavior, based on measurable and effective management, can be developed in order to enhance performance standards. Issues in organizational behavior have been examined using positive psychology to extract theoretical and empirical research. The research is based on three separate constructs: self- efficacy, hope, and resilience. Seligman (2002) notes that self-efficacy, hope, optimism, and resiliency are measurable dimensions of positive organizational behavior. Development of these factors along with effective management will enhance the potential for the positive state of mind which results in positive psychological capital. Luthans et al (2007) discuss the importance of a positive psychological construct, which has an integrated positive psychological development. Luthans, Avolio, et al. (2007) write that psychology is a second order factor of the following factors:
2.2. **Self-efficacy**

Self-efficacy manifests as a confidence in team members’ abilities. Successful achievement of self-efficacy grows psychological capital because a rise in self-confidence helps engender a positive workplace psychology (Luthans et al., 2007). Self-efficacy also is evident in an individual’s confidence in his/her abilities to cope with various difficulties and challenges in the workplace. Success is determined by a gain in psychological capital that arises from the achievement of a positive workplace psychology due to self-confidence (Luthans et al., 2007). This study uses the Psychological Capital Questionnaire (PsyCap questionnaire, PCQ) developed by Luthans et al (2007); the self-efficacy score was adapted to reflect the operational definition of self-efficacy. For example, project team member with the highest self-efficacy scores, expressed the greatest confidence in their abilities to complete their work-related tasks.

2.3. **Hope**

Hope serves as an incentive to think (agency thinking) and the path of thinking is directed towards achieving a state of positive motivation. This is realized when the task is completed in a positive state of mind (Luthans et al., 2007); Psychological capital is thus characterized by efforts to complete the task while maintaining a positive state of mind (Luthans et al., 2007). In this study, the questions related to hope in the questionnaire provide an important indicator of psychological capital (Luthans et al., 2007). For this part of questionnaire, we used the “Adult Hope Scale” to measure the state of hope an individual experiences. The scores were adapted so as to better measure an operational definition of the hope (Snyder, Lopez, Shorey, Rand & Feldman., 2003). Chain-restaurant employees in a state of hope, as evidence by high scores in this area, have more energy, which has been gained by their desire to complete tasks.

2.4. **Optimism**

Optimism is an emotion characterized by the ability to face the future with a positive belief system. Optimistic individuals also interpret current or past events in a positive manner (Luthans et al., 2007). In this study optimism is a key factor in the achievement of psychological capital (Luthans et al., 2007). We used the Life Orientation Test (Life Orientation Test) scores to measure optimism, modifying them to fit the operational definition of optimism (Scheier and Carver., 1985). Higher optimism scores among chain restaurant employees suggest that future positive performance and attitudes.

2.5. **Resiliency**

Resiliency is one’s ability to face traumatic events and recover quickly. It reflects the mental toughness part of capital (Luthans et al., 2007). This study uses the Self-Resiliency Scale (Resiliency
Scale) score to measure toughness modifying for the operational definition (Block and Kremen., 1996). Higher toughness scores among team member suggest that these employees are better able to move past events. Based on this, we propose the following hypothesis:

*Hypothesis 1*: IS project team members’ psychological capital is an aggregated second order variable of a psychological construct.

### 3. IS PROJECT TEAM MEMBERS’ CREATIVITY

Creativity is a high coercively complex structure variable (Sternberg, 1985). Martindale (1989) argues that creativity is a personal trait or a cognitive ability. Mumford and Gustafson (1988) define creativity as the ability to produces new products, ideas or processes. Woodman and Schoenfeldt (1990) state that individuals take action in specific cases which arise from complex tasks. The concept of creativity is frequently applied in the field of organizational studies. A creative act among IS project team members would be defined by the development of novel and expedient ways to solve problems as well as provide innovative and useful ideas (Amabile, Conti, Coon, Lazenby,&Herron, 1996; Shalley, 1995; Zhou & George, 2001). This definition contains two key points. First, employees must be pivotal in the conception of novel and practical ideas. Second, once the concept is realizes, they should be able to express their views and thoughts in such a way that inspires creativity in other employees. This definition can apply to small communities of project team members as well as one member’s individual expression of creativity that results in novel and useful ideas.

