



Does Work Engagement Mediate the Relationship Between Psychological Capital and Employee Well-Being During Organizational Crisis? Evidence From Indonesian Employees

Agus Iqbal Hawabi^{1*}, Abd Hamid Cholili², Malik Maya Faisati³

^{1,2} Fakultas Psikologi Universitas Islam Negeri Maulana Malik Ibrahim, Malang

³ Fakultas Usuluddin Adab dan Dakwah, Universitas Islam Negeri Sayyid Ali Rahmatullah, Tulungagung

*Corresponding author: iqbalhawabi@uin-malang.ac.id

Abstract

Organizational crises characterized by uncertainty and rapid change have raised significant concerns regarding employee well-being. This study examines the relationship between Psychological Capital and employee well-being by investigating the mediating role of work engagement among Indonesian employees. Employing a quantitative cross-sectional design, data were collected from 508 employees actively experiencing organizational change and uncertainty. The instruments included a 24-item Psychological Capital scale, a 9-item Utrecht Work Engagement Scale, and an 18-item employee well-being scale. Regression-based mediation analysis revealed that Psychological Capital did not have a significant direct effect on either employee well-being or work engagement. Consequently, work engagement did not mediate this relationship. However, work engagement demonstrated a strong, positive, and significant direct influence on employee well-being. Furthermore, a simultaneous regression model explained 86.4% of the variance in employee well-being, with work engagement serving as the primary predictor. These findings suggest that during organizational crises, Psychological Capital alone is insufficient to enhance employee well-being unless accompanied by strong work engagement and adequate organizational resources, highlighting the critical strategic role of work engagement in maintaining workforce wellness during uncertainty.

Keywords: Psychological Capital; Work Engagement; Employee Well-Being.





1. INTRODUCTION

In recent years, organizations worldwide have navigated increasingly complex crises, including global health emergencies, economic recessions, and rapid technological disruptions. These volatile conditions have fundamentally altered work patterns, escalating job demands and fostering profound uncertainty among the workforce (Kniffin et al., 2021). Consequently, such organizational crises have triggered significant concerns regarding employee mental health, as prolonged exposure to job insecurity, structural changes, and continuous adaptation pressures exacerbates stress, emotional exhaustion, and psychological distress (Organization, 2022).

Employee well-being, encompassing psychological, emotional, and social functioning, has thus emerged as a critical strategic imperative for organizational sustainability. Beyond the mere absence of psychological disorders, well-being reflects an individual's capacity to thrive, find meaning in their work, and maintain optimal functioning in the workplace (Ryan & Deci, 2020). Maintaining high levels of well-being is essential because it directly influences productivity, creativity, and organizational commitment, whereas diminished well-being is strongly associated with burnout, absenteeism, and increased turnover intentions, making it a vital focal point for human resource management during turbulent periods (Organization, 2022).

To mitigate the adverse effects of organizational crises, scholars have increasingly highlighted Psychological Capital (PsyCap) as a vital personal resource. Comprising hope, efficacy, resilience, and optimism (the HERO dimensions), PsyCap equips employees with the psychological strength to manage stress, adapt to rapid changes, and sustain positive mental states amidst uncertainty (Luthans & Youssef-Morgan, 2017). Theoretically, employees with robust PsyCap are better positioned to navigate crisis-induced demands, which is expected to directly foster their overall well-being and prevent psychological depletion (Fachry et al., 2024).

However, the translation of personal resources into well-being outcomes is rarely direct; it is often facilitated by motivational states such as work engagement. Grounded in the Job Demands-Resources (JD-R) theory, personal resources like PsyCap stimulate a motivational process that enhances work engagement—characterized by vigor, dedication, and absorption (Bakker & Demerouti, 2017). In turn, this heightened state of work engagement serves as a crucial psychological mechanism that buffers against crisis-related stressors, ultimately promoting sustained employee well-being and positive occupational health outcomes (Bakker et al., 2023).

