

Impact Of Psychological Capital On Employee Creativity: Mediating Role Of Employee Engagement

Atif Raza¹, Dr Tahir Saeed², Dr Umer Iftikhar³

¹PhD Scholar, Leadership and Management Studies, National Defence University, Islamabad, Pakistan.
atifraza29@gmail.com

²Professor, Leadership and Management Studies, National Defence University, Islamabad, Pakistan.
hodlms@ndu.edu.pk

³Assistant Professor, Leadership and Management Studies, National Defence University, Islamabad, Pakistan.
iftikhar@ndu.edu.pk

Abstract

In this age of global competition, creativity is considered as one of the key indicators for success of organizations. The literature has identified a number of factors which effect the creativity in organizations, however, a comprehensive theoretical understanding is needed to explore how creativity is effected in organizations. Drawing from the Psychological Capital (PsyCap) perspective and the creativity literature, the current study is an effort to examine the role of PsyCap in facilitating employee creativity. Further, we have developed the arguments and a mediation model to examine how employee engagement plays its role between PsyCap and employee creativity. Pursuing the dyad approach, 513 employees from corporate sector of Pakistan responded a self-reported survey with regards to PsyCap and employee engagement, whereas employee creativity was rated by their supervisors. In order to estimate the mediation effects, “PROCESS” macro script by Hayes in SPSS version 25 was deployed. Results of our study revealed that PsyCap was positively associated with employee creativity and employee engagement acted as a partial mediator between PsyCap and employee creativity. The study findings contribute to the theory and provide guidelines to the practitioners that how PsyCap can be utilized in a better way for the development of employee creativity in the workplace in presence of employee engagement.

Keywords: Psychological Capital; Employee Engagement; Employee Creativity; Conservation of Resource Theory; Broaden and Build Theory.

Introduction

With increased market competition and a constantly changing environment, businesses face a variety of challenges, one of which is the need for employees to be creative. Keeping in view the principle of survival of the fittest, companies which are creative and innovative are more likely to thrive in an era of heightened competition. Findings from earlier studies have shown that workers' creativity is favorable for the workplace and for organizational outcomes;

hence, research in recent years has focused on the value of people's ability to be creative at work. According to Taştan (2016), it is the workers' innovative behavior and creative performance that contribute to the competitive edge, sustainability and success of an organization.

Amabile (2018) has defined employee creativity as “generation of novel and useful ideas, products and processes”. Recent studies have found a number of predictors of creativity. According to Luthans and Youssef-Morgan

(2017), positive psychology in general, and PsyCap in particular, have been effectively implemented in number of countries, with good effects and links to desirable outcomes in the social, political and business areas. Scholars have discovered that PsyCap has high potential for enhancing creativity of employees (Avey, Lynn Richmond, & Nixon, 2012). Previous research has concentrated on defining PsyCap dimensions and investigating PsyCap's impact on employee creativity (Rego, Sousa, Marques, & e Cunha, 2012). According to Avey et al. (2012), research to explore the link between PsyCap and creativity contributes to our knowledge of how employee creativity is influenced by psychological resources.

However the subject has not yet been completely comprehended. Few studies, in particular, have addressed the crucial research issue at the heart of current research: How creativity is effected by PsyCap? Previous research has emphasized that more investigations into creativity research are required to untangle the many environmental impacts exploring how individuals demonstrate their psychological traits to encourage creativity. As a result, further research in this area would greatly help to a better understanding of how to successfully encourage creativity in employees using PsyCap.

While finding the gap in the research, Yu, Li, Tsai, and Wang (2019) suggested that employee engagement may be a potential mediating variable between the relationship of PsyCap and employee creativity. In order to determine the relative power of PsyCap, predicting employee creativity by comparing PsyCap and employee engagement may be a useful idea. In order to bridge the gap between PsyCap and employee creativity, this study investigates the role of employee engagement as a mediator. The study will contribute to the relevant literature by defining and developing workers' positive psychological resources, as

well as demonstrating that high levels of PsyCap can boost employees' creativity.

According to Luthans, Youssef, and Avolio (2007), "PsyCap is an individual's positive psychological state of development and 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, redirecting paths to goals (hope) in order to succeed; and (4) when beset by problems and adversity, sustaining and bouncing back and even beyond (resiliency) to attain success".