This study examines whether diverse input behavior and positive emotion can enhance creative performance. The team member who seeks a more diverse organizational climate is more creative, because the variety of organizational behavior promotes positive emotions as the result of work from multiple sources. This is similar to individuals who seek self-psychological capital based on their creative performance. The positive emotion that results from a team member’s ability to provide creative input gives those who seek psychological capital the opportunity to develop creative responses and contributions to their work.

#### 3.1. Team members’ in-role creativity

Team members’ in-role creativity occurs when a team member, in the context of their work in project teams, is needed make valuable contributions to the organization as they produce brand new ideas and solutions. This process also reinforced IS projects’ competitive edge. However, ideas are not considered creative just because they are new or novel; a team member in a highly competitive industry must make contributions that add to the value of the project at hand (Rego et al., 2007). Research indicates that when team members have high levels of interpersonal communication, support, and positive emotions associated with the work climate, they tend to be very creative and innovative (Jaskyte, 2008). Recognizing the potential of positive emotion, many companies have adopted
strategies to improve employees’ creativity abilities collectively. However, recent research has found that collaboration may negatively affect a team’s creativity (Skilton & Dooley, 2010).

3.2. **Team members extra-role creativity**

Team members’ extra-role creativity occurs when a team member works outside the project team. In this situation creativity is still defined as the production of something new or novel that is both original and useful (Merryman 2010). However, the techniques associated with extra-role creativity are less specific than idea production within a project team setting. Extra-role creativity relies heavily on free association, with the goal of enhancing members’ thinking. Thus it tends to rely more on their life experience. Participants in this study were asked to comment on how their creative abilities derive from their life experiences. Although this exercise is not problem specific, it is designed to test imaginative thinking and how it may benefit creativity in subsequent unrelated tasks by helping team members enhance their creative abilities. Based on this, we propose the following hypothesis:

\* **Hypothesis 2** : *psychological capital had positive significant influences on IS project team members’ creativity.*

4. **RESEARCH METHODOLOGY**

Based on the literature review, the research model used in this study tests that relationships between psychological capital and creativity. We hypothesized that psychological capital positively influences creativity. This study also tests the second effect of psychological capital based on the four positive emotion dimensions. Finally, we will discuss the effects of psychological capital in predicting a team member’s creative ability within an IS project team.

![Figure 1. Structural Model](image)

4.1. **Participants and Procedures**

The research model is shown in Figure 1. The pilot data were collected from one IS project team.
located in Taiwan, and then used to examine the structural model. Data was collected from project team members. The pilot research phase and questionnaire survey phase revealed the importance of psychological capital when employees are building self-positive emotions. This study used an online survey system that sent requests to 295 employees of the IS project team within four ERP IS development companies in Taiwan. The companies were all local, small and medium type information software developer companies.

The response rate was 85%(n=250). Of the respondents, 54.2% were male and 45.8% were female. Employees ages 30 to 39 years old comprised the largest category, in terms of age, of the respondents, at 43.9%. Our sample focused on project team members of firms, and we used questionnaires to assess psychological capital and creativity of our subject.

4.2. Constructs and Measurement

The scales used to measure psychological capital and creativity were chosen based on reliability. To measure psychological capital we used a modified version of the psychological capital questionnaire (Luthans et al., 2007). Creativity was assessed based on the development of novel and expedient ways to solve problems and provide innovative and useful ideas (Amabile, Conti, Coon, Lazenby,&Herron, 1996; Shalley, 1995; Zhou & George, 2001). Participants were asked to indicate their degree of emotion by Likert-type five point scale of agreement from 1 (strongly disagree) to 7 (strongly agree).

