

The Influence of Psychological Capital on Employees Turnover Intention: A Conceptual Model

Hui Zhang

Faculty of Business, Raffles University, Iskandar Puteri, Johor, Malaysia

Choi Sang Long

Faculty of Business, Raffles University, Iskandar Puteri, Johor, Malaysia

Received: January 20, 2024 Accepted: March 1, 2024 Published: March 4, 2024

doi:10.5296/bms.v15i1.21638 URL: <https://doi.org/10.5296/bms.v15i1.21638>

Abstract

In the context of fierce talent competition, attracting and retaining high-performance employees is a common challenge faced by organizations. Therefore, how to utilize various resources to control employee turnover is an urgent issue at the organizational level. Psychological capital is a relatively new type of capital that has emerged after studying economic capital, human capital, and social capital. It has become a valuable and reasonable investment and has expanded to the fields of human resource management and organizational behavior, receiving widespread respect from scholars. This paper further deepens the research on the development of psychological capital in the field of human resource management through a comprehensive literature review and proposes a link between psychological capital and employee turnover intention. The results of this study show that there is a significant relationship between psychological capital and employee turnover intention. The proposed conceptual framework will make valuable contributions to future research.

Keywords: turnover intention, psychological capital, self-efficacy, optimism, hope, resilience

1. Introduction

As organizations seek ways to help employees deal with an ever-challenging work environment, they are increasingly recognizing the importance of positive attitudes. Thus, instead of focusing on the negative elements of the workforce, organizations are focusing more on developing employees' strengths while addressing their weaknesses and vulnerabilities. In this respect, the study believes that positive psychology (especially

psychological capital) has great potential to influence the efficiency and performance of an organization's human resources (Gupta, 2013).

Psychological capital originates fundamentally from an employee's ego which is an important resource benefiting a company (Nguyen & Ngo, 2020). Psychological capital is motivational, enhances internalization, and determination, and is less likely to give up and despair, meaning that those with high levels of psychological capital are less likely to have an intention to leave (Avey, Luthans, & Youssef, 2009).

Given the various challenges faced by employee turnover, this conceptual paper attempts to fill the research gap from the perspective of positive employee psychological resources. The research objective of this study is to explore the relationship between psychological capital and employee turnover intention.

2. Literature Review

2.1 Turnover Intention

Turnover intention can be defined as the conscious desire to quit the company, which consists of existing thought, the action of finding a new occupation, and a decision to leave the job (Sinniah & Kamil, 2017).

Once active job search behavior begins it will cause turnover behavior at any time (Hongvichit, 2015; Zhang, 2015). Losing a highly skilled individual can affect an organization's functioning, service delivery, and management (Stamolampros et al., 2019).

Furthermore, from a sustainability aspect, it may result in an unsustainable working environment due to operational disruptions, poor work team and individual performance, increased absenteeism and workplace safety difficulties, and moral damage (Iqbal 2010). The growth and success of any organization are heavily reliant on its employees. Employee turnover is one of the most difficult challenges for any organization, with long-term consequences, and has been identified as a serious problem, particularly in the field of human resource management (Aslam et al., 2014). In short, excessive turnover can be detrimental to organizational efficiency and productivity, which is something organizations should be concerned about.

2.2 Psychological Capital

According to Seligman and Csikszentmihalyi (2000), psychology has primarily addressed mental illnesses and dysfunctional behaviors since World War II, with insufficient emphasis on understanding and promoting normal functioning, growth, and development in healthy individuals. What causes healthy people to be unable to function adequately is rarely investigated. Based on this identified gap, Martin Seligman advocates for the development of a "positive psychology" that investigates "normal" human well-being, productivity, optimal functioning, and the attainment of an individual's full potential (Seligman et al., 2005). Positive psychology study and application have grown in popularity, and its impact on the area of psychology is recognized by researchers.

With the development of psychology, questions such as what is wrong with people, how to achieve the best state, how to cultivate and fully develop human potential, and how to develop 'people' into a scarce competitive advantage of the organization are gradually gaining attention. Luthans and his colleagues have developed a structure of psychological capital to capture measurable individual psychological competencies, drawing positive psychology (Seligman & Csikszentmihalyi, 2000), positive organizational scholarship (Cameron et al., 2003), and the emerging field of positive organizational behavior (Wright, 2003).

