Positive Psychology in Sales: Integrating Psychological Capital

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Positive Psychology in Sales: Integrating Psychological Capital

Scott B. Friend, Jeff S. Johnson, Fred Luthans, and Ravipreet S. Sohi

Abstract
As positive psychology moves into the workplace, researchers have been able to demonstrate the desirable impact of positive organizational behavior. Specifically, psychological capital (PsyCap) improves employee attitudes, behaviors, and performance. Advancing PsyCap in sales research is important given the need for a comprehensive positive approach to drive sales performance, offset the high cost of salesperson turnover, improve cross-functional sales interfaces, and enrich customer relationships. The authors provide an integrative review of PsyCap, discuss its application in sales, and advance an agenda for future research. Research prescriptions are organized according to individual-level, intra-organizational, and extra-organizational outcomes pertinent to the sales field.
“Organizations must realize that a happy workforce is a productive workforce, and the more that they can do to help keep employees in a more permanent positive state, the louder the applause may be from places such as Wall Street” (Peterson et al. 2008, p. 351)

Sales managers and researchers have long been interested in ways to improve salespeople’s performance. This interest has led to a large body of empirical research on what drives a salesperson’s performance, including some key meta-analyses that have identified the major predictors of performance (Churchill et al. 1985; Vinchur et al. 1998; Verbeke, Dietz, and Verwall 2011; Goad and Jaramillo 2014). Some of these performance determinants are reasonably enduring and can be handled through appropriate selection and training (e.g., age, experience, personality, aptitude, skill level). However, given the dynamic nature of the sales job, other performance determinants are more transient and “influenceable” (Churchill et al. 1985). While there is a wealth of research in sales on how to minimize the effects of negatively-oriented psychological factors that determine performance and satisfaction (e.g., role stress, anxiety, burnout), the potential impact of positive psychological factors is largely absent from the sales literature.

Investigation of positive psychological factors is important because research in the areas of positive organizational behavior (POB) has shown that people’s strengths can be managed for developing human resources and improving performance in the workplace (Luthans 2002a, 2002b). While there are many different types of positive psychological factors, some of the key ones that have shown to be important in the POB literature, and which form the foundation of the focal concept of this article—Psychological Capital (PsyCap)—are hope, efficacy, resilience, and optimism (Luthans and Youssef 2004; Luthans, Youssef, and Avolio 2007). Conceptually, PsyCap represents “one’s positive appraisal of circumstances and probability for success based on motivated effort and perseverance” (Luthans et al. 2007, p.550). PsyCap is widely recognized as a valuable resource that can be advanced and leveraged for competitive advantage at the individual and group level (Luthans and Youssef 2004; Luthans, Youssef, and Avolio 2007). PsyCap positively impacts employee attitudes, behaviors, and performance (see the PsyCap meta-analysis: Avey et al. 2011) and is thus applicable to numerous sales frameworks.
The recognition and application of PsyCap in sales is important, as PsyCap’s theoretical and practical extensions can provide an evidence-based, positive approach unique to the sales field. Providing greater focus on positively-valenced variables, such as PsyCap, in the sales domain can increase the field’s command of what drives relevant attitudes, behaviors, and performance of individuals and organizations. As a result, advancing PsyCap in sales research provides a new lens to understanding salesperson motivated effort and perseverance which may drive sales performance, offset the high cost of salesperson turnover, improve cross-functional sales interfaces, and enrich customer relationships. Further, this article provides conceptual contributions to organizational behavior literature as PsyCap’s management-based roots remain underdeveloped without a sales-based exploration of the effects which extend beyond the bounds of the organization, such as buyer-seller relationships.

The purpose of this article is to provide an understanding of PsyCap and delineate its potential benefits for the field of sales. To facilitate the extension of PsyCap, an extensive review and understanding of this concept is required to provide a common grounding. Further, proposed sales applications are needed to incorporate positive psychology into sales settings because few have done so to date (Skinner and Kelley 2006). In the subsequent sections, we discuss potential applications of PsyCap within sales research that will influence the stakeholders involved in buyer-seller relationships, along with the relationships themselves. The theoretical foundation for some of these applications pertaining to individual-level outcomes and intra-organizational outcomes is based upon empirical research done in the management literature. However, since salespeople occupy a boundary spanning position, we also propose potential extra-organizational outcomes of PsyCap that are further unique to sales. Accordingly, we discuss the potential applications of PsyCap in three broad areas pertaining to sales:

- **Individual-level outcomes**: Creation of specific applications for understanding PsyCap’s impact on salesperson attitudes, behaviors, and performance.
- **Intra-organizational outcomes**: Application of PsyCap’s transference impact (i.e., contagion effect) to various sales relationships within organizations (e.g., sales manager to salesperson, sales to marketing).
Extra-organizational outcomes: Extension of PsyCap’s impact beyond the walls of the company on outcomes between customers and organizations (e.g., buyer-seller relationships).

Given the potentially-rich avenues for theoretical understanding and effective application, PsyCap offers an opportunity to fill a pressing research need for the role and impact of a positive psychology approach to sales. In the sections that follow, the theoretical foundations of PsyCap are described. Next, its different components and assessments are discussed. This discussion is followed with an illustration of PsyCap’s potential applications to sales. Practical implications for sales and sales management, as well as a discussion of future research directions conclude the article.

Theoretical Foundations of Psychological Capital

Psychological capital is defined as a “positive psychological state of development that is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks, (2) making a positive attribution (optimism) about succeeding now and in the future, (3) persevering toward goals and, when necessary, redirecting paths to goals (hope) in order to succeed, and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success” (Luthans, Youssef, and Avolio 2007, p.3). PsyCap draws theoretical explanatory mechanisms from positive psychology (Seligman and Csikszentmihalyi 2000; Lopez and Snyder 2009). Specifically, Bandura’s social cognition and agentic theories (Bandura 1986; 1997; 2008) have been adapted and applied as a comprehensive theory of psychological capital (Youssef-Morgan and Luthans 2013). Hobfoll’s (2002) psychological resource theory also helps explain PsyCap and how PsyCap works (Youssef and Luthans 2012). These theories suggest the four PsyCap components may be viewed as positive resources that interact synergistically (i.e., positive interactions among the PsyCap components), such that an individual is at his or her individual best when one resource builds upon the other. PsyCap has been empirically demonstrated to account for more variance in desired employee outcomes than the four positive constructs individually (Luthans et al. 2007).
Luthans, Youssef, and Avolio (2007) propose that PsyCap exists inside of the state-trait continuum. Along this continuum, the positive resources that make up an individual’s PsyCap are suggested to be state-like, falling between temporary states (e.g., moods, pleasures, emotions) and relatively fixed traitlike constructs (e.g., personality). Using this definitional and theoretical foundation as a point of departure, a closer examination of hope, efficacy, resilience, optimism, and overall PsyCap will help make it a more relevant and impactful construct for research and practice in the sales domain.

**Hope**

Hope is one’s ability to set goals, self-motivation to accomplish goals, and ability to proactively determined alternative routes to achieving goals. This goal-directed energy and ability to plan to meet goals represent elements of hope referred to as willpower (i.e., agency) and waypower (i.e., alternative pathways) (Snyder 2000; Larson and Luthans 2006). Applied to the workplace, those higher in the hope capacity are better able to derive multiple pathways to job success and accomplish their goals in a given situation. Further, those high in hope utilize contingency planning as they forecast obstacles to achieving goals and identify multiple pathways to attain their targeted goals (Snyder 2000), thus enhancing performance (e.g., Peterson and Byron 2008). For example, when those with a high level of hope are executing a given pathway to a goal, such as implementing a sales strategy, and that path becomes blocked, they show the capacity to launch into predetermined alternative pathways to continue toward goal accomplishment.