Despite the theoretical alignment, empirical evidence regarding the mediating role of work engagement between PsyCap and employee well-being remains inconsistent,





particularly within the specific context of organizational crises. Most existing literature examines these variables in stable work environments, leaving a critical gap in understanding how these dynamics operate when organizations face severe instability and restructuring. Therefore, this study aims to systematically examine the relationship between PsyCap and employee well-being, specifically investigating the mediating role of work engagement among employees navigating organizational crises. By doing so, this research provides nuanced insights into the contextual boundaries of PsyCap and the strategic importance of work engagement in safeguarding employee well-being during periods of profound organizational uncertainty.

2. LITERATURE REVIEW

2.1 Organizational Crisis and Employee Well-Being

Organizational crises, characterized by sudden disruptions, economic instability, and rapid structural changes, have fundamentally altered the psychological contract between employers and employees. In such volatile environments, employee well-being—encompassing psychological, emotional, and social functioning—becomes a critical focal point, as prolonged exposure to uncertainty and escalating job demands severely threatens mental health and occupational functioning (Kniffin et al., 2021; World Health Organization [WHO], 2022). Well-being is no longer viewed merely as the absence of distress, but as a multidimensional construct that enables individuals to find meaning, maintain optimal performance, and thrive despite adverse workplace conditions (Ryan & Deci, 2020). Consequently, understanding the antecedents of employee well-being during organizational crises is essential for developing sustainable human resource strategies that mitigate burnout and foster resilience.

2.2 Psychological Capital as a Personal Resource

To navigate the stressors of organizational crises, Psychological Capital (PsyCap) has been widely recognized as a crucial personal resource. Comprising the core dimensions of hope, efficacy, resilience, and optimism (the HERO model), PsyCap represents a positive psychological state that equips employees with the cognitive and emotional flexibility to manage adversity (Luthans & Youssef-Morgan, 2022). Grounded in the Conservation of Resources (COR) theory, PsyCap acts as a vital buffer against resource depletion, enabling individuals to appraise crisis-induced demands as challenges rather than threats. While extensive literature posits that high PsyCap directly enhances psychological well-being by fostering adaptive coping mechanisms, recent scholars argue that its efficacy may be highly





context-dependent, particularly when organizations fail to provide adequate structural support during severe crises (Fachry et al., 2024).

2.3 Work Engagement and the Motivational Process

The translation of personal resources into positive well-being outcomes is largely explained through the motivational process outlined in the Job Demands-Resources (JD-R) theory, where work engagement serves as the central mechanism. Work engagement is defined as a persistent, positive affective-motivational state characterized by vigor, dedication, and absorption (Bakker & Demerouti, 2020). According to the JD-R framework, personal resources like PsyCap stimulate this motivational process, leading to higher work engagement, which in turn acts as a direct and powerful predictor of employee well-being (Bakker et al., 2023). Engaged employees possess the energetic and cognitive bandwidth to find meaning in their tasks, effectively buffering the negative psychological impacts of organizational instability and sustaining their overall mental health.

2.4 The Mediating Role of Work Engagement and Research Gap

Despite the theoretical alignment suggesting that PsyCap enhances well-being indirectly through work engagement, empirical evidence regarding this mediating mechanism remains inconsistent, particularly within the specific context of organizational crises. Most existing studies have validated this mediation model in stable work environments, leaving a critical gap in understanding how these dynamics operate when organizations face profound instability and restructuring. During a crisis, the sheer magnitude of external stressors may overwhelm personal resources, suggesting that PsyCap alone might be insufficient to guarantee well-being unless it successfully triggers a state of work engagement. Therefore, this study aims to systematically examine the interplay between PsyCap, work engagement, and employee well-being, specifically investigating whether work engagement effectively mediates this relationship among employees navigating severe organizational uncertainty.