To be more specific, psychological capital is described as the study and use of positively oriented human resource qualities and psychological abilities that may be measured, developed, and effectively managed to improve performance in today's workplace (Luthans & Youssef, 2004). It applied a set of key criteria to form a higher-order structure of psychological capital comprising self-efficacy, hope, optimism, and resilience, and the positive psychology literature provides these four primary psychological resources. Psychological capital is largely concerned with "who you are" and "who you will become" (Luthans & Youssef, 2007; Luthans et al., 2007). To be more precise, scholars consider psychological capital as a developed positive mental state of an individual (Newman et al., 2014).

Past research has linked psychological capital to a variety of variables and has proven to predict a variety of positive outcomes for individuals and organizations, such as job commitment and satisfaction, career and social status performance, anxiety, perceived stress, ability to cope with stress and problems (Burhanuddin et al., 2019).

2.2.1 Self-efficacy

Employee self-efficacy is the confidence to put out the necessary effort to perform difficult tasks (Luthans et al., 2010). Individuals with high self-efficacy are more willing to take on challenging tasks to attain their goals because they believe in their ability to overcome adversity (Luthans, Youssef, et al., 2007). As a result, after action is taken, those with high self-efficacy are more likely to devote more energy and stick with it longer than people with low self-efficacy.

2.2.2 Optimism

Optimism as an aspect of psychological capital, is associated with positive prospects (Luthans, Youssef, et al., 2007). According to Çavuş and Gökçen (2015), optimists can approach "problems and challenges" differently and differ in the "ways and successes" when dealing with adversity. When individuals experience optimistic situations, they tend to internalize positive events and externalize negative ones (Seligman, 2018). In an environment filled with uncertainty and competitive pressure, optimistic employees who are realistic and flexible are preferred because they tend to embrace change and recognize new possibilities from such change (Luthans, Avolio, et al., 2007).

Hence, if employees have a higher level of optimism, they will have more positive expectations of outcomes in a fast-paced, ever-changing work environment (Luthans, Avey, Clapp-Smith, et al., 2008). Therefore, to improve performance, HR managers may need to focus on fostering optimism in their employees.

2.2.3 Hope

Hope is another crucial aspect of psychological capital. Snyder (2000) defines hope as a positive motivational state experienced from the interplay between motivation to succeed (the energy level directed toward the goal) and the path (the plan to achieve the goal). Hope, in the positive psychology approach, is a cognitive state that involves setting achievable goals, identifying ways to achieve them, and developing specific plans to eventually achieve them (Snyder et al., 2002). Individuals with high levels of hope exhibit stronger goal-directed energy and are more likely to exhibit the development of alternative pathways to achieve the desired goal when the initial pathway is blocked. Besides, there is a continuous interaction between motivation and a pathway to produce an upward spiral of hope (Luthans, Avey, et al., 2008).

The pathway component distinguishes “hope” in psychological capital from what we call “hope” in everyday life and other psychological capital states such as resilience, self-efficacy, and optimism (Bryant & Cvendros, 2004; Carifio & Rhodes, 2002). In the workplace, hopeful staff frequently value independent thought, seek a high degree of autonomy in developing professional development plans, and display the willpower and ability to fulfill defined goals (Luthans, Avolio, et al., 2007).

2.2.4 Resilience

Resilience is an expandable capacity to recover from adversity, uncertainty, risk, or failure (Masten & Reed, 2002). Individuals with higher resilience tend to be better at accommodating to negative experiences and changes in the external environment (Luthans, Vogelgesang, et al., 2006).

Clinical psychologists have discovered that when people recover to a level above equilibrium following an adverse event, their resilience increases (Richardson, 2002). In short, each time an individual successfully recovers from a setback, they may become more resilient to adversity. In psychological research, this positive response has been shown to have a spiraling effect (Fredrickson & Joiner, 2002). Resilience has been extensively studied in clinical psychology, but it is still sparsely, sporadically, and inadequately studied in the workplace (Luthans et al., 2007).

