

A Thesis Report
On
The influence of Forgiveness Climate on Firm's Overall Performance:
The mediating role of Positive Psychological capital, Organizational
Citizenship Behavior, Job Satisfaction, Employee Performance.

This report is submitted to the Department of Management, Faculty of Business Studies, Hajee Mohammad Danesh Science and Technology University, Dinajpur for the partial fulfillment of the degree of Master of Business Administration (MBA) in HRM.



Prepared By

Arman Hossen Shantoo

Student ID: **1703104**

MBA in HRM

Faculty of Business Studies

HSTU, Dinajpur.

Supervised By

Dr. Md. Alamgir Hossain

Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.

Hajee Mohammad Danesh Science and Technology University,
Dinajpur-5200, Bangladesh.

June, 2024

A Thesis Report

On

The influence of Forgiveness Climate on Firm's Overall Performance: The mediating role of Positive Psychological capital, Organizational Citizenship Behavior, Job Satisfaction, Employee Performance.

Prepared By

Arman Hossen Shantoo

Student ID: **1703104**

MBA in HRM

Faculty of Business Studies

HSTU, Dinajpur.

Supervisor

Dr. Md. Alamgir Hossain

Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.

Co- Supervisor

Sourav Paul Chowdhury

Associate Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.



Hajee Mohammad Danesh Science and Technology University,
Dinajpur-5200, Bangladesh.

June, 2024

Acknowledgement

It is my great privilege to express our gratitude to the almighty for such great opportunity to be in touch with the thesis program. I have to put my heartened feelings and gratitude for the kindness and assistance that was provided to me to complete my thesis report on topic “The influence of Forgiveness Climate on Firm’s Overall Performance: The mediating role of Positive Psychological climate, Organizational Citizenship Behavior, Job Satisfaction, Employee Performance”. I am eternally grateful to my honorable supervisor, Professor Dr. Md. Alamgir Hossain, Department of Management, Faculty of Business Studies, HSTU, Dinajpur. I also want to express my strong gratitude to my honorable co-supervisor, Sourav Paul Chowdhury, Associate Professor, Department of Management, Faculty of Business Studies, HSTU, Dinajpur. I would thankful for such co-operation which I received from my honorable supervisor.

I am also grateful to the members of my thesis group. They helped me a lot to collect the information correctly and extended their helpful to me. I would also like to thanks all the respondent employees of different business organization for their beloved manner and attitude that they had shown to me. To be specific, I would also like to thank from the bottom of my heart to Md. Mostafizur Rahman, Associate Professor, Department of Management, Faculty of Business Studies, HSTU, Dinajpur who gave his hand for making this thesis report and make it successful.

.....

Arman Hossen Shantoo

Student ID: 1703104

MBA in HRM

Faculty of Business Studies

HSTU, Dinajpur.

Certificate of Supervisor

I hereby certify that the concerned thesis report on — “The influence of Forgiveness Climate on Firm’s Overall Performance: The mediating role of Positive Psychological climate, Organizational Citizenship Behavior, Job Satisfaction, Employee Performance”. is made by Arman Hossen Shantoo, Student Id: **1703104**, MBA in HRM, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has performed his work under my supervision and been advised to submit the report to the Faculty of Business Studies for the partial fulfillment of the degree of Master of Business Administration.

I wish him every success in life

.....

Supervisor

Dr. Md. Alamgir Hossain

Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.

Certificate of co-supervisor

I hereby certify that the concerned thesis report on — “The influence of Forgiveness Climate on Firm’s Overall Performance: The mediating role of Positive Psychological climate, Organizational Citizenship Behavior, Job Satisfaction, Employee Performance”. is made by Arman Hossen Shantoo, Student Id: 1703104, MBA in HRM, Hajee Mohammad Danesh Science and Technology University, Dinajpur-5200. He has performed his work under my co-supervision and been advised to submit the report to the Faculty of Business Studies for the partial fulfillment of the degree of Master of Business Administration.

I wish him every success in life

.....

Co- Supervisor

Sourav Paul Chowdhury

Associate Professor

Department of Management

Faculty of Business Studies

HSTU, Dinajpur.

Student's Declaration

I hereby certify that the internship report entitled — “The influence of Forgiveness Climate on Firm's Overall Performance: The mediating role of Positive Psychological climate, Organizational Citizenship Behavior, Job Satisfaction, Employee Performance” embodies the result of my own works and efforts prepared under the supervision of Professor Dr. Md. Alamgir Hossain, Department of Management, Hajee Mohammad Danesh Science and Technology University, Dinajpur.

I further affirm that, the work and information presented in this report its original and any part or whole has not been submitted to, in any form, any other University or institution for any degree or any other purpose.

.....
Arman Hossen Shantoo

Student ID: **1703104**

MBA in HRM

Faculty of Business Studies

HSTU, Dinajpur.

Abstract

Forgiveness climate has been identified as a key component for positive employee performance, job satisfaction and organizational citizenship behavior. Therefore, it is crucial to investigate that how forgiveness climate can influence firm's overall performance. Although different studies are available on forgiveness climate, there is no adequate research examining the mechanism between forgiveness climate and firm's overall performance. Linking these two areas of research for the first time, this current study examines the influence of forgiveness climate on firm's overall performance through positive psychological climate, organizational citizenship behavior, job satisfaction and employee performance as mediators. Using quantitative data collected from 408 service provider employees, this study revealed that employee perceptions of forgiveness climate was significantly positively related to firm's overall performance. Specifically, the results demonstrated the mediating effect those mentioned variables between forgiveness climate and firm's overall performance. The findings suggest that organizations should promote forgiveness climate to enhance firm's overall performance.

Keywords: Forgiveness climate (FGC), firm's overall performance (FOP), positive psychological climate (PPC), organizational citizenship behavior (OCB), job satisfaction (JBS) and employee performance (EMP).

Table of contents

Chapter	Title	Page no.
	Acknowledgment	i
	Certificate of Supervisor	ii
	Certificate of Co-supervisor	iii
	Student's declaration	iv
	Abstract	v
	Table of contents	vi- vii
	List of Tables	viii
	List of Figures	ix
Chapter 1	Introduction	1-3
Chapter 2	Literature review and hypotheses formation	4-8
2.1	Key concepts	4
2.2	Theoretical development	5
2.3	Hypothesesformation	5
Chapter 3	Research methodology	9-11
3.1	The design of research and data gathering techniques	9
3.2	Measurements and analysis tools	10

Chapter 4	Analysis of Data and Results	12-16
4.1	Sample profile	12
4.2	Measurement model	12
4.3	Structural model	14
Chapter 5	Discussion and conclusion	17-22
5.1	Discussion	17
5.2	Theoretical implications	18
5.3	Managerial implications	19
5.4	Limitations and directions for the future	21
5.5	Conclusion	21
	References	22-31
	Appendix	32-33

List of tables

Table no.	Title	Page no.
01	Demographic information	9
02	Measurement items	13
03	Hypotheses	14
04	Mediation analysis results	15

List of figures

Figure no.	Title	Page no.
01	Theoretical framework	2
02	Correlation among variables	18

Chapter 1

Introduction

In a fast-changing corporate environment, improving employees' important positive psychological capacities at work is a pressing necessity that influences the performance of the employees. In essence, enabling firms to gain insight into their employees' positive psychological capacities has the ability for fostering workplace positivity, defined by individuals as being optimistic, confident, constructive, and hopeful. (Luthans and Youssef 2007a). Researchers are currently concentrating on identifying positive employee traits, attributes, and behaviors and how they connect to individual, team, and organizational results in an effort to better understand the role that positivity plays at work (Shahid and Muchiri, 2019). Therefore, the purpose of this study is to investigate the influence of forgiveness climate (FGC) to firm's overall performance (FOP) when employees make mistakes or error in the workplace as making mistakes or errors reduces their enjoyment of work and definitely results negativity in the workplace. FGC involves taking an open-minded attitude toward mistakes in general and refraining from blaming, being angry, or expressing hatred for the person who makes a mistake. (Aquino et al., 2006; Cox, 2008). Managing the errors happened by the employees in the workplace, employer or HR practitioners will be able to create a positive workplace and accelerate the employee performance (EMP) as well as FOP.