Based on the commonalities and distinguishing features, these four first-order constructs are merged to form a higher-order core construct. This higher-order core construct has been empirically supported (Luthans et al., 2007). Efficacy, hope, optimism and resilience all share the concept of "positive evaluation of circumstances and possibility of achievement based on motivated effort and perseverance" (Luthans et al., 2007). PsyCap is a dynamic competency because its four core psychological states are measurable, flexible and manageable for better job performance (Luthans & Youssef, 2004).

Making use of Conservation of Resources (COR) theory, Avey, Luthans, Smith, and Palmer (2010) examined the effect of PsyCap on employee well-being. Personal resources, along with social resources, are key constructs in resource theories (Hobfoll, 2002). In line with COR Theory, individuals are inclined to protect their available resources and acquire new resources (Halbesleben, Neveu, Paustian-Underdahl, & Westman, 2014). Relationship between PsyCap and work engagement is supported by Hobfoll (2001) Conservation of Resource (COR) theory which states that PsyCap enables the accumulation and protection of valued resources which is required for

engagement to occur (Sweetman & Luthans, 2010). PsyCap's synergistic potential of resilience, efficacy, hope, and optimism, when taken collectively, appears to be significant antecedent of constituents of job engagement i.e. dedication, vigour, and absorption. Given this potentially significant link, we would argue that building PsyCap is a critical component in developing work engagement.

According to Fredrickson, 2001, broaden and build theory, engaged employees have a higher likelihood of experiencing good emotions, which increases their psychological and intellectual resources, which stimulates them to seek unorthodox and innovative methods of accomplishing their task. Employees who have these kinds of positive psychological experiences tend to be more willing to learn new things and come up with innovative solutions to the problems (Cohen-Meitar, Carmeli, & Waldman, 2009). Furthermore, employees who are engaged have more energy to follow innovative pathways as compared to non-engaged employees (Atwater & Carmeli, 2009). Demerouti, Bakker, and Gevers (2015) reported a favorable relationship between job engagement and employee creativity.

Psychological Capital and Creativity

In organizational perspective, the generation of novel and potentially useful ideas is considered as creativity (Amabile, 1988). As success of an organization is closely attached with creativity and innovative behavior of its employees, so in both academic and practical groups, the question of how to motivate employees for creativity has been an important subject resulting in plethora of studies (Lan, 2019). Employees with high PsyCap are more competent, hence can better meet the changing demands of their professions by responding flexibly according to the situation (Luthans et al., 2007). According to Luthans and Youssef-Morgan (2017), positive emotional

states can be induced by PsyCap, resulting in greater creativity.

In order to associate dimensions of PsyCap with creativity, Seligman (2004) explained that hope is a 'way power to ascertain pathways creatively' efficacy is the 'will power to perform creatively', optimism, is a belief of positive outcomes and resilience is a never-say-never-die attitude, in the creative process. Sweetman, Luthans, Avey, and Luthans (2011) used a cross-sectional survey in an effort to establish the link between constructs of PsyCap with employee creativity and elaborated that all components of PsyCap act as antecedents to employee creativity acting as resources that supplement the process of creativity. Hirst, Van Knippenberg, and Zhou (2009) noted that individual components of PsyCap support positive behaviors influencing creative work solutions. According to Lan (2019), workers must cope with self-efficacy in order to be innovative and creative; the process demands employees to be hopeful; optimism is needed for positive results and in order to tackle the work pressure resilience is required.

Yu et al. (2019) used data from survey of multiple manufacturing firms to investigate the impact of four dimensions of PsyCap in fostering employee creativity and discovered that individual components of PsyCap as well as psychological capital as a whole are positively related to employee creativity. Cai, Lysova, Bossink, Khapova, and Wang (2019) suggested that the PsyCap concept as a whole, rather than each of its four separate elements, is related with employee creativity. However, each of PsyCap's four components may individually affect employee creativity, resulting in a variety of good results. PsyCap was studied by Abbas and Raja (2015) to determine its influence over the supervisory evaluated innovative performance and came to the conclusion that PsyCap is associated positively to innovative job performance. Suvonova, Lee, and Park (2019)

also found that Positive psychological resources (PsyCap) trigger workplace innovative behaviors. Gao, Wu, Wang, and Zhao (2020) discovered that entrepreneurs' PsyCap had a favorable influence on business performance via the intermediary of entrepreneurs' creative innovation behaviors.

