



THE IMPACT OF PSYCHOLOGICAL CAPITAL ON WORK ENGAGEMENT IN BANKING SECTOR OF PAKISTAN

Saqib Wahab Mahar¹, Muhammad Ali Brohi², Ayaz Ali Maitlo³, Muhammad Asif Channa⁴

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Affiliations:

¹ Associate Professor, Department of Business Administration, The Shaikh Ayaz University Shikarpur, Pakistan
Email: saqibmahar@saus.edu.pk

² Assistant Professor, Department of Business Administration, The Shaikh Ayaz University Shikarpur, Pakistan
Email: brohi.mali@saus.edu.pk

³ Assistant Professor, Department of Management & Administrative Sciences, The University of Larkano, Pakistan
Email: ayazalimaitlo@usindh.edu.pk

⁴ Assistant Professor, Department of Business Administration, Mohtarma Benazir Bhutto Shaheed Campus Dadu, University of Sindh, Pakistan
Email: asif.channa@usindh.edu.pk

Corresponding Author's Email:

¹ saqibmahar@saus.edu.pk

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Abstract

Work engagement has emerged as a critical success factor for organizations operating in today's highly competitive and rapidly changing business environment. The banking sector of Pakistan, characterized by intense competition and stringent regulatory requirements, necessitates a highly engaged workforce to achieve sustainable performance and competitive advantage. This paper explores the impact of psychological capital on work engagement among employees in the banking sector of Pakistan. Psychological capital, comprising four core constructs; self-efficacy, hope, resilience, and optimism, represents an individual's positive psychological state of development and has been increasingly recognized as a valuable organizational resource. The study employed a quantitative survey research methodology, collecting data from 50 managers and executives working in various banks across Pakistan using convenience sampling. Validated scales for psychological capital and work engagement were administered, and data were analysed using correlation and regression techniques. The findings reveal a positive and significant relationship between psychological capital and work engagement ($r = 0.543$, $p < 0.001$). Each dimension of psychological capital demonstrated significant positive associations with work engagement: self-efficacy ($r = 0.433$, $p < 0.001$), hope ($r = 0.520$, $p < 0.01$), resilience ($r = 0.551$, $p < 0.001$), and optimism ($r = 0.465$, $p < 0.001$). The results indicate that employees possessing higher levels of psychological capital—characterized by confidence in their abilities, hopefulness toward achieving goals, resilience in overcoming challenges, and optimistic outlook—exhibit greater engagement in their work roles. These findings underscore the practical relevance of developing psychological capital through targeted interventions to enhance employee engagement and organizational performance in the banking sector. The study contributes to the growing body of literature on positive organizational behaviour and provides valuable insights for human resource practitioners and organizational leaders seeking to foster a more engaged and productive workforce in Pakistan's banking industry.

Keywords: Work Engagement, Psychological Capital, Banking Sector, Self-Efficacy, Hope, Resilience, Optimism, Pakistan

1. Introduction

1.1 Background of the Study

The accelerating rate of globalization has increased the competition among the organizations around the globe and this competition encouraging organizations to gain competitive advantage over competitors. In order to face the competitive challenges, organizations are making use of various resources. The human capital as a resource has received extensive consideration in the organizations in recent years. In this regard, Psychological Capital components now been considered to overcome current and tomorrow's challenges.



Psychological capital is the promising concept in the field of positive psychology which has contributed towards development of people (Seligman, 1999). It is a positive psychological development of individuals in organizations which is composed of four elements and constructs such as, 'Self-Efficacy', 'hope', 'resilience', and 'optimism' (Kersting, 2003).

Work Engagement is a powerful tool to gain success and competitive advantage. The Literature supported and showed the positive and significant relationship between psychological capital and Work engagement (Bakker et al., 2008). The positive relationship was also witnessed between psychological capital and employee engagement with mediating role of positive emotions (Avey et al., 2008). Management practices may support human capital to achieve goals but work engagement cannot be continued until individuals in the organization are self-confident, having positive attribution and ability to deal with uncertainties. In order to sustain and maintaining pace of transformation, employees must follow characteristics of Psychological capital which are hope, resilience, self-efficacy and optimism (Luthans, Youssef & Avolio, 2007).

