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The Predictive Effect of Positive Emotion on the Individual Work Performance In Banking Industry In Malaysia

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ABSTRACT

Positive emotions create positive development spirals that extend and increase our thought and action repertoires, including intellectual, physical, social and psychological resources (B. L. Fredrickson, 2001). Managers can influence, encourage and develop positive emotions among team members to achieve successful results (Berg & Karlsen 2014). People who have positive emotion are having more energy and vigor (Linley 2008), more committed (Harter et al. 2002), perform better at work than others (Smedley 2007), trigger broadened, curious, and optimistic patterns of thought together with more spontaneous and energetic behaviour (Fredrickson 2013). This study was conducted to explore the predictive effect of positive emotion on work engagement among banking employees in Malaysia. Data was collected from 169 (N=169) banking employees from local and international banks operating in Malaysia. This research employed survey questionnaires as the instrument to collect data from employees. Data analysis for this study was conducted using SmartPLS 3 (Hair et al. 2014) statistical software applications as the focus on this study is to determine the predictive effect of positive emotion on individual work performance. The result of the analysis shows that positive emotion is related to individual work performance in the predicted direction. It can be concluded that positive emotion will increase employees' individual work performance.

Keyword: Positive emotion, Individual Work Performance (IWP), MDES, IWPQ, SPSS, SMART-PLS

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1.0 Introduction

To exist and compete successfully in today's troubled economic environment, organizations want employees to be proactive, show initiative, while engaging with their office and stay dedicated to performing at high standards (Bakker & Leiter, 2010). The nature of emotions experienced by organizational participants will determine the success or failure of an organization (Rafaeli & Worline, 2001). Emotional reactions cause employees to evaluate their work and, in turn, the employees' expectations regarding their working day are influenced (Weiss & Cropanzano, 1996). Positive emotions can have long-lasting benefits for an individual pleasure is the fruit of experiencing positive emotions, increasing their frequency, intensity, or duration is one of the avenues through which individuals can achieve higher levels of happiness (Weytens, Luminet, Verhofstadt, & Mikolajczak, 2014). It will also help buffer against stress (Folkman & Moskowitz, 2000) so that emotional experiences can provide the needed psychological lift to help people continue and move forward in their lives (Tugade & Fredrickson, 2007). According to Fredrickson (2001; 2003; Peterson & Seligman 2004) showing that there is a correlation between positive emotions such as humor and joy, and employees who are more creative, more productive and have better health and thus less sickness absences. Positive emotions can lead to positive work outcomes (Saks, 2006). In this way, the experience of positive emotions may enhance employees' expectations relating to the attainment of work-related goals. So, the experience of positive emotions is likely to influence the level of performance in a positive way.

2.0 Individual work performance

Individual Work Performance (IWP) was defined by Campbell (1990, p. 704) as "behaviors or actions that are relevant to the goals of the organization". Thus, IWP focusses on behaviors or actions of employees, rather than the results of these actions. The IWP domain consists of task performance, contextual performance and counterproductive work behavior (CWB) (Koopman et al., 2014; Rotundo & Sackett, 2002; Viswesvaran & Ones, 2000).

Task performance can be defined as the proficiency (i.e. competency) with which one performs central job tasks. Other labels sometimes used for task performance are job specific task proficiency, technical proficiency or in-role performance. It includes for example work quantity, work quality, and job knowledge (Koopmans, 2014).

Contextual performance can be defined as behaviors that support the organizational, social, and psychological environment in which the technical core must function (Borman & Motowidlo 1993, p. 73). Behaviors used to describe contextual performance include, for example demonstrating effort, facilitating peer and team performance, cooperating, and communicating (Campbell, 1990; Rotundo & Sackett, 2002).

Counterproductive work behavior (CWB) can be defined as behavior that harms the well-being of the organization (Rotundo & Sackett 2002, p. 69). It is also defined as behavior that harms the well-being of the organization includes behaviors such as absenteeism, being late for work, engaging in off-task behavior, theft, and substance abuse (Koopmans, 2014).

In this study, individual work performance will be allocated as dependent variable because it was found to be the important factors to organization to survive among competitors in the same industry. The aim of this study is to examine the factors that contribute to individual work performance. This argument will be supported by the self determination theory.