**Efficacy**

Efficacy represents a positive belief in one’s ability to take on challenges and expend the necessary effort to succeed (Luthans, Youssef, and Avolio 2007). Rooted in Bandura’s (1997) social cognitive theory, efficacy is defined in the workplace by Stajkovic and Luthans (1998, p.66) as “the employee’s conviction or confidence about his or her abilities to mobilize the motivation, cognitive resources, or courses of action needed to successfully execute a specific task within a given context.” Efficacious employees are typified as more confident in their
abilities, and in turn, more persistent and likely to engage in task-specific activities (Bandura 1986). One's efficacy positively drives behavior because confidence in one's capabilities mobilizes the motivation, cognitive resources, and courses of action needed to meet situational demands (Wood and Bandura 1989). For example, efficacious employees performance is high because they accept challenges and expend the necessary effort to achieve goals (Luthans et al. 2007). Given the increasingly complex and dynamic environment in which the sales role and buyer-seller relationships take place (Jones et al. 2005), efficacy is of paramount importance to sales.

**Resilience**

Resilience makes the difference between those who recover from adversity and those devastated by adversity (Block and Kremen 1996). Resilience enables individuals to bounce back quickly and effectively from adverse events (Masten 2001; Masten and Reed 2002). Applied to the workplace, resilience is a reactive resource defined as the “psychological capacity to rebound, to ‘bounce back’ from adversity, uncertainty, conflict, failure, or even positive change, progress and increased responsibility” (Luthans 2002a, p. 702). Those higher in resilience recover psychologically to levels equal to or even beyond previous levels of homeostasis (Richardson 2002). In fact, individuals become more resilient to an adverse situation each time they effectively recuperate from a previous setback, initiating an upward spiraling effect (Fredrickson and Joiner 2002). The ability of salespeople to recover from setbacks is critical due to the high rates of adversity and failure in these positions (e.g., sales failure rates), as well as the dynamic job profile of salespeople and challenges posed by the dual role expectations of work and family (Krush et al. 2013).

**Optimism**

The fourth component of PsyCap is optimism, which represents a positive outlook to outcomes, including positive emotions, motivation, and realism. As stated by Carver and Scheier (2002, p. 231), the difference between optimists and pessimists is not trivial, as optimists “differ in
how they approach problems and challenges and differ in the manner and success with which they cope with adversity.” Carver and Scheier (2002) further note that people with positive expectancy will continue to put forth effort regardless of increasing adversity. A primary mechanism underlying this expectancy is the belief that a desirable outcome will result from increased effort (Luthans et al. 2010). This increased effort leads optimists to perform better than pessimists (Luthans et al. 2005; Luthans et al. 2010). Together, the enhanced performance, increased effort, and expectancy outcomes portrayed by salespeople provide important extensions.

**Overall PsyCap**

On the surface, the four positive resources of hope, efficacy, resilience, and optimism appear conceptually similar. Literature also shows common theoretical threads amongst PsyCap resources, such as probability for success based on motivated effort and perseverance (Luthans et al. 2007). Yet, there is considerable evidence in both the positive psychology (e.g., Magaletta and Oliver 1999; Bryant and Cvengros 2004; Gallagher and Lopez 2009; Rand, Martin, and Shae 2011; Alarcon, Bowling, and Khazon 2013) and PsyCap literature (e.g., Luthans et al. 2007; Luthans, Youssef, and Avolio 2007; Avey et al. 2011) demonstrating their conceptual differences and empirically derived discriminant validity. To demonstrate that PsyCap is a latent, second-order construct, a foundational study found it accounted for more variance in desired employee outcomes than the four constructs individually (Luthans et al. 2007). Further, a meta-analysis identified 51 studies that verified the use of the core construct as the unit of analysis (Avey et al. 2011). Some examples of how the four facets positively interact include, “hopeful individuals who possess the agency and pathways to achieve their goals will be more motivated to and capable of overcoming adversities, and thus be more resilient,” and “efficacious people will be able to transfer and apply their hope, optimism, and resilience to the specific tasks within specific domains of their life” (Luthans, Morgan-Youssef, and Avolio 2015, pp.30–31).
Developing and Assessing Psychological Capital

PsyCap Development Interventions

A distinguishing feature of each PsyCap resource and the overall construct that has particularly important implications for sales practice is that PsyCap is malleable and state-like and thus amenable to development (Luthans 2002a, 2002b; Luthans, Youssef, and Avolio 2007; Peterson et al. 2011). Results demonstrate that a PsyCap Intervention (PCI) training module can increase participants’ (e.g., salespersons’) PsyCap and cause subsequent performance improvement (see Luthans, Avey, and Patera 2008 for true experimental causal analysis; see Luthans et al. 2010 for a field study). For a detailed review of the PCI, see Luthans et al. (2006, p. 388–391) and Luthans, Youssef and Avolio (2007, ch. 8).

PsyCap Assessment

All of the PsyCap components are not only supported by sound theory, rigorous research, and an evidence-based impact on practice, but also possess valid measurement. The PsyCap questionnaire (PCQ) (Luthans, Youssef, and Avolio 2007) is a widely recognized, validated (Dawkins et al. 2013; Görgens-Ekermans and Herbert 2013) instrument for assessing psychological capital. The PCQ is comprised of 24 items representing the four components of PsyCap. A 12-item reduced-form version of the PCQ instrument is also available for measuring PsyCap. Furthermore, PsyCap has been operationalized at both the organizational level (i.e., organizational PsyCap: see McKenny, Short, and Payne 2012) and group/team level (i.e., collective PsyCap: see Mathe-Souleek et al. 2014), allowing for increased application of multilevel-multisource data assessments with heightened importance in sales research (Johnson, Friend, and Horn 2014). Finally, psychological capital can be assessed by an implicit measure (I-PCQ) developed and validated by Harms and Luthans (2012), an underexplored research methodology also with increasing importance and implications in sales research (Friend and Johnson 2015).
Empirical Research Using Psychological Capital

Positive psychology and PsyCap help explain numerous sales issues related to how psychological resources and positive appraisals can drive motivational effort and the probability of success. Research provides evidence for the analytical diversity and broad range of relationships influenced by PsyCap, primarily within three focal areas. First, the majority of these relationships are reflective of the impact of PsyCap at the individual level (e.g., absenteeism, commitment, satisfaction, organizational citizenship behaviors, performance). These individual-level effects impact individual stakeholders involved in buyer-seller relationships, including their attitudes, behaviors, and performance (Avey et al. 2011). Secondly, PsyCap research captures the contagion effect within leader-follower relationships. The contagion effect offers explanatory insights into how PsyCap can be transferred within relationships to facilitate positive downstream effects (Story et al. 2013). Third, PsyCap and POB research widely advocate that constructs traditionally ascribed to individuals should also be applied at the group or organizational levels (Yammarino et al. 2008). The impact of PsyCap at the group level predicts outcomes such as group trust, group citizenship behavior, and group performance (Clapp-Smith, Vogelgesang, and Avey 2009), while organizational PsyCap influences positive evaluations of the current state of the organization (McKenny, Short, and Payne 2012). Table 1 provides a representative summary of the major PsyCap research studies to date and their key findings.

