
PSYCHOLOGICAL CAPITAL THE BASIC MODEL THAT AFFECTS EMPLOYEE ENGAGEMENT

Dr. Dina Diana Lucia, M.Si

Psychologist; Academics and Practitioners

Email: diana_luciadiana@yahoo.com

ABSTRACT: *Psychological capital is a positive psychological condition owned by individuals, which can be used as a basic model for forming employee engagement. Psychological capital consists of four aspects, namely: self efficacy, optimism, hope, and resiliency (Youssef & Avolio, 2007). Meanwhile, employee engagement is a positive motivational state for employees with the presence of four behavioral aspects, namely: me, stay and strive. Employee engagement is strongly influenced by the psychological condition of employees at work or employee perceptions of the company organization. This situation can develop Psychological capital of employees towards the Corporation and increase employee engagement of employees towards the Corporation. Therefore, this research will measure psychological capital as the basic model that employees have in increasing employee engagement. This research was conducted on employees of an airline, using a psychological capital questionnaire with 32 questions, a validity score of 0.48 and a reliability score of 0.93. While the employee engagement questionnaire has 24 questions, the validity score is 0.42 and the reliability score is 0.90. The hypothetical model has been tested and fit with the data, thus it can be described between psychological capital and employee engagement significant, with a correlation $\beta = 0.37$ (t - value = $8.38 > 1.96$).*

KEYWORDS: psychological capital, employee engagement, corporation, psychology

INTRODUCTION

Psychological Capital is a positive individual psychological state, which is characterized by; self efficacy, optimism, hope, resilience to achieve success (Luthans, Youssef & Avolio, 2007). The description of the psychological capital aspects illustrates that the psychological condition of employees in the organizational context affects the decision-making and choice of actions to be involved in organizational activities. Psychological capital has a significant influence on the positive attitude employees have towards the organization and its value is defined as employee engagement (Robinson, et al., 2004). Employee engagement is a multidimensional form of emotional, cognitive, and physical aspects of employees that are bound to each other (Kahn, 1990), so it can be stated that employee engagement is a psychological experience that is owned by employees.

Employee engagement is defined as a form of individual involvement and satisfaction as well as a form of enthusiasm for work (Harter, et al., 2002). Kahn (1990) states that employee engagement is about employee attention and their absorption of their role. An engaged employee will be aware of the business context and work with colleagues to improve performance on the job for the benefit of the organization. Organizations must work to develop and maintain engagement, which requires a two-way relationship between the company and employees.

Therefore, psychological capital can serve as a basic model in an organization that is required to be able to influence followers, inspire followers and be able to align individual goals and objectives with the organization so as to create common goals (Bass & Riggio, 2006). So it takes an organizational touch because it is able to create positive psychological conditions for employees or it is called psychological capital. Support, guidance and coaching are characteristics possessed by company organizations that are closely related to the impact on motivation, performance, attitudes, conflicts and morale of employees that make up the employee's psychological capital and which direct employees to define the extent to which their interest in work is a positive feeling or psychological capital. When an employee is in a positive psychological situation, the employee will be positively involved with the company organization so that employee engagement will emerge as a result of a positive psychological condition known as psychological capital.

LITERATUR BACKGROUND

Psychological Capital. Understanding psychological capital. According to Luthans, Youssef and Avolio, 2007, psychological capital is a psychological condition that is owned by an individual, namely: self efficacy, optimism, hope and resilience. Thus psychological capital is defined as a positive psychological condition that is able to optimize the potential of an individual so that it can help organizational performance (Osigweh, 1980). Luthans, Avolio and Walumbwa (2005), define psychological capital as the core of psychological factors in general and the organization in particular makes it a competitive investment capital in individual development. Psychological capital key points; (1) based on the positive psychology paradigm (namely the importance of positive human power); (2) psychological state based on criteria of organizational behavior (unique, theory / research, valid measures); (3) individual potential (ie what you know) and social capital (ie who you know) for 'who you are'; and (4) involves investment and development (economic / financial capital) to return to increased performance and produce a competitive advantage).