2.3 *Relationship between Psychological Capital and Turnover Intention*

Avey et al. (2009a) recruited volunteers for a study on occupational motivation. A heterogeneous sample of 416 adults from various occupations and industries replied. They filled out an online written consent form and survey, assessed their psychological state, and gathered demographic data. The study found that employee psychological capital was strongly and negatively connected to turnover intention. Avey et al. (2009b) further analyzed several reasons why psychological capital can reduce the intention to leave a job. One foremost reason is resilience. Resilience enables individuals to recover from adversity and difficulties at work to positively cope and adapt to the workplace environment rather than give up. The hope component helps expand one’s ability to think about ways to successfully achieve personal work goals and reduces the need to leave a job.

A study of Indonesian workers yielded similar results. Suganda (2022) utilized the census method as a sample approach. In Bandung, West Java, 100 employees from Generation Z and millennial backgrounds were surveyed. Data were gathered by distributing questionnaires and conducting observations around the firm. The data was then processed using the structural equation modeling approach of partial least squares. Once again, the findings of this study suggest that psychological capital has a major impact on employee turnover intentions.

In one school setting, Shahzad et al. (2022) used a descriptive survey research strategy to collect data via questionnaire. A total of 1,005 primary school teachers took part in this investigation. Similarly, the study's findings show a negative correlation between psychological capital and turnover intention.

In addition, Xiao et al. (2022) used a cross-sectional study to investigate 4865 nurses in China. The Chinese Psychological Capital Questionnaire and the Turnover Intention Scale were used to collect data. The findings demonstrated that psychological capital had a strong direct impact on nurses' turnover intention and that psychological capital was negatively correlated to that intention.

Similarly, Raj et al. (2019) investigated senior secondary school teachers' turnover intentions in relation to school organization and psychological capital. A suitable sampling strategy was used to recruit 118 males and 120 women. The findings indicate a significant relationship between psychological capital and turnover intention. There were negative relationships found between teacher efficacy, hope, resiliency, and optimism, as well as turnover intention.

Furthermore, a convenience sampling method was employed by Shah et al. (2019) to gather quantitative data from 500 full-time managers in the Pakistani telecommunications industry. The results showed that psychological capital had a negative impact on turnover intention.

Additionally, Çelik (2018) conducted a validated factor analysis on 719 employees in the tourism sector in Antalya (Turkey). The results were obtained by testing the hypotheses through hierarchical regressions, and psychological capital had a significant negative effect on employee turnover intention.

Moreover, Salam (2017) recruited 104 faculty members from two private colleges and one private university in Bangkok and the suburbs for the survey. Questionnaires were distributed both paper and online, to analyze the collected data for this research SPSS statistical analysis program was used, and a strong negative correlation was found between psychological capital and turnover intention. Among the dimensions of psychological capital, only resilience and optimism are negatively related to turnover intention.

Gu (2016) distributed and collected questionnaires from the company's employees through the human resources department of Hai Di Lao Hot Pot Company in Wuxi City, Jiangsu Province, and received 114 valid questionnaires. Using multiple regression analysis, the results of the study showed that employees' psychological capital was the primary factor affecting turnover intention.

To evaluate the relationship between psychological capital and turnover intention, Schulz et al. (2014) conducted correlation, regression, and pathway analyses on survey data from truck drivers from two major transport companies. According to the findings, psychological capital and turnover intention have a very strong negative and significant relationship.

Moreover, Avey et al. (2011) conducted a meta-analysis of how positive psychological capital affects employee attitudes, actions, and performance. The findings revealed a significant negative association between psychological capital and turnover intention. The research also discovered that turnover intention is considered an undesirable employee attitude and suggested that psychological capital can be an effective way to reduce the actual turnover.

Arora and Dhiman (2020) developed a research framework based on the proposed hypothesis that psychological capital is significantly and negatively associated with the turnover intention of medical staff and conducted a path analysis using the bootstrap method with 340 paramedics and nursing staff in India as respondents. The findings of the study confirmed the hypothesis that psychological capital has a negative impact on the turnover intention of nursing staff.

Yang et al. (2021) took 224 “post-90s” employees of an enterprise as the survey object and examined the relationship between their psychological capital and turnover intention, and the results showed that psychological capital and turnover intention are significantly negatively correlated, which means that the higher the level of psychological capital of the “post-90s” employees of this enterprise, the more psychological energy they have, the more they can take the initiative to solve the workplace pressure and difficulties, and to seek external help, and not easily subject to the temptations of the outside world, so they are more stable and have a lower turnover rate.