Despite the broad range of problems PsyCap explains, PsyCap is largely absent from the sales literature. While PsyCap’s individual components have received piecemeal attention over the years, research clearly indicates that all four PsyCap components should be studied together rather than individually (Luthans et al. 2007). Table 2 provides a representative review of the various components of PsyCap studied in sales contexts. As shown, most sales research focuses on efficacy, while considerably less examines the critical PsyCap components of resiliency and optimism, and no literature assessing salesperson hope was identified by the authors. The result is a positivity gap in sales which can be addressed by theoretically and empirically incorporating PsyCap into the field’s future research agenda. The remainder of this article focuses on applications to address this gap in the sales literature.
Table 1. Summary of Selected Empirical PsyCap Research

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Sample</th>
<th>How PsyCap Is Tested</th>
<th>Dependent Variable(s)</th>
<th>Key Findings</th>
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</thead>
</table>
| Larson & Luthans (2006) | 74 manufacturing employees in a small factory | Value Added PsyCap over Human Capital and Social Capital | Job Satisfaction, Organizational Commitment | - PsyCap adds value beyond that of human capital and social capital  
- PsyCap explains more of the desirable work attitudes than human and social capital alone |
| Avey, Patera & West (2006) | 105 engineering managers in a large high-tech firm | PsyCap Impact on Absenteeism | Involuntary Absenteeism, Voluntary Absenteeism | - PsyCap reduces one’s levels of both involuntary and voluntary absenteeism  
- PsyCap as an aggregated construct has a stronger negative relationship with absenteeism than individual PsyCap resources |
| Luthans, Avolio, Avey & Norman (2007) | 115 manufacturing engineers (Study 1)  
144 insurance service employees (Study 2) | PsyCap Measurement Validation and Impact | Performance Job Satisfaction | - The PsyCap measure (PCQ) is empirically valid  
- PsyCap drives employee performance and satisfaction  
- PsyCap composite is better predictor than the four individual facets, i.e., PsyCap a second-order construct |
| Luthans, Avey & Patera (2008) | 364 working adults (187 treatment group; 177 control group) | Pre-Post, Control Group Experiment on PsyCap Development Intervention | PsyCap Development | - PsyCap Intervention (PCI) is established for training and development purposes  
- PsyCap development through short web-based training intervention (compared to randomly assigned control group) is effective |
| Avey, Wernsing & Luthans (2008) | 132 employees from broad cross-section of organizations and jobs | PsyCap Impact on Organizational Change | Engagement, Cynicism, Organizational Citizenship Behavior | - Employees with high PsyCap help facilitate organizational change  
- PsyCap combats the negative reactions often associated with organizational change  
- PsyCap is related to several positive and negative employee attitudes and behaviors |
| Luthans, Avey Clapp-Smith & Li (2008) | 456 Chinese copper factory workers | Chinese Workers’ PsyCap Impact | Workplace Deviance, Supervisory Rated Performance | - PsyCap is tested in cross-cultural context and shown to impact the performance of Chinese workers  
- Neuroscientific/brain activity differences are present in those with high and low levels of PsyCap |
| Peterson Balthazard, Waldman & Thatcher (2008) | 55 senior business and/or community leaders | Neurological PsyCap | Brain Activity | - High PsyCap leaders display different patterns of brain activity than low PsyCap leaders—i.e., a neurological component to PsyCap exists |
| Luthans, Norman, Avolio & Avey (2008) | 404 students (Study 1)  
163 insurance service employees (Study 2)  
170 high-tech employees (Study 3) | PsyCap as a Mediator of Supportive Climate and Performance | Performance Satisfaction, Commitment | - PsyCap positively impacts the performance and work attitudes of employees and mediates the relationship between supportive organizational climate and performance |
<table>
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<th>Author(s)</th>
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</thead>
<tbody>
<tr>
<td>Avey, Luthans &amp; Jensen (2009)</td>
<td>416 working adults</td>
<td>PsyCap Impact on Stress and Turnover</td>
<td>Symptoms of Stress Intentions to Quit Job Search Behaviors</td>
<td>• PsyCap is a tool for combating occupational stress</td>
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<td>Clapp-Smith, Vogelesang &amp; Avey (2009)</td>
<td>Midwest chain of 26 small retail clothing stores, 89 employees</td>
<td>Group-Level PsyCap Impact</td>
<td>Financial Performance (Sales Growth)</td>
<td>• The relationship between PsyCap and performance is mediated by trust in group leadership</td>
</tr>
<tr>
<td>Luthans, Avey, Avolio &amp; Peterson (2010)</td>
<td>80 managers from across wide variety of organizations</td>
<td>Experimental Analysis of PsyCap Development and Causal Impact</td>
<td>PsyCap Development and Performance</td>
<td>• PsyCap can be developed through training</td>
</tr>
<tr>
<td>Avey, Luthans &amp; Youssef (2010)</td>
<td>336 employees in a wide cross-section of organizations and jobs</td>
<td>PsyCap Value Added</td>
<td>Organizational Citizenship Behavior, Organizational Cynicism, Intentions to Quit Counterproductive Work Behaviors</td>
<td>• PsyCap adds value beyond more established positive traits in predicting attitudes and behaviors</td>
</tr>
<tr>
<td>Norman, Avolio &amp; Luthans (2010)</td>
<td>304 working adults in four experimental conditions</td>
<td>Experimental Analysis of Leaders’ PsyCap and Transparency</td>
<td>Perceived Trust Effectiveness of the Leader</td>
<td>• PsyCap predicts unique variance in outcomes beyond demographics, self-evaluations, personality, person-organization, and person-job fit</td>
</tr>
<tr>
<td>Avey, Luthans, Smith &amp; Palmer (2010)</td>
<td>280 broad cross-section of employees</td>
<td>PsyCap Impact on Well-Being</td>
<td>Psychological Well-Being</td>
<td>• Participants high in PsyCap are less cynical, exhibit fewer counterproductive work behaviors, are good organizational citizens, and intend to remain in the organization in the foreseeable future</td>
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<tr>
<td>Sweetman, Luthans, Avey &amp; Luthans (2011)</td>
<td>899 working adults</td>
<td>Impact of PsyCap on Creative Performance</td>
<td>Objective Performance on a Creativity Exercise</td>
<td>• Leaders’ level of PsyCap and transparency impacts followers’ perceived trust and perceptions of leaders’ effectiveness</td>
</tr>
<tr>
<td>Luthans, Youssef &amp; Rawski (2011)</td>
<td>1,526 working adults</td>
<td>A Quasi-Experiment Comparing Impact of PsyCap and Reinforcing Feedback Interventions</td>
<td>Problem Solving Innovation</td>
<td>• PsyCap predicts creative performance over and above each of the four PsyCap components</td>
</tr>
<tr>
<td>Avey, Avolio &amp; Luthans (2011)</td>
<td>106 engineers randomly assigned to four experimental conditions</td>
<td>Experimental Analysis on Perceived Impact of Leaders’ PsyCap on Followers’ PsyCap and Performance</td>
<td>Quantity and Quality of Solutions to Real Problems in the Participants’ Jobs</td>
<td>• Both PsyCap and feedback, when mediated by a mastery-oriented mindset, predict problem solving performance, innovation, and subsequent PsyCap</td>
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Table 1. (continued) Summary of Selected Empirical PsyCap Research
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<tbody>
<tr>
<td>Peterson, Luthans, Avolio, Wulumbwa &amp; Zhang (2011)</td>
<td>179 employees from retail advisory department of large financial service organization</td>
<td>Longitudinal Causal Impact of PsyCap</td>
<td>Within-Individual Change in PsyCap</td>
<td>- Within-individual change in PsyCap occurs over time (longitudinal data; indicates state-like)</td>
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<td>Supervisor-Rated Performance</td>
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<td>Revenue</td>
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<tr>
<td>Avey, Reichard, Luthans &amp; Mhatre (2011)</td>
<td>Meta-Analysis: 51 independent samples (N=12,567 employees)</td>
<td>Meta-Analysis of PsyCap</td>
<td>Employee Attitudes, Behaviors and Performance</td>
<td>- Self-reported, supervisor-rated, and objective performance measures used in examinations involving PsyCap are equivalent</td>
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<tr>
<td>Chen &amp; Lim (2012)</td>
<td>179 unemployed Singaporean professionals</td>
<td>Influence of PsyCap on Those Unemployed; Job Search</td>
<td>Perceived Employability</td>
<td>- PsyCap of the unemployed is positively related to perceived employability, a coping resource</td>
</tr>
<tr>
<td>Harms &amp; Luthans (2012)</td>
<td>278 employees in a wide cross-section of jobs and organizations</td>
<td>PsyCap Implicit Measure [IPCQ] Validation Analysis</td>
<td>Performance</td>
<td>- An implicit measure of PsyCap (I-PCQ) is validated</td>
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<td>Satisfaction</td>
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<td>McKenny, Short &amp; Payne (2012)</td>
<td>4,350 CEO to shareholder letters from 664 firms’ annual reports from 2001–2010</td>
<td>Validating a Computer-Aided Text Analysis Measure of Organizational Level PsyCap</td>
<td>Word Lists for Organizational PsyCap Components</td>
<td>- Organizational PsyCap is effectively developed and connected to performance outcomes</td>
</tr>
<tr>
<td>Luthans, Youssef, Sweetman &amp; Harms (2013)</td>
<td>523 working adults</td>
<td>Health PsyCap and Relationship PsyCap Impact on Well-Being</td>
<td>Health and Relationship Objective Outcomes, Satisfaction and Overall Well-Being</td>
<td>- PsyCap is an antecedent to satisfaction appraisals in three important life domains: work, relationships, and health</td>
</tr>
<tr>
<td>Wang, Sui, Luthans, Wang &amp; Wu (2013)</td>
<td>49 leaders 794 followers</td>
<td>PsyCap Moderation Effect on Followers</td>
<td>Leader-Member Exchange (LMX) Follower Performance</td>
<td>- PsyCap is related to overall well-being</td>
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Potential Sales Applications of Psychological Capital