Luthans and Youssef (in Donohue, 2004) define psychological capital as a model characterized by aspects that help measure individual contributions to the organization in different ways, namely; self efficacy (or belief), hope, optimism and resilience which are constructs that are interrelated and integrated in positive psychological capital. This model is suitable for further development and for the addition of other model constructs for individual development that are relevant as it becomes obvious. The psychological capital criteria described above serve as improvements to the refined model and application of organizational concepts and will add value to the process of building organizational theory (Osigweh, 1989). According to (Luthans, Luthans, & Luthans, 2004) psychological capital is a theory that develops the potential of human resources, psychological capital is a construction of understanding individual potential that is important to study. Psychological capital was developed after the existence of human capital and social capital. Human refers to a group of individuals who work in an organization, while the word capital refers to the resources invested in an organization. The definition of human capital consists of the knowledge, skills and abilities of workers who are displayed in specific competencies. Meanwhile, social capital consists of trust, relationships with other workers and the ability of individuals to develop social networks.

Avey, Youssef and Luthans (2006) explain that in psychological capital there are constructive characteristics, which influence one another so that this construct is better measured as a single unit. Psychological capital measurement, it becomes inadequate if only analyzing one or several psychological capital characteristics and their relationship with employee performance. Psychological capital Aspects. Luthans, Youssef and Avolio (2007) explain that there are four aspects of psychological capital, namely, self-efficacy, hope, optimism and resilience:

a. Self efficacy. Self efficacy in this research is an individual's self-confidence regarding his ability to mobilize motivation, sources of cognition and take a number of actions needed to achieve success in carrying out tasks, in certain contexts explaining that individuals who have self efficacy have characteristics; individuals set high targets for themselves and do difficult tasks, like and develop themselves with challenges, have high self-motivation, strive to achieve targets that have been made and remain persistent despite encountering obstacles. Individuals who have high self efficacy do not wait to set goals, even though they are full of challenges. Individuals with low self efficacy have doubts, negative feedback, social criticism, obstacles, repeated failures that have a significant impact but this does not apply to people who have high self efficacy (Luthans, Youssef & Avolio, 2007)

b. Optimism. Optimism is a way of interpreting events as self-inflicted, persistent and can occur in various situations; and interpret negative events as something that occurs due to external things, is temporary and occurs only in certain situations. Individuals with high optimism will be able to feel the cognitive and emotional implications of getting success. The individual is also able to determine his own destiny without being underestimated by others. This individual will also give thanks to all parties involved when the individual achieves success.

c. Hope. Hope is a state of positive motivation based on the process of interaction between agency (energy to achieve goals) and pathways (planning to achieve goals). Agency or willpower is a cognitive condition or thinking condition in which individuals are able to set realistic but challenging goals and expectations and try to achieve these goals with self-determination, energy and perceptions of internal control. While the pathway or way power is a condition where individuals are able to find alternative steps to achieve the desired goals when facing obstacles in the initial step application. Individuals who have hope will have various alternatives to achieve their desired goals, even though there are actually obstacles to achieving them. There are several ways to develop hope in individuals, namely by internalizing the goal and commit inwardly and make stepping by breaking the goal down into smaller steps and getting closer to the current state on a more regular basis. In addition to the two methods described above, there is a reward system. Appreciation for employees will increase desire and motivate employees to achieve goals (will power).

d. Resiliency. Resilience is the ability to bounce back or bounce back from difficulties, conflicts, failures, even on positive events, progress and increased responsibility. Defines resilience as a phenomenon characterized by positive adaptation patterns in the context of difficult and risky situations. Specifically, individuals can identify their cognitive abilities, temperament, positive perceptions of themselves, a positive outlook on life, emotional stability, self-regulation, sense of humor and attractiveness including attractiveness as potential assets so that they can contribute to a higher level of resilience which explains that Resiliency depends on two factors, namely resilience assets and resilience risk. Resilience assets are characteristics

that can be measured on a group or individual that can predict future positive outcomes with specific output criteria. Resilience risk is something that can increase unwanted results, such as experiences that do not support self-development.

