The impact of Workplace Well-Being and Psychological Capital, to the Individual Readiness for Change

Dini Fatturahmi Fachruddin,  
Post Graduate Student, Faculty of Psychology, Universitas Indonesia  
dini.fatturahmi@gmail.com

Wustari H Mangundjaya,  
Senior Lecturer, Faculty of Psychology, Universitas Indonesia  
wustari@yahoo.com

Abstract
Every organization should change according to the needs and requirement of the environment, failure to effectively managing change may result in wasted resources, suboptimal organizational performance, and deteriorating employee morale. As a result, preparing employees to be ready for the organization change is important. The questions arises are what kind of variable that will influence and has an impact on the individual readiness for change? Are the conditions of the organization (workplace well being) is better predictor to the individual readiness for change than individual condition (psychological capital). The objective of this research is to identify the relationship and impact between Workplace Well being, and Psychological Capital to Individual Readiness to Change. This study done in one of State Owned Bank in Indonesia (N= 502), and the results show that employee’s psychological capital are positively related and have contributed to Individual Readiness to Change, however work place well being were not significantly correlated with the Individual readiness for Change.

Key words: Readiness to Change, Workplace Well-being, and Psychological Capital.
Introduction

Change, is a must in an organization. However, managing change is not as easy as it looks. Managing organizational change is, in very large part, about managing the “people” aspects of that process. Smith (2005), in this regard mentions that people, the human capital of the organizations, are both an essential factor as well as the biggest obstacles to achieving organization change. In this regard, it is people who are the real source of, and vehicle for, change. They are the ones who will either embrace or resist change. As a request, the people should be ready in facing changes or usually called as change readiness. Change readiness is not automatic and it cannot be assumed. A failure to assess organizational and individual change readiness may result in managers spending significant time and energy dealing with resistance to change. By creating change readiness, before attempts of organizational renewal begin the need for later action to cope with resistance may be largely avoided.

In this regard the, questions arise what kind of variables that can influence the Individual Readiness for Change. The objective of the study is to identify the correlation and contribution between Psychological Capital and Workplace Well-being with the Individual Readiness for Change. This study is important as by understanding and the organization concept Individual Readiness for Change will help the manager to understand and to prepare the process of change effectively as well as to handle employee resistance to change effectively (Holt et al., 2007).
Theoretical Framework

The discussion below will discuss about individual readiness for change, the importance of Individual Readiness for Change, factor influencing Individual Readiness for Change.

Individual Readiness for Change

Armenakis et al. (1993), mention that individual readiness for change is reflected at the beliefs, attitude, and intention of the member organization in relation with how much change is needed and how much the capacity of the organization to make the successful change.

Furthermore Holt (2007), says that Individual readiness for change is the comprehensive attitude that simultaneously was influenced by the content (what has been changed), process (how is going to change), context (in what situation that the change is done), and characteristic of individual who involved in the change process. In which the total of it, reflecting the individual trend or a group of individual that cognitively and emotionally adopted the plan to change the condition in certain time and with specific objectives.

Moreover, Individual Readiness for Change is a different construct than resistance to change. Ellett, Bateman, and Rugutt (1996) have explicitly differentiate between Individual Readinees for Change and resistance as follows. Resistance is the behavior or external action to stop, postpone, or destruct the implementation of organization change. On the other hand, Individual Readiness for Change can be seen as mental attitude of the individual before acting when facing with the change process (either accepting or adopting the organization change).

