Relationship between Psychological Capital and Work Engagement

Nor Akmar Nordin1*, Yuhanis Khalida A Rashid2, Siti Aisyah Panatik3, Ana Haziqah A Rashid4

* Corresponding author: akmnr. nordin@utm.my

Abstract
This study investigated the influence of psychological capital on work engagement among employees in a corporate company. 200 respondents from one of the corporate companies in Johor were involved as the sample for this study. Data obtained from the respondents were analyzed into descriptive statistical analysis to analyze the demographic data of respondents, level of psychological capital and level of work engagement. Finding from this study shows that the level of psychological capital among employees is high. As well as the level of work engagement. Interestingly, there is a correlation between psychological capital and work engagement found in this study. Future studies should explore another factor that could influence the relationship and offering a more comprehensive understanding of psychological capital in the Malaysian context.

Keywords: Corporate sector Employee, Psychological Capital, PsyCap Work Engagement

Introduction
Today's organization mostly recruit top talent. However, after hiring the talent, the organization should enable their employees to apply their full capabilities and potential to their work. Organizations need employees who are mentally and emotionally connected to their job. This depicts that they are invested in their work tasks and willing to put extra effort to accomplish it. According to Avolio and Luthans (2008), there is a general trend around that globe for employees not being fully engaged in their work life. The importance of engaged employees has been recognized a long time ago and it is assumed to have an impact on their performance (Sweetman & Luthans, 2010).

Work engagement (WE) is a component of occupational well-being at work (Bakker, 2011). WE was introduced by Kahn (1990), who conceptualized employee’s engagement as physically, cognitively and emotionally contribute to their work roles. The concept of WE has contributed to increasing the knowledge in various disciplines such as health-promoting potential, well-being at the workplace and optimal function in work-life (Quiñones, Van den Broeck, & De Witte, 2013). Practically, WE has garnered the attention of managers, because it has a connection with employee’s performance and other positive indicators such as affective commitment and extra-role behavior (Bakker, Schaufeli, Leiter, & Taris, 2008; Quiñones et al., 2013).

Previous studies have shown that WE is influenced by many factors such as job resources (Quiñones et al., 2013; Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009), job performance (Hakanen, Schaufeli, & Ahola, 2008), authentic leadership (Giallonardo, Wong, & Iwasiw, 2010; Hassan & Ahmed, 2011; Liu, He, Tang, & Liu, 2014; Maximo, 2015), psychological empowerment (Ginsburg et al., 2016; Wang & Liu, 2015) and proactive personality (Bakker, Tims, & Derks, 2012) have seen to enhance WE. We believe that psychological capital (PsyCap) is one of the main factors that will enhance WE among employees (Sweetman and Luthans (2010). Joo, Lim, and Kim (2016) highlighted the importance of PsyCap in order to gain better WE among employees. Therefore, in this research, we will study PsyCap as a correlate of employees' WE.

The concept of PsyCap was introduced by Luthans in 2004 as a positive agentic state for individual development under the umbrella of positive organizational behavior (Luthans, Youssef, & Avolio, 2007). Luthans, Luthans, and Luthans (2004) stated that developing PsyCap is one of the ways to increase performance in the organization through higher productivity, superior customer service, and greater employee retention. Besides that, PsyCap was developed to improve and strengthen employee performance in the organization (Sahin, Çubuk, & Uslu, 2014). The previous study by Luthans et al. (2004) mentioned the concept of PsyCap contributes to success in managing life, including business or work aspect has a potential psychological element. It is a unique resource which is also seen to improve creativity and achievement motivation among students and reduce their levels of stress (Sarwar & Panatik, 2017).