The factors that influence psychological capital, Luthan and Youssef (2007) state that the factors that influence psychological capital which have a contribution as a basic construct to support the formation of ideas are:

- a. Financial deals with everything that a person has and everything that can increase in value.
- b. Human capital relates to everything a person knows or can do according to their abilities.
- c. Social capital is related to interaction with other people, the extent to which individuals know others.
- d. High targets in doing difficult tasks, challenges in self-development, self-motivation, achieving ideal targets and being able to overcome all obstacles with success. Individuals who have a high psychological capital do not wait to set a goal, even if it is full of challenges. For individuals with low psychological capital, doubts, negative feedback, social criticism, setbacks, repeated failures, have a significant impact, but they don't apply to people who have high psychological capital.

Moorman, et al., (1998) discussed the factors that influence psychological capital, namely:

- a. Interpersonal relationships to help others and loyalty to the company are influenced by increased organizational support for employees.
- b. Organizational support benefits organizations that allow increased employees to adopt a positive attitude when facing pressure and stimulate employees to achieve job challenges.
- c. Organizational support for employees will result in a positive attitude to provide feedback on performance, personal assignments and vice versa.

Employee Engagement. Organizational success, in improving employee performance, can be done through efforts to increase employee engagement, so it is necessary to have a proper understanding of employee engagement. According to Kahn (1990) employee engagement is a multidimensional form of the emotional, cognitive and physical aspects of employees who are bound to each other. Another research team, Gallup Organization (2005) which is famous for developing an employee engagement measurement tool called Gallup 12 Questions or Q12, defines engagement as employee engagement and enthusiasm for their work, which can drive business outcomes, increase employee productivity and retain organizational workers. Coffman, Gonzalez and Molina (in Little & Little, 2006) stated that the state of engaged in employees is not only about how the individual thinks, but also about how to feel, saying that the employee is collectively bound is a strength.

Hewitt (2004) mentions employee engagement in more specific terminology and translates it into three aspects of 3 (three) key behaviors, with the following explanation:

- a. SAY: engaged employees will consistently say and convey positive things about their organization to their colleagues, co-workers and customers.
- b. STAY: engaged employees will have a strong desire and desire to always be part of the organization.
- c. STRIVE: engaged employees will voluntarily do extra work to achieve company goals.

Benefits employee engagement. Research by Development Dimensions International, Inc (2006) states that the level of employee engagement and employee performance shows that when the engagement score is high, employees will be more satisfied with their work, the

level of desire to leave work is low and employees become more productive, meaning that employee engagement gives positive results. employee behavior. The results of this study indicate a significant influence between employee engagement and employee performance which in the end also has a positive impact on employee engagement at the organizational level, namely: organizational growth and productivity. Siddhanta, et al., 2010 (in Ramadhan & Sembiring, 2014) stated that the benefits of employee engagement can create success for the company through matters related to employee performance, productivity, work safety, attendance and retention, customer satisfaction, customer loyalty, up to profitability. Employee performance is one of the things that results from the creation of high employee engagement. Based on the description above, it can be concluded that employee engagement is attachment and involvement with the full enthusiasm of employees in their organization both emotionally, cognitively and physically.

METHODOLOGY

Psychological capital scale. The psychological capital instrument in this study was constructed by the author based on the psychological capital aspects of Luthans, Youssef and Avolio (2007), with aspects, namely : self efficacy, optimism, hope, resiliency. Respondents are asked to provide an assessment of each item / question according to themselves in the value range of one (1) which is the lowest value that reflects the lowest weight given by the respondent of an item / question until the number five (5) is the highest value that reflects the highest weight given the respondent to an item / question. The data obtained is through measurements with a semantic differential scale model. The Blue print on the psychological capital scale is as shown in table. 1.