3. RESEARCH METHOD

This study employed a quantitative explanatory survey design with a cross-sectional approach to examine employees working in organizations undergoing significant changes, such as restructuring, digital transformation, and business crises. The target population consisted of individuals experiencing organizational uncertainty and rapid structural shifts. Participants were selected using a purposive sampling technique, specifically targeting employees who had been working in their respective organizations for a minimum period





and were actively navigating these significant organizational dynamics. Ultimately, the final sample comprised 508 employees, providing a robust dataset to evaluate the psychological impacts of the ongoing organizational crises on their work-related attitudes and overall well-being.

Data collection utilized three established and adapted psychological scales to measure the core variables of the study. Psychological Capital was assessed using a 24-item scale adapted from Fachry et al (2024), encompassing the four core dimensions of hope, efficacy, resilience, and optimism. Work Engagement was measured using the 9-item Utrecht Work Engagement Scale (UWES-9) adapted by Kristiana et al (2019), which evaluates vigor, dedication, and absorption. Employee Well-Being was evaluated through an 18-item scale adapted from Rahmi et al (2021), covering life, workplace, and psychological well-being dimensions. To test the proposed hypotheses, the collected data were analyzed using simple regression, multiple regression, and path analysis to assess both the direct predictive effects and the potential mediating role of work engagement in the relationship between psychological capital and employee well-being.

4. RESULT

4.1 Direct Influence of Psychological Capital on Employee Well-Being

The initial phase of the statistical analysis focused on evaluating the direct influence of psychological capital on employee well-being within the context of organizational crisis. Researchers utilized a simple regression framework to determine whether the composite dimensions of hope, efficacy, resilience, and optimism could independently predict psychological wellness among the surveyed participants. The empirical evidence revealed an unexpectedly negligible relationship between these two fundamental psychological constructs in this specific turbulent environment. Such a finding suggests that possessing high levels of personal psychological resources does not automatically translate into enhanced well-being when employees are navigating severe structural uncertainties. Consequently, the hypothesized direct positive effect of psychological capital on employee well-being was not supported by the collected quantitative survey data.

This non-significant outcome challenges conventional assumptions derived from positive organizational behavior literature, which typically posits a robust direct link between personal resources and wellness outcomes. In stable work environments, psychological capital frequently serves as a primary buffer against daily stressors, thereby directly elevating overall life and workplace satisfaction. However, the current context of profound organizational disruption appears to neutralize this direct protective mechanism, indicating that personal resources might require additional contextual catalysts to become



effective. The variance in employee well-being remained almost entirely unexplained by psychological capital alone, highlighting the limitations of individual-centric models during extreme corporate instability. Therefore, organizations cannot solely rely on fostering individual psychological traits to safeguard employee wellness during periods of intense restructuring and systemic unpredictability.

Table 1. Summary of Regression Analysis for Psychological Capital Predicting Employee Well-Being

Model	R	R ²	Adjusted R ²	RMSE	p	Durbin-Watson	Autocorrelation p
M ₁ (Psychological Capital)	0.007	0.000	-0.002	5.109	.875	1.956	.620

As detailed in the statistical summary, the model demonstrated an almost zero coefficient of determination, confirming that psychological capital accounts for virtually none of the variance in employee well-being. The associated p-value significantly exceeded the conventional threshold for statistical significance, reinforcing the conclusion that this direct predictive pathway is inactive under the current crisis conditions. Furthermore, the negative adjusted R-squared value indicates that the model performs worse than a theoretical model containing no predictors at all. The Durbin-Watson statistic confirmed the independence of residuals, proving that this lack of significance is a genuine theoretical phenomenon rather than a statistical artifact or assumption violation. Ultimately, these metrics collectively demonstrate that psychological capital alone is an insufficient predictor of wellness during severe organizational turbulence.