To assess the study’s reliability we tested the Cronbach α value. All variables were greater than the α value of almost 0.7, consistent with Nunnally’s (1978) proposed threshold. Validity was divided into convergent validity and discriminate validity, with convergent validity used to measure (Fornell & Larcker, 1981), the proposed three proofs (1). All of the standardization item loads were greater than 0.5; (2) the CR values did not exceed 0.8; (3) AVE values were greater than 0.5. In this study all dimensions were in compliance with all three standards resulting in good convergent validity. As for discriminate validity, according to Fornell & Larcker (1981) the AVE value should be greater than 0.5. Factor loadings are shown in Table 1.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Item</th>
<th>Factors Loadings</th>
<th>ITC</th>
<th>Item</th>
<th>Factors Loading</th>
<th>ITC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Capital: Self-Efficacy</td>
<td>1</td>
<td>.800</td>
<td>.874</td>
<td>2</td>
<td>.767</td>
<td>.553</td>
</tr>
<tr>
<td>CR=.861, Alpha=.784, AVE=.607</td>
<td>3</td>
<td>.770</td>
<td>.555</td>
<td>4</td>
<td>.781</td>
<td>.858</td>
</tr>
<tr>
<td>Psychological Capital: Hope</td>
<td>1</td>
<td>.859</td>
<td>.902</td>
<td>2</td>
<td>.820</td>
<td>.603</td>
</tr>
<tr>
<td>CR=.878, Alpha=.792, AVE=.707</td>
<td>3</td>
<td>.844</td>
<td>.887</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Capital: Optimism</td>
<td>1</td>
<td>.883</td>
<td>.865</td>
<td>2</td>
<td>.847</td>
<td>.842</td>
</tr>
<tr>
<td>CR=.868, Alpha=.769, AVE=.688</td>
<td>3</td>
<td>.753</td>
<td>.778</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological Capital: Resiliency</td>
<td>1</td>
<td>.815</td>
<td>.844</td>
<td>2</td>
<td>.762</td>
<td>.507</td>
</tr>
</tbody>
</table>
4.3. Psychological Capital Alternative Model Analysis

For each variable, the researcher proposed a one-factor model, an uncorrected factors model, a hierarchical model, and other alternative models to evaluate the fitness of these models and select the best one. The researcher first used the sample (n=250) to analyse the psychological capital alternative model: the comparative index of Psychological capital confirmatory factor analysis.

According to Figure 2, the evaluation index of one-factor model did not reach the ideal threshold value. The uncorrected factors model reached the threshold value; the model was almost perfect in the CFI index. The hierarchical model reached the ideal threshold value in all evaluation indexes. Based on these analyses, the one-factor model should be deserted in favor of the hierarchical model. The uncorrected factors model was near-perfect. The chi-square difference test ($\Delta \chi^2$) provided further analysis of the fitness of the uncorrected factors model and the hierarchical model. The results of the chi-square test were as follows: $\Delta \chi^2=382.032$, $\Delta df=4$. This result indicates the obvious difference between the two models, resulting in a preference for the hierarchical model.