Table. 1, Psychological Capital Scale Blue Print

| Aspect | Indicator | Number Aitem | | Total Aitem |
|-----------------|--------------------------------|--------------|--------------|-------------|
| | | Favourable | Unfavourable | |
| 1 Self Efficacy | a. Ability to carry out tasks | 1, 3 | 2, 4 | 4 |
| | b. Task success | 5, 7 | 6, 8 | 4 |
| 2 Optimism | a. Positive for the future | 9, 11 | 10, 12 | 4 |
| | b. Appreciation of the present | 13, 15 | 14, 16 | 4 |
| 3 Hope | a Pathways | 17, 19 | 18, 20 | 4 |
| | b. Agency | 21, 23 | 22, 24 | 4 |
| 4 Resiliency | a. Awareness to rise | 25, 27 | 26, 28 | 4 |
| | b. Talents / Skills | 29, 31 | 30, 32 | 4 |
| Total | | 16 | 16 | 32 |

Employee Engagement Scale. The employee engagement instrument in this study was constructed by the writer based on the employee engagement aspects of Hewitt Associates (2005), which aspects include: say, stay and strive. Respondents are asked to provide an assessment of each item / question according to themselves in the value range of one (1)

which is the lowest value that reflects the lowest weight given by the respondent of an item / question until the number five (5) is the highest value that reflects the highest weight given the respondent to an item / question. The data obtained is through measurements with a semantic differential scale model. The Blue print for employee engagement scale is as shown in table 2 below:

Tabel. 2, Blue Print Skala Employee Engagement

| Aspect | Indicator | Number Aitem | | Total |
|--------------|---------------------|--------------|--------------|-----------|
| | | Favourable | Unfavourable | Aitem |
| 1. Say | a. Speak positively | 1, 3 | 2, 4 | 4 |
| | b. Communicative | 5, 7 | 6, 8 | 4 |
| 2. Strive | a. Performance | 9, 11 | 10, 12 | 4 |
| | b. Contribution | 13, 16 | 14, 15 | 4 |
| 3. Stay | a. Loyalty | 17, 19 | 18, 20 | 4 |
| | b. Management | 21, 23 | 22, 24 | 4 |
| Total | | 12 | 12 | 24 |

Tabel. 3A items per Aspect Psychological Capital

| Aspect | Indicator | Favoriabel Aitem | Unfavoriabel Aitem |
|----------------------|--------------------------------|---|---|
| Self Efficacy | a. Ability to carry out tasks | 1. I was able to find a long-term solution to my problem 2. I provide input on the targeting of my work unit | 1. I am not able to convey information well to colleagues 2. My opinion is often not accepted by the work team at work meetings |
| | b. Task success | 1. I am able to make a contribution; ideas and strategies for the organization / team 2. I am able to act as a work unit representative in management meetings | 1. On several occasions, I was unable to solve problems with clients 2. I did not have the opportunity to represent the work team in several organizational activities |
| Optimesm | a. Positive for the future | 1. I am optimistic about whatever might happen to my work in the future 2. I always see the good side of this job in the future | 1. My current job does not have good prospects for the future 2. I feel inadequate to compete in future jobs |
| | b. Appreciation of the present | 1. I am sure if there is a problem at this time I can solve it well. 2. I believe that every problem in work has a solution. | 1. When there are problems with my current job, I always ask other people for help. 2. I am pessimistic about being able to solve current work problem |
| Hope | a. Path ways | 1. If I have a problem at work, I have various alternatives to solve it. 2. I never thought about how to complete the work target. | 1. I feel less successful in my career and work. 2. I think of various ways to achieve my work targets |
| | b. Agency | 1. Right now, I feel excited to reach my target at work. 2. There are various alternative solutions behind each problem. | 1. Every time I work, I am not eager to show good performance and work. 2. I often do not find the right solution to achieve maximum work targets |
| Resilency | a. Awareness to rise | 1. I go through difficult times at work because I have been there before. 2. I stay excited when I face difficulties at work | 1. I'm not used to dealing with stressful things at work 2. When faced with problems at work, it often makes me easily give up |
| | b. Talents / Skills | 1. I can do multiple tasks at once 2. I am able to cope easily with stressful things at work. | 1. The abilities and skills I have are not compatible with my current job. 2. I need the help of colleagues to solve work problems |
| TOTAL | | 16 | 16 |