4.2 Direct Influence of Psychological Capital on Work Engagement

Following the initial analysis, the investigation proceeded to examine the direct impact of psychological capital on work engagement among employees experiencing organizational turmoil. The theoretical foundation suggests that individuals equipped with robust psychological resources should naturally exhibit higher levels of vigor, dedication, and absorption in their daily tasks. Nevertheless, the regression analysis yielded a statistically non-significant result, indicating that psychological capital failed to predict work engagement in this specific crisis context. This unexpected outcome implies that the motivational process typically triggered by personal resources is severely hindered when the broader organizational environment is characterized by extreme instability. Employees

may possess the internal psychological strength to cope, but this internal strength does not automatically manifest as active engagement with their work roles during a crisis.

The inability of psychological capital to stimulate work engagement under these conditions underscores the critical importance of external organizational resources and contextual support systems. When an organization undergoes massive restructuring or faces existential threats, the sheer magnitude of external job demands can overwhelm individual psychological reserves, preventing them from translating into active work involvement. This phenomenon aligns with the notion that personal resources require a conducive environment to flourish and drive motivational states like engagement. Without adequate structural support, clear communication, and perceived organizational security, even the most resilient and optimistic employees may withdraw their cognitive and emotional investment from their tasks. Thus, the direct pathway from psychological capital to work engagement appears to be conditional rather than universal across all organizational climates.

Table 2. Summary of Regression Analysis for Psychological Capital Predicting Work Engagement

Model	R	R ²	Adjusted R ²	RMSE	p	Durbin-Watson	Autocorrelation p
M ₁ (Psychological Capital)	0.031	0.001	-0.001	2.831	.492	1.959	.641

The statistical metrics presented in the table further corroborate the absence of a meaningful relationship between these two variables in the crisis context. The extremely low R-squared value demonstrates that psychological capital explains merely a fraction of a percent of the fluctuations in employee work engagement levels. Additionally, the p-value associated with the F-change statistic firmly rejects the alternative hypothesis, confirming that the observed minor correlation is entirely due to random chance. The diagnostic tests for residual autocorrelation also returned optimal values, ensuring that the non-significant finding is a true reflection of the underlying behavioral dynamics. These comprehensive statistical indicators collectively affirm that psychological capital cannot independently ignite work engagement when employees are besieged by organizational crises.



4.3 Direct Influence of Work Engagement on Employee Well-Being

In stark contrast to the previous non-significant findings, the analysis revealed a remarkably strong and statistically significant direct influence of work engagement on employee well-being. Employees who reported higher levels of vigor, dedication, and absorption consistently demonstrated superior psychological, emotional, and social wellness despite the surrounding organizational chaos. This powerful positive relationship highlights the critical role of active work involvement as a primary driver of mental health and overall life satisfaction during turbulent times. When individuals remain deeply connected and energetically invested in their professional roles, they are better equipped to maintain a positive affective state and buffer against external stressors. Consequently, work engagement emerges not merely as a performance enhancer, but as a vital psychological anchor that sustains employee wellness amidst severe corporate instability.

The magnitude of this effect is particularly noteworthy, as it suggests that the motivational state of being engaged is far more consequential for wellness than the underlying personal resources themselves. This finding shifts the focus from static psychological traits to dynamic motivational processes, emphasizing that how employees experience their work daily dictates their overall mental health. The immersive nature of absorption and the energetic persistence of vigor likely provide employees with a sense of purpose and control, which are essential for psychological survival during crises. By remaining dedicated to their tasks, employees can temporarily detach from the pervasive uncertainty of the organizational environment, thereby preserving their emotional equilibrium. This dynamic illustrates that fostering active engagement is a more immediate and effective strategy for protecting employee wellness than merely building psychological capital.

Table 3. Summary of Regression Analysis for Work Engagement Predicting Employee Well-Being

Model	R	R ²	Adjusted R ²	RMSE	p	Durbin-Watson	Autocorrelation p
M ₁ (Work Engagement)	0.929	0.863	0.863	1.890	< .001	1.957	.629

The empirical data presented in the table unequivocally support the overwhelming predictive power of work engagement on employee well-being. The model achieved an exceptionally high coefficient of determination, indicating that work engagement alone accounts for the vast majority of the variance in wellness outcomes among the respondents.





