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Does Psychological Capital (PsyCap) affect Employee Work Engagement? Evidence from Review of Literature

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Abstract

Psychological Capital (PsyCap) is a positive psychology and a construct that has attracted the attention of researchers recently. This article is a review-based study of PsyCap and its association with employee work engagement (WE). A total of 279 relevant studies were found; however, most relevant studies were 19. Literature shows that PsyCap has four pillars or dimensions: Optimism, (Self) Efficacy, Hope, and Resilience. The review of prevalent literature on PsyCap and WE show that all four dimensions of PsyCap are positively correlated with WE. The review also revealed that PsyCap contributes to reducing stress, creating meaningfulness at workplace, improving confidence, vigor, dedication, and absorption.

Key Words: *Psychological Capital (PsyCap), Work Engagement (WE).*

Introduction

Positive psychology is one of the recent trends in different domains including human resource studies. Compton and Hoffman (2019) argue that psychological capital provides a better insight into understanding work engagement than previous explanations of work engagement. Seligman and Csikszentmihalyi (2000) describes positive psychology as combination of indicators which make life worth living. According to some researchers the concept is subjective as the quality of life is different to every individual; but one thing is common in positively psychology, that is well-being (Gable & Haidt, 2005). Paul and Garg (2014) wrote about the importance of positive psychology as *healing role*. Norms and policies that organizations adopt may adversely affect employees, but positive psychology focuses on well-being of the employees. Psychological capital (PsyCap) is an important construct in positive psychological as a perspective or theoretical paradigm. Psychological capital, in simple words, is a positive psychological state of employees. Its roots date back to positive psychology movement that started in 21st century. The concept, PsyCap, focuses on implementation of positive psychology in workplace of different disciplines such health, public and uniformed services, sports, education etc. In addition, the focus of PsyCap is on measurable psychological resources that enhance subjective well-being of employees (Youssef-Morgan, Siewert, and Luthans, 2018).

Objectives of the Study

The concept of PsyCap is relatively new concept, mainly developed in organizational context, coined by Fred Luthans as an important construct of positive psychology. PsyCap has four pillars or dimensions i.e., Hope, Optimism, Resilience and Self-Efficacy. This review-based study aims to find an association between PsyCap and WE. The main objectives of the study are:

- To find an association between hope and Work Engagement.
- To find an association between self-efficacy and Work Engagement.
- To find an association between optimism and Work Engagement.
- To find an association between resilience and Work Engagement.

Methodology

This is a review-based study. A comprehensive survey of literature was conducted to identify and gather research studies conducted in the subject area, out of which, most relevant was sampled. All the sampled studies were published in peer reviewed journals. A total of 279 relevant studies were found; however, most relevant studies were 19. The criteria of most relevant studies were determined based on studies as follow:

- Studies which researched relationship between hope and Work Engagement.
- Studies which researched relationship between efficacy and Work Engagement.
- Studies which researched relationship between resilience and Work Engagement.
- Studies which researched relationship between optimism and Work Engagement.

In this connection, the following studies were found to be relevant:

Conceptualizing Psychological Capital and Work Engagement

Youssef and Luthans (2012) define psychological capital as set of resources an individual utilizes to help improve his performance on the job. They also categorized four dimensions or pillars of PsyCap that are hope, efficacy or self-efficacy, resilience, and optimism. Garland *et al.,* (2010) argues that PsyCap is positive thinking whereby an employee immerses himself/herself in the work. Cohn and Fredrickson (2009) define psychological capital as positive emotions of an employee. These positive emotions contribute to employee satisfaction, engagement, happiness and compassion at workplace.

Bakker & Leiter (2010) define work engagement (WE) as an act or desire or willingness of an employee to pool or exert all his energies and resources in performing his job responsibilities and to his best. According to Kahn (1990), WE is an employee's connection to his work. This connection to work ensures an employee's physical and mental presence at workplace, exertion of energy for better performance and efforts to increase productivity (Kahn, 1990).