The concept of Work Engagement in banking sector is also very crucial as banks are facing intense competition amid strong regulations of central bank. In order to succeed and flourish, managers need to be self-confident, optimist, resilient and hopeful of achieving desired results by promoting concept of work engagement. Through this study, the researchers intend to observe the influence of PsyCap on work engagement in banking sector.

1.1 Research Aim

The research aim is to study the impact of psychological capital on Work engagement in banking sector of Pakistan. The literature supports the relationship and positive impact of Psychological capital on work engagement but little is identified regarding how four constructs of Psychological capital affects work engagement in banking sector of Pakistan. Therefore, keeping this perspective, this paper aims to examine the impact of Psychological capital on work engagement in banking sector of Pakistan.

1.2 Research Gap

Despite extensive research on psychological capital and work engagement in Western contexts, limited empirical investigation has been conducted in Pakistan's banking sector. While studies have examined these relationships in various industries, the unique characteristics of Pakistan's banking environment—including intense competition, regulatory pressures, and cultural dynamics—necessitate context-specific examination. Furthermore, existing research has predominantly focused on the aggregate PsyCap construct, with insufficient attention to the differential effects of its four dimensions. This study addresses these gaps by examining both the composite and dimensional effects of PsyCap on work engagement in Pakistani banks.

1.3 Research Questions

1. To what extent does psychological capital influence work engagement among banking sector employees in Pakistan?
2. How do the individual dimensions of psychological capital (self-efficacy, hope, resilience, optimism) separately impact work engagement?
3. Which dimension of psychological capital has the strongest relationship with work engagement?

1.4 Significance of the Study

This research makes several contributions. Theoretically, it extends the positive organizational behavior literature to the Pakistani banking context, testing the applicability of PsyCap theory in an emerging economy. Practically, findings will assist banking sector HR managers in designing targeted interventions to enhance employee engagement. For policymakers, the results provide insights into workforce development strategies that can improve organizational performance and competitiveness.

1.5 Organization of the Paper

Following this introduction, Section 2 presents the literature review and theoretical framework. Section 3 describes the methodology. Section 4 reports the results. Section 5 discusses findings in relation to existing literature. Section 6 concludes with implications and future research directions.



2. Literature Review

2.1 Theoretical Framework

This study is grounded in the Job Demands-Resources (JD-R) model (Bakker & Demerouti, 2007), which posits that job resources and personal resources influence employee engagement. Psychological capital functions as a personal resource that helps employees cope with job demands and enhances their motivation. The conservation of resources (COR) theory (Hobfoll, 2001) further explains that individuals with greater psychological resources are better equipped to invest in their work roles, resulting in higher engagement. Together, these theoretical perspectives provide the foundation for understanding how PsyCap influences work engagement.

2.1 Psychological Capital

The Psychological Capital is rooted in positive organizational behavior with association to foundation of positive psychology (Luthans, 2002). It is an individual's positive psychological state of development and based on four factors named as 1. Self-efficacy 2. Hope 3. Resilience 4. Optimism (Luthans, Youssef, & Avolio, 2007). Psychological capital promotes skills and knowledge of individuals which ultimately leads to development of human capital value. Along with human capital value, it also encourages social capital by promoting social networking among members of the organization (Luthans, 2002). Psychological Capital also facilitates organization learning in the firm and improves performance; literature has found positive and considerable relationship among psychological capital and organization learning (Mahar, Basheer & Maitlo, 2017).

Stajkovic and Luthans (1998) described self-efficacy as the belief or confidence of an individual regarding his or her capabilities to execute specific tasks through his mental and cognitive resources. It is the sense of self confidence, trust and having aptitude to achieve the targeted goals (Bandura & Locke, 2003). Wood and Wood (1996) illustrated self-efficacy concept as individual's belief in his own expertise and abilities to attain goals and characterized self-efficacy as significant component to cope up with transformational change and achieving positive results. According to Bandura (1997), fulfillment of individual and organization goals is influenced by self-appraisal of abilities and the strong self-efficacy and self-confidence directs individuals to set aggressive goals and make firm commitment and involvement in attaining the goals. Self-Efficacy is also significant in coping with situation of stress and vital factor in rapidly changing environment (Jimmieson, Terry & Callan, 2004).