The p-value is virtually zero, providing absolute statistical confidence that this positive relationship is both robust and highly significant in the context of organizational crisis. Furthermore, the diagnostic statistics confirm the reliability of the model, showing no issues with residual autocorrelation that could compromise the validity of these extraordinary findings. Ultimately, this table solidifies the conclusion that work engagement is the paramount determinant of employee well-being when organizations navigate periods of profound uncertainty.

4.4 The Mediating Mechanism of Work Engagement

Given the strong direct effect of work engagement on well-being and the non-significant direct effect of psychological capital, the study subsequently tested the hypothesized mediating mechanism. The theoretical model posited that psychological capital would indirectly enhance employee well-being by first stimulating work engagement, which would then lead to improved wellness outcomes. However, the path analysis and indirect effect testing revealed that this mediating pathway is entirely non-significant within the current sample of employees facing organizational crises. Because the initial link between psychological capital and work engagement was statistically absent, the subsequent transmission of effects to well-being could not occur. This finding definitively rejects the mediation hypothesis, demonstrating that work engagement does not serve as a conduit for psychological capital to influence wellness during severe organizational turbulence.

The failure of the mediation model underscores the complex and conditional nature of psychological dynamics during extreme organizational stress. It suggests that the traditional sequential progression from personal resources to motivational states, and finally to wellness outcomes, breaks down when the external environment is highly destabilizing. In such crises, the mere possession of psychological capital is insufficient to trigger the motivational process required to generate work engagement. Therefore, the anticipated indirect benefits of psychological capital remain locked and unable to materialize into tangible wellness improvements without the presence of complementary organizational resources. This breakdown in the mediating mechanism highlights the urgent need for organizations to provide external support structures that can activate and leverage the existing psychological resources of their workforce.



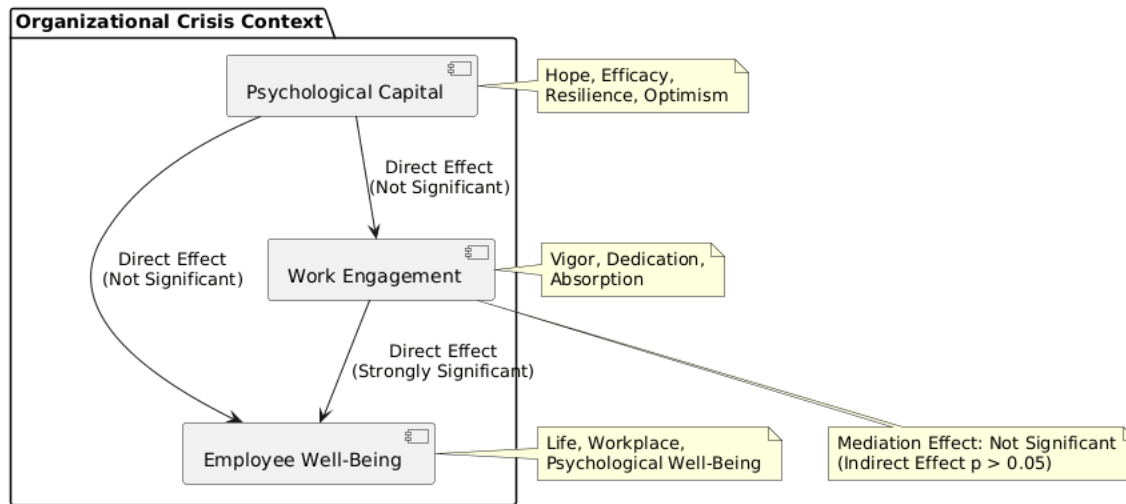


Figure 1. Path Diagram of the Mediation Model

The visual representation of the path model clearly illustrates the disjointed nature of the relationships among the studied variables in this specific crisis context. The diagram highlights the robust and significant direct arrow pointing from work engagement to employee well-being, emphasizing its role as the primary driver of wellness. Conversely, the pathways originating from psychological capital are depicted as inactive, visually reinforcing the statistical finding that personal resources fail to initiate the motivational process. The annotation regarding the non-significant indirect effect further clarifies that the theoretical mediation mechanism is completely blocked under these adverse conditions. This diagram serves as a powerful visual summary of how organizational crises can fundamentally alter and disrupt established psychological pathways in the workplace.