Karatepe (2012) mentioned that due to the nature of labor itself, errors happen frequently in the workplace (high workloads, tight deadlines, and weakness). Even in cases where an individual commits an error without guilt, that person may still be held accountable for fixing the issue. Errors at work can result in a number of undesirable outcomes, including anxieties, problems, lost productivity, defective goods, issues with performance and quality, unfavorable word-of-mouth, disgruntled customers, higher expenses, and decreased income. (Guchait et al., 2016; Guchait et al., 2012; McCollough et al., 2000; Smith & Bolton, 1998; Smith et al., 1999; Swanson & Hsu, 2011; Wirtz & Mattila, 2004). The unforgiving business firms those have the tendency to fire the errors diminishes probable communication about such incidents (Van Dyck et al., 2005). A further factor limiting employees' willingness to participate in recovery actions is when they perceive performance failures as a threat, deteriorates the firm's overall performance (FOP). In addition, it creates a negative impact in the workplace and demotivates the employees

to do their best as well as becomes a factor for lower FOP. To address these criteria, this study understands the priority to display the influence of Forgiveness climate (FGC) to the FOP.

FGC is one of the trending topics in HR related management literature and number of studies addressing on it are still limited. FGC is studied as an antecedent to examine different employee actions or attitudes in the referred studies (Guchait et al, 2016; Salvador, 2019; Guchaitet al., 2019). Again, forgiveness is studied as a moderator as well as a successor in many studies. (Babalola et al., 2019; De Clercq and Pereira, 2021; Tarraf et al., 2019). Although, there are many studies related to forgiveness, there is no study which relates forgiveness and firm's performance. Linking these two, this is the first time we are examining the research gap; the influence of forgiveness climate (FGC) on firm's overall performance (FOP).

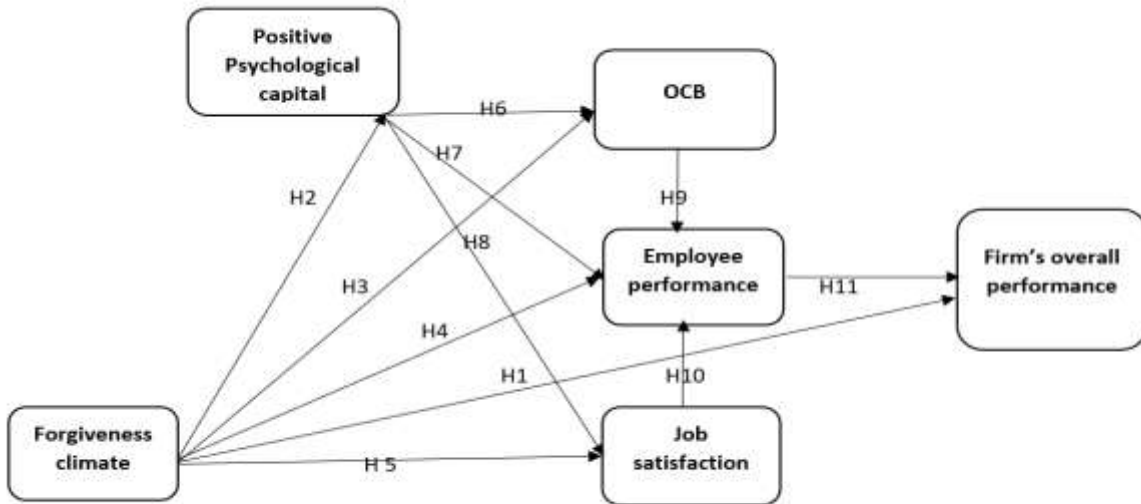


Figure 1: Theoretical model

In addition, many studies found out that forgiveness climate increases job satisfaction (JBS) and organizational citizenship behaviors (OCB) (Eluwole et al., 2022; Cox, 2011). The studies are also available in which relate forgiveness is related with employee performance (EMP) and the positive effect of forgiveness to anyone's psychology are proved (Costa & Neves, 2017; Worthington et al., 2014). As there is also a study gap identifying the mediators between FGC and FOP, this is why we decide if it is possible to examine the outcomes of forgiveness climate (Positive Psychological Capital-PPC, Job Satisfaction-JBS, Organizational Citizenship

Behaviors-OCB, Employee Performance-EMP) as the mediator between FGC and FOP. All the variables are defined clearly in the following section of the study. Therefore, we draw the relationships among the variables are showed in Fig 1. It is showed that forgiveness climate relates the positive phycological capital (PPC), organizational citizenship behavior (OCB), job Satisfaction (JBS), employee Performance (EMP) and firm's Overall Performance (FOP). Thus, to deal with the mentioned study gap we propose the following research questions:

1. Does Forgiveness climate influence the firm's performance?
2. Does psychological capital, organizational citizenship behavior, job satisfaction, employee performance mediate the relationship between Forgiveness climate and firm's performance?

To sum up the objectives of this research: First of all, the study aims to provide a clearer perception of FGC, PPC, OCB, EMP, JBS and FOP. Second, examining the influence of forgiveness climate to firm's overall performance through the mediation effect of PPC, OCB, JBS, EMP. Studying these variables as mediators is going to be a unique contribution to the number of antecedents of FOP. Finally, this research offers a unique conceptual framework in where the forgiveness climate and the proposed relationships are examined. The result of this study will definitely attract the employers, employees as well as the owners of the business firm to be implemented successfully.

Chapter 2

Literature review and hypothesis formation

2.1 Key concepts

2.1.1 Forgiveness climate (FGC)

FGC refers to the perceptions employees of how much the company is willing to tolerate that violations, mistakes, and errors will occur at work (Guchait & Back, 2016). Again, FGC is about how much flexibility others are prepared to offer you, especially when you've made a mistake (Guchait et al., 2016). By having a tolerant attitude toward mistakes in general, the forgiveness climate involves avoiding accusations, rage, and hatred directed towards the person who commits a mistake (Yeşiltaş et al., 2022). FGC generally helps alleviating some of the negative outcomes of the error and encourages the employees and the organization to learn from those mistakes.

2.1.2 Positive psychological capital (PPC)

Positive psychology defines PPC as a person's cultivated and developable qualities, talents, and abilities (Cartwright & Cooper, 2014). Employees' PPC entails a mindset that inspires people to achieve at work (Luthans, 2002).

2.1.3 Organizational citizenship behavior (OCB)

OCB was originally defined as “personal behavior (five constructs of OCB: altruism, conscientiousness, sportsmanship, courtesy and civic virtue) that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate, promotes the effective functioning of the organization (Organ, 1988; Atatsi et al., 2019).

2.1.4 Employee performance (EMP)

EMP is the total output by the employee and in-role conduct or expected accomplishment of duties in carrying out the activities allocated in job descriptions (Atatsi et al., 2019).

2.1.5 Job satisfaction (JBS)

Job satisfaction refers to how employees feel overall about their jobs and their employment's features. (Locke, 1976).

2.1.6 Firm's overall performance (FOP)

As FOP was not defined previously, we developed the definition-FOP is a company's ability to effectively utilize its resources to achieve the goals and objectives with the consideration of its relevant parties (owners, human resources capital, customers and son on). It is a result in management, economics, and marketing that provides a firm the advantages of competitiveness, efficiency and effectiveness to its structural and procedural components.

2.2 Theoretical development

2.2.1 Social exchange theory (SET)

The study is also supported by the social exchange theory. This is a sociological and psychological theory explains human behavior and the social structure of its relations. In the managerial field, social exchange theory proposes that employees tend to respond to their organizations with extra-role behaviors when they feel that their organizations are investing in them (Meira et al., 2021). When employees have economic and also socioemotional resources, they complete their duty with better attitudes and behaviors in their respective workplace.

2.3 Hypothesis formation

2.3.1 FGC and FOP

In our modern world, traditional resources including financial, physical, and technological capital may no longer be sufficient to provide companies with a competitive edge and that rather intangible resource psychological capital (Luthans, 2002a, b). It was contributed by research that the psychological capitals of a business firm can strengthen its performance in times of crisis and help to prepare for future ones (Grözinger et al., 2022). The forgiveness climate creates an environment where employees feel psychologically safe to voice concerns and engage in workplace (Guchait et al., 2019). The benefits of forgiveness are manifold both for people at the individual level and companies globally (Dominguez-Escrig et al., 2022). Hence, we propose,

H1: Forgiveness climate is positively associated with firm's overall performance.