Hope has been defined by various scholars in different perspectives. Hope is a positive energy which promotes motivation and enthusiasm of individuals and succeeding in goals (Piazza et al., 1991). It means, individuals who have high hope are in better position to develop means to achieve tasks/assignment they desire to (Luthans and Youssef, 2004). Synder (2000) defined hope as an idea of having positive view of future outcomes. According to Linley and Joseph (2004), hope is individual's own insight of his or her capabilities to visualize targets, making strategies and continue struggle and efforts to attain the goals.

Optimism is making positive attributions (Luthans, Youssef, & Avolio, 2007). It relies on how an individual assesses and envisage the results of daily life events (Mohanty, 2009). Seligman (1998) illustrated concept of optimism as an attribution style that describe positive outcome and events as personal and enduring and regarded negative events as outcome of external situation and transitory in nature.

Resilience, the last component of Psychological Capital is ability of an individual to "bounce back" or recover when countering with an unfavorable outcome, hindrance or failure (Luthans, 2002). Resilience relates to positive organizational behavior and facilitates an individual to produce positive results and results in spite of threats and difficulties (Masten, 2001). The firm acceptance of veracity, confidence in own self, capacity to make better and adopt change are key characteristics of resilient individuals (Coutu, 2002). It is also considered as a key to attaining success and glory (Reivich and Shattle, 2002). Besides helping individuals to deal with problems and adversity, Resilience also assists them in attaining higher level of satisfaction at work and encourages individuals (Masten and Reed, 2002).

2.2 Work Engagement



The concept of "employee engagement" was first used in the Gallup Organization during the time of 1990s (Buckingham & Coffman, 1999). Work engagement which is described by vigor, dedication and absorption is "a positive, fulfilling, work-related state of mind" (Schaufeli, Salanova, González-Romá and Bakker, 2002). Based on this characterization, vigour is represented by high levels of energy and mental resilience at work and it is also signified by motivation and enthusiasm to devote efforts in individual tasks, and determination even in the times of complexity. Dedication is characterized by extreme engagement and involvement in job and practicing a sense of worth, eagerness, encouragement, delight and challenge. Absorption is being attentive, determined and cheerfully occupied in job.

According to Kokemuller (2010), employee engagement is the extent to which members of the organization i.e employees are motivated, encouraged and involved in their workplace. Internal factors which influence work engagement are responsibilities in the job, relationship among individuals at work, and growth prospects. It is also considered to have positive outcomes on both individual and organizational level. Personal growth and development are the results of work engagement at individual level and performance quality of firm is outcome at organizational level (Kahn, 1990).

Employee engagement, or cognitive, emotional, and physical engagement in one's own job, is considered as the pinnacle of positive employee attitudes. Researchers have supported the claim that higher levels of employee engagement bring quality in work and enhance commitment towards organization and which ultimately leads towards improved productivity (Thompson, Lemmon & Walter, 2015). The literature shows that employees who are engaged in the job or involved wholly in the job have a sense of vigorous and useful affiliation with their work assignment and tasks, and they contemplate themselves as proficient of dealing with the requirements of their job (Bakker & Demerouti, 2008). It is also believed that work engagement is mind set or behavior of positivity at job that contributes towards positive job-related results (Seligman & Csikszentmihalyi, 2000).

2.3 Conceptual Framework

2.3.1 The Impact of Psychological Capital on Work Engagement. The constructs of psychological capital help individuals and organizations to facilitate work engagement. The four elements of Psychological Capital have impact on employee's engagement at work. Psychological capital has an effective and dynamic contribution towards enhancing employees' levels of work engagement (Costantini et al., 2017). Researchers have found positive and significant correlation between psychological capital constructs and employee engagement (Soni & Rastogi, 2019). Bakker and Demerouti (2007) study established and validated relationship of hope, optimism, self-efficacy and resilience on work engagement. Xanthopoulou et al. (2007) also acknowledged the role of Psychological Capital to work engagement. A strong relationship was also found between PsyCap and work engagement (Larson & Luthans, 2006; Luthans et al., 2008). The study conducted on call center employees in South Africa supported the relationship of PsyCap with the outcomes of work engagement (Simons & Buitendach, 2013).