In this regard, Hanpachern (1997) developed the instruments to measure the Individual Readiness for Change based on three dimensions, namely resisting, participating, and promoting. Resisting is the negative attitude of the individual toward change. Participating is the individual participation in the change process. Promoting is about how far a person would like to implement the change process.
Factors influencing Individual Readiness for Change

According to various researchers (Madsen, Miller, & John, 2005; Devos et al., 2008; Huy in Wittenstein, 2008; Hanpachern, Morgan, & Griego in Madsen et al., 2005; McNabb & Sepic in Madsen et al., 2005; Weber and Weber in Wittenstein, 2008; Leiter and Harvie in Wittenstein, 2008; and Holt et al. 2007), there are some factors that can influence the Individual Readiness for Change, namely:

1. Commitment, Identification with organization, loyalty and Employee Involvement has positively correlated with Individual Readiness for Change (Madsen, Miller, & John; 2005).
2. Demographic factors such as: education and position have correlated with the degree of Individual Readiness for Change. (Devos et al., 2008). In this regard, employees with higher educational background has higher Individual Readiness for Change compares to employee with lower educational background. The same condition applies with the position. It shows that employee with higher position has higher level of Individual Readiness for Change compares to the employee at the lower position (Devos et al., 2008).
3. Some factors such as belief, support, and conducive organizational environment has influenced the Individual Readiness for Change (Huy in Wittenstein, 2008).
4. Knowledge and Skills of the Employee, Interpersonal Relationship at Work, also Organizational Culture, as well as The Relationship between Management and Leader has positively correlated with the Individual Readiness for Change (Hanpachern, Morgan, & Griego in Madsen et al., 2005)
5. Job Satisfaction and Effective Performance Management has correlated with Individual Readiness for Change (McNabb & Sepic in Madsen et al., 2005).
6. Trust in Management, Perception of Supervisor Supports, and Perceptions of Organization Readiness has correlated with Individual Readiness for Change (Weber and Weber in Wittenstein, 2008). Similar findings shows that (Leiter and Harvie in Wittenstein, 2008) acceptance to change is positively correlated with trust in management, effective communication, supportive supervisors, and the value of work.
7. Content of the Change, Context, Process and Individual Characteristics are also four factors that can influence individual readiness for change (Holt et al., 2007).
Psychological Capital

In Positive Organizational Behavior, Luthans and colleagues (Luthans, F., Luthans, K.W., & Luthans, B. C., 2004; Luthans & Youssef, 2004; Luthans, Youssef, & Avolio, 2007) identified the positive constructs of efficacy, hope, optimism, and resilience as at least initially best meeting the inclusion criteria and in combination termed them “psychological capital.” This psychological capital or simply PsyCap is defined as:

An individual’s positive psychological state of development that is characterized by: (1) having confidence (self-efficacy) to take on and put in the necessary effort to succeed at challenging tasks; (2) making a positive attribution (optimism) about succeeding now and in the future; (3) persevering toward goals, and when necessary necessary, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resilience) to attain success. (Luthans, Youssef, & Avolio, 2007, p. 3)

In this definition, PsyCap has the integrative, common thread running through the four dimensions (i.e., efficacy, optimism, hope, and resilience) of a motivational propensity to accomplish goals and succeed. Taken as a whole, PsyCap has been demonstrated conceptually (Luthans, Youssef, & Avolio, 2007) and empirically (Luthans, Avolio, et al., 2007) to be a higher order core construct. Furthermore, it predicts desired employee outcomes such as performance and job satisfaction better than the individual resources independently (Luthans, Avolio, et al., 2007).

The positive psychological resources that comprise the core construct of PsyCap are fundamentally of a cognitive nature. For example, hope is defined as a “positive motivational state based on an interactively derived sense of successful (a) agency (goal directed agency) and (b) pathways (planning to meet goals)” (Snyder, Irving, & Anderson, 1991, p. 287). Efficacy beliefs are defined as “one’s conviction (or confidence) about his or her abilities to mobilize the motivation, cognitive resources or courses of action needed to successfully execute a specific task within a given context” (Stajkovic & Luthans, 1998, p. 66) and is based on Bandura’s Social Cognitive Theory (1986, 1997). Optimism is defined as the attributions one makes and the explanatory style one uses in response to events (Seligman, 1998). It is oriented toward
evaluation of the past or recently occurring events—as opposed to only being oriented toward the future. Specifically, Seligman (1998) describes an optimist as a person who attributes the outcomes of positive events to internal, stable efforts, or causes, whereas negative events or outcomes are attributed to, or perhaps explained by specific, unstable, external events that perhaps were also unavoidable. Finally, resilience, the fourth component of PsyCap, is defined as one’s ability to “bounce back” or rebound when faced with a disappointing outcome, setback or failure or even positive events (Luthans, 2002b). At the heart of resilience is the concept of adaptability—particularly when faced with adversity (Block & Kremen, 1996; Masten et al., 1985). Such cognitive resources (e.g., efficacy, hope, optimism, and resiliency) fall within the boundaries of Conservation of Resources (COR) theory and are explicitly noted as having relevance and aligning with current trends in COR theory (Hobfoll, 2002). Thus, it was proposed that these four components combine into PsyCap to foster cognitive evaluations of the availability of resources as indicators in one’s global assessment of wellness.