2.3.2 FGC and PPC

FGC is a strong organizational factor that can contribute to employee forgiveness, leading to positive outcomes (Guchait et al., 2019; Bennett & Cox, 2014). The environment of forgiveness results positive psychological virtue like intention to forgive the others in the workplace and learn from mistakes to attain high performance standards (Shahid and Muchiri, 2019; Guchait et al., 2019). Forgiveness provides a method to minimize the perception of unfair treatment and encourage employees to engage in prosocial behaviors instead of revenge-seeking behaviors; reduce tension and stress levels (Guchait et al., 2019; Cox, 2011; Barclay and Saldanha, 2016). Thus, organizations promote more sophisticated and strong psychological resources like forgiveness climate to meet employee's positive psychological capital. Thus, the study proposes the hypothesis:

H2: Forgiveness climate is positively related with positive psychological capital.

2.3.3 FGC to OCB

Again, a climate of forgiveness fosters altruistic behavior and customer-focused OCB (Eluwole et al., 2022). In a study, a perceived forgiveness climate was again found to significantly influence learning behavior as well as organizational commitment (Guchait et al., 2016). The findings of their study suggested that organizations should promote a climate of forgiveness to influence employee attitudes and behaviors (Guchait et al., 2016). Therefore,

H3: Forgiveness climate have positive role on organizational citizenship behavior.

2.3.4 FGC to EMP

In a high organizational forgiveness-climate the work environment is likely to be more trustworthy, supportive, and cohesive (Guchait et al., 2019; Cox, 2011). People would be more willing to forgive in such work environments and less likely to release hostility directed at the individual who made the error (Guchait et al., 2019; Guchait et al., 2016). Forgiveness of workplace errors is also likely to reduce tension and stress levels (Guchait et al., 2019; Cox, 2011). Based on social exchange theory, perceptions of high FGC in organizations may increase employee beliefs that their organization is supportive (Guchait et al., 2019). Thus, the employees have the well-being which leads positive EMP (McPhail et al., 2015). Guchait et al. (2019) have proved the connection between perceived forgiveness climate and employee performance. Again,

several studies recommended to develop forgiveness climate which has an influence on EMP (Babalola et al., 2019; Radulovic et al., 2019)

H4: Forgiveness climate has positive role to play in employee performance.

2.3.5 FGC to JBS

Forgiveness encourages a more convivial and cooperative work environment, which may be advantageous to business organizations. Forgiveness climate acts as a moderator between workplace incivility and job satisfaction, which is one approach to mitigate the detrimental impact of workplace incivility on job satisfaction (Khan et al., 2021b). In a study, higher job satisfaction and lower job stress were found as the outcome of forgiveness climate (Cox, 2008). This is why, we propose:

H5: There is a significant positive relationship between Forgiveness climate and Job satisfaction.

2.3.6 PPC to OCB

PsyCap (psychological capital) results positive motives and encourages progressive change, which makes it easier to achieve successful work results, like OCB (Luthans et al., 2007). In a study it was proved that through the development of PsyCap, the employees are encouraged by those in authority to demonstrate OCB for the smooth operation of the company (Abdullah and wide, 2022). Employees with high levels of psychological capital will be inclined to pursue goals more effectively, with concomitant benefits in their work (Caza et al., 2010). We therefore suggest the hypothesis.

H6: Positive psychological capital positively affects organizational citizenship behavior.

2.3.7 PPC to employee performance

Employee behavior is influenced by psychological capital, and PPC of employees is a crucial component that, when monitored and developed, may improve performance (Luthans, 2002). Employees' psychological capabilities have a significant impact in terms of inspiration given that they might be utilized for evaluating performance enhancement and that PPC is a crucial factor that can affect a person's positive behavior within the company (Jung and Yoon, 2015). Thus, the hypothesis,

H7: Positive psychological capital correlates with increased employee performance.

2.3.8 PPC to job satisfaction

Psychological capital is seen to be a predecessor of job satisfaction, and it is positively correlated with job satisfaction and related categories like performance and commitment(Luthans et al., 2007). Once more, job satisfaction focuses on the feelings of employees and encompasses good and pleasant emotional states that are acquired through work experiences(Robbins & Judge, 2012; Locke & Henne, 1986). Positive emotions result in high levels of job satisfaction; employees provide better service in return (Kong et al., 2018). Therefore,

H8: Positive psychological capital improves job satisfaction.

2.3.9 OCB, JBS, EMP and FOP.

OCB contains optional actions that are not an inclusive element of the employee's job demands and obligations, however the positive influence of OCB on employee performance has previously been identified(Organ, 1988; Atatsi et al., 2019). Moreover, Employees with JBS have positive employee performance, such as innovation, pleasant attitudes, and efficiency, that stems from pleased staff members (Kong et al., 2018). Furthermore, it was proved that EMP is positively related to firm performance (Sadikoglu & Zehir, 2010). Therefore, the study proposes the following hypothesizes:

H9: Organizational citizenship behavior positively encourages employee performance.

H10: Job satisfaction plays a positive role in employee performance.

H11: Employee performance improves the firm's overall performance.

Chapter 3

Research methodology

3.1 The design of research and data gathering techniques

The study uses quantitative research since it is appropriate for investigating causal models and linkages. It entailed the controlled manipulation of a small collection of elements to answer theory-driven research questions and hypotheses, with the ultimate goal of providing a complete overview of trends and connections(Bougie and Sekaran, 2019).

Table 1: Demographic data

Variables	Categories	Frequency n = 408	Percentage
Gender	Male	293	71.81%
	Female	115	28.19%
Age	21-25	56	13.76%
	26-30	83	20.34%
	31-35	67	16.42%
	36-40	90	22.06%
	41-50	83	20.34%
	More than 50	25	6.13%
Educational background	Graduate degree or higher	210	51.47%
	4-year college	98	24.01%
	2-year college	60	14.7%
	Secondary school or less	40	9.80%
Work experience	Less than 1 year	74	18.14%
	1 - 2 years	41	16.05%
	2 - 4 years	70	17.16%
	4 - 8 years	122	29.90%
	8 or more years	101	24.75%
Income per month in TK (optional)	Below 15000	77	18.87%
	15000-30000	69	16.91%
	30000-45000	80	19.61%
	45000-60000	47	11.52%
	60000-75000	20	4.90%
	More than 75000	12	2.94%

Survey data

The online survey tool is mostly used because of its effective properties, which include responsiveness, cost-effectiveness, and target audience availability (Fricker, 2002; Wright, 2005; Kim, 2021). The target samples in this research are the employees from different level of the organization to analyze the workplace environment, specifically the business firms where the

environment of forgiveness exists. In terms of data collection technique, we visited randomly selected service provider business firms (such as health, banking, public-private schools, and consultancy in the major cities in Bangladesh like Dhaka, Mymensingh, Rajshahi, Chittagong, Rangpur and so on) and shared survey invitations with URL links. Again, we indirectly contacted with many international firms across the national border via their employees. English analysis items were translated into Bangla (the mother tongue of the population) to get the more accurate picture of the responses. Though the number of responses were lower, there was no missing data as the questions were designed mandatory to response. After removing the similar type of response and repetitions, 408 were valid for the final test.

3.2. Measures and Assessment Tools

In this study, a survey (online-based) including 36 measuring objects to evaluate six variables, called forgiveness climate (FGC), positive psychological capital (PPC), organizational citizenship behavior (OCB), employee performance (EMP), job satisfaction (JBS), firm's overall performance (FOP). All measurement items were extracted from earlier verified scales and cautiously phrased according to simplicity to suit with the particular circumstances of the workplace's forgiveness culture. To have the scale accuracy, all the measurement items were collected from well-ranked journal. The six items of FGC were picked from the following papers (Thompson et al., 2005; Guchait et al., 2016). Liao et al. (2022) consist of four components of PPC, three components of OCB, and four elements of EMP. Jung and Yoon (2015) contains the well-established measurement items; we adopted two for PPC, three for OCB and one item for JBS. The other two items for EMP and five items for JBS; we collected from the referred papers (Ximenes et al., 2019; McPhail et al., 2015). However, we dropped three measurement items (PPC2-0.673, EMP3-0.662 and EMP4-0.584) due to poor factor loading. Again, the FOP measurements items were collected from a study which analyze the performance of firm (Úbeda-García et al., 2021).