Yan, Wen, Li, and Zhang (2020) explored the relationship between PsyCap and innovative behavior among Chinese nurses and found that higher PsyCap can promote nurses' innovation behavior. Therefore, improving PsyCap can enhance the innovative behavior of nurses. Upadhyay and Kumar (2020) investigated the role of PsyCap as mediator between leader-member exchange (LMX) and employee creativity and discovered that PsyCap partially mediates the impact of LMX on employee creativity. Asbari, Prasetya, Santoso, and Purwanto (2021) concluded that PsyCap had a significant effect on individual creativity. Using the conservation of resource theory, Ghafour and Haar (2021) investigated empirically the relationship of PsyCap with creativity and found that PsyCap influenced job satisfaction and creativity. Purwanto, Asbari, Hartuti, Setiana, and Fahmi (2021) measured the effect of authentic leadership style and PsyCap on the innovative work behavior of a manufacturing company in Indonesia and found that PsyCap has a positive and significant effect on innovative work behavior.

As a result, our research suggests that:

Hypothesis 1: PsyCap is associated positively with employee creativity.

Psychological Capital and Engagement

Employee engagement (EE) is defined by Harter, Schmidt, and Hayes (2002) as an individual's participation, contentment, and passion for work. Work Engagement (WE) can also be defined as "a positively fulfilling work-related state of mind characterized by vigor, dedication and

absorption" (Schaufeli & Bakker, 2004). According to Bakker and Demerouti (2009), Vigor is defined as a high level of energy and mental resilience while at work, Dedication as being engaged in one's work, with a sense of purpose, excitement and challenge and Absorption as being engrossed in one's job to the point that time passes quickly and it is impossible to detach oneself from work.

PsyCap is important in the development of work engagement. PsyCap was found to be related with pleasant feelings that were linked with their attitudes (engagement and cynicism), as well as OCB and deviant behaviors in a study done by Avey, Wernsing, and Luthans (2008) on individuals working in diverse industries. Xanthopoulou, Bakker, Demerouti, and Schaufeli (2009), based on their research on job engagement and the personal resources of optimism and self-efficacy, anticipated a positive link between PsyCap and work engagement. Sweetman and Luthans (2010), while explaining the causal link between PsyCap and work engagement, proposed that employees with greater resources are more capable and interested in their job. PsyCap increases a person's perseverance and commitment to a task. Persistence and commitment imply dedication and involvement in the work at hand. Work engagement is absorption in the work, and PsyCap offers the essential skills and abilities to stay interested in the task.

Paek, Schuckert, Kim, and Lee (2015) discovered that work engagement has a partly mediation effect in the link between PsyCap and job satisfaction. According to Karatepe and Karadas (2015), PsyCap promotes work engagement, which leads to greater career and life satisfaction. PsyCap, according to Grover, Teo, Pick, Roche, and Newton (2018), has a direct effect on perceptions of job demands and resources, as well as the outcomes of well-being and engagement. In another study, PsyCap was found to be important to increasing employee

engagement and to have a greater influence on management engagement (Kang & Busser, 2018). Sihag (2020) discovered that workers with high PsyCap make a positive contribution to the perceived organisational support, which in turn increases employee engagement at work. Alessandri, Consiglio, Luthans, and Borgogni (2018) established that work engagement acts as a mediator between the relationship of PsyCap and job performance. Niswaty, Wirawan, Akib, Saggaf, and Daraba (2021) found that Authentic Leadership and PsyCap predicted Work Engagement. John (2021) also discovered the positive significant association between PsyCap and employee engagement.

As a result, our research suggests the following:
Hypothesis 2: Psychological capital is connected to employee engagement in a favourable way.

Engagement and Creativity

In companies, creativity is typically defined as the process of “approaching new ideas for improving processes, products, and services in order to better accomplish the organization's goals” (Amabile, Barsade, Mueller, & Staw, 2005). The ultimate goal of creative initiative is to explain, resolve, and give superior solutions, as well as to increase the organization's competency at all levels (Deepa Nair & Gopal, 2011). Reaching creative solutions requires deep-down task motivation which is derived from engagement at work (Amabile, 1997). Work engagement is characterized by positive feelings which enable employees to be adaptive and creative (Fredrickson, 2001). Highly engaged workers are more likely to be creative as they enjoy positive emotions such as happiness and enthusiasm in their work (Schaufeli, Taris, & Bakker, 2006). Salanova and Schaufeli (2008) believe that as work engagement is a kind of intrinsic motivation, it fosters employee creativity encourages employees to utilize their full potential to solve issues, interact with their colleagues and generate creative ideas.