In sum, it was proposed that there is a linkage of PsyCap with the core aspect of psychological resource theory (i.e., the means of a cognitive appraisal of the situation). The theoretical mechanisms from psychological resources are characteristic of how PsyCap is defined, theorized and operationalized.

**Employee Workplace Well-being**

The general conceptualization of well-being is equally vague. However, as the study at hand views the concepts from organizational perspective, both of the terms are defined according to Danna and Griffin (1999) definitions which are widely seen as appropriate for organizational research (for example Macik-Frey, Quick & Nelson 2009). Danna and Griffin suggest that health as a term is narrower than well-being and thus should be applied to organizational settings when specific physiological or psychological indicators are of interest and concern. On the other hand, well-being tends to be a broader concept that takes into consideration the “whole person.” (Danna & Griffin 1999, 364).
Occupational health as a definition concentrates purely on the physiological and psychological aspects of health within organizational context. Here physical health refers to employees’ physical well-being, i.e. non-existence of negative physical effect, and psychological health on the other hand (although not having single definition consistent in the literature) to the absence of distress caused by the organizational settings (Farrell & Geist-Martin, 2005, 548). Occupational health thus can be seen as context-free in its nature as it means same things to the different people under different organizational settings. In short, occupational health aims at preventing all the possible physiological and psychological health risks organizational settings could alter the employee to.

Whereas occupational health as definition is limited to cover only context-free physiological and psychological aspects of health and to limit its responsibility within organizational setting, the employee well-being as definition argues that well-being does not represent the same state of being and mind for everyone. Indeed, it adopts a fairly subjective view towards employee well-being by defining it as broadly as “ones overall experience in life” reflecting ones self-described happiness (Diener et al 1999, 277).

Referring to one’s overall experience in life, the employee well-being thus takes a broader viewpoint towards corporate wellness. In addition to the physiological and psychological aspects of health, it also covers two other elements of health. Thus, employee well-being is seen as being constructed by physical, psychological, spiritual and social aspects. In this regard, spiritual health refers to a process of individual growth and nourishment at workplace by highlighting the importance of finding individual purpose for work and having a meaning in day to day tasks, and social health to the quality of an individual’s network of professional and personal relationships (Farrell & Geist-Martin, 2005, 549). Consequently, employee well-being adopts subjective approach to corporate wellness where the overall happiness of an employer is determined not only within organizational setting, but also during free time.

Therefore, well-being is about quality of one’s life guided by a person’s own set of criteria. Accordingly, stress and illness are consequences of the lack of fit between individual needs and demands and those of the environment. Well-being includes factors related to one’s job (i.e.
work overload, long hours and travel), ones role in the organization (i.e. role ambiguity, role conflict, and the degree of responsibility), ones relationships at work, one’s career development and the organizational structure and climate the person is part of (Cooper & Cartwright 1994, 265). In short, employee well-being is all-encompassing physical, psychological, spiritual and social state of mind that is based on work environment and free time suitable integration (Kivistö, Kallio & Turunen 2008, 21).

