**MINOR thesis topic**: The relationship between positive psychological capital,
employee engagement and organizational citizenship behaviour: A case study of an oil and gas company, Songkhla

**Keywords**: Positive Psychological Capital, Employee Engagement, Organizational Citizenship Behaviour

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**Abstract**

The main aim of this study was to examine the relationship between psychological capital (PsyCap), employee engagement, and organization citizenship behaviour (OCB) by using a case study of an oil and gas company located in Songkhla province. Data from 136 employees were analysed using questionnaires. The relationship between PsyCap and employee engagement is highly correlated. Similarly, the correlation between PsyCap and OCB is high. Results suggest that employees who have higher level of PsyCap tend to have higher level of engagement and OCB. The organization may initiate HR practices aiming at promoting positive PsyCap among employees to enhance their attitude and behaviour like employee engagement and OCB.

**Introduction**

This study focused on the relationship between positive psychological capital (PsyCap), employee engagement, and organizational citizenship behaviour (OCB) among employees in an oil and gas company. Employee engagement can be described as employees feeling committed to, involved with, and enthusiastic about their job (Phillips & Gully, 2014). Engagement has been linked with commitment to high level of job performance both for the aspect of the job required by the organization and discretionary behaviour such as helping others at work (Phillips & Gully, 2014; Shuck, Reio, & Rocco, 2011). PsyCap has been associated with positive individual outcomes within the organization, such as employee work performance and job satisfaction (Luthans, Avolio, Avey, & Norman, 2007). More recently, PsyCap has been recognized as a positive leadership tool, enabling leaders to address employee health and psychological well-being, rather than just their work-related performance (Luthans, Youssef, Sweetman, & Harms, 2013). As PsyCap has been an important concept for organization success, this perspective leads to the focus of this study on the relationship between PsyCap, employee engagement, and OCB. The aims and objectives of the study were established based on the preliminary literature review and the establishment of the problem of the research. The aim of the study was stated as follows: to examine the relationship between psychological capital (PsyCap), employee engagement, and organizational citizenship behaviour (OCB) among employees. To examine the level of PsyCap, employee engagement, and OCB and To investigate the relationship between PsyCap, employee engagement. This research can provide insights for industrial managers to understand how the state of PsyCap may improve the employee engagement and OCB which are desired attitude or behaviour of employees than can help the organization achieve its set goals. This could result in more effectively managed organizations that meet the needs of their employees and improve their organisational performance.

**Literature Review**

Journals to ensure that the literature is well supported and has been evaluated for quality. The chapter opens with the most theoretical aspect, which is a review of the conceptual definitions that are important to the study. These definitions include positive psychological capital and its components, employee engagement and organisational citizenship behaviour (OCB). Next, a review of the theoretical basis of PsyCap, employee engagement, and OCB are provided. The chapter then addresses the core relationship of the study, which is the relationship of PsyCap and employee engagement. Both theoretical and empirical findings are discussed. The chapter concludes with a presentation of the theoretical framework of the paper and the hypotheses that were studied in the primary research.

**Positive psychological capital, or PsyCap,** is a theoretical expansion of the economic model of capital and the previous applications to human relationships, including human capital (knowledge and skills) and social capital (relationships) (Luthans et al., 2004). While PsyCap is a relatively new theory, the term had been used sporadically previous to the current theory (Avey et al., 2011).

**Employee engagement** refers to “an individual’s involvement with, satisfaction with, and enthusiasm for the work he or she does (Robbins & Judge, 2013, p. 77).” Thus, employee engagement is one of the positive attitudinal outcomes that can improve organizational and individual performance (Larson, Norman, Hughes, & Avey, 2013). Like PsyCap, employee engagement is a theory based in positive organizational behaviour and positive psychology (Robbins & Judge, 2013). Employee engagement has significant implications for both workers and employers. For workers, employee engagement leads to more psychologically fulfilling workplace experiences, reducing stress, burnout, and other negative outcomes (Bakker et al., 2014). For employers, employee engagement increases the likelihood of employees engaging in organizational citizenship behaviours (OCB) and reduces the likelihood of negative behaviours like absenteeism (Robbins & Judge, 2013). Thus, increasing employee engagement is an important positive organizational behaviour intervention (Larson et al., 2013). However, there is some danger that employee engagement can be a meaningless term, so it must be used with care (Robbins & Judge, 2013).

