

# **Influence of Psychological Capital on Employee Engagement and Explored the Mediating Role of Organizational Commitment**

**Fr. Reginold John**

CMI, Guest Faculty, Department of Personnel Management, Rajagiri College of Social Sciences, Kakkanad, Kochi 682039. Email- reginold@rajagiri.edu.

## **ABSTRACT**

**This study tested a conceptual model of the influence of psychological capital on employee engagement and explored the mediating effects of mediating role of organizational commitment. The hypothesized relationships were investigated using structural equation modelling. The results also show the positive significant relationship between psychological capital and employee engagement, psychological capital and organizational commitment and also between organizational commitment and employee engagement. Theoretical and operational effects of these results are addressed in this paper. The data for the study were collected using an online questionnaire survey with a sample of 153 employees working in UVJ Technologies, CSEZ, Kakkanad.**

## **INTRODUCTION**

The reality that humans are the most significant source of organizational goals in today's world. The human resources in an organization should be driven according to the organizational direction goals and conducted in this direction. Different strategies are applied by organizational management to improve the employees' results. Many of these applications will help to increase the positive psychological capital of the individual.

Psychological capital is a component that helps workers to perform better in the workplace. In terms of employees' psychological attachment and relationship with the company and among the individuals in the organization, employee engagement is critical. Organizational commitment has been described as the connection between workers and their organization (Jacobs & Roodt, 2008). It is less possible that workers who are engaged will leave the company because of a need to meet and think about needs of their requirements. There are a few questions are raised, 1. How does psychological capital relate with organizational commitment? 2. What is the connection between organizational commitment and employee engagement? 3. What will be the intensity of the mediating factor, organizational commitment to coordinate between psychological capital and employee engagement?

## **REVIEW OF LITERATURE**

### **Psychological Capital**

Psychological capital is a positive psychological state in the development of individuals (Avey, Luthans, & Jensen, 2009). Psychological capital comprises four different components: self-efficacy, optimism, hope and resiliency. These positive resources are demonstrated to be state-like by Luthans, Youssef, and Avolio (2015). Hence, they are easy to be developed and improved through training programs, on-the-job activities, and highly focused and short “micro-interventions” (Luthans, Avey, Avolio, & Peterson, 2010).

### **Organizational commitment**

Scholars from different theoretical perspectives have been attracted to frequently study organizational commitment (Macedo et al., 2016). Organizational commitment is the degree to which an employee is willing to exert energy and feel pride for being with the organization (Mowday et al., 1979). Three forms of organizational commitment are described by literature: affective commitment, normative commitment and calculative commitment (Thomsen et al., 2016).

### **Employee Engagement**

Employee engagement is the attachment of an employee to his work role; it is the physical, cognitive, and emotional attachment to the performance—physical dimension refers to physical involvement in the task at hand, cognitive dimension refers alertness and absorbed at work, and emotional dimension means connection with job while working with dedication and commitment. Employee engagement is a persistent and pervasive motivational psychological state (Gupta & Shaheen, 2017). This three-factor engagement model (job satisfaction and employee attrition) should be used to gauge the levels of employee engagement so that their levels of happiness can be enhanced (Othman, Mahmud, Noranee and Noordin, 2018).

### **Psychological capital and organizational commitment**

When employee is assigned works suitable to his job needs or he himself is supported to set work goals easily (self-efficacy), he will be satisfied and has more willingness to work at his organization for a long-term period. Larson and Luthans (2006) and Youssef and Luthans (2007) show that there is a relationship among hope, optimistic and employee’s organizational commitment. Apart from optimism, resiliency to challenges in the workplace also makes the employee to be satisfied in his job’s needs and gain a working commitment attitude at the organization in a long-term period. Aminikhah et al., (2016) also show that there is a positive effect of psychological capital on employee’s organizational commitment.

H1: Psychological capital has positive influence on organizational commitment.

## Organizational Commitment and Employee engagement

Social exchange theory (SET) proposes, when two parties fulfill the rules of exchange, a social relationship built on mutual trust and commitment will be created (Cropanzano and Mitchell, 2005). When employees are engaged, they are more likely to be committed (Schaufeli and Bakker, 2004). Educational institutes depend more on the commitment and engagement of their academic staff than other organizations (Rowley, 1996). Moreover, in the context of other services such as nursing (Cho et al., 2006), and dentists (Hakanen et al., 2008), affective commitment has been found to be a positive outcome of employee engagement. Therefore, we hypothesize:

H2. Employee engagement is positively related to employees' affective commitment.