Work engagement correlates favorably with innovative work behavior (Agarwal, Datta, Blake-Beard, & Bhargava, 2012), thus engaged employees are more likely to be creative and think outside the box. As engaged people are versatile in their thinking and devote great effort in their work therefore work engagement is related positively to creativity (Bakker & Xanthopoulou, 2013). Gichohi (2014) also stated that employee engagement is a crucial antecedent to workplace creativity and innovation. Employees that are engaged are more productive, and they attempt to use new techniques to get the desired results (Ahmetoglu, Harding, Akhtar, & Chamorro-Premuzic, 2015). This means that engaged people love their jobs, responsibilities, and tasks, which motivates them to think creatively and go on even in uncertain situations. Demerouti et al. (2015) found that individuals who frequently optimise their work environment in quest of job resources had higher levels of creativity due to their more engagement at work. Work engagement is positively related to creativity as engaged employees are determined and flexible in their thinking (Koch, Binnewies, & Dormann, 2015). This adaptability and perseverance will result in innovative performance.

Employees that are engaged and feel positive emotions such as curiosity and excitement are more likely to be receptive to new experiences and, as a consequence, are more inclined to think outside the box and become more creative in their job (Eldor & Harpaz, 2016). Bakker, Petrou, Op den Kamp, and Tims (2020) believe that engaged employees consider their work as fascinating and exciting which lead to the increased creativity at work. They established eventually in their research that employees who preemptively manage their energy level perform more creatively.

A review of 34 empirical studies conducted by Kwon and Kim (2020) using the

JD-R model led them to the conclusion that engaged employees are more likely to respond in creative ways by utilizing coping techniques to deal with problems. Alabood and Sulphery (2020) conducted a study to identify the impact of career maximization, employee engagement and the cultural dimensions of collectivism and uncertainty avoidance on employee creativity of Saudi employees and found that employee engagement is significantly related to creativity. Yang (2021) conducted a survey in 23 Chinese high-tech companies and found that work engagement was positively related to employee creativity.

The following hypothesis has been suggested based on the preceding talks:

Hypothesis 3: Employee engagement has positive impact on employee creativity.

Role of Engagement in PsyCap and Creativity

Despite the fact that there is a large body of data on the impact of PsyCap and employee engagement on organizational outcomes, there are just a few studies in the literature that explain how PsyCap affects creativity through employee engagement. Yu et al. (2019) while making recommendations for future research stated that Impact of PsyCap on employee creativity has been proven by both theoretical reasons and

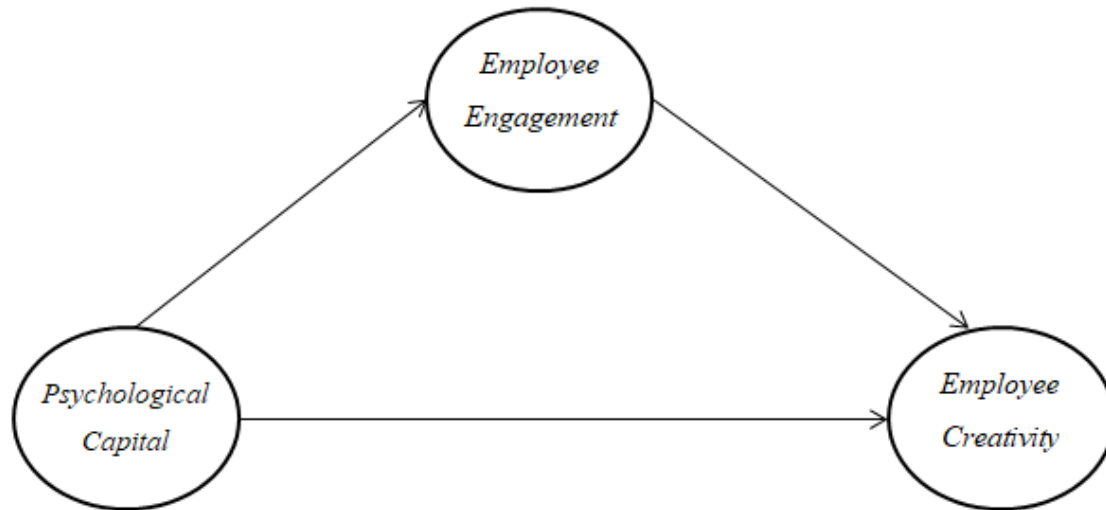
empirical data, however there is a need to carefully explore the underlying process by which PsyCap results in employee creativity. A future study with mediating effect of employee engagement between the relationship of PsyCap and employee creativity may better help us in clarifying the comparative impact of PsyCap. Abror (2020) came up with the conclusion that employee engagement has the potential to mediate the association between psychological capital and creativity. Given that PsyCap predicts employee engagement and employee engagement predicts employee creativity, it is reasonable to speculate that PsyCap and employee creativity may be linked through employee engagement. We may deduce from the above discussion that:

Hypothesis 4: Employee engagement mediates the link between PsyCap and Employee creativity.

Conceptual Framework

The primary aim of current research is to empirically analyze how PsyCap and employee creativity are related. Independent variable is a PsyCap whereas employee creativity is the dependent variable. Role of employee engagement as mediating variable will be explored in this study. So the research is intended to study the relationship of PsyCap and employee creativity with intervening role of employee engagement. The conceptual model for the present research is given below.

Figure 1



Methodology

This is a cross sectional study. As all the study variables were related to behavior and opinion of employees, primary data was collected. Employee PsyCap and employee engagement have been assessed via employee self-report survey. However, employee creativity has been rated by employee supervisors of same respondents. A representative sample from employees of four corporations in Islamabad and Rawalpindi was selected based on non-probabilistic convenience sampling as it was really very difficult to investigate the whole population due to the limitations of time, resources and access to research locations. We opted for non-probabilistic convenience sampling as the information regarding actual number of employees working in the selected organizations was missing. Proposal of the current research model was approved by the relevant university committee.

A summary of the survey contained remarks about objectives of the study with the assurance that data will only be used for scientific purposes. All items in the questionnaire were responded anonymously. For the purpose of study, total 650 employees of the identified organizations were approached. However, only 529 employees participated in the survey, out of

which 16 survey questionnaires were incomplete which were finally excluded in the analysis. So the final sample of employees for our study was 513.

Instruments and Measurements

The Questionnaire was composed of three scales. The original 24-item Psychological capital Questionnaire (PCQ) developed by Luthans and colleagues in 2007 was used to measure four dimensions of psychological capital. The Cronbach alpha reliability of the scale in this study was 0.82. In order to measure Employee Engagement, 17-item Utrecht Work Engagement Scale (UWES) as developed by Schaufeli & Bakker, (2002/3) was used. The alpha reliability of the scale used for this study was 0.83. A 13-item Employee creativity Scale developed by Zhou and George, 2001 was used to assess creativity of employees. The Cronbach alpha reliability of the scale used for this study was 0.78. The statements of all three instruments were rated on likert's scale.

Results and Analysis

In order to test the hypotheses, "PROCESS" macro script developed by Hayes (2013) was used as an add-on program to SPSS version 25. The said program was used because of its

flexibility, which besides estimating the indirect effects, also gives the confidence intervals (CI) of the bootstrapping of 5,000 samples with a confidence level of 95%. Means, Standard Deviations, Bivariate Correlations among the study variables have been reported at Table 2. All measures used in the analyses (PsyCap, employee's engagement and employee's creativity) had acceptable reliability coefficients

i.e. 0.82, 0.83 and 0.78 respectively. Correlations among variables were in the expected direction. PsyCap was significantly and positively related to Engagement ($r = .57, p < .01$) and Creativity ($r = .33, p < .05$). Employee Engagement was significantly and positively related to Creativity ($r = .38, p < .01$). Thus, Hypotheses 1, 2 and 3 can be confirmed.

Table 1 Demographic Statistics

Gender		Age		Experience		Education	
	%		%		%		%
Male	77.6	20-30	6.2	0-10	6.2	Graduation	51.5
Female	22.4	31-40	44.8	11-20	45.0	Masters	34.3
		41-50	45.8	21-30	48.7	MS/Mphil	12.9
		over 50	3.1			PhD	1.4
Total	100.0	Total	100.0	Total	100.0	Total	100.0

Table 2

Descriptive Statistics and Intercorrelation Matrix among Study Variables

Constructs	Mean	SD	PsyCap	Employee Engagement	Employee Creativity
PsyCap	3.01	0.66	(.82)		
Employee Engagement	2.92	0.73	.57**	(.83)	
Employee Creativity	2.6	0.66	.33*	.38**	(.78)