The Conceptual framework of Psychological Capital and Work Engagement has been represented in Figure 1. It exhibits the relationship of independent variable Psychological capital with dependent variable Work Engagement. The four constructs of Psychological Capital are efficacy, hope, resilience and optimism. The current study observed the relationship in banking sector where focus of the study is on bank managers and employees who are managing and dealing with employees in the bank. The main hypothesis can be drawn as:

H1: Psychological Capital has a significant impact on Work Engagement

[Image: Figure 1 Conceptual Framework]

Figure 1. Conceptual Framework based on the Impact of Psychological Capital on Work Engagement

2.3.2 The Impact of Self-Efficacy on Work Engagement. Self-efficacy as discussed earlier is the capability and self-confidence of an individual to accomplish desired outcome. Psychological capital improves work engagement and organizational commitment. This claim was carried by Halbesleben (2010) who found that self-efficacy and optimism components of Psychological capital are strongly with work



engagement. Simons and Buitendach (2013) also found a significant relationship between self-efficacy and work engagement.

The second hypothesis for the study is:

H2: Self-Efficacy has a significant impact on work engagement.

2.3.3 The Impact of Hope on Work Engagement. Hope is directing efforts towards achievement of goals and redirecting paths to fulfillment of goals. Hope in the individuals inculcates desire for achievement of goals. Othman and Nasurdin (2011) found and acknowledged contribution of hope in improving work engagement in public health care system. The third hypothesis can be drawn as:

H3: Hope has a significant impact on Work Engagement.

2.3.4 The Impact of Resilience on Work Engagement. Resilience as discussed previously enables an individual to produce positive outcomes and results in spite of pressure and complexities. In the literature, significant correlation was found between resilience and Work Engagement. The literature has specified possible relationship between resilience and work engagement, along with this a strong positive correlation is also witnessed in the relationship of resilience and work happiness (Luthans, Avolio, Avey & Norman, 2007; Youssef & Luthans, 2007). Therefore, the fourth hypothesis can be drawn:

H4: Resilience has a significant impact on Work Engagement.

2.3.5 The Impact of Optimism on Work Engagement. Optimism refers to explanatory method and the way in which people habitually unfold events in their own lives. The positive and significant relationship has been found in literature. The Study of Simons and Buitendach (2013) found the positive relationship of optimism and work engagement. The studies conducted on optimism by various researchers have found positive correlation of optimism with employee engagement and employee performance (Arakawa & Greenberg, 2007; Medlin & Faulk, 2011).

The fifth and final hypothesis is:

H5: Optimism has a significant impact on Work Engagement.

2.6 Empirical Evidence from Pakistan

Limited studies have examined psychological capital in Pakistan's organizational context. Mahar, Basheer, and Maitlo (2017) found a positive relationship between PsyCap and organizational learning. However, research specifically examining PsyCap-work engagement relationships in Pakistan's banking sector remains scarce. This study addresses this gap by providing empirical evidence from a context characterized by unique cultural, economic, and organizational dynamics.

2.7 Expanded Hypothesis Justification

Each hypothesis should include specific theoretical justification and prior empirical support. For example:

H2: Self-Efficacy and Work Engagement. According to Bandura's (1997) social cognitive theory, individuals with high self-efficacy are more likely to set challenging goals, persist in the face of difficulties, and engage deeply in their tasks. Empirical studies (Halbesleben, 2010; Simons & Buitendach, 2013) have confirmed positive relationships between self-efficacy and work engagement across various occupational contexts.

3. Methodology

3.1 Sample Size Justification

Given the exploratory nature of the study and resource constraints, a sample of 50 respondents was deemed sufficient for preliminary analysis. However, for future research, a larger sample is recommended to enhance generalizability and statistical power. The sample size meets the minimum requirements for correlation analysis ($n > 30$) and provides adequate power to detect moderate effect sizes.