3.0 Positive emotion

According to affective events theory, emotions are reactions to important events (Weiss & Cropanzano, 1996) comprise of several components, including subjective experiences, cognitive

appraisals, behavior, and physiology (Tugade & Fredrickson, 2007). In the study of emotion, positive emotion falls under discrete emotion together with fear, guilt, anger, sadness, disgust, envy, happiness/joy, pride, relief, hope and compassion (Nabi, 2002). Positive emotion refers to a positive intense and transient feeling directed at a particular object, people, or event.

According to Fredrickson (2001) experiences that evoke positive emotions, also diminish negative emotions. In addition, happy people are more persevering with tasks that are unpleasant. Positive emotions are associated with superior job achievement as well as flourishing social climate (George, 1998) and happy people are more persevering with tasks that are unpleasant (Berg & Karlsen, 2014). Positive emotions create positive development spirals that extend and increase our thought and action repertoires, including intellectual, physical, social and psychological resources (B. L. Fredrickson, 2001). It is occur when people get to know each other, which will also have a positive impact on the result (B. L. Fredrickson, 2001), then trigger broadened, curious, and optimistic patterns of thought together with more spontaneous and energetic behavior (Barbara L. Fredrickson, 2013). People who have positive emotion are having more energy and vigor, they are more committed (Harter et al. 2002) and they perform better at work than others (Smedley 2007). This strengthens the assumption of correlations between positive emotions and efficiency. Positive emotions can thus be a powerful resource for the individual. Positive emotions not only make people feel good at a particular point in time, but these emotions may also predict future wellbeing ((Barbara L Fredrickson & Joiner, 2002). So, understanding and encouraging positive emotions is now recognized as important in business since these emotions have been shown to drive positive business results and individual well-being.

4.0 Theoretical framework

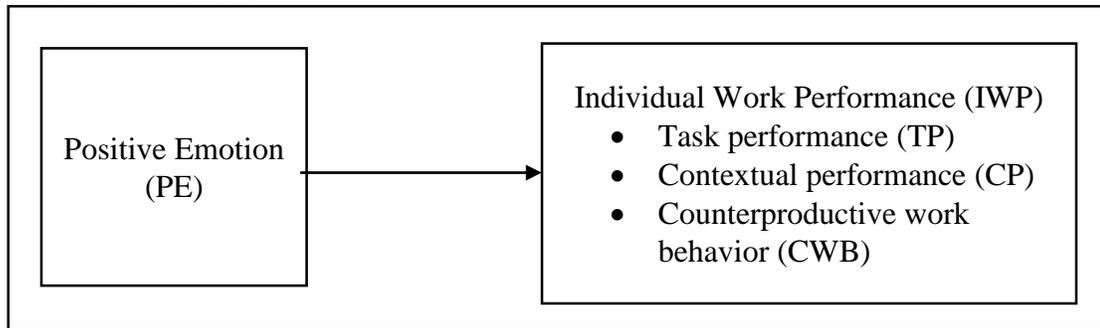


Figure 1: Theoretical framework of the study

5.0 Methodology

5.1 Sample and data collection

This study used SMART PLS3 as data analysis, the decision on the number of respondents in a sample size should take into account the sample size against the background of the model and data characteristics (Joe F. Hair, Hult, Ringle, & Sarstedt, 2014). Cohen Power analysis (Cohen, 1992) is used in determining the sample size for this study. The sampling frame is bank and the respondent were collected randomly using convenience sampling. Only data from 169 respondents were usable for data analysis after excluding 17 cases of missing values and 24 cases of distorted responses (i.e., similar rating for all items). The sample was collected from population of banking employees working in banks in Malaysia.

5.2 Instrumentation

The study variables were measured by adopting or adapting previous validated measurement scales. The construct used in this study are well-known in organizational behavior, and their reliable and valid measurement also available. The measures used are scored on a seven-point

Likert- scaled anchored from never (1) to always (7). Table 1 exhibit the sources for construct of the measurement. A participant was requested to answer the survey booklet consists of five sections. Section A and B measures positive emotion and individual work performance. Questions pertaining demographic information were included in Section C.

Constructs		Number of items	Sources
1.	Positive emotion	10	Fredrickson (2013)
2.	Individual work performance	18	Koopmans et al. (2014).
Total		28	

Table 1: Sources of construct measurement

6.0 Findings and Discussion

The evaluation of a PLS path model is divided into two phases such as evaluation of the measurement model and evaluation of the structural model (Joe F. Hair, Ringle, & Sarstedt, 2011). The measurement model is evaluated to examine the relationship between a latent variable and its manifest variables, whereas the structural model is evaluated to examine the relationship between endogenous variables and other latent variables (Ringle, Sarstedt, & Straub, 2012).

