

A Study on the Mechanism of Psychological Capital Affecting Employee Engagement and Job Performance

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Abstract: *In the context of the gradual transformation of organizational management towards a people-oriented orientation, the psychological state of employees has become increasingly valuable as a key variable affecting organizational performance. As a positive psychological resource that can be developed and intervened, psychological capital has become an important research topic in the field of organizational behavior. Based on the theoretical framework of positive organizational behavior, this paper systematically sorts out the core dimensions of psychological capital, analyzes its logical relationship with employee engagement and job performance, and focuses on explaining the internal mechanism of psychological capital that stimulates employees' positive psychological state and then affects their engagement behavior and performance. Dimensions of psychological capital such as hope, self-efficacy, resilience and optimism can effectively promote employees' initiative and creative performance at work by enhancing their willingness to invest and professional identity. This study deepens the understanding of employees' intrinsic motivation mechanism at the theoretical level and reveals the dynamic path of psychological resources being transformed into organizational effectiveness.*

Keywords: Psychological Capital; Employee Engagement; Job Performance; Self-efficacy.

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1. Introduction

With the evolution of organizational management, traditional management models are unable to meet the development needs of organizations. The rapid development of strategic emerging industries has prompted organizational performance to increasingly rely on employees' intrinsic psychological motivations, pushing corporate management concepts from a control-oriented to a people-oriented approach, focusing on stimulating employee potential and enhancing a sense of belonging to the organization. As an important indicator to measure the degree of individual's work commitment at cognitive level, employee engagement has been proven to be highly correlated with key outcomes such as organizational performance [1]. Its core is reflected in employees' sense of responsibility, initiative and continuous work enthusiasm, which is an important force for the sustainable development of enterprises. At the same time, employee engagement is not a static state, but is influenced by both employees' psychological resource reserves and organizational environment support [2]. Psychological capital, as the core concept of this theoretical system, includes four dimensions: hope, optimism, resilience and self-efficacy [3]. Its core value lies in developing employees' internal psychological resources to help them cope with task challenges and maintain positive beliefs and adaptability.

Psychological capital is a core psychological resource that enables employees to cope with uncertainty and stress [4]. Its cultivable and sustainable nature makes it a deeper source of motivation compared to traditional external reward and punishment models, offering stronger support for enhancing employee engagement and organizational performance [5]. Employees with high psychological capital possess positive cognitive orientations and the ability to regulate emotions effectively, demonstrating strong adaptability and proactive behavior under pressure [6]. This leads to consistent and high-quality performance output. Exploring the driving mechanisms of psychological capital on employee engagement and its transformation into performance outcomes holds significant value. Theoretically, it can expand the boundaries of positive organizational behavior and deepen the understanding of

how psychological resources are internalized into organizational value. Practically, it can provide theoretical support for enterprises to optimize human resource management and establish long-term motivational mechanisms, helping organizations unlock employees' inner psychological potential, strengthen organizational cohesion, and promote high-quality development.

2. Literature Review

2.1 The Concept and Dimensions of Psychological Capital

As an important concept in the field of organizational behavior and positive psychology, psychological capital has become a key variable for measuring employees' internal psychological state and work enthusiasm. The concept was first proposed by Goldsmith, referring to the impact of psychological traits accumulated by individuals in life experience on work performance [7]. Seligman then further expanded it in the theory of positive psychology, defining it as a positive psychological force beyond human capital and social capital, emphasizing its key value in promoting individual growth and enhancing organizational competitiveness [8][9].

On this basis, Luthans and Youssef systematically defined psychological capital, proposing that it has developability, measurability, and intervenability. They defined it as the positive psychological state exhibited by individuals in their growth and development, and structurally divided it into four core dimensions [10]. First, hope refers to an individual's positive motivational state when facing goals, manifested as the ability to clearly set goals and flexibly formulate multi-path implementation plans. Second, self-efficacy is an individual's belief and confidence in completing challenging tasks, influencing their behavior choices, perseverance, and effort direction [11]. Third, resilience is an individual's ability to quickly recover and adapt when encountering failure, stress, conflict, or increased responsibilities, reflecting psychological adjustment and adversity-coping mechanisms. Fourth, optimism is an individual's positive expectation of future outcomes, demonstrated by the cognitive tendency to attribute success to internal stable factors and interpret failure as external temporary situational factors [12]. These four dimensions constitute the core structure of psychological capital, and the academic community has taken the initials of their English names as "HERO" to reflect their comprehensive psychological energy and advantages [13].

