

Impact of psychological capital on mental health, readiness for organizational change, and job insecurity: hotel employees' perspective in COVID-19

Basheer M. Al-Ghazali and Bilal Afsar

Abstract

Purpose – The construct of psychological capital or PsyCap (consisting of the positive psychological resources of hope, self-efficacy, optimism and resilience) has been demonstrated to relate to employees' attitudinal and behavioral outcomes. The purpose of this study is to investigate the influence of positive psychological capital on mental health, readiness for organizational change, and job insecurity in the wake of COVID-19 pandemic.

Design/methodology/approach – Data were collected from 567 hotel employees working in hotels in the Kingdom of Saudi Arabia. A quantitative approach was used and employees were requested to fill the questionnaires.

Findings – Results show that psychological capital enhances an employee's mental health and readiness for the organizational change. Moreover, PsyCap is found to negatively impact the perceptions of job insecurity among hotel employees. The study has useful managerial implications for hoteliers, especially, in the wake of COVID-19 pandemic.

Originality/value – This is the first study of its kind to link hotel employees' positive psychological capital with their perceptions about job insecurity and mental health. COVID-19 pandemic has hit the world fiercely and new normal expects employees to be ready to embrace changes in organizations. This study contributes to the literature on hospitality management by linking psychological capital with hotel employees' readiness for organizational change in the context of Coronavirus.

Keywords COVID-19, Pandemic, Tourism, Hotel, Positive psychological capital, Mental health, Readiness for organizational change, Well-being, Happiness, Stress, Job insecurity

Paper type Research paper

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1. Introduction

The global pandemic (COVID-19) has hit the world fiercely. Its impact on people and economies across the globe is unprecedented. Every country, culture, ethnicity and industry is currently coping with it. One of the most badly affected industries due to COVID-19 is the hospitality and tourism industry. Due to COVID-19 outbreak, there is a serious decline in demand for businesses all around the world and more specifically tourism industry is no exception (Carnevale and Hatak, 2020; Sobieralski, 2020). The hotel industry all over the world is almost in shut mode. This is further aggravated by the lockdown and travel restrictions (Harkness *et al.*, 2020; Hoque *et al.*, 2020; Jiang and Wen, 2020; Jung *et al.*, 2021). The hotel industry in the Kingdom of Saudi Arabia (KSA) is well-established and before pandemic, it was contributing reasonable share in the country's gross domestic product. However, due to air travel ban in and outside the country, hotels have been at a standstill. Hotel employees are also going through tough times as they are unsure about the future

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just like the rest of the world. There is an increasing pressure on the hotel management to go for cost reduction strategies in order to go through these hard times. In such scenario, it is important to understand how to remain positive and stop losing hope.

Most of the researchers continue to emphasize the effect of COVID-19 on mental health of people (Bakker and van Wingerden, 2020; Donthu and Gustafsson, 2020; Möhring *et al.*, 2020; Yu *et al.*, 2021; Yue and Cowling, 2021). The situation is uncertain and that leaves a majority of hotel employees to stay at home and wait for things to get normal. This creates a lot of distress and mental health might also be at stake for such employees who are unsure about the future. Outbreak of COVID-19 pandemic has been a nightmare in many senses especially it has affected the mental health, psychological well-being and general psyche of individuals across the globe. Moreover, COVID-19 has given a major setback to economy, society and businesses (Kawohl and Nordt, 2020). There are increasing number of distress, psychological disorders, mental health issues and burnout being reported during lockdowns caused by COVID-19. Hotel industry is one of the most affected businesses in this regard. Due to economic uncertainty, travel restrictions, stricter visa policies, border closures and tourists' lack of willingness to travel, revenues of hotels have dropped drastically. This has given rise to an increase in the feeling of job insecurity among hotel employees (Godinic *et al.*, 2020). Moreover, as the world is expected to embrace the change in how businesses function, it is reasonable to understand the hotel employees' perspective and readiness to change. The questions that are most pertinent during the recent pandemic are the following:

RQ1. What and how is the mental health of hotel employees related to their psychological capital (PsyCap)?

RQ2. What is the relationship between psychological capital and readiness to change? and

RQ3. How is psychological capital associated with job insecurity?

This study is highly relevant in the hotel industry context because according to the World Travel and Tourism Council, the first half of 2020 would result in a loss of more than 50% in revenues by the hotel industry. What is more alarming is that this trend would likely continue even after the pandemic. Layoffs are inevitable in such a disastrous scenario. Therefore, this study is going to examine the effects of PsyCap on hotel employees' mental health, job insecurity and readiness to change.

PsyCap is a critical personal resource that enhances one's capability to develop (Luthans *et al.*, 2008) and remain useful (Avey *et al.*, 2010; Luthans *et al.*, 2007a, b). The psychological capabilities of employees are very important in increasing their motivation to perform well. Newman *et al.* (2014) found that an individual's positive psychological capabilities help him/her to remain positive even in the worst scenarios. Employees with greater level of PsyCap do not engage in negative behaviors and their efforts remain focused on seeing the bright side of the picture. Their turnover intention, job burnout and stress at workplace also decrease considerably due to these positive psychological capabilities (Avey *et al.*, 2009). Other researchers have also found that employees demonstrating positive psychology are generally good in organizational citizenship behaviors and other positive work outcomes (e.g. Avey *et al.*, 2011; Bogler and Somech, 2019; Kim *et al.*, 2017). Companies all over the world are facing unusual and extraordinary situations. The work dynamics have shifted drastically and employees have been forced to work from home. In hotel industry, the situation for employees is even worse with most of the employees isolated from workplace and staying at home. It is natural to expect that such employees will be tense about the future outcomes. They are uncertain about their jobs. The morale of these employees might be slowly and gradually declining due to uncertainty and fear. The level of distress, job insecurity and mental well-being is surely affected by the pandemic. Amidst the outbreak of COVID-19, individuals with positive psychological capabilities are likely to be less affected by the negativity that is surrounding them in tough times. Therefore, this study is going to examine the effect of an employee's positive psychological capabilities on his/her mental health, job insecurity and readiness for change.