Participants' perceptions in the study were examined applying a Likert-type scale (seven point), where 1 means "strongly disagree" and 7 means "strongly agree". The present investigation used the technique of Partial Least Squares Structural Equation Modeling (PLS-SEM), a strong tool for investigating complicated interconnectedness between latent variables (Sadallah et al., 2023). PLS-SEM is a variance-based modeling approach that has gained appeal in the domains

of management and social sciences because it is capable of managing small numbers of samples, unusual variable distributions, and intricate interactions among latent components(Hair et al., 2021). Compared to covariance-based SEM (CB-SEM), PLS-SEM is particularly ideal for investigations that aim to forecast outcomes rather than demonstrate causal links across components(Sadallah et al., 2023).

Chapter 4

Analysis of Data and Results

4.1 Sample profile

Table 1 indicates 71.81% of males and 28.19% of females, 13.76% were 21–25, 20.34% were 26–30, 16.42% were 31–35, 22.06% were 36–40, 20.34% were 41–50 and 6.13% were more than 50 years. Again, 9.80% had a high school background, 14.7% had a 2 years college degree, 24.01% had a 4 years college degree and 51.47% had a graduation degree or more qualified. For 0-1, 1-2, 2–4, 4-8 and over 8 years of job experience, 18.14%, 16.05%, 17.16%, 29.90% and 24.75 used the community appropriately. The percentage income of the employees per month- 18.87% has below 15000, 16.91% have 15000-30000, 19.61% have 30000-45000, 11.52% have 45000-60000, 4.90% have 60000-75000, 2.94%% have more than 75000.

4.2 Measurement model

PLS-SEM, a two-folded analysis tool - measurement model and structural model assessments. Measurement in the analysis was based on reliability and validity (convergent and discriminant). Measuring Reliability using Cronbach Alpha (CA) and composite reliability (CR) whereas convergent validity was calculated by factor loadings item and AVE. Each construct's CA and CR estimates exceeded the conventional criterion of 0.7, while their AVE estimates exceeded the cut off value of 0.5 (Acquah et al., 2020; Hair et al., 2020). This demonstrates that the model meets the dependability and convergent validity requirements (Table 2 for details). The Fornell Larcker-criterion was utilized to evaluate the model's discriminant validity and the results (Table 2) show that the square root of the AVE of each construct was greater than the correlation with other constructs (Acquah et al., 2020; Boachie-Mensah and Acquah, 2015). Based on the two criteria described above, the model meets the criterion for discriminant validity.

Table: 2 Measurement items

Constructs	Items	Loadings	CA	CR (rho_a)	CR (rho_c)	AVE
Employee performance	EMP1	0.859	0.867	0.868	0.909	0.714
	EMP2	0.829				
	EMP5	0.846				
	EMP6	0.846				
Forgiveness climate	FGC1	0.721	0.898	0.905	0.922	0.664
	FGC2	0.809				
	FGC3	0.827				
	FGC4	0.867				
	FGC5	0.811				
	FGC6	0.847				
Firm's overall performance	FOP1	0.862	0.943	0.944	0.955	0.779
	FOP2	0.875				
	FOP3	0.872				
	FOP4	0.883				
	FOP5	0.87				
	FOP6	0.931				
Job satisfaction	JBS1	0.872	0.928	0.929	0.943	0.736
	JBS2	0.841				
	JBS3	0.857				
	JBS4	0.828				
	JBS5	0.863				
	JBS6	0.884				
Organizational citizenship behavior	OCB1	0.794	0.862	0.864	0.897	0.592
	OCB2	0.747				
	OCB3	0.74				
	OCB4	0.778				
	OCB5	0.802				
	OCB6	0.754				
Positive psychological climate	PPC1	0.816	0.843	0.853	0.889	0.615
	PPC3	0.772				
	PPC4	0.764				
	PPC5	0.724				
	PPC6	0.841				
Fornell-Larcker Criterion						
Constructs	EMP	FGC	FOP	JBS	OCB	PPC
EMP	0.845					
FGC	0.818	0.815				
FOP	0.87	0.844	0.882			
JBS	0.866	0.864	0.881	0.858		
OCB	0.838	0.798	0.83	0.852	0.769	
PPC	0.813	0.834	0.804	0.84	0.86	0.785

4.3 Structural model

Table 3 illustrates the structural model's results, including coefficient of determination (R^2), path coefficient (β), variance inflation factor (VIF), P-value, and predictive relevance (Q^2). According to Fig. 2, a brief description of the hypothesis testing is provided in Table 3 and ten out of the eleven hypotheses were positive. FGC was discovered to have a favorable influence on PPC ($\beta = 0.834$, $t = 47.377$, $p = 0.00$); FGC has been found to have a positive impact on OCB ($\beta = 0.265$, $t = 5.349$, $p = 0.00$); FGC was found to have positive effect on EMP ($\beta = 0.168$, $t = 2.546$, $p = 0.011$); FGC has been found to have a positive impact on JBS ($\beta = 0.535$, $t = 12.387$, $p = 0.00$); FGC was determined to have a beneficial impact on FOP ($\beta = 0.398$, $t = 9.047$, $p = 0.00$); PPC was found to have positive effect on OCB ($\beta = 0.639$, $t = 14.635$, $p = 0.00$); PPC was found to have positive effect on JBS ($\beta = 0.394$, $t = 9.152$, $p = 0.00$); OCB was discovered to have a favorable effect on EMP ($\beta = 0.278$, $t = 4.327$, $p = 0.00$); JBS was determined to have a beneficial impact on EMP ($\beta = 0.408$, $t = 6.959$, $p = 0.00$); EMP was found to have positive effect on FOP ($\beta = 0.544$, $t = 12.216$, $p = 0.00$). Besides, PPC was found to have a non-significant effect on EMP ($\beta = 0.09$, $t = 1.296$, and $p = 0.195$).

Table 3: Hypotheses

Relationships	Path structure	β	T statistics	P values	Decisions	F2	Decision	VIF
H1	FGC > FOP	0.398	9.047	0.00	Supported	0.275	Medium effect	3.026
H2	FGC > PPC	0.834	47.377	0.00	Supported			1
H3	FGC > OCB	0.265	5.349	0.00	Supported			3.291
H4	FGC > EMP	0.168	2.546	0.011	Supported			4.682
H5	FGC > JBS	0.535	12.387	0.00	Supported			3.291
H6	PPC > OCB	0.639	14.635	0.00	Supported			3.291
H7	PPC > EMP	0.09	1.296	0.195	Not supported			5.158
H8	PPC > JBS	0.394	9.152	0.00	Supported			3.291
H9	OCB > EMP	0.278	4.327	0.00	Supported			4.935
H10	JBS > EMP	0.408	6.959	0.00	Supported			5.673
H11	EMP > FOP	0.544	12.216	0.00	Supported	0.514	Large effect	3.026
Construct					R-square		R-square adjusted	Q2
FOP					0.809		0.808	0.709

Model fit: Standardized Root Mean Square Residual (SRMR) value ($0.057 > 0.08$)

Table 3 also provides the Variance Inflation Factor (VIF), a commonly used measure of how much an independent variable and the other independent variables in a model of regression are interconnected. Although there is no rule of thumb for VIFs, a figure of 10 is commonly used, but with care (O'Brien, 2007). Therefore, the VIF values are satisfactory.

Moreover, Table 3 evaluates the model's predictive power by analyzing in-sample predictions (R square, f square, and Q square). The model explains 80.9% of the variance in firm's overall performance ($R^2 = 0.809$); also, the f^2 values as shown in Table 2 suggests that the effect size for forgiveness climate was moderate ($f^2 = 0.275$), while the one for employee performance was large ($f^2 = 0.514$). Again, Table 2 confirms that the model has predictive power with a Q^2 value ($0 < 0.709$). The R^2 , f^2 , and Q^2 results imply that the model has appropriate in-sample predictive ability (Hair et al., 2020). According to (Hair et al., 2010), the model fit was further supported by the value of SRMR below the threshold value ($0.057 > 0.08$).

The study also aims to examine the mediation of PPC, OCB, EMP and JBS between the relationship of FGC and FOP. There are different paths developed to analyze the mediating role of PPC, OCB, EMP and JBS. Table 4 revealed a set of significant indirect or mediation effects of FGC on FOP. These are (FGC > EMP > FOP: $\beta=0.092$, $t = 2.699$, $p = 0.007$; FGC > PPC > OCB > EMP > FOP: $\beta=0.081$, $t = 3.364$, $p = 0.001$; FGC > PPC > JBS > EMP > FOP: $\beta=0.073$, $t = 3.999$, $p = 0$; FGC > OCB > EMP > FOP: $\beta=0.04$, $t = 3.785$, $p = 0$; FGC > JBS > EMP > FOP: $\beta=0.119$, $t = 5.911$, $p = 0$) and all these mediations were found significant.