Psychological capital can not only promote individual emotional management and goal motivation, but also have a profound impact on employee dedication and performance [14]. As research deepens, some scholars have proposed diverse views on its dimensional division. For example, Ke et al., in the context of Chinese culture, divide psychological capital into transactional type, which includes traits such as self-confidence, courage, and tenacity, and interpersonal type, which includes Eastern cultural characteristics such as humility, integrity, tolerance and forgiveness [15]. As a positive psychological resource, psychological capital reflects the internal psychological strength that individuals can mobilize when facing task challenges, pressure or changing situations. Different from traditional knowledge and skills or social relationship resources, it has significant theoretical value and practical potential in improving organizational performance and building a healthy organizational culture.

2.2 Theoretical Origins and Evolution of Employee Engagement

The concept of employee engagement was first introduced by Kahn (1990) [16], who defined it as the extent to which employees invest their physical, emotional, and cognitive energies into their roles, thereby achieving a sense of alignment between their work and self-identity. This perspective laid the psychological foundation for subsequent engagement research. Robinson et al., (2004) conceptualized engagement as an internal state, emphasizing the individual's attentiveness and absorption in work tasks [17]. From a contrasting angle, Demerouti et al. (2010) viewed engagement as the positive antithesis of burnout, highlighting it as a vigorous and enthusiastic attitude toward work [18].

Building on this, Schaufeli et al. (2003) defined engagement as a positive, work-related psychological state characterized by three dimensions: vigor, dedication, and absorption [19]. They also developed the Utrecht Work Engagement Scale (UWES), which provided a standardized tool for empirical measurement. Among them, vitality refers to the high energy level and psychological resilience displayed by employees at work, which is specifically manifested in being energetic, hard-working, and persevering in the face of difficulties; dedication is reflected in the employees' enthusiasm for work, high identification with career goals, and willingness to work tirelessly for organizational goals. This emotional investment is usually manifested in a sense of pride, meaning, and responsibility in work; focus means that employees can concentrate for a long time at work, are highly immersed

in tasks, and are willing to accept the challenges and complexities brought by work. These three psychological manifestations together construct a state in which employees are fully committed to their work, reflecting the deep psychological structure and behavioral trends of employee engagement.

Based on the research of Schaufeli et al., domestic and foreign scholars have expanded and reconstructed the concept of employee engagement. Some scholars pointed out that engagement is not only an attitude, but also a behavioral manifestation that includes identification with organizational goals, fulfillment of job responsibilities, and team collaboration [20]. Other studies regard it as a process of matching employee self-realization with organizational expectations, emphasizing that a sense of achievement, meaning, and role value are important factors driving sustained engagement behavior [21].

2.3 The Relationship Between Employee Engagement and Organizational Performance

Job performance is usually defined as a comprehensive reflection of an employee's behavioral performance and output within the scope of his or her job responsibilities [22]. It is a key indicator to measure the degree of fit between individual contributions and organizational expectations. From an individual perspective, performance reflects the behavioral efforts and results achieved by employees within a given period of time, while from an organizational perspective, maximizing performance is one of the core goals of organizational management [23]. Since work results are easily affected by environmental changes and uncontrollable factors, many studies emphasize the behavioral basis of performance and believe that attention should be paid to behavioral activities that employees continuously demonstrate over a certain period of time and that have expected value to the organization. Academics generally divide job performance into three categories: task performance, Contextual Performance, and adaptive performance [24][25][26]. Task performance refers to the efficiency and quality of employees in completing their work, and is the most direct form of performance that reflects job output [27]. Contextual performance includes behaviors such as collaboration, rule compliance, and proactive responsibility-taking that go beyond job requirements [28]. Although informal, these behaviors are of great significance to organizational climate and team effectiveness. Adaptive performance and innovative performance emphasize the adjustment and creativity of employees in the face of organizational changes, reflecting their dynamic adaptability and potential for continuous development [29]. In addition, from the theoretical perspective of performance evaluation, three main approaches are commonly recognized: the results-oriented view, the behavior-oriented view, and the integrated view, which respectively emphasize performance outcomes, behavioral processes, or a combination of both. Overall, job performance is a multidimensional construct that not only reflects individual employee contributions but also profoundly influences an organization's sustained competitiveness and strategic execution efficiency [30]. This provides a theoretical foundation and analytical pathway for further exploring how psychological capital affects performance outcomes through employee engagement.