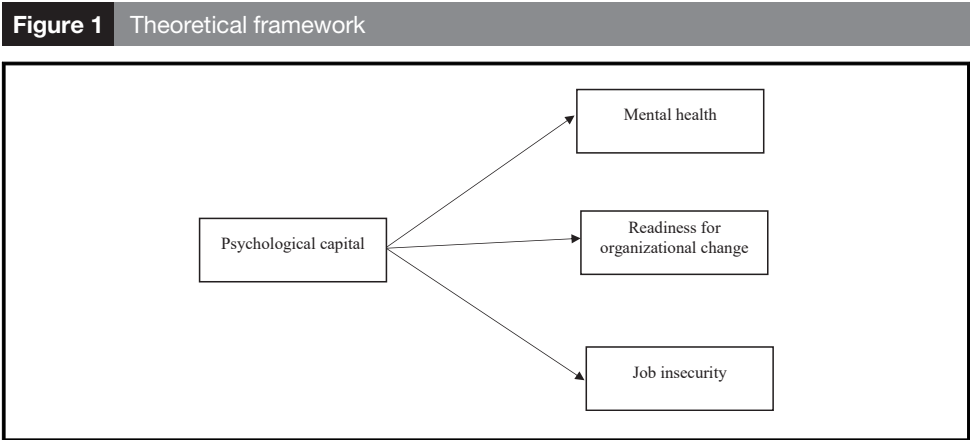
The future of tourism is definite to change. Hotel employees and their behaviors are critical in understanding how the future of tourism and hospitality will shape after COVID-19. In this regard, this study investigates the effect of PsyCap on hotel employees' attitudes, behaviors and outcomes (mental health, readiness for organizational change and job insecurity). These three factors are critical for hotel success. Therefore, this study has important policy implications for tourism management in general and hotel management in particular. [Figure 1](#) shows the theoretical framework for the current study.

2. Literature review and hypotheses development

2.1 Psychological capital

PsyCap is a concept that emerged from the theoretical framework of positive psychology ([Lorenz et al., 2016](#)). PsyCap elicits strengths and attributes of individuals in order to increase their productivity and performance. The basic intention behind PsyCap was to bring positive psychology into the realm of organizational behavior so that the personal and occupation success of employees could be fostered ([Khandelwal and Khanum, 2017](#); [Luthans et al., 2010](#)). PsyCap comprises four components that define the positive psychological state of development of an individual. These components are (1) confidence to accept challenging tasks and succeed in them through efforts (self-efficacy); (2) positive attribution that one would succeed in the current as well as future endeavors (optimism); (3) perseverance to achieve goals and changing plans to achieve goals and succeed (hope) and (4) facing problems, adversity and tough times with an aim to achieve success and keep on rising from failures with positive intent (resilience) ([Luthans et al., 2007b](#), p. 3). These four components of PsyCap are cultivable and can be developed in employees through coaching, counseling and training. Hope is defined as “a positive motivational state that is based on an interactively derived sense of successful (1) agency (goal-directed energy) and (2) pathways (planning to meet goals)” ([Snyder et al., 1991, p. 573](#)).

Hope provides determination to achieve goals and it is related to employees' workplace behaviors. A hopeful employee possesses necessary energy to set and plan goals and then strive till the said goals are achieved. Hope provides direction, pathway thoughts to create routes to achieve their goals and agency thoughts to remain motivated to take these routes even if there are barriers ([Snyder et al., 1991](#)). Essentially, hope fosters a sense of belief that said goals can be achieved. Having hope gives confidence to individuals that barriers and obstacles in pursuit of goals offer opportunities and alternate routes around the barriers would ultimately result in goal achievement ([Snyder, 2002](#)). It is a coping mechanism that is embedded in an individual's grit and self-control. Hope is found to increase mental and physical well-being ([Bartolo, 2018](#)). Hope is developed by setting challenging and stretching goals, and planning effective contingencies when need arises ([Snyder, 2002](#)). It also keeps one at distance from false hopes by repositioning quickly whenever the situation demands so.



Self-efficacy refers to the belief, ability and confidence to complete a task and achieve the desired outcome (Bandura, 1997). It gives control to a person to remain calm and confident in negative events, provides ability to resist pressures to overcome negative emotions, and helps in showing empathy (Bandura *et al.*, 2003). Self-efficacy is also found to decrease depression, stress, turnover intent and anxiety (Brenninkmeijer *et al.*, 2019). Self-efficacious employees have greater mastery of planning and they like independence and autonomy to act with confidence, consequently enhancing their work engagement and lowering burnout (Choi *et al.*, 2016), and mental illness (Begun *et al.*, 2018). Optimism refers to an individual's attributional style that attaches personal, pervasive and permanent causes to positive events whereas negative events are considered external, short-term, evanescent, situation-specific, temporary and momentary (Carver *et al.*, 2010). On the contrary, pessimism undermines the favorable impact that successes usually have and exaggerates the destructive potential of failures. Optimistic people seek opportunities in the future and they always see light at the end of the tunnel no matter how gross the situation might be in present (Schneider, 2001). They are not afraid of the crises and remain calm and focused on the positive future outcomes without stressing out too much. Optimistic employees have the necessary abilities to expect and seek success, even in the face of failure. They know how to survive in difficult times without taking too much stress (Uchida *et al.*, 2018) which makes their mental health better to cope in hard times. They believe that difficult times are temporary and sooner than later, things will get back to normal (Scheier and Carver, 2018). Further, optimism has been correlated to higher levels of success. It can be cultivated and enhanced just like other domains of PsyCap (Bortolotti, 2018).

Resilience is defined as "the developable capacity to rebound or bounce back from adversity, conflict, and failure or even positive events, progress, and increased responsibility" (Luthans, 2002, p. 702). Resilience helps individuals to conquer challenges by being not only reactive but proactive in learning and growth. Bonanno (2005) posits that resilient individuals combine negative setbacks as well as positive and overwhelming events to overcome adversity or positively adapt to it. Resilience is a critical personal resource that is needed to bounce back from negative and shocking events. Resilience prepares oneself for adverse and difficult times on the premise that uncertainty, negative unforeseen events, failures and sudden problems can occur anytime and keeping the momentum of growth, adaptability and moving forward are what define a resilient person (Johnson and Wood, 2017). Resilient employees know how to improvise and adapt so that goals can be attained despite disruptions (Luthans, 2002). They do not panic and hence their levels of acute and chronic stresses decrease (Birhanu *et al.*, 2017). As a result, they have been found to enjoy greater level of happiness (Smith and Hanni, 2019) and better mental health.