Two key aspects of PsyCap emerge from the literature and have important implications for unique research applications within sales. The first is the positive impact of PsyCap on specified individual-level salesperson outcomes. This relationship is based on the well-documented impact derived from an individual’s level of PsyCap and motivated effort. The second is the impact of PsyCap within intra-organizational and extra-organizational sales contexts. This relationship is derived from extensions of PsyCap’s contagion effect and group-level effects and offers the opportunity to study relationships occurring within sales, between sales and other organizational silos, and between organizations.

Intra- and extra-organizational contexts allow marketers to extend the origins of PsyCap’s management-based relationships (e.g., manager-subordinate relationships), as well as apply PsyCap to new sales-based relationships (e.g., buyer-seller relationships) at both the individual and organizational level. Table 3 outlines potential applications of PsyCap within individual-level, intraorganizational, and extra-organizational contexts.

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</thead>
<tbody>
<tr>
<td>Story, Youssef, Luthans, Barbuto &amp; Bovaird (2013)</td>
<td>79 true global leaders 229 direct reports Dyads from Fortune 100 multinational firm</td>
<td>PsyCap Contagion Effect on Followers</td>
<td>Quality of Relationship Followers’ PsyCap</td>
<td>A firm’s global leaders level of PsyCap has a contagion effect on their followers located around the world—i.e., contagion effect at a distance exists</td>
</tr>
<tr>
<td>Mathe-Soulek, Scott-Halsell, Kim &amp; Krawczyk (2014)</td>
<td>168 employees from 67 quick service restaurants</td>
<td>Collective PsyCap Effect on Service Quality, Customer Satisfaction, and Revenue</td>
<td>Mystery Shoppers Customer Evaluations Company Records</td>
<td>• Collective PsyCap is related to service quality, customer satisfaction, and unit revenues</td>
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<td>• Service quality and customer satisfaction mediate collective PsyCap to unit revenues relationship</td>
</tr>
</tbody>
</table>

Table 3 outlines potential applications of PsyCap within individual-level, intraorganizational, and extra-organizational contexts.
Table 2. Summary of PsyCap Components Found in Sales Contexts

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Sample</th>
<th>PsyCap Component</th>
<th>Relevant Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chowdhury (1993) JMR</td>
<td>113 undergraduate business students</td>
<td>Efficacy</td>
<td>● The impact of increasing quota levels is stronger for subjects who are high in efficacy than for subjects low in efficacy as evidenced in a lab experiment</td>
</tr>
<tr>
<td>Sujan, Weitz &amp; Kumar (1994) JM</td>
<td>190 cross-section of industrial salespeople</td>
<td>Efficacy</td>
<td>● Efficacy moderates some of the relationships with feedback and goal orientations including positive feedback-learning-orientation, negative feedback-performance-orientation, and performance-orientation-working hard relationships</td>
</tr>
<tr>
<td>Hartline &amp; Ferrell (1996) JM</td>
<td>236 hotel managers, 743 hotel employees, 1351 customers</td>
<td>Efficacy</td>
<td>● Attitudinal and behavioral responses of customer-contact employees can influence customers’ perception of service quality. ● To increase perceptions of service quality, managers must increase employee efficacy</td>
</tr>
<tr>
<td>Rich (1999) JMTP</td>
<td>122 salespeople / sales manager dyads from 5 companies</td>
<td>Optimism</td>
<td>● Sales managers can enhance salesperson optimism through individualized support—i.e., developed optimism. ● Optimistic salespeople are more likely to be productive (in-role performance) and engage in sportsmanship organizational citizenship behaviors (extra-role performance)</td>
</tr>
<tr>
<td>Shoemaker (1999) JPSSM</td>
<td>158 electrical component salespeople</td>
<td>Efficacy</td>
<td>● No significant relationship with leadership practices (e.g., challenging the process, inspiring a shared vision, enabling others to act, modeling the way, encouraging the heart) and efficacy are found</td>
</tr>
<tr>
<td>Schulman (1999) JPSSM</td>
<td>n/a</td>
<td>Optimism</td>
<td>● Ability and motivation are not always enough in the absence of optimistic expectations, particularly in situations that require employees to overcome adversity. ● Expectations of success or failure are often self-fulfilling prophecies. ● Teaching salespeople to dispute internal, stable, or global attributions for their failure improves expectancy for success, in turn helping performance and reducing turnover</td>
</tr>
<tr>
<td>Sujan (1999a) JPSSM</td>
<td>n/a</td>
<td>Learned Optimism</td>
<td>● Extends Schulman’s (1999) optimism paradigm—learned helplessness</td>
</tr>
<tr>
<td>Sujan (1999b) JPSSM</td>
<td>n/a</td>
<td>Optimism</td>
<td>● Optimistic thinking is a core, individual characteristic, that fosters salespeople’s street smarts (i.e., adapting to their environment, selecting to be in a more appropriate environment, and shaping or molding their environment). ● Training and managing optimism is particularly critical for rookie salespeople</td>
</tr>
<tr>
<td>Adidam &amp; Srivstava (2001) MMJ</td>
<td>n/a</td>
<td>Optimism</td>
<td>● Positions optimism within a sales force as a strategic advantage. ● Describes why optimism is desirable to individuals, organizations, and the sales force, as well as how sales managers can foster greater optimism within the sales force</td>
</tr>
<tr>
<td>Krishnan, Netemeyer &amp; Boles (2002) JPSSM</td>
<td>1,115 cell phone salespeople (Study 1) 182 real estate salespeople (Study 2)</td>
<td>Efficacy</td>
<td>● Effort mediates the relationship between competitiveness and sales performance, while efficacy has both direct and indirect effects</td>
</tr>
<tr>
<td>Verbeke, Belschak &amp; Bagozzi (2004) JAMS</td>
<td>93 salespeople (Study 1) 250 car salespeople (Study 2)</td>
<td>Efficacy</td>
<td>● Salesperson efficacy can serve as a valuable screening tool. ● Adaptive consequences in personal selling and its self-regulation affect outcomes with colleagues and customers. ● Pride increases salesperson-related motivations, including efficacy</td>
</tr>
</tbody>
</table>
Table 2. (continued) Summary of PsyCap Components Found in Sales Contexts