Table 4: Mediation analysis results

Total effects (FGC to FOP)			Direct effects (FGC to FOP)			Indirect effects (FGC to FOP)						
β	T values	P values	β	T values	p	Relationships	β	SE	T values	P values	confidence interval	
											Lower 2.5%	Higher 97.5%
0.844	45.06	0.00	0.398	9.047	0.00	FGC > EMP > FOP	0.092	0.034	2.699	0.007	0.024	0.158
						FGC > PPC > OCB > EMP > FOP	0.081	0.024	3.364	0.001	0.04	0.136
						FGC > PPC > JBS > EMP > FOP	0.073	0.018	3.999	0.00	0.043	0.115
						FGC > OCB > EMP > FOP	0.04	0.011	3.785	0.00	0.023	0.065
						FGC > JBS > EMP > FOP	0.119	0.02	5.911	0.00	0.08	0.159

The overall effect of FGC on FOP was substantial (FGC > FOP: $\beta=0.844$, $t = 45.06$, $p = 0$), with the inclusion of those mediators the effect of FGC on FOP was still considerable (FGC > FOP:

$\beta=0.398$, $t = 9.047$, $p = 0$). This shows that PPC, OCB, EMP, JBS partially mediates the relationship between FGC on FOP. However, there was a path found insignificant (FGC > PPC-> EMP > FOP: $\beta=0.041$, $t = 1.329$, $p = 0.184$), the mediating role of PPC, OCB, EMP, JBS has already been supported earlier.

Chapter 5

Discussion and conclusion

5.1 Discussion

Numerous studies have indicated that the climate of forgiveness is critical to the well-being of the company (Guchait et al., 2016; Khan et al., 2021 ; Yeşiltaş et al., 2022). This work is a theoretically informed study that applied the social exchange theory (SET) and employee welfare and resilience theories to construct and evaluate a comprehensive adoption model emphasizing the significance of a forgiveness climate among academics. The study found that a climate of forgiveness had a beneficial effect on positive psychological capital. Positive feelings are generated among employees in a climate of forgiveness at work.

The forgiveness climate is also founded positive to the organizational citizenship behavior as well. The more the forgiveness climate the more the organizational citizenship behavior among the employees (Eluwole et al., 2022). The forgiveness climate was also positively related with the employee performance. When the employees have such atmosphere of forgiveness in the organization, they are more likely to perform better. There was a substantial relationship found in forgiveness climate and job satisfaction. The job satisfaction is enhanced when there is a climate of forgiveness in the workplace (Cox, 2011). The direct influence of forgiveness climate on firm's overall performance was also proved in this study. Moreover, positive psychological capital was examined having a positive influence on organizational citizenship behavior. Though the relation of positive psychological capital and employee performance is found significant in here, the impact of positive psychological capital on job satisfaction analyzed as positive. This study also resulted the positive influence of organizational citizenship behavior and job satisfaction on employee performance. Again, the study examined the employee performance as a positive indicator for firm's overall performance. Finally, this study found the positive psychological capital, organizational citizenship behavior, job satisfaction and employee performance as the mediators between the relationship of forgiveness climate and firm's overall performance. These all relations are shown in the figure 2

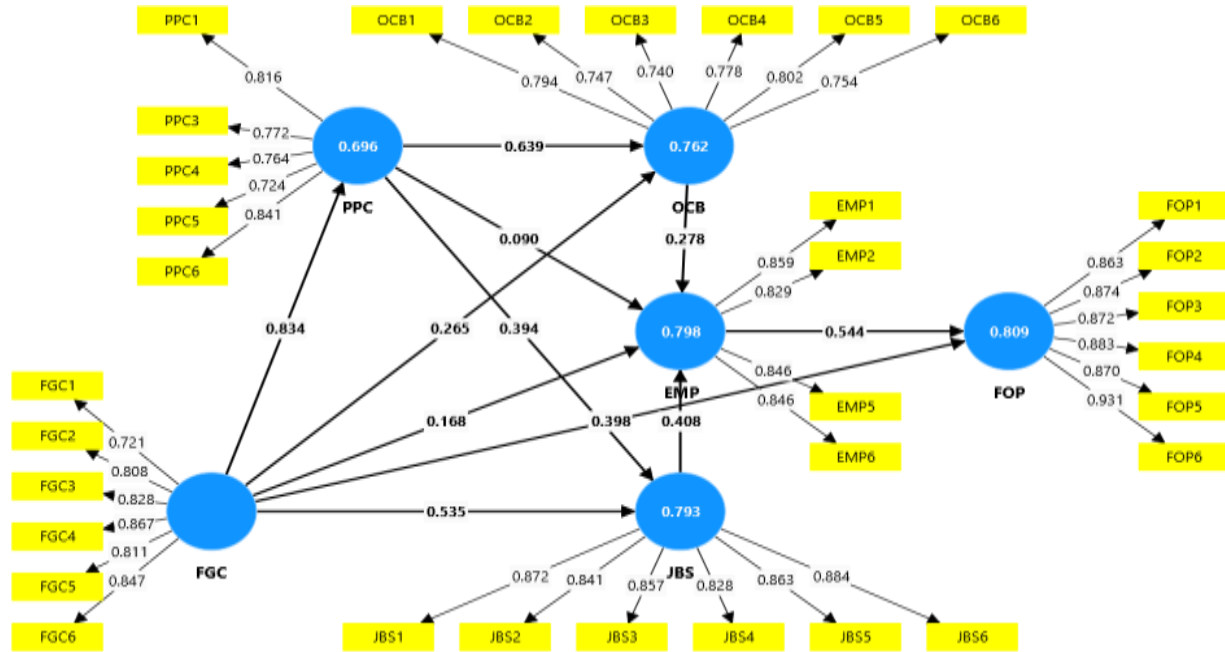


Figure: 2

5.2 Theoretical implications

Results confirmed that when with a forgiving climate within an organization, firm's overall performance was more likely to be enhanced through the mediators of PPC, OCB, JBS and EMP. Researchers used the SET theory to show the time when the individuals of the organization have a sense high levels of support from their employers (in this study, forgiveness climate), they feel required to give back to the company by performing well and exhibiting positive attitudes and behaviors (Eder and Eisenberger, 2008; Guchait et al., 2019). Specifically, researchers have positively linked forgiveness climate with positive psychological capital, organizational citizenship behavior, job satisfaction and employee performance; leads to higher firm's overall performance. The workplace is probably more unified, encouraging, and reliable when there is a strong corporate forgiveness climate (Cox, 2011). The current study makes a substantial contribution to the field of perceived organizational support (POS) research by recognizing the forgiveness climate as a crucial aspect that might enhance a firm's overall performance.

Additionally, this study found the mediating effect of PPC, OCB, EMP and JBS between forgiveness climate and firm's overall performance. This finding is in line with previous research

on forgiveness. Guchait et al. (2019) revealed that employee perception of forgiveness climate was significantly positively related to perceived service recovery performance. Availability of support decreases insecurity and defensiveness (Guchait et al., 2019; Edmondson, 1999). When employees have failures in their work, a forgiveness climate encourages staff to avoid negatively thinking on the service blunder they committed. A forgiving climate, which discourages blame and punishment, prevents employees from wasting their personal resources/energies to address negative emotions, such as guilt, shame, and fear; instead, they can focus on effective service recovery (Guchait et al., 2016; Guchait et al., 2019).

Finally, this study discovered that PPC, OCB, JBS, and EMP deals with the relationship between forgiveness climate and overall business performance. Social exchange theory can make it easy explaining the reason why fostering a forgiving environment in organizations might improve overall performance. The social exchange theory states that workers typically return the organization through sustained efficient feedback when they learn that the organization is behind them, which leads to FOP (Karatepe, 2012; Guchait et al., 2019). The current study contributes extensively to the literature on FGC and FOP by analyzing the crucial roles of PPC, OCB, JBS, and EMP as crucial intermediates influencing forgiveness climate and firm's overall performance.

As the present study was conducted on the basis of service sector, we expect that These findings are applicable to any situation that involves interactions between employees and employers. Workers make errors and failures in service arise in any business. Forgiveness climate has been studied in different types of business firms. Moreover, Guchait et al., (2016) and Guchait et al (2019) found the importance of forgiveness climate that how it can contribute the employee's mentality and their performance as well. As a result, regardless of the type of organization, when employees perceive their workplace as forgiving, they are more likely to feel emotionally secure and suppose that the company manages them with dignity, which stimulates them to perform better and accelerate the growth of the business firm.

