

THE IMPACT OF PSYCHOLOGICAL CAPITAL ON EMPLOYEES' JOB PERFORMANCE

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Abstract

People are the core value of an enterprise, and the job performance of employees plays an important role in affecting the business performance of the enterprise. Psychological capital has become one of the most commonly researched topics in the fields of management and sociology. It is quite obvious that anyone who has positive psychological capital will gain a certain advantage in any field. The purpose of this research is to learn, evaluate, and measure the impact of psychological capital on the job performance of employees in firms. The qualitative research method is used by the authors with document review techniques including previous studies, expert interviews, comparison, synthesis, and analysis. The quantitative research method is carried out with the support of SPSS software. Techniques of quantitative research methods include analyzing the reliability of the scale through the Cronbach alpha coefficient, EFA analysis, and model regression testing. The results show that psychological capital, including confidence, hope, optimism, and resilience, has no positive influence on employee job performance. Based on the research results, we propose some recommendations for firms and employees regarding psychological capital to improve employees's job performance.

Keywords: job performance, psychological capital, business administration, economics, social work

JEL codes: M10, A14, M10, O15

1. INTRODUCTION

People are the core value of an enterprise, and the job performance of employees plays an important role in affecting the business performance of the enterprise.

According to forecasts from the General Statistics Office, Vietnam will still have the "golden" ratio with the majority of people of working age (from 15 to 65 years old) until 2039 (Online Investment Journal, 2020). Despite having abundant human resources, the quality of human

resources in general is still quite low compared to other countries in the region. It can be said that this is one of the main reasons why Vietnamese firms have not been able to achieve high labor efficiency and rapid development. The problem posed to firms is how to improve the quality of human resources and enhance the performance of workers in particular and firms in general.

Psychological capital has become one of the most commonly researched topics in the fields of management and sociology. It is quite obvious that anyone who has positive psychological capital will gain a certain advantage in any field.

Avey et al. (2011) claim that psychological capital has a major impact on behavior, attitudes, and work performance. Psychological capital affects employee maturity in the workplace as well as effort (Nguyen, 2014; Porath et al., 2012). Psychological capital is essential for enhancing individuals' capacity for learning, professional skills, problem-solving aptitude, and inventiveness in the workplace, claim Luthans et al. (2013).

Four essential components comprise psychological capital: hope (RE), optimism (OP), resiliency (RE), and confidence (CO) (Luthans et al., 2007). Psychological capital is a source of both experience and cognitive motivators, according to Luthans et al. (2007). Luthans et al.'s research on psychological capital has mostly been conducted in industrialized nations. There hasn't been much or any discussion on psychological capital studies in underdeveloped nations like Vietnam. Previous studies have shown that psychological capital also affects the job performance of employees. Because when employees are happy, they will love life more, be more passionate, and put more effort into their work. In the spirit of solidarity, they are inspired and work together to overcome challenges towards the common goal of the organization. This study continues to measure the influence of psychological capital on the job performance of employees in firms in the context of the entire society implementing digital transformation and the ongoing 4.0 industrial revolution.

2. LITERATURE REVIEW

2.1. Psychological capital

Avey et al. (2009) believe that psychological capital is the positive psychological states in human nature that accompany personal development.

Psychological capital, according to Luthans and Youssef (2004), is about identity. Psychological capital is the ability and behavior of particular persons to take advantage of their psychological makeup (Luthans et al., 2004).

According to Luthans & Youssef (2004), psychological capital is produced by positive organizational behavior and denotes an optimistic appraisal of any given situation as well as the possibility of success based on one's positive efforts and perseverance (Luthans et al., 2007).

To generate profitability, it goes beyond human and social capital. A fundamental psychological component of positivity in general and standards of good financial behavior that are significant to

states specifically is known as psychological capital. Your ability to compete can be enhanced by investing in your identity (Luthans et al., 2004). Psychological capital includes both human nature and a sound psychological state (Avey et al., 2009).

Psychological capital is one kind of strategic resource that is gaining popularity in the field of study on how strategic resources affect human performance (Ardichvili, 2011).

2.2. Job performance

Campbell et al. (1993) believe that job performance is explained from two perspectives: behavior and results. From a behavioral perspective, job performance refers to what employees do or how they behave while at work. From an outcome perspective, job performance refers to the results of employee behavior.

Motowidlo (2003) believes that job performance refers to the activities that workers perform to accomplish the goals of the firm, depending on the value that the firm wants from the results of the workers' activities over a specific period of time. In this study, job performance refers to all activities that employees contribute to the overall goals of the firm, including in-role and extra-role activities (Borman & Motowidlo, 1993).

2.3. The relationship between psychological capital and job performance

Psychological capital has different effects on job performance (Daraba et al., 2021; Qasim et al., 2021; Ngo, 2021; Udin & Yuniawan, 2020; Luthans et al., 2007). Job performance is considered the most studied outcome variable in psychological capital studies (Avey et al., 2011).