Tabel. 4A items per Aspect Employee Engagement

| Aspect | Indicator | Item Favoriabel | Item Unfavoriabel |
|---------------|---------------------|---|--|
| Say | a. Speak positively | 1. I am proud to work for this company 2. I recommend this company as a good place to work | 1. I discuss things that the company lacks with friends outside the company 2. I convey to colleagues that the company does not pay attention to employee welfare |
| | b. Communicative | 1. If the opportunity arises, I will tell others the good things about working at this company. 2. I tell my colleagues, this company is the best place to work. | 1. I have never told anyone about the situation and working conditions at this company 2. I always criticize company policies that are not in line with employee expectations |
| Strive | a. Performance | 1. Targeting, prioritizing and project planning and quality control allows me to work as productively as possible. 2. The way the company manages performance here allows me to contribute as much as possible to the company's success. | 1. The organization lacked the support I needed to succeed 2. The tools and resources provided by the company did not allow me to work with high productivity. |
| | b. Contribution | 1. The company inspires me to do my best 2. The company pays attention to and provides support to its employees objectively | 1. Our company is more focused on business development and less concerned with developing employee skills 2. Company management does not provide tools / work equipment needed by employees |
| Stay | a. Loyalty | 1. I intend to spend my productive age in this company. 2. My assessment of this company is that it is the best place to work for people with skills and experience like me. | 1. I often think about leaving this company to work for another company 2. I already have a plan to look for career opportunities in other companies |
| | b. Management | 1. An emotional attachment to this company made me refuse an offer to work for another company. 2. The work environment in this company is very family friendly and makes employees feel comfortable 12 | 1. The work situation is uncomfortable because the work team is not solid 2. The unfavorable environment made me think about moving to another company. |
| TOTAL | | 12 | 12 |

As the subject of this research are employees of transportation companies who work in as the subject of this research are employees of transportation companies who work in the Operations Department in Jakarta, Indonesia. The spread of research subjects includes areas; Jakarta and its surroundings (Bogor, Tangerang, Bekasi and Depok). The number of respondents involved in this study were 285 operational employees of the Transportation Corporation. From the results of the scale distribution (questionnaire), 281 scales (questionnaire) were returned and 277 scales (questionnaire) were declared eligible for further analysis.

FINDINGS

The research data were analyzed using the Structural Equation Model (SEM) using the Linear Structural Model (LISREL) version 8.72 (Joreskog & Sorbom, 2008). The suitability of the psychological capital variable in the results of the 2nd Order CFA test can be seen in the Goodness of fit (GoF) value in the table. 5 below:

Table. 5, GoF Structural Model of Psychological Capital scale

| Ukuran GOF | Kriteria Keputusan | Nilai hitung | Keterangan |
|---------------|-----------------------|--------------|-----------------|
| RMSEA | ≤ 0.08 | 0.06 | <i>Fit</i> |
| GFI | ≥ 0.90 | 0.92 | <i>Fit</i> |
| NFI | ≥ 0.90 | 0.94 | <i>Fit</i> |
| NNFI | ≥ 0.90 | 0.96 | <i>Good Fit</i> |
| CFI | ≥ 0.90 | 0.97 | <i>Good Fit</i> |

Based on testing with the 2nd Order CFA, psychological capital variable, it is known that the standard loading factor is ≥ 0.50 , so the validity is good.