5.3 Managerial implications

The current study reveals a number of crucial consequences for HR practitioners in commercial organizations. Managers should make every effort to establish FGC within their organizations. A climate in the workplace in where the employees are satisfied, perform OCB results better

employee performance and EMP has positive relation with firm performance (Atatsi et al., 2019; Kong et al., 2018; Sadikoglu&Zehir, 2010; Organ, 1988;). All Rules, actions, and methods must make the employees understand that they are being encouraged and managed fairly by their managers. To address this, performance assessments ought to foster a culture of forgiveness by praising accurate reporting and successful error recovery in addition to providing comments on service errors made by staff members while they are doing their duties (Guchait et al., 2019). The HR managers of the organization should be encouraged to discuss the common service errors or mistakes rather than being punishing the employee that have previously happened, as management treatment is another indicator of trust and support to their employees in the workplace (Gao et al., 2011; Guchait et al., 2019).

Forgiveness climate and employee performance are identified as important antecedents of firm's overall performance. Managers in the service sectors can motivate employees to have better employee performance. The service sectors should also have HR practices rewarding employees for the best employee performance and not to punish an individual who committed an error at the same time. These procedures will send a strong picture to employees that leaders will forgive if they make any error in their workplace.

Developing FGC is a path to ensure the employees that they have their psychological safety. They are more likely to adopt a learning attitude that includes identifying mistakes, asking questions when they happen, asking for instructions, and dealing with problems, mistakes, and disappointments when they feel psychologically safe (Guchait et al., 2019; Guchait et al., 2014). Thus, management should create an atmosphere that doesn't focus on punishment, but instead about the process how employee can boost up their performance and it can be accelerated the FOP. Management should also ensure that rules, practices, and procedures empower individuals to talk about errors in a constructive way. so that they can make the correction of their fault and help each other in the workplace. Managers must be helpful, non-defensive and focused on mentoring toward inquiries and problems. (Guchait et al., 2019; Edmondson, 1999). Thus, forming FGC in a business firm will have the FOP through PPC, OCB, JBS and EMP of their employees.

Employees are highly responsible for the majority of interactions with the guests (Susskind et al., 2007). To be more specific, employees in the service sectors need to be flexible bringing errors

in front and should be encouraged to solve the problem according to their experiences. For instance, individuals in service sectors face a lot of pressure because of their failure. This failure may cause lower employee performance and lead to lower firm's overall performance. Within a forgiveness climate in the workplace where employees are forgiving of each other's faults, an employee feels psychologically safe and perceives fairness. Thus, the managers are more likely to handle failure in the workplace in a forgiveness climate in comparison with unforgiving climate. Thus, in a forgiving climate, the managers are also likely to reduce the possibility of failure and lead the business firm towards success.

5.4 Limitations and directions for the future

To conclude, it is vital to realize the limits of this work and the suggestions for future research. First, the findings could be specific to the metrics and vignette utilized. It may be researched using other measurements. Secondly, the study contains male respondents more than the female number. There is a possibility of gender discrimination. In future studies, the number of males and females should be equal. Again, it is possible to investigate the moderating effect of many variables, such as leadership which will provide more distinct picture of the study. Research on forgiveness climate and firm's overall performance has yielded some significant findings. Initially, results show forgiveness climate increases positive psychological capital, organizational citizenship behavior, job satisfaction, employee performance and firm's overall performance finally. Though it is found in the research that positive psychological capital don't foster employee performance, still the mediating effect of PPC, OCB, JBS and EMP are proved that they foster firm's overall performance by forgiveness climate.

5.5 Conclusion

The study confirmed that a forgiveness climate within an organization, firm's overall performance was more likely to be enhanced through the mediators of PPC, OCB, JBS and EMP. The current research makes significant contributions to the literature of FGC and FOP in terms of assessing the critical roles of PPC, OCB, JBS and EMP as significant mediators between forgiveness climate and firm's overall performance. Though it is found in the research that positive psychological capital don't foster employee performance, still the mediating effect of PPC, OCB, JBS and EMP.

References

- Acquah, I. S. K., Agyabeng-Mensah, Y., & Afum, E. (2020). Examining the link among green human resource management practices, green supply chain management practices and performance. *Benchmarking: An International Journal*, 28(1), 267-290.
- Aquino, K., Tripp, T. M., & Bies, R. J. (2006). Getting even or moving on? Power, procedural justice, and types of offense as predictors of revenge, forgiveness, reconciliation, and avoidance in organizations. *Journal of Applied Psychology*, 91(3), 653–668. <https://doi.org/10.1037/0021-9010.91.3.653>
- Atatsi, E. A., Stoffers, J., & Kil, A. (2019). Factors affecting employee performance: a systematic literature review. *Journal of Advances in Management Research*, 16(3), 329-351.
- Abid, G., Zahra, I., & Ahmed, A. (2015). Mediated mechanism of thriving at work between perceived organization support, innovative work behavior and turnover intention. *Pakistan Journal of Commerce and Social Sciences*, 9(3), 982-998.
- Abdullah, M. R., & Wider, W. (2022). The moderating effect of self-efficacy on supervisory support and organizational citizenship behavior. *Frontiers in Psychology*, 13, 961270.
- Andersson, L. M., & Pearson, C. M. (1999). Tit for tat? The spiraling effect of incivility in the workplace. *Academy of management review*, 24(3), 452-471.
- Avey, J. B., Wernsing, T. S., & Luthans, F. (2008). Can positive employees help positive organizational change? Impact of psychological capital and emotions on relevant attitudes and behaviors. *The journal of applied behavioral science*, 44(1), 48-70.
- Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance. *Human Resource Development Quarterly*, 22, 127–152. doi:10.1002/hrdq.20070
- Austin, J. T., & Villanova, P. (1992). The criterion problem: 1917–1992. *Journal of applied psychology*, 77(6), 836.

- Babalola, M. T., Ren, S., Kobinah, T., Qu, Y. E., Garba, O. A., & Guo, L. (2019). Negative workplace gossip: Its impact on customer service performance and moderating roles of trait mindfulness and forgiveness. *International Journal of Hospitality Management*, 80, 136-143.
- Bennett, R. J., & Cox, S. U. S. I. E. S. (2014). Forgoing the sweetness of revenge for the healthy choice of forgiveness. *Handbook of Unethical Work Behavior: Implications for Individual Well-Being*, 44.
- Bies, R. J., Barclay, L. J., Tripp, T. M., & Aquino, K. (2016). A systems perspective on forgiveness in organizations. *The Academy of Management Annals*, 10(1), 245–318.
- Bougie, R., & Sekaran, U. (2019). *Research methods for business: A skill building approach*. John Wiley & Sons.
- Boachie-Mensah, F., & Acquah, I. S. (2015). The effect of innovation types on the performance of small and medium-sized enterprises in the Sekondi-Takoradi Metropolis. *Archives of Business Research*, 3(3).
- Barclay, L. J., & Saldanha, M. F. (2016). Facilitating forgiveness in organizational contexts: Exploring the injustice gap, emotions, and expressive writing interventions. *Journal of Business Ethics*, 137, 699-720.
- Costa, S. P., & Neves, P. (2017). Forgiving is good for health and performance: How forgiveness helps individuals cope with the psychological contract breach. *Journal of Vocational Behavior*, 100, 124-136.
- Cox, S. (2011). A forgiving workplace: An investigation of forgiveness climate and workplace outcomes. *Academy of Management Annual Meeting Proceedings*, 1, 1–6. <https://doi.org/10.5465/ambpp.2011.65869629>
- Cox, S. (2008). A forgiving workplace: An investigation of forgiveness climate, individual differences and workplace Outcomes [Doctoral dissertation. Louisiana Tech University]. Louisiana Tech University Theses and Dissertation Archive. <https://digitalcommons.latech.edu/dissertations/468>.

