

Psychological Capital as Strategic Capital to Improve Job Performance

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ABSTRACT – Psychological Capital (PsyCap) has become a key concept in human resource management that focuses on its influence on individual job performance. This study uses a literature review approach to analyze the relationship between PsyCap and job performance. The results show that PsyCap, which consists of four dimensions, namely hope, self-efficacy, resilience, and optimism, contributes significantly to improving job performance. The hope dimension provides motivation to design clear goals, self-efficacy increases confidence to complete tasks, resilience helps individuals bounce back from failure, and optimism encourages a positive view of the expected results. The study also revealed that the implementation of PsyCap in the workplace still faces challenges, especially in terms of developing structured training programs and cultural context relevance. However, with strong management support and a positive organizational culture, PsyCap can be leveraged as strategic capital to improve individual productivity and organizational competitiveness. This research concludes that PsyCap is a valuable psychological capital for individuals, and as a tool that can be optimized to support organizational success in the modern era.

Keywords: Psychological Capital, job performance, hope, self-efficacy, resilience, optimism.

A. INTRODUCTION

In the era of globalization and increasingly fierce competition, human resource management requires a more complete and innovative approach. One concept that has emerged as a key to improving individual and organizational performance is Psychological Capital (PsyCap). With a focus on developing psychological aspects, PsyCap offers effective strategies to build resilience, optimism, and confidence in the workplace. PsyCap has become one of the important concepts in modern human resource management. This concept, introduced by Luthans et al. (2007), consists of four main dimensions: hope, self-

efficacy, resilience, and optimism. This psychological capital acts as an internal force that helps individuals manage work challenges, maintain productivity, and achieve expected work goals. These four dimensions interact with each other to build positive psychological capacity that improves individual job performance. The existence of quality job performance can contribute to the achievement of organizational goals (Darmawan, 2024).

Previous research by Avey et al. (2011) showed that PsyCap has a positive relationship with job performance. Individuals with high PsyCap are better able to deal with job pressures, show flexibility to respond to changes, and complete tasks with optimal results. Hope gives individuals the confidence to design strategies to achieve goals, self-efficacy increases their confidence to get the job done, resilience helps them bounce back from failure, and optimism encourages them to stay positive about the expected outcome. These four dimensions work synergistically to improve individual performance.

Most existing studies, as noted by Xanthopoulou et al. (2009), tend to focus on the direct relationship between PsyCap and job performance without exploring deeper mechanisms. However, it is important to note the specific contribution of each PsyCap dimension to improved job performance. For example, resilience is a key determinant in high work pressure situations, while hope plays an important role in work environments that require long-term planning. This kind of analysis can provide new, more detailed insights into the relationship between these two variables.

In an increasingly dynamic industrial world, job performance is one of the main indicators of organizational success. Luthans et al. (2007) emphasized that organizations need employees who have technical skills and psychological abilities to face increasingly complex job challenges. PsyCap, as psychological capital that can be developed through training and organizational interventions, offers a potential

solution to improve individual performance. However, many organizations have yet to fully realize the potential of PsyCap as a strategic tool to support their employees' productivity. This creates a gap between the potential of theory and implementation in the field.

Another issue, according to Youssef-Morgan and Luthans (2013), is the lack of exploration on how organizations can design interventions to increase PsyCap among their employees, especially in different industries. More in-depth studies are needed to understand the dynamics of the relationship between PsyCap and job performance, and how this psychological capital can be practically implemented in the workplace.

There are several important issues that need further study: first, the development of studies on the relationship between PsyCap and job performance; second, the lack of exploration of the practical implementation of PsyCap in the workplace, which creates a gap between theory and application.

This study aims to analyze the relationship between PsyCap and job performance. Using a literature review approach, this study seeks to explore the dynamics of the relationship between the two variables, as well as provide theoretical insights that can support the development of PsyCap as strategic capital to improve employee job performance.