The past decade has seen the rapid development in the field of WE in an organization that focuses more on work tasks such as task significance and task structure rather than individual factors. According to Sweetman and Luthans (2010), an individual factor is the major predictor for WE among employees. Thus, PsyCap is an individual factor that will be able to predict WE in an organization. Since it is new in this field, psychological factors should be tested empirically. Therefore, there is a need to investigate the relationship between the PsyCap and WE in order to maintain the high productivity of an organization. The importance of PsyCap towards WE has been focused to increase the participation of employees...
working effectively and happily. Given the importance of PsyCap in dealing with WE, this study examined the relationship between PsyCap and WE among employees in Company X.

**Literature Review**

**PsyCap**

PsyCap is one of the new research areas of interest in the field of organizational behavior and human resources (Avey, Reichard, Luthans, & Mhatre, 2011). The concept of PsyCap was developed and to be invested for sustainable competitive advantage through people because today’s organization no longer requires sustainable competition through traditional resources such as physical, financial or technological resources (Luthans et al., 2007). It is composed of four personality types: self-efficacy, optimism, hope, and resilience.

According to Luthans et al. (2004) concept of PsyCap is related to success in managing life and business. Furthermore, Sihaq and Sarikwal (2014) state that PsyCap is one part of human capital which can enhance positive personal resource in an individual’s success at the workplace.

**Self-efficacy:** Bandura (1997) states that self-efficacy is feeling and believing our own competent and effectiveness. Self-efficacy motivates people to challenge themselves to be more confident and enhances their strengths, skills, and abilities to meet the challenges and become successful. In a PsyCap context, self-efficacy plays a vital role in encouraging and energizes employees to pursue their goals and invest time to achieve the goals (Luthans et al., 2007).

**Optimism:** according to Seligman (1998), individuals who are optimistic consider that positive events occur due to personal, permanent and pervasive reasons and interpret negative occurring in terms of temporary, external, and, situation-specific factors. Optimism allows individuals to take credit for the positive happenstances in their lives thereby enhancing their sense of self-esteem and upheaval morale (Luthans & Youssef, 2004). People with this explanatory style of optimism will view an event positively and internalize the good aspects of their lives in the past, present and also into the future. In the PsyCap, there is a need for the strength of optimism to be more flexible and realistic person (Luthans et al., 2007).

**Hope:** Hope in PsyCap can be defined as having the willpower and pathways to attain one’s goal (Luthans & Youssef, 2004). According to Snyder et al. (1991), hope is a cognitive state for an individual to set realistic but challenging goals and expectations and then by using self-directed determination, energy, and perception of internalized control to achieve the aims. In other words, hope is about persevering toward goals and when required, change or improve the paths to reaching out to the goals. It is composed of the agency which is the actual goal and pathways, which is the planning that is required to meet the goal.

**Resilience:** Masten (2001) is the founder of the resiliency concept. Resiliency is the psychological resource that is useful to an individual when struck with failures. According to Luthans (2002), it is the capacity of an individual to cope successfully with adversities and challenges in life. If a person is faced with failures, due to uncontrolled external or even due to internal reasons, the psychological capacity of resiliency helps to retry and overcome the failures.

**Work Engagement**

Schaufeli, Salanova, González-Romá, and Bakker (2002) defined WE as “a positive, fulfilling the work-related state of mind that is characterized by vigor, dedication, and absorption”. Schaufeli et al. (2002) state that engagement is not a specific attitude but represents an overall state of mind which indicates elevated level of energy, motivation, and enthusiasm towards the job and ready to deal with its demands.

**Vigor**

Vigor represents a high level of energy, stamina, and passion at the workplace. People with high vigor do not get bored quickly, fatigued while doing strenuous work or should persistence which face difficulties at work tasks (Schaufeli & Bakker, 2003). According to Shirom (2010), when people are high in vigor they have high levels of physical, emotional and cognitive energies to perform their work.

**Dedication:** According to Schaufeli and Bakker (2003), people who are more dedicated to their work feel a high level of significance for their job, are more enthusiastic and proud if they get challenging tasks. They perceive their work as more meaningful and significant and are proud to associate themselves with the job they are doing.