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Sample</th>
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</tr>
</thead>
</table>
| Dixon & Schertzer (2005) JPSSM                | 296 Fortune 500 financial service salespeople                         | Optimism         | • Individual differences affect the attribution process and behavioral intentions of sales representatives following a failed sales call  
  • Salespeople possessing high levels of optimism or self-efficacy are more likely to ascribe sales call failure to unstable causes. Optimistic salespeople are more likely to blame internal forces (strategy, effort) for failure to make a sale  
  • Fundamental error of attribution is less likely to occur among optimistic and efficacious salespeople |
| Sager, Strutton & Johnson (2006) P&M          | 452 industrial chemical salespeople                                   | Efficacy         | • Both internal locus of control/high efficacy and external locus of control/high efficacy salespeople perform at higher levels than those in other cells                                                                       |
| de Jong, de Ruyter & Wetzels (2006) JAMS      | 51 self-managing teams (SMTs) in service delivery (employee and customer) | Team Efficacy    | • Shows causal linkage between employee confidence and performance for SMTs  
  • Distinguishes between task-specific (i.e., team efficacy) and generalized (i.e., group potency) employee confidence  
  • Team efficacy has reciprocal causal relationships with service revenues and customer-perceived service quality |
| Mallin & Mayo (2006) JPSSM                    | 112 members of Sales and Marketing Executives International           | Efficacy         | • Efficacy and internal locus of control are used to explain when salespeople choose internal attributions to “spend” resources as predicted from Hobfoll’s conservation of resource (COR) theory |
| Mulki, Lassk & Jaramillo (2008) JPSSM         | 138 boat and marine product salespeople                              | Efficacy         | • Investigates the negative impact of work overload and the positive impact of self-efficacy on important sales outcomes—capability rewards and pay satisfaction  
  • Efficacy provides the focus and confidence needed to expend available resources to get the sales job done without becoming overwhelmed or frustrated—i.e., high levels of efficacy explain lower levels of role stress and work overload perceptions  
  • Role stress and work overload mediate the effect of efficacy on capability rewards and pay satisfaction |
| Jaramillo & Mulki (2008) JPSSM                | 344 pharmaceutical salespeople                                       | Efficacy         | • Supportive leadership leads to higher salesperson effort directly, as well as through the mediating process that involves self-efficacy  
  • Customer demandingness amplifies positive effect of supportive leadership on efficacy |
| Fu, Richards & Jones (2009) JPSSM             | 143 industrial salespeople                                           | Efficacy         | • Employing the motivation hubs theoretical framework, efficacy is modeled as an antecedent to selling effort and new product sales |
| Fu, Richards, Hughes & Jones (2010) JM        | 308 salespeople for new-to-market product; 226 salespeople for line extension | Efficacy         | • Finds a positive association between salespeople's efficacy and the development of selling intentions and the success of a new product launch  
  • Managers should focus on increasing salesperson efficacy to build selling intentions and quickly grow new product performance  
  • Manager’s subjective norms constrain associations between efficacy and performance |
Table 2. (continued) Summary of PsyCap Components Found in Sales Contexts

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Sample</th>
<th>PsyCap Component</th>
<th>Relevant Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lewin &amp; Sager (2010) JPSSM</td>
<td>495 industrial chemical salespeople</td>
<td>Efficacy</td>
<td>● Salesperson personal characteristics and coping strategies interact in predicting turnover intentions. Efficacy combined with problem-focused coping reduces salespersons turnover intentions more than efficacy alone&lt;br&gt;● Provides the first test of the direct relationship between salesperson efficacy and turnover intentions—salesperson efficacy negatively influences turnover intentions</td>
</tr>
<tr>
<td>Menguc, Auh &amp; Kim (2011) JPSSM</td>
<td>222 salespeople from 38 organizations</td>
<td>Efficacy</td>
<td>● Efficacy plays a role in salesperson interorganizational knowledge sharing behaviors with coworkers outside of the sales unit (i.e., finance, production, design)&lt;br&gt;● Relationship quality mediates the relationship with knowledge sharing behaviors</td>
</tr>
<tr>
<td>Yang, Kim &amp; McFarland (2011) JPSSM</td>
<td>980 insurance sales agent, South Korea</td>
<td>Efficacy</td>
<td>● Based on distal-proximal theoretical framework of motivation, results show that distal traits (e.g., conscientiousness, extroversion) mediate the effect on sales performance through the proximal motivational factor of efficacy.</td>
</tr>
<tr>
<td>Krush, Agnihotri, Trainor &amp; Krishnakumar (2013) IMM</td>
<td>172 real estate salespeople</td>
<td>Resiliency</td>
<td>● First study to examine resiliency in the sales literature&lt;br&gt;● Resiliency reduces the adverse effects of work-family conflict on stress and attenuates the draining effects of stress on job satisfaction (i.e., personal buoyancy)</td>
</tr>
<tr>
<td>Agnihotri, Trainor, Krush &amp; Krishnakumar (2014) JSR</td>
<td>172 real estate salespeople</td>
<td>Resiliency</td>
<td>● Resiliency facilitates salesperson benefits through dual paths—accentuated motivational control (to job performance) and attenuated anxiety (to job satisfaction)&lt;br&gt;● Dual resiliency pathways are contingent upon customer expectations&lt;br&gt;● Empirical support for resiliency as a self-regulation resource salespeople can employ</td>
</tr>
<tr>
<td>Bande, Fernández-Ferrín, Varela &amp; Jaramillo (2015) IMM</td>
<td>209 salespeople from 105 organizations</td>
<td>Resiliency</td>
<td>● Resiliency reduces salesperson turnover intentions (direct influence)&lt;br&gt;● Resiliency reduces salesperson emotional exhaustion (i.e., burnout)— which is also shown to reduce turnover intentions (indirect influence)</td>
</tr>
</tbody>
</table>

Notes: Journal of Marketing Research (JMR); Journal of Marketing (JM); Journal of Marketing Theory and Practice (JMTP); Journal of Personal Selling & Sales Management (JPSSM); Marketing Management Journal (MMJ); Journal of the Academy of Marketing Science (JAMS); Psychology & Marketing (P&M); Journal of Services Research (JSR); Industrial Marketing Management (IMM).
Table 3. Potential PsyCap Applications in Sales

<table>
<thead>
<tr>
<th>Individual-Level</th>
<th>Underlying Theoretical Mechanisms</th>
<th>Related Findings in Literature</th>
<th>Potential PsyCap Applications in Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Employees</td>
<td>Internal Motivation</td>
<td>● PsyCap enhances desirable workplace attitudes, behaviors, and performance (Avey et al. 2011)</td>
<td>● Effect of PsyCap on performance of B2B salespeople and customer service representatives (CSRs) ○ e.g., objective sales records, extra-role performance, service evaluations</td>
</tr>
<tr>
<td>Sales Managers</td>
<td>Conservation of Resources</td>
<td>● PsyCap reduces job stress, intentions to quit, counterproductive work behaviors, and job search behaviors (Avey, Luthans, and Jensen 2009; Avey, Luthans, and Youssef 2010)</td>
<td>● Effect of PsyCap on attitudes and behaviors of salespeople and CSRs ○ e.g., job satisfaction, psychological well-being, role stress, absenteeism, burnout, commitment, turnover</td>
</tr>
<tr>
<td>Sales Teams</td>
<td>Role Theory</td>
<td></td>
<td>● Effect of PsyCap on sales team performance</td>
</tr>
<tr>
<td>Inter-Functional Groups</td>
<td></td>
<td></td>
<td>● Effect of PsyCap on leadership behaviors, supervisory performance, and effectiveness of sales managers</td>
</tr>
<tr>
<td>Leadership Behaviors</td>
<td>Behavioral Modeling</td>
<td>● Collective PsyCap related unit revenue, service quality, and customer satisfaction (Mathe-Soulek et al. 2014)</td>
<td>● Effect of sales managers’ PsyCap on the PsyCap level of their sales employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Organizational PsyCap correlated with satisfaction (McKenny, Short, and Payne 2012)</td>
<td>● Effect of collective PsyCap on customer service, satisfaction, and firm performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Effect of organizational PsyCap via sales firm strategies and culture</td>
</tr>
<tr>
<td>Extra-Organizational</td>
<td>Signaling Theory</td>
<td>● Organizations able to contingency plan respond better to unexpected incidences with external partners (Lee 2004)</td>
<td>● Effect of B2B salespeople’s PsyCap on their customer’s attitudes, behaviors, and purchases ○ e.g., satisfaction with sales interaction, loyalty to the salesperson, customer retention, customer lifetime value</td>
</tr>
<tr>
<td>Sales Employee and Customer Interactions</td>
<td></td>
<td>● A buyer’s trust in the supplying firm is influenced by firm reputation (Doney and Cannon 1997)</td>
<td>● Effect of organizational PsyCap on representatives of collaborating firms ○ e.g., customer satisfaction, customer trust, anticipated future interaction ○ e.g., channel and B2B relationships</td>
</tr>
<tr>
<td>Inter-Organizational Interactions</td>
<td>Social Exchange Theory</td>
<td>● Organizational PsyCap develops and impacts firm performance outcomes (McKenny, Short, and Payne 2012)</td>
<td></td>
</tr>
</tbody>
</table>
Individual-Level Outcomes Applicable to Sales

Employee PsyCap is frequently positively related to positive individual-level outcomes (e.g., performance, satisfaction) and negatively associated with negative individual-level outcomes (e.g., turnover intentions). These relationships present several potential applications of PsyCap in the sales domain and build upon the important theoretical research stream derived from salesperson motivation.