The suitability of variables in the results of the 2nd Order CFA variable for employee engagement can be seen in the goodness of fit (GoF) value of the employee engagement scale, in the table. 6 below:

Table. 6, GoF Structural Model of Employee Engagement Scale

| Ukuran GOF | Kriteria Keputusan | Nilai hitung | Keterangan |
|---------------|-----------------------|--------------|------------|
| RMSEA | ≤ 0.08 | 0.078 | <i>Fit</i> |
| GFI | ≥ 0.90 | 0.91 | <i>Fit</i> |
| NFI | ≥ 0.90 | 0.93 | <i>Fit</i> |
| NNFI | ≥ 0.90 | 0.94 | <i>Fit</i> |
| CFI | ≥ 0.90 | 0.95 | <i>Fit</i> |

The goodness of fit structural model of employee engagement has met the standard GoF value is ≥ 90 which means good (fit) (Santoso, 2016). Measuring the reliability of the psychological capital variable to determine the reliability of the items on each indicator and the variance of the extract, the results of the management leadership scale reliability test can be seen in the table. 7 below:

Table. 7, Reliability Test On The Psychological Capital scale

| Idikator | Standar Loading | α^2 | Measurement Error (1- α^2) | CR | VE |
|----------|-----------------|------------|------------------------------------|------|------|
| PC1 | 0.68 | 0.46 | 0.54 | | |
| PC3 | 0.64 | 0.41 | 0.59 | | |
| PC5 | 0.75 | 0.56 | 0.44 | | |
| PC7 | 0.64 | 0.41 | 0.59 | | |
| PC9 | 0.66 | 0.44 | 0.56 | | |
| PC10 | 0.57 | 0.32 | 0.68 | | |
| PC11 | 0.67 | 0.45 | 0.55 | | |
| PC13 | 0.66 | 0.44 | 0.56 | 0.93 | 0.48 |
| PC15 | 0.71 | 0.50 | 0.50 | | |
| PC17 | 0.63 | 0.40 | 0.60 | | |
| PC21 | 0.62 | 0.38 | 0.62 | | |
| PC23 | 0.64 | 0.41 | 0.59 | | |
| PC24 | 0.58 | 0.34 | 0.66 | | |
| PC26 | 0.55 | 0.30 | 0.70 | | |
| PC27 | 0.65 | 0.42 | 0.58 | | |
| α | 9.65 | 6.25 | 6.78 | | |

The results of the calculation obtained the Construct Reliability value of 0.93, with the standard set by CR is ≥ 0.70 and the result of variance extract is 0.48, with the VE standard being ≥ 0.50 , thus it can be concluded that the reliability of the psychological capital construct has been met even though the variance extract value is < 0.50 . Hatcher in Longino (2007), explains that the variance extracted test is conservative, so that the VE value < 0.50 can be accepted.

Measuring the reliability of the workers engagement scale reliability measurement to determine the reliability of items from each indicator and variance extract. The results of the calculation showed that the construct reliability value was 0.90, with the standard set by CR is ≥ 0.70 and variance extract 0.42, with the VE standard being ≥ 0.50 (Kusnendi, 2008), thus it can be concluded that the reliability of the employee engagement construct has been fulfilled, even though the variance extract value < 0.50 . Hatcher (in Longino, 2007) explains that the variance extracted test is conservative, so that the VE value > 0.50 can be accepted. Based on the results of the analysis above, it is concluded that the employee engagement variable measurement model can be accepted as a fit model with field data and then a significance test can be carried out. Employee engagement scale reliability test results can be seen in the table. 8 below:

