

Chapter 8

Global Psychological Capital and Sustainable Competitive Advantage

Sulaiman Olusegun Atiku

University of KwaZulu-Natal, South Africa

Ziska Fields

University of KwaZulu-Natal, South Africa

ABSTRACT

The ability to envision future business opportunities, make adequate preparations, take decisive decisions, and influence other stakeholders towards attainment of set objectives is essential for those in leadership positions. This chapter examines the relationship between global psychological capital and business sustainability. A literature review was conducted on the link between global psychological capital and business sustainability. This study revealed that global psychological capital and firm's innovation are important factors determining the position of a corporation in any industry. An update of global mindsets and positive psychological states of those in management positions will determine the ability to lead workforce creativity and drive firm innovation, thereby culminating into sustainable competitive advantage.

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INTRODUCTION

The importance of sustainability in every work of life has been felt globally. Efforts towards business sustainability are being championed by many practitioners, institutions or organisations and states across the globe (Triguero, Moreno-Mondéjar, & Davia, 2013). Organisations are confronted with issues that are capable of putting their business operations in extinction if concerted efforts or turnaround strategies are not put in place. The issues of sustainability are challenging every organisation, be it governmental, non-governmental, small and medium-size organisations, large or multinational companies irrespective of the nature of their businesses. Worldwide, governments of developed, developing and underdeveloped countries are also faced with the responsibilities of ensuring environmental sustainability, human sustainability, and sustainable growth and development of their nations in the global economy. For multinational corporations, developing multicultural intelligence for leadership effectiveness in the multicultural environment and sustainable competitive advantage are some of their biggest challenges (Atiku & Fields, 2017). Therefore, this chapter seeks to provide knowledge on the association between global psychological capital and sustainable competitive advantage in the 21st century. This chapter also examines the association among global psychological capital, leading creative workforce, organisation's innovation and sustainable competitive advantage.

BACKGROUND

The background of global psychological capital can be traced to the literature in the field of positive psychology (Vogelgesang, Clapp-Smith, & Osland, 2014) and positive organisational behaviour (Larjani & Saravi-Moghadam, 2018; Luthans, Youssef, & Avolio, 2007). The motive of positive psychologists is targeted at enhancing individuals' psychological strengths or positive psychological state. Development of an individual's positive psychological state include the following: "(1) having confidence (efficacy) to take on or put in the necessary effort to succeed at challenging tasks, (2) making positive attribution (optimism) about succeeding now and in the future, (3) persevering towards 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 et al., 2007, p. 3). Accordingly, the authors classified psychological capital into four sub-constructs using the acronym HERO (Hope, Efficacy, Resilience and Optimism) for proper understanding. The four components of psychological capital (Audiopedia, 2017) are discussed as follows.

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