B. METHOD

This study uses a qualitative method with a literature review approach to analyze the relationship between PsyCap and job performance. This method was chosen because the literature review approach allows exploration of theories, previous research findings, and critical discussions relevant to the relationship between the two variables. The data in this study were sourced from indexed academic journals, books, and relevant research reports with a focus on PsyCap and its influence on job performance. The literature analyzed includes research results from various forms of industry so as to provide a comprehensive picture of the contribution of PsyCap to improving job performance.

The analysis process was conducted thematically. The collected literature was grouped based on the main themes related to the direct relationship between PsyCap and job performance, the role of each PsyCap dimension, and the factors that influence the relationship between the two variables. This

approach provided space to evaluate the consistency of findings, differences in industry context, and the theoretical and practical implications of previous research results. Critical analysis is used to explore the dynamics of the relationship between PsyCap and job performance and identify research gaps that can serve as a basis for further research.

Through synthesizing the findings, this study provides a comprehensive picture of the relationship between PsyCap and job performance. This approach answers the research objectives and provides new insights that can support the development of organizational strategies to improve employee job performance through strengthening psychological capital.

C. RESULTS AND DISCUSSION

The relationship between PsyCap and job performance has been a major focus in human resource research. PsyCap, as defined by Luthans et al. (2007), has four main dimensions: hope, self-efficacy, resilience, and optimism. The literature shows that these four dimensions make unique contributions to the improvement of individual job performance in various industries. In this review, each PsyCap dimension will be explored to understand how they influence job performance.

Dimensions of Hope and Achievement of Work Goals

Hope, as a key element in PsyCap, plays a significant role in encouraging employees to achieve their work goals. By having high expectations, employees can be more motivated to set and achieve targets, despite challenges. Hope will improve performance, and strengthen mental resilience, making it a crucial element in effective human resource development.

Hope, as a key element of PsyCap, has been shown to play a significant role in encouraging employees to achieve their work goals. Snyder et al. (2002) noted that individuals with high levels of hope have the ability to design realistic strategies and direct their energy towards achieving those goals. In the challenging world of work, hope provides internal motivation for individuals to stay focused on the outcome, even when facing significant obstacles. Luthans et al. (2007) also asserted that hope helps employees maintain morale in situations full of uncertainty so that they are more resilient to work pressure.

Self-Efficacy and Confidence in Work

Self-efficacy is an important dimension of Psychological Capital that plays a role in building individuals' confidence in completing their tasks. According to Bandura (1997), self-efficacy serves as a psychological boost that not only increases motivation, but also strengthens individual courage to face complex challenges. By having high self-efficacy, individuals are better able to overcome obstacles and achieve optimal results in their work. Research by Avey et al. (2011) found that employees with high levels of self-efficacy tend to take more risks in decision-making, while being able to maintain their productivity in dynamic work situations. This improves individual performance and has a positive impact on the team and organization as a whole.

Resilience as Psychological Capital to deal with Work Pressure

Resilience is the essential ability that individuals have to bounce back after experiencing adversity or failure. It reflects mental resilience, and creates a foundation for individuals to learn from experiences and move forward. With strong resilience, individuals can better face challenges and achieve their goals despite the odds.

Resilience is an important factor for maintaining emotional stability and productivity. According to Tugade and Fredrickson (2004), individuals with high levels of resilience are better able to manage work stress and keep their focus on the tasks to be completed. Xanthopoulou et al. (2009) also noted that resilience becomes a key determinant in a stressful and changing work environment, where psychological resilience enables individuals to remain productive despite major challenges.

Optimism to maintain Performance Consistency

Optimism is a key element in Psychological Capital that plays an important role in shaping individuals' positive attitudes towards their work outcomes. By having optimism, individuals can stay focused on the potential for success, even when faced with unfavorable situations. This optimistic attitude not only increases motivation, but also helps individuals to remain resilient and adaptable in the face of existing challenges. Youssef-Morgan and Luthans (2013) explain that optimism provides

mental strength for individuals to keep moving forward and looking for opportunities in the midst of limitations. Optimistic individuals tend to be more resistant to work pressure and have high motivation to achieve better results. Optimism also affects the way individuals interact with coworkers, creating a more collaborative and productive work environment.