Table. 8, Reliability Test on the Employee Engagement Scale

| <i>Indikator</i> | <i>Standar</i> (α) | <i>Loading</i> α^2 | <i>Measurament Error (1-</i> $\alpha^2)$ | <i>CR</i> | <i>VE</i> |
|------------------|--------------------------------|------------------------------|---|-----------|-----------|
| <i>E1</i> | 0.64 | 0.41 | 0.59 | | |
| <i>E2</i> | 0.58 | 0.34 | 0.66 | | |
| <i>E3</i> | 0.56 | 0.31 | 0.69 | | |
| <i>E7</i> | 0.51 | 0.26 | 0.74 | | |
| <i>E9</i> | 0.52 | 0.27 | 0.73 | | |
| <i>E11</i> | 0.69 | 0.48 | 0.52 | | |
| <i>E13</i> | 0.75 | 0.56 | 0.44 | | |
| <i>E16</i> | 0.63 | 0.40 | 0.60 | 0.90 | 0.42 |
| <i>E17</i> | 0.51 | 0.26 | 0.74 | | |
| <i>E18</i> | 0.62 | 0.38 | 0.62 | | |
| <i>E20</i> | 0.8 | 0.64 | 0.36 | | |
| <i>E22</i> | 0.63 | 0.40 | 0.16 | | |
| <i>E23</i> | 0.51 | 0.26 | 0.07 | | |
| α | 7.95 | 4.97 | 6.92 | | |

The value of goodness of fit (GoF) from the results of the test for the relationship between the variable model structural variable psychological capital and employee engagement can be seen in the table. 9 below:

Table. 9, GoF Full Model Structural Psychological Capital and Employee Engagement

| Ukuran GOF | Kriteria Keputusan | Nilai hitung | Keterangan |
|---------------|-----------------------|--------------|-----------------|
| RMSEA | ≤ 0.08 | 0.07 | <i>Fit</i> |
| GFI | ≥ 0.90 | 0.94 | <i>Fit</i> |
| NFI | ≥ 0.90 | 0.99 | <i>Good Fit</i> |
| NNFI | ≥ 0.90 | 0.98 | <i>Good Fit</i> |
| CFI | ≥ 0.90 | 0.99 | <i>Good Fit</i> |

The results of the second analysis to test the fit model against the hypothetical model show the fit index: RMSEA = 0.07, GFI = 0.94, NFI = 0.99, NNFI = 0.98, CFI = 0.99, the model suitability index has met the value of the Goodnes of Fit (GoF) parameter, all have a fit value. The fit of the model is feasible and meets the GoF so that the overall estimated structural model is acceptable, showing that the index is fit with the data. The results of the significance test of the t-value ≥ 1.96 , where some research experts state that the minimum limit of the t-value which is considered feasible in confirmatory research is not less than 1.96 (Gozali, 2004). From the description of the structural relationship of all variables, the hypothetical model has been tested and fit with the data, thus it can be described between psychological capital and employee engagement significant, with a correlation $\beta = 0.37$ (t - value = 8.38 > 1.96).

CONCLUSION AND DISCUSSION

Psychological capital has a significant and positive effect on employee engagement in this study. Psychological capital as the basic model for the psychological condition of employees referred to in this study, which is influenced by various situations of individual social environment, especially the comfort of the company's organizational environment that can create employee engagement (Mc. Bain in Margaretha & Saragih, 2008). Supporting working conditions and situations will have an impact on the psychological condition of employees. A solid work system, friendship-team work and management are able to create a competitive and conducive working atmosphere. Therefore, Mc Bain, 2007 and Colquit, et al., 2001 (in Saks, 2006) explain that psychological capital which is conditioned in a work environment that is expected to be fair will build emotional bonds or better engage between employees and the organization / corporation.

Luthan (2007) in his research stated that one of the factors that influence employee engagement is psychological capital owned by employees, which serves as a basic model for positive psychological conditions, known as psychological capital. This proves that psychological capital possessed by employees is the key to work success and life satisfaction which is packaged in the framework of employee engagement in the success of the life of the organization / corporation.

FUTURE RESEARCH

Employee engagement research can be carried out with variables other than the variables in this study, with variables of organizational climate, organizational images, organizational support models or different organizational core business. To see the comparison or other variables from the results of this engagement research, because each organization has a different way of determining HR management strategies, and it can lead to other variables as exogenous variables that affect employee engagement.