### Psychological Capital and employee engagement

Employees with a high level of Psychological capital were more satisfied with their job and tended to help co-workers or superiors (Jung and Yoon (2015). Karatepe and Karadas (2015) investigated how Psychological capital affects Romanian frontline employees' job, career, and life satisfaction. Another study with a sample of frontline employees in Korea analyzed how Psychological capital influenced work engagement and employee morale (Paek et al., 2015). Still, it remains unclear how to promote employee engagement, warranting further examination of the relationship between Psychological capital and employee engagement.

H3: Psychological capital is positively related with employee engagement.

H4: Organizational commitment mediates the relationship between Psychological Capital and employee engagement.

## RESEARCH METHODOLOGY

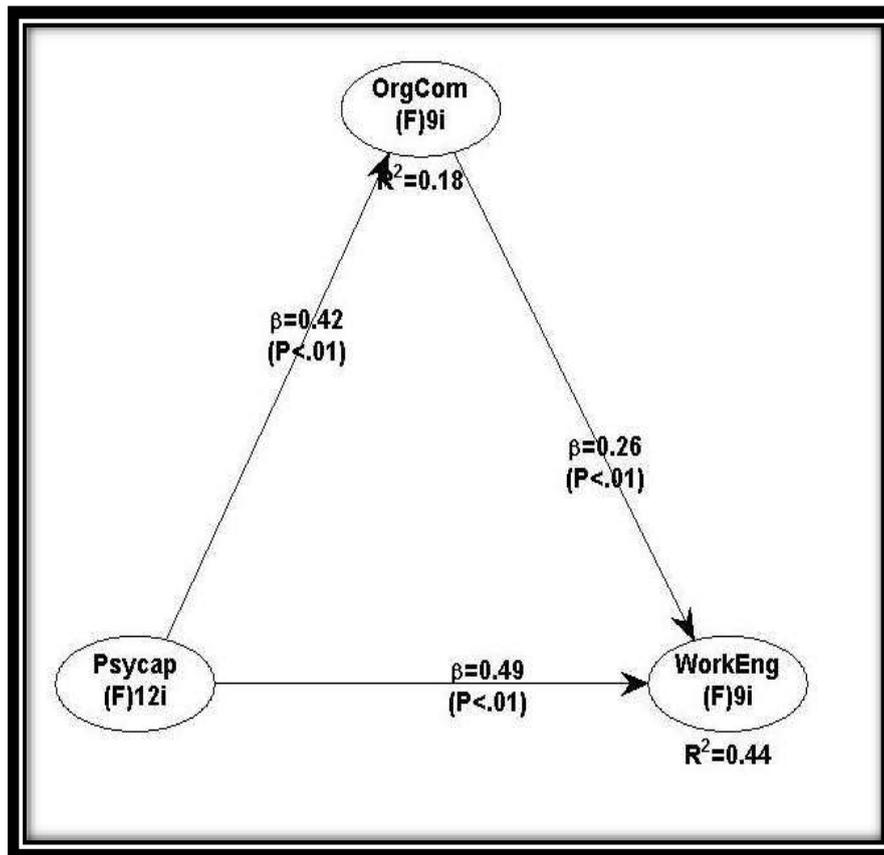
### CONCEPTUAL MODEL:



**RESEARCH DESIGN:**

Descriptive research is used. Descriptive research is in which the attributes of a population or phenomenon being contemplated are depicted. It would likewise attempt to portray the circumstance or population which falls under some categorical scheme. It doesn't address inquiries regarding how/when/why these characteristics occurred or happened.

**STRUCTURAL EQUATION MODEL**



**RELIABILITY AND VALIDITY**

**Measurement model analysis**

Variable	Cronbach's Alpha coefficient	Composite Reliability	Average Variance Extracted	R2
Psychological capital	0.676	0.767	0.559	
Employee Engagement	0.658	0.767	0.510	0.436

<b>Organizational Commitment</b>	0.704	0.789	0.573	0.176
--------------------------------------	-------	-------	-------	-------

This is a measure of internal consistency. The analysis of Cronbach Alpha is commonly used for assessing the reliability of the data. This measure of scale reliability shows how closely related a set of items are as a group. The different acceptable values of alpha ranges fall from 0.70 to 0.95.

The Independent variable psychological capital and independent variable employee engagement falls below 0.70 this is the minimum acceptable value of Cronbach's alpha. Therefore, we can conclude that the internal consistency of the common range is low.

The mediating variable organizational commitment falls in the acceptable range from 0.70 to 0.9, therefore the internal consistency is good.

Composite reliability is the alternative option due to violation of assumptions in Cronbach's alpha. The values of composite reliability between 0.60 to 0.70 are acceptable. The value that is more than 0.90 is not desirable. The Composite reliability values are high for all the variables. It falls above 0.70 but below 0.90. This can be interpreted as the better estimate or better value.