<table>
<thead>
<tr>
<th>Model</th>
<th>$x^2$</th>
<th>p</th>
<th>df</th>
<th>$x^2/df$</th>
<th>RMSEA</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Null model</td>
<td>1547.065</td>
<td>---</td>
<td>91</td>
<td>17.001</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>One-factor model</td>
<td>349.824</td>
<td>.00</td>
<td>77</td>
<td>4.543</td>
<td>.119</td>
<td>.806</td>
<td>.735</td>
<td>.813</td>
</tr>
<tr>
<td>Uncorrected factors model</td>
<td>503.324</td>
<td>.00</td>
<td>77</td>
<td>6.537</td>
<td>.149</td>
<td>.758</td>
<td>.670</td>
<td>.707</td>
</tr>
<tr>
<td>Hierarchical model</td>
<td>121.290</td>
<td>.00</td>
<td>73</td>
<td>1.662</td>
<td>.052</td>
<td>.934</td>
<td>.906</td>
<td>.967</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Estimate</th>
<th>S.E.</th>
<th>C.R.(t-value)</th>
<th>p-value</th>
<th>SMC($R^2$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Efficacy→Psychological Capital</td>
<td>.70</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>.583</td>
</tr>
<tr>
<td>Hope→Psychological Capital</td>
<td>.90</td>
<td>.193</td>
<td>7.794</td>
<td>***</td>
<td>.910</td>
</tr>
<tr>
<td>Optimism→Psychological Capital</td>
<td>.95</td>
<td>.189</td>
<td>8.135</td>
<td>***</td>
<td>.806</td>
</tr>
<tr>
<td>Resiliency→Psychological Capital</td>
<td>.76</td>
<td>.164</td>
<td>7.110</td>
<td>***</td>
<td>.496</td>
</tr>
</tbody>
</table>
4.4. Analysis Strategy

Structural equation modeling (SEM) is particularly suitable for testing relevance. To test the research model we used AMOS 20. The positive effect of psychological capital on creativity, as signified by all the latent variables, needs to contain measurable manifest variables in order to test for statistical significance. Discriminate validity indicates the extent to which a given construct is different from other constructs and measures potential variable for overlap with the conceptual theory model of another construct. To assess adequate discriminate validity, AMOS requires that a construct should share more variance with its measures than it shares with other constructs in the model, i.e. the latent construct should be demonstrably closer to its measurement items than to any other construct (Johnston et al., 2004).

Table 4. shows the entire variables correlation matrix (n=250)

<table>
<thead>
<tr>
<th></th>
<th>PsyCap</th>
<th>CR</th>
<th>ERC</th>
<th>IRC</th>
<th>RE</th>
<th>OP</th>
<th>HO</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological Capital</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity</td>
<td>.733</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extra-role Creativity</td>
<td>.561</td>
<td>.766</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2. Psychological Capital Hierarchical model (stander solution) * = p < .05 (n=250)
4.5. Structural Model Analysis

Baron and Kenny (1986) explain the testing in SEM in the following way: the direct effect models are the most consistent regression models, and test the direct effect on independent variables. Psychological capital positively effect on creativity, and our results are shown in Figure 3 and Table 6.

Table 5. Fit-index of Hypothesis Model (n=250)

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>$p$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>RMSEA</th>
<th>GFI</th>
<th>AGFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Null model</td>
<td>2569.225</td>
<td>------</td>
<td>190</td>
<td>13.522</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Hypothesized model</td>
<td>254.848</td>
<td>.00</td>
<td>163</td>
<td>1.563</td>
<td>.048</td>
<td>.905</td>
<td>.878</td>
<td>.961</td>
</tr>
</tbody>
</table>

Figure 3. The Hypothesis Model (Stander solution): * = p < .05 ** = p < .01 *** = p < .001 (n=250)
Table 6. Hypothesis Model Path Diagrams (n=250)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Standardized Estimate</th>
<th>S.E.</th>
<th>C.R. (t-value)</th>
<th>p-value</th>
<th>SMC(R^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creativity←Psychological Capital</td>
<td>.73</td>
<td>.158</td>
<td>4.167</td>
<td>***</td>
<td>.537</td>
</tr>
<tr>
<td>In-role Creativity←Creativity</td>
<td>.48</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>.235</td>
</tr>
<tr>
<td>Extra-role Creativity←Creativity</td>
<td>.77</td>
<td>.339</td>
<td>4.356</td>
<td>***</td>
<td>.588</td>
</tr>
<tr>
<td>Self-Efficacy←Psychological Capital</td>
<td>.70</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>.489</td>
</tr>
<tr>
<td>Hope←Psychological Capital</td>
<td>.90</td>
<td>.193</td>
<td>7.898</td>
<td>***</td>
<td>.815</td>
</tr>
<tr>
<td>Optimism←Psychological Capital</td>
<td>.94</td>
<td>.184</td>
<td>8.249</td>
<td>***</td>
<td>.886</td>
</tr>
<tr>
<td>Resiliency←Psychological Capital</td>
<td>.78</td>
<td>.169</td>
<td>7.117</td>
<td>***</td>
<td>.609</td>
</tr>
</tbody>
</table>

