

## Researcher: Businesses can survive recession by capitalizing on positivity

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(PhysOrg.com) -- Layoffs. Pay cuts. Hiring freezes and mandatory furloughs. The economy's effect on the average employee has been profound in the last year. In such an environment, staying upbeat on the job can be difficult.

That's why University of Nebraska-Lincoln researcher Fred Luthans said it's essential during an [economic downturn](#) for businesses to help employees build "psychological capital" -- hopefulness, optimism, resiliency and self-confidence.

Besides being good for employees, it's good for business, Luthans said: Research clearly shows a company whose employees have developed strong positive "psychological capital" can be more productive and have better attitudes than firms whose workers are in a state of gloom and doom. Ten to 15 percent of a company's performance can be accounted for by the employees' level of positive

"In an economy where the line between winners and losers is razor-thin, employees' high level of positivity can lead to competitive advantage," said Luthans, the George Holmes distinguished professor of management at UNL's College of Business Administration. "This is true even during a recession. Some might say 'especially' during a [recession](#)."

A growing number of studies by Luthans and colleagues in all types of organizations demonstrate a strong relationship between employees' levels of "PsyCap" -- their hope, efficacy, resilience and optimism -- and

their performance, satisfaction, well-being and retention.

However, he cautioned that these results do not account for all of the desired outcomes. Technology selection, training, incentives, ability and even luck still matter, but these are usually either beyond the control of the organization or can be purchased by anyone.

Although the appeal of the "power of positive thinking" has been around through the ages, only in the past decade has the academic field of psychology focused on its power to enhance relationships and well-being. Luthans has taken this theory and research from positive psychology and has applied it to the workplace.

Luthans has developed a valid measure of psychological capital and has demonstrated in field research that it can be developed in relatively short training workshops and cause performance to improve.

For example, with colleague James Avey, a former Boeing human resource manager and now professor at Central Washington University, Luthans trained in a couple of hours a large group of aerospace engineers and increased their level of psychological capital. In turn, they boosted their measured performance.

In another study to be published in an upcoming edition of *The Journal of Occupational Health Psychology*, Luthans and colleagues showed the positive effect of psychological capital on hundreds of employees' physical and mental well-being over time.

Luthans said that to specifically develop psychological capital in their workplaces, business owners and managers can:

- Gain greater self-awareness by examining their own behavior. "Think about how you typically handle a given situation, then plan ahead to

behave differently the next time, if necessary," Luthans said. The goal is to understand the present self in order to become the best possible self.

- Note positive and negative responses and interactions with employees. Aim for three to five positive experiences for every negative one. The negatives cannot and should not be eliminated, but they must be greatly counterbalanced by the positives for effective performance in work and personal relationships.
- Let people experience success. Saying "good job," though, isn't enough. Employees need specific and detailed positive feedback of how hard they are trying -- not necessarily emphasizing how smart or talented they are.
- Influence success by adding milestones. Setting goals and alternative pathways to accomplish them increases hope and employee effectiveness.

Backed by research and evidence, the value of positive psychological capital may be just what is needed to not only help organizations and employees cope with the current swirling negativity, but also boost them to new levels of productivity and personal growth, Luthans said.

"The cost of investing in psychological capital is minimal and can have a powerful impact, given the turbulent times most organizations and [employees](#) are currently going through," he said.

Provided by University of Nebraska-Lincoln ([news](#) : [web](#))

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