**Absorption:** Schaufeli and Bakker (2003) refer absorption as a state in which the employee is voluntarily immersed in work such that it loses the track of time. This state of mind is coupled with a high level of concentration and focus on one's tasks.

**Previous study**

There are several studies have been done by many researchers to reveal the influence of PsyCap and WE in a different context. Most of the research found that there is a significant positive relationship between PsyCap and WE in a different context. Besides, previous researches showed inconsistent results about the relationship between PsyCap and WE among employees in KwaZulu-Natal, South African. Besides, Joo et al. (2016) have examined the influences of PsyCap on WE involving 599 Korean conglomerates and it showed that there is a significant positive relationship between these two variables. This study was supported by studies by (Boamah & Laschinger, 2015; Nigah, Davis, & Hurrell, 2012; Paek, Schuckert, Kim, & Lee, 2015).

Hence, this study examined the relationship between PsyCap and WE among employees in the corporate sector in Johor Bahru, Malaysia. From this discussion, it is hypothesized that:

H1: PsyCap is positively related to WE.

Besides, previous researches showed inconsistent results about the relationship between PsyCap and WE. The previous study showed that self-efficacy had a significant positive relationship with WE but there is no significant between the other component of PsyCap (hope, resiliency, and optimism) and WE (Karatepe & Karadas, 2015). A study was done by Erbasi and Ozbek (2016) also showed that three components of PsyCap which are hope, resilience, and optimism there are significant positive relationship with WE. Meanwhile, self-efficacy showed no statistically significant effects on WE.

Overall it is seen that previous researchers showed different results between PsyCap and WE in different populations. Hence, it is hypothesized that:

H2: Self-efficacy is positively related to WE

H3: Optimism is positively related to WE

H4: Hope is positively related to WE

H5: Resilience is positively related to WE
Methodology

Samples and Procedure
Resident in this study comprised of employees working in Company X located in Johor Bahru. A total number of 220 questionnaires were distributed with the assistance of a person in charge of that company. The distribution and collection of the completed questionnaires took about one month. From 220 of the questionnaire distributed, a number of 200 questionnaires were returned.

Measurement
PsyCap was measured using the PsyCap Questionnaire (PCQ) Luthans et al. (2007). The PCQ is a self-report questionnaire and has 24 items. In this study, 21 items were chosen. This questionnaire comprises four subscales namely, six items of self-efficacy six items of optimism, five items of hope and four items of resilience. All responses were gathered on a six-point Likert scale ranging from 1 = strongly disagree, 2 = disagree, 3 = somewhat disagree, 4 = somewhat agree, 5 = agree and 6 = strongly agree.

WE was measured using 17 items of the Utrecht WE Scale (UWES) (Schaufeli & Bakker, 2003). This UWES consists of three underlying dimensions, which are six items of vigor, dedication (5 items) and absorption (6 items). All items were measured on a seven-point Likert scale ranging from 1 = ‘never’ to 7 = ‘always’.

Statistical Analysis
The analysis was conducted in SPSS version 22. In the descriptive analysis means, SD and percentage were calculated. The relationship between the variables was calculated using correlation. The statistical significance levels used in this study were $p \leq 0.01$.

Results

Demographics Information
From 200 of respondent, 99 (49.5%) were males and 101 (50.5%) were females. Malays respondents occupied 100% of this company. This is because Company X is one of the organizations that fully monopolized by indigenous. Most of the respondents are in a non-executive position which is 115 out of 200 respondents that equal to 57.5% whereas only 85 of respondents are executive that showed 42.5% overall.