PsyCap in Different Cultures

Although many studies show a positive relationship between PsyCap (Psychological Capital) and job performance, this relationship is not always uniform across cultures. PsyCap, which consists of self-efficacy, hope, resilience, and optimism, can have different influences depending on the cultural environment in which the individual or organization is located. Hofstede (1984) suggested that cultural dimensions, such as individualism and collectivism, play an important role in determining how PsyCap works in organizations. In more individualistic cultures, such as the United States, dimensions such as self-efficacy may be more prominent due to their focus on individual independence and success. In contrast, in collective cultures such as those in Asian countries, other dimensions, such as resilience and hope, may be more important due to collectivity values that emphasize team harmony and support.

In collective cultural environments, such as in Asia, resilience often has a greater impact on work performance as cultural values encourage individuals to persevere and adapt in the face of challenges as part of a team contribution. Hope also tends to be more relevant in these cultures as belief in shared goals and collective expectations are often key drivers of motivation. Self-efficacy, while still important, may have less influence as collective cultures value collective efforts over individual success. This highlights the need for organizations to adapt their approach to developing PsyCap according to the dynamics of the culture in which they operate.

Cultural differences also impact how PsyCap development interventions are designed and implemented. In individualist cultures, PsyCap development programs that emphasize strengthening individual self-efficacy and optimism tend to be more effective. In contrast, in collective cultures, approaches that emphasize building resilience through teamwork and hope through the achievement of

common goals may be more appropriate. Additional research is needed to explore how each element of PsyCap interacts with cultural dimensions, such as power distance, uncertainty avoidance, and long-term orientation, to better understand how the relationship between PsyCap and work performance can be optimized across cultures.

The role of the work environment in strengthening or weakening the impact of PsyCap is also important to consider. In organizations that strongly support collaboration and have a culture of trust, PsyCap dimensions such as hope and resilience can be significantly strengthened. However, in more competitive or hierarchical environments, self-efficacy may be a more prominent dimension. Therefore, organizations need to understand the macro cultural influences as well as the micro dynamics of their organizational culture to ensure that PsyCap development strategies are relevant and effective.

Overall, these findings suggest that organizations operating in multiple cultures need to adopt a flexible approach to PsyCap development. No approach is universal; culturally sensitive adaptation is essential to ensure the success of these development programs. This will improve individual performance while creating a more inclusive and supportive work environment, where each dimension of PsyCap can develop according to specific cultural needs.

Previous Studies on the Relationship between Psychological Capital and Job Performance

PsyCap has been consistently shown to play an important role in improving job performance, as employees who have strong hope, optimism, resilience, and self-efficacy tend to be more effective in facing challenges (Abukhalifa et al., 2024; Chang et al., 2024; Sen et al., 2024). Employees with high psychological capital show better work engagement and are able to reduce the negative impact of stress, job uncertainty, and increased job demands (Pradhan et al., 2024). An organizational culture that supports the development of psychological capital can create a fair and conducive environment to optimize individual and team performance (Aggarwal, 2024).

The relationship between PsyCap and job performance has been widely researched, with various findings confirming the positive

influence of PsyCap on improving job performance. PsyCap, which includes hope, self-efficacy, resilience, and optimism, provides a strong psychological foundation for individuals to face job challenges. Studies by Sweetman and Luthans (2010) show that PsyCap influences job performance through strengthening internal motivation and increasing individual adaptability to changes in a dynamic work environment.

A study by Larson and Luthans (2006) found that PsyCap contributed significantly to improved performance in the service sector. This study showed that individuals with high levels of hope and optimism were better able to provide quality customer service, while self-efficacy increased their confidence to handle difficult situations. Resilience, on the other hand, helps employees to remain productive despite facing tough work challenges.

In competitive organizations, PsyCap also acts as strategic capital. Research by Harms et al. (2013) showed that PsyCap can increase team productivity by strengthening group cohesion and creating a more positive work culture. These results are relevant in organizations that prioritize teamwork as a key element of success.