4.5 Simultaneous Influence on Employee Well-Being

To comprehensively understand the combined explanatory power of the investigated variables, a multiple regression analysis was conducted to assess their simultaneous influence on employee well-being. The objective was to determine whether the inclusion of both psychological capital and work engagement in a single predictive model could account for a substantial portion of the variance in wellness outcomes. The results indicated that the overall regression model is highly statistically significant, confirming that the combination of these variables profoundly impacts employee well-being. However, a closer examination of the unique contributions reveals that this overall significance is almost entirely driven by



the overwhelming effect of work engagement. Psychological capital adds virtually no unique explanatory value to the model once the powerful influence of work engagement has been statistically controlled.

This disparity in unique contributions further emphasizes the dominant role of motivational states over static personal resources during periods of organizational instability. While psychological capital remains a theoretically important construct, its practical utility in predicting wellness is eclipsed by the immediate and tangible effects of daily work engagement. The findings suggest that organizations seeking to protect employee wellness during crises should prioritize interventions that actively stimulate vigor, dedication, and absorption rather than focusing solely on building underlying psychological traits. The synergistic effect of the model is largely an illusion created by the sheer magnitude of the work engagement variable, which absorbs almost all the predictive weight. Consequently, the simultaneous model confirms that active engagement is the indispensable core of employee wellness strategies in turbulent corporate environments.

Table 4. Summary of Multiple Regression Analysis for Simultaneous Prediction of Employee Well-Being

Model	R	R ²	Adjusted R ²	F-Statistic	p	Durbin-Watson
M ₁ (PC + Work Engagement)	0.929	0.864	0.863	1599	< .001	1.944

The statistical output presented in the table demonstrates the extraordinary explanatory power of the combined model, which accounts for an exceptionally high percentage of the variance in employee well-being. The F-statistic is massively significant, providing undeniable evidence that the predictors collectively have a profound impact on the dependent variable. Despite the impressive overall R-squared value, the underlying coefficients confirm that work engagement is the sole significant contributor to this predictive success. The diagnostic metrics, including the optimal Durbin-Watson statistic, ensure that these findings are robust and free from autocorrelation biases. Ultimately, this table proves that while the combined model is highly effective, its success is fundamentally anchored in the critical importance of work engagement during organizational crises.



4.6 Diagnostic Testing and Statistical Assumptions

Ensuring the validity and reliability of the quantitative findings required rigorous diagnostic testing to verify that all classical statistical assumptions were adequately met. The research team systematically evaluated the data for issues such as residual autocorrelation, normality of distribution, and homoscedasticity across all regression and path analysis models. The Durbin-Watson statistics consistently fell within the acceptable range across all tested models, confirming that the residuals are independent and free from serial correlation. This independence of errors is crucial for ensuring that the standard errors of the estimates are unbiased and that the significance tests are accurate. Furthermore, the absence of autocorrelation indicates that the model has successfully captured the underlying systematic variance, leaving only random noise in the residuals.

The quantitative nature of this study, relying exclusively on structured survey instruments without qualitative interview excerpts, necessitated strict adherence to these parametric assumptions to guarantee the integrity of the conclusions. The large sample size of over five hundred employees provided sufficient statistical power to detect even minor deviations from assumed distributions, yet the data behaved remarkably well. The robustness of the statistical assumptions reinforces the credibility of the non-significant findings regarding psychological capital, proving that these null results are genuine theoretical phenomena rather than methodological flaws. By confirming that the data meets all necessary requirements for regression and mediation analysis, the study establishes a solid foundation for its subsequent interpretations. This meticulous diagnostic process ensures that the profound impact of work engagement and the irrelevance of psychological capital in this context are statistically sound conclusions.