Luthans (2002) suggests that hope, self-efficacy, optimism and resilience are potentially distinct from each other. Hope is unique in a sense that the equal, additive and iterative contributions of its agency and pathways components are completely different from the people with optimism and resilience. Hope allows individuals to believe in their willpower and rekindle determination even in the worst circumstances because it helps in finding out alternative pathways. This uplift in willpower and determination motivates individuals to look for alternatives and new realities that could be positive and proactive in nature. They think of these blockages as opportunities to learn and grow and hence, they do not remain stuck in the present that is tough. Optimism however adopts a broader perspective and its attribution mechanism does not focus only on the self but also on the external causes of the negative events and failures. When it is combined with hope, an individual would start pursuing reality instead of trying to search for unrealistic and overstretched goals. Sometimes, the goals become unachievable due to crises, problems and unavoidable circumstances, but optimism helps to mitigate a self-inflicted sense of personal responsibility, guilt and failure. Lorenz *et al.* (2016) suggest that hope is related to one's motivational mechanisms to complete a task with available resources while optimism is about expecting positive outcomes, whereas resilience is associated with adapting to changing situations and adverse events, and self-efficacy is one's belief and confidence about the necessary skills and abilities to carry out a task successfully.

2.2 Readiness for organizational change

Change is inevitable part of organizational life. In order to facilitate change process, organizations should enhance their employees' readiness for change on a regular basis ([Armenakis et al., 2007](#); [Piderit, 2000](#)). Hotels have to adapt quickly to the new situation and in wake of COVID-19, they need to bring positive changes sooner than later. For example, changes in cleanliness standards, mandatory temperature checkpoints, vaccinations, social distancing standards, housekeeping, greeting protocols, personal hygiene, food service, swimming pool rules, mandated quarantine, procedures to report affected guests and employees, and guidelines for handwashing and restrooms are bound to be implemented. Furthermore, there has to be an effective planning, coordination, cooperation and implementation mechanism in order to keep smooth functioning of the hotel business. Moreover, the role of remote hotel management, creating and updating crisis communication plans, and training the hotel staff are some of the other areas where changes have to be brought. So, in order to carry out the major overhauling of the hospitality functions, hotels should look into the individual factors that can be beneficial in making employees ready for the change ([Chang et al., 2018](#)).

Readiness for organizational change is an employee's degree of belief that the suggested change is positive and beneficial for the individual as well as the organization ([Bouckennooghe, 2010](#); [Grimolizzi-Jensen, 2018](#)). Readiness for change is about an employee's beliefs and intentions that he/she is capable enough to implement the change and it will be beneficial for the organization as well as individuals. If the change that is being planned is considered to be for the greater good, employees would readily embrace the change ([Soumyaja et al., 2018](#)). Change can only be successful if it is implemented in true spirit and that is done through employees. Change is not resisted by employees if it conveys positive feelings and contains something for the common good. When employees doubt that the real intent of the change is organization-centric only and there is nothing good for them in the change, they would naturally resist the change and display lower levels of readiness to embrace the change.

[Bouckennooghe \(2010\)](#) describes that readiness for change comprises three elements (emotional, cognitive and intentional). Emotional element involves an individual's feeling, cognitive element is the belief that helps individuals to understand the outcome of the change and intentional element is the degree to which an individual is willing to invest energy, effort and perseverance in order to execute the change in true spirit. [Rafferty et al. \(2013\)](#) suggest that most of the new ideas, solutions and changes fail due to organizational inability to motivate employees. There is a natural tendency among members of the organization to resist change or not investing wholehearted efforts in its success. To achieve a smooth transition, employees' readiness for change before and during the change process is extremely critical. When readiness is low, change might not succeed due to poor implementation, social disapproval, resistance and lack of commitment and effort ([Soumyaja et al., 2018](#)). Having understood the importance of readiness for change, organizations have tried to devise effective strategies to embed robust levels of readiness for change throughout the organization.

Academicians have also shown increasing interest to investigate individual and organization level antecedents of employees' readiness for change (e.g. [Bouckennooghe, 2010](#)) such as team cohesion, top management commitment and leadership, lobbying, and trust ([Bordia et al., 2004](#)), intention of top management, networking, and coordination mechanism ([Grimolizzi-Jensen, 2018](#)), and perceived organizational, coworker, and supervisor support ([Rafferty and Restubog, 2017](#)). However, still an under-researched area is how an employee's PSyCap is related to his/her readiness for change and this study is going to investigate the link between the two.

2.3 Mental health

According to [Keyes \(2005\)](#), mental health encompasses emotional, psychological and social well-being. Emotional well-being refers to satisfaction in life and happiness ([Keyes et al., 2010](#)). It is about finding joy and happiness in life and showing contentment and peace of mind. It helps to

cope with depression, helplessness, stress and anxiety. [Yin et al. \(2018\)](#) found that PsyCap reduced emotional exhaustion and helped to regulate emotions. Psychological well-being is about finding purpose in life, overall satisfaction with life, personal growth and development, autonomy and independence, well-established relationships with others, self-acceptance, and satisfaction that the environment is able to meet one's demands ([Keyes et al., 2002](#)). It helps one to find direction and the feeling of emptiness and worthlessness decreases substantially among people with psychological well-being.

Social well-being refers to maintaining quality social relationships and community involvement ([Shapiro and Keyes, 2008](#)). It fosters feeling of being a worthy member of the society. Social well-being is flourished when an individual trusts other members of the community and accepts that the qualities of others are as important and critical for the organizational success as his/her own qualities ([Keyes and Waterman, 2003](#)). It is about having a feeling of one's own social value and thinking about the future in terms of social connections.

Service industry is interactive in nature. This is specifically true in hotel industry where employees have to interact directly as well as indirectly with guests quite frequently. In order to provide quality service and unique experience, it is important for hotel employees to understand guests' preferences and manage their expectations ([Yu et al., 2021](#)). Moreover, dealing with guests with diverse cultural backgrounds, ethnicities, age groups, nationalities, income levels and personal likings make hotel employees' job more interpersonal and stressful, simultaneously. For instance, receiving guests, providing information about hotel services, housekeeping, laundry, room services, food and beverage management, handling guests' complaints and inquiries, and maintaining high level of interpersonal relationships with guests are considered to be pivotal in hotel businesses. Due to frequent interaction with guests of different backgrounds, chances of infection and illness increase substantially among hotel employees. They cannot protect themselves since they have to talk with guests, handle their baggage, clean their rooms and touch surfaces where guests had made initial contacts. Hence, level of exposure to infectious diseases among hotel employees is greater as compared to other professions.