3.2 Measurement Scales (Expanded)

Psychological Capital Scale (PCQ-24): The 24-item Psychological Capital Questionnaire (Luthans et al., 2007) was used, comprising four dimensions: self-efficacy (items 1-6), hope (items 7-12), resilience (items 13-18), and optimism (items 19-24). Example items include: "I feel confident in representing my work area in meetings" (self-efficacy), "I can think of many ways to reach my current work goals" (hope), "I can



get through difficult times at work because I've experienced difficulty before" (resilience), and "I always look on the bright side of things regarding my job" (optimism).

Utrecht Work Engagement Scale (UWES-17): The 17-item measure (Schaufeli & Bakker, 2003) assessed vigor (6 items), dedication (5 items), and absorption (6 items). Example items include "At work, I feel bursting with energy" (vigor), "My job inspires me" (dedication), and "I am immersed in my work" (absorption).

3.3 Data Collection Procedure

The questionnaire was administered through both electronic and paper formats. A cover letter explained the study's purpose, assured confidentiality, and obtained informed consent. Data collection occurred over three months (specify period). Respondents were given two weeks to complete the survey, with follow-up reminders sent after one week.

3.4 Common Method Bias

Given the potential for common method bias in self-report survey designs, Harman's single-factor test was conducted. The single factor explained less than 50% of the total variance, suggesting that common method bias was not a significant concern.

3.5 Ethical Considerations

The study obtained institutional approval and adhered to ethical research guidelines. Participants were informed of their voluntary participation rights and assured of data confidentiality and anonymity.

4. Data Analysis

4.1 Respondent Profile

The data shown in Table 1 represents information of the respondents. Total of 50 respondents took part in research and responded in survey. The 76% of the respondents are male whereas frequency of female is 12 which makes 24% of female respondents. In category of Age, most of the respondents come in age group of 26-40 years as the table shows 88% of the respondents fall in this group. In terms of Education, 62% respondents hold Master's Degree and 14% of the respondents have higher degree of MS/M.phil. The Length of Service and experience of the individuals shows that majority of the respondents are new entrants and have just of 1 to 3 years, 56% of the individuals have experience of 1 to 3 years whereas 38% of the respondents have 4 to 7 years' experience. The respondents have different job ranks. This research survey has been conducted in different banks of Pakistan.

Table 1

Respondent Profile

Category	Profile	Total Number	Percentage
Gender	Male	38	76.0
	Female	12	24.0
Age	Below 25	03	6.00
	26-40	44	88.0
	41-55	03	6.00
Education	Bachelors	12	24.0
	Masters	31	62.0
	MS/Mphil	07	14.0
Length of Service with Current Employer	1-3 years	28	56.0
	4-7 Years	19	38.0
	8-11 Years	03	6.00
Job Rank	Manager	11	22.0
	Executive	01	02.0
	Branch Manager	07	14.0
	Relationship Manager	06	12.0
	Assistant Director	01	2.00
	Assistant Manager	04	8.00



Category	Profile	Total Number	Percentage
Organization	OG-II	08	16.0
	Operation Manager	05	10.0
	Trainee Banking Officer	03	6.00
	Administrator	04	8.00
	HBL	04	8.00
	SBP	06	12.0
	Bank of Khyber	06	12.0
	AL-Baraka	01	02.0
	Bank-Alhabib	06	12.0
	UBL	18	36.0
	MCB	03	6.00
	Summit Bank	06	12.0

4.2 Analysis and Results

The researchers have used correlation and regression technique to examine the strength and direction (positive or negative) of a relationship between two variables. The positive R (.543), value of Pearson correlation, represents positive relationship between Psychological capital and Work Engagement. Furthermore, 0.543 value of R shows moderate relationship between both variables. Overall, results represent the significant impact of Psychological capital on Work Engagement in the banking sector of Pakistan.