3. Conceptual Framework

The framework components outlined (see Figure 1) include independent variables and dependent variables, where the independent variable is psychological capital and the dependent variable is employee turnover intention.

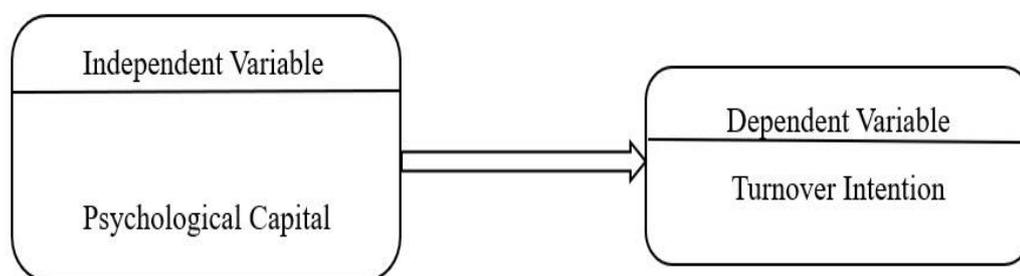


Figure 1. Conceptual framework of the impact of Psychological capital on employee turnover intention

4. Propositions

Based on the above literature review, the following proposition will be addressed such as:

P1: Psychological capital is significantly related to employee turnover intention.

5. Conclusion

After reviewing the literature and discussing psychological capital, we can see that there is a significant effect between psychological capital and employee turnover intention. Given the insufficient research on employee turnover issues in the past, we need to call for the strengthening of the importance of employee psychological capital in organizations. This is expanding research on turnover issues in the field of human resource management, and it is worth further exploration in cultivating and developing employee psychological capital. This study can guide managers and decision-makers in enterprises to better understand the variables that affect employee turnover intention, help them identify the real reasons that affect employee turnover, improve employee retention rates, and help companies achieve their high-performance goals. Therefore, this is very beneficial for the long-term stability of the company.

Acknowledgments

Not applicable.

Authors contributions

Not applicable.

Funding

Not applicable.

Competing interests

Not applicable.

Informed consent

Obtained.

Ethics approval

The Publication Ethics Committee of the Macrothink Institute.

The journal's policies adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

Provenance and peer review

Not commissioned; externally double-blind peer reviewed.

Data availability statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement

No additional data are available.

Open access

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

References

- Arora, N., & Dhiman, N. (2020). Influence of psychological capital on turnover intentions: Empirical evidence from Indian paramedics. *International Journal of Work Innovation*, 2(4), 247. <https://doi.org/10.1504/ijwi.2020.111745>
- Aslam, H. D., Aslam, M., Ali, N., Habib, B., & Jabeen, M. (2014). A historical view of human resource management practice: A literature review. *International Journal of Human Resource Studies*, 3(2), 126. <https://doi.org/10.5296/ijhrs.v3i2.6254>
- 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>
- Avey, J. B., Luthans, F., & Youssef, C. M. (2009). The additive value of positive psychological capital in predicting work attitudes and behaviors. *Journal of Management*, 36(2), 430-452. <https://doi.org/10.1177/0149206308329961>
- Avey, J. B., Reichard, R. J., Luthans, F., & Mhatre, K. H. (2011). Meta-analysis of the impact of positive psychological capital on employee attitudes, behaviors, and performance. *Human Resource Development Quarterly*, 22(2), 127-152. <https://doi.org/10.1002/hrdq.20070>
- Bryant, F. B., & Cvengros, J. A. (2004). Distinguishing hope and optimism: Two sides of a coin, or two separate coins? *Journal of Social and Clinical Psychology*, 23(2), 273-302. <https://doi.org/10.1521/jscp.23.2.273.31018>
- Burhanuddin, N. A. N., Ahmad, N. A., Said, R. R., & Asimiran, S. (2019). A systematic review of the psychological capital (PsyCap) research development: Implementation and gaps. *International Journal of Academic Research in Business and Social Sciences*, 9(9).

<https://doi.org/10.6007/ijarbss/v9-i9/6302>

Cameron, K. S., Dutton, J. E., & Quinn, R. E. (2003). An introduction to positive organizational scholarship. *Positive Organizational Scholarship*, 3(13), 2-21.