In wake of COVID-19, this becomes even more relevant because the mental stress that one can get COVID-19 due to frequent interaction with guests increases ([Yu et al., 2021](#)). Therefore, it is highly possible that hotel employees might suffer from severe mental health issues during COVID-19 due to direct contact with customers causing more chances of infection, decline in sales and economic activities, and working in closed spaces.

2.4 Job insecurity

Job insecurity refers to "perceived powerlessness to maintain desired continuity in a threatened job situation" ([Vander Elst et al., 2014, p. 371](#)). Job insecurity represents a workplace stressor and it affects performance and other work outcomes ([Etehad and Karatepe, 2019](#); [Reisel et al., 2010](#)). [Auerbach and Gale \(2009\)](#) found job insecurity to be the most important issue for employees even after recessions. In times when there is economic certainty and businesses flourish, employees still believe job insecurity as one of the disturbing phenomena. Even when organizations are performing well and their profits are rising exponentially, research shows that employees feel job insecurity and they attribute it to factors (rumors, cynicism, etc.) other than risk of losing job or layoff policy ([Hewlin et al., 2016](#)). In the global pandemic scenario, job insecurity has to be the top most concern for hotel employees as hotel managements are actually laying off employees to meet revenue losses. Job insecurity in uncertain times is always the biggest concern for employees. This is evident from the fact that even in certain and profitable times, job insecurity remains a major concern for employees. COVID-19 has created financial and social uncertainty, and businesses are trying to survive these times through cutting their costs. In such hard times, it is natural that employees would be greatly concerned about losing their jobs.

2.5 Hypotheses development

Theoretically, agency, flexibility and amiability are the underlying mechanisms for understanding the working of PsyCap and its effect on employee's attitudes, behaviors and work outcomes (Youssef-Morgan and Luthans, 2013). In order to explain agency, Bandura's social cognitive theory is the underlying mechanism that helps to relate PsyCap with work outcomes. According to this theory, the individual, the environment and the behavior work together and lead "to confidence in the ability to intentionally take control over one's future and destiny" (Youssef-Morgan and Luthans, 2013, p.153). Flexibility or malleability explains how PsyCap is open to development and these psychological capabilities can be developed through training interventions (Luthans *et al.*, 2008). Psychological resources are stable and during crisis or volatile situation, managers should consider the development of employees' PsyCap rather than bringing changes in organizational processes and policies. For example, difficult times such as financial recession or the current COVID-19 pandemic make organizational resources scarce and the best way to capitalize on human capital is by using employees' PsyCap. Employees high on PsyCap interpret resource constraints and then try to make optimal use of the resources that are available. Finally, amiability or sociability is the degree to which an individual can mobilize social environment's resources to achieve individual goals.

The main emphasis of positive psychology is that challenging and tough times make resilient, hopeful and thriving individuals. It points out to the fact that happiness, positive energy, optimism, survival and the ability to remain calm should not diminish in difficult situations. The relationship between positive psychology and work outcomes in hotel industry has been examined in a few research studies (Jung and Yoon, 2015; Kim *et al.*, 2017; Ozturk and Karatepe, 2019). For example, Paek *et al.* (2015) found a positive link between positive psychology and job engagement; Jung and Yoon (2015) found PsyCap and organizational citizenship behavior to be positively related and Karatepe *et al.* (2007) found self-efficacy to enhance job satisfaction and organizational commitment. Kang and Jang (2019) suggested that hope helped employees to cope with stressful situations and it also weakened turnover intentions. Having a sense of hope, optimism and resilience is needed by employees to overcome problems. However, research on positive psychological capabilities in hotel industry is still scarce with almost no study on the effect of these capabilities on readiness for organizational change, job insecurity and mental well-being.

PsyCap (hope, self-efficacy, optimism and resilience) influences job satisfaction and performance (Luthans *et al.*, 2007a, b), motivation (Avey *et al.*, 2010), and life satisfaction and well-being (Heinitz *et al.*, 2018). Hope, self-efficacy, optimism and resilience positively affect the quality of work life (Kim *et al.*, 2017), organizational citizenship behaviors and helping coworkers (Jung and Yoon, 2015), career satisfaction (Paek *et al.*, 2015), organizational identification and image (Luthans *et al.*, 2008), trust, non-absenteeism and creative performance (Ozturk and Karatepe, 2019), organizational commitment (Wu and Chen, 2018), life satisfaction (Paek *et al.*, 2015), employee morale (Paek *et al.*, 2015), and job satisfaction and work happiness (Youssef and Luthans, 2007).

PsyCap is also found to negatively influence the intention to leave (Karatepe and Karadas, 2014), stress, burnout, work-family conflict, and emotional exhaustion (Karatepe and Karadas, 2014). During challenging and uncertain times, PsyCap provides individuals with resources to remain hopeful, optimistic and resilient to face difficult situations and get out of them as soon as possible (Luthans *et al.*, 2007a, b). The components of PsyCap affect work-related outcomes individually as well as collectively (Avey *et al.*, 2010). However, in comparison with four individual components of PsyCap, the overall construct is found to explain individual behaviors and attitudes in greater detail (Luthans *et al.*, 2007a, b). Luthans *et al.* (2010) stipulate that PsyCap provides resources that make individuals to think that the glass is half-full rather than half-empty. It also gives the feeling of hope that there is a light at the end of the tunnel and sooner than later, difficult times would pass. PsyCap drives an individual belief that even challenging times bring opportunities and one has to look at the positive side of it. It helps people to focus on important things and instead of exhausting themselves, they look at the problems with more proactive and constructive approach. Lack of PsyCap narrows one span of attention and such individuals tend to lose positive energy (Avey *et al.*,

2010). It means that during turbulent times, people with low PsyCap would take more stress and they would be unable to cope with the situation further aggravating the negative outcomes for themselves as well as organizations. During good times, one might not need PsyCap since organizations are performing well and uncertainty is low. There is calmness and happiness everywhere and the management is appreciating employees due to soaring profits. On the contrary, it is during unprecedented and extraordinary times that PsyCap becomes relevant. Responding to the uncertainties, fears of unknown, declining revenues, stresses and layoffs is dependent on the PsyCap resources of an employee.