Performance

Research has shown that PsyCap impacts performance outcomes in the workplace (Avey et al. 2011). This application has numerous possibilities within sales given the importance both academics and practitioners have placed on improving sales performance. This includes the performance of frontline employees (FLEs) with direct customer contact, such as customer service representatives, retail employees, and sales personnel. This also comprises managerial performance, including retail managers and sales managers.

PsyCap is a common underlying capacity critical to human motivation and cognitive processing, resulting in performance improvement in the workplace (Hobfoll 2002; Luthans et al. 2007; Peterson et al. 2011). Salespeople higher in PsyCap are likely to be more energized than their counterparts; these salespeople put forth effort manifested in higher performance over extended periods of time because they believe (efficacy) they are capable of achieving high performance. Further, salespeople high in PsyCap have willpower and generate multiple solutions to problems (hope). They make internal attributions and have positive expectations for future results (optimism), and respond positively and persevere in the face of adversity and setbacks (resilience). Together, the four PsyCap resource components tend to increase performance because they reinforce extra effort from salespeople, promote the generation of multiple solutions to problems, enhance positive expectations about results, and engender positive responses to setbacks. Thus, PsyCap relates to salesperson performance through motivated effort (i.e., when salespeople try harder to succeed, they generally perform better). While the potential exists for PsyCap to make salespeople overly optimistic about their expectations and overly comfortable with setbacks, the importance of
this process and impact on motivation is relevant to facilitating performance among salespeople, particularly because rejection, failure, and adversity are commonplace.

Theoretically, the state-like malleable nature of PsyCap receives attention among agentic mechanisms (Bandura 2008; Youssef and Luthans 2012) and resource theories such as conservation of resources theory (Hobfoll 2002; Wright and Hobfoll 2004). For example, Hobfoll (2002) posits that psychological resources support synergies that operate between and within the various PsyCap components. The conservation of resources theory also explains how salespeople are motivated to acquire, maintain, and foster the necessary resources found in PsyCap to attain successful performance outcomes (Peterson et al. 2011). Thus, an increase in salesperson PsyCap provides more resources and a stronger foundation for them to draw from and attain an increase in performance. Similarly, a decrease in PsyCap deprives individuals and takes away from their reservoir of resources, resulting in lower performance (Peterson et al. 2011).

This theory can be applied in a sales context to provide benefits to salespeople who are attempting to overcome the depletion of resources resulting from work stress (Chan and Wan 2012). As sales positions can be typified by high levels of role stress in comparison to other organizational members, PsyCap is especially relevant in sales and its effect on salesperson performance should be quite robust. PsyCap facilitates the motivation for internal, agentic behavior toward successfully accomplishing goals and tasks, leading to better performance for individuals with higher levels of PsyCap (Avey et al. 2011). Given the strong theoretical grounding, the positive impact of PsyCap on multiple pathways to performance may exist and multiple types of performance outcomes can be generalized into the sales domain. Drawing from extant literature, these pathways from PsyCap to performance include direct effects (e.g., Luthans et al. 2007), indirect effects (e.g., Clapp-Smith, Vogelgesang, and Avey 2009), and as a mediator (e.g., Luthans, Norman et al. 2008). Beyond the direct extension, however, results unique to sales contexts may also be uncovered. These include, for example, comparing the effects of PsyCap on performance evaluations external to the organization (e.g., customer satisfaction) versus internal to the organization (e.g. salesperson performance) to assess the relative magnitude of effects. Additionally, the effect of PsyCap on multiple forms of performance observations (e.g., behavioral and
outcome performance) can be compared in a sales context. Further, sales-related moderators can be tested on the PsyCap-performance relationship (e.g., customer demandingness, market turbulence).

**Attitudes**

Given the downstream implications of attitudinal outcomes, sales researchers focus on how to reduce salesperson role stress, improve satisfaction, and reduce costs associated with turnover. The primary aim of PsyCap is directed at performance improvement; however, employees with high levels of PsyCap also display more positive work attitudes, such as satisfaction and commitment (Luthans, Youssef, and Avolio 2007), and are better equipped to combat stress (Avey, Luthans, and Jensen 2009). As higher satisfaction and lower stress are directly linked to enhanced performance in sales contexts (see meta analyses: Jackson and Schuler 1985; Franke and Park 2006), PsyCap’s positive impact on satisfaction and stress is an important consideration for sales. Previous research indicates PsyCap is frequently positively related to desirable employee attitudes and negatively related to undesirable employee attitudes (Avey et al. 2011). The explanatory mechanism used to support these findings is that those higher in PsyCap expect good things to happen at work (optimism), believe they create their own success (efficacy and hope), and are more impervious to setbacks (resilience) when compared with those lower in PsyCap (Avey et al. 2011).

Avey et al. (2011) state that the relationship between PsyCap and work attitudes should be anticipated given the expectancy of success derived from optimism and the belief in personal abilities derived from efficacy. Thus, those high in PsyCap report being more satisfied with their job (Luthans et al. 2007), leadership (Luthans, Youssef, and Avolio 2007), and organization (Luthans, Norman, et al. 2008). Further, PsyCap is related to organizational commitment because the organization fulfills needs for efficacy and accomplishment for those with higher PsyCap. In turn, employees are more likely to entrench themselves and be enthusiastic about their work (Avey et al. 2011). Sales researchers note the importance of these variables given their impact on performance (e.g., Jaramillo, Mulki, and Marshall 2005) and improved customer satisfaction (e.g., Homburg and Stock 2004).

In addition to desirable attitudes and behaviors, research also finds PsyCap negatively relates to undesirable outcomes, such as turnover.
intentions and job search behaviors (Avey, Luthans, and Jensen 2009; Avey et al. 2011). Individuals with higher levels of PsyCap are more resilient and likely to withstand rather than quit (Luthans and Jensen 2005; Luthans et al. 2006). Further, higher levels of optimism regarding the confidence in their ability to succeed in the job play important roles in reducing the turnover of employees (Avey, Luthans, and Youssef 2010). Highly optimistic employees are also motivated to take charge of their destiny (Seligman 1998), self-select into challenging endeavors (Bandura 1997), engage necessary efforts and resources, and persevere in the face of obstacles (Stajkovic and Luthans 1998). Moreover, positive psychological resources counteract distress from job demands, such that the components of PsyCap act as a suppressor of stress and anxiety (Avey, Luthans, and Jensen 2009).

While the potential exists for PsyCap to arbitrarily encourage job satisfaction and organizational commitment among a collection of underperforming salespeople (i.e., reducing functional turnover), sales research often highlights the importance of reducing turnover, noting that sales force turnover costs equate to approximately four times that of the average salesperson’s annual pay (Hrehocik 2007). Further, beyond the impactful direct extensions of PsyCap’s effects on attitudinal outcomes, sales may offer unique contexts which present new or divergent perspectives on these relationships. For example, attitudinal facets which reflect appraisals of one’s role that are external to the organization (e.g., INDSALES facet of satisfaction with customers), interactions with negative role demands that provide counterintuitive effects within specific sales roles (e.g., salesperson role conflict), and moderating PsyCap attitudinal relationship influences specific to sales (e.g., outcome or behavioral controls).