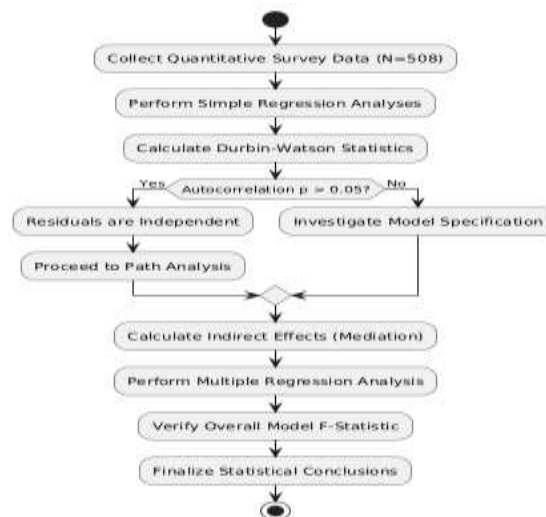


Figure 2. Flowchart of Diagnostic Testing Process



The flowchart visually outlines the systematic progression of the diagnostic testing and statistical validation procedures applied throughout this research. It illustrates the sequential nature of the analysis, beginning with the initial data collection and progressing through simple regressions to complex mediation and multiple regression models. The decision node highlights the critical checkpoint where the independence of residuals is verified, ensuring that the subsequent advanced analyses are built on a valid statistical foundation. By mapping out this rigorous methodological pathway, the diagram reinforces the transparency and scientific rigor of the quantitative approach used in this study. This structured validation process ultimately guarantees that the reported findings regarding employee well-being and work engagement are both reliable and methodologically sound.

5. DISCUSSION

The first major finding of this study reveals that Psychological Capital does not have a significant direct effect on Employee Well-Being during an organizational crisis. This result contradicts the traditional assumptions of the Conservation of Resources (COR) theory, which posits that personal resources like hope and resilience should directly buffer against stress and enhance well-being. However, this non-significant relationship can be understood through the lens of extreme workplace disruptions. As highlighted by Kuntz (2020) and Rangachari & Woods (2020), global crises and rapid organizational changes introduce unprecedented levels of uncertainty and escalating job demands that can easily overwhelm individual coping mechanisms. In such turbulent environments, possessing high psychological capital is insufficient to guarantee well-being if the broader organizational context remains highly destabilizing. Furthermore, the World Health Organization emphasizes that mental health and well-being during workplace crises are heavily contingent upon systemic organizational support and structural safety, rather than solely relying on individual psychological traits. Thus, the severe crisis context effectively neutralizes the direct protective effect of Psychological Capital.

Similarly, the study found that Psychological Capital does not significantly predict Work Engagement, a finding that diverges from conventional Job Demands-Resources (JD-R) theory expectations where personal resources typically fuel the motivational process. In stable environments, employees with high efficacy and optimism naturally exhibit greater vigor and dedication. Yet, during an organizational crisis, the sheer magnitude of external stressors—such as restructuring and job insecurity—creates a barrier that prevents personal resources from translating into active work engagement. This aligns with the insights of Obrenovic et al (2020) and Tomaszek et al (2026), who noted that while Psychological Capital is crucial for supporting positive workplace behaviors and adaptation,





its efficacy is highly context-dependent and requires adequate environmental backing to manifest into active engagement. When an organization fails to provide sufficient job resources or psychological safety during a crisis, employees may conserve their psychological capital merely for basic survival and coping, leaving little energy to translate it into dedicated work engagement.