In the current scenario of COVID-19 pandemic, a hopeful employee might think that the situation would get to normal in the near future but then he/she needs to be optimistic as well. If the situation does not return to normal sooner as hoped, optimism would help an employee to not ascribe personal responsibility to the unfolding of events but rather to external factors. [Luthans et al. \(2007a, b\)](#) suggest that optimism tends to accurately identify the responsibilities and causes of failures and unprecedented events. Optimism derives accurate utilization of error as springboard for learning and for fine-tuning performance. Optimism is found to relate to commitment to change, adaptability, ability to cope with changing work environments, and positive workplace behaviors ([Youssef and Luthans, 2007](#)). Lastly, resilience is also argued to distinguish from hope, self-efficacy and optimism. Resilience recognizes the need to take both proactive and reactive measures in the face of crises or unusual negative event. Even the most hopeful and optimistic individual needs resilience to counter and bounce back from setbacks, traumas, negative situations and overwhelming positive events. Resilience is one's ability to recover rapidly from hardship, conflicts and failure or positive events ([Luthans, 2002](#)). An individual with resilience recovers and rebounds to attain a balance by investing time, energy and resources, and sees opportunity in setbacks ([Luthans, 2002](#)). Hope and optimism help employees to look for plans, alternative pathways or contingencies that could maintain the forward-thinking process. Resilient individuals embrace change, uncertainty, adversity, challenges and obstacles with positive intent and do not tend to falter in such situations. They try to look for opportunities in these testing times and instead of just planning for ways to get out of the current situation, they search for alternatives for long-term solutions. [Kuntz et al. \(2017\)](#) suggest that resilience helps one to learn, build relationships and adapt quickly to situations. If proper organizational systems are in place, employees might be able to better uplift their resilient behaviors.

According to [Fredrickson's \(2003\)](#) broaden-and-build theory, positivity helps one to broaden his/her spectrum of adaptive mechanisms, problem-solving skills and thought-action repertoires. Positivity ensures that an individual is able to build inventories of physical, intellectual, social and psychological resources. Among psychological resources, the most important ones are hope, optimism and resilience which can help to adapt and perform better with greater level of physical and mental well-being, amidst hardships, traumas and negative events ([Fredrickson and Joiner, 2002](#)). [Heinitz et al. \(2018\)](#) longitudinally analyzed the data over three years and found self-efficacy and optimism to positively relate with subjective well-being. Moreover, optimism was negatively associated with depression. Negativity is destructive in nature and it is the combination of these four psychological resources (hope, self-efficacy, optimism and resilience) that can undo this destructive impact.

The relationship between psychological factors and readiness for change is investigated in previous studies such as one's willingness to tolerate the change ([Al-Maamari et al., 2018](#)), personal attitudes ([Jimmieson and White, 2011](#)), fear of the unknown ([Weeks et al., 2004](#)), openness to change ([Devos et al., 2007](#)) and concerns about personal failure ([Weiner, 2020](#)). Overall, two types of individual characteristics that affect readiness for change are trait-based and state-based. Trait-based characteristics are relatively permanent in nature such as personality ([Al-Maamari et al., 2018](#)). On the contrary, state-based factors are situation-specific, temporary, malleable, transient and cultivable. However, [Choi and Ruona \(2011\)](#) argue that more researchers have focused on the trait-based characteristics despite the fact that state-based factors might be

more helpful in smoothing the transition of the change process. One increasingly prominent state-based characteristic that might be very effective is PsyCap (Luthans, 2002).

PsyCap comprises psychological resources that make individuals exceptional in difficult and adverse circumstances (Luthans *et al.*, 2008). They adapt quickly and think that future is always going to be bright and positive (Avey *et al.*, 2010). When things go wrong, they continue to focus on their responsibilities at work and do not panic. As a result, they maintain better emotional responses to negative events. Employees with greater levels of PsyCap trust that their organizations would defend the collective interests (Ozyilmaz *et al.*, 2018). Due to this high level of trust in the organization, they experience lower feelings of job insecurity because their feeling is that organization will take care of them in difficult times. PsyCap shields individuals from depression, guilt, self-blame, burnout, emotional dissonance and despair. Hope and optimism are especially relevant in this global pandemic and it can be expected that these two psychological resources will help hotel employees to curb depression, distress, uncertainty and job insecurity. Resilience helps to fight with fear of unknown. PsyCap is found to decrease anxiety, stress, emotional dissonance, burnout, pressure to survive and sustain (Luthans *et al.*, 2007a, b), destructive emotions and work-family conflict (Luthans, 2002), which are known factors of distress.

Costa and Neves (2017) suggest that by developing positive strengths (i.e. positive PsyCap), employees become adept in coping with job insecurity. According to Luthans and Youssef (2007), PsyCap gives confidence and belief that goals can be achieved even when there are problems and one has to search for alternative solutions to solve problems without worrying too much about future consequences. Hope provides necessary resources that can mitigate the effect of job insecurity by considering that there are a lot of other organizations which would provide jobs. Optimism mobilizes one's resources to deal with stressor in positive ways by creating actions that focus on future which is believed to be bright, certain and positive. Bosman and Buitendach (2005) found optimism to negatively relate with job insecurity. Optimists adjust to major life transitions and more positive responses to minor stresses (Hasan and Power, 2002). Employees high in PsyCap believe that tough times come to test one's nerves and soon they disappear but what is more important is that how one uses psychological resources to remain hopeful. Optimism and resilience provide positive energy to employees dealing with job insecurity. Milosevic *et al.* (2017) suggest that PsyCap is an extremely important characteristic during crises as it helps to control depression, anxiety, stress and guilt on one hand, and enhances positivity, physical and psychological health, and emotional well-being. Based on the four factors of PsyCap, empirical evidences, abovementioned arguments and underlying theories, it is reasonable to hypothesize the following:

- H1. There is a positive relationship between psychological capital and mental health.
- H2. Psychological capital is positively related to readiness for organizational change.
- H3. Psychological capital is negatively associated with job insecurity.

3. Method

3.1 Participants and procedures

The purpose of this study was to investigate the effect of PsyCap on hotel employees' readiness for change, job insecurity and mental health. A quantitative approach was used and surveys were distributed among employees working in five-star hotels in KSA. Saudi Arabia is the top global tourist destination in the Middle East (UNWTO, 2019). On February 27, 2020, KSA put restrictions on inbound Umrah pilgrimage and this happened for the first time in the last 80 years. KSA also banned inbound travel of tourists from a number of countries and they approved strict policies to enter the Kingdom. Moreover, e-Visa program was also suspended and people were not granted visas to perform pilgrimage. These policies were a major setback to a number of industries such as airline, hotel, hospitality and transport. The hotel industry in holy cities of KSA was one of the most

severely affected industries. Due to a drastic drop in the number of tourists, unemployment in hotel industry was imminent. Employees working in hotels were worried about their jobs. Medina is one of the most visited destinations in the country. There are 37 five-star hotels in Medina. The reason to select five-star hotels is that they were hit most severely in economic terms during COVID-19. There is an increasing pressure on these hotels to cut down costs in order to sustain the shocks of COVID-19. Employees working in such hotels are therefore more prone to issues of mental health and job insecurity.