A meta-analysis of 114 related studies by Stajkovic and Luthans (1998a) showed that self-confidence and job performance have a very positive correlation. Similarly, Avey et al.'s (2011) synthesis also shows the positive effects of self-confidence on individual performance.

Luthans and Jensen (2002), in a theoretical analysis, concluded that there was an initial positive relationship between hope and job performance. Similar conclusions were also mentioned in the research (Luthans & Jensen, 2002; Luthans & Youssef, 2004).

Optimism is believed to have a direct relationship with job performance (Schulman, 1999).

Adaptability has also been shown to have a positive relationship with personal performance (Youssef, 2004).

2.4. Theories of orientation and social cognition, organizational behavior, and psychology

Psychology theory makes a distinction between two categories of human attributes: psychological ability and personality type (Chen et al., 2000). The theory of organizational behavior also makes a distinction between two categories of employee competences, namely personality-based competencies (i) and mental-state-based competencies (ii), based on the theory of organizational psychology (Luthans et al., 2005). Personality abilities are not job-specific and are frequently difficult to stabilize or modify over an extended length of time. According to Chen et al. (2000), psychological state capacity varies with each particular work and tends to alter with time.

Researchers in organizational behavior haven't given employee personality and psychological health much thought. Personality tends to remain steady throughout time and is not particular to any one work or circumstance. On the other hand, psychological states are situation-specific and can be readily modified over time.

According to Bandura's (2008) theory of social cognition and orientation, self-assurance, optimism, hope, and resilience are all connected by an innate sense of control, direction, and belonging.

3. METHODOLOGY

3.1. Qualitative research methods

The literature search included works published from 1993 to the present.

A total of 34 sources were reviewed, abstracted, and analyzed to facilitate this review. The studies that were reviewed were chosen using the following criteria: (i) Those addressing the resources that can help us learn more about psychological capital and job performance. (ii) Research focusing on the importance of psychological capital and job performance.

We also conducted interviews with leading experts in psychological capital and job performance. They are business managers of firms and senior lecturers with practical experience working for leading universities in Vietnam.

3.2. Quantitative research methods

Sample and survey subjects: The authors used the random sampling method, making selections on easily accessible subjects. The survey subjects were employees of firms working in Hanoi.

Data collection and processing process: The Authors use an online survey application to send questionnaires to survey subjects. The results were 160 valid responses out of the total number of surveys sent. According to Green (1991) quoted from Nguyen Dinh Tho (2011), the appropriate sample size for multivariate regression analysis is at least $N \geq 50 + 5p$, where p is the number of observed variables.

The collected data will be processed with SPSS 22.0 software to evaluate reliability through Cronbach's alpha analysis, EFA exploratory factor analysis (Bartlett test), KMO coefficient, and regression analysis.

3.3. Research models

Independent variables: Psychological capital includes twentyfour (24) observations, of which: (i) confidence (CO) includes six observed variables, (ii) optimism (OP) includes six observed variables, (iii) hope (HO) includes six observed variables, and resiliency (RE) includes six observed variables (Nguyen & Vu, 2023).

Dependent variable: Job performance includes four observed variables: JP1 (I achieve my work goals), JP2 (I meet the performance criteria), JP3 (I meet all job requirements.), JP4 (I can manage

more responsibility than is usually assigned) Inherited from the research results of Nguyen Phan Thu Hang and Diec Vinh Thanh (2023).