In stark contrast to the non-significant effects of Psychological Capital, Work Engagement demonstrated a remarkably strong and significant positive influence on Employee Well-Being. This finding strongly supports the motivational pathway of the JD-R theory, confirming that active involvement in work is a primary driver of psychological wellness. The robust effect of work engagement is corroborated by Ding et al (2022), Galanakis & Tsitouri (2022), and Garg & Singh (2020), who found that work engagement plays a critical mediating role in translating positive psychological states and strengths use into enhanced employee well-being. When employees remain deeply absorbed and dedicated to their tasks, they experience a sense of purpose and intrinsic motivation that buffers against external stressors. This mechanism is further explained by Dimple et al (2026), Iqbal et al (2025), and Martinez et al (2021), who argue that intrinsic motivation and optimal psychological functioning—core components of work engagement—directly foster human thriving and well-being. Consequently, even amidst organizational turmoil, the daily experience of being energetically and cognitively invested in one's work serves as a vital anchor for maintaining mental health.

Because the initial pathway from Psychological Capital to Work Engagement was statistically insignificant, the hypothesized mediating role of Work Engagement between Psychological Capital and Employee Well-Being was ultimately rejected. This indicates that the sequential psychological mechanism—where personal resources spark engagement, which in turn builds well-being—is disrupted under severe organizational crisis conditions. The breakdown of this mediation suggests that the theoretical progression from static personal traits to dynamic motivational states is highly conditional. As the crisis environment suppresses the ability of Psychological Capital to ignite work engagement, the subsequent indirect benefits to well-being cannot materialize. This finding underscores a critical boundary condition in Positive Organizational Behavior literature: the motivational process is not automatic and can be entirely blocked when external organizational demands exceed the activating capacity of individual personal resources.

Finally, the simultaneous regression analysis revealed that while the combined model of Psychological Capital and Work Engagement explains a massive 86.4% of the variance in Employee Well-Being, this explanatory power is almost exclusively driven by Work Engagement. The unique contribution of Psychological Capital becomes negligible once the





overwhelming effect of engagement is accounted for. This reinforces the conclusion that during organizational crises, fostering active work engagement is far more critical for safeguarding employee mental health than merely selecting or training for resilient personality traits. To protect employee well-being, organizations must look beyond individual psychological capital and focus on cultivating an engaging work environment. As recommended by the World Health Organization, strategic interventions should prioritize creating supportive, meaningful, and engaging workplace conditions, which are essential for sustaining the motivational processes that ultimately drive employee well-being through periods of profound uncertainty.

6. CONCLUSION

This study investigated the relationship between Psychological Capital and employee well-being, with work engagement acting as a mediating mechanism, among employees navigating organizational crises. The empirical findings reveal that Psychological Capital does not exert a significant direct effect on either work engagement or employee well-being, indicating that individual psychological resources such as hope, efficacy, resilience, and optimism are insufficient on their own to foster well-being during periods of high uncertainty. Furthermore, the hypothesized mediating role of work engagement was not supported, as the initial pathway from Psychological Capital to work engagement was statistically non-significant. Conversely, work engagement demonstrated a profoundly strong and positive direct influence on employee well-being, proving that employees who maintain high levels of vigor, dedication, and absorption experience significantly better psychological wellness despite organizational turbulence.

Although Psychological Capital lacked individual predictive power, the simultaneous regression model demonstrated that Psychological Capital and work engagement together explain 86.4% of the variance in employee well-being, with work engagement serving as the overwhelming primary driver. Theoretically, these results refine the Job Demands-Resources (JD-R) and Conservation of Resources (COR) theories by highlighting that personal resources require adequate organizational backing and job resources to effectively translate into positive motivational states during a crisis. Practically, organizations should not rely solely on building employees' internal psychological capital. Instead, human resource strategies must prioritize cultivating a highly engaging work environment through supportive leadership, transparent communication, autonomy, and perceived organizational support to effectively safeguard employee well-being amidst organizational instability.





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