To measure the study variables (PsyCap, readiness for change, job insecurity and mental health), items from previous studies were used. A questionnaire was designed that comprised two sections. The first section requested for the general demographic information from the respondents whereas in the second section, their opinions about the five main constructs were recorded. Hotel industry was selected because it is one of the worst-hit people-to-people industries due to COVID-19. With escalating revenue and job losses, hotel employees are facing the most unsettling and difficult times. The hotel management should find ways to decrease the detrimental effects that could be caused due to mental health and job insecurity. Moreover, the post-COVID-19 world will expect hotels to adapt quickly to the new normal and initiate changes quickly and smoothly. In this regard, hotel employees' readiness for change is going to play an important role. That is why, in the current scenario of COVID-19, the investigation of the aforementioned outcomes in the hotel industry has become very relevant.

To collect data, permissions from the Human Resource Departments were sought through telephonic calls and e-mails. Due to the pandemic and lockdown situation, majority of hotels were functioning with limited staff. Therefore, it was decided that web-based survey would be a better choice. The concerned officials were requested to provide contact information of respondents such as e-mail addresses and telephone numbers. The survey was also circulated in various social media platforms with the permission of the concerned officials. Some of the HR officers also shared the survey in different groups and requested employees to opt in and fill the surveys. Data collection was mainly carried out in May and June 2020. Participants were employed in different departments such as security, sales, front desk, marketing, HR, finance, food and beverages, accounting, room service and housekeeping. A total of 130 HR representatives from different hotels were contacted, out of which 73 allowed us to collect data from their employees. Then, the e-mails of the staff members were requested from the HR department. An online survey was sent to 3,500 employees and they were conveyed the purpose of the study along with the consent to participate in the study. Before inviting them to participate, the HR department heads were requested to send them an e-mail in which they were told the purpose of the research and assurance of anonymity. Reminders after every two weeks were sent to the participants. After sending four reminders and waiting for two months, finally, 567 responses were collected. The average age of the participants was 31.86 years and the average organizational tenure was 4.9 years. As far as education is concerned, 41.1% of the participants had a bachelor's degree. [Table 1](#) presents the respondents' profile including their gender, age group, education, hotel type in which they are currently working, job function and work experience.

3.2 Measures

PsyCap is measured with a 24-item scale developed by [Luthans et al. \(2007a, b\)](#). It has four components. Each component was measured with six items on a six-point scale (6 = strongly agree to 1 = strongly disagree). The reliability of the overall PsyCap construct was 0.86.

Readiness for organizational change was measured with a 13-item scale developed by [Bouckennooghe et al. \(2009\)](#). It has three dimensions (five items for emotional, five for cognitive and three for intentional dimension). The reliability of the overall readiness for organizational change construct was 0.83.

Mental health was measured through Keyes' 14-item Mental Health Continuum-Short Form ([Keyes, 2009](#)). Four items were used to measure emotional well-being, six to assess social well-being and four to quantify psychological well-being. Mental health is defined as positive or negative

Table 1 Demographic characteristics

| Demographic characteristic | | n | Percent |
|----------------------------|--------------------|-----|---------|
| Gender | Male | 416 | 73.3 |
| | Female | 151 | 26.7 |
| Hotel type | 1-star hotels | 164 | 28.9 |
| | 2-star hotels | 101 | 17.8 |
| | 3-star hotels | 115 | 20.3 |
| | 4-star hotels | 118 | 20.8 |
| | 5-star hotels | 69 | 12.2 |
| Job function | Food and beverage | 84 | 14.9 |
| | Maintenance | 62 | 10.9 |
| | Front desk | 59 | 10.4 |
| | Marketing | 67 | 11.8 |
| | Housekeeping | 66 | 11.6 |
| | Event management | 59 | 10.4 |
| | Purchasing | 81 | 14.3 |
| | Waiters | 89 | 15.7 |
| Age | 20–30 | 171 | 30.1 |
| | 31–40 | 258 | 45.6 |
| | 41–50 | 85 | 14.9 |
| | Above 50 | 53 | 9.4 |
| Education | Below bachelor | 162 | 28.6 |
| | Bachelor's | 233 | 41.1 |
| | Master's and above | 172 | 30.3 |
| Designation | Low | 252 | 44.4 |
| | Middle | 237 | 41.8 |
| | Top | 78 | 13.8 |
| Experience | 1–5 years | 238 | 41.9 |
| | 6–10 years | 244 | 43.1 |
| | Above 10 years | 85 | 15.0 |

Note(s): *N* = 567

emotions, psychological functioning and social functioning (Hough *et al.*, 2019). The reliability of the overall mental health construct was 0.78.

Job insecurity was measured with four items from the Job Insecurity Scale developed by De Witte (2000). The reliability of the scale was 0.92.

Individual-level demographic factors such as age, education, hotel type, hotel size and organizational tenure were controlled for because they may have systematic relationships with the participants' psychological resource capacities or work-related outcomes.

4. Data analysis and results

Table 2 reports the results of the second-order final measurement model. As can be seen from Table 2, the average variance extracted (AVE) values were greater than 0.50 and all the composite reliability values were greater than AVE values. To evaluate the adequacy of the measures of the second-order construct model, this study assessed the indicators' individual reliabilities by examining the loadings of the measures on their corresponding latent constructs.