According to Figure 3, models evaluate the path coefficient between psychological capital when the creativity path coefficient is γ_{11} = .73 (t=4.167); this result is positively significant. In Table 2, the psychological capital hierarchical model is \( \chi^2 = 121.290 \) (df=73); the one-factor model is \( \chi^2 = 349.824 \) (df=77) and uncorrected factors model is \( \chi^2 = 503.32 \) (df=77). A nested model is tested with an adjusted chi-square difference test with uncorrected factors model and hierarchical model shows that \( \Delta \chi^2 = 328.034 \) (\( \Delta df = 4 \)). Because it is greater than 3.84, the nested model shows that for measuring psychological capital the hierarchical model could provide a useful explanation of the model. In this situation Hypothesis 1 is supported. The psychological capital is aggregated four deamination factor hierarchical model.

According to the results, psychological capital accumulates within unit models of team members’ creativity ability in the IS project team. Additionally, the results provide an examination of the relationships among the variables that show psychological capital’s positive effect on members’ creativity.

**Hypothesis 1:** IS project team members’ psychological capital is an aggregated second order variable of a psychological construct. (Support)

This hypothesis tested the CFA of the psychological capital hierarchical model, that suggested that psychological capital is comprised of four dominating positive psychological constructs based on an individual’s self-positive emotion. Hypothesis 1 suggested that psychological capital is a four dimensional hierarchical model.

**Hypothesis 2:** psychological capital had positive significant influences on IS project team members’ creativity. (Support)

The results revealed that psychological capital significantly effects team members’ creativity. Also, positive psychology, as manifest in emotion and behavior, will increase a team member’s perception of competitiveness.
5. DISCUSSION AND CONCLUSIONS

5.1. Discussion

This study examined how and in what ways psychological capital can contribute to creativity of a project team. We also examined the hierarchical model of psychological capital in relationship to a member’s creative ability within an IS project team. In line with what has been suggested in previous theoretical work (Avolio & Luthans, 2006), we found that psychological capital positively related to members’ performance in the firm. This relationship was defined based on the ways the psychological capital of a team increased members’ creative ability. This effect is proved by hypothesis 2: the result shows a direct effect between psychological capital and creativity. Psychological capital was achieved through factors like the leadership climate of the firm. Team members with powerful positive emotions had more work energy and self-learning intentions as evidence by things like forming their own ideas on projects.

This research has focused on whether psychological capital is more (or less) effective in promoting positive emotion in team members which, in turn, increases their creative ability. In this study we tested one direct effect of psychological capital on team members’ creativity. Specifically, the results of this study provide fairly strong support for psychological capital’s direct effect on team member’s work performance as exemplified in their creative abilities.

5.2. Conclusions

This study investigates the relationship between psychological capital and creativity. This study selected IS developer project teams in firms in Taiwan. One limitation to this study’s results is the small sample size. The results show that positive creativity is related to psychological capital as a positive emotion. Thus, firms need to focus on building psychological capital through the creation of an environment with strong leadership. Such a climate facilitates the factors that positively affect team members’ creativity.

Such a study of psychological capital increases our understanding of the complex relationship between psychological capital and important team member in-role and extra-role creativity outcomes. This suggests that the psychological capital of team members may need to be increased to more fully effect creativity among project team members. We encourage the further examination of the potential positive effects of a transformational leadership climate on the psychological environment. Such positive effects can lead to building employees’ creative abilities. This produces positive emotions, which become a potential value-added resource.
References