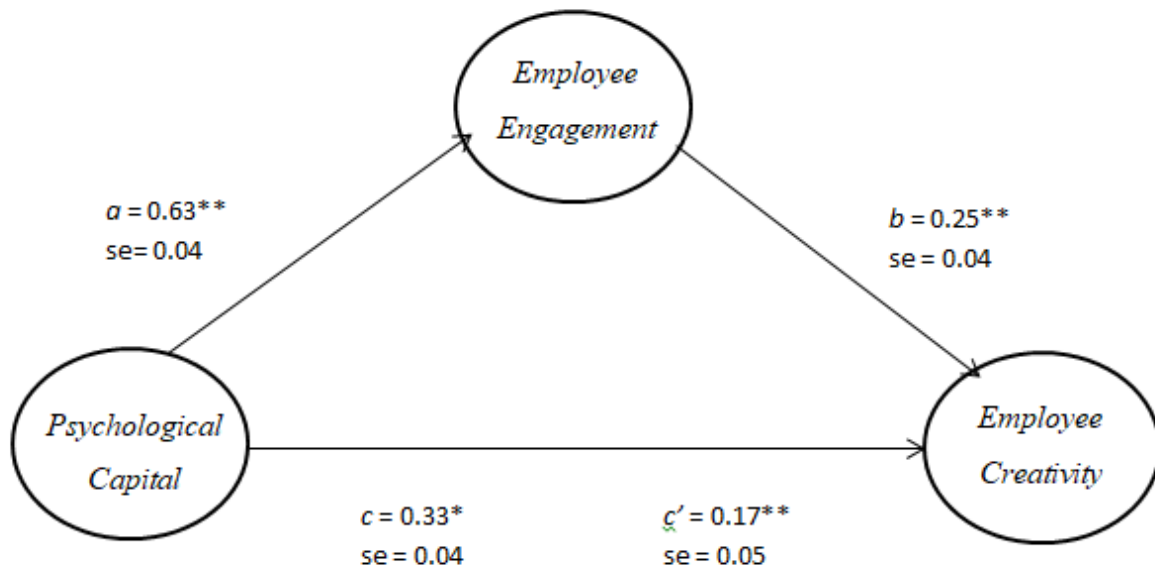
* $p < 0.05$. ** $p < 0.01$.

PsyCap was rated on scale from 1 = strongly disagree to 5 = strongly agree.

Employee Engagement was measured on scale from 1 = Never to 5 = Always,

Employee Creativity was measured on scale from 1 = Not at all Characteristic to 5 = Very Characteristic.

Source: Author calculation



Indirect effect of 0.16 indicates that two employees who differ by one unit in their reported PsyCap are expected to vary by 0.16 units in their reported creativity which is mainly due to the reason that those employees who had more PsyCap were more engaged to their job (as indicated by positive a), resultantly employee

creativity was increased (as indicated by positive b). Indirect effect is statistically different from zero (0.09 to 0.25 in the PROCESS output under the headings “BootLLCI” and “BootULCI,” respectively), as revealed by a 99% BC bootstrap confidence interval which is above zero.

Table 4

Total, Direct and Indirect effects

	Effect	Se	T	P	LLCI	ULCI
<u>Total effect of X on Y</u>	0.33	0.04	7.78	<.001	0.24	0.41
<u>Direct effect of X on Y</u>	0.17	0.05	3.37	<.001	0.07	0.26
<u>Indirect effect(s) of</u>						
<u>X on Y</u>	Effect	<u>BootSE</u>	<u>BootLLCI</u>	<u>BootULCI</u>		
EE	0.16	0.04	0.09	0.25		

The direct effect of PsyCap, $c' = 0.17$, is the expected change in creativity when two employees experience the same engagement level but vary by one unit in their stated PsyCap. Meaning of positive coefficient is that an individual with greater PsyCap who is likewise engaged in his job is expected to have 0.17 units more reported creativity. Further, PROCESS output depicts that direct effect is statistically different from zero, $t(510) = 3.37$, $p < .001$, with a 99% confidence interval from 0.07 to 0.26.