Well-being is a concept which includes both physical and psychological well-being (Warr, 2002). The work environment which affects physical well-being can be more noticeable, which means that one can more easily see the direct link between the physical environment and a subsequent health problem. In contrast, the way in which the work environment affects the psychological health is less noticeable and less direct. In the last 30 years, theory and empirical research has focused more on the negative impacts of work on well-being; more precisely, on how work stress influences health. Therefore, physical well-being is not going to be discussed in the thesis; the authors will focus on the psychological well-being of employees as important factor influencing their performance (Briner, 2002).

Psychological well-being can be taken context-free, and it involves feelings about life in general. Furthermore, restricted concern in this context is job related well-being, which is people’s feelings about themselves in relation to their job (Warr, 2002).

Positive well-being creates psychologically healthy individuals who have the capability to show better interpersonal behaviors, create warm and trustworthy relationship, and have a higher performance, being more punctual, taking fewer sick days etc. Conversely, decreased well-being would decrease the chances to cope effectively with the stressors. It is very important to pay attention to the psychological well-being because it influences the employee’s behavior, interaction with colleagues, decision making and it continues to affect the family and social life as well (Rasulzada, 2007).

It is also vital to examine what are the causes that are that are decreasing the well-being of the employees. As Briner (2002) states, the work environment is a main cause that affects both the
physical and psychological well-being. The work environment can be physical such as equipment, heat, noise, or lightning, and it has been shown that this influences a number of psychological processes. The other environmental factor is characteristics of the job itself, such as task complexity and ability to perform, workload, or task repetitiveness, are some of the most important factors that influence well-being.

Furthermore, organizational features such as culture, history, and aspects of extra organizational factors such as labor market conditions or industry sector, are also important factors that contribute to the well-being of the employees. For example, organizational factors can affect well-being in situations when the employee experiences difficulties in relationships outside of work that can affect his/her stress level. This can lead to less capability to deal with problems and be less challenging (Briner, 2002). Based on the discussion above, it can be concluded that work environment factors could possibly link together job performance and wellbeing. They are known as physical stressors in the work environment and were named in the previous section. The importance of these stressor factors is assumed to be noticeable because they can influence the level of both job performance and job-related well-being.

**Psychological Capital and Organizational Change**

It was discussed before, (Kotter, 1996, 2005; Stewart-Black & Gregersen, 2008), it is not organizations as entities that change, it is the people who are part of the organizations who change (Bovey & Hede, 2001, Woodman & Dewett, 2004). Obviously, employees need to have the right knowledge, the skills and tools in order to work on the new ways that the organizational change imposes. However, in addition to this, the role of individual in a change context should be explored. Individual characteristics have been included in the study of organizational change in different ways. Not only that, attitudes, personal resources have also been included, either as predictors, mediators, or moderators.

In many research study, self-efficacy is often included as a predictor in studies on the adoption of technological innovations (e.g., Lam, Cho, & Qu, 2007). Hill, Smith, and Mann (1987) showed the importance of efficacy beliefs in the decision to adopt an innovation. They demonstrated the
impact of computer self-efficacy on adoption, independent of the beliefs relating to the instrumental value of doing so. It has been argued that self-efficacy is crucial for adaptive behavior and performance. If employees lack confidence regarding new behaviors they are unlikely to try these out (Griffin & Hesketh, 2003). Wanberg and Banas (2000) also found that change related to self-efficacy, self-esteem, optimism, and a sense of control predicted openness to change, while openness predicted outcomes such as job satisfaction, irritation, and turnover intentions.

Furthermore, Ashford (1988) found that people with high self-esteem were better at coping with stress during organizational change than people low on self-esteem. Campbell (2006) showed that employees with a high learning orientation were more positive and proactive towards change than employees with a low learning orientation. Holt et al. (2007) used change efficacy in their model for measuring individual readiness to change. Change related to efficacy was found to partially mediate the relationship between change related to information and well-being. Furthermore, self-efficacy was found to buffer stress during the change process (Jimmieson, Terry, & Callan, 2004).