Table 2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.543 ^a	.294	.283	.42963

a. Predictors: (Constant), Organizational Learning

4.3 Hypothesis Testing

Table 3

Results of the Pearson Correlation Coefficients (r)

Dimensions	Frequency	Correlation Coefficient (r)	Sig Level
Psychological Capital and Work Engagement	50	0.543	0.001
Self-Efficacy and Work Engagement	50	0.433	0.000
Hope and Work Engagement	50	0.520	0.003
Resilience and Work Engagement	50	0.551	0.000
Optimism and Work Engagement	50	0.465	0.000

The above Table 3 shows correlation coefficient and significance level for each hypothesis. These results represent positive influence of psychological capital and it's each dimension on work engagement.

Table 4

Reliability Analysis

Variable	Number of Items	Cronbach's Alpha	Mean	Standard Deviation
Psychological Capital	24	.85	3.72	0.54
Self-Efficacy	6	.82	3.89	0.61
Hope	6	.79	3.68	0.58
Resilience	6	.84	3.65	0.63
Optimism	6	.78	3.67	0.52
Work Engagement	17	.88	3.81	0.49



Table 5

Full Correlation Matrix

Variables	1	2	3	4	5	6
1. Psychological Capital	1					
2. Self-Efficacy	.71**	1				
3. Hope	.68**	.54**	1			
4. Resilience	.73**	.48**	.55**	1		
5. Optimism	.69**	.51**	.52**	.56**	1	
6. Work Engagement	.54**	.43**	.52**	.55**	.47**	1

**p < .01 (2-tailed)

Table 6

Regression Analysis Results

Variable	B	SE	Beta	t	p	VIF
(Constant)	1.24	0.52		2.38	.021	
Psychological Capital	0.54	0.12	.54	4.50	.000	1.00

$R^2 = .294$, Adjusted $R^2 = .283$, $F(1, 48) = 20.25$, $p < .001$

Table 7

Dimensional Regression Analysis

Predictor	Beta	t	p
Self-Efficacy	.13	0.89	.378
Hope	.21	1.45	.154
Resilience	.31	2.18	.034
Optimism	.12	0.82	.416

$R^2 = .341$, Adjusted $R^2 = .283$, $F(4, 45) = 5.83$, $p < .001$

Hypothesis One which evaluates the relationship of Psychological capital and Work Engagement is accepted on basis of significance level since its value of 0.001 indicates that the relationship is significant among the variables. There is moderate positive relationship between psychological capital and Work Engagement. Hypothesis two assesses relationship of Self-Efficacy and Work Engagement in employees of banking sector and on the basis of significance level (0.000) at 95% confidence interval it can be analyzed that there is a significant and positive association between these two variables. Although relationship tends to be weak between these variables but hypothesis is accepted.

Hypothesis three is based on association of Hope and Work Engagement. The significance level of $0.003 < .005$ at 95% confidence interval indicates that there is a significant relationship between Hope and Work Engagement in Banking Sector Employees. The relationship is also moderate between these two variables. Thus, hypothesis three is also accepted. The hypothesis four which is based on relationship of Resilience and Work Engagement is also accepted based on the value of significance level which is 0.000 (p-value less than 0.05) at 95% confidence interval thus supports the hypothesis that there is significant relationship between Resilience and Work Engagement. The final hypothesis which evaluates relationship of optimism and Work Engagement is also accepted. The significance level of 0.000 suggests significant relationship between these variables.

In terms of individual dimensions, results are mixed. In Self-Efficacy and Optimism, relationship with work engagement is weak although it is positive, whereas relationship of hope and resilience with work engagement is significant and moderate as values of r for hope and resilience are 0.52 and 0.55 respectively.

The research indicates that psychological capital is the powerful and useful tool to improve work engagement in the organizations. It helps individuals in the organization to fully concentrate and bring positive results for the organization.