- Cartwright, S. and Cooper, C.L. (2014), "Towards organizational health: stress, positive organizational behaviour, and employee well-being", in Cartwright, S. and Cooper, C.L. (Eds), *Bridging Occupational, Organizational and Public Health*, Springer, Amsterdam, p. 29-42, available at: http://dx.doi.org/10.1007/978-94-007-5640-3_3 climate and culture, 1, 383-412.
- Caza, A., Bagozzi, R. P., Woolley, L., Levy, L., & Caza, B. B. (2010). Psychological capital and authentic leadership: Measurement, gender, and cultural extension. *Asia-Pacific Journal of Business Administration*, 2(1), 53-70.
- Campbell, J. P. (1990). Modeling the performance prediction problem in industrial and organizational psychology.
- Chien, G. C., Mao, I., Nergui, E., & Chang, W. (2020). The effect of work motivation on employee performance: Empirical evidence from 4-star hotels in Mongolia. *Journal of Human Resources in Hospitality & Tourism*, 19(4), 473-495.
- Cox, S. (2008). A forgiving workplace: An investigation of forgiveness climate, individual differences and workplace outcomes. Louisiana Tech University.
- Cox, S. S. (2011, January). An investigation of forgiveness climate and workplace outcomes. In *Academy of Management Proceedings* (Vol. 2011, No. 1, pp. 1-6). Briarcliff Manor, NY 10510: Academy of Management.
- De Clercq, D., & Pereira, R. (2021). Sleepy but creative? How affective commitment, knowledge sharing and organizational forgiveness mitigate the dysfunctional effect of insomnia on creative behaviors. *Personnel Review*, 50(1), 108-128.
- Dominguez-Escrig, E., Mallen Broch, F. F., Chiva Gomez, R., & Lapiedra Alcami, R. (2022). Improving performance through leaders' forgiveness: the mediating role of radical innovation. *Personnel Review*, 51(1), 4-20.
- Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative science quarterly*, 44(2), 350-383.

- Eder, P., & Eisenberger, R. (2008). Perceived organizational support: Reducing the negative influence of coworker withdrawal behavior. *Journal of management*, 34(1), 55-68.
- Edmondson, A. (1999). Psychological safety and learning behavior in work teams. *Administrative Science Quarterly*, 44(2), 350–383.
- Eluwole, K. K., Ukeje, U. E., Saydam, M. B., Ozturen, A., & Lasisi, T. T. (2022). Behavioural response to abusive supervision among hotel employees: The intervening roles of forgiveness climate and helping behaviour. *International social science journal*, 72(245), 543-560.
- Farh, J. L., & Cheng, B. S. (2000). A cultural analysis of paternalistic leadership in Chinese organizations. In *Management and organizations in the Chinese context* (pp. 84-127). London: Palgrave Macmillan UK.
- Fehr, R. and Gelfand, M.J. (2012), “The forgiving organization: a multilevel model of forgiveness at work”, *Academy of Management Review*, Vol. 37 No. 4, pp. 664-668.
- Fricker, R. D., & Schonlau, M. (2002). Advantages and disadvantages of Internet research surveys: Evidence from the literature. *Field methods*, 14(4), 347-367.
- Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics.
- Guchait, P., Paşamehmetoğlu, A., & Dawson, M. (2014). Perceived supervisor and co-worker support for error management: Impact on perceived psychological safety and service recovery performance. *International Journal of Hospitality Management*, 41, 28-37.
- Gao, L., Janssen, O., & Shi, K. (2011). Leader trust and employee voice: The moderating role of empowering leader behaviors. *The Leadership Quarterly*, 22(4), 787-798.
- Greenberg, J. (1990). Organizational justice: Yesterday, today, and tomorrow. *Journal of management*, 16(2), 399-432.
- Guchait, P., Lanza-Abbott, J. A., Madera, J. M., & Dawson, M. (2016). Should organizations be forgiving or unforgiving? A two-study replication of how forgiveness climate in

- hospitality organizations drives employee attitudes and behaviors. *Cornell Hospitality Quarterly*, 57(4), 379-395.
- Guchait, P., Kim, M. G., & Namasivayam, K. (2012). Error management at different organizational levels—Frontline, manager, and company. *International Journal of Hospitality Management*, 31, 12-22
- Grözinger, A. C., Wolff, S., Ruf, P. J., & Moog, P. (2022). The power of shared positivity: organizational psychological capital and firm performance during exogenous crises. *Small Business Economics*, 58(2), 689-716.
- Guchait, P., Abbott, J. L., Lee, C. K., Back, K. J., & Manoharan, A. (2019). The influence of perceived forgiveness climate on service recovery performance: The mediating effect of psychological safety and organizational fairness. *Journal of Hospitality and Tourism Management*, 40, 94-102.
- Guchait, P., & Back, K. J. (2016). Three country study: impact of support on employee attitudes. *Service Industries Journal*, 36(7–8), 299–318. <https://doi.org/10.1080/02642069.2016.1186660>
- Harms, P. D., & Luthans, F. (2012). Measuring implicit psychological constructs in organizational behavior: An example using psychological capital. *Journal of Organizational Behavior*, 33, 589–594. doi:10.1002/job.1785
- Hair Jr, J. F., Howard, M. C., & Nitzl, C. (2020). Assessing measurement model quality in PLS-SEM using confirmatory composite analysis. *Journal of business research*, 109, 101-110.
- Hair, J. F., Anderson, R. E., Babin, B. J., & Black, W. C. (2010). *Multivariate data analysis: A global perspective* (Vol. 7).
- Hart, M. H., Palmer, R. H., Christie, S., & Lander, D. (2002, April). Linking climate, job satisfaction and contextual performance to customer experience. 17th Annual Conference of the Society of Industrial Organizational Psychology, Toronto, Ontario, Canada

- Hair Jr, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). *Partial least squares structural equation modeling (PLS-SEM) using R: A workbook* (p. 197). Springer Nature.
- Jung, H. S., & Yoon, H. H. (2015). The impact of employees' positive psychological capital on job satisfaction and organizational citizenship behaviors in the hotel. *International Journal of Contemporary Hospitality Management*, 27(6), 1135-1156.
- Kim, M. J., & Hall, C. M. (2021). Do value-attitude-behavior and personality affect sustainability crowdfunding initiatives?. *Journal of Environmental Management*, 280, 111827.
- Karatepe, O. M. (2012). The effects of coworker and perceived organizational support on hotel employee outcomes: The moderating role of job embeddedness. *Journal of Hospitality and Tourism Research*, 36, 495-516
- Khan, M. S., Elahi, N. S., & Abid, G. (2021). Workplace incivility and job satisfaction: Mediation of subjective well-being and moderation of forgiveness climate in health care sector. *European Journal of Investigation in Health, Psychology and Education*, 11(4), 1107–1119. <https://doi.org/10.3390/ejihpe11040082>
- Kim, B. J., Kim, T. H., & Jung, S. Y. (2018). How to enhance sustainability through transformational leadership: The important role of employees' forgiveness. *Sustainability* (Switzerland), 10(8). <https://doi.org/10.3390/su10082682>
- Kong, H., Jiang, X., Chan, W., & Zhou, X. (2018). Job satisfaction research in the field of hospitality and tourism. *International Journal of Contemporary Hospitality Management*, 30(5), 2178–2194. doi:10.1108/IJCHM-09-2016-0525
- Locke, E. A. (1976). *Handbook of industrial and organizational psychology: The nature and causes of job satisfaction*. Chicago, IL: Rand McNally. 1297–1349
- Locke, E. A., & Henne, D. (1986). Work motivation theories. *International review of industrial and organizational psychology*, 1, 1-35.