**Intra- and Extra-Organizational Outcomes Applicable to Sales**

PsyCap impacts outcomes between parties. One person’s PsyCap level can impact another’s PsyCap level and directly and indirectly influence relational outcomes. Further, an organization’s PsyCap can influence individuals’ perceptions of the organization (McKenny, Short, and Payne 2012) and downstream relational outcomes. These have potential applications in sales contexts, whether between members of an organization (e.g., sales manager and salesperson) or across organizational boundaries (e.g., buyers and suppliers).
Intra-Organizational Effects

A leader’s PsyCap has a positive impact on the PsyCap of his or her followers (Story et al. 2013), which in turn results in numerous desirable attitudinal, behavioral, and performance outcomes. The theoretical mechanisms for leader-follower PsyCap transference, referred to as the contagion effect, include social learning, observation, and modeling (Story et al. 2013). High-PsyCap leaders are models for their followers and positively affect their PsyCap. Such modeling includes directly observable positive behaviors, as well as positive cognitions such as setting challenging goals, agentic goal pursuit, creative problem solving, contingency planning, positive appraisals of situational factors, positive expectancies about success, and high self-motivation. Positive affective states are also likely a by-product of this process (Snyder 2000); thus PsyCap resources are transferred to followers through progressive independent mastery of cognitions, affect, and behaviors that followers find desirable in their leader (Wood and Bandura 1989).

The premise of the contagion effect is that as followers observe the combined positive impact of the four PsyCap resource components in action, they are more likely to emulate the behaviors associated with their leader’s PsyCap (Story et al. 2013). This effect results in a process where positive leader states are modeled and transferred to their followers through emotional contagion. In other words, positivity displayed by leaders converts to follower positivity (Yammarino et al. 2008). Bono and Ilies (2006) support this transference through their conclusions that leader behavior is a salient source of information that can influence followers’ perceived psychological resources. Specific to PsyCap, Story et al. (2013) indicate a firm’s global leaders exhibiting higher levels of PsyCap act as attractive and credible role models for followers to imitate. In other words, people high in PsyCap transfer their psychological resources to followers by serving as mindset and behavior guides.

The contagion effect between relational entities is empirically substantiated in leader-follower dyads (e.g., Story et al. 2013). Moreover, this contagion effect enables a number of sales extensions, such as the downstream effect of sales managers and executives. Such relationships have been substantiated in the sales literature, including work by Mulki, Jaramillo and Locander (2009), which shows that sale
manager's instrumental leadership can permeate to the organization's ethical climate and salesperson job satisfaction, and Ahearne, Mathieu and Rapp (2005), which shows salesperson behaviors are partially guided by the conduct of their managers. Drawing parallels to these works, a sales leader’s PsyCap may have desirable influences on organizational climate, salesperson job attitudes, and salesperson job behaviors (see Mulki, Jaramillo, and Locander 2009). Given the established impact of PsyCap on salesperson performance, these outcomes are particularly encouraging because of the dual attitudinal and performance benefits—compare this to salesperson ethics, which has been argued to balance a fine line between either what is right and makes people feel good (attitudinal) or evaluating salesperson ethical transgressions against sales results in order to keep up with mounting sales pressures and distant role supervision (performance) (Bass, Barnett, and Brown 1998; Mulki, Jaramillo, and Locander 2009).

The underlying contagion premise also holds true for sales-based intra-organizational relationships, such as peer-to-peer interactions and team transference. Furthermore, sales is a functional area with extensive interactions with other groups within the organization, such as research and development, finance, and manufacturing. Within these intra-organizational exchanges, the contagion impact of PsyCap should manifest across various sales-relevant attitudinal, behavioral, and performance outcomes. Additional research in sales, however, may uncover a weaker direct effect given that some sales roles are typified as boundary spanners and thus “follow” entities internal to the organization (e.g., cross-functional demands) and external to the organization (e.g., customers). Additionally, some sales roles are driven by multiple extrinsic motivators (e.g., quotas) which may dilute the transference effect and the extent that employees explicitly “follow” their supervisors. Finally, the intraorganizational effects may also be subject to unique diversions as a result of moderating effects specific to sales. For example, work team identification (Wieseke et al. 2012) may reduce the noise of multiple influencing entities and accentuate the transference process of PsyCap from the sales manager to salespeople.

Literature proposes PsyCap also exists at the group/collective level (Mathe-Soulek et al. 2014) and organizational level (McKenny, Short, and Payne 2012). Collective PsyCap reflects a work group’s shared psychological state of development that is the product of coordinative
dynamics and leadership. Collective PsyCap produces desired behaviors and performance, reflected in forms such as customer evaluations of employees (Mathe-Soulek et al. 2014). Such dynamics provide an opportunity for researchers to assess the distinctive impact of collective PsyCap within sales teams. This context includes, but is not limited to, sales teams and cross-functional sales teams. For example, researchers could assess the mediating influence of sales team psychological capital on the impact of sales manager support and control mechanisms on desired sales team behaviors and performance objectives. At the organizational level, firms with high levels of organizational PsyCap enjoy common goal direction, believe paths exist to achieve firm goals, attribute positive events to internal factors and negative events to external issues, possess the confidence in their efforts to perform, and have the ability to recover from adversity (McKenny, Short, and Payne 2012). This PsyCap mechanism means that the same properties of PsyCap that exist on an individual level can also manifest at the organizational level, enabling a positive perspective on relational strategies. Therefore, sales firms with higher levels of organizational PsyCap may achieve superior results on outcomes such as responsiveness to customers, relational strategy implementation, and market performance. Organizational PsyCap can also enable a positive firm culture. McKenny, Short and Payne (2012) show that organizational PsyCap is positively correlated with a broadly-held positive evaluation of the current state of the organization (i.e., satisfaction). Therefore, as an organizational culture paradigm, organizational PsyCap may offer numerous unexplored sales implications, such as influencing salesperson attitudes (e.g., socialization of new recruits) and work behaviors (e.g., creation, dissemination, and use of a market orientation) within the organization.

Extra-Organizational Effects

PsyCap is theoretically applicable not only in intraorganizational relationships, but also outside the organization’s boundaries (i.e., extra-organizational). Due to PsyCap’s roots in management research, the PsyCap research to date has solely focused on intraorganizational effects. Significant opportunities exist to extend PsyCap to extra-organizational relationships specific to sales. For example, boundary-spanning employee and/or sales organization PsyCap may influence
performance and attitudinal outcomes beyond the boundaries of the organization. This relationship is explained by the likes of signaling theory, which provides a framework for how employees signal their value and future benefits to potential partners through controllable and meaningful elements of personal presentation (Spence 1973). Social exchange theory (Emerson 1976) also lends theoretical support as the benefit-cost calculation that occurs in business interactions is likely in part a function of PsyCap.

In addition to creating parallels between PsyCap attitudinal and performance outcomes in management and sales, an entire class of variables beyond those conceptualized in the POB approach remain unexplored—those relating to customers and channel members. These extensions include more directive research questions oriented toward customer-based performance outcomes and attitudinal evaluations of the exchange relationship. Sales interactions in business-to-business (B2B) settings occur at multiple levels between individuals (e.g., salesperson and purchasing manager) and between companies (e.g., selling firm and buying firm). With regard to the relationships between individuals, the positive effects of a salesperson’s attitudes may transfer over to the customer and improve customer satisfaction (Hom-burg and Stock 2004); providing a parallel for similar affects between salesperson PsyCap and customer attitudes, behaviors, and performance evaluations.