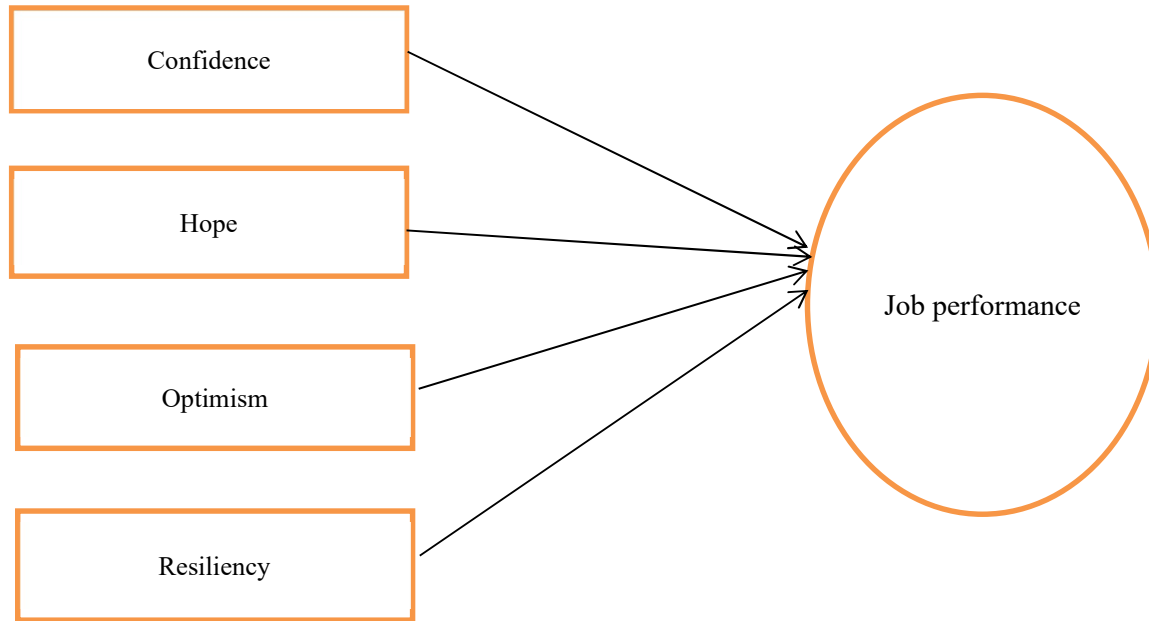


Figure 1: Research Model

4. RESULT

4.1. Cronbach’s Alpha – Reliability

In order to conduct the reliability test, Cronbach’s alpha is used as the most popular and effective tool in SPSS analysis (Hair et al., 2009; Hair et al., 2014; Hoang & Chu, 2008). In this research, the Cronbach’s alpha test is applied to one dependent variable and four independent variables. Table 1 demonstrates the result of Cronbach’s alpha test. Hair et al. (2014) also note that the Cronbach’s alpha result should be equal to or higher than 0.7 (≥ 0.7) to be reliable enough for research. The Cronbach’s alpha results in Table 1 all meet these standard requirements, which means that every item in the questionnaire has a good level of reliability and can be accepted for use in this research.

Table 1: Cronbach’s Alpha Analysis

Variables and coding	Cronbach’s Alpha	Item-Total Correlation	No. of items
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Confidence (CO)	0.890	0.466	6
Optimism (OP)	0.886	0.623	6
Hope (HO)	0.877	0.525	6
Resiliency (RE)	0.857	0.535	6
Job performance (JP)	0.909	0.761	4

Source: SPSS software, compiled by the authors

4.2. Factor analysis

One of the most crucial steps when analyzing data with SPSS is exploratory factor analysis (EFA), which identifies the correlation among observed variables and examines the validity of the set of items.

In this research, the KMO and Bartlett's Test for independent variables are conducted, as illustrated in Table 2. As shown, the KMO value is 0.938 ($0.5 < 0.938 < 1$) and the sig. value is 0.000, which is smaller than 0.05 (< 0.05), which means these values satisfied the conditions in the study (Hair et al., 2010). In addition, after implementing the rotation matrix, we got the following: every determinant with a factor load > 0.5 has eigenvalues of $1.175 > 1$, and the variance explained is 67.421%. It demonstrates that the factor analysis of the research data is appropriate (Hair et al., 2009; Hair et al., 2014; Hoang & Chu, 2008).

Table 2: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.938
Bartlett's Test of Sphericity	Approx. Chi-Square	2,659.805
	Df	276
	Sig.	0.000

Source: SPSS software, compiled by the authors

4.3. Regression Model Analysis

In this study, there are four independent variables and one dependent variable, and a multiple regression analysis is conducted to determine the outcome. In this research, the regression step will be performed with one variable, job performance.

To test hypotheses on the influence of psychological capital on job performance, research and implement the model regression (see Fig. 1). Table 3 illustrates the validity of the model as well as the relationships between the four independent variables (predictor) and the dependent variable, job performance. In this model, the R-square value is 0.010, which means that 1.0% of the variance of job performance can be explained by four variables (Hair et al., 2010; Hoang & Chu, 2008). The p-value (sig. value) in the ANOVA test with 95% confidence interval is 0.826 and not satisfies the condition of being lower than 0.05 (table 4). That is to say, the ANOVA analysis proves that the linear model is not meaningful (Hair et al., 2009, Hair et al., 2014, Hoang & Chu, 2008).

Durbin-Watson statistics, which are used to test the autocorrelation of residuals, show the model is not violated when using the multiple regression method because the Durbin-Watson value is in

the interval of 1 and 3 (DW = 1.518). In other words, the model indicates no autocorrelation of residuals (Hair et al., 2009, Hair et al., 2014, Hoang & Chu, 2008).