6.1 Result of measurement model

The internal consistency reliability of the measurement model was high as shown in Table 2. The composite reliability was also high which .934 (Positive Emotion) and .938 (Individual Work Performance). Table 2 also shows the results of the convergent validity as assessed by the average variance extracted (AVE) values. The AVE values for the four variables were above 0.50 thresholds, indicating that more than half of the respective indicators' variance was explained by its latent variable.

Latent Variable	Indicator	Loading	Indicator Reliability	Composite Reliability	AVE	Discriminant Analysis
IWP	IWPCP2	0.823	0.677	0.938	0.655	Yes
	IWPCP3	0.849	0.721			
	IWPCP4	0.865	0.748			
	IWPCP5	0.855	0.731			
	IWPCP6	0.797	0.635			
	IWPCP7	0.831	0.691			
	IWPCP8	0.734	0.539			
	IWPCPB4	0.707	0.500			
PE	PE1	0.734	0.539	0.934	0.614	Yes
	PE10	0.764	0.584			
	PE2	0.709	0.503			
	PE3	0.760	0.578			
	PE4	0.790	0.624			
	PE6	0.787	0.619			
	PE7	0.805	0.648			
	PE8	0.861	0.741			
	PE9	0.830	0.689			
	WE2	0.911	0.830			

	WE3	0.905	0.819			
	WE4	0.910	0.828			
	WE5	0.853	0.728			
	WE6	0.867	0.752			
	WE7	0.796	0.634			

Table 2: Result summary for the reflective measurement model

At the indicator level, the results of the indicator loadings in Table 2 show that all of the loadings are above the 0.70 thresholds value, suggesting that the indicators are reliable.

The Fornell-Larcker criterion, cross loadings and Heterotrait Monotrait Ratio (HTMT) were used to assess the discriminant validity at the construct level. Table 3 reveals that the AVE value of each of the latent variable is greater than the latent variable's highest squared correlation over the other latent variable. These results suggest that each latent variable above more constructs variance with its assigned indicators than with another latent variable, providing evidence of the discriminant validity at the construct level.

	Individual Work Performance	Positive Emotion
Individual Work Performance	0.809	
Positive Emotion	0.532	0.783

Tabl

e 3: Fornell-Larcker criterion

Cross Loadings	Individual Work Performance	Positive Emotion
IWPCP2	0.823	0.439
IWPCP3	0.849	0.402
IWPCP4	0.865	0.401
IWPCP5	0.855	0.457
IWPCP6	0.797	0.402
IWPCP7	0.831	0.475
IWPCP8	0.734	0.436
IWPCPB4	0.707	0.430
PE1	0.278	0.734
PE10	0.368	0.764
PE2	0.296	0.709
PE3	0.461	0.760
PE4	0.494	0.790
PE6	0.416	0.787
PE7	0.349	0.805
PE8	0.523	0.861
PE9	0.504	0.830

Table 4: Cross Loading

Table 4 also shows that the loading of each indicator on its assigned latent variable is greater (number with bold) than all of its cross-loadings. Hence, the discriminant validity at the indicator level was established. Another new method used to test the discriminant validity is the Heterotrait-Monotrait Ratio (HTMT). Table 5, shows that all of the ratios are less than 0.9 threshold value, suggesting that the ratios are discriminant.

	Individual Work Performance	Positive Emotion
Individual Work Performance		
Positive Emotion	0.568	

Table 5: Heterotrait-Monotrait Ratio (HTMT)

6.2 Result of structural model

Following a reliable and valid measurement model, the structural model was assessed. Figure 2 shows the results of the structural model of the present study. The R^2 value for Individual Work Performance were 0.354. Therefore, the model explained the endogenous latent variables moderately well (Chin, 1998; Henseler, Ringle, & Sinkovics, 2009). The results show that the effect sizes (f^2) indicating the presence of small to medium effects (cf. Henseler et al., 2009). Specifically, the positive emotion has a small effect size ($f^2 = 0.048$) on the individual work performance.

As shown in Figure 2, the research model significantly explains the sign in the research model was in the same direction as specified in the theory. This means that the theoretical arguments were fully supported. To test the significance of the path coefficient, bootstrapping procedure was used (cases = 169, resample = 5000). The bootstrapping result in Table 6 shows that structural paths were statistically significant.