**Organizational citizenship behaviour (OCB**) continues to be of substantial interest to researchers and practitioners (LePine, Erez, & Johnson, 2002). There are almost 30 different forms of OCB that many researchers have described. The root of organization citizenship behaviour or OCB started from Barnard (1938) who pointed out the importance of oneself to commit in organization after that so many researchers develops from Organ’s study (1988). He defined OCB as cautious behaviour that benefit the organization, and favours efficiency in organization even if they are not forced by rules or used in the reward system. Various authors have different views and classified OCB in many areas; they also agree that OCB is a multi-dimensional construct (Graham, 1989). The first approach of OCB was based on Organ’s study in 1983 that became the mostly used. Organ (1988) defined OCB as the behaviour of individual that not directly perform according to formal reward system and show the effective functioning of organization.

**Theoretical Foundation of PsyCap: Although** PsyCap is a relatively new construct, it is based in existing positive psychology constructs (Luthans et al., 2004). PsyCap is based in the theory of positive organizational behaviour, an emerging area of positive psychology that emphasizes positive outcomes rather than focusing on negative or dysfunctional organizational behaviour (Luthans & Youssef, 2007). Related constructs to PsyCap include Big Five personality traits and other positive traits such as character strength, positive organizational culture and processes, and positive behavioural research (Luthans & Youssef, 2007). Although the principle of PsyCap like much of positive organizational behaviour only emerged during the early 2000s, there is a growing body of empirical research that supports the role of PsyCap in positive organizational and individual outcomes (Donaldson & Ko, 2010). **Theoretical Foundation of Employee Engagement:** Based on the research of Kahn (1990) and Schaufeli, Salanova, González-Romá, and Bakker (2002), employee engagement is made up of three aspects, a physical component of using physical energy while engaging in tasks and positive emotion, a cognitive component on being alert, standby and involve in any situation that engaged to work, and an emotional component on being related to own/others tasks while working on and responsible for assigned jobs. Past literature reviewed point out that burnout is the opposites of engagement, (Bakker, Schaufeli, Leiter, & Taris, 2008).

**Theoretical Foundation of OCB:** OCB is discretionary behaviours that are beneficial to the organization and are not formally required from the employees or rewarded by the employer (Phillips & Gully, 2014). It entails employees voluntarily going over and above their job requirement even when the organization has not asked for such actions and may not formally reward such actions. OCB can be explained in the context of the social exchange theory (SET). Social exchange has been found to be a motivator of OCB by employees (Podsakoff et al., 2000). SET argues that obligations or responsibilities are created through series of interactions between parties who are in a state of reciprocal interdependence (Saks, 2005). In other words, employees reciprocate with OCB based on the benefits already received from the organization or the anticipated benefits. This was referred to as OCB-O by Williams and Anderson (1991). Also, employees could reciprocate OCB towards their fellow employees that are interdependent on one another because of the benefit already received from the other employees or anticipated. This was referred to as OCB-I by Williams and Anderson (1991).

**Methodology**

All the 147 offshore employees were surveyed. Therefore, this study used the total population of the employees in the oil and gas company selected due to the small number of employees. The quantitative approach is the best approach to answer questions about causal relationships within a wide population (Goodwin, 2016). The quantitative approach is the best approach to answer questions about causal relationships within a wide population (Goodwin, 2016). . The data collection stage then followed. The self-administered survey was distributed and collected. Data was prepared by entering it into an SPSS dataset for analysis. The analysis process, described below, was then conducted. Finally, the findings of the study were interpreted and analysed to generate a response to the research questions.

**Results**

This study used the extraction method of Principal Axis Factoring and rotation method of Varimax with Kaiser Normalization. This study used the eigenvalues to determine the number of factors that influence a set of items that eigenvalues must greater than one is the rule (Fabrigar & Wegener, 2011). The employees of the company agree to all the items of both employee engagement and OCB. The item with the lowest mean score in employee engagement construct is: My work is very absorbing, while the highest mean score item is: I put a lot of energy into my work. Overall the employees of oil and gas company surveyed agree that they feel engaged in their work. The item with the lowest mean score in the OCB construct is: I help my co-workers who have been absent to finish their work, while the item with the highest mean score is: I take time to listen to my co-workers’ problems and worries. Overall the employees of the oil and gas company surveyed agreed that they exhibit organization citizenship behaviours.

The strongest correlation happened between PsyCap and employee engagement which r = 0.83, *p < 0.01* while the lowest correlation happened between employee engagement and OCB at r = 0.67, *p < 0.01*. According to the table, all three variables had positive correlation to each other which indicated high level of relationship between PsyCap and employee engagement and PsyCap and OCB. Therefore, H1 and H2 are accepted.