3. Path Analysis of the Relationship between Psychological Capital, Employee Engagement and Job Performance

3.1 The Driving Mechanism of Psychological Capital on Employee Engagement

Psychological capital is a developable, cultivable, and investable positive psychological state that consists of four main dimensions: hope, self-efficacy, resilience, and optimism. These components are collectively referred to as the HERO structure [31]. Employee engagement, as a state of work-related well-being, typically comprises three core dimensions: vigor, dedication, and absorption [32]. The dimensions of psychological capital influence the development of engagement through cognitive, emotional, and behavioral pathways at different levels. Psychological capital functions as a goal-oriented psychological resource, enabling employees to develop multiple strategies and maintain sustained motivation when facing complex tasks. This contributes to a stronger sense of identification with organizational goals and a higher perceived value of their work, thereby enhancing their level of dedication [33]. Self-efficacy strengthens employees' confidence in their ability to complete tasks, which leads to greater initiative and consistent effort under pressure and challenges, directly promoting vigor in the workplace [34]. Resilience enables employees to recover quickly from stress and conflict while maintaining psychological stability and focus. This capacity is essential for deep and sustained engagement and contributes significantly to the development of absorption [35]. Optimism supports both vigor and dedication by fostering a positive attribution style and effective emotional regulation. Optimistic employees are more likely to remain confident and enthusiastic in the face of difficulties, maintaining high levels of energy and persistence [36]. Studies have further shown that psychological capital operates not only at the individual level but also within team environments, where it can enhance employee engagement through emotional contagion and shared cognitive frameworks.

3.2 The Role of Employee Engagement in Promoting Job Performance

Employee engagement, as a positive work state, refers to employees' high-level psychological investment in work, typically encompassing three dimensions: cognitive affective and behavioral [37][38]. Through these three levels cognitive affective and behavioral employee engagement exerts extensive and profound impacts on task performance contextual performance and adaptive performance [39]. Specifically at the cognitive level engaged employees demonstrate higher focus and sense of responsibility toward work. They tend to proactively reflect on work objectives plan task processes rationally and enhance the efficiency and quality of task performance [40]. At the affective level employees experiencing a sense of meaning and accomplishment in work are more willing to cooperate with colleagues and support organizational policies. This emotional investment helps improve contextual performance such as fostering a positive organizational climate and collaborative culture. At the behavioral level engagement motivates employees to exhibit higher adaptability in the workplace including willingness to accept new roles adapt to changes and take on additional tasks. This serves as a key driver for enhancing adaptive performance.

3.3 The Indirect Impact Path of Psychological Capital on Job Performance

Psychological capital indirectly promotes the improvement of task performance contextual performance and innovative performance by stimulating employees' positive psychological states and behavioral tendencies. As a key psychological resource psychological capital plays a mediating bridge role between individual internal psychological states and performance outcomes by enhancing employee engagement. Employees with higher psychological capital often can focus more on goals cognitively maintain positive enthusiasm affectively and demonstrate stronger initiative behaviorally. Such positive performance effectively promotes the generation of engagement and the enhancement of engaged states further drives the improvement of work performance [41]. Meanwhile psychological capital strengthens performance-related behaviors at the motivational level by regulating employees' ways to cope with stress and challenges. Hope and self-efficacy endow employees with confidence and goal-planning abilities when facing complex tasks resilience enables employees to quickly recover and continue to strive after encountering setbacks and optimism prompts employees to face uncertainties and changing environments with a positive attitude. This series of resource protection and value-added mechanisms help employees maintain a stable and efficient psychological energy state and transform it into actual performance output.

4. Research Conclusions and Future Outlook

4.1 Research Conclusions

The study identifies psychological capital as a cultivable positive psychological resource that activates employees' intrinsic motivation and positive mental states through four key dimensions: hope, self-efficacy, resilience, and optimism. Psychological capital not only directly enhances employee engagement but also plays an indirect driving role in performance outcomes by regulating stress and fostering positive emotions. Further analysis shows that employee engagement promotes multidimensional improvements in job performance through cognitive, emotional, and behavioral pathways. These improvements are reflected in increased task performance, enhanced contextual performance, and strengthened adaptive performance. In addition, the study provides a systematic theoretical framework for better understanding how psychological resources contribute to organizational performance.

Although this study provides a theoretical framework for understanding the relationship among psychological capital, employee engagement, and job performance, it still has certain limitations that offer opportunities for future research. First, the study is primarily based on literature review and logical reasoning and has not yet tested the proposed theoretical model through empirical data. Second, it does not explore the moderating effects of contextual variables such as industry characteristics, job types, or cultural backgrounds. Third, existing research mainly focuses on individual psychological capital while overlooking the synergistic effects of psychological capital at the team level. Future research could adopt a multi-level perspective to examine how team psychological capital, through mechanisms such as collective efficacy and shared optimism, may influence team engagement and organizational performance.

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