Table 3: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.098 ^a	.010	-.016	.78076	1.518

a. Predictors (Constant): RE, OP, CO, HO

b. Dependent Variable: JP

Source: SPSS software, compiled by the authors

Table 4: Anova^a

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	0.915	4	0.229	0.375	.826 ^b
Residual	94.485	155	0.610		
Total	95.400	159			

a. Dependent Variable: JP

b. Predictors: (Constant): RE, OP, CO, HO

Source: SPSS software, compiled by the authors

Table 5: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.890	0.481		8.087	0.000		
Confidence (CO)	0.090	0.151	0.073	0.594	0.553	0.422	2.370
Optimism (OP)	-0.182	0.162	-0.152	-1.123	0.263	0.347	2.878
Hope (HO)	0.044	0.186	0.035	0.236	0.814	0.297	3.369
Resiliency (RE)	0.072	0.164	0.056	0.437	0.662	0.396	2.525

a. Dependent Variable: JP

Source: SPSS software, compiled by the authors

In the coefficients result shown in Table 5, all of the p-values (sig. values) are greater than 0.05, meaning the independent variables are not significant predictors for the dependent variable. The reason may be due to the small research sample, which did not meet the requirements for a research sample suitable for regression analysis. Further, the VIF values on both predictors are higher than

2 but lower than 3.5, meaning there is no multicollinearity (Hair et al., 2010; Hoang & Chu, 2008).

5. DISCUSSION AND IMPLICATIONS

Confidence, one of the components of psychological capital that represents an individual's belief in his or her ability to mobilize the motivations, cognitive resources, and actions necessary to successfully perform a specific task in a specific context (Stajkovic & Luthans, 1998b), is the most researched psychological state in relation to individual performance.

Hope, the component of psychological capital that represents persistence toward goals and, when necessary, redirection of pathways toward goals (Luthans et al., 2007), has been shown to be theoretically and empirically related to job performance.

Optimism is a component of psychological capital that represents a positive perception or assessment of an individual's current and future success (Luthans et al., 2007). People with “realistic” optimism are able to sustain commitment, which leads to higher performance (Luthans & Youssef, 2004).

Resiliency is the component of psychological capital that represents an individual's ability to sustain, recover, and even go beyond achieving success (Luthans et al., 2007).

Business administrators should build, edit, and supplement (if existing) a comprehensive working process to strictly control the quality, quantity, and time of work completion. Be aware of the role and goals of supervision at work and do not need to supervise with too high a frequency; you need to supervise the right work at the right time. Do not cut off employee promotion policies in order to promote employee job satisfaction. Limit unscheduled meetings outside working hours, understand the capacity of each employee, and have a plan to distribute workload in a reasonable and scientific way to reduce employee work stress.

Employees should be more aware and fully aware of the inevitability of the way they work and handle work, review and reconsider their own working status, and train themselves to be self-aware, proactive, and eliminate procrastination. They should also be aware of the causes of stress at work, improve their knowledge and work skills, spend time correcting shortcomings that they haven't had a chance to fix while working, and self-manage their working time. the most optimal way to reduce stress at work.

Business administrators should use survey results to get the information they need when hiring employees. Managers should have basic biometric, psychometric, and preliminary psychological tests to know the candidate's basic personality and find solutions to help develop the right personality.

Firms should have collective activities to create connections, short-term courses to improve skills, solutions related to soft skills, teamwork spirit, and practice professional skills. other suitable subjects. To increase work efficiency, business administrators should establish a working culture with a positive environment from all sides (at the firm management level and the employee level).

Employees should understand that mental factors are closely related to work attitudes and work results. Therefore, you should recognize your strengths to develop and solve the limitations that existed for yourself in the past.

Joy, curiosity, contentment, pride, and other positive feelings have the power to broaden people's short-term mental horizons and develop their long-term personal resources, which include psychological resources. Stated differently, elements inherent in the corporate environment can foster the growth of people's psychological capital.

Administrators of organizations should concentrate on boosting employees' self-esteem by offering knowledge and skill training, creating a welcoming workplace, and cultivating a positive company culture. Furthermore, leaders ought to focus on empowerment as well, as this fosters an atmosphere of mutual trust between the two sides. Administrators should truly value and respect their workforce, which can be demonstrated by granting them the freedom to self-determination and providing opportunity for them to voice their thoughts in meetings. Employees should be given extremely difficult tasks to complete in order to motivate them to improve their performance and set greater goals for their jobs. Leaders should also listen to and take criticism from their staff. Communicating the administrator's confidence to the staff member is a challenging undertaking. The worker will feel as though their supervisors value and trust them.

Any person can exhibit the psychological trait of stubbornness (Masten, 2001) [14]. In order for this potential to materialize and be put to good use as a resource, it is critical to understand how to awaken it. Leaders should communicate to employees that the company is always there for them, cheer them on when they face challenges by offering solutions, and offer timely support and inspiration by sharing tales of triumph over adversity and real-life examples of overcoming many obstacles. How many obstacles and setbacks did it take to succeed?

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