Organizational PsyCap also creates extra-organizational sales extensions. Drawing from signaling theory, the four organizational-level resource components provide a strong positive indicator of the organization and likely imbue desirable sales outcomes within partnering organizations. The ability to signal organizational PsyCap is supported by McKenny, Short and Payne (2012), who show that organizational PsyCap positively influences firm evaluations. As an example, organizational efficacy, the commonly held belief in the ability of the organization and their members to mobilize resources to obtain specific outcomes (McKenny, Short, and Payne 2012, p.157), likely provides a positive reflection of the firm’s reputation and therefore increases the buyer’s trust in the supply firm (Zsidisin, Panelli, and Upton 2000). As another example, given the increasingly complex and dynamic conditions that typify today’s B2B marketplace (Jones et al. 2005), firms able to contingency plan for multiple eventualities (organizational hope) and recover from derivations to their operating plan
(organizational resiliency) are better able to meet customer needs (Deshpande and Webster 1989; Lee 2004). In sum, organizational PsyCap creates a positive signal, and firms with higher organizational PsyCap may be evaluated more positively by members of partnering organizations, compared to firms with lower organizational PsyCap. This signal is therefore likely to impact outcomes such as customer satisfaction, customer trust, and anticipated future interactions.

**Practical Implications and Future Research Directions**

The purpose of this article is to propose the relevance and potential impact of psychological capital on sales. The empirically-derived positive impact of PsyCap is directly relevant to a number of sales-specific relationships and outcomes. This positive approach to sales extends extant PsyCap literature, not only by looking at new sales-based relationships within the organization, but also because the POB literature stream has yet to apply PsyCap to boundary-spanning relationships beyond the focal firm. Buyer-seller relationships are a prime example of boundary-spanning interactions that would benefit from PsyCap’s application.

Using PsyCap’s theoretical grounding and extensive research support and in the spirit of connecting theory and practice, widely recognized organizational behavior and human resource management positive constructs are conceptualized and integrated into the sales domain. This is accomplished via an extensive review framework of PsyCap (Table 1) and PsyCap’s components within sales (Table 2). Integrating these theoretical foundations within a sales context helps connect PsyCap to a positive approach to sales and allows future sales researchers to utilize these connections. Table 3 provides specific strategies for applying PsyCap to sales. The focus is on attitudinal and performance outcomes at the individual-level, as well as intra- and extra-organizational effects. Explanations and propositions of how PsyCap should operate within these applications, along with exemplar research directives, further substantiate the need for this type of positive research approach in sales relationships. While these applications effectively serve as future sales research directions, this article proposes an integrated approach which links the established work in PsyCap with a positive approach in sales.
In addition to the guidance provided in Table 3, there are numerous additional paths sales researchers can take to create new insights on PsyCap in sales. First, researchers could assess mediated models incorporating PsyCap and role stress on salesperson performance to ascertain the mechanisms through which PsyCap affects performance. Researchers could answer the question regarding whether PsyCap facilitates sales performance primarily through direct, positive effects on sales performance or if, in fact, PsyCap’s primary impact on sales performance is indirect through its reduction of salesperson role stress and resultant increase in performance.

Second, researchers could provide enhanced understanding on the effect of goal setting on salespeople’s PsyCap. While literature has shown goal setting is an important factor in developing PsyCap (Luthans et al. 2006), a dimensionalized view of goal theory has not been applied to PsyCap. By examining the facets of goal specificity, difficulty, and participation (Fang, Evans, and Zou 2005), a nuanced understanding may be advanced in sales. For example, goal difficulty has been shown to possess a nonlinear, inverted U-shaped relationship with performance (Fu, Richards, and Jones 2009). While moderately difficult customer goals can be engaging, highly difficult customer goals can be demotivating due to the tenets of expectancy theory (i.e., high customer demands lead to a lower level of expectancy).

Third, salespeople often obtain a substantial amount of their compensation through variable pay (i.e., commission, bonus). Compensation considerations are especially crucial for organizations and are noted to be the most important incentive for motivating salespeople (Churchill, Ford, and Walker 1979). The compensation mix (i.e., amount of compensation obtained from fixed versus variable pay) may prove an interesting variable when paired with PsyCap. As compensation serves a significant role in meeting salespeople’s lower-order needs (i.e., security; Fry et al. 1986); PsyCap may be a particularly important resource when this lower-order need is met in a highly variable manner. Accordingly, sales researchers may wish to assess if PsyCap has a stronger impact on satisfaction and performance when the sales compensation mix is highly variable.

Fourth, sales researchers could investigate the potential dark sides of PsyCap. To date, the management literature has predominately approached PsyCap in a positive manner. However, PsyCap may at times be detrimental to salespeople and sales organizations. For the
salesperson, all PsyCap components have the capacity for harm as well as good. The meta-theoretic too-much-of-a-good-thing principle (Pierce and Aguinis 2013) suggests that at high levels of PsyCap, a point of diminishing returns or even an inflection point may exist. Accordingly, too much PsyCap may actually hinder performance. At the resource level, literature also shows high levels of PsyCap resources may be deleterious to performance. Too much efficacy can cause over-confidence (Grant and Schwartz 2011) and cause salespeople to disregard competitive and customer threats. Too much optimism can lead to insufficient planning and preparation (Grant and Schwartz 2011), activities essential for successful sales interactions. Further, too much hope can create unrealistic expectations that, if not met, may result in negative attitudes and behaviors (Curtis et al. 2008). Lastly, too much resiliency can also be detrimental to salespeople. Highly-resilient salespeople may persist with failing strategies and spend too much time and effort on low potential opportunities and unprofitable customers. Accordingly, though not conceptualized as a nonlinear phenomenon in the wider management literature, sales researchers may find interesting nonlinear relationships between PsyCap and dependent variables such as customer performance.

For the sales organization, PsyCap may also have its detriments. For example, due to cost advantages of voluntary versus involuntary turnover, sales organizations may prefer poor salespeople self-select out of their job over involuntary termination by the organization. Salespeople high in PsyCap may stay longer in the face of poor performance thus encumbering the organization. Additionally, sales researchers could investigate the potentially negative impact of PsyCap incongruity. For example, sales managers with high (low) levels of PsyCap may have conflict and difficulty dealing with salespeople with low (high) levels of PsyCap. Accordingly, sales researchers could use response surface modeling to assess effects of PsyCap congruity and incongruity.

Finally, as psychological capital is a malleable state, an experimental approach would also allow for an integrative extension addressing a number of sales research avenues (e.g., salesperson performance and attitudes, sales manager performance, contagion effect, group performance, customer attitudes and performance) to assess the causal and financial impact of PsyCap (Luthans et al. 2010). As indicated by Sa Vinhas et al. (2010), investigations of B2B relationships could be greatly enriched by more use of experimental research. As an example,
within an organization, researchers could randomly assign salespeople to receive the PCI and measure the impact on self-reported attitudinal variables (e.g., job satisfaction, organizational commitment), objective outcomes capturing sales behaviors (e.g., number of sales calls), objective performance (e.g., total sales, sales relative to quota), and customer-reported metrics (e.g., satisfaction, word-of-mouth). Further, more complex experimental designs could parse out the specific impact of the individual salespersons’ PsyCap versus the sales managers’ PsyCap—differing between the direct effects of PsyCap and the contagion effect.

**Conclusion**

The research and practical implications in sales of incorporating PsyCap are promising. A positive approach to sales is proposed that can help meet current and future competitive challenges facing the sales environment. PsyCap continues to evolve, but clearly has demonstrated a significant positive impact on employee attitudes, behaviors, and performance across numerous types of organizations and functions. As the resources and outcomes associated with PsyCap are embedded within the field of sales, the application of PsyCap and its empirical extensions need to be recognized and developed. As concluded by Rindfleisch and Heide (1997), the first step in making such theoretical extensions is to conduct a thorough assessment of the current status and synthesize key findings. In this pursuit, a comprehensive and integrative review is provided for common grounding. Most important, however, the intent is to advance an agenda for future research efforts and an evidence-based point of departure for further refinement and extension of PsyCap in sales.

**References**