It has been suggested that promotion focus is associated with more engagement in change-related behaviors than prevention focus (Dewett & Denisi, 2007). Moreover, Liberman, Idson, Camacho, and Higgins (1999) found that promotion focused individuals showed more openness to change than individuals with a prevention focus. Furthermore, Avery, Wernshing, and Luthans (2008) found that the predictive value of PsyCap on change attitude was mediated by positive emotions. On the other hand, Stark, Thomas, and Poppler (2000) found that self-esteem moderated the effects of organizational change on job satisfaction. Employees with high self-esteem reported higher job satisfaction than those with low self-esteem. Individual have also been studied as mediators in organizational change settings. For example, Martin, Jones and Callan (2005) found a relationship between psychological climate and adjustment indicators (well-being, job satisfaction, commitment, absenteeism, and turnover intention). This relationship was mediated by change-efficacy that partially mediated the relationship between self-management
training, outcome expectancies, and job performance. Based on this discussion, it can be concluded that Psychological Capital is related to Organizational change issues.

**Psychological Capital and Workplace Well-being**

In helping to define the boundaries of occupational health psychology (OHP), Quick (1999, p. 123) notes that “OHP applies psychology in organizational settings for the improvement of work life, the protection and safety of workers, and the promotion of healthy work. Healthy work exists where people feel good, achieve high performance, and have high levels of well-being.” In addition, the public health notions of prevention have been incorporated in OHP. For example, prevention models have been adopted and applied through interventions to prevent factors that detract from employee well-being in the workplace (e.g., see Quick, Quick, Nelson, & Hurrell, 1997). Given the importance of employee well-being at work as well as enhancing the capability to develop it, the purpose of this article is to introduce and empirically test an emerging construct, psychological capital (PsyCap), that we propose is related to and may help facilitate the occupational health objective of attaining high levels of employee psychological well-being (PWB).

Researchers in occupational health and health psychology have demonstrated that well-being is impacted by: hope (Snyder, Lehman, Kluck, & Monsson, 2006), resiliency (Britt, Adler, & Bartone, 2001; Ferris, Sinclair, & Kline, 2005; Keyes, 2007; Williams & Cooper, 1998), self-efficacy (Axtell et al., 2000; Bandura, 1997; and Meier, Semmer, Elfering, & Jacobshagen, 2008), and optimism (Carver et al., 2005). Indeed, Seligman’s learned optimism intervention is cited by OHP scholars as an exemplar of primary prevention for individuals (Quick, 1999). Thus, Avey (2010) propose that capacities such as these may be further explored as components of a higher order construct, such as PsyCap with positive effects on well-being.
Methods and Measures

Samples

The samples are taken public/state owned banking in Jabodetabek (Jakarta, Bogor, Depok, Tangerang, Bekasi) area consist of 502 respondents. The characteristics of the samples are as follow: permanent employee of the company (with minimum two years of working in the company) with age ranged between 25-65 years old. At least 2 years working in the organization and have educational background at least Senior High School Graduates.

Instruments

This research used 3 self-report questionnaires.

Psychological Capital Scale

The Psychological capital scale in this research is using Indonesian General Psychological capital Questionnaire (I-GPCQ) developed by Mangundjaya & Jaya (2010). The questionnaire consists of 12 item which adopted and modified from Psychological Capital Questionnaire (PCQ) developed by Luthans, Youssef dan Avolio (2007) to measure 4 dimensions of Psychological Capital, with following details: 3 items for self-efficacy, 3 items for optimism, 3 items for resiliency, and 3 items for hope. During the measurement, researcher found that 1 item is not a good tools to measure optimism, and so that researcher added 1 more item for measuring optimism. The Reliability of the questionnaire with Cronbach’s alpha is 0.825. (α = 0.911)