Average variable extracted is a measure of the amount of variance. The general requirement of AVE is  $\geq 0.5$  and composite reliability  $\geq 0.7$ . All the AVE values are more than the general requirements and therefore we can understand that there is good relation between the variables and the model is good fit.

The below table is to identify the goodness of fit of a model. The R squared values are of the dependent variables are as follows:

<b>Work engagement</b>	<b>0.436</b>
<b>Organisational commitment</b>	<b>0.176</b>

This value is actually quite high for real-world data. This can be because the data is self-reported, that's maybe why we can't get accurate information, and thus the standard error is low. Smaller values also indicate that the observations are closer to the fitted line.

### **Beta coefficient and p-value**

The beta coefficients of all the variables are positive. This positive sign indicates that as the predictor variable increases the response variable also increases. Psychological capital has a significant impact on Organisational Commitment implied by the Beta value 0.42 and p-value

$\leq 0.01$  which is within the acceptance limit. It shows that if the Psychological Capital increases by 1

unit, then organizational commitment will increase by 0.42 units. Therefore, when the independent variable psychological capital increase, the mediating variables organisational commitment also increases.

Organisational Commitment has a significant impact on the employee engagement implied by the Beta value 0.26 and p-value  $\leq 0.01$  which is within the acceptance limit. It shows that if the organizational commitment increases by 1 unit, then employee engagement will increase by 0.26 units.

Psychological capital has a significant impact on the employee engagement implied by the Beta value 0.49 and p-value  $\leq 0.01$  which is within the acceptance limit. It shows that if the pscap increases by 1 unit, then employee engagement will increase by 0.49 units.

### DESCRIPTIVE STATISTICS

Variables	Sample size	Minimum	Maximum	Mean	Std. Deviation
Psychological capital	153	12	60	48.06	8.968
Organizational commitment	153	9	45	37.44	6.380
Work engagement	153	9	45	37.33	6.961

### FUTURE SCOPE OF THE STUDY

The relationship between positive psychological capital and employee engagement was investigated and mediating role of organizational commitment in this research. The research can be done on a variety of occupational classes. The relationship between positive psychological capital and other variables such as happiness, motivation, work life quality, and job satisfaction can be studied further. This research was carried out in organizations. Comparatively, the same research may be done in public and private institutions. For school administrators, training sessions on how to enhance teachers' positive psychological capital levels can be coordinated. It is possible to investigate how different variables influence the positive outcome. Employees should be given training sessions on how to enhance employees' positive psychological capital levels can be coordinated. It is possible to investigate how different variables influence employees' positive psychological capital and organizational engagement.

Future research into the role of Psychological Capital as a moderator of the effects of challenge and hindrance stressors on work, career, and life satisfaction would likely add to our current understanding. Furthermore, a time-lagged design (i.e., separating the assessment of the indicator, mediating, and criterion variables through a time lag) and multiple sources of data (i.e., employee and supervisor

assessment) are needed for assessing the antecedents and outcomes of Psychological capital among employees in frontline service employment.

From a practical standpoint, workforce management should invest in high-performance work practices like rigorous staffing and training. Hiring people with high Psychological Cap and employee Engagement scores at all levels would result in a pool of workers who are happy with their employment, careers, and lives. It is also possible to stimulate workers' psychological capabilities through training programmes. Employees' psychological capital and employee Engagement can be increased by implementing preparation, empowerment, appreciation and incentives, and job opportunities at the same time.

## **CONCLUSION**

This study tested a conceptual model of influence of positive psychological capital on employee engagement and the mediating role of organizational commitment. The findings showed that psychological capital has a positive influence on employee engagement and there is a mediating role of organizational commitment. Importantly, organizational commitment was found to mediate the hypothesized relationships in the model. Specifically, employees working in the software company displayed higher employee engagement which resulted from positive influence of psychological capital. Organizational commitment has strong role in bringing employee engagement. Employees who represent psychological capital are secure in their ability to contribute to the company's plan and objectives. When faced with difficult circumstances, they see things in a positive light and have the desire to solve problems and step forward. As a result, they are more likely to put effort into their jobs.

According to the results of the study, it is important to concentrate on the positive aspects of life. The workplace through employee selection, training, and growth, as well as current and future employee education and training of employees have to be given more importance. It's also important to think about recruiting people who are willing to grow, since positive resources like psychological capital will benefit from good human resource practises. It is important to provide preparation and growth efforts for current workers, all of which improve the positive resources of employee's psychological capital.