The loadings of all items exceeded 0.70, suggesting that items loaded adequately on their respective constructs (Wetzels *et al.*, 2009). The composite reliability ratios also exceeded the cutoff value of 0.70, suggesting that items are measuring what they are supposed to measure. The AVE values were above 0.50, implying that there is enough convergent validity of all the study variables. Furthermore, all the ASV and MSV values were found to be less than their respective AVE values confirming the discriminant validity of all four constructs. The VIF values ranged from 1.75 to 3.94 (below 10), indicating the absence of multicollinearity. Table 3 shows descriptive statistics and

Table 2 Results of the final measurement model

| <i>Latent variables and sources</i> | <i>Measure items</i> | <i>AVE</i> | <i>CR</i> | <i>MSV</i> | <i>ASV</i> | <i>Factor loadings</i> |
|--|--|------------|-----------|------------|------------|------------------------|
| <i>PsyCap (Luthans et al., 2007a, b)</i> | | 0.77 | 0.88 | 0.33 | 0.41 | |
| | I feel confident analyzing a long-term problem to find a solution | | | | | 0.718 |
| | I feel confident in representing my work area in meetings with management | | | | | 0.793 |
| | I feel confident contributing to discussions about the hotel's strategy | | | | | 0.822 |
| | I feel confident helping to set targets/goals in my work area | | | | | 0.729 |
| | I feel confident contacting people outside the hotel (e.g. suppliers and guests) to discuss problems | | | | | 0.658 |
| | I feel confident presenting information to a group of colleagues | | | | | 0.805 |
| | If I should find myself in a jam at work, I could think of many ways to get out of it | | | | | 0.885 |
| | At the present time, I am energetically pursuing my work goals | | | | | 0.901 |
| | There are lots of ways around any problem | | | | | 0.696 |
| | Right now, I see myself as being pretty successful at work | | | | | 0.737 |
| | I can think of many ways to reach my current work goals | | | | | 0.764 |
| | At this time, I am meeting the work goals that I have set for myself | | | | | 0.828 |
| | When I have a setback at work, I have trouble recovering from it, moving on | | | | | 0.755 |
| | I usually manage difficulties one way or another at work | | | | | 0.693 |
| | I can be "on my own", so to speak, at work if I have to | | | | | 0.734 |
| | I usually take stressful things at work in stride | | | | | 0.745 |
| | I can get through difficult times at work because I've experienced difficulty before | | | | | 0.838 |
| | I feel I can handle many things at a time at this job | | | | | 0.937 |
| | When things are uncertain for me at work, I usually expect the best | | | | | 0.729 |
| | If something can go wrong for me work-wise, it will | | | | | 0.813 |
| | I always look on the bright side of things regarding my job | | | | | 0.756 |
| | I'm optimistic about what will happen to me in the future as it pertains to work | | | | | 0.726 |

(continued)

Table 2 Continued

| <i>Latent variables and sources</i> | <i>Measure items</i> | <i>AVE</i> | <i>CR</i> | <i>MSV</i> | <i>ASV</i> | <i>Factor loadings</i> |
|---|--|------------|-----------|------------|------------|------------------------|
| <i>Mental health (Keyes, 2009)</i> | In this job, things never work out the way I want them to | | | | | 0.729 |
| | I approach this job as if "every cloud has a silver lining" | | | | | 0.746 |
| | <i>During the past month, how often did you feel?</i> | 0.65 | 0.82 | 0.27 | 0.32 | |
| | Happy | | | | | 0.626 |
| | Interested in life | | | | | 0.837 |
| | Satisfied with life | | | | | 0.798 |
| | That you had something important to contribute to society | | | | | 0.867 |
| | That you belonged to a community (like a social group, or your neighborhood) | | | | | 0.919 |
| | That our society is a good place, or is becoming a better place, for all people | | | | | 0.737 |
| | That people are basically good | | | | | 0.794 |
| | That the way our society works makes sense to you | | | | | 0.703 |
| | That you had warm and trusting relationship with others | | | | | 0.736 |
| | That you liked most parts of your personality | | | | | 0.785 |
| | Good at managing the responsibilities of your daily life | | | | | 0.673 |
| | That you had experiences that challenged you to grow and become a better person | | | | | 0.596 |
| | Confident to think or express your own ideas and opinions | | | | | 0.603 |
| | That your life has a sense of direction or meaning to it | | | | | 0.697 |
| | | 0.62 | 0.84 | 0.31 | 0.48 | |
| <i>Readiness for organizational change (Bouckennooghe et al., 2009)</i> | | | | | | |
| | I have a good feeling about the change | | | | | 0.817 |
| | I experience the change as a positive process | | | | | 0.826 |
| | I find the change refreshing | | | | | 0.823 |
| | I am somewhat resistant to change | | | | | 0.646 |
| | I am quite reluctant to accommodate and incorporate changes into my work | | | | | 0.714 |
| | I think that most changes will have a negative effect on the clients/guests we serve | | | | | 0.777 |
| | Plans for future improvement will not come too much | | | | | 0.889 |
| | Most changes that are supposed to solve problems around here will not do much good | | | | | 0.715 |
| | | | | | | |

(continued)

Table 2 Continued

| Latent variables and sources | Measure items | AVE | CR | MSV | ASV | Factor loadings |
|---|---|------|------|------|------|-----------------|
| Job insecurity (<i>De Witte, 2000</i>) | The change will improve how we work | | | | | 0.628 |
| | The change will simplify work | | | | | 0.724 |
| | I want to devote myself to the process of change | | | | | 0.645 |
| | I am willing to make a significant contribution to the change | | | | | 0.716 |
| | I am willing to put energy into the process of change | | | | | 0.685 |
| | | 0.69 | 0.88 | 0.41 | 0.52 | |
| | Chances are, I will soon lose my job | | | | | 0.842 |
| | I am sure I can keep my job | | | | | 0.638 |
| | I feel insecure about the future of my job | | | | | 0.915 |
| | I think I might lose my job in the near future | | | | | 0.825 |
| Note(s): AVE, average variance extracted; CR, composite reliability; MSV, maximum shared variance; ASV, average shared variance | | | | | | |