As for how long respondent has been in the current position, the highest rate was 79 respondents who claimed they have been in the current position around 1 to 5 years (39.5%). Next, 46 respondents say that they have been in current position around 6 to 15 years (23%). It is followed by 40 respondents that claimed they have been in that position less than 1 year (20%). 21 respondents claimed that they have been in current position around 16 to 25 years (10.5%) whereas only 14 respondents said that they have been in that position more than 25 years (7%). In terms of type of employment, permanent employment shows the highest rating which is 171 respondents from 200 respondents (85.5%). Meanwhile, only 29 respondent (14.5%) who claimed that they are contract employee in Company X.

Level of PsyCap
The level for each PsyCap dimension is presented in Table 4.1. The findings showed that the mean score of PsyCap among employees in Company X is high ($m = 4.44 \pm 0.466$). The high mean score indicated that employees in Company X have a high level of PsyCap. Among the four dimension, optimism have the highest mean score ($m = 4.67 \pm 0.590$), followed by self-efficacy ($m = 4.51 \pm 0.601$), hope ($m = 4.50 \pm 0.650$) and the lowest mean score is resilience ($m = 4.09 \pm 0.441$).

<table>
<thead>
<tr>
<th>Table 1: Sub-dimension of PsyCap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Self-Efficacy</td>
</tr>
<tr>
<td>Optimism</td>
</tr>
<tr>
<td>Hope</td>
</tr>
<tr>
<td>Resilience</td>
</tr>
<tr>
<td>PsyCap</td>
</tr>
</tbody>
</table>

Level of Work Engagement
Table 4.2 showed that overall mean score of WE and overall mean score of each dimension of WE. Generally, the mean score of WE among employees in Company X is high ($m = 5.32 \pm 0.809$). It is seen that WE among employees in Company X is high. Among the three-dimension, dedication have the highest mean score ($m = 5.46 \pm 0.917$), followed by vigor ($m = 5.26 \pm 0.903$), and the lowest mean score is absorption ($m = 5.23 \pm 0.982$).

<table>
<thead>
<tr>
<th>Table 2: Subdimension of WE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
</tr>
<tr>
<td>------------</td>
</tr>
<tr>
<td>Vigor</td>
</tr>
<tr>
<td>Dedication</td>
</tr>
<tr>
<td>Absorption</td>
</tr>
<tr>
<td>WE</td>
</tr>
</tbody>
</table>

PsyCap and work engagement
The result shown on Table 4.3 showed that there is significant medium relationship between PsyCap and WE among employees in Company X ($r = 0.543, p < 0.01$). Besides that, the finding demonstrated self - efficacy and optimism showed a significant medium relationship with WE ($r = 0.488, p < 0.01; r = 0.563, p < 0.01$).

<table>
<thead>
<tr>
<th>Table 3: correlation between dimensions of PsyCap and WE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Self-efficacy</td>
</tr>
<tr>
<td>Optimism</td>
</tr>
<tr>
<td>Hope</td>
</tr>
<tr>
<td>Resilience</td>
</tr>
<tr>
<td>PsyCap</td>
</tr>
</tbody>
</table>

Note: ** Correlation is significant at the 0.01 level (2-tailed); n =200

Next, multiple regression was conducted in two steps. First, regression analysis was conducted with aggregate PsyCap as the predictor. The results show that PsyCap was positively and significantly related to WE, $\beta = 0.326, p < 0.001$. Thus, hypothesis 1 is accepted in this study.

Next, regression analysis was conducted with four components of PsyCap as independent variables. The results in table 4 depicts that Self-efficacy ($\beta = 0.200; p = 0.014$) and optimism ($\beta = 0.241; p$
Discussion

The findings of the study revealed that employees in Company X have a high level of PsyCap. According to Luthans et al. (2007), the employees who have higher levels of PsyCap are more flexible and adaptive to act with various capacities required to meet the everchanging demands of their job. In addition, PsyCap also helps them experience a higher level of competence and well-being. This result is parallel with a previous study conducted by Nugroho et al. (2013) that showed employees have a high level of PsyCap. According to Nugroho et al. (2013), employees with high PsyCap are more loyal to the organization even during challenging times. Therefore, PsyCap is an important element in an organization especially in identifying workers who always support the organization.