Path coefficients	T Statistics (O/STDEV)	Significance level	P Values
PE → IWP	2.609	**	0.009

Table 6: Significant Testing Results of the Structural Model

Note: NS= not significant. **p <.05

To further examine the model capability to predict, the blindfolding procedure with omission distance of six has been run. The blindfolding procedure generated the cross-validated communality index that measures the quality of the measurement model of each block of indicators and the cross-validated redundancy index that measures the quality of each structural equation. These two indices are different forms of the Stone-Geisser's Q^2 . For the purpose of assessing the predictive relevance of the structural model, the cross-validated redundancy index was used (Chin, 2010). Table 7 provides the results of the blindfolding procedure. The cross-validated redundancy for individual work performance ($Q^2 = 0.227$) indicates that the structural model has predictive relevance because the values were larger than zero. The collinearity assessment found that the inner and outer variance inflation factor (VIF) values are less than 5. Therefore, no collinearity exists.

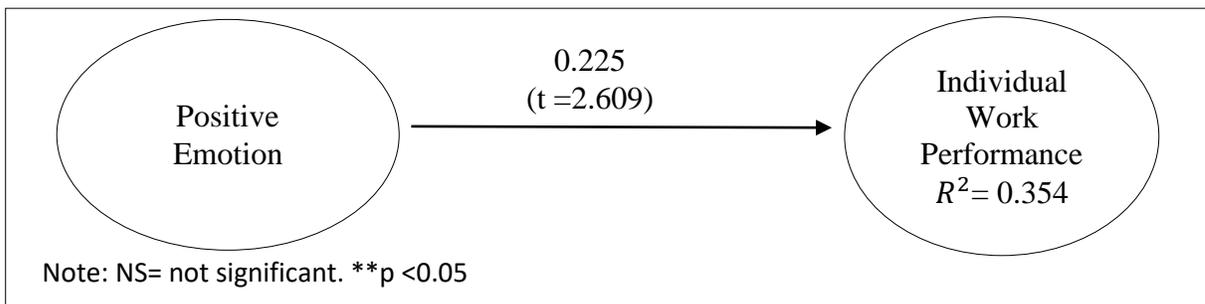


Figure 2 Results of the structural model.

Construct	Cross-validated communality	Cross-validated redundancy
Individual Work Performance	0.551	-
Positive Emotion	0.506	-

Table 7: Cross-validated communality and cross-validated redundancy

6.3 Hypothesis Testing Results

Overall, the results of the hypothesis testing show that the path was statistically significant at the 0.05 level as shown in Tables 8. The path coefficients were statistically significant for the relationship between the Positive Emotion (PE) and Individual Work Performance (IWP) ($\beta = 0.225$, $p < .05$). Therefore, there is a positive relationship between the Positive Emotion and Individual Work Performance.

Hypotheses	Path Coefficients	<i>t</i> value	Significance level	<i>p</i> value	95% Confidence Intervals
H1	PE → IWP	2.609	**	0.009	(0.269, 0.588)

Table 8: Significant Testing Results of the Structural Model

7.0 Conclusion and future recommendation

This study found a significant direct positive relationship between the positive emotion and individual work performance. This finding is consistent with the self-determination theory which stated that intrinsic motivation will boost work performance as employees who experience happiness are more sensitive to opportunities at work, more outgoing and helpful to others, and more confident and optimistic (Cropanzano & Wright, 2001). Also, this finding is consistent with the previous study by Harter, Schmidt and Hayes, (2002) that people who have positive emotion are having more energy and vigor, more committed and perform better at work than others (Smedley, 2007). In general, the finding suggests that there is a positive relationship between the positive emotion and individual work performance. Employees, who experience positive emotions, enhance their resources, which, in turn, may lead to a more enduring positive state of wellbeing and much more likely to be engaged with the work they are doing and their organization.

As the present study employed a cross-sectional design in collecting data from employees and the design allows researchers to collect data one point in time, as it is not possible to establish causal relationships among the study variables. This study suggests that, future research that replicates this study should employ a longitudinal design involving multiple waves of data collection or an experimental design for a more rigorous test of the directionality of the relationships between the variables explored in this study.

In terms of generalization. The data were collected from a convenient sample of 169 employees working in the banking industry in Malaysia. Thus, generalization of the study findings is limited to the sample being studied. Therefore, researchers are encouraged to validate the present findings in other organizational settings and use different samples of employees.

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