Table 3 Mean, standard deviation, reliability and intercorrelations

| S. No. | Variables | Mean (SD) | α | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|-------------------------------------|--------------|----------|--------|--------|--------|-------|-------|----------|---------|-------|---|
| 1 | Age | 31.86 (8.92) | | 1 | | | | | | | | |
| 2 | Education | 1.94 (0.47) | | −0.064 | 1 | | | | | | | |
| 3 | Experience | 4.93 (2.32) | | 0.219* | −0.049 | 1 | | | | | | |
| 4 | Hotel type | 2.08 (0.81) | | −0.003 | 0.016 | 0.018 | 1 | | | | | |
| 5 | Job function | 2.84 (1.36) | | 0.026 | 0.022 | 0.022 | 0.026 | 1 | | | | |
| 6 | PsyCap | 4.79 (0.39) | 0.86 | 0.147* | 0.172* | 0.014 | 0.022 | 0.031 | 1 | | | |
| 7 | Mental health | 3.62 (0.26) | 0.78 | 0.192* | 0.107 | 0.139* | 0.18* | 0.035 | 0.419** | 1 | | |
| 8 | Readiness for organizational change | 3.86 (0.31) | 0.83 | 0.081 | 0.082 | 0.116* | 0.112 | 0.018 | 0.371*** | 0.183 | 1 | |
| 9 | Job insecurity | 4.19 (0.25) | 0.92 | 0.027 | 0.137* | 0.061 | 0.031 | 0.055 | −0.298** | −0.174* | 0.116 | 1 |
| Note(s): * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$ | | | | | | | | | | | | |

correlations for all the variables used in the analysis. PsyCap is found to relate positively with mental health ($r = 0.419$, $p < 0.01$) and readiness for organizational change ($r = 0.371$, $p < 0.001$). As expected, PsyCap is negatively related with job insecurity ($r = -0.298$, $p < 0.01$). To test the hypotheses, structural equation modeling was used and the beta values were calculated. There was a significant positive relationship between PsyCap and mental health ($\beta = 0.482$, $p < 0.001$), supporting [Hypothesis 1](#). There was a significant positive relationship between PsyCap and readiness for organizational change ($\beta = 0.385$, $p < 0.001$), supporting [Hypothesis 2](#). A significant negative relationship was found between PsyCap and job insecurity ($\beta = -0.297$, $p < 0.01$), supporting [Hypothesis 3](#).

5. Discussion

The purpose of this study was to investigate the effect of a hotel employee's PsyCap on his/her mental health, readiness for organizational change and job insecurity perceptions. First, the study found that employees with greater levels of PsyCap have better mental health (emotional, social

and psychological well-being). Previous studies have found that employees with personal psychological resources such as PsyCap exhibit greater levels of happiness and psychological well-being. This finding borrows empirical support from previous studies that found a positive link between PsyCap and employees' well-being (Culbertson *et al.*, 2010; Hmieleski and Carr, 2007; Rabenu *et al.*, 2017; Youssef-Morgan and Luthans, 2015). Second, hotel employees who can utilize their personal resources such as hope, self-efficacy, optimism and resilience are found to be more ready for the organizational changes. They welcome the changes and take part in implementation of changes. This finding is consonant with the finding of Kirrane *et al.* (2017) who found PsyCap to mediate the effect of management support on employees' readiness for organizational change. The third finding of the study is that PsyCap reduces the perceptions of job insecurity among employees. Chadwick and Raver (2013) emphasized that PsyCap helps employees to interpret the current situation on the basis of optimism, hope, resilience and self-efficacy. These components in return control their perceptions about negative events that could occur to them. One such negative outcome could be the loss of their jobs. This study confirms that in presence of COVID-19, hotel employees who have higher PsyCap resources are expected to refrain from panicking and losing their jobs.

There are three theoretical contributions to this study. First, the direct effect of PsyCap on employees' mental health, readiness for organizational change and job insecurity has not been investigated in the hotel industry. The importance of exploring the role of PsyCap in the wake of COVID-19 might prove useful to the hotel management. Second, this study responds to the question that Kirrane *et al.* (2017) raised in their research which was about the direct effect that PsyCap could have on employees' readiness for the organizational change. Third, the effect of PsyCap on the overall mental health that has been conceptualized as a combination of emotional, social and psychological well-being has not been examined before. Mostly, studies investigated the relationship between PsyCap and subjective well-being (Avey *et al.*, 2010; Li *et al.*, 2014), ignoring a comprehensive measure of the mental health of employees.

5.1 Managerial implications

PsyCap is a significant personal resource that could enhance mental health and readiness for organizational change, and mitigate perceptions of job insecurity. Luthans and colleagues demonstrated that PsyCap can be developed in short training interventions (two hours or so) online-based or face-to-face intervention training (Luthans *et al.*, 2008, 2010, 2007b). The notion that PsyCap is a state-like psychological resource that is sufficiently malleable to change provides a good rationale for interventions to develop employees' PsyCap (Choi and Lee, 2014). In the current crisis, it is obvious that the hotel management in particular is concerned about the mental health and job insecurity of its employees. Moreover, hotels are expected to initiate number of changes during and after the pandemic to remain competitive and successful. Therefore, the hotel management is interested in knowing the level of readiness of their employees for these changes. The results of this study suggest that one way to achieve this agenda would be via improving and developing employees' PsyCap. In order to improve PsyCap, managers should employ multipronged strategy and should understand that PsyCap development is a slow and steady process. Hotels can arrange seminars, training sessions, workshops, focus groups, psychological therapies, entertainment programs and leisure activities for their employees so that they feel positive, energetic, optimistic and hopeful.

5.2 Limitations and future research

This study is not without limitations. First, as data were collected from the same source, issue of potential common method variance could be a limitation of the current study. Future research can alleviate this issue by collecting data from multiple sources. Second, the cross-sectional nature of the data is an area that future researchers could look into. Experimental design or longitudinal within-subjects data could help us to establish causality. Third, this is an oversimplified model in

which only the direct effects of PsyCap were investigated. Future research could examine the moderating role of individual differences such as Big Five traits, core self-evaluation and positive affect. Moreover, the mediating effect of variables such as organizational identification, leader-member exchange and perceived organizational support could be interesting avenues for future research. Finally, this model should be tested in other countries so that a general understanding of hotel employees across the globe during COVID-19 can be developed.

5.3 Conclusion

This study examined the effects of positive psychological resources on hotel employees' mental health, readiness for change and job insecurity. Data were collected from 567 employees working in five-star hotels in KSA. The study confirms that psychological capital resources (hope, resilience, optimism and self-efficacy) are crucial for employees to decrease job insecurity and enhance mental health and readiness for change. The outbreak of COVID-19 has been detrimental to employees' positive attitude, behaviors and outcomes. Hotel employees are no exception to this. The management should actively work on interventions that could uplift the positivity among employees. Through the accumulation of psychological capital, employees might feel lower job insecurity. Moreover, mental health and readiness for change can be enhanced through psychological capital. This study is important in tourism and hospitality context because it provides understanding of the critical role of PsyCap in preparing employees for change and keeping them psychologically fit during COVID-19 outbreak. The future, as the world gets over COVID-19, definitely seems to be different. Employees need to be prepared for the change that is going to happen in post-COVID scenario. This study suggests that PsyCap is one way that can be used to keep employees committed to change.

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Further reading

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