Next, this study also found that three dimensions of WE has a mean above the average scale. This result is parallel with the previous study conducted by Rostina and Lihardja (2013) that showed employees have high level of WE. This means that employees in Company X are more concentrated in their work and are experiencing a greater enthusiasm and motivation and enthusiasm. The employees can fully focus on their work and they are always involved in doing the task or job given to them.

The regression analysis showed that PsyCap has a significant relationship with WE. The result showed that PsyCap is significantly affecting WE among employees in Company X. This result may be explained by the conservation of resources (COR) theory which is PsyCap enables the accumulation of resources valued and protected by individuals and it allows engagement to occur (Hobfoll, 2001). These findings are in line with previous researches, among employees across the organization in Beijing, China (Zhong, Li, Liu, & Chen, 2016). According to these data, employees that have high PsyCap are more satisfied and engaged with their job, career, and life. Besides, the findings showed that employees who are high in PsyCap feel more energetic, dedicated and fully engaged in their work.

Based on the findings, self-efficacy, optimism and hope dimension showed a moderate relationship with WE among employees in Company X. These results reflect those of Simons and Buitendach (2013) who reported that self-efficacy and optimism, significant relationship with WE. It means that employees high in self-efficacy are often characterized by their tenacity and persistence by their belief in the future success and accept the company’s goal. Furthermore, the employees are able to accomplish a particular task and can become absorbed in the overall achievement of the task.

On the other hand, this study shows that resilience and hope dimensions have a significant but low correlation and non-significant beta with WE among employees in Company X. This result contradicts previous research that showed the resilience and hope dimensions has a significant but high relationship with WE among employees (Harris, 2012; Joo et al., 2016; Simons & Buitendach, 2013). The resilience phenomenon has a low correlation with WE driven by the environment. For example, resilience in Asian countries is lower than in the Middle East country which scores a higher level of resilience. This is because Asian countries have a stable economy rather than the Middle East as the Middle East countries face lot of war. Similarly, it seems that employees who are more engaged in work may not have much concern about their goal as they feel enough empower due to high motivation and enthusiasm.

Overall, PsyCap is significantly positively correlated with WE, with all four dimensions were found to have a significant relationship with WE. These findings were in line with most of the previous research that had been conducted (De Vaal & Pienaar, 2013; Harris, 2012; Herbert, 2011; Joo et al., 2016; Nugroho et al., 2013; Rostina & Lihardja, 2013; Sekoere, 2015; Simons & Buitendach, 2013; Zhong et al., 2016)

Conclusion

Recently, PsyCap and WE among employees have become a hot topic in western countries. However, local research and employers are not concern about this topic. Most organizations choose to change their strategies in work when the profit and performance of employees decline. Thus, organizations need to find the root of the problem before making any changes in their organization such as human capital. One of the ways that can help organizations have a more competitive advantage through people is by identifying the PsyCap among workers. Besides, an organization can also know the occupational well-being of its workers by determining worker’s engagement toward their tasks or work. Therefore, the aim of the present research is to determine the relationship between PsyCap and WE among employees as well as identify the level of PsyCap and WE.

In conclusion, this study highlights the relationship between PsyCap among employees in Company X. More studies are needed in order to explore more relevant elements that may influence the relationship and offering a more comprehensive understanding of PsyCap in the Malaysian context. Studies are also required to investigate this topic for expatriates. Previous studies have reported that expatriates’ assignments are getting complex and the job pressures make it hard for them to be more engaged in their jobs and lead a balanced life (Sarwar & Zeeshan, 2019). However it possible that employees with greater PsyCap and are abroad on job tasks are more engaged. Yet this needs to be investigated.

References


Sekoere, I. M. (2015). The effect of authentic leadership and psychological capital on work engagement amongst employees in leadership positions at Standard Lesotho Bank. University of the Free State,