Carifio, J., & Rhodes, L. (2002). Construct validities and the empirical relationships between optimism, hope, self-efficacy, and locus of control. *Work*, 19, 125-136.

Çavuş, M., & Gökçen, A. (2015). Psychological capital: Definition, components and effects. *British Journal of Education, Society & Behavioural Science*, 5(3), 244-255. <https://doi.org/10.9734/bjesbs/2015/12574>

Çelik, M. (2018). The effect of psychological capital level of employees on workplace stress and employee turnover intention. *Innovar*, 28(68), 67-75. <https://doi.org/10.15446/innovar.v28n68.70472>

Fredrickson, B. L., & Joiner, T. (2002). Positive emotions trigger upward spirals toward emotional well-being. *Psychological Science*, 13(2), 172-175. <https://doi.org/10.1111/1467-9280.00431>

Gu, B. (2016). Effects of psychological capital on employee turnover intentions: A study based on Hai Di Lao hot pot. *Journal of Global Tourism Research*, 1(1), 21-28. https://doi.org/10.37020/jgtr.1.1_21

Gupta, V. (2013). Leadership and creativity in the Indian R&D laboratories: Examining the role of autonomous motivation, psychological capital and justice perceptions. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.2575017>

Hongvichit, S. (2015). The research progress and prospect of employee turnover intention. *International Business Research*, 8(6). <https://doi.org/10.5539/ibr.v8n6p218>

Iqbal, A. (2010). Employee turnover: Causes, consequences and retention strategies in the Saudi organizations. *The Business Review, Cambridge*, 16(2). <https://www.researchgate.net/publication/215912138>

Luthans, F., & Youssef, C. M. (2004). Human, social, and now positive psychological capital management: *Organizational Dynamics*, 33(2), 143-160. <https://doi.org/10.1016/j.orgdyn.2004.01.003>

Luthans, F., & Youssef, C. M. (2007). Emerging positive organizational behavior. *Journal of Management*, 33(3), 321-349. <https://doi.org/10.1177/0149206307300814>

Luthans, F., Avey, J. B., & Patera, J. L. (2008). Experimental analysis of a web-based training intervention to develop positive psychological capital. *Academy of Management Learning & Education*, 7(2), 209-221. <https://doi.org/10.5465/amle.2008.32712618>

Luthans, F., Avey, J. B., Avolio, B. J., & Peterson, S. J. (2010). The development and resulting performance impact of positive psychological capital. *Human Resource*

Development Quarterly, 21(1), 41-67. <https://doi.org/10.1002/hrdq.20034>

Luthans, F., Avey, J. B., Clapp-Smith, R., & Li, W. (2008). More evidence on the value of Chinese workers' psychological capital: A potentially unlimited competitive resource? *The International Journal of Human Resource Management*, 19(5), 818-827. <https://doi.org/10.1080/09585190801991194>

Luthans, F., Avolio, B. J., Avey, J. B., & Norman, S. M. (2007). Positive psychological capital: Measurement and relationship with performance and satisfaction. *Personnel Psychology*, 60(3), 541-572. <https://doi.org/10.1111/j.1744-6570.2007.00083.x>

Luthans, F., Vogelgesang, G. R., & Lester, P. B. (2006). Developing the psychological capital of resiliency. *Human Resource Development Review*, 5(1), 25-44. <https://doi.org/10.1177/1534484305285335>

Luthans, F., Youssef, C. M., & Avolio, B. J. (2007). *Psychological capital: Developing the human competitive edge*. Oxford University Press.

Masten, A. S., & Reed, M.-G. J. (2002). Resilience in development. In *Handbook of Positive Psychology* (pp. 74-88). Oxford University Press.