Hope and Work Engagement

To Hobfoll (1989) hope is a personal resource that enhances work engagement. Snyder (2002) found that higher levels of hope keep job related stress in control and contributes in improved work engagement. Avey, Luthans, & Jensen (2009) also affirm that employees with better levels of hope deal with problems as a challenge instead of being stressed about it. Hofball (2011) adds that meaningfulness at workplace is

an important indicator of hope leading to better work engagement. Carton (2018) and Ozyilmaz (2020) found that when levels of meaningfulness are high it makes an employee to invest personal resources in the job. Higher the level of investment of personal resources, higher would be the WE at workplace. Erdogan, Ozyilmaz, Bauer, & Emre (2018) found that hope at workplace is associated with less violation of organizational norms leading to better levels of work engagement. Malinowski and Lim (2015) applied a structural equation model on relationship between hope and WE and found positive link association between the two.

Self-efficacy and Work Engagement

According to Niu (2010), self-efficacy is an individual's perception as how he sees and judges his abilities of performing tasks required for work related performance. Self-efficacy is a person's believe and confidence in his abilities such as cognitive resources i.e., intelligence and experience, mobilization of motivation and self-confidence, to be successful in particular situations (Bandura, 1997). The idea of Self-efficacy provides the foundation for human motivation, and personal accomplishment. Level of satisfaction is higher among people who feel competent at workplace because of successfully completing tasks and fulfilling goals (Lent *et al.,* 2011). Individual with self-efficacy tend to have relatively better capabilities to perform task in difficult circumstances due to self-confidence. According to Heuven et al., (2006), employees with stronger self-efficacy outperform than their colleagues at workplace, are more energetic, persistent, motivated and perform better in challenging environment when compared with employees with lower or no self-efficacy. Maslach *et al.,* (2001) explains it in terms of efficacy verses inefficacy; energy verses exhaustion; and involvement verses cynicism. Further, a mediating factor has been mentioned as well i.e. confidence. People with higher self-efficacy had higher confidence which enabled them of higher work engagement. The study of Schaufeli *et al.,* (2006) illustrates that there is a significant positive relationship between self- efficacy and the three dimensions of employee engagement: vigor, dedication absorption.

Resilience and Work Engagement

Masten (2001) states that resilience is an important aspect in positive psychology. Luthans et al., (2007) is also of the same opinion and consider resilience a pivotal personal resource. Under the umbrella of positive psychology, resilience at workplace refers to the ability of bouncing back from difficult situations. At challenging and difficult situations, some employees fail and give up, while others show capabilities of dealing such difficulties or even grow stronger. This capability of bouncing back is resilience at workplace and considered a resource; higher the level of this resource, higher the level of work engagement (Siu *et al.,* 2009). There are different factors that mediate the relationship between resilience and work engagement. For example, positive affect that creates high level of energy in employees causes more work-related engagement than with negative affect or no affect (Watson *et al.,* 1999). Enthusiasm is a positive emotion that fuels work engagement (Thoresesen *et al.,* 2003) besides other emotions such as love, joy, care, and pride that improve and broaden employees' momentary thought-action repertoires; thus, improving WE (Fredrickson, 2001). Rosa (2020) found intelligence, hard work and seeking support of colleagues as mediating factors between resilience and WE.

Optimism and Work Engagement

Tritch (2003) conceptualized optimism, in relation to work engagement, as an individual's desire and passion of contributing a value in workplace. Gubman (2004) states that optimism enhances work engagement through task performance of an employee by internalizing the feelings of personal

attachment to an organization. Furnham (1997) concluded that optimism at workplace leads to thoughts and feelings of favorable situations. Konrad (2006) asserts that higher levels of optimism are associated with better emotional and cognitive functioning of employees which leads to better task performance. Kenneally (2020) found optimism at workplace as a powerful resource. Optimism was found to be a moderating factor on work engagement through transformational leadership and task performance. Chhajer, Rose & Joseph (2018) investigated the role of optimism in work engagement and found that optimism leads to positive change which enhances work engagement.

Conclusion

The review concludes that positive psychology makes life worth living and play a healing role in modern organizational structures. PsyCap, a positive psychological state, is the application of positive psychological resources in workplace and its four dimensions positively correlate with work engagement. It is evident from the cited literature that PsyCap reduces work related stress, makes work more meaningful, increases motivation, confidence, consistency, vigor, dedication, and absorption. However, the role of PsyCap needs to be investigated in other disciplines such as education.

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