- Luthans, F. (2002a). Positive organizational behavior: Developing and managing psychological strengths. *The Academy of Management Executive*, 16, 57–72. doi:10.5465/ame.2002.6640181
- Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology*, 60, 541–572. doi:10.1111/j.1744-6570.2007.00083
- Luthans, F. (2002b). The need for and meaning of positive organizational behavior. *Journal of Organizational Behavior*, 23(6), 695–706. <https://doi.org/10.1002/job.165>
- Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel psychology*, 60(3), 541-572.
- Liao, S. H., Hu, D. C., & Huang, Y. C. (2022). Employee emotional intelligence, organizational citizen behavior and job performance: a moderated mediation model investigation. *Employee Relations: The International Journal*, 44(5), 1109-1126
- Moreno, F. C., Prado-Gascó, V., Hervás, J. C., Núñez-Pomar, J., & Sanz, V. A. (2016). Predicting future intentions of basketball spectators using SEM and fsQCA. *Journal of Business Research*, 69(4), 1396-1400.
- McPhail, R., Patiar, A., Herington, C., Creed, P., & Davidson, M. (2015). Development and initial validation of a hospitality employees' job satisfaction index: Evidence from Australia. *International Journal of Contemporary Hospitality Management*, 27(8), 1814-1838.
- Meira, J. V. D. S., & Hancer, M. (2021). Using the social exchange theory to explore the employee-organization relationship in the hospitality industry. *International Journal of Contemporary Hospitality Management*, 33(2), 670-692.
- McCollough, M. A., Berry, L. L., & Yadav, M. S. (2000). An empirical investigation of customer satisfaction after service failure and recovery. *Journal of Service Research*, 3, 121-137

- Namkung, Y., & Jang, S. (2010). Service failures in restaurants: Which stage of service failure is the most crucial? *Cornell Hospitality Quarterly*, 51, 323-343.
- O'brien, R. M. (2007). A caution regarding rules of thumb for variance inflation factors. *Quality & quantity*, 41, 673-690.
- Organ, D. W.: 1997, 'Organizational Citizenship Behavior: It's Construct Clean-Up Time', *Human Performance* 10(2), 85-97
- Organ, D.W. (1988), *Organizational Citizenship Behavior: The Good Soldier Syndrome*, Lexington Books/DC Heath and Com., Boston, MA.
- Pearson, C. M., & Porath, C. L. (2005). On the nature, consequences and remedies of workplace incivility: No time for "nice"? Think again. *Academy of Management Perspectives*, 19(1), 7-18.
- Pawar, B. S. (2013). A proposed model of organizational behavior aspects for employee performance and well-being. *Applied Research in Quality of Life*, 8, 339-359.
- Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior*. pearson.
- Radulovic, A. B., Thomas, G., Epitropaki, O., & Legood, A. (2019). Forgiveness in leader-member exchange relationships: Mediating and moderating mechanisms. *Journal of Occupational and Organizational Psychology*, 92(3), 498-534.
- Salvador, R. (2019). Perceived forgiveness climate and punishment of ethical misconduct. *Management Decision*, 58(5), 797-811.
- Sadikoglu, E., & Zehir, C. (2010). Investigating the effects of innovation and employee performance on the relationship between total quality management practices and firm performance: An empirical study of Turkish firms. *International journal of production economics*, 127(1), 13-26.
- Spector, P. E. (1997). *Job satisfaction: Application, assessment, causes, and consequences* (Vol. 3). Sage.
- Schneider, B. (1990). The climate for service: An application of the climate construct. *Organizational*

- Shah, T. A., Khattak, M. N., Zolin, R., & Shah, S. Z. A. (2019). Psychological empowerment and employee attitudinal outcomes: The pivotal role of psychological capital. *Management Research Review*, 42(7), 797–817. <https://doi.org/10.1108/MRR-05-2018-0194>
- Sadallah, M., Abdul-Jabbar, H., Bin-Nashwan, S. A., & Abdul Aziz, S. A. (2023). Alms tax (ZAKAT) compliance intention among entrepreneurs from a social cognitive perspective: the moderating role of knowledge. *Journal of Islamic Accounting and Business Research*, 14(8), 1133-1151.
- Shahid, S., & Muchiri, M. K. (2019). Positivity at the workplace: Conceptualizing the relationships between authentic leadership, psychological capital, organizational virtuousness, thriving and job performance. *International Journal of Organizational Analysis*, 27(3), 494-523.
- Smith, A. K., & Bolton, R. N. (1998). An experimental investigation of service failure and recovery: Paradox or peril? *Journal of Service Research*, 1, 65-81.
- Smith, A. K., Bolton, R. N., & Wanger, J. (1999). A model of customer satisfaction with service encounters involving failure and recovery. *Journal of Marketing Research*, 36, 356-372.
- Swanson, S. R., & Hsu, M. (2011). The effect of recovery locus attributions and service failure severity on word-of-mouth and repurchase behaviors in the hospitality industry. *Journal of Hospitality & Tourism Research*, 35, 511-529.
- Susskind, A. M., Kacmar, K. M., & Borchgrevink, C. P. (2007). How organizational standards and coworker support improve restaurant service. *Cornell Hotel and Restaurant Administration Quarterly*, 48(4), 370-379.
- Tenney, E. R., Poole, J. M., & Diener, E. (2016). Does positivity enhance work performance?: Why, when, and what we don't know. *Research in Organizational Behavior*, 36, 27-46.
- Thompson, L. Y., Snyder, C. R., Hoffman, L., Michael, S. T., Rasmussen, H. N., Billings, L. S., ... & Roberts, D. E. (2005). Dispositional forgiveness of self, others, and situations. *Journal of personality*, 73(2), 313-360.

- Tarraf, R. C., McLarnon, M. J., & Finegan, J. E. (2019). Dispositional mindfulness buffers against incivility outcomes: A moderated mediation model. *Personality and Individual Differences*, 138, 140-146.
- Úbeda-García, M., Claver-Cortés, E., Marco-Lajara, B., & Zaragoza-Sáez, P. (2021). Corporate social responsibility and firm performance in the hotel industry. The mediating role of green human resource management and environmental outcomes.
- Van Dyck, C., Frese, M., Baer, M., & Sonnentag, S. (2005). Organizational error management culture and its impact on performance: A two-study replication. *Journal of Applied Psychology*, 90, 1228-1240
- Wright, K. B. (2005). Researching Internet-based populations: Advantages and disadvantages of online survey research, online questionnaire authoring software packages, and web survey services. *Journal of computer-mediated communication*, 10(3), JCMC1034.
- Wirtz, J., & Mattila, A. S. (2004). Consumer responses to compensation, speed of recovery, and apology after a service failure. *International Journal of Service Industry Management*, 15, 150-166.
- Worthington Jr, E. L., Wade, N. G., & Hoyt, W. T. (2014). Positive psychological interventions for promoting forgiveness: History, present status, and future prospects. *The Wiley Blackwell handbook of positive psychological interventions*, 20-41.
- Ximenes, M., Supartha, W. G., Manuati Dewi, I. G. A., & Sintaasih, D. K. (2019). Entrepreneurial leadership moderating high performance work system and employee creativity on employee performance. *Cogent Business & Management*, 6(1), 1697512.
- Yeşiltaş, M., Gürlek, M., Tuna, M., Kanten, P., & Çeken, H. (2022). Paternalistic Leadership and Organizational Identification: The Mediating Role of Forgiveness Climate. *International Journal of Hospitality and Tourism Administration*, 23(3), 546–575. <https://doi.org/10.1080/15256480.2020.1805089>

Appendix

Forgiveness climate (FGC)

1. Anger is not held here.
2. We are forgiving of each other's errors
3. I learn from my fault and it helps me to get over weakness in my work.
4. With time I understand of my mistakes.
5. I am willing to overlook most errors/mistakes/offenses.
6. Eventually I let go of negative thoughts about bad circumstances that are beyond anyone's control.

Positive psychological capital (PPC)

7. I am hopeful about my future within the organization.
8. I maintain a positive outlook in my job. (dropped)
9. I believe that I can complete the task that assigned by the company.
10. If I encounter any difficulty, I can think of many solutions.
11. I am always optimistic about my work.
12. I am looking forward to the future development of the company.

Organizational citizenship behavior (OCB)

13. I willingly help others who have work-related problems.
14. I always ready to lend a helping hand to those around me.
15. I feel that I have to keep up with the development of the organization
16. I would like to protect the organization's reputation.
16. I would like to protect the organization's reputation.
17. I conscientiously follow company rules and procedures.
18. I would like to improve loyalty to the organization.

Employee performance (EMP)

19. My performance is better than that of other employees.
20. My work is always of high quality.

- 21. I normally complete my task on schedule. (dropped)
- 22. I always finish the target number of tasks. (dropped)
- 23. I make my supervisor satisfied by my work performance.
- 24. I am quite efficient in my performance.

Job satisfaction (JBS)

- 25. I feel a sense of pride in doing my job.
- 26. I am satisfied with the level of independence and freedom I have in how I do my job.
- 27. I am satisfied that my supervisor values my opinion.
- 28. I am satisfied with the way my organization identifies employees with potential and develops them.
- 29. I am satisfied with the opportunities for promotion and career advancement.
- 30. I am satisfied by achieving workplace goals.

Firm's overall performance (FOP)

- 31. My firm's market share is being increased effectively every year.
- 32. My organization is successful in generating revenue.
- 33. The average growth in our firm's sales high.
- 34. My organization perform well in meeting customer expectations.
- 35. Our firm's brand is recognized in the market.
- 36. I am satisfied with my overall experience working for the organization.