Table 4.4: Pearson Correlation of each variable

| **Variables** | **Mean** | **SD** | **1** | **2** | **3** |
| --- | --- | --- | --- | --- | --- |
| **1.** Psychological Capital | 4.23 | 1.08 | 1 |  |  |
| **2.** Employee Engagement | 3.66 | 0.74 | 0.83\*\* | 1 |  |
| **3.**Organizational Citizenship Behaviour | 3.68 | 0.77 | 0.68\*\* | 0.67\*\* | 1 |

Note: Significant at \*\*\**p* < 0.01

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**Discussions**

### The hypotheses for this study were: 1) PsyCap is positively related with employee engagement, and 2) PsyCap is positively related with OCB. These hypotheses were accepted based on the results of the data analysis. This section therefore discusses the results by comparing to previous studies and explaining the possible reasons for the relationship.

**PsyCap and Employee Engagement**

 The relationship between PsyCap and employee engagement is highly correlated. This means that when employees’ positive PsyCap increases, their level of engagement at work also increases and vice versa in this oil and gas company. The finding is consistent with Avey, Wernsing, and Luthans (2008), with employees from a broad cross-section of organisations and jobs; found that PsyCap was related positively to their positive emotions which were, in turn, related to their attitudes of engagement. Similarly, Strümpfer (1990) explained that psychological strengths can create tendencies that are favourable to engagement. This is because when employees are strong psychologically the can better handle or cope with the stress associated with work and have better level of engagement with their jobs. This perspective is supported by the findings of Bakker et al. (2014) who found that PsyCap identified as positive influences on employee engagement. In addition, Halbesleben (2010) indicated in meta-analysis that efficacy and optimism which are components of PsyCap gave the strongly effect on employee engagement. Moreover, employees with high level of psychological strength might be able to withstand burnout, which is the opposite of engagement (Phillips & Gully, 2014), than employees with low level of psychological strength. Accordingly, the present study suggests that employees who have higher level of PsyCap tend to have higher level of engagement.

**PsyCap and OCB** PsyCap is highly correlated to OCB. This means that when employees’ positive PsyCap increases, they tend to perform more organizational citizenship behaviour. This is consistent with the studies of Chiu and Chen (2005) which found a significant positive correlation between self-efficacy (a component of PsyCap) and OCB. Similarly, Norman, Avey, Nimnicht, and Graber (2010) found a positive and significant correlation between PsyCap and OCB studying a cross-section of 199 working adults in the USA. They found out that participants who were higher in PsyCap reported engaging in more OCB. This is because positive PsyCap is generally oriented towards an individual’s ability to find various ways to succeed through the combination of hope, optimism, and resilience can create extra role behaviour in such individuals like engaging in organizational citizenship behaviour. More so, PsyCap is associated with self- confidence and self-motivation which might be the characters that differentiate employees that go over and beyond their required job role and those that do not. Therefore, the present study suggests that employees with high level of PsyCap tend to exhibit higher level of OCB.

**Limitation and Recommendation:** There are some limitations in this study. First, this study selected a single company as a case study. The results may not be generalizable to other industries. Second, the measure of OCB focused on individual OCB rather than other dimensions of OCB. Future research may use multiple dimensions of OCB examining in different industry in order to investigate the relationship of these variables. In addition, future research should study other areas of PsyCap with different dependent variables such as employee commitment and other behaviours to fully understand the consequences of PsyCap. Moreover, this study used quantitative research method in order to investigate the research questions and objectives. However, future research may use qualitative research method or mix method in order to offer better understanding of these relationships.

**Practical Implication:** According to the results in this study, the finding indicated that positive relationships exist between PsyCap, employee engagement, and OCB in the oil and gas company. Top management of this company should pay attention to PsyCap. This is because by investing in employees PsyCap, it can lead to increasing employee engagement and OCB. Employee engagement and OCB are important since they may enhance team and organization functioning (Williams & Anderson, 1991). They may also lead to employee satisfaction, increased enthusiasm, higher retention, higher productivity, less absenteeism and increase employee loyalty. A study by Luthans et al. (2006) found that human resource interventions aimed at developing the state-like construct of PsyCap can be facilitated using training sessions. The development of PsyCap and positive employee attitudes and behaviours are expected to contribute to positive work-related outcomes (Donaldson & Ko, 2010). Furthermore, the complementary nature of engagement is conducive to long-term performance and sustainable human-based organizational competitive advantage (Youssef & Luthans, 2007). According to Youssef and Luthans (2007), organization gets the benefit in terms of more loyalty from employee when they maintain their employees’ positive PsyCap and their OCB. The relationship between PsyCap, employee engagement, and OCB seem to offer substantial benefits to organization in terms of retaining good employee performance and improving organisational performance.

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