Organizational commitment fully mediates the relationship between Psychological capital and employee engagement, thus highlighting the powerful effect of employee engagement. The major recommendation of this study is to adopt specific strategies to enhance employees' Psychological capital and organizational commitment to engage employees, which can potentially increase their work life balance. Overall, this is the first research study in checking the positive influence of positive psychological capital on employee engagement and organizational commitment as a mediator.

## **REFERENCE**

1. Cho, J., Laschinger, H.K.S. and Wong, C. (2006), "Workplace empowerment, work engagement and organizational commitment of new graduate nurses", *Nursing Leadership-Academy of Canadian Executive Nurses*, Vol. 19 No. 3, pp. 43-60.
2. Macedo, I.M., Pinho, J.C. and Silva, A.M. (2016), "Revisiting the link between mission statements and organizational performance in the non-profit sector: the mediating effect of organizational commitment", *European Management Journal*, Vol. 34 No. 1, pp. 36-46.
3. Mowday, R.T., Steers, R.M. and Porter, L.X. (1979), "The measurement of organizational commitment", *Journal of Vocational Behavior*, Vol. 14 No. 2, pp. 224-247.
4. Thomsen, M., Karsten, S. and Oort, F.J. (2016), "Distance in schools: the influence of psychological and structural distance from management on teachers' trust in management, organisational commitment, and organisational citizenship behaviour", *School Effectiveness and School Improvement*, Vol. 27 No. 4, pp. 594-612.
5. Cropanzano, R. and Mitchell, M.S. (2005), "Social exchange theory: an interdisciplinary review", *Journal of Management*, Vol. 31, pp. 874-900.
6. Jacobs, E., & Roodt, G. (2008). Organisational culture of hospitals to predict turnover intentions of professional nurses. *Health SA Gesondheid* .
7. Hakanen, J.J., Schaufeli, W.B. and Ahola, K. (2008), "The job demands-resources model: a three-year cross-lagged study of burnout depression, commitment, and work engagement", *Work and Stress*, Vol. 22 No. 3, pp. 224-241.
8. Gupta and Shaheen, (2017). "Determinants of employee engagement and their impact on employee performance". *International Journal of Productivity and Performance Management*, 63, 308-323. doi:10.1108/IJPPM-01-2013-0008.
9. Othman, Mahmud, Noranee and Noordin, (2018) "A study on the drivers of employee engagement impacting employee performance", *Journal of Business and Management Sciences*, vol. 3, no. 5 (2019): 138-147. DOI: 10.12691.
10. Rowley, J. (1996), "Motivation and academic staff in higher education", *Quality Assurance in Education*, Vol. 4 No. 3, pp. 11-16.
11. Schaufeli, W.B. and Bakker, A.B. (2004), "Job demands, job resources and their relationship with burnout and engagement: a multi-sample study", *Journal of Organizational Behavior*, Vol. 25 No. 3, pp. 293-315.
12. H.S. Jung, H.H. Yoon (2015), The impact of employees' positive psychological capital on job satisfaction and organizational citizenship behaviors in the hotel, *Int. J. Contemp. Hosp. Manag.*, 27, pp. 1135-1156.
13. O.M. Karatepe, G. Karadas (2015), Do psychological capital and work engagement foster frontline

employees' satisfaction? A study in the hotel industry, *Int. J. Contemp. Hosp. Manag.*, 27 (6), pp. 1254-1278.

14. S. Paek, M. Schuckert, T.T. Kim, G. Lee (2015), Why is hospitality employees' psychological capital important? The effects of psychological capital on work engagement and employee morale *Int. J. Hosp. Manag.*, 50, pp. 9-26.

15. Luthans, F., Youssef, C. M., & Avolio, B. J. (2015). *Psychological capital and beyond*. New York, NY: Oxford University Press.

16. Aminikhah, H., Khaneghah, T. M., & Naghdian, M. (2016). The relationship of psychological capital and job satisfaction with organizational commitment. *International Journal of Information, Business and Management*, 8(1), 153-171.

17. Larson, M., & Luthans, F. (2006). Potential added value of psychological capital in predicting work attitudes. *Journal of Leadership & Organizational studies*, 13(1), 45-62. <https://doi.org/10.1177/10717919070130010701>

18. Youssef, C. M., & Luthans, F. (2007). Positive organizational behavior in the workplace: The impact of hope, optimism, and resilience. *Journal of Management*, 33(5), 774-800. <https://doi.org/10.1177/0149206307305562>

19. Avey, J. B., Luthans, F., & Jensen, S. M. (2009). Psychological capital: A positive resource for combating employee stress and turnover. *Human Resource Management*, 48(5), 677-693. <https://doi.org/10.1002/hrm.20294>