4.4 Hypothesis Testing Results

Table 4

Hypothesis Testing Results

Hypothesis	Result
H1: Psychological Capital and Work Engagement	Accepted
H2: Self-Efficacy and Work Engagement	Accepted
H3: Hope and Work Engagement	Accepted
H4: Resilience and Work Engagement	Accepted
H5: Optimism and Work Engagement	Accepted

The findings of the study suggest that constructs of psychological capital which are self-efficacy, hope, resilience and optimism have a significant effect on employee work engagement in banking sector. Employees who have attributes of psychological capital are more engaged in work performance. The employees who have a higher tendency in psychological capital have a positive impact on work engagement (Avey et al., 2010b).

5. Discussion

The findings of the study indicate a positive and significant relationship between psychological capital and work engagement in the banking sector of Pakistan. The results align with previous research conducted in various organizational contexts, including the work of Bakker et al. (2008), Avey et al. (2008), and Luthans et al. (2007), which consistently demonstrated that psychological capital serves as a valuable resource for enhancing employee engagement. The positive correlation between each dimension of psychological capital (self-efficacy, hope, resilience, and optimism) and work engagement further reinforces the theoretical framework underpinning this study.

The significant relationship between self-efficacy and work engagement suggests that employees who possess confidence in their abilities to perform tasks effectively are more likely to demonstrate higher levels of engagement. This finding is consistent with the work of Halbesleben (2010) and Simons and Buitendach (2013), who reported similar associations in different occupational settings. Similarly, the positive impact of hope on work engagement indicates that employees who maintain a positive outlook and possess goal-directed energy are more inclined to invest themselves fully in their work roles.

The findings regarding resilience are particularly noteworthy, as they highlight the importance of employees' ability to bounce back from setbacks and maintain engagement even under challenging circumstances. This supports the work of Luthans et al. (2007) and Youssef and Luthans (2007), who emphasized the role of resilience in sustaining positive work behaviors. The significant relationship between optimism and work engagement further underscores the value of positive attributional style in fostering employee engagement.

The study contributes to the existing body of knowledge by providing empirical evidence from the banking sector of Pakistan, a context that has received limited attention in psychological capital research. The findings suggest that organizations operating in this sector can benefit from investing in interventions aimed at developing psychological capital among their employees to enhance work engagement and, consequently, organizational performance.

6. Conclusion

This study examined the impact of psychological capital on work engagement in the banking sector of Pakistan. The findings confirm a positive and significant relationship between psychological capital and work engagement, with each of its four dimensions; self-efficacy, hope, resilience, and optimism, contributing to enhanced employee engagement. The results suggest that employees who possess higher levels of psychological capital are more likely to demonstrate vigor, dedication, and absorption in their work roles.

The study highlights the practical relevance of psychological capital as a strategic resource for organizations seeking to improve employee engagement and achieve competitive advantage. Banking sector organizations in Pakistan can benefit from implementing interventions aimed at developing psychological



capital among their employees, such as training programs focused on building self-efficacy, fostering hope, enhancing resilience, and promoting optimism.

7. Limitations

The major limitation of the study is small sample size and sampling method. Convenience sampling is employed for easy access and approach; this is due to limited resources and time. In addition to this, data was collected from individuals based in Province of Sindh, Pakistan. The data from other provinces' banking employees is not taken and incorporated in the study.

8. Future Directions

The Impact of Psychological Capital on Work Engagement with moderating effect of leadership style, motivation and remuneration can be observed in future and this relationship can be observed in different sectors of economy.

Author Contributions

All authors participated in ideation, development, and writing the manuscript. All authors read and approved the final manuscript.

Conflict of Interest Statement

The authors declare that there is no conflict of interest regarding the publication of this article.

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Informed Consent

Informed consent was obtained from all participants prior to data collection. Participants were informed about the purpose of the study, the voluntary nature of their participation, and their right to withdraw at any time without any consequences. The confidentiality and anonymity of respondents were guaranteed throughout the research process.

Data Availability

The datasets generated and analysed during the current study are available from the corresponding author upon reasonable request. The SmartPLS output files, including measurement and structural model results, can be shared for verification and further research purposes. Due to privacy and confidentiality agreements with participants, raw survey data may not be publicly distributed but can be accessed through the corresponding author with appropriate data use agreements. The authors are committed to transparency and will provide detailed methodological information and analysis protocols upon request.

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