Another study conducted by Cole et al. (2009) highlighted the role of PsyCap to improve job performance through strengthening proactive behavior. This study showed that individuals with high levels of PsyCap are more likely to take the initiative to complete tasks, seek creative solutions, and make additional contributions beyond their primary responsibilities.

Research by Rego et al. (2012) examined the role of PsyCap in relation to leadership. Their findings showed that PsyCap has a positive relationship with leader performance, which in turn affects overall team performance. Leaders with high levels of PsyCap are better able to inspire their teams, maintain morale, and create a work environment conducive to goal achievement.

Research by Clapp-Smith et al. (2009) extended the analysis of the relationship between PsyCap and job performance by exploring its impact multinationally. The results suggest that PsyCap has a stronger influence in organizational cultures that support positive values and provide space for individual development. The study also noted that the resilience dimension is a key determinant in high-risk work environments.

Overall, the literature suggests that PsyCap serves as psychological capital that can enhance job performance through various mechanisms, including internal motivation, proactive behavior, and leadership influence. These results underscore the importance of PsyCap as a strategic tool to support individual and organizational success in various fields.

Implementation of PsyCap in the Workplace

An analysis of the literature also shows that developing PsyCap in the workplace remains a major challenge. Luthans et al. (2006) noted that although PsyCap can be improved through training and interventions, many organizations have yet to realize the strategic potential of this PsyCap. This is all to develop the potential and competence of each individual in the organization (Darmawan et al., 2020). Tugade and Fredrickson (2004) added that lack of management support and unsupportive organizational culture are often the main barriers to PsyCap implementation. To overcome this, organizations need to integrate PsyCap training in their human resource development programs, while creating a work environment that supports the strengthening of this PsyCap.

The literature underscores the importance of PsyCap as a key factor for improving individual job performance. The four dimensions of PsyCap—hope, self-efficacy, resilience and optimism—uniquely contribute to creating more productive, adaptive and innovative individuals. However, implementing PsyCap requires a strategic approach that considers cultural perspectives and organizational needs. With proper management, PsyCap can become a strategic capital to improve organizational competitiveness in the modern era.

D. CONCLUSIONS

PsyCap has been proven to be one of the psychological capitals that contribute significantly to improving individual job performance. The four dimensions of PsyCap—hope, self-efficacy, resilience, and optimism—synergistically form a positive psychological capacity that enables individuals to face job challenges, maintain productivity, and achieve optimal results. Hope helps individuals to design clear goals and strategies, self-efficacy increases their confidence to complete tasks well, resilience becomes the strength to bounce back from failure, and optimism keeps their spirits up in uncertain situations.

The literature shows that the relationship between PsyCap and job performance is consistent across various industry contexts, although there are variations in the intensity of its influence in different cultural environments. In collective cultures, such as Asian countries, resilience and hope tend to have a more dominant influence than other dimensions. This research also reveals that developing PsyCap through training and organizational interventions can be an effective strategy to improve individual performance. However, there is still a gap between the theoretical potential and practical implementation of PsyCap in many organizations.

Overall, PsyCap is an individual's psychological asset and a strategic tool for organizations to improve their competitiveness. With proper management, PsyCap can help organizations create a more adaptive, productive, and innovative workforce amidst the increasingly complex dynamics of the world of work.

Based on the literature findings, several suggestions can be made for organizations that want to utilize PsyCap as a strategic tool to improve employee job performance. First, organizations need to raise awareness about the importance of PsyCap through training and human resource development programs. Training specifically designed to increase hope, self-efficacy, resilience, and optimism can help employees better face work challenges.

Second, organizations must create a work environment that supports the development of PsyCap. Managerial support, positive organizational culture, and access to adequate resources can strengthen the influence of PsyCap on job performance. Third, further research is needed to explore how each dimension of PsyCap contributes to job performance in different cultures and industries. Such studies can provide more detailed insights for designing specific and effective interventions.

Finally, it is important for organizations to make PsyCap part of their human capital management strategy. By understanding and managing this psychological capital, organizations can maximize the potential of their employees while increasing competitiveness in the global market.

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