REFERENCES

- Avey, J. B., Luthans, F., & Youssef, C. M., (2006) The additive value of positive psychological capital in predicting work attitudes and behaviors. *Leadership Institute Faculty Publications*. Paper 6.
- Bandura, A. 1997. *Self-efficacy: The exercise of control*. New York: Freeman
- Bernthal, R., & Paul. (2007). Measuring employee engagement. *White paper DDI World*.
- Bass, B. M., & Riggio, R. E. (2006). *Transformational Leadership* (2nd ed.). Mahwah, NJ: Lawrence Erlbaum Associates
- Development Dimensions International, Inc. (2004). Measuring employee engagement-white paper (pp-1-4)
- Development Dimensions International (DDI) (2006). *Whitepaper-Driving Employee Engagement*. Available: www.ddiworld.com (December 12, 2014).
- Donohue, R., (2004). Examining positive psychological capital. *Liam Page, Department of Management Monash University*.

- Forbringer & Louis, R. (2002). Overview The Gallup Organization Q-12 Survey. OESolutions 2002. taken on January 28, 2015 at www.oestrategies.com/papers/gallup.pdf.
- Gallup Organization. (2005). Employee engagement: The engagement side of the human sigma equation. Retrieved from www.gallup.com. On 12 th December 2014.
- Gallup Organization. (2008). Employee engagement: What's your engagement ratio?, *Gallup Consulting*.
- Ghozali. (2004). *SEM metode alternative dengan partial least square*. Edisi 2. Semarang : BP-Undip
- Harter.,J.K., Schimidt,F.L., & Hayes,T.L. (2002), Business-unit level relationship between employee satisfaction, Employee engagement, and business outcomes : *A meta-analysis journal of Applied Psychology*, 87. 268-279.
- Hewitt Associates (2004). *Employee engagement at double-digit growth companies*, Research Brief.
- Kahn. W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, Vol. 33, 692- 724.
- Kahn, W. (1990). Psychological conditions of personal engagement and disengagement at work. *A Academy of Management Journal*; ; 33, 4; ProQuest pg. 692
- Little, Beverly, Little. & Philip. (2006). Employee engagement: Conceptual issues. *Journal of Organizational Culture, Communications, and Conflict*, Vol. 10, No. 1.
- Longino, E. (2007). The be erminats of sales organization effectiveness in pharmaceutical Indus-try. USA: Boca Raton.
- Luthans F, Avolio B, Walumbwa F, & Li W. (2005). The psychological capital of Chinese workers: Exploring the relationship with performance. *Management and Organization Review*, 1, 247–269. (253).
- Luthans, F., Luthans, K. W., & Luthans, B. C. (2004). *Positive psychological capital: beyond human and social capital*. Business Horizons 47/1, 45- 50.
- Luthans F, Avolio B, Walumbwa F, Li W. (2005). The psychological capital of Chinese workers: Exploring the relationship with performance. *Management and Organization Review*, 1, 247–269. (253).
- Luthans, F., Youssef, C. M., & Avolio, B. J. (2007). *Psychological capital: The human competitive edge*. New York: Oxford University Press, Inc.
- May, D.R., Gilson, R.L., & Harter, L.M. (2004). The Psychological conditions of meaningfulness, safety, and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology*, 77(1), 11-37.
- McBain, R. (2007). The practice of engagement research into current employee engagement practice. *Journal HR Strategic Review*, Vol. 6, No. 6.
- Margaretha, M., & Saragih, S. (2008, September). Employee engagement: efforts to improve organizational performance. Paper presented at the 2nd national conference of UKWMS Surabaya.
- Nowack, Kenneth, Learning. & Envisia. (2008), "Leadership, emotional intelligence and employee engagement: Creating a psychologically healthy workplace", *Article : Envisia learning*, p.1-13. <http://abstracts.envisialearning.com/43-abstractFile.pdf>
- Tsung, T.L. (2013). The relationships among perceived organization support, psychological capital and employees' Job burnout in international tourist hotels. *Life Science Journal*, 2013;10 (3).