Newman, A., Ucbasaran, D., Zhu, F., & Hirst, G. (2014). Psychological capital: A review and synthesis. *Journal of Organizational Behavior*, 35(S1), S120-S138. <https://doi.org/10.1002/job.1916>

Nguyen, H. M., & Ngo, T. T. (2020). Psychological capital, organizational commitment and job performance: A case in Vietnam. *The Journal of Asian Finance, Economics and Business*, 7(5), 269-278. <https://doi.org/10.13106/jafeb.2020.vol7.no5.269>

Raj, R., Tiwari, G. K., & Rai, P. K. (2019). Psychological capital and nature of school organization have significant relevance to understand the turnover intentions of secondary school teachers. *Journal of Organisation & Human Behaviour*, 8(2&3). <http://publishingindia.com/johb/>

Richardson, G. E. (2002). The metatheory of resilience and resiliency. *Journal of Clinical Psychology*, 58(3), 307-321. <https://doi.org/10.1002/jclp.10020>

Salam, M. (2017). Effects of Psychological Capital on Job Satisfaction and Turnover Intention: Thai Higher Education Perspective. *Journal of Asia Pacific Studies*, 4(3).

Schulz, S. A., Luthans, K. W., & Messersmith, J. G. (2014). Psychological Capital: A New Tool for Driver Retention. *International Journal of Physical Distribution & Logistics Management*, 44(8/9), 621-634. <http://dx.doi.org/10.1108/IJPDLM-06-2013-0174>

Schwarzer, R. (2014). *Self-efficacy: thought control of action*. Routledge, Taylor and Francis.

Seligman, M. E. P. (2018). *Learned optimism*. Nicholas Brealey Publishing.

Seligman, M. E. P., & Csikszentmihalyi, M. (2000). *Positive psychology: An introduction*.

American Psychologist, 55(1), 5-14.

Seligman, M. E. P., Steen, T. A., Park, N., & Peterson, C. (2005). Positive Psychology Progress: Empirical Validation of Interventions. *American Psychologist*, 60(5), 410-421. <https://doi.org/10.1037/0003-066x.60.5.410>

Shah, T. A., Khattak, M. N., Zolin, R., & Shah, S. Z. A. (2019). Psychological empowerment and employee attitudinal outcomes. *Management Research Review*, 42(7). <https://doi.org/10.1108/mrr-05-2018-0194>

Shahzad, S., Naoreen, B., Jalal, H., Anjum, S., & Arshad, M. A. (2022). Psychological capital intervention between burnout and turnover intentions of teachers: Mediation versus moderation testing in educational organization. *Indian Journal of Economics and Business*, 21(1). <http://www.ashwinanokha.com/IJEB.php>

Sinniah, S., & Kamil, N. M. (2017). The influence of human resource practices on turnover intention: The case of a telecommunication company in Malaysia. *Malaysian Management Review*, 52(1), 45-63.

Snyder, C. R. (2000). *Handbook of hope: theory, measures, & applications*. Academic Press.

Snyder, C. R., Rand, K. L., & Sigmon, D. R. (2002). Hope theory: A member of the positive psychology family. In *Handbook of Positive Psychology* (pp. 257-276). Oxford, UK: University Press.

Stamolampros, P., Korfiatis, N., Chalvatzis, K., & Buhalis, D. (2019). Job satisfaction and employee turnover determinants in high contact services: Insights from Employees' Online reviews. *Tourism Management*, 75, 130-147. <https://doi.org/10.1016/j.tourman.2019.04.030>

Suganda, U. K. (2022). Reducing turnover intention: The mediating role of work-life balance and organizational commitment. *International Journal of Business Ecosystem & Strategy* (2687-2293), 4(3), 01-12. <https://doi.org/10.36096/ijbes.v4i3.344>

Wright, T. A. (2003). Positive organizational behavior: an idea whose time has truly come. *Journal of Organizational Behavior*, 24(4), 437-442. <https://doi.org/10.1002/job.197>

Xiao, S., Shi, L., Lin, H., Zhao, S., Ou, W., Zhang, J., Zhu, H., & Zhang, C. (2022). The impact of psychological capital on turnover intention among Chinese nurses: A moderated mediation model. *Journal of Nursing Management*. <https://doi.org/10.1111/jonm.13702>

Yang, L. Q., Wei, D. D., & Pan, Y. X. (2021). A study on the turnover intention of post-90s employees of enterprise A, under the perspective of psychological capital. *Investment and Entrepreneurship*, 32(12), 153-156.

Zhang, J. P. (2015). *Research on the relationship between human resources and psychological capital and job embeddedness*. <https://kns-cnki-net-443.webvpn.lsu.edu.cn/KCMS/detail/detail.aspx?dbname=CMFD201501&filename=1014412836.nh>