Workplace Well-being

The Workplace Well-being scale that used in data gathering is developed from grounded research that held by Mnangundjaya and her team using 110 data samples. The grounded research held to identify dimensions that related to workplace well-being that generally affecting employee well-being in their work environment. The results show that, there are 10 dimensions that perceived as an important role to achieve employee well-being in the workplace, namely: wages, benefits, facilities, work climate, career development (career path), management
regulations, personal development, colleagues, work characteristics, and superior. The Reliability of the questionnaire with Cronbach’s alpha is 0.911 (α = 0.911)

**Individual Readiness for Change Scale**

The Individual Readiness for Change is constructed from the Individual Readiness for Change scale developed by Hanpachern (1997). The scale is consists of 12 items to measure 3 dimensions, as follows: resisting, participating, and promoting. The Reliability with Cronbach’s alpha is 0.520. (α = 0.520).

**Data Analysis**

Data were analyzed using Multiple Correlation, Pearson’s Correlation, and Regression.

**Result**

**Overall**

The questionnaire was distributed to around 1500 employees. However, only 568 questionnaires were returned, and only 502 questionnaire that can be calculated. The profiles of the respondents are as follows: 66.5% of the respondents are male and 71.8% of the respondents has bachelor degree. 77.6% of respondents are in the age range between 25-44 years old. Also, the majority of the respondents are non-staff (45.4%) with period of work more than 10 years (50.9%).

**Relationship between Psychological Capital, Workplace Well-being and Individual Readiness for Change.**

Table 1: Relationship between Psychological Capital, Workplace Well-being and Individual Readiness for Change.
### Correlation Variables

<table>
<thead>
<tr>
<th></th>
<th>r</th>
<th>R²</th>
<th>Sig</th>
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<tbody>
<tr>
<td>Psychological Capital to Individual Readiness for Change</td>
<td>0.326</td>
<td>0.106</td>
<td>0.000*</td>
</tr>
<tr>
<td>Workplace Well-being to Individual Readiness for Change</td>
<td>0.018</td>
<td>0.000</td>
<td>0.675</td>
</tr>
<tr>
<td>Organizational Commitment, Employee Psychological Capital and Workplace Well-being to Individual Readiness for Change</td>
<td>0.330</td>
<td>0.189</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

*1.o.s < 0.05

From the above calculation, it can be seen that Psychological Capital and Workplace Well-being has a positive correlation with Individual Readiness for Change (r = 0.330) with significant level of 0.05. However it was shows that although both Psychological Capital and Workplace Well-being have positive correlation with the Individual Readiness for Change, but Workplace Well-being did not have any significant correlation with Individual Readiness for Change.

The R² score is 0.189 shows that from the total variance, it can be attributed with Psychological Capital and Workplace Well-being factor. It also means 81.1% of the total variance of Individual Readiness for Change is influenced by the other factors.

### Conclusion and Discussion

1. This research shows that there is a positive correlation between Psychological Capital, Workplace Well-being and Individual Readiness for Change. This finding is partly in-line with other research that has been done, such as Wanberg and Banas (2000) that found change related to self-efficacy, self-esteem, optimism, and a sense of control predicted openness to change. In the other hand, Martin, Jones and Callan (2005) found a relationship between psychological climate and adjustment indicators (well-being, job...
satisfaction, commitment, absenteeism, and turnover intention). This relationship was mediated by change-efficacy that partially mediated the relationship between self-management training, outcome expectancies, and job performance.

2. The findings show that there are 89.4% of the total variance of Individual Readiness for Change is influenced by the other factors. In this regard, the research supported the findings by Mangundjaya et al. (2011), that shows that Psychological Capital is one of the factor that contribute with the Individual Readiness for Change.

3. The findings also show that Psychological Capital is stronger than Workplace Well-being in terms of correlation with Individual readiness for Change. In this regard, further research should be conducted, in order to get clear pictures about the relationship.

4. The results in this research also shows that Workplace Well-being has a positive correlation with Individual Readiness for Change. In the other hand, it is also show that Workplace Well-being did not have any significant correlation with Individual Readiness for Change. In this regard, Workplace Well-being was indicated to influence Individual Readiness for Change indirectly.

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