Summing the direct and indirect impacts of PsyCap on employee creativity yields the overall effect of PsyCap on employee creativity: $c = c' + ab = 0.17 + 0.16 = 0.33$. When PsyCap of two individuals varies by one unit, their reported creativity is expected to differ by 0.33 unit. Positive sign shows that the person under greater PsyCap reports higher creativity of employees. Moreover, this effect is statistically different from zero, $t(511) = 7.78$, $p < .001$, or between 0.24 and 0.41 with 99% confidence. Therefore bootstrapping test for indirect effects showed that Employee Engagement played a mediating role in the relationship between PsyCap and Creativity. Thus, Hypotheses 4 can be confirmed.

Discussion

Core objectives of the study were to analyze the link between employee PsyCap and creativity and to evaluate the mediation of employee engagement in the above association. Underlying mechanisms explaining the link between employee PsyCap and creativity have not yet been investigated among Pakistani employees. This study makes a significant contribution to the literature by filling this gap. Overall, the results of current research showed that PsyCap is significantly associated with the creativity of employees. Thus results of our study and findings in Pakistani culture are consistent with the studies of Luthans and Youssef-Morgan (2017), Cai et al. (2019) & Gao et al. (2020) and support this notion that PsyCap is related positively to employee

creativity. Moreover, PsyCap is very effective in achieving employee creativity. Our research has also established that employee engagement has a mediating role between employees PsyCap and employee creativity.

Current research investigates the antecedent role of individual psychological resources with employee engagement and employee creativity. We theorize that employee engagement and creativity may be enhanced by improving employee's psychological resources over time. In addition, we believe that PsyCap may be an original source of intrinsic motivation for people to stay engaged in their existing jobs. As high level of PsyCap resulted in improved level of engagement, this research refers to a direct relationship between the PsyCap and employees engagement.

Identification of an essential mediating link of employee engagement between the relationship of PsyCap and employee creativity is the most important outcome and contribution of current research. These results are relevant and novel in that, studies with workers on the subject in Pakistan are scarce, and we can see that the relationships between these variables are maintained in different cultures. Workers with high PsyCap are more engaged and expert in their professions. Consequently, the more an individual is engaged in his job, the more likely he or she displays creativity. Hence employee engagement demonstrates an intervening role in the relationship between PsyCap and employee creativity.

Although this study enhances the list of variables and research mechanism of psychological capital on innovative behavior by adding the mediating effect of employee engagement but still has the following limitations: Firstly, in this study, majority of the participants were male. It is well-known, however, that the male gender is overrepresented in Pakistani businesses. A representative sample of males and females should be included in future

studies in order to reproduce the findings. Secondly, use of a convenience sampling is another limitation of our study. This may hinder our capacity to generalize our findings to a wider population. Lastly, another limitation is cross sectional nature of the study. A longitudinal study in future investigating the impact of PsyCap interventions in the model may be interesting study to explore how development of PsyCap helps in improving employee creativity. Future research can further investigate other potential mediators and moderators in the relationship between PsyCap and other employee creativity.

The intrinsic mechanism of PsyCap influencing employee outcomes has been explored in this study. This paper adds to the theoretical literature in the Pakistani corporations by empirically finding out the intervening role of employee engagement between PsyCap and employee creativity. The study also confirms empirically the relationship of PsyCap and employee engagement with their outcome in the cultural context of Pakistan. Research outcomes have certain practical applications as well. Robots and artificial intelligence are viewed as potential threats to replace people in the workplace in this era of automated technology, while creativity is still seen as a human strength. Enhancing the level of the dimensions of PsyCap is the key to increasing employee creativity. Organizations can get an advantage over their competitors by hiring employees with high PsyCap resources. In addition to the psychological evaluation for recruitment and selection, managers who want to promote creativity as a competitive advantage in their organizations, may consider mentoring programs aimed at enhancing the level of PsyCap as a whole. One of the main practical implications for managers is the finding that developing the PsyCap of employees is effective in employee related positive outcomes and their effectiveness.

This study provides an important integration of previous research on PsyCap,

employee engagement and employee creativity. A positive relationship between employee rated PsyCap, employee engagement and supervisor rated employee creativity has been confirmed empirically through the results of current study. Further, mediating role of employee engagement has also been confirmed in the relationship of PsyCap and employee creativity through this study. Hence it can be concluded that PsyCap is a positive and relevant personal resource which results in engagement of employees and employee creativity consequently. Companies which have personnel with high levels of PsyCap can have a huge edge over their competitors. So we agree with Luthans et al. (2007) that PsyCap is a human resource that can be developed and sustained with the potential to generate competitive advantage.

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